



Government of South Australia
TransAdelaide

Annual Report 2009-10



On Track for the Future





Government of South Australia

TransAdelaide

Office Address

Adelaide Railway Station
North Terrace
ADELAIDE SA 5000

Postal Address

GPO Box 2351
ADELAIDE SA 5001

ABN

64 260 242 307

Phone

08 8218 2200

Facsimile

08 8218 2206

Website

www.transadelaide.com.au

ISSN

1441-421X

— LEFT BLANK —

Letter of Transmittal

30 September 2010

The Hon. Patrick Conlon MP
Minister for Transport
Parliament House
North Terrace
ADELAIDE SA 5000

Dear Minister

On behalf of the Board and Management of TransAdelaide, I am pleased to present the TransAdelaide Annual Report for the year ended 30 June 2010.

The report documents the achievements and activities of TransAdelaide over the past twelve months and on behalf of TransAdelaide staff, I commend the report for presentation to Parliament.

The Annual Report complies with the requirements of the Public Corporations Act 1993 (SA), the TransAdelaide (Corporate Structure) Act 1998 (SA), the Public Sector Management Act 1995 (SA) and the Department of Premier and Cabinet Reporting Requirements.

Yours sincerely



Rod Hook
ACTING GENERAL MANAGER



Contents

| | |
|---|----|
| Letter of Transmittal | i |
| TransAdelaide's Vision | iv |
| Business Overview | 1 |
| Chair's Report | 2 |
| Acting General Manager's Report | 4 |
| The Year in Review..... | 7 |
| Building a Sustainable Future | 12 |
| Our Community | 18 |
| Corporate Governance..... | 24 |
| Corporate and Statutory Reporting | 28 |
| Financial Report | |
| Directors' Report..... | 40 |
| Financial Statements | 43 |
| Certification of the Financial Statements | 77 |
| Independent Auditor's Report | 78 |



TransAdelaide's Vision

We will continue to develop a customer focussed, integrated transport system providing frequent, rapid, reliable and safe services across greater Adelaide.

TransAdelaide will be a dynamic contributor to the State's economic, social and environmental prosperity through increasing rail patronage to achieve South Australia's Strategic Plan target (T3.6): to increase public transport to 10 percent of weekday passenger vehicle kilometres by 2018.

Business Overview

TransAdelaide's rail network is the spine of Adelaide's integrated public transport system.

It connects people from Gawler and beyond in the north, from Noarlunga and beyond in the south, from Belair in the hills, from Outer Harbor and Glenelg.

We employ over 700 people in a range of fields from customer service, tram operators and train drivers to several engineering and trade disciplines. This team operates 99 railcars and 17 trams on 140 route kilometres of track.

As a statutory authority, TransAdelaide reports to the Minister for Transport, Hon. Patrick Conlon MP and provides its services under a contract with the Department for Transport, Energy and Infrastructure's Passenger Transport Division.

TransAdelaide has an important role to play in achieving several targets from South Australia's Strategic Plan. The primary target is within Objective 3: Attaining Sustainability. Specifically it is to contribute to the achievement of T3.6 which is to increase the use of public transport to 10% of metropolitan weekday passenger vehicle kilometres by 2018. But TransAdelaide's contribution to achievement of South Australia's Strategic Plan objectives range far wider than this as we have significant impact on achieving many other goals set out in the Plan. TransAdelaide makes a real contribution to the quality of life for the people of Adelaide and its surrounds.



Chair's Report



Virginia Hickey, Board Chair

The ten-year Rail Revitalisation Project which commenced in 2008 continues and this past year has seen several major infrastructure projects completed and others well underway. It has been very satisfying to see such encouraging progress towards the transformation of our rail system.

These major infrastructure works, such as concrete resleepering, in which rail lines are closed to enable them to be completely rebuilt, pose many challenges. Whilst substitute buses minimise the impact of cancelled services, I thank those people adversely affected for their understanding. The results are already speaking for themselves as shown by the positive response to the new Belair line which reopened in August 2009 with many people noting the vast improvement in ride quality.

Governance

Chief Executive Officer, Bob Stobbe left during the year to take up the Chief Executive position at ETSA. Bob did an excellent job in the 18 months he spent with TransAdelaide and I congratulate him on his new role which was simply too good for him to refuse.

Former Board Member and Rail Commissioner for South Australia, Rod Hook agreed to step in as Acting General Manager at a time when the governance of TransAdelaide is also being transformed. TransAdelaide will be integrated with the Public Transport Division of the Department for Transport, Energy and Infrastructure (DTEI). This new combined entity will become the Public Transport Services (PTS) division of DTEI. PTS will operate train and tram services, manage the bus contracts with the private operators and administer taxi services.

Rod will head up the new PTS entity whilst remaining Executive Director of the Office of Major Projects and Infrastructure (OMPI) as well as Deputy Chief Executive of DTEI. The relationship between OMPI, and what will soon become the PTS is important given the major infrastructure projects associated with the \$2.6 billion investment in our public transport system. The Board thanks Rod for his work in leading TransAdelaide during this period of change and integration.

Safety

Safety for customers and staff will always remain a major focus of operations with systems and resources continually being enhanced. Several high calibre people recruited over the past year from mining, heavy industry and rail have brought significant experience and expertise to our Safety, Security and Environment group. This has been reflected by a growing safety culture and the resultant unprecedented achievement of the Infrastructure Services group having no lost time injuries for 2009/10. Systems and reporting are being enhanced and the relationship with emergency services continues to be developed.

Operations and Patronage

Patronage figures for rail services have remained steady in spite of the disruption being caused by infrastructure works and line closures. This is a great credit to operations planning and the staff who have met the challenge of maintaining the best possible service under sometimes very difficult circumstances. The effort and professionalism shown by staff is greatly appreciated by the Board.

A great deal of effort has also been made to improve customer service and communications. Good communication with customers has been particularly important during this period of development and system upgrade.

As TransAdelaide is now integrating with DTEI, I would like to take this opportunity to thank my fellow Board Members, Kevin Bengier, Roger Jowett, John Hearsch, Lino di Lernia and Margaret Starrs for their contribution to TransAdelaide over the years. Their collective depth of experience in public transport has been vital during this period of generational change and unprecedented development. The resultant upgraded and extended suburban train and tram services will be the spine of a modern, vibrant public transport system for the benefit of all South Australians.



Acting General Manager's Report



Rod Hook, Acting GM

TransAdelaide is being transformed from the track up. Infrastructure and rolling stock is being upgraded, many systems are being redesigned and a very clear focus is being applied to enhancing the total customer experience.

Rail Revitalisation

We are now two years into the ten-year Rail Revitalisation Project which will see our rail network transformed into the state-of-the-art spine of an integrated public transport of which we can be very proud. The momentum has been building over the past year with several major projects now complete. These include the tramline extension to the Entertainment Centre and completion of the South Road tram overpass which has not only provided an excellent facility in the new tram platform but has been a great boon to traffic flow along the very busy South Road. The Belair rail line concrete re-sleepering project is now finished as are sections of the Noarlunga line. The refurbishment of the Port Adelaide Viaduct and the Port Adelaide railway station was another significant project to be completed during the year.

Major projects which have been progressing very well include construction of the new Railcar Depot which is on schedule. This will be a tremendous facility which will include railcar maintenance, stabling facilities, automated washing and a staff operations centre. Similarly, work has been progressing well on the expansion and modernisation of the Glengowrie Tram Depot which will accommodate new trams in a modernised facility with increased stabling capacity, new maintenance facilities and staff operations centre and facilities. The Glengowrie project is being rolled out in a staged manner to enable operations to continue uninterrupted.

Other major works that are underway include the rail line extension to Seaford and the first stage of the Gawler rail line concrete re-sleepering, both brought forward by Federal Government funding. This has accelerated the schedule for electrification of the network and the purchase of 66 new electric railcars. The first railcars are expected to be delivered in 2012.

It is an exciting time for TransAdelaide given the generational opportunity to completely transform our passenger rail services, but the scope and breadth of this transformation also brings very significant challenges. Our staff are working very hard to minimise the impact of these projects on our customers and must be congratulated on their efforts as tram patronage has continued to grow whilst train patronage has held firm, even with extensive rail line closures.

Integration

The integration of TransAdelaide with DTEI's Public Transport Division to form the new Public Transport Services is expected to provide a streamlined and well-resourced customer focussed organisation. In terms of operations, it will be business as usual for TransAdelaide with continuous improvement expected as the benefits from the enormous investment represented by the Rail Revitalisation Project provides the infrastructure and facilities for faster, cleaner and more efficient services.

This investment is also in people and systems. The new divisions introduced by former Chief Executive Officer, Bob Stobbe in TransAdelaide's 2008/09 restructure have been strengthened over the past year with additional staff recruited to the Safety, Security and Environment group and Customer Service and Communications. Similarly, Operations has been boosted, particularly in Tram Operations with additional Tram Operators being recruited for new trams and extended services.

The Customer Service and Communications group will be significantly enhanced by the integration. A good illustration is in the area of managing customer complaints. Formerly, DTEI's Public Transport Division operated the AdelaideMetro infoline and referred rail issues to TransAdelaide. The integration will ensure there is one group across all issues; with one software system enabling the capture of data which can then be used to inform service improvements across all modes of public transport.





Safety

TransAdelaide's wholehearted commitment to the adoption of the zero harm vision contained within the Government's Safety in the Public Sector Strategy has been demonstrated by the significant investment of people and resources to this critical facet of rail operations. The return on this investment is unprecedented: Lost Time Injuries – ZERO.

All employees are to be congratulated as they have not just adopted, but embraced zero harm and risk reduction in their workplace. The safety of our workforce, our customers and the community in general has the highest priority. It is very important that our commitment to safety and the continuous development of a resilient safety culture does not waver as one accident is one too many.

Level crossing safety will always have a very high profile and was a feature of Rail Safety Week which was held in July 2009. TransAdelaide also takes every opportunity to support DTEI's educational programs and media campaigns. The 'Life Before Your Eyes' campaign which commenced in March 2009 was extended into this past financial year. It has been very successful with the message that there are many things worth waiting (at a level crossing) for. The campaign included television, radio and print advertisements as well as a tram advertising wrap.

Patronage

I was pleased to see that Trams recorded a very encouraging patronage growth of 11.7 percent. This reflected the success and popularity of the tram line extensions that first went to City West and now on to the Entertainment Centre. The additional capacity provided by our six Citadis trams was also significant.

Whilst trains did not increase patronage, maintaining existing levels is an excellent achievement given the significant disruption to services through line closures for concrete re-sleeper and other infrastructure works.

This is a very exciting period for public transport in South Australia as the Rail Revitalisation Project progresses with upgraded and modernised rolling stock and infrastructure. I thank our staff for their individual and collective contribution to an excellent year. Much has been achieved and the foundations are set for even greater steps forward with a strengthened Public Transport Services division of DTEI following the integration of TransAdelaide and DTEI's former Public Transport Division.

The Year in Review

Tram and Train Operations

TransAdelaide's rail network has a vital role in Adelaide's integrated public transport system. Ninety-nine railcars and 17 trams connect people with 145 route kilometres of track from Gawler and beyond in the north, from Noarlunga and beyond in the south, from Belair in the hills, from Outer Harbor and Glenelg. The tram and rail lines radiate from Adelaide's Central Business District and are fed by bus services from surrounding suburbs.

Total patronage for trams increased over the past financial year by 11.7 percent and trains remained steady. This represents a figure of 14.67 million passengers bringing an overall growth for both systems of 2.16 percent.

| | 2005-06 | 2006-07 | 2007-08 | 2008-09 | 2009-10 | Percentage Growth |
|--------------|---------------|---------------|---------------|---------------|---------------|-------------------|
| Train | 11.71m | 11.62m | 11.58m | 11.74m | 11.74m | 0% |
| Tram | 2.07m | 2.36m | 2.58m | 2.62m | 2.93m | 11.7% |
| TOTAL | 13.78m | 13.98m | 14.15m | 14.36m | 14.67m | 2.16% |

Strong growth in tram patronage can be largely attributed to the continued popularity of the line extension to City West from Victoria Square and the added system capacity from the introduction of six Alstom Citadis trams. The opening in March of the tram line extension to the Entertainment Centre was immediately successful with many people availing themselves of the park and ride offer to park their car at the Entertainment Centre and take a free tram into the city. This is the latest stage of the Coast to Coast tram link between Glenelg to West Lakes, Port Adelaide and Semaphore.

Train services were disrupted by closures of the Belair line, which reopened in late August 2009 after re-sleepering, regular weekend closures of the Noarlunga line for track and station upgrade works as well as the five month closure of the line from Woodville to Outer Harbor for refurbishment of the Port Adelaide Viaduct and upgrading of the railway station it carries. Patronage statistics indicate that people who would normally have used the Noarlunga line on weekends tended not to use substitute buses but made alternative arrangements whilst Belair passengers commuting to work during the week did use the substitute buses as did many Outer Harbor passengers.





| Train Lines | 2008 - 09 | 2009 - 10 | Change | Percentage |
|--------------|-----------|------------|---------|------------|
| Outer Harbor | 2 482 746 | 2 559 420* | 76 674 | 3.18% |
| Gawler | 4 068 608 | 4 102 778 | 34 170 | 0.84% |
| Belair | 978 541* | 964 787* | -13 754 | -0.14% |
| Noarlunga | 4 214 105 | 4 117 015* | -97 090 | -2.30% |

* Includes substitute bus figures

Patronage will continue to be affected by infrastructure projects with the latest closure being the Gawler line between the Mawson Lakes Interchange and the city. This first stage of the Gawler line concrete re-sleeper commenced early June 2010. Substitute buses are providing a shuttle service between the Interchange and Adelaide Railway Station.

A very satisfactory 93.8% on-time running average was recorded for 2009/2010, exceeding the target of 91%. This achievement was largely due to reductions in speed restrictions as well as completion of the Belair line concrete re-sleeper undertaken as part of the Rail Revitalisation Project.

TransAdelaide continued to improve operational efficiency with a significant contributor being the implementation of a new Service Planning and Scheduling system. Adaptability of the German IVU Rail system will enable it to be rolled out for bus service planning.

A very positive change to the Operations organisational structure has been the introduction of the Network Operations Supervisor group. This specialist group is a key element of the focus on safety and site management of rail incidents and emergencies. Previously such site management roles were fulfilled by a 'duty' Executive Manager who would be on-call for a month at a time to assume control and responsibility for incidents and emergency situations. Whilst this had been adequate in the past, it was decided that it would be preferable to have a dedicated group specialising in incident management. This will enable those individuals to continuously develop their own, as well as the collective skill and experience base. The Network Operations Supervisors group is also perfectly placed to maintain and develop the important relationship with emergency services.

Rail Revitalisation Project

Infrastructure

Several major projects have been completed over the past financial year and others are now well underway. As noted above, concrete re-sleepering of the Belair line is complete, as is the Port Adelaide Viaduct refurbishment which included the upgrade of the Port Adelaide station. The Port Adelaide Viaduct was a significant project that required a four month closure of the Outer Harbor Line from Woodville. The steel structure of the 90 year old viaduct was repaired and strengthened with 600 metres of track replaced.

The South Road Tram Overpass project which commenced in May 2009 has also been completed with the first tram crossing over in December. The new passenger platform (Stop 6) on the overpass was officially opened with a community barbeque on Monday 15 March 2010. Tram services were virtually uninterrupted during this project as a temporary track around the South Road overpass was used. This enabled tram patronage to continue growth, aided no doubt by the addition to our tram fleet of six Alstom Citadis trams.

Major projects have been progressing very well and include the first stage of re-sleepering of the Gawler line between the city and Mawson Lakes Interchange and construction of a new Railcar Depot at Dry Creek. Work on the Railcar Depot commenced in April 2009 to enable handover to the Department of Health for construction of the new Royal Adelaide Hospital and is expected to be completed late 2010.

The new Rail Car Depot will have stabling capacity for 70 railcars and be the major maintenance and refuelling facility. The depot has been designed to enable easy conversion following electrification and will provide an excellent purpose-built facility for the 21st Century. Diesel refuelling capability will be retained for the Belair line which will not be electrified.

Modernisation and expansion of the tram depot at Glengowrie has also commenced. This project will be completed in several stages to enable services to continue uninterrupted. The expansion of tram operations and the addition of new trams to the fleet made this project a priority. Maintenance and stabling facilities are being upgraded and extended along with a new operations centre and tram crew facility.

