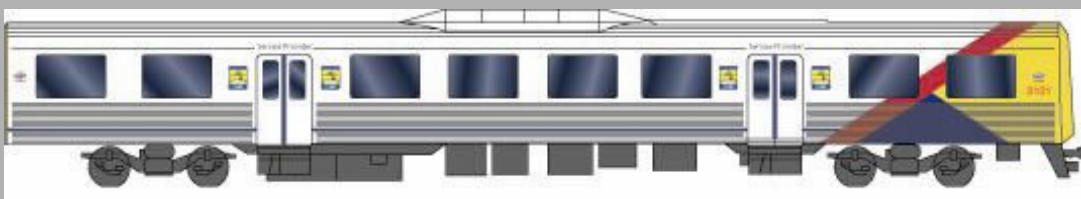
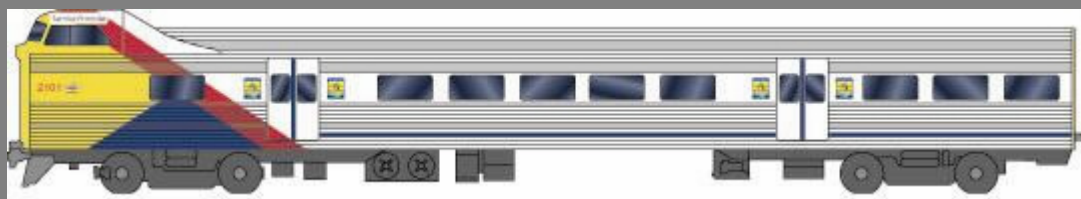
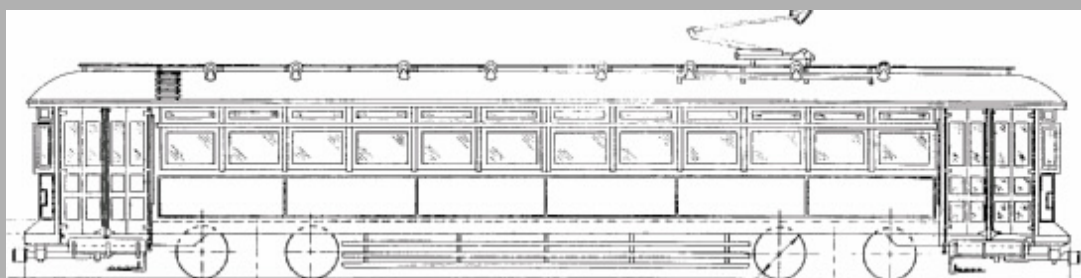


TransAdelaide

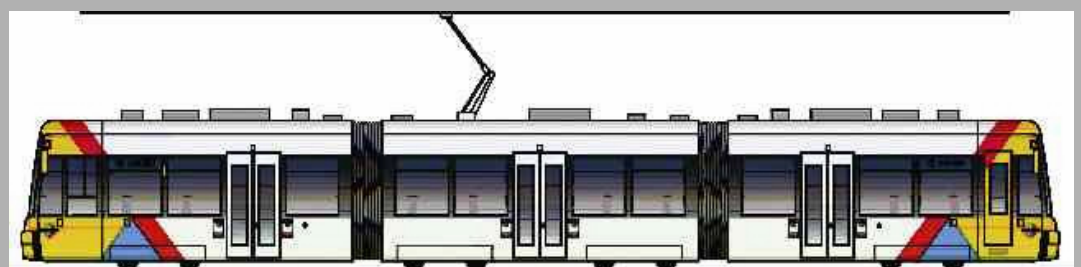


Government
of South Australia

TransAdelaide



ANNUAL REPORT 2004-05





Government of South Australia

TransAdelaide

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Adelaide SA 5001*

*Prepared by:
Business Services
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Enquiries: 08 8218 2478
September 2005*

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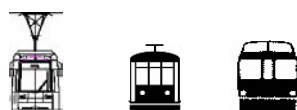
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YEAR IN REVIEW

TransAdelaide's activities during the year have been directed to meeting the challenge in South Australia's Strategic Plan of doubling the use of weekday public transport through retaining existing customers and implementing strategies to attract and retain new customers.

During the year TransAdelaide undertook an extensive review of its strategic direction and has developed a series of linked strategies to achieve the public transport target. These strategies involve improving and renewing TransAdelaide's assets and developing the capacity of its staff. Enhanced customer service and improved safety performance is critical to achieving patronage growth.

Pleasingly, TransAdelaide's contract to provide suburban train and tram services was renewed in April for a further five years. TransAdelaide's rail safety management system passed an audit conducted by the Rail Safety Regulator. As a consequence TransAdelaide retained its accredited rail operator status.

After four years of compounding growth, patronage declined slightly by 0.6%. However, morning peak and morning patronage grew during the year. Train patronage declined less than the fall in tram patronage. Transfers between bus and rail services fell. With the award of new bus contracts by the Public Transport Division in 2005, and a number of planned bus service changes, connectivity between bus and rail services should improve and lead to a reversal of the decline in transfers. The fall in tram patronage was largely

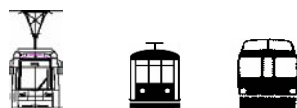
attributable to the tram closure on 5 June 2005 for the Glenelg tramway upgrade.

TransAdelaide's profit of \$10.89m before tax and dividends was largely due to a capital contribution of \$9.94m for the Glenelg Tramway project. In addition to this, a number of one-off items and stringent cost control in a number of areas offset the significant cost pressures encountered in our operations. The most significant cost pressure facing TransAdelaide is the ongoing escalation in the cost of fuel. Whilst fuel increases provide TransAdelaide with additional patrons, it also comes at a cost.

TransAdelaide's joint venture bus service, Transitplus, again outperformed expectations. Sustained growth in Transitplus' operating area, the Mount Barker district, continues to provide patronage growth.

Resources have been under pressure in planning for, and undertaking, a number of significant infrastructure projects. TransAdelaide assumed responsibility for project management of the \$24.57m Glenelg tramway upgrade in October 2004. This upgrade is an important step in preparing for the introduction of the Flexity Classic Trams in 2006 and will provide improved accessibility for passengers with mobility difficulties.

Work on the upgrade of the track commenced in June 2005 for a nine-week period. Tram services were suspended while this work was being undertaken. This service suspension allowed the upgrade to remain within budget and minimised the inconvenience for customers and surrounding residents. TransAdelaide is very appreciative of the forbearance and support received



during the suspension from surrounding residents, businesses and especially our commuters.

December 2005 will see the delivery of the first three of the eleven Bombardier Flexity Classic low floor trams. In preparation for this, key TransAdelaide staff have inspected the trams in Germany as they are being constructed. TransAdelaide keenly awaits the trams' arrival.

The \$9m upgrading of TransAdelaide's centralised train control (CTC) system continued during the year. When completed in December 2005 it will provide a modern train control system. Considerable support is being provided by signal and track staff to Alstom, the contractor selected, to design, supply and install the system.

The Madrid train bombings resulted in enhancements to TransAdelaide's security and a comprehensive revision of business recovery plans. A Security Manager was appointed and staff have been provided with additional security training. Upgrades to close circuit television (CCTV) systems and station and car park lighting have further improved passenger security. Security planning, preparedness and continuing vigilance will remain high priorities for TransAdelaide in the coming years.

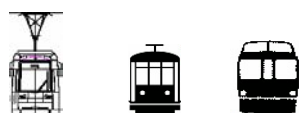
Focus on security resulted in TransAdelaide re-examining the processes used to assess and measure changes in risk. TransAdelaide's risk management plan continues to be refined. A Safety Manager was recruited during the year to improve TransAdelaide's safety performance and provide specialist support to staff and managers.

In February a new contractor, Bombardier, was selected to maintain TransAdelaide's railcar fleet for the next ten years replacing another service provider. Bombardier commenced the contract in June 2005. This was the outcome of an extensive tender exercise which attracted considerable market interest. The new contract allows TransAdelaide to more effectively manage its maintenance cost, moving away from a cost-plus contract to one based upon the number of kilometres travelled. The wheel rate contract now provides TransAdelaide with certainty on maintenance costs.

Sound maintenance of track and signals is a vital part of providing safe rail services. Corridor Services continues to provide a focus on the timely and effective maintenance of this critical infrastructure.