Facilities were also extended at the Adelaide Railway Station to accommodate twenty-four tram operations staff who have been based there since October 2009. This relocation was made to meet the logistical requirements of services to the Entertainment Centre and in readiness for future tramline extensions to West Lakes, Port Adelaide and Semaphore as part of the Coast to Coast tram project.





The upgrade of Hallett Cove station commenced late January and has been progressing well. Following its expected completion in September 2010 the Hallett Cove Beach station will be closed for a similar upgrade. This work has required bus substitutes between stations and quite frequent weekend line closures. The disruption to services has been reflected by the fall in patronage on the Noarlunga line over the past year.

Preliminary works commenced in March on the 5.5 kilometre rail line extension from Noarlunga Centre to Seaford. This work includes construction of a road bridge at Noarlunga Centre and significant drainage upgrades, relocation of services and the establishment of site offices and works compounds.

Rolling Stock

TransAdelaide's rolling stock was given a boost in November 2009 with the first of six Alstom Citadis trams arriving from Madrid via Melbourne and the first refurbished 3000 series railcar re-entering service. All six Citadis trams had entered service by March and been very well received by Adelaide's commuters.

Fifteen refurbished 3000/3100 series railcars had re-entered service by 30 June 2010 leaving 55 to be completed. A great deal of effort has been made to increase passenger comfort and thereby make commuting by rail more attractive for people. The refurbishment completely remodels railcar interiors and provides a safer, modern, comfortable and refreshed environment for passengers. Refurbished railcars are Disability Discrimination Act compliant and have more designated spaces for wheelchairs and mobility aids as well as upgraded passenger information systems with hearing loops for the visually impaired. Security is also improved with additional CCTV cameras, including a live feed to the driver's compartment and emergency call buttons. Whilst some 3000/3100 railcars are to remain diesel powered for the Belair line, most are to be converted to electric for operations along with 66 new electric railcars which are expected to start arriving in late 2012 prior to electric operations in 2013.





Rail Corridor and Station Upgrades

Maintenance and upgrading of railway stations, tram stops and general works within the rail corridor, whilst not as obvious as the major projects underway, have been on-going. Work has continued under TransAdelaide's Disability Action Plan, aimed at meeting the State Government's six key objectives of the *SA Promoting Independence Strategy and attaining Disability Discrimination Act 1992 (DDA)* compliance. New standardised signs that exceed DDA requirements have continued to be rolled out across the network after first being introduced at the Adelaide Railway Station during the 2008-09 financial year. These higher standard signs, made so by greater use of graphics, also meet the needs of people for whom English is not their first language. Platform upgrades have included installation of tactile tiles and the lighting upgrade program has continued to roll through the network.

Once again TransAdelaide is very grateful for the assistance provided by members of the Transport Accessibility Advisory Group who volunteer their energy, expertise and time to help us meet the needs of people with disabilities.

Another element of the strategy to improve management of rail incidents and emergency situations, besides the introduction of Network Operations Supervisors at the site of any incident is the deployment of a live Public Address (PA) system to all stations. Previously the only means of communication to stations was via limited pre-recordings from Voice Annunciators (VAs) or by sending staff to each location. Installation of the new PA system has been continuing since successful testing in September 2009. The new PA system will be used only for out of the ordinary situations with VAs and LED displays continuing to provide normal schedule and next-train-coming information.

The awarding of a contract in February 2010 to Affiliated Computer Services to secure a state-of-the-art smartcard ticketing system for our public transport system is welcomed. Implementation of the new system is expected by 2013, in time for the introduction of new electric railcars on our upgraded rail network.

Building a Sustainable Future

Major projects continue to be rolled out as part of the largest investment ever by a State Government in South Australia's public transport infrastructure. These will see TransAdelaide's train and tram networks transformed into a modern and vibrant system over the next several years.

There are many elements of the Rail Revitalisation Project encompassing all aspects of our business: infrastructure; refurbishment of existing trains and acquisition of new trains and trams; new engineering and stabling facilities; employee and customer safety and security enhancements; increased operations and improved communications infrastructure.

Whilst the Rail Revitalisation Project's most obvious emphasis is on the upgrading, conversion and acquisition of infrastructure, rolling stock and systems, it also encompasses the on-going organisational development of TransAdelaide. Last year's restructure has been both further developed and fine-tuned. The integration with DTEI's Public Transport Division to form what will be Public Transport Services has been an added boon as the best systems and methods from each organisation are being adapted to provide greater efficiencies.

Our Team

Last year's restructure was undertaken in response to the recognition that some very important facets of our business needed strengthening to enable TransAdelaide to meet the challenge of providing excellent public transport during the Rail Revitalisation Project and beyond.

In 2009-10 TransAdelaide employed over 700 people in a range of occupations. New people have been recruited over the past year and many existing staff members have been, or are being retrained and up-skilled to take newly created or expanded roles. Our participation at the Career Expo in August 2009 at the Entertainment Centre proved to be very successful in attracting prospective recruits.

The operations area has taken the majority of new recruits through intakes of trainee Train Drivers, Passenger Service Assistants and Tram Operators. This is expected to continue as the number and frequency of tram and train services increases over coming years. TransAdelaide's Access and Equity Policy, drawn from the Disability Action Plan, guides employment opportunities for minority groups and those with physical disabilities. Its commitment to equal opportunity is based on merit.

Learning and Development

TransAdelaide's Learning and Development group was very active in 2009-10. Many training courses have been developed with the assistance of manufacturers to introduce operations staff to new rolling stock and equipment in preparation for new technology and facilities such as the Citadis trams and the Dry Creek Depot. As a Registered Training Organisation, TransAdelaide was able to form partnerships with several organisations for the delivery of particular courses and qualifications. A partnership with Transport and Logistics Training SA, the Transport Training Centre and rail freight operator, Genesee and Wyoming Australia Inc. (G&W) won Federal Government funding to run the course for Certificate IV in Transport and Logistics for G&W and TransAdelaide train controllers. Certificate III courses were also conducted for tram operators.

Other partnerships were made with TAFE SA and Transfield Services to deliver a range of courses from customer service and frontline management to signals, power, track and civil infrastructure. The on-line Rail Safety and Environmental Awareness training package developed late 2008 for contractors such as Transfield and other organisations' staff requiring access to the rail corridor has been well utilised over the past year with over 2000 courses delivered.

Safety, Security and Environment

Safety

The recent improvements made in Occupational Health and Safety (OH&S) measures continued with the unprecedented achievement of zero lost time injuries for 2009/2010.

This was strengthened during the year with several key appointments to the positions of Rail Safety Manager, Manager Safety and Risk and Systems





Development Manager SSE. The appointees brought experience and expertise from mining, construction and engineering as well as the rail industry.

Completion of a new Safety and Risk Management System Framework has been a significant achievement. Whilst all the elements have been adhered to in the past, the new framework consolidates the requirements and minimum standards with reference to the *Rail Safety Act* (2007), the *Occupational Health Safety and Welfare Act* (1986) and the WorkCover Self Insurance Performance Standards.

Besides the development of systems and procedures, great steps have continued to be taken with the promotion of a strong safety culture. This has been achieved through a rigorous induction program which includes more OH&S content for new employees, regular meetings to identify worksite hazards and to then provide solutions, as well as ubiquitous safety messages in staff communications.

The welfare of our people is vitally important. It is the driver behind our focus on health and safety as we continue to target Zero Harm. OH&S raining has the highest priority with managers and supervisors completing programs throughout the year. Our Manual Handling and Fitness for Work program, developed in conjunction with the Corporate Health Group is also given great credit for achieving zero reportable injuries over the past year which reached targets set by the government's initiative, Safety in the Public Sector (SIPS) 2007-2010.



Security

The security and safety of our staff and customers is of the utmost importance and great effort is made to ensure this vital aspect of our operations. A review over the past year led to the safety and emergency management functions being combined into a single unit for developing improved safety and incident management procedures as well as managing our relationship with South Australia Police and our private security contractors.

In 2009-10 TransAdelaide worked closely with other government agencies, especially South Australia Police Transit Services Branch (SAPOL) to provide safety and security for staff and customers. Reporting systems and protocols continued to improve. Plain clothed and uniformed Transit Police circulate throughout the rail network as part of the ongoing 'Operation Overwatch'. Passenger Service Assistants (PSAs) also circulate throughout the network during the day. Five senior PSAs in cars are on stand-by to provide security back-up if and when required.

TransAdelaide was also able to extend its use of private security contractors who are now on all train services from 6.00 pm compared to the 7.00 pm start of the last several years. Private security contractors are also present at Noarlunga Centre Interchange from 4.00 - 7.00 pm; Salisbury from 5.00 - 8.00 pm and at the Adelaide Railway Station from 3 pm.

In 2009-10 CCTV coverage continued to be extended and upgraded throughout the rail network at stations and interchanges. The cameras are a deterrent to



vandalism and graffiti and provide excellent footage for SAPOL to investigate incidents. SAPOL is leveraging the use of CCTV images that identify and publicise people who allegedly commit crimes, or are responsible for anti-social behaviour by producing 'Wanted Posters' and playing the footage on the Channel 9 / BankSA Crime Stoppers program and website. This strategy sends a strong message and has already produced results.

Our Environment

TransAdelaide was pivotal to reducing Greenhouse gases as reflected by its major role in achieving South Australia Strategic Plan Target T3.6: Use of Public Transport; increase the use of public transport to ten percent of metropolitan weekday passenger vehicle kilometres by 2018. TransAdelaide also strove to reduce its own environmental impact and are committed to the Greening of Government (GoGo) Action Plan and the National Framework for Energy Efficiency and was registered for and participated in the National Greenhouse Emission Reporting program.

Energy and diesel fuel usage is a major factor in providing rail services and will remain so even after the conversion to electric running as the Belair line will remain diesel powered. Lighting upgrades and simple conservation policies have nonetheless made gains over the past financial year.

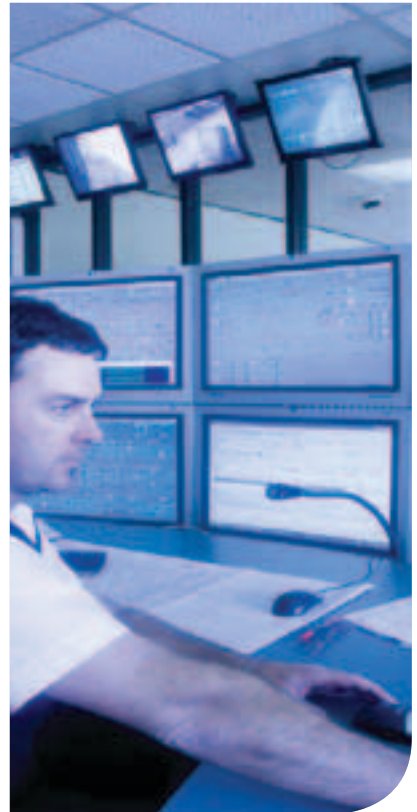


Much work was driven by our Environmental Coordinator and the volunteer members of our Greenhouse Taskforce. This work included a waste recording system which is now in place and will enable management and reduction. Cardboard and paper waste recycling increased from 24.95 tonnes in 2008/09 to 46.75 tonnes over the past financial year, an 87.5 percent increase. Over the same period co-mingled waste generation fell 25 percent to 508 tonnes from 679 tonnes.

A water recovery system now processes contaminated water from graffiti removal. This saves waste disposal costs as well as providing recycled water for use at the station being cleaned. Water conservation projects have been completed at several stations over the past year with more to follow as part of the station upgrade program of the Rail Revitalisation Project. This included the selection of water-wise native plants for all TransAdelaide landscaping projects.

An important aspect of the new Dry Creek Railcar Depot is its ecologically sustainable design. It includes the most up-to-date technology in trade waste management, fuel storage and energy use. A native landscape scheme will be applied to the site which is linked to the City of Salisbury's recycled water program for most of its water requirements, including the washing of railcars.

Similarly the upgrade and extensions at the Glengowrie Tram Depot has a strong focus on minimising environmental impacts including stormwater harvesting, solar panels and energy efficient lighting and air-conditioning.





Our Community

TransAdelaide remains committed to engaging with and responding to the needs of the community we serve. Its focus on community and customer expectations was greatly enhanced with the 2008/09 organisational restructure which saw customer service staff, and those from communications brought together in a functional group under Executive Manager, Andrea Higgs.

Much has been achieved over the past financial year. A review and upgrade of every piece of customer information signage at train stations and mazeways to improve consistency and useability was completed. A touch screen information kiosk was developed and installed at Adelaide Railway Station providing next platform departure information in both visual and audio formats.

Effort was also made to develop mechanisms to gather information and feedback from customers and to provide tangible responses. Increased emphasis was also given to internal communications. This was largely being driven by the importance of keeping all informed at a time of significant restructure, integration plans and generational infrastructure development and upgrade.

Feedback is vital and we continued to maintain close links with our community to stay in touch with issues and requirements. The monthly meetings of the Rail Customer Panel, made up of people representing each rail line, continued to be a very important complement to customer surveys and focus groups over the past financial year.



The project to install a new public address system to enable live broadcasts of customer information at all or selected train stations from a central location is well underway. Infrastructure has been installed at 64 train stations and technical testing is underway. Installation at 19 more train stations plus the Adelaide Entertainment Centre tram stop will follow.

Commitment to our community has an added dimension as we progress through the major developments contained in the Rail Revitalisation Project and the disruptions this will cause our normal services. A special Community Engagement team has the role of managing community communications. An important element of their work is to foster community understanding by providing timely information about the project, expected disruption and substitute services. The experience from the Belair line concrete re-sleepering has been very beneficial and demonstrated that customers are willing to adjust their normal commuting patterns when required.

A key message in all such communications is the benefits for all to enjoy from completion of projects and the subsequent improvement to the public transport system. TransAdelaide thanks our customers for their understanding and the way in which people have embraced the Rail Revitalisation Project. This was demonstrated in May when over 700 people attended a community barbeque to celebrate completion of the South Road Overpass and the opening of the new Stop 6 platform it carries. It was a free sausage sizzle and the nearby Clarence Gardens Kindergarten had a fundraising cake-stall. Many people took the opportunity to meet the project team responsible for construction of the overpass.





TransAdelaide has benefited in many ways from active engagement with our community. Besides the benefits of strong two-way communication it also benefited from the dedicated work of volunteers who make up the Adopt-a-Station groups. There are almost 300 people in groups of various sizes for whom we provide tools and materials to enable them to care for their “local” railway station or tram stop. The 15 members of the Blackwood South Neighbourhood Watch gardening group which adopted Coromandel Station in 2001 had a major working bee with re-plantings, established a new garden area, repairs and re-mulching the area. This and the contributions of other very active groups are greatly appreciated by the State Government and customers.

Community Rail Safety

Education and Awareness

A key commitment to our community is to improve and promote rail safety, particularly at level crossings which are clearly danger hot-spots. TransAdelaide is doing so through the development and installation of safety systems as



well as education and awareness campaigns. Safety systems such as gated pedestrian crossings and warning systems such as the 'Caution, More Than One Train' signs are installed at high priority locations where they will be most effective. Requirements for compliance under the Disability Discrimination Act such as tactile tiles which define the edges of platforms, ramps and so on, whilst designed for vision impaired people, also have safety benefits for the general population.

TransAdelaide has continued to support the Australasian Railway Association's National Rail Safety Week which was launched in 2006 as an annual event. The past year's National Rail Safety Week in July 2009 continued the focus on rail crossings, recognised as critical safety locations with the impactful television based community awareness campaign '*Some Things are Worth Waiting For*'. This campaign has continued beyond the week and is still running across a range of media including as a special tram advertising wrap.





TransAdelaide's schools program was absorbed by the Department for Transport, Energy and Infrastructure's 'Way To Go' road safety program. This consolidation of education programs has been very successful as the reach of the rail safety message, previously for schools along the rail corridor only, has been significantly extended.

Incident and Emergency Management

The running of joint exercises with South Australia's emergency services has become a very important element of safety management and incident preparedness. In August 2009 TransAdelaide and Bombardier (our railcar engineering contractor) provided the scenario and set-up for an emergency simulation for the South Australia Ambulance Service (SAAS). The scenario was a train derailment which saw about 300 SAAS personnel, divided into groups of 50 taken to the site to engage the 'emergency'.

TransAdelaide continued to strengthen its ties with emergency services as demonstrated by this exercise which follows similar large scale exercises conducted with combined emergency services, SAPOL, MFS and SAAS over the past two years.

The experience gained from these exercises was a major factor in the introduction of Network Operations Supervisors. These specialists have assumed control and responsibility for incidents and emergency situations whereas previously such site management roles were fulfilled by a 'duty' Executive Manager who would be on-call for a month at a time. This had been adequate in the past, however following participation in the emergency exercises it was decided to have a dedicated group specialising in incident management. This would enable the individuals to gain solid experience and develop their own, as well as the collective skill base. The Network Operations Supervisors group is also perfectly placed to continue the development of the very important relationship with emergency services.

Special Services for Community Events

TransAdelaide provided special services for several major community events throughout the year. The Royal Adelaide Show required temporary infrastructure such as a ticket office and ticket validators as well as an open-sided marquee for shelter. Others, such as race meetings at Gawler and Morphettville were supported by stopping at the 'part-time' station and tram stop respectively whilst others are supported by additional services or early starts to the regular time to cater for special occasions or events.

Royal Adelaide Show

The special 15 minute shuttle service from the Adelaide Railway Station to the temporary station at the showgrounds was once again very well patronised. This special service has become a feature of the Royal Adelaide Show.

Christmas Pageant

The Christmas Pageant was clearly TransAdelaide's busiest day when thousands of people commute into the city centre for this spectacular family event. Every available railcar and tram is utilised to provide maximum capacity. TransAdelaide undertook everything possible to satisfy this spike in demand as this and other such community events provided TransAdelaide with the opportunity to demonstrate the convenience and value of our rail services.

Clipsal 500

The free public transport provided for people travelling to the four-day event was very popular. Over 30,000 people used trains and trams on the Saturday for the return of Skyshow.

ANZAC Day Dawn Service

Another morning of inclement weather did not keep people away from the 2009 ANZAC Day Dawn Service. Additional services, starting earlier than the regular timetable were well patronised with over 16,000 customers. The free travel for veterans was greatly appreciated.

City to Bay

Another record was set with 29 000 participants in the 2009 City to Bay. This was again reflected by a busy day on the trams.

Melbourne Cup Trams

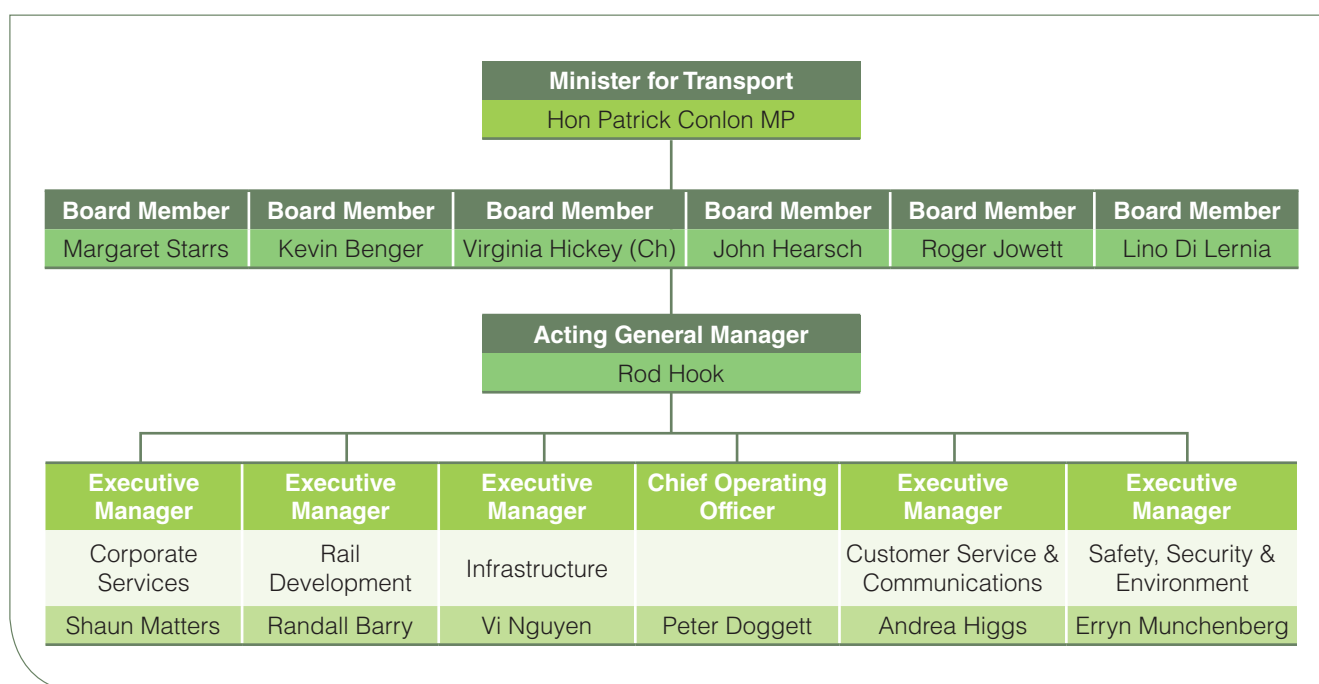
Our special Melbourne Cup Day services which had ten-minute timetabled services between 9 am and 6.40 pm were once again appreciated by customers.



Corporate Governance

A strong and effective Corporate Governance Framework was the foundation for the achievement of TransAdelaide's strategic goals. It confirmed the commitment to transparency and accountability with clear communication between the Minister for Transport, our Board of Directors and General Manager.

The Corporate Governance Framework was based on the principles of ethical dealings with all stakeholders and the pursuit of continuous improvement. It was guided by the *TransAdelaide (Corporate Structure) Act 1998*; guidelines issued by the Department of Premier and Cabinet and the Department of Treasury and Finance's Financial Management Framework.



TransAdelaide's Board of Directors

The Governor of South Australia appoints the Board of Directors in accordance with the *TransAdelaide (Corporate Structure) Act 1998* which, amongst other things requires that:

It will consist of not more than six members:

- one person will be a person nominated by the Minister after taking into account the recommendations of the United Trades and Labour Council; and
- the remainder will be persons nominated by the Minister.

Members of the Board are independent of the organisation and have been chosen on the basis of their skills and experience in matters that impact TransAdelaide's operations and future development.

Chaired by Virginia Hickey, the other five members of the board are: Kevin Bengier, Roger Jowett, Margaret Starrs, John Hearsch and Lino Di Lernia.

The Board is responsible for the overall corporate governance of TransAdelaide. This includes approval of strategic directions, monitoring operational and financial performance, ensuring adequate evaluation and management of risk and evaluating the performance and remuneration of senior management as well as providing accountability to the Government of South Australia.

The foundation of our corporate mission is the responsibility to contribute strongly to the achievement of South Australia's Strategic Plan (SASP) target T3.6: Increase the use of public transport to 10 percent of weekday travel by 2018. TransAdelaide also contributed to the achievement of many other SASP targets across the range of major objectives: Economic Growth, Improving Wellbeing, Attaining Sustainability and Building Communities.



- 1 - Virginia Hickey
- 2 - Kevin Bengier
- 3 - Lino Di Lernia
- 4 - Roger Jowett
- 5 - John Hearsch
- 6 - Margaret Starrs





Concept Illustration

Chair, Ms Virginia Hickey

Ms Hickey brings expertise in corporate governance, commercial law and transport. She is a corporate governance consultant, lawyer and a director on a number of government and private sector boards including being a Councillor of the National Competition Council and on the board of Flinders Ports. Virginia is a member of TransAdelaide's Audit and Risk Committee and was on the Board of TransAdelaide's joint venture, TransitPlus.

Mr Kevin Benger

Mr Benger brings financial and transport skills to the Board from executive roles in finance and 30 years involvement in transport, including as a former General Manager of TransAdelaide. Kevin is Chair of the Audit and Risk Committee and was also on the Board of TransitPlus.

Mr Roger Jowett

Mr Jowett is the National Transport Policy Advisor for the Rail, Tram and Bus Union (RTBU). He was formerly National Secretary of the RTBU and was a member of the Australian Council of Trade Unions Executive. Roger has represented the union on a number of union/employer consultative committees at both state and national level.

Miss Margaret Starrs

Miss Starrs is the Principal of her own consulting firm, MM Starrs Pty Ltd. She consults on road, rail and air infrastructure including for public transport and the operations of suburban railways. She has been Deputy Chief Executive and Director Economic Policy for the National Road Transport Commission as well as senior positions with the Department of Transport, South Australia during the 1970s and 1980s. Miss Starrs is a member of TransAdelaide's Audit and Risk Committee.

Mr John Hearsch

Mr Hearsch is the Principal of his own consultancy, John Hearsch Consulting Pty Ltd. John was Group Manager, Freight with Queensland Rail following a long career with VicRail and V/Line and as Chief General Manager, Transport Operations for the State Transport Authority of Victoria.

Mr Lino Di Lernia

Mr Di Lernia has diverse experience in finance, management, and infrastructure projects. Lino's experience in the rail industry includes his current role of Program Director of the Advanced Train Management Systems with the Australian Rail Track Corporation (ARTC). In his previous role as a Project Director with the Office of Major Projects and Infrastructure, he was responsible for the strategic implementation of major port, road and rail infrastructure developments.

Board remuneration is determined by the Commissioner of Public Employment. Final approval rests with the Governor following advice and approval from cabinet.

Audit and Risk

TransAdelaide has a formal Risk Management Policy that is consistent with the Australian Standards for Risk Management (AS 4360). Our Risk Management Policy also reflects the South Australian Government Risk Management Policy Statement, relevant Treasurer's Instructions. It is monitored by the Audit and Risk Committee consisting of board members, Virginia Hickey, Margaret Starrs and chaired by Kevin Bengier.

TransAdelaide's internal auditor is Deloitte. The internal auditors have direct access to the Audit and Risk Committee and provide professional services by reviewing compliance with established internal controls. The external auditor is the Auditor-General's Department which sets the scope of the audit program to comply with obligations under Section 31 of the *Public Finance and Audit Act* 1987 and Sub Section 32(4) of the *Public Corporations Act* 1993.



Concept Illustration

Also see Directors' Report at head of Financial Report (page 40).

Corporate and Statutory Reporting

Employee Statistics

Total Number of Employees

Persons 734

FTEs 729

Gender % Persons % FTEs

Male 84.4 84.5

Female 15.6 15.5

Number of Persons During the 09-10 Financial Year

Separated from TransAdelaide 40

Recruited to TransAdelaide 106

Number of Persons at 30 June 2010

On leave without pay 0

Number of Employees by Salary Bracket

| Salary Bracket | Male | Female | Total |
|----------------------|------------|------------|------------|
| \$0 - \$49 199 | 216 | 49 | 265 |
| \$49 200 - \$62 499 | 131 | 33 | 164 |
| \$62 500 - \$80 099 | 217 | 23 | 240 |
| \$80 100 - \$100 999 | 32 | 5 | 37 |
| \$101 000+ | 25 | 3 | 28 |
| TOTAL | 621 | 113 | 734 |

Industrial Relations and Workplace Agreements

The negotiation of revised workplace agreements for Infrastructure and Maintenance employees was successfully completed during 2009/2010. Both Agreements provided wage increases and amended employment conditions for all affected employees with effect from 1 January 2009.

Some minor disruption to rail services arose during 2009 as a result of protected industrial action initiated by maintenance employees in support of their earlier claims for wage increases and other benefits. Those issues were successfully resolved and a new agreement subsequently accepted by employees in June 2010.

A proposal that the separate enterprise agreements covering tram and train employees be replaced by a single agreement to accommodate both workgroups was developed and discussed with the Rail Tram & Bus Union in March 2010. These preliminary discussions were prompted by the need to address the implications of the State Government's decision to maintain federal award coverage for TransAdelaide employees and to introduce greater uniformity to the industrial instruments applicable to employees involved in a range of operational functions.

| Status of Employees in Current Position | | | | | |
|---|--------------|---------------------|--------------------|----------------|--------------|
| FTEs | Ongoing | Short-term Contract | Long-term Contract | Other (Casual) | Total |
| Male | 573.9 | 6 | 38.6 | 0 | 618.5 |
| Female | 93.5 | 4 | 13.0 | 0 | 110.5 |
| TOTAL | 667.4 | 10 | 42.6 | 0 | 729.0 |
| PERSONS | Ongoing | Short-term Contract | Long-term Contract | Other (Casual) | Total |
| Male | 576 | 6 | 39 | 0 | 621 |
| Female | 95 | 4 | 14 | 0 | 113 |
| TOTAL | 671 | 10 | 43 | 0 | 734 |

| Executives by Gender, Classification and Status | | | | | | | | | | |
|---|----------|----------|------------------|----------|--------------------|----------|----------------|----------|----------|----------|
| | Ongoing | | Contract Tenured | | Contract Untenured | | Other (Casual) | | Total | |
| Classification | Male | Female | Male | Female | Male | Female | Male | Female | Male | Female |
| GRPM | 0 | 0 | 0 | 0 | 4 | 3 | 0 | 0 | 4 | 3 |
| TOTAL | 0 | 0 | 0 | 0 | 4 | 3 | 0 | 0 | 4 | 3 |

| Average Days Leave per Full Time Equivalent Employee | | | | |
|--|---------|---------|---------|---------|
| Leave Type | 2006-07 | 2007-08 | 2008-09 | 2009-10 |
| Sick Leave | 8.4 | 7.3 | 7.2 | 7.1 |
| Family Carer's Leave | 0.4 | 0.4 | 0.6 | 0.2 |
| Miscellaneous Special Leave | 0.2 | 0.1 | 0.1 | 0.5 |





Number of Employees by Age Bracket by Gender

| Age Bracket | Male | Female | Total | % of Total | Workforce Benchmark* |
|--------------|------------|------------|------------|--------------|----------------------|
| 15-19 | 0 | 1 | 1 | 0.1 | 6.1 |
| 20-24 | 21 | 10 | 21 | 4.3 | 10.6 |
| 25-29 | 26 | 18 | 44 | 6.0 | 10.5 |
| 30-34 | 32 | 10 | 42 | 5.6 | 9.4 |
| 35-39 | 52 | 14 | 66 | 9.4 | 11.2 |
| 40-44 | 96 | 6 | 102 | 13.8 | 11.1 |
| 45-49 | 114 | 22 | 136 | 18.4 | 12.2 |
| 50-54 | 127 | 15 | 142 | 19.1 | 11.0 |
| 55-59 | 102 | 8 | 110 | 14.9 | 9.2 |
| 60-64 | 44 | 6 | 50 | 6.9 | 6.0 |
| 65+ | 7 | 3 | 10 | 1.3 | 2.9 |
| TOTAL | 621 | 113 | 734 | 100.0 | 100.0 |

* Source: Australian Bureau of Statistics Australian Demographic Statistics, 6291.0.55.001 Labour Force Status (ST LM8) by sex, age, state, marital status – employed – total from Feb78 Supertable, South Australia at May 2010.

Aboriginal and/or Torres Strait Islander Employees

| Salary Bracket | Aboriginal Employees | Total Employees | % Aboriginal Employees | Target* |
|----------------------|----------------------|-----------------|------------------------|-----------|
| \$0 - \$49 199 | 1 | 265 | 0.3 | 2% |
| \$49 200 - \$62 499 | 1 | 164 | 0.3 | 2% |
| \$62 500 - \$80 099 | 1 | 240 | 0.3 | 2% |
| \$80 000 - \$100 999 | 0 | 37 | 0 | 2% |
| \$101 000 + | 0 | 28 | 0 | 2% |
| TOTAL | 3 | 734 | 0.4 | 2% |

* Target from South Australia's Strategic Plan.