Progressive replacement of timber sleepers with concrete sleepers continued with replacement work being undertaken on the Gawler line and at a number of level crossings. Concrete sleepers require less maintenance than timber sleepers, have a much longer useful economic life and they provide a strong track structure with rails less likely to buckle during high temperatures.

TransAdelaide's Adopt-A-Station program continued during 2004-05. Community support for station, tram stop, corridor care and beautification was again significant. A number of new stations were adopted by new groups during the year. TransAdelaide is very grateful to the members of each Adopt-A-Station group for their continuing support and enthusiasm.



2004-05 also marked a time of transition for TransAdelaide with Mr Roy Arnold retiring from the position of General Manager after three and a half years in the position. Roy's contribution to TransAdelaide was significant, particularly so, given that he assumed the role following a period of substantial change within the organisation. TransAdelaide wishes Roy well in his retirement.

In February, following an extensive executive search, Bill Watson commenced as General Manager, replacing Roy. Bill comes to TransAdelaide with considerable experience in public transport, most recently, as General Manager, Sydney Ferries. Bill brings to TransAdelaide a strong commitment to safety and customer service.

TransAdelaide's performance in 2004-05 would not have been achieved without the dedication and commitment of its employees. Behind the scenes, Maintenance and Corridor Services staff often work late at night and early in the morning to ensure that maintenance activities do not delay passenger services. On-time running and passenger comfort and safety would not be achieved without the considerable


efforts of our Operational staff. Without the support of our administrative and professional staff, TransAdelaide would not function effectively.

The continuing professionalism of TransAdelaide's staff is appreciated.

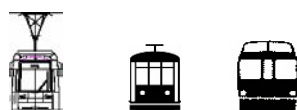
On behalf of the Board



Virginia Hickey
Chair



Bill Watson
General Manager



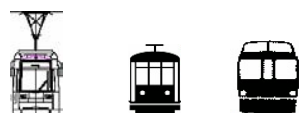
BUSINESS

Corporate Structure

The *TransAdelaide (Corporate Structure) Act 1998* was proclaimed in January 1999 providing the Government with shareholder rights and obligations while providing TransAdelaide with the flexibility and opportunity to operate under a clear business charter with the guidance of an independent, commercially astute Board. Its principal function is to operate train and tram passenger services within the Adelaide Metropolitan Area.

Strategic Direction

TransAdelaide's strategic direction sets a strong focus on TransAdelaide operating as a key player in an integrated passenger transport network. This commitment means that TransAdelaide will capitalise on the natural advantages of the North/South rail 'spine' and will work closely with the other service providers to deliver services expected by the community. TransAdelaide will also be addressing areas of high importance to the travelling public such as public safety and security, reliability, up-to-date information and frequency of services.



Board Of Directors

The Governor of South Australia appoints the Board of Directors pursuant to the *TransAdelaide (Corporate Structure) Act 1998*. Directors have been appointed to reflect TransAdelaide's need for a diverse set of professional skills and business backgrounds and to provide a commercial influence on strategic decision-making.



Ms Virginia Hickey, the Chair of the Board, brings expertise in corporate governance and commercial law, as well as experience in transport. She is a corporate governance consultant, lawyer, and a director on a number of government and private sector boards including being a Commissioner of the National Transport Commission and on the board of Flinders Ports. Virginia is a member of the TransAdelaide Audit Committee and on the board of Transitplus.



Mr Kevin Benger is the Chief Executive Officer of the CPS Credit Union (SA) Ltd. Kevin brings both financial skills and 29 years transport experience to the TransAdelaide Board from both his current role, and his former role as TransAdelaide's general manager. Mr Benger is chair of the TransAdelaide Audit Committee, as well as a member of the board of Transitplus.



Ms Frances Magill is the Chief Executive Officer of Statewide Superannuation Trust and Managing Director of Statewide Financial Management Services. Frances brings a wealth of commercial experience to the TransAdelaide Board and the Audit Sub-Committee, as well as a strong personal focus on improving community involvement. A recipient of the Telstra Business Woman of the Year, Frances has recently been awarded the Centenary Medal for Services to the Community and Statewide Superannuation Trust.





Mrs Libby Kosmala is a Public Relations / Fundraiser for the Spina Bifida and Hydrocephalus Association of South Australia and a well-known South Australian paralympian. Mrs Kosmala brings a unique perspective of public relations, sporting achievements and disability access to the Board. Libby is also a member of the Joint Venture Committee of Transitplus.



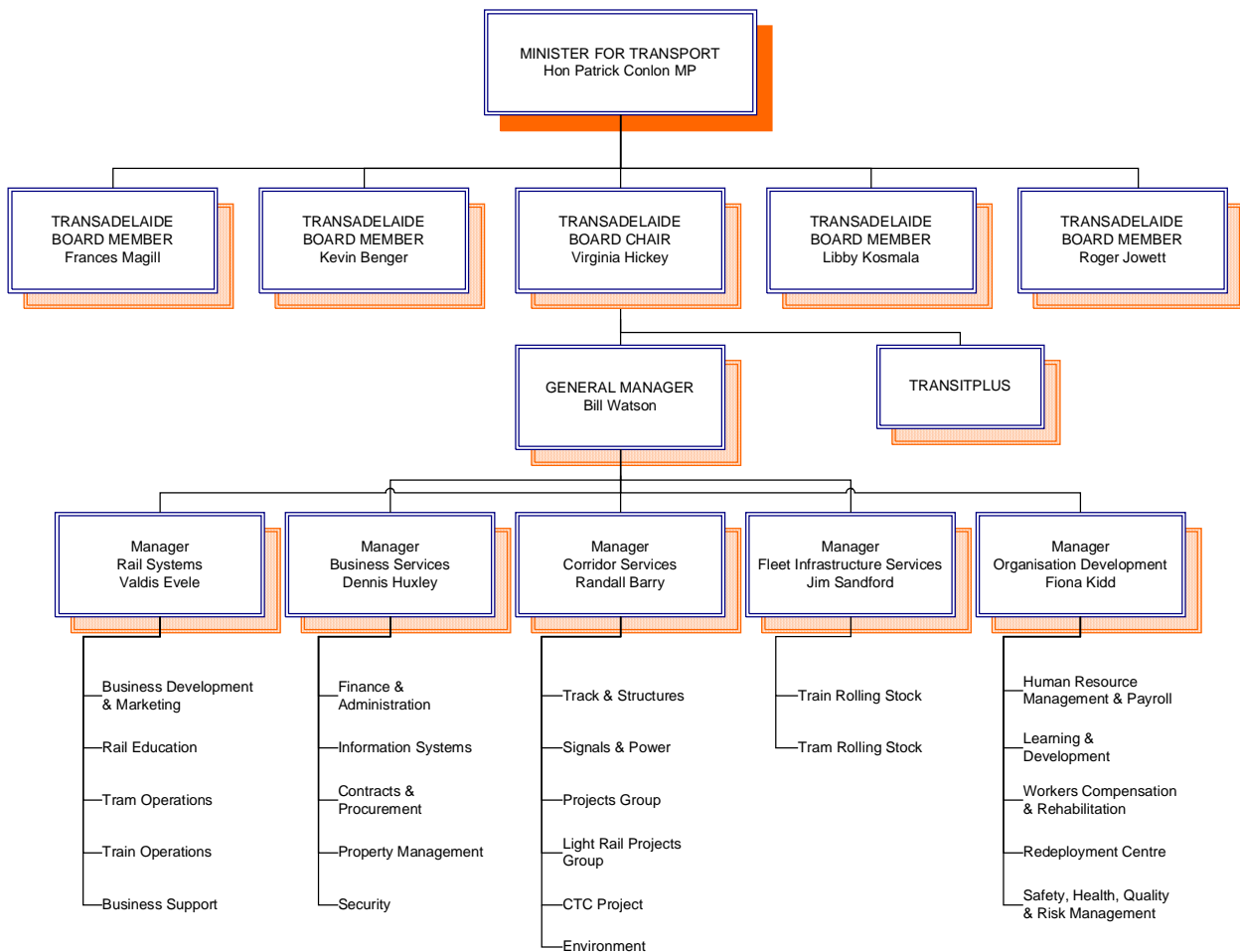
Mr Roger Jowett is the National Transport Policy Advisor for the Rail, Tram and Bus Union. He was formerly National Secretary of the Rail Tram and Bus Union and was a member of the Australian Council of Trade Unions Executive. He has represented the Union on a number of Union / employer consultative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



Organisational Structure

The Management structure of TransAdelaide is consistent with its two functions:

- 1 The provision of passenger rail service to greater metropolitan Adelaide.
- 2 The management and maintenance of the associated infrastructure and rolling stock.