Cultural and Linguistic Diversity

| | Male | Female | Total | % TA | % SA Community* |
|--|------|--------|-------|------|-----------------|
| number of employees born overseas | 121 | 27 | 142 | 19.1 | 20.3% |
| number of employees who speak language(s) other than English at home | 47 | 12 | 59 | 7.9 | 16.6% |

* Benchmarks from ABS Publication Basic Community Profile (SA) Cat No. 2001.0

Number of Employees With Ongoing Disabilities Requiring Workplace Adaptation

| Male | Female | Total | % TransAdelaide employees |
|------|--------|-------|---------------------------|
| 1 | 0 | 1 | 0.1 |

Voluntary Working Arrangements By Gender

| | Male | Female | Total |
|-------------------|------|--------|-------|
| Purchased Leave | 0 | 0 | 0 |
| Flexitime | 81 | 46 | 127 |
| Compressed Weeks | 0 | 0 | 0 |
| Part-time | 6 | 8 | 14 |
| Job Share | 0 | 0 | 0 |
| Working from Home | 0 | 0 | 0 |

Documented Review of Individual Performance Management

| Employees with: | % of Total Workforce |
|------------------------------------|----------------------|
| A review within the past 12 months | 49 |
| A review older than 12 months | 51 |
| No review | 0 |

Leadership and Management Training Reporting

| Training and Development | Total Cost | % of Total Salary Expenditure |
|---|------------|-------------------------------|
| Training and Development Expenditure | \$805 000 | 1.42 |
| Total leadership and management development expenditure | \$210 000 | 0.32 |





| Accredited Training Packages By Classification | |
|--|---|
| Classification | No. of Accredited Training Packages |
| Signal and Power Workers | 20 (Cert 1 in Rail Infrastructure) |
| Track and Civil | 29 (Cert 1 in Rail Infrastructure) |
| Train Drivers | 12 (Certificate III in Rail Operations TDT) |
| Tram Drivers | 12 (Certificate III in Rail Operations) |
| Passenger Service Assistants | 2 (Certificate III in Rail Operations TDT) |
| Train Drivers | 20 (Certificate III in Rail Operations TLI) |
| Passenger Service Assistants | 2 (Certificate III in Rail Operations TLI) |

Injury Management and Prevention

TransAdelaide is self-insured for the purposes of managing workers' rehabilitation and compensation. We continue to develop improved procedures for supporting workers injured on the job. These procedures focus on early intervention and are supported by an education program provided to all our employees.

Due to improved security arrangements on the rail network the number of assaults and stress claims have been reduced. In addition each business unit has worked diligently to improve safety with zero lost time injuries during this period.





The following tables summarise TransAdelaide's Occupational Health and Safety performance over the past reporting year:

| | |
|--|---|
| Number of notifiable occurrences pursuant to OHS&W Regulations Division 6.6 | 0 |
| Number of notifiable injuries pursuant to OHS&W Regulations Division 6.6 | 0 |
| Number of notices served pursuant to OHS&W Act s35, s39 and s40 (default, improvement and prohibition notices) | 0 |

TransAdelaide Gross Workers Compensation

| Expenditure | 2009-10 (\$m) | 2008-09 (\$m) | Variation (\$m) + (-) | % Change + (-) |
|---|----------------------|----------------------|----------------------------------|---------------------------|
| Income Maintenance | 276 996 | 340 755 | (63 759) | (18.7) |
| Lump Sum Settlements Redemptions – s42 | 169 966 | 415 797 | (245 831) | (59.1) |
| Lump Sum Settlements Permanent Disability – s43 | 143 262 | 107 871 | 35 391 | 32.8 |
| Medical/Hospital Costs combined | 235 499 | 249 442 | (13 943) | (5.6) |
| Other | 38 319 | 11 385 | 26 934 | 236.6 |
| Total Claims Expenditure | 864 042 | 1 125 250 | (261 208) | (23.2) |





Meeting Safety Performance Targets

| | Base: 2005-06 | Performance: 12 months to end of June 2010 | | | Final Target |
|---|------------------|--|--------------------------------|--------------------|--------------------------------|
| | Number or % | Actual | Notional Quarterly Target * | Variation + (-) | Number or % |
| 1 Workplace fatalities | 0 | 0 | 0 | 0 | 0 |
| 2 New Workplace Injury Claims | 153.0 | 84.0 | 122.0 | (38) | 122.0 |
| 3 New Workplace Injury Claims Frequency Rate | 1.22 | 0.61 | 0.98 | (0.37) | 0.98 |
| 4 Lost Time Injury Frequency Rate | 0.61 | 0.30 | 0.49 | (0.19) | 0.49 |
| 5 New Psychological Injury Claims | 36.0 | 18.0 | 29.0 | (11) | 29.0 |
| 6 Rehabilitation and Return to Work | | | | | |
| 6a Early Assessment within 2 days | 86.27% | 54.76% | 80% | (25.24%) | 80% or more |
| 6b Early intervention within 5 days | 95.83% | 100% | 80% | 20% | 80% or more |
| 6c RTW within 5 business days | 82.98% | 78.05% | 75% | 3.05% | 75% or more |
| 7 Claim Determination | | | | | |
| 7a Claims determined in 10 business days | 78.52% | 85.06% | 75% | 10.06% | 75% or more |
| 7b Claims determined after 3 months | 7.38% | 5.75% | 3% | 2.75% | 3% or less |
| 8 Income Maintenance Payments for Recent Injuries | | | | | |
| 2008/09 Injuries (\$ at 24 months development) | – | \$98 396 | \$169 433 | (\$71 037) | Below previous 2 years average |
| 2009/10 Injuries (\$ at 12 months development) | – | \$85 186 | \$87 301 | (\$2 115) | Below previous 2 years average |



Consultancy Expenditure 2009-10

| Consultant | Below \$10 000 | Cost |
|--|----------------|-----------------|
| 10 | | \$46 583 |
| Total consultancies < \$10 000 | | \$46 583 |

| Consultant | \$10 000 - \$50 000 | Cost |
|--|--|------------------|
| | Purpose | |
| J Cunningham | Training Services | \$10 000 |
| Halcrow | Review of 2000/2100 railcar Kinematic Envelope | \$12 690 |
| Stace Management | Strategic directions workshops | \$20 314 |
| VLOW Pty Ltd | Organisation development consultancy services | \$39 994 |
| Richard Wortley | Training services | \$45 000 |
| Parsons Brinckerhoff Aust | OCC relocation study and air conditioning report | \$47 000 |
| Total consultancies \$10 000 - \$50 000 | | \$174 998 |

| Consultant | Above \$50 000 | Cost |
|--|--|------------------|
| | Purpose | |
| PKF Consulting | Procurement system training | \$50 059 |
| Ernst and Young | Risk management framework | \$76 422 |
| Ernst and Young | Guidance re Transitplus joint venture | \$34 505 |
| Deloitte | Internal audit review and review of 2008 FBT return and subsequent objection | \$189 196 |
| Total Consultancies > \$50 000 | | \$350 182 |

| | |
|--------------------------|------------------|
| Total Consultants | \$571 763 |
|--------------------------|------------------|





Energy Use Comparison

| | Energy Use (GJ) | Expenditure (\$) | GHG Emissions (Tonnes CO ₂ equivalent) |
|---|-----------------------------|-------------------------------------|--|
| Base year 2000-01 | | | |
| Electricity | 30 969 | 1 031 005 | 10 202 |
| Diesel | 287 237 | 5 917 274 | 22 433 |
| Petrol | 718 | 17 424 | 58 |
| TOTAL | 318 924 | 6 965 703 | 32 693 |
| Current year 2009-10 (+/- 2008-09) | | | |
| Electricity | 36 939 (+2 947) | 1 695 770 (+313 226) | 10 056 (+802) |
| Diesel | 340 722 (-7 643) | 10 415 000 (-1558 499) | 25 598 (- 574) |
| Petrol | 4 346 (+866) | 136 221 (-2 304) | 312 (+62) |
| TOTAL | 382 007 (-3 830) | 12 246 991 (- 1 247 576) | 35 966 (+290) |
| Target for 2010 | 362 907 | N/A | 34 168 |

Annual Asbestos Management Report 2009-10

| Category | # Sites Start of Year | # Sites End of Year | Category Description | Interpretation One or more items at these sites... |
|----------|-----------------------------|---------------------------|--|--|
| 1 | 0 | 0 | Remove | Should be removed promptly |
| 2 | 32 | 32 | Remove as soon as practicable | May need removal during maintenance works |
| 3 | N/A | | Use care during maintenance | May need removal during maintenance works |
| 4 | N/A | | Monitor condition | Has asbestos present. Inspect according to legislation and policy |
| 5 | N/A | | No asbestos identified/identified asbestos has been removed | All asbestos identified as per OHS&W 4.2.10(1) has been removed |
| 6 | N/A | | Further information required | These sites not yet categorised |



Freedom of Information Act – Information Statement

In accordance with section 9 of the *Freedom of Information Act 1991*, the following represents TransAdelaide's information statement as at 30 June 2010:

Arrangements for Public Participation: TransAdelaide facilitates public participation in the development of services through a Rail Customer Panel that meets monthly to provide feedback and input to service design and delivery. TransAdelaide also has an 'Adopt-a-Station' program that provides avenues for community groups to participate in the maintenance and beautification of stations (infrastructure) and their environs.

Contact Arrangements: Requests for access to TransAdelaide documents or requests to seek amendment of TransAdelaide's records concerning the personal affairs of an individual should be directed in writing to:

The Freedom of Information Officer
TransAdelaide
GPO Box 2351
ADELAIDE SA 5001

Documents held by TransAdelaide:

- Annual Reports
- List of Policies

Whistleblower Legislation: TransAdelaide's Executive Manager Corporate Services is responsible for the application of the *Whistleblowers Protection Act 1993* within TransAdelaide to provide TransAdelaide's employees, suppliers and members of the public with confidentiality regarding allegations of mal-administration, waste or illegal activities or corruption in the workplace.

Privacy Legislation: TransAdelaide is required to comply with the State Government's 'Information Privacy Principles Instruction'. These principles are applied throughout the organisation to provide appropriate levels of privacy protection to personal information.

Ethical Standards and Performance: A Code of Conduct has been in place throughout the course of the year to ensure all business affairs are conducted legally, ethically and with the strict observance of the highest standards of integrity and propriety. This Code of Conduct applies to all executives, employees and contractors of TransAdelaide.



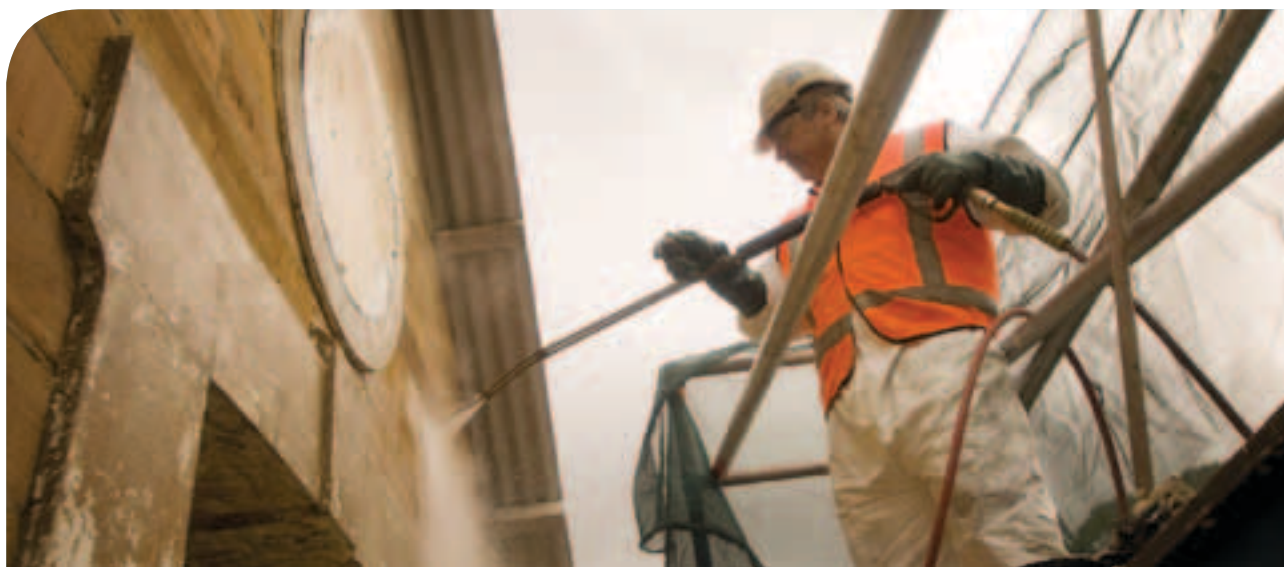


Fraud: There was no fraud identified within TransAdelaide during the year. TransAdelaide has continued to enhance its Fraud Control and Whistleblowers policies and procedures. Defined business procedures, policies and internal controls are implemented across TransAdelaide to lower the risk of fraud. As part of this, there is a framework that encompasses strategies for fraud prevention; awareness raising; training; mechanisms for detection; investigation and response as well as performance reporting.

Third Party Claims: Rail related third party and public liability claims continue to be managed in-house by TransAdelaide. The number and value of claims remains at similar levels to last year. During the year risk assessments were conducted and risk mitigation strategies implemented to reduce the likelihood and severity of incidents.

Overseas Travel:

| No. of Employees | Destinations | Reason for Travel | Total Cost |
|------------------|------------------------|--|------------|
| 2 | Berlin | IVU (Roster System) Training (1 Feb to 1 March 2010) | \$20 000 |
| 1 | London/Berlin Helsinki | IVU investigation, customisation and user conference | \$10 000 |
| 1 | Berlin/Helsinki | IVU customisation and user conference | \$9 000 |
| 1 | Berlin | IVU training and user conference | \$10 000 |
| 2 | Madrid | Alstom Citadis tram procurement | \$10 000 |
| 23 | Berlin | Bombardier Flexity tram procurement | \$15 000 |
| TOTAL | | | \$74 000 |



Financial Statements



Directors' Report

The TransAdelaide Board has pleasure in presenting its report on the Financial Report of the economic entity for the financial year ended 30 June 2010.

Principal Activities

TransAdelaide is a body corporate subject to the provisions of the Public Corporations Act 1993. The TransAdelaide (Corporate Structure) Act 1998 provides that TransAdelaide's principal activity is to operate passenger transport services. This continued to be our primary focus throughout the year.

TransAdelaide's agreement for the provision of metropolitan rail and tram services with the Public Transport Division (PTD) was renewed by the Government from 25 April 2010 taking the contract through until 30 June 2011, unless it is terminated earlier.

TransAdelaide was a joint shareholder in Transitplus Pty Ltd, a private company that provides passenger transport services in the Adelaide Hills region also under contract with the Department for Transport, Energy and Infrastructure. The Joint Venture was abolished on the 30 June 2010.

Providing our passenger transport services within greater metropolitan Adelaide requires management of tram and train fleets as well as substantial infrastructure. The focus in 2009-10 has been on improving customer service, employee, community and customer safety whilst managing infrastructure upgrades.

Review of Operating Result

The financial year ended 30 June 2010 has seen TransAdelaide record a net loss of \$0.9m. The loss result has been brought about primarily by an increase in depreciation on rail cars following revaluation.

Significant Changes in the Economic Entity

There have been no significant changes to the Economic Entity in 2009-10.

Ministerial Control and Direction

TransAdelaide did not receive any specific Ministerial Direction during 2009-10.



Payment of Accounts

Account Payment Performance

| Particulars | Number of Accts Paid | Percentage of Accts paid (by number) | Value in \$A of Accts paid | Percentage of Accts paid (by value) |
|---------------------------------------|----------------------|--------------------------------------|----------------------------|-------------------------------------|
| Paid by due date | 14 364 | 98.76% | \$81 360 569 | 98.24% |
| Paid late, within 30 days of due date | 120 | 0.83% | \$1 278 707 | 1.54% |
| Paid more than 30 days from due date | 60 | 0.41% | \$180 244 | 0.22% |

Board Member's Benefits

Neither during, nor since the financial year has any Board Member received or been entitled to receive a benefit, other than their disclosed remuneration as shown in note 10.

Board Member's Interests in Contracts

As at the date of this report, no Board Member had interests in contracts or proposed contracts with any part of the economic entity.

Indemnities and Insurance

TransAdelaide pays an insurance premium in respect of insuring the Board members, the General Manager, all of its Executive Officers and employees of any related body corporate against a liability incurred as a Board Member, Secretary or Executive Officer to the extent permitted by the Passenger Transport Act 1994.

Contractual Arrangements

New Contracts

TransAdelaide used the Across Government Contract for Bulk Fuels and Lubricants and engaged Scotts Petroleum Pty Ltd for the supply of diesel fuel for Railcar Operations. The value of this service provision for the 2009/10 year is approximately \$9.8m (GST inclusive).





Continuation of Existing Contracts

The following contractual arrangements exceeding \$4.0m entered into previously were continued during 2009/10.