TransAdelaide's corporate office is situated at the Adelaide Railway Station. Rail Operations is managed from the Operations Control Centre and Fleet Infrastructure Services from the Railcar Depot, both at North Terrace West. Corridor Services operates from the Mile End Depot and Tram Operations is located at the Glengowrie Tram Depot.



Executive Structure

TransAdelaide's Executive Structure is made up of business and support units, all reporting to the General Manager, who, in turn, reports to the Board of Directors.

The Senior Executive of each area collectively forms the Executive Group whose role, together with the General Manager, is to manage the business. The role of the Board is to focus on corporate governance and performance.

Executive Management Team:



*TransAdelaide's Executive Team, from L to R:
Jim Sandford, Manager Fleet Infrastructure; Dennis Huxley, Manager Business Services;
Valdis Evele, Manager Rail Systems; Fiona Kidd, Manager Organisation Development;
Randall Barry, Manager Corridor Services, and Bill Watson, General Manager.*

TransAdelaide's Executive comprises a dedicated team of individuals with a mix of expertise in both the Public and Private Sector consisting of Government and Industrial Relations, Engineering, Marketing & Business Development, Finance, and Human Resources & Performance Development. TransAdelaide, under the leadership of Bill Watson, is strongly focused on Customer Service, Safety, and Security for its valued passengers and staff.

The Executive manage a range of business units that together achieve the successful operation of TransAdelaide in its endeavour to fulfil and excel in its obligations, under the conditions of contract to the Public Transport Division (PTD) and the Minister for Transport.

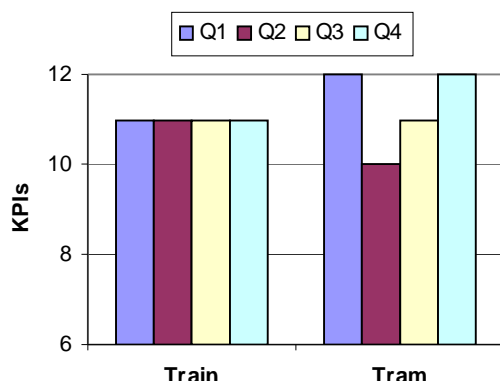


RAIL OPERATIONS

TransAdelaide has a service contract with the PTD for the provision of rail passenger transport services for the period April 2005 to April 2010. During the year, 201 669 trips were operated for train and tram carrying over thirteen million passengers. TransAdelaide operates ninety-four railcars and fifteen tramcars on a network comprising of 120 route kilometres of track.

There are eighty-six operating stations and twenty tram stops. Thirty-five stations have connecting bus routes. Car park capacity remains at 4257 spaces (including 1086 Local Council-approved spaces) available over fifty-one station locations.

KPIs met per Quarter 2004-05



In line with current government funding constraints, no new services were introduced during the course of this year.

TransAdelaide's focus during 2004-05 has been on improving customer service and rail reliability.

Passenger and staff safety has been a key issue with strategies for improvement being discussed and steps taken for implementation. Increased lighting, additional security cameras at stations and on board trains and station and platform upgrading were some of the steps taken to improve security.

Patronage

After four years of growth overall, rail patronage slowed in 2004-05 with a slight decline of 0.6% compared to the previous year.

Trains

2004-05 showed a slight decline in train patronage of 0.2% from 11.191m to 11.173 m.

However, the Morning and AM peak periods recorded an increase of 37 000 passenger validations.

The temporary platform at the Royal Adelaide Show (Showgrounds Central) has again had a significant effect on patronage, with over 90 000 passengers using this facility during the Show.

Trams

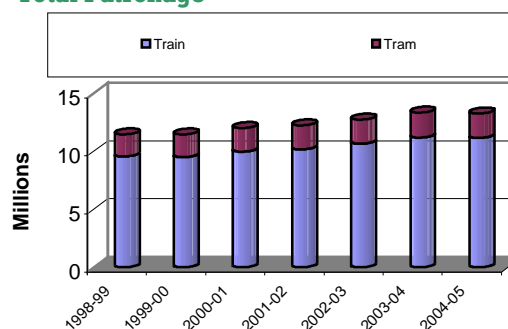
Total boardings for the 2004-05 year recorded a decrease of 3%. The patronage trend at the end of May was showing a 1% growth. However, in June 2005, work commenced on the major upgrade of the tramline as part of the Adelaide Light Rail Project. This required the temporary closure of the track for nine weeks and the provision of alternative bus services.



During the closure, the substitute buses only carried approximately 40% of the normal tram passenger loads.

Increased safety and security presence on- and off-board trains and trams, infrastructure, and service punctuality were also key objectives during the year.

Total Patronage



Total patronage 1998-99 to 2004-05

Total Boardings (expressed as 000's)

Mode	2003-04	2004-05	Variance	% Change
Tram	2 159	2 095	-62	-2.9%
Train	11 191	11 173	-19	-0.2%
Total Rail	13 350	13 268	-82	-0.6%

Customer Satisfaction

Customer satisfaction with services is critical to ongoing patronage growth. Focus on service improvements, fare evasion, customer service and amenities has had a significant impact on customer satisfaction. The PTD did not conduct an independent satisfaction survey during the 2004-05 financial year period. An internal audit showed that 97% of patrons were satisfied with the service.

Customer Satisfaction - Survey score

Years	Score (Out of 10)
1999 - 00	7.6
2000 - 01	8.1
2001 - 02	8.3
2002 - 03	8.8
2003 - 04	9.3
2004 - 05	9.7

Average for tram and train



Special Services and Promotions

Events in and around the city of Adelaide continue to provide an opportunity for TransAdelaide to demonstrate the mass transport advantages of rail as the spine of the public transport system.

During 2004-05, thousands of people were transported to special events such as:

- *Credit Union Christmas Pageant*
- *The Royal Show*
- *New Year's Eve (free travel)*
- *Tour Down Under*
- *Skyshow (free travel)*
- *Barossa Under The Stars*
- *Clipsal 500*
- *National and International Cricket at Adelaide Oval*
- *Big Day Out*

To cater for passenger cruises calling at Outer Harbor, extra train capacity was provided. Additionally, specialist staff was assigned to assist visiting tourists. Cruise-specific marketing materials were developed for companies representing cruise lines for distribution on board ships prior to the cruise ships' arrivals.

Special 'Early Bird' and additional afternoon services were made available to spectators to attend the Anzac Day Parade in the city.

A special train charter service was arranged by TransAdelaide to transport people to the *Barossa Under the Stars* concert. Over 150 people caught the charter train to the event.

Reliability

TransAdelaide's customers rate service reliability as an important factor in the quality of service delivered.

The improvement in railcar maintenance has enabled reliability in services to remain at a high level. The principal cause of service disruptions is speed restrictions.

Percentage of trips operated

<i>Years</i>	<i>Percentage</i>
1999 - 00	99.81%
2000 - 01	99.81%
2001 - 02	99.57%
2002 - 03	99.71%
2003 - 04	99.75%
2004 - 05	99.76%



Marketing and Promotion

The PTD provides the printing and supply of timetables and generic sponsorship for the use of public transport. TransAdelaide directly promotes its services for a range of Adelaide's premier events, using this as a mechanism to increase the public's experience of TransAdelaide's services.

Throughout 2004-05, a variety of displays and promotions have occurred on the concourse area of the Adelaide Railway Station. Bright banners, product give-aways, media launches and information booths have been set up for train passengers to enjoy. Adelaide Station has been promoted as an ideal venue for displays and promotions due to the high number of people passing through.

The Rail User Card has again proved particularly popular with 1000 distributed to rail users and additional businesses offering discounts and incentives.

Several surveys were conducted to measure passenger loadings during the peak hour services. The data collected was used to reconfigure some services that had reached maximum carrying capacity.

Significant work was undertaken to identify how rail transport can contribute to the achievement of the targets in the State Strategic Plan for the use of public transport. This included proposals to provide the required capacity and build patronage.