1. Provision of railcar maintenance and related services.

The contract was awarded to Bombardier Transportation Australia Pty Ltd on a ten-year term, commencing 11 June 2005. The mid contract review is currently being undertaken.

The scope of the contract is:

- to carry out planned preventative and corrective maintenance of railcars;
- to carry out unplanned preventative and corrective maintenance of railcars;
- the cleaning of railcars; and
- monitoring of railcar condition.

The contract's objectives are to:

- provide a public transport service which achieves the highest standard of reliability, safety and comfort for our customers in a manner which is economical and cost-effective;
- provide the services in a manner which is designed to enhance the overall quality and performance of TransAdelaide's rail operations; and
- provide the services fully in compliance with the Rail Safety Act and required standards.

At 30 June 2010 there has been no transfer of assets to Bombardier Transportation Australia Pty Ltd and there are no contingent and other liabilities that have not been reflected in the accounts.

2. Upgrading of TransAdelaide's existing Passenger Information (PI) systems.

A new public tender process was held in December 2008. The contract was awarded to O'Donnell Griffin with a practical completion expected to be achieved in late 2010. The scope of the contract is to upgrade the PI systems which have been in service since 1988.

The contract's objectives are to:

- provide train passengers with a public transport service that achieves the highest standards of reliability and safety;
- eliminate the risk of the current network reaching technical obsolescence and diminishing the level of available equipment support; and
- improve the efficiency, productivity and adaptability of the PI system to better meet the current and future operational and business needs of TransAdelaide.

At 30 June 2010, there has been no transfer of assets to O'Donnell Griffin and there are no contingent and other liabilities.





Government
of South Australia

TransAdelaide

Financial Statements

For the year ended 30 June 2010

TransAdelaide Financial Statements 2009-10

Statement of Comprehensive Income 30 June 2010

| | Note | 2010 \$'000 | 2009 \$'000 |
|--|------|----------------|----------------|
| Income | | | |
| Revenues from the provision of services | 3 | 98,520 | 90,603 |
| Revenues from Government | 4 | 1,623 | 1,997 |
| Interest revenues | 5 | 478 | 537 |
| Other revenues | 7 | 31,590 | 30,041 |
| Income from joint venture | 21 | 1,584 | 1,233 |
| Total Income | | 133,795 | 124,411 |
| Expenses | | | |
| Employee benefits expenses | 8 | 65,222 | 56,232 |
| Supplies and services | 11 | 62,063 | 59,875 |
| Depreciation and amortisation expense | 12 | 7,167 | 5,657 |
| Other expenses | 13 | 55 | 165 |
| Net loss from the disposal of non-current assets | 6 | 196 | - |
| Total Expenses | | 134,703 | 121,929 |
| Profit/(loss) before Income tax equivalents | | (908) | 2,482 |
| | | | |
| Income tax equivalent expense | 14 | - | 744 |
| Profit/(loss) after Income tax equivalents | | (908) | 1,738 |
| Other Comprehensive Income | | | |
| Changes in asset revaluation surplus | 27 | - | 26,461 |
| Total Comprehensive result | | (908) | 28,199 |

The net profit/(loss) after income tax equivalents and Total comprehensive result are attributable to the SA Government as owner

The above statement should be read in conjunction with the accompanying notes

TransAdelaide Financial Statements 2009-10

Statement of Financial Position 30 June 2010

| | Note | 2010 \$'000 | 2009 \$'000 |
|--|------|----------------|----------------|
| Current Assets | | | |
| Cash and cash equivalents | 15 | 7,904 | 8,797 |
| Receivables | 16 | 15,265 | 7,555 |
| Inventories | 17 | 4,647 | 4,396 |
| Total Current Assets | | 27,816 | 20,748 |
| Non-Current Assets | | | |
| Plant and equipment | 18 | 143,376 | 146,204 |
| Intangible assets | 19 | 69 | 134 |
| Other non-current assets | 21 | - | 200 |
| Total Non-Current Assets | | 143,445 | 146,538 |
| Total Assets | | 171,261 | 167,286 |
| Current Liabilities | | | |
| Payables | 22 | 10,100 | 7,768 |
| Employee benefits | 24 | 6,565 | 6,589 |
| Provisions | 25 | 1,870 | 1,938 |
| Other current liabilities | 26 | 18 | 540 |
| Total Current Liabilities | | 18,553 | 16,835 |
| Non-Current Liabilities | | | |
| Payables | 22 | 1,916 | 1,340 |
| Employee benefits | 24 | 16,197 | 14,540 |
| Provisions | 25 | 6,002 | 8,124 |
| Other non-current liabilities | 26 | 5,791 | 2,737 |
| Total Non-Current Liabilities | | 29,906 | 26,741 |
| Total Liabilities | | 48,459 | 43,576 |
| Net Assets | | 122,802 | 123,710 |
| Equity | | | |
| Asset revaluation surplus | 27 | 77,631 | 77,631 |
| Retained earnings | | 45,171 | 46,079 |
| Total Equity | | 122,802 | 123,710 |
| The Total Equity is attributable to the SA Government as owner | | | |
| Commitments for expenditure | 28 | | |
| Contingent assets and contingent liabilities | 29 | | |

The above statement should be read in conjunction with the accompanying notes

TransAdelaide Financial Statements 2009-10

Statement of Changes in Equity 30 June 2010

| | Note | Asset Revaluation Surplus \$'000 | Retained Earnings \$'000 | Total \$'000 |
|---|------|---|--------------------------------|-----------------|
| Balance at 30 June 2008 | | 51,170 | 44,341 | 95,511 |
| Profit/(loss) after income tax equivalent for 2008-09 | | - | 1,738 | 1,738 |
| Gain on revaluation of rollingstock during 2008-09 | 27 | 26,461 | - | 26,461 |
| Total comprehensive result for 2008-09 | | 26,461 | 1,738 | 28,199 |
| Balance at 30 June 2009 | | 77,631 | 46,079 | 123,710 |
| Profit/(loss) after income tax equivalent for 2009-10 | | - | (908) | (908) |
| Total comprehensive result for 2009-10 | | - | (908) | (908) |
| Balance at 30 June 2010 | | 77,631 | 45,171 | 122,802 |

All changes in equity are attributable to the SA Government as owner

The above statement should be read in conjunction with the accompanying notes

TransAdelaide Financial Statements 2009-10

Statement of Cash Flows 30 June 2010

| | Note | 2010 \$'000 | 2009 \$'000 |
|---|-------|------------------|------------------|
| Cash flows from Operating Activities | | | |
| Cash Inflows | | | |
| Sales of goods and services | | 99,036 | 89,740 |
| Interest received | | 470 | 512 |
| Receipts from SA Government | | 1,473 | 1,997 |
| Dividend received | | 1,308 | 1,259 |
| GST recovered from the ATO | | 12,789 | 12,428 |
| Other receipts | | 26,305 | 34,539 |
| Cash generated from operations | | 141,381 | 140,475 |
| Cash Outflows | | | |
| Employee benefit payments | | (63,388) | (55,351) |
| Payments for supplies and services | | (61,473) | (63,667) |
| Tax equivalent paid | | (186) | - |
| GST Paid to the ATO | | (6,509) | (6,747) |
| GST remitted to ATO | | (6,448) | (5,132) |
| Cash used in operations | | (138,004) | (130,897) |
| Net cash provided by operating activities | 30(b) | 3,377 | 9,578 |
| Cash flows from Investing Activities | | | |
| Cash Inflows | | | |
| Proceeds from sale of plant and equipment | | 4 | - |
| Cash generated from investing activities | | 4 | - |
| Cash Outflows | | | |
| Purchase of plant and equipment | | (4,250) | (4,816) |
| Purchase of intangibles | | (24) | (107) |
| Cash used in investing activities | | (4,274) | (4,923) |
| Net cash used in investing activities | | (4,270) | (4,923) |
| Net (decrease)/increase in cash and cash equivalents | | (893) | 4,655 |
| Cash and cash equivalents at the beginning of the period | | 8,797 | 4,142 |
| Cash and cash equivalents at the end of the period | 30(a) | 7,904 | 8,797 |

The above statement should be read in conjunction with the accompanying notes

Note Index 30 June 2010

| | Note |
|--|-------------|
| Objectives of TransAdelaide | 1 |
| Summary of Significant Accounting Policies | 2 |
| Income Notes | |
| Revenues from the provision of services | 3 |
| Revenues from/payments to SA Government | 4 |
| Interest revenues | 5 |
| Net (loss) from the disposal of non-current assets | 6 |
| Other revenues | 7 |
| Income from joint venture | 21 |
| Expense Notes | |
| Employee benefits expenses | 8 |
| Supplies and services | 11 |
| Depreciation and amortisation expense | 12 |
| Other expenses | 13 |
| Payments to Government | 4 |
| Income tax equivalent expense | 14 |
| Asset Notes | |
| Cash and cash equivalents | 15 |
| Receivables | 16 |
| Inventories | 17 |
| Plant and equipment | 18 |
| Intangible assets | 19 |
| Reconciliation of asset carrying amounts | 20 |
| Other non-current assets | 21 |
| Liabilities Notes | |
| Payables | 22 |
| Financial Instruments / Financial Risk Management | 23 |
| Employee benefits | 24 |
| Provisions | 25 |
| Other liabilities | 26 |
| Equity Notes | |
| Asset Revaluation Surplus | 27 |
| Other Notes | |
| Remuneration of employees | 8 |
| Key management personnel | 9 |
| Related party disclosures | 10 |
| Commitments | 28 |
| Contingent assets and contingent liabilities | 29 |
| Cashflow Reconciliation | 30 |
| After balance date events | 31 |

Notes to the Financial Statements (continued) Year Ended 30 June 2010

Note 1 Objectives of TransAdelaide

TransAdelaide was established as a Public Authority under the *TransAdelaide (Corporate Structure) Act 1998* in January 1999.

TransAdelaide is a body corporate subject to the provisions of the *Public Corporations Act 1993*. The *TransAdelaide (Corporate Structure) Act 1998* provides that TransAdelaide's principal activity is to operate passenger transport services, an activity that continued to be the primary focus throughout the year.

Note 2 Summary of Significant Accounting Policies

a) Statement of compliance

The financial statements are general purpose financial statements. The accounts have been prepared in accordance with relevant Australian Accounting Standards and Treasurer's Instructions and Accounting Policy Statements promulgated under the provision of the *Public Finance and Audit Act 1987*.

Except Australian Accounting Standards, AASB 2009-12 which TransAdelaide has early adopted, Australian Accounting Standards and interpretations that have recently been issued or amended but are not yet effective have not been adopted by TransAdelaide for the reporting period ending 30 June 2010.

b) Basis of preparation

The preparation of the financial statements requires:

- the use of certain accounting estimates and requires management to exercise its judgement in the process of applying TransAdelaide's accounting policies. The areas involving high degrees of judgement or where assumptions and estimates are significant to the financial statements, these are outlined in the applicable notes;
- accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events are reported; and
- compliance with Accounting Policy Statements issued pursuant to section 41 of the *Public Finance and Audit Act 1987*. In the interest of public accountability and transparency the Accounting Policy Statements require the following note disclosures, that have been included in this financial statements:
 - a) revenues, expenses, financial assets and liabilities where the counterparty/transaction is with an entity within the SA Government as at reporting date, classified according to their nature. A threshold of \$100,000 for separate identification of these items applies;
 - b) expenses incurred as a result of engaging consultants;
 - c) employees whose normal remuneration is \$100,000 or more (within \$10,000 bandwidths) and the aggregate of remuneration paid or payable or otherwise made available, directly or indirectly by the entity to those employees;
 - d) Board/committee member and remuneration information, where a board/committee member is entitled to receive income from membership other than a direct out-of-pocket reimbursement.

Notes to the Financial Statements (continued) Year Ended 30 June 2010

b) Basis of preparation (continued)

TransAdelaide's Statement of Comprehensive Income, Statement of Financial Position and Statement of Changes in Equity have been prepared on an accrual basis and are in accordance with historical cost convention, except for certain assets that were valued in accordance with the valuation policy applicable.

The Statement of Cash Flows has been prepared on a cash basis.

The financial statements have been prepared on a 12 month operating cycle and presented in Australian currency.

The accounting policies set out below have been applied in preparing the financial statements for the year ended 30 June 2010 and the comparative information presented for the year ended 30 June 2009.

c) Reporting entity

The financial statements cover TransAdelaide as an individual reporting entity. TransAdelaide is a Public Authority pursuant to the *TransAdelaide (Corporate Structure) Act 1998*.

d) Comparative information

The presentation and classification of items in the financial statements are consistent with prior periods except specific revised Accounting Standards and Accounting Policy Statements have required a change.

e) Rounding

All amounts in the financial statements and accompanying notes have been rounded to the nearest thousand dollars (\$'000).

f) Taxation

In accordance with Treasurer's Instruction 22 *Tax Equivalent Payments*, TransAdelaide is required to pay to the State Government an income tax equivalent. TransAdelaide is liable for payroll tax, fringe benefits tax, goods and services tax (GST) and local government rate equivalents.

Income, expenses and assets are recognised net of the amount of GST except:

- when the GST incurred on a purchase of goods or services is not recoverable from the Australian Taxation Office (ATO), in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item applicable; and
- Receivable and payables, which are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the ATO is included as part of receivables or payables in the Statement of Financial Position.

Cash flows are included in the Statement of Cash Flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the ATO is classified as part of the operating cash flows.

Unrecognised commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the ATO. If GST is not payable to, or recoverable from, the ATO, the commitments and contingencies are disclosed on a gross basis.

Notes to the Financial Statements (continued) Year Ended 30 June 2010

g) Events after the end of the reporting period

Adjustments are made to amounts recognised in the financial statements, where an event occurs after 30 June and before the date of the financial statements are authorised for issue, where those events provides information about conditions that existed at 30 June.

Note disclosure is made about events between 30 June and the date the financial statements are authorised for issue where the events relate to a condition which arose after 30 June and which may have a material impact on the results of subsequent years.

h) Income and Expenses

Income and expenses are recognised to the extent that it is probable that the flow of economic benefits to or from the entity will occur and can be reliably measured.

Income and expenses have been aggregated according to their nature and have not been offset unless required or permitted by a specific accounting standard, or where offsetting reflects the substance of the transaction or other event.

The notes accompanying the financial statements disclose income and expenses where the counterparty/transaction is with an entity within the SA Government as at the reporting date, classified according to their nature.

Income

The following are specific recognition criteria:

Revenue from provision of services

Revenues are derived from the provision of services to the public and other SA government agencies. This revenue is recognised upon delivery of the service to the clients or by reference to the stage of completion.

The revenue is recognised when:

- the amount of the revenue, stage of completion and transaction costs incurred can be reliably measured; and
- it is probable that the economic benefits associated with the transaction will flow to the entity or authority

Services directly related to the provision of rail services are disclosed under Note 3. Other services provided on an ad hoc basis are disclosed as Other revenues under Note 7.

Interest income

Interest income is interest received from investments. Interest revenue is recognised on a time proportionate basis that takes into account the effective yield on the financial asset.

Income from Joint Venture

Income from joint venture is recognised when the right to receive payment is established.

Revenues from the SA Government

Grants from the Government are recognised at their fair value where there is a reasonable assurance that the grant will be received and TransAdelaide will comply with all attached conditions.

Government grants relating to costs are deferred and recognised in the Statement of Comprehensive Income over the period necessary to match them with the costs that they are intended to compensate. Government grants relating to the purchase of property, plant and equipment are recognised as deferred income and are credited to the Statement of Comprehensive Income on a straight line basis over the expected lives of the related assets.

Notes to the Financial Statements (continued) Year Ended 30 June 2010

h) Income and Expenses (continued)

Other Revenue

Other Revenue from non-government entities are recognised as income when TransAdelaide obtains control of the contribution or the right to receive the contribution and the income recognition criteria are met.

Other Revenue includes rental income arising on properties which are accounted for on a straight line basis over the lease term.

Net gain on non-current assets

Income from the disposal of non-current assets is recognised when control of the asset has passed to the buyer and is determined by comparing proceeds with carrying amount. When revalued assets are sold, the revaluation increments are transferred to retained earnings.

Expenses

The following are specific recognition criteria:

Employee benefits expenses

Employee benefit expenses include all costs related to employment including wages and salaries, non-monetary benefits and leave entitlements. These are recognised when incurred.