Customer Information

With the support of the PTD, TransAdelaide commenced the installation of passenger information units on all station platforms. They provide up-to-date information on how to use the rail services and timetables. Forty stations have been completed to date.

TransAdelaide's website, www.transadelaide.com.au is regularly updated to advise customers of service changes and other initiatives and events. This website now averages over 9200 visits per month, making it one of the busiest government websites.

TransAdelaide publishes a monthly newsletter to customers, *Express*, which features key information about TransAdelaide's services and other associated information to assist customers when travelling on our services. An 'Events Calendar' is included in *Express*, outlining key events that are planned along the rail corridors for that month.

The *Express* is distributed to all TransAdelaide customers on board trains and trams, via the Passenger Information Stand, as well as the TransAdelaide website.

Service disruption information is provided through the media, via station signage, and leaflets to customers on services and at the Adelaide Station platforms.

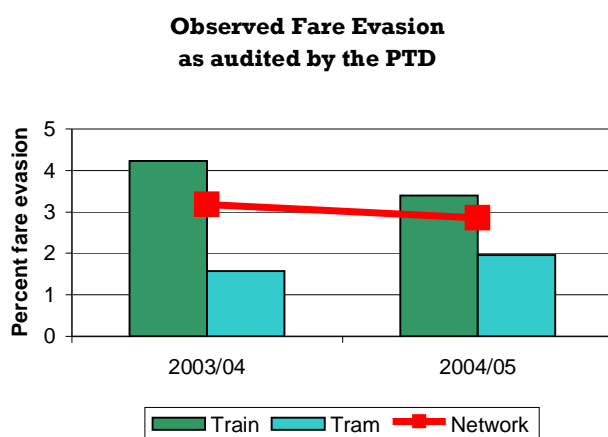


Fare Compliance

The reduction of fraud continued to be an important goal for TransAdelaide in 2004-05. Roving plain-clothes operations are proving successful, both in reducing fraud and in a reduction of anti-social behaviour on board trains. They will continue to be employed in the coming year.

Fare compliance on the rail network has improved with overall fare evasion declining from 3.18% in 2003-04 to 2.86% in 2004-05.

Fare evasion on trams increased slightly from 1.57% to 1.96% while trains decreased from 4.23% in 2003-04 to 3.39% in 2004-05.



Rail Education Unit

The Rail Education Unit is a joint initiative between TransAdelaide and the South Australian Police. It promotes safe and appropriate behaviour on trains and near rail lines, with emphasis on the welfare of Primary School children. A number of schools along the rail corridors participated in the *SafeTrack* program and visited the Adelaide Station where they were briefed on the safest and most efficient way to use train and tram services.

Again, this year the Rail Education Unit was fully booked, with 2500 students participating in the *SafeTrack* program. Evaluations received by teachers and students taking part in the program continue to be enthusiastic and positive. The Rail Education Unit made a number of appearances at high schools, community events, and Neighbourhood Watch groups.

Transit Services Branch of SA Police Force (Transit Police)

TransAdelaide's partnership with the Transit Police continued to prosper during the year with improved operating procedures between both parties ensuring prompt responses to issues. In addition, TransAdelaide and the Transit Police have conducted special joint security exercises and developed strategies to test and review incident response plans.

The Transit Police continues to be a partner in the *SafeTrack* rail education program and has jointly promoted the program at major Police and community events.



CORRIDOR SERVICES

Corridor Services was established as a separate Division within TransAdelaide last year to give particular focus to the requirements of the key assets in the rail corridor.

Sound investment and maintenance of corridor assets (which include signals, track, stations and bridges) is essential for the optimum and safe operation of TransAdelaide's railcar fleet.

Stations

Station upgrading continued to focus on providing customers with safe, secure and aesthetically pleasing facilities that meet their needs.

During this year major security surveillance design and substantial installation work was undertaken at Hallett Cove Beach, Port Adelaide, Evanston, and Womma stations. Station and car park lighting upgrades were also completed at Croydon and Peterhead, and a lighting upgrade at the Goodwood subway. Stairs were upgraded at Keswick station and an extension to Parafield car park commenced. Forty-three illuminated station name signs were installed at sixteen stations.

Signals & Power

An extensive program is under way to ensure the ongoing safety and integrity of the signalling system and to improve the system reliability and availability.

The program for replacement of the Centralised Train Control (CTC) system is on track to be completed by end 2005. This program will ensure that TransAdelaide operates with a state-of-the-art system for Train Control.

Track & Civil Infrastructure

Track & civil infrastructure upgrading programs are undertaken to foster safety, reliability and passenger comfort on the rail network.

Islington Concrete Resleeping

A total of 2360 concrete sleepers were installed on a curve on the Gawler line between Dudley Park and Islington replacing life-expired timber sleepers. The concrete sleepers will improve track quality and reduce the likelihood of buckling of the track during high temperatures. The siding road running to the rear of Islington station was also spot resleepered using new timber sleepers.

Commercial Road Viaduct Trackwork

Upgrading of the checkrail system on the Viaduct track and installation of rerailers was undertaken to improve the resistance to derailment over the elevated section of the Viaduct structure.



Victoria Street Junction

Victoria Junction is located adjacent to Goodwood Station and provides the necessary trackwork for the Australian Rail Track Corporation (ARTC) freight line to cross TransAdelaide's Noarlunga lines. The rails, crossings and timbers in the junction were replaced. ARTC and TransAdelaide cooperated in the execution of the work and shared the associated overall costs.

Projects undertaken include:

Tramway Upgrade Project

In conjunction with the acquisition of the new Flexity trams, a \$23.57m upgrade of the existing line between Glenelg and Victoria Square has commenced.

The objective of the upgrade is to:

- improve the track to a standard sufficient to take advantage of the new trams excellent ride characteristics, providing improved comfort for passengers and reduced noise of operating trams;
- improved accessibility for passengers with mobility difficulties;
- modify the maintenance depot to accommodate the new trams;
- reduce track maintenance requirements in the long term.

The contract for the upgrade was awarded to Coleman Rail in April 2005. After an intensive ramp up, the track was closed on Sunday 5 June for a period of nine weeks.

During this closure the following works are being undertaken:

- Complete re-sleepering of the track between stops 3 and 19;
- Re-railing and rail refurbishment;
- Rebuilding of thirty-eight platforms;
- Reconfiguration of pedestrian access to facilitate access for the disabled;
- Enhanced platform lighting on major platforms;
- Landscaping;
- Modification of the maintenance depot;
- Upgrading of the electrical supply system.

Adopt-A-Station

Since commencement of this program, sixty-six stations and ten tram stops have been 'adopted' by communities.

This year, new groups joined for the stations of Ascot Park, Hallett Cove Beach, Largs North, Parafield Gardens, Osborne, and Outer Harbor. A redesign of the Work for the Dole groups was undertaken for Noarlunga Centre and Parafield.



During the past year, projects undertaken by the program have included:

- Landscaping of Tambelin Station in a joint venture with Trinity College and the Gawler Council;
- Ongoing landscaping at Gawler Central;
- Further assistance to the Friends of Belair Station to raise funds for the reconstruction of the signal cabin;
- Continuing partnership with the Royal Agricultural & Horticultural Society of SA, City of Unley and Paul Alexander of Go Graphic, to create a mural along the western fence of the Showgrounds, adjacent to the Showgrounds Central Station;
- Work for the Dole members maintaining various railway stations north and south;
- Additional landscaping and new fencing at Noarlunga Centre in a joint venture with Rural Solutions SA and a Work for the Dole group;
- Ongoing landscaping and new fencing at Peterhead Station;
- Ongoing landscaping at Alberton Station;
- Ongoing joint venture with a volunteer group at Gawler Council for general graffiti removal;
- The Work for the Dole group established a new garden area at the Grange Station;
- The Lions Club of Grange has taken over maintenance and further improvements of the garden at the station;
- The partnering with the City of Port Adelaide/Enfield Council to create a mural in Upton Avenue adjacent to Largs North station to help combat graffiti in the area;
- Assisting with new car park extensions, truck access and landscaping at Parafield Station;
- New security fencing at Gawler station;
- New landscaping at Outer Harbor.



ROLLING STOCK

Railcars

- The Railcar Maintenance contract with United Goninan terminated on 11 June 2005, when Bombardier Transportation commenced operations for a ten-year period, following their successful bid after an extensive market-testing and evaluation process.
- The key feature of the new contract is the payment of a kilometre rate, which is all-inclusive of all maintenance for the railcar fleet.
- All seventy 3000 and 3100 Class railcars were fitted with digital video recorders and three additional CCTV cameras in the passenger area, replacing a VCR and single camera.
- A tender for the installation was awarded for the design, supply and installation of task-related vigilance control units for all railcars, the five trams that will be retained, rail mounted machinery, and road rail vehicles. South Australian company, Redpath Technology, was the successful tenderer. Installation of this equipment will occur in late 2005.
- Modifications to all H Class trams began in June 2005 to accommodate changes to platforms for the new trams to be delivered in late 2005.
- Installation of electromagnetic brakes to the five H Class trams to be retained will be completed by December 2005.
- A further eight railcars were painted in the Metroticket livery, bringing the total to sixty six out of ninety-four railcars now painted in this style.

Energy Efficiency Action Plan reporting

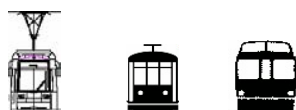
A number of strategies were implemented during the year to reduce fuel consumption and reliance on non-renewable energy sources.

- A fuel minimisation strategy of fitting electronic fuel governors to all seventy 3000 / 3100 Class railcars was completed. The electronic governor only supplies enough fuel to match the load on the engine, where previously excess fuel was consumed, particularly on start up.
- Three additional 2000 Class railcars had their Rolls Royce diesel alternator sets replaced with more fuel-efficient Mercedes MTU diesel alternator sets. Out of ten units, four remain to be fitted.
- After a trial period, B5 biodiesel was introduced to the entire railcar fleet on 1 March 2005. This will reduce the requirement for mineral diesel by approximately 400,000 litres per annum.

Performance against annual energy use target

	Energy Use (GJ)	Expenditure (\$)
Base year 2000-01		
Electricity	30 969	1 031 005
Diesel	287 237	5 917 274
Petrol	718	17 424
	318 924	6 965 703
Current year 2004-05		
Electricity	32 128	1 131 540
Diesel	321 864	7 976 199
Petrol	6 429	174 336
	360 420	9 282 075
Target for 2010	297 532	

The rise in fuel use is due to the increase in service levels by 10% and an additional 12.7% passenger kilometres during 2004-05 against Base Year.



CORPORATE SERVICES

Corporate Services supports the operational arms of the business through the provision of corporate services, including financial management, corporate governance policies, information systems, quality & risk management, safety & security, property management, environment, contracts & procurement management and records management.

Financial Management

- Continued professional financial management services provided to business units, through in-house finance business advisors and management of cost pressures, such as fuel price increases on TransAdelaide's budget.
- Reduction of interest through effective cash management.
- The linking of TransAdelaide's Asset Management Plan to the Corporations Strategic Plan to establish TransAdelaide's capital requirements for the next ten years and preparation of business cases for future capital funding.
- Revaluation of TransAdelaide's assets, undertaken by an independent valuer in preparation for the introduction of International Financial Reporting Standards (IFRS).

Information Systems

- The Executive Management Information System continues to be expanded. The system targets the reporting of financial, human resource, patronage details and timetable adherence.

- Continued replacement and upgrade of business systems and computing infrastructure, minimising business risk and providing a secure computing environment.
- Upgrade of customer liaison software to improve responsiveness to queries.
- Continued roll-out of the Records and Document Management System.
- Trialling of a Time & Attendance System to further streamline the rostering and payments to shift workers.

Property Management

- The Adelaide Station Ramp has been repainted. The previous monotone décor has been replaced with a vibrant and inviting new scheme that successfully unifies the tenancies with the surrounding original building.
- The original vaulted ceiling has been highlighted, resulting in a pleasurable experience for commuters upon arrival and departure from the building.
- An espresso bar has been installed in the Clock Booth within the Adelaide Railway Station, which is proving to be successful and has resulted in an effective increase of the use of space within the booth for introduction of other product lines to cater for the public.
- Work has commenced on the establishment of a wine/food bar on the Adelaide Station Concourse. It is intended that the already-tenanted facility will be operational during 2005-06.



- The Skycity Casino redevelopment of the southern section of the Station fronting North Terrace was completed with the opening on 6 June 2005. This has created a new entrance from North Terrace to Marble Hall and opened up some of the under-utilised parts of the Station building. Skycity is now pursuing the next stage of redevelopment, which involves an underground car-parking facility.
- Refurbishment of public toilets at Adelaide Railway Station.
- Finalisation of negotiations for the purchase of Council car park at Salisbury Station.

Contracts & Procurement Management

- Strategic, competitive tendering concluded for two major projects:
 1. the upgrade of the tram track infrastructure; and,
 2. the railcar maintenance and related services for ten years, resulting in best value for money and awarding of contracts.
- The achievement of Renewal Performance Benchmark KPI's, which resulted in the renewal of the contract for the provision of metropolitan train and tram services for a further five-year period to April 2010.

Records Management

- Development of the *Hummingbird* electronic documents and records management system to TransAdelaide's business requirements continued along with the progressive rollout to business units.

Third Party Claims

- Rail and Tram-related third party and public liability claims continue to be managed by TransAdelaide. The number of significant claims remains at similar levels to previous years.

Risk Management

TransAdelaide has continued to use the AS/NZS 4360:2004 Risk Management framework to identify, analyse, evaluate and treat risks. Significant work was undertaken to consolidate the organisation's Risk Management Plan to ensure key risks are identified and actioned.

Achievements during the 2004-05 financial year include:

- the development of a Risk Appetite Table tailored to TransAdelaide's business, which established risk analysis criteria and defined a structure for evaluating risks;
- conducting a series of workshops to validate TransAdelaide's risk profile;
- progressing the use of TransAdelaide's risk management software (FMEA Pro 6) throughout the business to ensure a consistent approach to conducting risk assessments;
- a reduction in TransAdelaide's exposure on a number of key risks through the implementation of mitigating strategies.

Further work is being undertaken to ensure a strong risk management culture is developed in the organisation.

Initiatives include comprehensive training for staff and the enhancement of risk management procedures.



Security

TransAdelaide is committed to the security of its customers and staff.

TransAdelaide has formed partnerships and working relationships with State Government and Federal agencies to enhance security on TransAdelaide property and in the wider community.

As a whole-of-Government approach to the current global security environment, TransAdelaide has made some changes to its operational procedures, further enhancing the security of the TransAdelaide network and its customers. TransAdelaide is playing an important role in the campaign designed to encourage customers to report unattended baggage or suspicious activity.

Following a security audit of TransAdelaide's facilities, a comprehensive security risk assessment was conducted using the risk context consistent with AS/NZS 4360:1999.

TransAdelaide reviewed its preventative security measures and identified gaps and actions and continues to progressively update these actions through the preventative Security Measures Action Plan.

All TransAdelaide staff have completed security awareness training. This included contracted security guards and cleaners.

For the safety and security of passengers and staff, surveillance cameras have been installed at various TransAdelaide stations and on a majority of trains and various customer car parks.

Formal surveillance through methods such as closed circuit TV (CCTV) plays a significant role in deterring criminal activity and helping to identify and convict felons.

Emergency phones are located at selected train stations. These are under surveillance 24 hours per day, seven days a week by security cameras and are linked directly to security personnel who are able to lend assistance should the need arise. The emergency phones can easily be identified by the police blue and white chequered design.

TransAdelaide continually reviews its security preparedness and undertakes a series of security preparations and upgrades involving various counter-terrorism exercises. Key staff are taken through emergency scenarios covering existing plans, fire controls and evacuation procedures.

Quality Certification

TransAdelaide's certified systems continue to show compliance to the requirements of the AS/NZS ISO 9001:2000 Quality System Standard. Surveillance audits conducted by third party auditors (Focus Certification Pty Ltd) verify that the systems are maturing, with a focus on continual improvement.

The organisation is progressing the implementation of an Integrated Management System (IMS), which will see the entire organisation certified against the Quality, OHS&W and Environmental Standards. The IMS will also incorporate the requirements of the Rail Safety Standard (AS 4292) and the Risk Management Standard (AS/NZS 4360).



Environment

TransAdelaide is committed to the protection of the environment by minimising the impact of its operations through the continuous improvement of its environmental performance and the implementation of pollution prevention measures.