Superannuation

The amount charged to the Statement of Comprehensive Income represents the contributions made by TransAdelaide to the superannuation plan in respect of current services of current TransAdelaide staff. The Department of Treasury and Finance centrally recognises the superannuation liability in the Whole of Government Financial Statements.

Depreciation and Amortisation of Non-Current Assets

All non-current assets, having a limited useful life, are systematically depreciated/amortised over their useful lives in a manner that reflects the consumption of their service potential. Amortisation is used in relation to intangible assets such as software, while depreciation is applied to tangible assets such as property, plant and equipment.

Assets' residual values, useful lives and amortisation methods are reviewed and adjusted if appropriate, on an annual basis.

Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for prospectively by changing the time period, or method, as appropriate, which is a change in accounting estimate.

Depreciation/amortisation is calculated on a straight line basis over the estimated useful life of the following classes of assets:

| Class of Assets | Depreciation Method | Useful Life (Years) |
|------------------------------|----------------------------|----------------------------|
| Rollingstock - Railcars | Straight Line | 20 – 42 |
| Machinery, Plant & Equipment | Straight Line | 3 – 100 |
| Intangibles | Straight Line | 3 |

Notes to the Financial Statements (continued) Year Ended 30 June 2010

h) Income and Expenses (continued)

Supplies and Services

Supplies and services generally represent cost of goods sold and the day-to-day running costs, including maintenance costs, incurred in the normal operations of TransAdelaide. These items are recognised as an expense in the reporting period in which they are incurred.

Maintenance Expenses

TransAdelaide undertakes major cyclical maintenance on the states rail infrastructure assets. All costs involved with the major cyclical maintenance are recorded as an expense unless they add to the service potential of the existing infrastructure asset.

i) Current and Non-Current Classification

Assets and liabilities are characterised as either current or non-current in nature. TransAdelaide has a clearly identifiable operating cycle of twelve months. Assets and liabilities that are sold, consumed or realised as part of the normal operating cycle have been classified as current assets or current liabilities. All other assets and liabilities are classified as non-current.

j) Assets

Assets have been classified according to their nature and have not been offset unless required or permitted by a specific accounting standard, or where offsetting reflects the substance of the transaction or other event.

The notes accompanying the financial statements disclose financial assets where the counterparty/transaction is with an entity within the SA Government as at the reporting date, classified according to their nature.

Cash and Cash Equivalents

Cash and cash equivalents in the Statement of Financial Position includes cash at bank and on hand.

Cash and Cash Equivalents (continued)

For the purpose of the Statement of Cash Flows, cash and cash equivalents consist of cash and cash equivalents as defined above.

Cash is measured at nominal value.

Receivables

Receivables include amounts receivable from goods and services, GST input tax credits recoverable, prepayments and other accruals.

Receivables arise in the normal course of selling goods and services to the public and other government agencies. Receivables are generally due within 30 days after the issue of an invoice or the goods/services have been provided under a contractual arrangement.

Collectibility of receivables is reviewed on an ongoing basis. An allowance for doubtful debts is raised when there is objective evidence that TransAdelaide may not be able to collect the debt. Bad debts are written off when identified.

Other non-current assets

TransAdelaide measures other assets at the lower of cost or recoverable amount.

Notes to the Financial Statements (continued) Year Ended 30 June 2010

j) Assets (continued)

Inventories

Inventories include goods and other property held for use in the ordinary course of business. It excludes depreciating assets.

Inventories are measured at the lower of cost or their net realisable value. Cost is allocated in accordance with the weighted average cost method. Net realisable value is determined using the estimated sales proceeds less costs incurred in marketing, selling and distribution to customers.

The amount of any inventory write-down to net realisable value or inventory losses are recognised as an expense in the Statement of Comprehensive Income as an expense in the period the write-down or loss occurred. Any write-down reversals are also recognised in the Statement of Comprehensive Income.

Inventories include train, tram and infrastructure spare parts.

Non-Current Asset - Acquisition and Recognition

Non-current assets are initially recorded at cost or at the value of any liabilities assumed, plus any incidental cost involved with the acquisition. Non-current assets are subsequently measured at fair value less accumulated depreciation.

All non-current tangible assets with a value in excess of \$10,000 are capitalised.

Revaluation of non-current assets

All non-current tangible assets are valued at written down current cost (a proxy for fair value); and revaluation of non-current assets or group of assets is only performed when its fair value at the time of acquisition is greater than \$1 million and the estimated useful life is greater than three years.

Every five years, TransAdelaide revalues its rollingstock. However, if at anytime management considers that the carrying amount of an asset materially differs from its fair value, then the asset will be revalued regardless of when the last valuation took place. Non-current tangible assets that are acquired between valuations are held at cost until the next valuation, where they are revalued to fair value.

Any revaluation increment is credited to the asset revaluation surplus, except to the extent that it reverses a revaluation decrement of the same asset class previously recognised as an expense, in which case the increase is recognised as income. Any revaluation decrease is recognised as an expense, except to the extent that it offsets a previous revaluation increase for the same asset class, in which case the decrease is debited directly to the asset revaluation surplus to the extent of the credit balance existing in revaluation surplus for that asset class.

TransAdelaide uses the gross method of revaluation where the gross asset value and the accumulated depreciation are both restated to the revalued amounts of the assets.

Upon disposal or derecognition, any revaluation surplus relating to the asset is transferred to retained earnings.

Impairment

All non-current tangible and intangible assets are tested for indication of impairment at each reporting date. Where there is an indication of impairment, the recoverable amount is estimated. An amount by which the asset's carrying amount exceeds the recoverable amount is recorded as an impairment loss.

Notes to the Financial Statements (continued) Year Ended 30 June 2010

j) Assets (continued)

Impairment (continued)

For revalued assets, an impairment loss is offset against the respective asset revaluation surplus.

Intangible Assets

An intangible asset is an identifiable non-monetary asset without physical substance. Intangible assets are measured at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

The useful lives of intangible assets are assessed to be either finite or indefinite. TransAdelaide only has intangible assets with finite lives. The amortisation period and the amortisation method for intangible assets is reviewed on an annual basis.

The acquisition of, or internal development of software is capitalised only when the expenditure meets the definition criteria (identifiability, control and the existence of future economic benefits) and recognition criteria (probability of future economic benefits and reliable measurement and when the amount of expenditure is greater than or equal to \$10,000).

All research and development costs that do not meet the capitalisation criteria outlined in AASB 138 are expensed.

Subsequent expenditure on intangible assets has not been capitalised. This is because TransAdelaide has been unable to attribute this expenditure to the intangible asset rather than to TransAdelaide as a whole.

k) Liabilities

Liabilities have been classified according to their nature and have not been offset unless required or permitted by a specific accounting standard, or where offsetting reflects the substance of the transaction or other event.

The notes accompanying the financial statements disclose financial liabilities where the counterparty/transaction is with an entity within the SA Government as at the reporting date, classified according to their nature.

Payables

Payables include creditors, accrued expenses and employment on-costs.

Creditors represent the amounts owing for goods and services received prior to the end of the reporting period that are unpaid at the end of the reporting period. Creditors include all unpaid invoices received relating to the normal operations of TransAdelaide.

Accrued expenses represent goods and services provided by other parties during the period that are unpaid at the end of the reporting period and where an invoice has not been received.

All payables are measured at their nominal amount and are normally settled within 30 days from the date of the invoice or date the invoice is first received.

Employment on-costs include superannuation contributions and payroll tax with respect to outstanding liabilities for salaries and wages, long service leave and annual leave.

TransAdelaide makes contributions to several State Government and externally managed superannuation schemes. These contributions are treated as an expense when they occur. There is no liability for payments to beneficiaries as they have been assumed by the respective superannuation schemes.

Notes to the Financial Statements (continued) Year Ended 30 June 2010

k) Liabilities (continued)

Payables (continued)

The only liability outstanding at reporting date relates to any contributions due but not yet paid.

Leases

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement. TransAdelaide has entered into operating leases.

Operating Leases

Operating leases are recognised as an expense in the Statement of Comprehensive Income on a straight-line basis over the lease term. The straight-line basis is representative of the pattern of benefits derived from the leased assets.

Employee Benefits

These benefits accrue for employees as a result of services provided up to the reporting date that remain unpaid. Non-current employee benefits are measured at present value and current employee benefits are measured at nominal amounts.

Wages, salaries, annual leave and sick leave

Liability for salaries and wages are measured as the amount unpaid at the reporting date at remuneration rates current at reporting date.

The annual leave liability is expected to be payable within twelve months and is measured at the undiscounted amount expected to be paid. In the unusual event where salary and wages and annual leave are payable later than 12 months, the liability will be measured at present value.

No provision has been made for sick leave as all sick leave is non-vesting and the average sick leave taken in future years by employees is estimated to be less than the annual entitlement of sick leave.

Long service leave

The liability for long service leave is recognised after an employee has completed 5.5 (6.5) years of service. An actuarial assessment of long service leave undertaken by the Department of Treasury and Finance based on a significant sample of employees throughout the South Australian public sector determined that the liability measured using the short-hand method was not materially different from the liability measured using the present value of expected future payments. This calculation is consistent with TransAdelaide's experience of employee retention and leave taken.

Provisions

Provisions are recognised when TransAdelaide has a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the Statement of Financial Position date. If the effect of the time value of money is material, provisions are discounted for the time value of money and the risks specific to the liability.

Notes to the Financial Statements (continued) Year Ended 30 June 2010

l) Unrecognised contractual commitments and contingent assets and liabilities

Commitments include those operating, capital and outsourcing commitments arising from contractual or statutory sources and are disclosed at their nominal value.

Contingent assets and contingent liabilities are not recognised in the Statement of Financial Position, but are disclosed by way of a note and, if quantifiable, are measured at nominal value.

Unrecognised contractual commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to the Australian Taxation Office. If GST is not payable to, or recoverable from the Australian Taxation Office, the commitments and contingencies are disclosed on a gross basis.

m) Insurance

TransAdelaide has arranged, through South Australian Government Financing Authority (SAICORP Division), to insure all major risks of TransAdelaide.

There is a standard \$100,000 excess on all insurance cover with SAICORP.

n) Joint Venture

TransAdelaide has not established any partnership or body corporate to carry out its principal business operations. However TransAdelaide held a 50% interest in Transitplus Pty Ltd, a joint venture entity established for the provision of bus services through the Adelaide Hills, until 30 June 2010.

In TransAdelaide's financial statements the investment in joint venture entity was carried at the lower of cost or recoverable amount until disposal. TransAdelaide's share of the joint venture entity's net profit or loss is recognised in the Statement of Comprehensive Income from the date joint control commenced.

The economic entity's investment in joint venture entity was based upon the equity method of accounting for investment in associates as per Australian Accounting Standard AASB 128, "Investments in Associates".

TransAdelaide Financial Statements 2009-10

Notes to the Financial Statements (continued) 30 June 2010

Note 3 - Revenues from the provision of services

| | 2010 \$'000 | 2009 \$'000 |
|---|----------------|----------------|
| Services received by entities within SA Government | 94,921 | 86,783 |
| Services received by entities external to the SA Government | 3,599 | 3,820 |
| Total revenues from the provision of services | 98,520 | 90,603 |

Note 4 - Revenues from/payments to SA Government

| | 2010 \$'000 | 2009 \$'000 |
|--|----------------|----------------|
| (a) Revenues from SA Government | | |
| <i>Included in Statement of Comprehensive Income:</i> | | |
| Appropriations from Consolidated Account pursuant to the Appropriation Act | 1,623 | 1,997 |

(b) Payments to SA Government

Dividends paid and payable have been specifically determined and approved in consultation with the Treasurer and TransAdelaide's Minister.

No ordinary or special dividends were paid to the Department of Treasury and Finance for 2009-10.

Note 5 - Interest revenues

| | 2010 \$'000 | 2009 \$'000 |
|---|----------------|----------------|
| Interest received/receivable from entities within SA Government | 478 | 537 |
| Total interest revenues | 478 | 537 |

Note 6 - Net (loss) from the disposal of non-current assets

| | 2010 \$'000 | 2009 \$'000 |
|---|----------------|----------------|
| Plant and equipment | | |
| Proceeds from disposal | 4 | - |
| Less net book value of assets disposed | - | - |
| Net gain from disposal of plant and equipment | 4 | - |
| Other non-current assets | | |
| Proceeds from disposal | - | - |
| Less net book value of assets disposed ⁽¹⁾ | (200) | - |
| Net (loss) from disposal of other non-current assets | (200) | - |
| Total Assets | | |
| Total proceeds from disposal | 4 | - |
| Less total value of assets disposed | (200) | - |
| Total net (loss) from disposal of assets | (196) | - |

Total Assets disposals comprise:

Assets Disposed of in the ordinary course of business

| | | |
|---|--------------|----------|
| Total proceeds from disposal | 4 | - |
| Less total value of assets disposed | (200) | - |
| Net (loss) from disposal of assets | (196) | - |
| Total net (loss) from disposal of assets | (196) | - |

⁽¹⁾ Assets disposed comprise of TransAdelaide's 50% interest in TransitPlus joint venture investment, which was disposed of at 30 June 2010. No proceeds from the sale were received by TransAdelaide, however the Department of Transport, Energy & Infrastructure received \$1.35m in reduced contract payments to Transit Plus for the provision of services.

TransAdelaide Financial Statements 2009-10

Notes to the Financial Statements (continued) 30 June 2010

Note 7 - Other revenues

| | 2010 \$'000 | 2009 \$'000 |
|---|----------------|----------------|
| Other revenues from entities external to the SA Government | | |
| Property rental | 1,442 | 1,301 |
| Other revenue | 2,567 | 2,708 |
| | 4,009 | 4,009 |
| Other revenues from entities within SA Government | | |
| Other services provided to Department of Transport, Energy and Infrastructure (DTEI) | 27,569 | 26,020 |
| Property rental | 12 | 12 |
| | 27,581 | 26,032 |
| Total other revenues | 31,590 | 30,041 |

Future minimum payments receivable from non-cancellable operating leases of non-investment properties are: (i) within one year \$1,182,000 (ii) between 2 and 5 years \$2,441,000, and (iii) later than 5 years \$676,000. Leases include advertising and display sites, mobile telephone transmitters and real estate with tenancies retained by TransAdelaide on transfer of assets to the Minister for Transport in 2008.

Note 8 - Employee benefits expenses

| | 2010 \$'000 | 2009 \$'000 |
|--------------------------------------|----------------|----------------|
| Salaries and wages | 47,609 | 42,063 |
| Long Service Leave | 2,370 | 1,290 |
| Annual Leave | 4,545 | 3,706 |
| Block Book Off | 795 | 708 |
| Employment on-costs - superannuation | 5,024 | 4,563 |
| Employment on-costs - payroll tax | 3,246 | 2,208 |
| Board and Committee fees | 224 | 220 |
| Other employee related expenses | 1,409 | 1,474 |
| Total employee benefits costs | 65,222 | 56,232 |

TransAdelaide Financial Statements 2009-10

Notes to the Financial Statements (continued) 30 June 2010

Note 8 - Employee benefits expenses (continued)

Remuneration of Employees

Total Remuneration for employees > \$100,000

| 2010 \$'000 | 2009 \$'000 |
|----------------|----------------|
| 13,479 | 8,712 |

The number of employees whose remuneration received or receivable falls within the following bands:

| Remuneration Band \$ | No. of Employees | No. of Employees |
|----------------------|---------------------|---------------------|
| 100,000 - 109,999 | 50 | 29 |
| 110,000 - 119,999 | 25 | 18 |
| 120,000 - 129,999 | 18 | 12 |
| 130,000 - 139,999 | 4 | 1 |
| 140,000 - 149,999 | 4 | - |
| 150,000 - 159,999 | 2 | 4 |
| 160,000 - 169,999 | 1 | 1 |
| 170,000 - 179,999 | 2 | 2 |
| 180,000 - 189,999 | 3 | 1 |
| 190,000 - 199,999 | - | 1 |
| 210,000 - 219,999 | - | - |
| 220,000 - 229,999 | 2 | - |
| 230,000 - 239,000 | 1 | 2 |
| | 112 | 71 |

The table includes all employees who received remuneration of \$100,000 or more during the year. Remuneration of employees reflects all costs of employment including salaries and wages, superannuation contributions, fringe benefits tax and any other salary sacrifice benefits.