In June 2004 the TransAdelaide Board approved a Corporate Environmental Policy.

Development of elements of a ISO14001 compliant Environmental Management System commenced, in conjunction with the development of a corporate integrated management system encompassing the elements of environment, safety and quality.

In late 2004, an environmental incident reporting framework was adopted in order to further improve TransAdelaide's environmental performance.

Greening of Government Operations (GoGO)

Released in early 2004, the GoGO Framework Policy Statement aims to significantly reduce the environmental impact of State Government operations. This policy identified eight 'Priority Areas' for action.

TransAdelaide is a member of the Australian Government's Greenhouse Challenge.

(Priority Area 5)

TransAdelaide, during the past year, has commenced and/or completed the following initiatives:

- TransAdelaide's Environmental Policy was formalized;
(Priority Area 8)
- Implementation of an alternative, renewable fuel – biodiesel (B5 biodiesel blend) across the entire railcar fleet. Feasibility of B20 currently being evaluated with a view to switching to this fuel in the near future;
(Priority Areas 1, 5, 6)
- Design and development of a 'Bike Car' – a modified railcar capable of carrying 30+ bikes (used predominantly on weekends);
(Priority Area 5)
- Investigations made into the feasibility of 'stormwater harvesting' from Railcar Depot rooftop, with the new maintenance contractor being encouraged to minimise water use;
(Priority Area 2)
- Upgrading of the stormwater system at Glengowrie Tram Depot to minimise impact on Sturt Creek;
(Priority Area 2)
- Modification of some railcars to prevent coolant overflow;
(Priority Areas 2, 3)
- Separation of (industrial) waste to facilitate more effective recycling;
(Priority Area 3)
- Toner cartridge & waste paper recycling.
(Priority Area 3)



Rail Safety

TransAdelaide continues to maintain its status as an accredited rail operator under the *Rail Safety Act 1996*. The Act requires that TransAdelaide continually reviews and improves systems and procedures to ensure the ongoing safety of employees, contractors and the community.

An audit of TransAdelaide's Rail Safety System by the Regulator of the Rail Safety Act (Transport SA) was conducted over the period 4 to 9 September 2004.

The Regulator confirmed TransAdelaide's continuing accreditation under the Rail Safety Act.

The delivery of safety support has been re-organised with the appointment of a Safety Manager in October 2004. This is a corporate function reporting to the Manager Organisation Development. This corporate resource is responsible for the introduction of various initiatives, particularly strategies for the ongoing safety culture improvement within TransAdelaide.

The Safety Manager is supported by a Senior Safety & Training Officer and four Divisional Safety Officers who provide daily advice and support to ensure implementation of initiatives.



PEOPLE

TransAdelaide is building capacity for the responsive organisational change required to foster the healthiest safety culture and to deliver customer service perfection.

During 2004-05, TransAdelaide has continued to direct resources to improving its people performance in these priority areas.

Employee development activities have focused on safety awareness, including the continued roll-out of the revised Rail Safeworking training and security awareness briefings for all TransAdelaide employees.

Managers have undertaken significant work with OHS workplace representatives to ensure appropriate identification and management of risks associated with changing work practices.

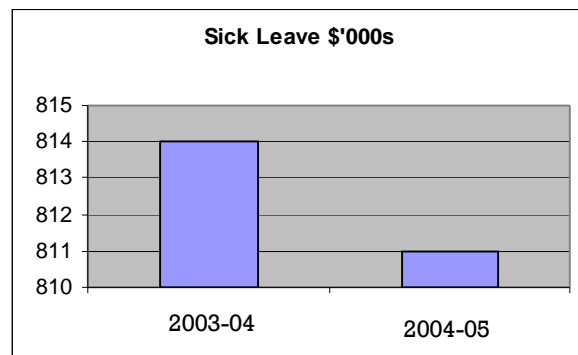
During 2005-06 a variety of other initiatives will be implemented to improve leadership and management of change, including a diverse program of training activities designed to enhance performance in safety and customer service.

Excellent partnership work with the trade unions throughout the year enabled successful arrangements from June 2005 for deployment into other duties and training of those employees affected by the tram closure.

It is hoped that this partnership work will develop further to facilitate effective planning and implementation of changes required to introduce the new trams into service during 2005-06.

A further highlight during 2004-05 is the continuing reduction of TransAdelaide's redeployee numbers. A concerted approach in supporting redeployees into vacancies within TransAdelaide and other government agencies this year has resulted in a 60% reduction of redeployee numbers.

With the appointment of a Manager Organisation Development and a Safety and Training Manager, greater emphasis has been placed on integrating and coordinating management systems to ensure that processes are robust enough to ensure consistency across the whole organisation and flexible enough to support individual business units in achieving objectives.



Employee Number, Gender and Status

Persons	552
FTE's	544.7

[Full Time Equivalent (FTE's) shown to one decimal place]

Gender	% Persons	% FTE's
Male	493	487.6
Female	59	57.1

Number of persons separated from the agency during the 2004-05 financial year	= 26
Number of persons recruited to the agency during the 2004-05 financial year	= 39
Number of persons on leave without pay at 30 June 2005	= 5



NUMBER OF EMPLOYEES BY SALARY BRACKET			
<i>Salary Bracket</i>	<i>Male</i>	<i>Female</i>	<i>Total</i>
\$0 - \$38599	207	35	242
\$38600 - \$49999	93	12	105
\$50000 - \$65999	162	9	171
\$66000 - \$85999	21	2	23
\$86000+	10	1	11
TOTAL	493	59	552

STATUS OF EMPLOYEES IN CURRENT POSITION					
	<i>(Full Time Equivalent)</i>				
	<i>Continuing</i>	<i>Short-Term Contract</i>	<i>Long-Term Contract</i>	<i>Casual</i>	<i>Total</i>
Female	52.1		5		57.1
Male	467.2		20.4		487.6
TOTAL	519.3		25.4		544.7
	<i>Persons</i>				
	<i>Continuing</i>	<i>Short-Term Contract</i>	<i>Long-Term Contract</i>	<i>Casual</i>	<i>Total</i>
Female	54		5		59
Male	471		22		493
TOTAL	525		27		552

NUMBER OF EXECUTIVES BY STATUS IN CURRENT POSITION, GENDER AND CLASSIFICATION								
<i>Class</i>	<i>Continuing</i>		<i>Contract Tenured</i>		<i>Contract Untenured</i>		<i>Total</i>	
	<i>Male</i>	<i>Female</i>	<i>Male</i>	<i>Female</i>	<i>Male</i>	<i>Female</i>	<i>Male</i>	<i>Female</i>
DMC1					1		1	
GRPM	1				3		4	
CT01					1	1	1	1
TOTAL	1				5	1	6	1

AVERAGE DAYS LEAVE TAKEN PER FULL-TIME EQUIVALENT EMPLOYEE			
<i>Leave Type</i>	<i>2002-03</i>	<i>2003-04</i>	<i>2004-05</i>
Sick Leave Taken	8.9	8.43	9.42
Family Carer's Leave Taken	0.04	0.58	0.3
Special Leave with Pay	0.32	0.35	0.35

NUMBER OF EMPLOYEES WITH ONGOING DISABILITIES REQUIRING WORKPLACE ADAPTATION				
	<i>Male</i>	<i>Female</i>	<i>Total</i>	<i>% of Agency</i>
TOTAL	0	0	0	0



NUMBER OF EMPLOYEES BY AGE BRACKET BY GENDER					
Age Bracket	Female	Male	Total	% of Total	South Australian Workforce*
15-19	0	1	1	0.2	8.3
20-24	2	4	6	1.1	11.3
25-29	5	9	14	2.5	10.0
30-34	4	27	31	5.6	10.3
35-39	3	66	69	12.5	11.1
40-44	16	96	112	20.3	12.7
45-49	8	116	124	22.5	12.0
50-54	8	91	99	17.9	10.8
55-59	9	64	73	13.2	8.1
60-64	4	18	22	4.0	3.5
65+	0	1	1	0.2	1.7
TOTAL	59	493	552	100.0	100.0

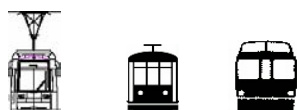
* As at June 2005 from ABS Supertable LM8

CULTURAL AND LINGUISTIC DIVERSITY					
	Male	Female	Total	% of Agency	SA Community
Number of employees born overseas	85	12	97	17.6%	20.3%
Number of employees who speak language(s) other than English at home (NB: Data was only available for employees whose main language was not English at home)	24	2	26	4.7%	15.5%
TOTAL					

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

NUMBER OF ABORIGINAL AND/OR TORRES STRAIT ISLANDER EMPLOYEES					
	Male	Female	Total	% of Agency	Strategic Benchmark
Aboriginal / Torres Strait Islander	0	0	0	0	2.0%

NUMBER OF EMPLOYEES USING VOLUNTARY FLEXIBLE WORKING ARRANGEMENTS BY GENDER			
	Male	Female	Total
Purchased Leave	-	-	-
Flexitime	7	8	15
Compressed Weeks	-	-	-
Part-Time / Job Share	3	6	9
Working from Home	2	1	3



Employee Development Programs

Learning and Development activities within TransAdelaide continue to focus on those skills that are essential for driving business improvement.