Note 9 - Key management personnel

(a) Board Members

The following persons held the position of board member during the financial year:

Ms V Hickey
Mr K Bengert
Mr R Jowett
Mr J Hearsch
Miss MM Starrs
Mr L Di Lernia

(b) Other key management personnel

The following persons also held authority and responsibility for planning, directing and controlling the activities of TransAdelaide, directly or indirectly during the financial year:

| | | |
|-------------------|---------------------|---|
| Robert Stobbe | To 26 February 2010 | General Manager |
| Rod Hook | From 1 March 2010 | Acting General Manager |
| Peter Doggett | | Chief Operating Officer |
| Randall Barry | | Executive Manager - Rail Development |
| Vi Nguyen | | Executive Manager - Infrastructure Services |
| Shaun Matters | | Executive Manager - Corporate Services |
| Erryn Munchenberg | | Executive Manager - Safety, Security & Environment |
| Andrea Higgs | | Executive Manager - Customer Service & Communications |

Notes to the Financial Statements (continued) 30 June 2010

Note 9 - Key management personnel (continued)

(c) Key management personnel compensation

Key management personnel compensation for the years ended 30 June 2010 and 2009 is set out below.

The key management personnel are the board members and the senior management team (including the General Manager) who have responsibility for the strategic direction and management of TransAdelaide.

| | 2010 \$'000 | 2009 \$'000 |
|--------------------------|----------------|----------------|
| Employee benefits | | |
| Short term benefits | 1,404 | 1,859 |
| Post employment benefits | 241 | 200 |
| Long term benefits | 77 | 72 |
| Termination benefits | 7 | 13 |
| | 1,729 | 2,144 |

(d) Remuneration of board members

The number of board members whose remuneration received or receivable falls within the following bands:

| Remuneration Band | No. of Board Members | No. of Board Members |
|---------------------|-------------------------|-------------------------|
| \$20,000 - \$29,999 | 3 | 3 |
| \$30,000 - \$39,999 | 1 | 1 |
| \$40,000 - \$49,999 | 1 | 1 |
| \$60,000 - \$69,000 | 1 | 1 |
| | 6 | 6 |

The total remuneration received and receivable by those board members was \$224,000 (2009 - \$220,000) which includes superannuation contributions.

Amounts paid to a superannuation plan for board members was \$44,000 (2009 - \$43,000).

In accordance with the Department of the Premier and Cabinet Circular No. 016, government employees did not receive any remuneration for board duties during the financial year.

Unless otherwise disclosed, transactions between members are on conditions no more favourable than those that it is reasonable to expect the entity would have adopted if dealing with the related party at arm's length in the same circumstances.

Remuneration of committee members

The following board members were also committee members on the TransAdelaide Audit and Risk Committee:

Ms V Hickey
Mr K Benger
Miss MM Starrs

Board members V Hickey and K Benger were also on the board of Transit Plus Pty Ltd in which TransAdelaide had a 50% interest. Board fees relating to these positions are paid to the board members by TransAdelaide and are included in the remuneration above.

TransAdelaide Financial Statements 2009-10

Notes to the Financial Statements (continued) 30 June 2010

Note 10 - Related party disclosures

TransAdelaide held a 50% interest in a joint venture entity Transit Plus Pty Ltd until it was disposed on 30 June 2010. TransAdelaide received an annual management fee of \$125,600 (2009 - \$125,600) and profit distributions from the joint venture entity of \$1,458,000 (2009 - \$1,107,000).

Note 11 - Supplies and services

| | 2010 \$'000 | 2009 \$'000 |
|---|----------------|----------------|
| Supplies and services provided by entities external to the SA Government | | |
| Security | 2,560 | 2,111 |
| Rollingstock maintenance | 9,724 | 10,619 |
| Rollingstock fuel & power | 9,386 | 11,215 |
| Materials, parts & consumables | 30,345 | 27,180 |
| Contractors | 2,507 | 1,431 |
| Other supplies and services | 4,049 | 4,403 |
| Total supplies and services - Non SA Government entities | 58,571 | 56,959 |
| Supplies and services provided by entities within SA Government | | |
| Accommodation and telecommunication | 482 | 782 |
| Information technology expenses | 54 | 33 |
| Legal costs | 66 | 31 |
| Accreditation fees | 155 | 150 |
| Contract Supplies & Maintenance | 665 | 308 |
| Vehicle leasing and fuel costs | 1,151 | 1,037 |
| Insurance | 287 | 314 |
| Security | - | 101 |
| Other supplies and services | 632 | 160 |
| Total supplies and services - SA Government entities | 3,492 | 2,916 |
| Total supplies and services | 62,063 | 59,875 |

Consultants

The number and dollar amount of consultancies paid / payable (included in supplies and services expense) that fell within the following bands:

| | 2010 | | 2009 | |
|--|-----------|------------|-----------|------------|
| | No. | \$'000 | No. | \$'000 |
| Below \$10,000 | 10 | 47 | 19 | 52 |
| Between \$10,000 and \$50,000 | 6 | 175 | 16 | 405 |
| Above \$50,000 | 3 | 224 | 4 | 292 |
| Total paid / payable to the consultants engaged | 19 | 446 | 39 | 749 |

Auditor's Remuneration

Audit fees paid / payable to the Auditor-General's Department

| 2010 \$'000 | 2009 \$'000 |
|----------------|----------------|
| 164 | 145 |
| 164 | 145 |

Other Services

No other services were provided by the Auditor-General's Department.

TransAdelaide Financial Statements 2009-10

Notes to the Financial Statements (continued) 30 June 2010

Note 12 - Depreciation and amortisation expense

| | 2010 \$'000 | 2009 \$'000 |
|--|----------------|----------------|
| Depreciation | | |
| Rollingstock | 6,841 | 5,334 |
| Other plant and equipment | 237 | 241 |
| | 7,078 | 5,575 |
| Amortisation | | |
| Intangible assets | 89 | 82 |
| | 89 | 82 |
| Total depreciation and amortisation | 7,167 | 5,657 |

Note 13 - Other expenses

| | 2010 \$'000 | 2009 \$'000 |
|--|----------------|----------------|
| Other expenses paid / payable to entities external to the SA Government | | |
| Net Bad and Doubtful Debts | 47 | 52 |
| Write down of inventories to net realisable value | 8 | 113 |
| Total other expenses - Non SA Government entities | 55 | 165 |

Note 14 - Income tax equivalent expense

| | 2010 \$'000 | 2009 \$'000 |
|--|----------------|----------------|
| Profit (loss) before income tax expense | (908) | 2,482 |
| Prima facie tax (if profit) thereon at 30% | - | (744) |
| Income tax equivalent expense - SA Government | - | (744) |

The income tax liability is based on the State Taxation Equivalent Regime, which applies the accounting profit method. This requires that the corporate tax rate be applied to net profit.

Note 15 - Cash and cash equivalents

| | 2010 \$'000 | 2009 \$'000 |
|------------------------------|----------------|----------------|
| Cash at bank | 7,866 | 8,761 |
| Imprest account/cash on hand | 38 | 36 |
| | 7,904 | 8,797 |

Interest rate risk

Cash on hand is non-interest bearing. Deposits at call and with the Treasurer earn a floating interest rate, based on daily bank deposit rates. The carrying amount of cash and cash equivalents represents fair value.

Note 16 - Receivables

| | 2010 \$'000 | 2009 \$'000 |
|------------------------------------|----------------|----------------|
| Current | | |
| Gross accrued income | 15,274 | 7,581 |
| Less: Allowance for doubtful debts | (9) | (26) |
| Total receivables | 15,265 | 7,555 |

TransAdelaide Financial Statements 2009-10

Notes to the Financial Statements (continued) 30 June 2010

Note 16 - Receivables (continued)

| | 2010 \$'000 | 2009 \$'000 |
|--|----------------|----------------|
| Receivables from SA Government entities | | |
| Accrued income | 13,781 | 6,018 |
| DTEI capital works / service recharge | - | 538 |
| Total receivables from SA Government entities | 13,781 | 6,556 |

The total receivable figure does not include 'non-current receivables' as TransAdelaide does not have any receivables that meet the definition of non-current. Any 'non-current receivables' would be disclosed in this note.

Allowance for doubtful debts

The allowance for doubtful debts is recognised when there is objective evidence that a receivable is impaired. An allowance for impairment loss has been recognised in 'other expenses' in the Statement of Comprehensive Income for specific debtors and debtors assessed on a collective basis for which such evidence exists.

Movements in the allowance for doubtful debts:

Carrying amount at the beginning of the period

| | | |
|---|----------|-----------|
| | 26 | 4 |
| Increase in the allowance | 9 | 22 |
| Amounts written off | (26) | - |
| Carrying amount at the end of the period | 9 | 26 |

Bad and doubtful debts

TransAdelaide has recognised a bad and doubtful debt expense of \$47,000 (2009 - \$52,000) in the Statement of Comprehensive Income

Note 17 - Inventories

| | 2010 \$'000 | 2009 \$'000 |
|--------------------------|----------------|----------------|
| Stores inventories | 4,647 | 4,396 |
| Total Inventories | 4,647 | 4,396 |

Note 18 - Plant and equipment

Rollingstock - railcars

Railcars

| | 2010 \$'000 | 2009 \$'000 |
|--------------------------------------|----------------|----------------|
| Railcars at Fair Value | 243,492 | 242,500 |
| Less: Accumulated depreciation | 109,072 | 102,231 |
| Total Rollingstock - railcars | 134,420 | 140,269 |

Other Plant and Equipment

| | 2010 \$'000 | 2009 \$'000 |
|--|----------------|----------------|
| At Fair Value | 3,012 | 2,830 |
| Less: Accumulated depreciation | 1,943 | 1,727 |
| Total other plant & equipment | 1,069 | 1,103 |

TransAdelaide Financial Statements 2009-10

Notes to the Financial Statements (continued) 30 June 2010

Note 18 - Plant and equipment (continued)

| | 2010 \$'000 | 2009 \$'000 |
|--|----------------|----------------|
| Assets Under Construction | | |
| Rollingstock - railcars | 7,490 | 4,566 |
| Other plant & equipment | 397 | 266 |
| Total assets under construction | 7,887 | 4,832 |
| Total plant & equipment | 143,376 | 146,204 |
| <i>Carrying amounts of plant and equipment that would have been recognised if these assets were stated at Cost</i> | | |
| Rollingstock - railcars | 72,813 | 72,813 |
| Other plant & equipment | 1,299 | 1,299 |
| Total plant & equipment at Cost | 74,112 | 74,112 |

All major non-current assets are revalued every five years on an existing use, fair value basis in the financial statements at the revalued amounts.

The valuation of Rollingstock was performed by McGees Property, an independent valuer as at 30 June 2009.

In accordance with the Accounting Policy Framework, TransAdelaide has assessed that assets recorded at cost reflect fair value where such assets have not been independently revalued.

There were no indications of impairment of plant and equipment, Rollingstock and intangible assets at 30 June 2010.

Note 19 - Intangible assets

| | 2010 \$'000 | 2009 \$'000 |
|--|----------------|----------------|
| Computer Software | | |
| Internally developed computer software | 131 | 107 |
| Less Accumulated amortisation | (113) | (99) |
| Other computer software | 1,174 | 1,175 |
| Less: Accumulated amortisation | (1,123) | (1,049) |
| Total Intangible assets | 69 | 134 |

Notes to the Financial Statements (continued)

30 June 2010

Note 20 - Reconciliation of asset carrying amounts

The following table shows the movement of non-current assets during 2009-10

| | Rolling- stock \$'000 | Other P&E \$'000 | Assets Under Construction \$'000 | Total Plant & Equipment \$'000 | Intangible Assets \$'000 | Total Non- current Assets \$'000 |
|---|-----------------------------|---------------------|--|--------------------------------------|--------------------------------|---|
| Carrying amount at beginning of year | 140,269 | 1,103 | 4,832 | 146,204 | 134 | 146,338 |
| Additions | - | - | 4,274 | 4,274 | - | 4,274 |
| Transfers | 992 | 203 | (1,219) | (24) | 24 | - |
| Depreciation | (6,841) | (237) | - | (7,078) | (89) | (7,167) |
| Carrying amount at end of year | 134,420 | 1,069 | 7,887 | 143,376 | 69 | 143,445 |

New assets resulting from completed Assets Under Construction have been treated as transfers.

Notes to the Financial Statements (continued)

30 June 2010

Note 20 - Reconciliation of asset carrying amounts (continued)

The following table shows the movement of non-current assets during 2008-09

| | Rolling- stock \$'000 | Other P&E \$'000 | Assets Under Construction \$'000 | Total Plant & Equipment \$'000 | Intangible Assets \$'000 | Total Non- current Assets \$'000 |
|---|-----------------------------|---------------------|--|--------------------------------------|--------------------------------|---|
| Carrying amount at beginning of year | 118,594 | 812 | 1,136 | 120,542 | 113 | 120,655 |
| Additions | - | - | 4,890 | 4,890 | - | 4,890 |
| Write Offs | - | - | (11) | (11) | - | (11) |
| Transfers | 548 | 532 | (1,183) | (103) | 103 | - |
| Revaluation - Increment/(Decrement) | 37,758 | - | - | 37,758 | - | 37,758 |
| Depreciation on Revaluation | (11,297) | - | - | (11,297) | - | (11,297) |
| Depreciation | (5,334) | (241) | - | (5,575) | (82) | (5,657) |
| Carrying amount at end of year | 140,269 | 1,103 | 4,832 | 146,204 | 134 | 146,338 |

New assets resulting from completed Assets Under Construction have been treated as transfers.

TransAdelaide Financial Statements 2009-10

Notes to the Financial Statements (continued) 30 June 2010

| Note 21 - Other non-current assets | 2010 | 2009 |
|---|---------------|---------------|
| | \$'000 | \$'000 |
| Ownership Interest | | |
| Joint Venture | | |
| Transitplus Pty Ltd | 0% | 50% |
| Investment in Related Entities | | |
| Transitplus Pty Ltd | - | 200 |
| | - | 200 |
| Principal Activities | | |
| Transitplus Pty Ltd - Provision of bus services | | |
| Investment in Transitplus Pty Ltd | | |
| Carrying amount at 1 July | 200 | 200 |
| Share of net profit | 1,584 | 1,233 |
| Less distributions received or receivable | (1,584) | (1,233) |
| Sale of Investment effective 30 June | (200) | - |
| Carrying amount at 30 June | - | 200 |

In TransAdelaide's financial statements the investment in joint venture entity was carried at the lower of cost or recoverable amount until disposal at 30 June 2010. TransAdelaide's share of the joint venture entity's net profit/(loss) is recognised in the Statement of Comprehensive Income from the date joint control commenced until the date joint control was terminated.

The economic entity's investment in joint venture entity was based upon the equity method of accounting for investment in associates as per AASB 128 until disposal.

| Note 22 - Payables | 2010 | 2009 |
|---|---------------|---------------|
| | \$'000 | \$'000 |
| Current: | | |
| Creditors | 4,652 | 3,166 |
| Accrued expenses | 3,827 | 2,690 |
| Income tax equivalent payable | 558 | 744 |
| Accrued employment on-costs | 767 | 761 |
| GST payable | 296 | 407 |
| Total current payables | 10,100 | 7,768 |
| Non-Current: | | |
| Employment on-costs | 1,916 | 1,340 |
| Total non-current payables | 1,916 | 1,340 |
| Payables to SA Government entities | | |
| Creditors | 124 | 22 |
| Accrued expenses | 969 | 699 |
| Income tax equivalent payable | 558 | 744 |
| Employment on-costs | 2,683 | 2,101 |
| Total payables to SA Government entities | 4,334 | 3,566 |

Notes to the Financial Statements (continued) 30 June 2010

Note 23 - Financial Instruments / Financial Risk Management

Categories of Financial Instruments

Details of the significant accounting policies and methods adopted including the criteria for recognition, the basis of measurement, and the basis on which income and expense are recognised with respect to each class of financial asset, financial liability and equity instrument are disclosed in Note 2 *Summary of Significant Accounting Policies*.

Credit Risk

Credit risk arises when there is the possibility of TransAdelaide's debtors defaulting on their contractual obligations resulting in financial loss to TransAdelaide. TransAdelaide measures credit risk on a fair value basis and monitors risk on a regular basis. TransAdelaide has minimal concentration of credit risk. TransAdelaide has policies and procedures in place to ensure that transactions occur with customers with appropriate credit history.

In 2009-10 TransAdelaide has not engaged in any hedge activities.