During 2004-05, innovative and imaginative methods were used for skills development, which have combined structured workplace learning modules and simulated workplace training with more traditional learning strategies in classroom-type activities. All methods have been designed to support greater application of new skills developed back in the workplace.

Specific learning & development activities have included:

- Suburban Train Drivers - all grades
- Passenger Service Assistants (new inductees)
- Adelaide Station Barrier Attendants (new inductees)
- Rail Safeworking Rules
- Rail Safety Awareness (Group4 Securitas & Glengowrie Tram Depot)
- Customer Service
- Conflict Negotiation
- Dealing with Difficult and Aggressive People
- WorkZone Traffic Management
- Senior First Aid
- Fire Safety & Building Emergency Training
- Certificate IV Assessment and Workplace Training
- Preventative Security Measures Awareness
- Quality Systems Awareness
- Report Writing
- Manual Handling
- Elimination of Bullying and Harassment in the Workplace

Registered Training Organisation (RTO) Status

During 2004-05, an audit was undertaken to help identify the developments required for TransAdelaide to gain Registered Training Organisation (RTO) status. Considerable work has continued throughout the year to integrate the variety of arrangements for delivering learning and development activities within the business units.

TransAdelaide's objective is to gain RTO status by the end of December 2005 and to introduce further nationally recognised development programs and packages in Rail Operations, Corridor Services and Administration, which are consistent with the Australian Qualifications Framework.

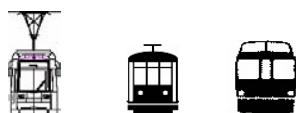
Industrial Relations

TransAdelaide experienced the loss of eleven hours of industrial disputation during 2004-05. Six of those hours were lost due to unprotected industrial action under the *Workplace Relations Act 1996*.

Workplace Agreements

During the year, TransAdelaide negotiated with trade unions on replacement enterprise agreements covering TransAdelaide's employees.

The negotiations covered the following functional areas: Train Operations; Salaried, Professional and Technical Employees; Maintenance; Infrastructure; and Tram Operations.



DOCUMENTED INDIVIDUAL PERFORMANCE DEVELOPMENT PLAN			
<i>Salary Bracket</i>	<i>% with a plan negotiated within the past 12 months</i>	<i>% with plan older than 12 months</i>	<i>% no plan</i>
\$0 - \$38599	12.2	66.8	21
\$38600 - \$49999	13	55.5	31.5
\$50000 - \$65999	6.9	82.3	10.8
\$66000 - \$85999	30	15	55
\$86000+	54.5	45.5	0
TOTAL	23.32	53.02	23.66

TRAINING EXPENDITURE AS A PERCENTAGE OF TOTAL REMUNERATION EXPENDITURE BY SALARY BANDS			
<i>Salary Bracket</i>	<i>Target 04-05</i>	<i>Actual 04-05</i>	<i>Target 05-06</i>
\$0 - \$38599	2.5	2.1	4.0
\$38600 - \$49999	2.5	0.9	1.7
\$50000 - \$65999	1.3	2.7	1.0
\$66000 - \$85999	0.7	0.0	0.5
\$86000+	1.5	1.1	0.5
TOTAL	9.5	6.8	7.7

Safety & Management

TransAdelaide is self-insured for the purpose of managing claims for workers compensation and provision of rehabilitation to injured workers. To maintain the self-insured status, TransAdelaide must demonstrate compliance with WorkCover Performance Standards and action limits.

To ensure ongoing compliance with the WorkCover Performance standards, TransAdelaide is developing a management system that integrates safety (OHSW & Rail) and environment management into a quality management framework. TransAdelaide is building on the development work that has resulted in individual business units within TransAdelaide gaining accreditation against Australian Standard, AS4801 *OHS & W Management*

Systems and ISO 9000 Quality Management Systems, to develop an Integrated Management System.

The main safety focus over the next twelve months will be toward improving the safety culture throughout TransAdelaide. An emphasis on line management responsibility, together with the implementation of useful, measurable objectives and performance indicators for individuals and TransAdelaide, will provide the direction for safety management improvement. Clearly defined safety responsibilities will improve the effectiveness of day-to-day safety management and demonstrate TransAdelaide's commitment to continued safety management.



Equal Employment Opportunity

Equal Opportunity

- TransAdelaide furthered its commitment to merit-based recruitment and promotion processes with the development of psychometric assessment as a tool to assist in selection processes.
- TransAdelaide reviewed its Performance Development Review Policy and Procedures during 2004-05, and reaffirmed its commitment to assisting its employees to achieve their full potential through identified training and other personal development opportunities.

Aboriginal Reconciliation Statement

TransAdelaide was actively involved in the Transport Services Planning Division. Where possible, TransAdelaide has submitted suggestions on how it can contribute and be involved in Awareness activities. Furthermore, TransAdelaide continues to be committed to providing potential employment opportunities for Aboriginal and Torres Strait Islanders.



Occupational health, safety and injury management

		2002-03	2003-04	2004-05
1	OHS legislative requirements			
	Number of notifiable occurrences pursuant to OHS&W Regulations Division 6.6	16	9	5
	Number of notifiable injuries pursuant to OHS&W Regulations Division 6.6	0	0	0
	Number of notices served pursuant to OHS&W Act s35, s39 and s40	2	4	7
2	Injury Management legislative requirements			
	Total number of employees who participated in the rehabilitation program	50	48	46
	Total number of employees rehabilitated and reassigned to alternative duties	2	5	2
	Total number of employees rehabilitated back to their original work	29	39	35
3	WorkCover Action Limits			
	Number of open claims as at 30 June	174	124	107
	Percentage of workers compensation expenditure over gross annual remuneration	8.69	7.1	5.6
4	Number of injuries			
	Number of new workers compensation claims in the financial year, represented by:	186	151	154
	Number of fatalities, (F)	0	0	0
	medical treatment only, (MTO)	121	88	62
	lost time injuries (LTI)	65	63	92
	Total number of whole working days lost	3 222	3 040	1 288
5	Cost of workers compensation			
	Cost of new claims for financial year	203 287	284 597	281 706
	Cost of all claims excluding lump sum payments	1 203 489	935 552	696 402
	Amount paid for lump sum payments	555 750	1 078 540	154 648
	Total amount recovered from external sources (s54)	142 000	51 906	87 250
	Budget allocation for workers compensation	719 375	719 375	761 350
6	Trends			
	Injury frequency rate for new lost-time injury / disease for each million hours worked	82	75	72
	Most frequent cause (mechanism) of injury	Muscle Loading	Muscle Loading – position of posture	Muscle Loading – position of posture
	Most expensive cause (mechanism) of injury	Body Stress	Stress-related	Stress-related
7	Meeting the organisation's strategic targets			
		Note 1	Note 2	Note 3

Note 1: Developed Integrated Management concept, embracing Rail Safety AS4292, OHS AS/NZS 4801, underpinned by Quality Management process AS/NZS ISO 9001.

Note 2: **Track & Structures and Signals & Power Services** certified to AS/NZS ISO 9001 embracing principles of Rail Safety AS4292 and Australian Standard on OHS AS/NZS 4801. **Rail Systems** certified to AS/NZS ISO 9001 embracing principles of AS4292.

Note3: WorkCover completed The Injury Management Review in March 2004. Internal Audit was performed and finalised in August 2004.