Allowances for impairment of financial assets are calculated on past experience and current and expected changes in client credit rating. Currently TransAdelaide does not hold any collateral as security to its financial assets. Other than receivables, there is no evidence to indicate that the financial assets are impaired. Refer to Note 16 for information on the allowance for impairment in relation to receivables.

Notes to the Financial Statements (continued)
30 June 2010

Note 23 - Financial Instruments / Financial Risk Management (continued)

Category of financial asset and liability

| | Statement of Financial Position line item | Note | Carrying amount / Fair Value | Carrying amount / Fair Value |
|-------------------------------|---|------|------------------------------|------------------------------|
| | | | 2010 \$'000 | 2009 \$'000 |
| Financial Assets | | | | |
| Cash and cash equivalents | Cash and cash equivalents | 15 | 7,904 | 8,797 |
| Loans and receivables | Receivables ⁽¹⁾ | 16 | 15,265 | 7,555 |
| Held to maturity investments | Investment in Transitplus | 21 | - | 200 |
| | Total financial assets at cost | | 23,169 | 16,552 |
| Financial Liabilities | | | | |
| Financial liabilities at cost | Payables ⁽¹⁾ | 22 | 8,498 | 5,857 |
| | Other financial liabilities | 26 | 5,809 | 3,277 |
| | Total financial liabilities at cost | | 14,307 | 9,134 |

(1) All amounts recorded are carried at cost (not materially different from amortised cost). The fair value of all financial assets and liabilities is represented by their carrying amount. Amounts disclosed exclude amounts relating to statutory receivables and payables.

Notes to the Financial Statements (continued) 30 June 2010

Note 23 - Financial Instruments / Financial Risk Management (continued)

Table 23.1 - Ageing Analysis of Financial Assets

Ageing analysis of financial assets

| | Past due by | | | Total \$'000 |
|---------------------|---------------------|------------------------|---------------------|-----------------|
| | < 30 days \$'000 | 30 - 60 days \$'000 | > 60 days \$'000 | |
| 2010 | | | | |
| Not impaired | | | | |
| Receivables | 8,150 | 564 | 6,560 | 15,274 |
| Impaired | | | | |
| Receivables | - | - | 9 | 9 |
| 2009 | | | | |
| Not impaired | | | | |
| Receivables | 7,195 | 50 | 336 | 7,581 |
| Impaired | | | | |
| Receivables | - | - | 26 | 26 |

Maturity Analysis of financial assets and liabilities

All financial assets and liabilities mature within one year, with the exception of other financial liabilities which will mature over 20 years.

Liquidity Risk

Liquidity risk arises where TransAdelaide is unable to meet its financial obligations as they fall due. The continued existence of TransAdelaide is dependent on maintaining a service level agreement with the transport division of the Department of Transport, Energy and Infrastructure and the funding that flows.

TransAdelaide settles undisputed accounts within 30 days of the invoice date or date the invoice is first received. In the event of a dispute, payment is made 30 days from resolution.

TransAdelaide's exposure to liquidity risk is insignificant based on past experience and current assessment of risk.

Market Risk

Market risk for TransAdelaide is primarily through interest rate risk.
TransAdelaide has no exposure to foreign currency or other price risks.

Sensitivity Disclosure Analysis

A sensitivity analysis has not been undertaken for the interest rate risk of the agency as it has been determined that the possible impact on profit/(loss) and total equity from fluctuations in interest rates is immaterial.

Credit Standby Arrangements

TransAdelaide has a \$728,000 (2009 - \$757,000) credit card facility with the ANZ Bank.
The unused portion of this facility as at 30 June 2010 was \$619,000 (2009 - \$683,000)

TransAdelaide Financial Statements 2009-10

Notes to the Financial Statements (continued) 30 June 2010

Note 24 - Employee benefits

| | 2010 \$'000 | 2009 \$'000 |
|--|----------------|----------------|
| Current: | | |
| Annual leave | 3,120 | 2,920 |
| Long service leave | 920 | 810 |
| Block book off | 1,055 | 901 |
| Retiring and death gratuity | 6 | 6 |
| Total current employee benefits provisions | 5,101 | 4,637 |
| Accrued wages and salaries | 1,464 | 1,952 |
| Total current employee benefits | 6,565 | 6,589 |
| Non-current: | | |
| Annual leave | 2,834 | 2,270 |
| Retiring and death gratuity | 93 | 89 |
| Long service leave | 13,270 | 12,181 |
| Total non-current employee benefits | 16,197 | 14,540 |
| Total employee benefits | 22,762 | 21,129 |
| Employee benefits as above | 22,762 | 21,129 |
| Plus: related on-costs included in payables | 2,683 | 2,101 |
| Aggregate employee benefits plus related on-costs | 25,445 | 23,230 |

As a result of an actuarial assessment performed by the Department of Treasury and Finance, the benchmark for the measurement of long service leave liability has changed from the 2009 benchmark (6.5 years) to 5.5 years. The net financial effect of the changes in the current financial year is an increase in the long service leave liability of \$93,000 and employee benefit expense of \$6,000. The impact on future periods is impracticable to estimate as the benchmark is calculated using a number of assumptions - a key assumption is the long-term discount rate. With current conditions, the long-term discount rate is experiencing significant movement.

Note 25 - Provisions

| | 2010 \$'000 | 2009 \$'000 |
|-------------------------------------|----------------|----------------|
| Current: | | |
| Workers compensation claims | 1,174 | 1,143 |
| Third party accident damage | 696 | 730 |
| Railcar maintenance debt | - | 65 |
| Total current provisions | 1,870 | 1,938 |
| Non-current: | | |
| Workers compensation claims | 6,002 | 6,511 |
| Third party accident damage | - | 1,613 |
| Total non-current provisions | 6,002 | 8,124 |
| Total: | | |
| Workers compensation claims | 7,176 | 7,654 |
| Third party accident damage | 696 | 2,343 |
| Railcar maintenance debt | - | 65 |
| Total provisions | 7,872 | 10,062 |

TransAdelaide Financial Statements 2009-10

Notes to the Financial Statements (continued) 30 June 2010

Note 25(a) - Reconciliation of Provisions movements

| | Workers Comp. Claims \$'000 | Third Party Accident Damage \$'000 | Railcar Maint. Debt \$'000 | Total \$'000 |
|--|--|---|---|-------------------------|
| Carrying amount at 1 July 2009 | 7,654 | 2,343 | 65 | 10,062 |
| Amounts written off in 2009-10 | - | (1,105) | - | (1,105) |
| Recognised provisions in 2009-10 | 465 | - | - | 465 |
| less payments made in 2009-10 | (943) | (542) | (65) | (1,550) |
| Movement | (478) | (1,647) | (65) | (2,190) |
| Carrying amount at 30 June 2010 | 7,176 | 696 | - | 7,872 |

Workers Compensation

This liability reflects unsettled workers compensation claims. The workers compensation provision is based on an actuarial assessment of outstanding claims by Brett & Watson Pty Ltd at 30 June 2010.

Third Party Accident Damage

This liability reflects TransAdelaide's partial self insurance for this operational risk. The third party accident damage provision is based on an internal assessment of outstanding claims as at 30 June 2010. TransAdelaide has reinsurance for claims exceeding \$2.1 million for claims prior to 1 July 1997, exceeding \$1 million for claims between 1 July 1997 and 30 June 2008 and \$100,000 for claims post 1 July 2008.

Railcar Maintenance Debt

This liability relates to work being performed by Bombardier Transportation Ltd on the 2000 and 3000 class bogies for which, under the Railcar maintenance and service contract, TransAdelaide has agreed to pay a portion.

Note 26 - Other liabilities

| | 2010 \$'000 | 2009 \$'000 |
|--|------------------------|------------------------|
| Current: | | |
| Revenue received in advance from SA Government | - | 522 |
| Deferred income from SA Government | 18 | 18 |
| Total other current liabilities | 18 | 540 |
| Non-Current: | | |
| Deferred income from SA Government | 5,791 | 2,737 |
| Total other non-current liabilities | 5,791 | 2,737 |

TransAdelaide received grant funding from Government in relation to the refurbishment of rollingstock. In line with the requirements of AASB 120, this funding is treated as deferred income and recognised on a systematic and rational basis over the useful life of the railcar assets (approximately 20 years).

TransAdelaide Financial Statements 2009-10

Notes to the Financial Statements (continued) 30 June 2010

Note 27 - Asset Revaluation Surplus

| | 2010 \$'000 | 2009 \$'000 |
|-------------------------------------|----------------|----------------|
| Asset revaluation surplus | 77,631 | 77,631 |
| Movements during the year | | |
| Opening balance | 77,631 | 51,170 |
| Gain on revaluation of rollingstock | - | 26,461 |
| Reserves as at end of year | 77,631 | 77,631 |

Nature and purpose of surplus

The asset revaluation surplus includes the net revaluation increments (decrements) arising from the revaluation of non-current assets in accordance with AASB 116. Asset decrements are expensed where no previous revaluation reserve increment exists for that asset.

Upon disposal of revalued assets, any related revaluation increment standing to the credit of the asset revaluation surplus is transferred to retained profits.

Note 28 - Commitments

Capital Commitments

Capital expenditure contracted for at the reporting date but not recognised as liabilities in the financial statement are payable as follows:

| | 2010 \$'000 | 2009 \$'000 |
|--|----------------|----------------|
| Within one year | 16,154 | 11,655 |
| Later than one year but not longer than five years | 14,049 | 17,103 |
| Total capital commitments | 30,203 | 28,758 |

TransAdelaide's capital commitments are for the refurbishment of the railcars that were retained as TransAdelaide assets and minor Information Systems improvements.

Remuneration commitments

Commitments for the payment of salaries and other remuneration under fixed-term employment contracts in existence at reporting date but not recognised as liabilities are payable as follows:

| | 2010 \$'000 | 2009 \$'000 |
|---|----------------|----------------|
| Within one year | 5,262 | 4,509 |
| Later than one year but not later than five years | 6,617 | 9,800 |
| Total remuneration commitments | 11,879 | 14,309 |

Amounts disclosed include commitments arising from executive and other service contracts. TransAdelaide does not offer remuneration contracts greater than five years.

TransAdelaide Financial Statements 2009-10

Notes to the Financial Statements (continued) 30 June 2010

Note 28 - Commitments (continued)

Operating lease commitments

Commitments in relation to operating leases contracted for at the reporting date but not recognised as liabilities are payable as follows:

| | 2010 \$'000 | 2009 \$'000 |
|---|----------------|----------------|
| Not later than one year | 739 | 802 |
| Later than one year but not later than five years | 599 | 488 |
| Total operating lease commitments | 1,338 | 1,290 |

TransAdelaide leases property under operating leases expiring from one month to four years. The leases generally provide TransAdelaide with a right of renewal at which time all terms are negotiated. Contingent rental payments are based upon either movements in the Consumer Price Index or operating criteria.

Note 29 - Contingent assets and contingent liabilities

TransAdelaide has a contingent liability in relation to the warranty of AUSTRICS products sold and provision of annual support of the same. The life of various elements of the indemnities vary between one and six years from when AUSTRICS was sold in 2004-05. As at balance date, this could not be reliably measured.

TransAdelaide has a contingent liability in relation to court action initiated by MooreAir. As at balance date, the total amount of the claim could not be reliably measured but the total of this liability will not exceed \$100,000 due to insurance cover.

TransAdelaide had fifty 3000/3100 class railcars that were subject to cross border leases agreements. These cross border leases were cancelled in December 2009 and therefore TransAdelaide no longer has a contingent liability in relation to this agreement.

Note 30 - Cashflow Reconciliation

(a) Reconciliation of Cash

Cash and cash equivalents disclosed in the Statement of Financial Position

| | 2010 \$'000 | 2009 \$'000 |
|--|----------------|----------------|
| | 7,904 | 8,797 |

(b) Reconciliation of net profit/(loss) to net cash provided by operating activities

| | 2010 \$'000 | 2009 \$'000 |
|--|----------------|----------------|
| Net Profit/(Loss) | (908) | 1,738 |
| Add (less) non-cash items | | |
| Depreciation & Amortisation | 7,167 | 5,657 |
| Loss on sale or disposal of non-current assets | 196 | - |
| Write off of inventory | (8) | (113) |
| Write-off of work in progress | - | 11 |
| Accrued non-current assets | - | 33 |
| Provision for income tax | - | 744 |
| Bad and doubtful debts | (47) | (52) |
| Net Cash provided by operating activities before change in assets and liabilities | 6,400 | 8,018 |

TransAdelaide Financial Statements 2009-10

Notes to the Financial Statements (continued) 30 June 2010

Note 30 - Cashflow Reconciliation (continued)

| | 2010 \$'000 | 2009 \$'000 |
|--|----------------|----------------|
| Movements in: | | |
| (Increase)/decrease in receivables | (7,655) | 1,265 |
| (Increase)/decrease in inventories | (251) | 664 |
| Increase/(decrease) in payables | 2,908 | (1,486) |
| Increase in employee benefits | 1,633 | 1,376 |
| (Decrease) in provisions | (2,190) | (2,834) |
| Increase in other liabilities | 2,532 | 2,575 |
| Net cash provided by operating activities | 3,377 | 9,578 |

The effective interest rate on cash deposits held throughout the year was 3.37% (2009: 5.19%).

Note 31 - After balance date events

The Rail Commissioner was established by the Rail Commissioner Act 2009 as a body corporate. In the interval between the end of the financial year and the date of this report, Cabinet approved from 1 September 2010 all assets, liabilities and trading activities from TransAdelaide including employment of staff and existing contractual arrangements be transferred to the Rail Commissioner. This was gazetted on 19 August 2010. It is proposed that as part of Stage 2 of the integration of the Rail Commissioner with the Department of Transport, Energy and Infrastructure, and subject to cabinet approval, the TransAdelaide (Corporate Structure) Act 1998 will be repealed, ceasing all operations of the organisation.

Minister for Transport

Certification of the Financial Statements

We certify that the attached general purpose financial statements for TransAdelaide:

1. comply with relevant Treasurer's instructions issued under section 41 of the *Public Finance and Audit Act 1987*, and relevant Australian Accounting Standards;
2. are in accordance with the accounts and records of TransAdelaide; and
3. present a true and fair view of the financial position of TransAdelaide as at 30 June 2010 and the results of its operation and cash flows for the financial year.

We certify that the internal controls employed by TransAdelaide for the financial year over its financial reporting and its preparation of the general purpose financial statements have been effective throughout the reporting period and there are reasonable grounds to believe TransAdelaide will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the board members



Virginia Hickey
Chair



Red Hook
A/ General Manager



Piero Sparapani
A/ Executive Manager Finance and Procurement

Dated: 16 September 2010

INDEPENDENT AUDITOR'S REPORT



Government of South Australia

Auditor-General's Department

9th Floor
State Administration Centre
200 Victoria Square
Adelaide SA 5000
DX 56208
Victoria Square
Tel +618 8226 9640
Fax +618 8226 9688
ABN 53 327 061 410
audgensa@audit.sa.gov.au
www.audit.sa.gov.au

To the Directors of TransAdelaide

In accordance with the provisions of section 31 of the *Public Finance and Audit Act 1987* and sub-section 32(4) of the *Public Corporations Act 1993*, I have audited the accompanying financial statements of TransAdelaide for the financial year ended 30 June 2010. The financial statements comprise:

- A Statement of Comprehensive Income
- A Statement of Financial Position
- A Statement of Changes in Equity
- A Statement of Cash Flows
- Notes to the financial statements
- A Certification of the Financial Statements by the Chair, Acting General Manager and Acting Executive Manager, Finance and Procurement.

Directors' responsibility for the financial statements

The directors of TransAdelaide are responsible for the preparation and the fair presentation of the financial statements in accordance with Australian Accounting Standards. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

My responsibility is to express an opinion on the financial statements based on the audit. The audit was conducted in accordance with the requirements of the *Public Finance and Audit Act 1987* and Australian Auditing Standards. The Auditing Standards require that the auditor complies with relevant ethical requirements relating to audit engagements and plans and performs the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the directors, as well as the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my auditor's opinion.

Auditor's opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of TransAdelaide as at 30 June 2010, its financial performance and its cash flows for the year then ended in accordance with the Treasurer's Instructions promulgated under the provisions of the *Public Finance and Audit Act 1987* and Australian Accounting Standards.



S O'Neill
AUDITOR-GENERAL
22 September 2010







www.transadelaide.com.au

ISSN 1441-421X