Workers Compensation

This year there has been an emphasis on reducing the number of lost time claims. Workers compensation claims increased from 151 to 154 during 2004-05, but TransAdelaide experienced a significant decrease in days lost (lost time injuries), from 3040 to 1288.

The Rehabilitation Coordinator continues to assist injured workers with early intervention by contacting treating doctors and returning employees (where necessary) to alternate temporary placements, impacting on a reduction in lost time claims.

From 1 July 2004 to 30 June 2005, there have been thirty-seven new workers compensation claims that have been referred to rehabilitation. During the same period, thirty-seven rehabilitation cases have closed. At the end of June 2005, there are nine active cases remaining.

The incidence of mesothelioma / asbestos claims has decreased with a provision made for future claims.

Training on workers compensation /rehabilitation was provided to Glengowrie employees and new Passenger Service Assistants (PSA's) over three sessions by the Workers Compensation Consultant and Rehabilitation Coordinator.

A variety of training modules delivered included information to support employees and managers in their responsibilities pursuant to the WorkCover legislation. The training also included manual handling programs aimed at the prevention of workplace accidents and injuries.

TransAdelaide continues to refer employees for counselling assistance immediately following any critical incident within the workplace and assists employees to return to work whilst on rehabilitation.

A similar service is offered to all employees through the Employee Assistance Program (EAP), designed to address issues, which the employee (or their immediate supervisor) recognises as having an effect on their productivity or capacity to cope. The EAP resulted in a reduction in workers compensation claims.

Regular strategic meetings assisted in the development of diverse methods to aid employees to return to productive work within TransAdelaide in a timely manner.



FINANCE

Financial Statements & Statutory Reports for the year ended 30 June 2005

DIRECTORS' REPORT

The TransAdelaide Board has pleasure in presenting its report on the consolidated accounts of the Economic Entity for the financial year ended 30 June 2005.

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, an activity that continued to be the primary focus throughout the year.

TransAdelaide has two significant business operations, the provision of passenger tram and train services and the management of the tram and train infrastructure in the metropolitan area. The focus in 2004-05 has been on satisfying customer demand by providing improved quality services and continual upgrading of train infrastructure to enhance passenger safety and comfort in order to attract new customers to public transport. TransAdelaide's five-year agreement for the provision of metropolitan rail services with the Public Transport Division (PTD) was renewed by the Government, in accordance with the *Passenger Transport Act 1994*, until April 2010.

TransAdelaide is a joint shareholder in Transitplus Pty Ltd, a private company that provides passenger transport services in the Adelaide Hills region under contract with the PTD.

Review of Operations

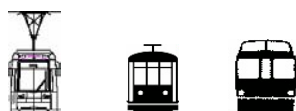
For the financial year ended 30 June 2005, a summary of operations of TransAdelaide is set out below.

Parent Entity's performance against budget for the 2004-05 financial year

	Actual Results \$'000	Budget \$'000	Variation \$'000
<i>Income (1)</i>	114 548	96 910	17 638
<i>Expenditure (2)</i>	<u>103 659</u>	<u>92 781</u>	<u>10 878</u>
Operating profit (loss) before income tax	<u>10 889</u>	<u>4 129</u>	<u>6 760</u>

(1) Includes \$9.944m for contributed capital.

(2) TransAdelaide was subject to a number of cost pressures in 2004-05, including increases in fuel, depreciation and railcar maintenance.



Capital Expenditure

TransAdelaide's capital expenditure was \$22.768m, which incorporates \$10.065m related to the tram infrastructure upgrade project. (Refer Note 15)

Dividends

There was no declared dividend paid to the Department of Treasury & Finance during the financial year, however, a special dividend of \$2.296m was paid to Treasury & Finance as directed by the Treasurer from retained earnings for depreciation funding in 2004-05.

Significant Changes in the Economic Entity

TransAdelaide's performance was impacted by the revaluation of TransAdelaide's assets and the contributed capital provided for the Tram Infrastructure Upgrade project.

Ministerial Control and Direction

The following ministerial direction was issued to TransAdelaide during the financial year:

➤ **22/8/2004 – Commencement of the Future Information and Communication Technology (ICT) Service Arrangement Procurement Period:**

That TransAdelaide should obtain the approval of the Minister for Administrative Services before approaching the market for ICT goods or services within the scope of the priority procurements (with a view to awarding a contract of significant cost, or more than six months duration).

Payment of Accounts

Particulars	Number of Accounts Paid	Percentage of Accounts Paid (by number)	Value in \$A of Accounts Paid \$'000	Percentage of Accounts Paid (by value)
<i>Paid by the due date</i>	13 073	97.78	83 986	99.22
<i>Paid within 30 days or less from due date</i>	205	1.45	339	0.52
<i>Paid more than 30 days from due date</i>	91	0.68	203	0.26

Events Subsequent to Balance Date

As per note 30 of the Annual Accounts, on 23 August 2005 the Treasurer approved amendments to TI22: 'Tax and Tax Equivalents Applicable to Government Businesses'.



Likely Future Developments and Expected Results

In our opinion, all appropriate information concerning the likely developments in, and expected results of, the operations of TransAdelaide are contained in this report. Further specific information regarding the likely developments in the operations of TransAdelaide and the expected results of those operations in financial years subsequent to the financial year has not been included in this report, as it is believed this would prejudice the interests of the Corporation.

Director's Benefits

Neither during nor since the financial year has any Director received or been entitled to receive a benefit, other than their disclosed remuneration as shown in note 24 and transactions disclosed in note 28.

Director's Interests in Contracts

As at the date of this report, no Director of the Economic Entity 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 directors, the general manager, all of its executive officers and employees of any related body corporate against a liability incurred as a director, secretary or executive officer to the extent permitted by the Passenger Transport Act.

Contractual Arrangements

New Contracts

During 2004-05 TransAdelaide entered into two new contracts exceeding \$4.0m:

1- provision of railcar maintenance and related services.

The scope of the contract is:

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

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;



- provide the services fully in compliance with the Rail Safety Act and required standards.

The Contract was awarded to Bombardier Transportation Australia Pty Ltd on a ten-year term, commencing 11 June 2005.

At 30 June 2005 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 - Adelaide Light Rail Project : Glenelg – Adelaide Infrastructure Upgrade.

The scope of infrastructure works for the Glenelg tramway upgrade consists of:

- full concrete re-sleepering of the 9.2km in-corridor ballasted section i.e. from Stop 3 (South Terrace) to Stop 19 (Brighton Road) up and down tracks;
- partial (approximately 50%) steel re-railing of the sections of rail identified as being incompatible with operation of the new LRV's;
- re-grinding of the rails to attain the required wheel-rail interface;
- refurbishment of tram cross-over switches;
- augmentation of the overhead electrical power supply and distribution system by the installation of side feeder booster cables;
- modifications (raising, lateral extension and incorporation of ramps) to existing tram-stop platform structures to ensure compatibility with Disability Discrimination Act requirements covering access to both trams and the adjacent local street and footpath network;
- Incorporation of suitable (low growing) landscape treatments into tram-stops;
- Modifications to the existing Glengowrie tram maintenance depot by installing overhead work platforms with electrical protection interlocking and a variety of lifting gear;
- Minor modifications to the undercarriage of the existing H-class trams to enable them to operate on modified infrastructure during a transition period, over which time the new trams are progressively introduced into service.

Key objectives for the infrastructure upgrade include:

- improved ride performance for passenger comfort and minimise wear and tear on the new trams;
- a reliable power supply and distribution system of adequate capacity;
- to ensure safe and accessible access to, and from, platforms to the new trams;
- safe and practical working environments at Glengowrie workshop depot for the servicing and maintenance of the new trams as well as the five H-class trams that are being retained.

TransAdelaide, in conjunction with the Department of Transport Energy & Infrastructure, and on behalf of the Minister for Transport, evaluated the submissions.



The contract was subsequently awarded to Coleman Rail Pty Ltd on 12 April 2005, with a Practical Completion Date of 30 April 2006.

At 30 June 2005 there has been no transfer of assets to Coleman Rail Pty Ltd and there are no contingent and other liabilities.

Continuation of Existing Contracts.

Upgrading of TransAdelaide's existing Centralised Train Control (CTC) and Passenger Information (PI) systems

The scope of the Contract is to upgrade the existing CTC and 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 concerning technical obsolescence and diminishing the level of available equipment support;
- improve the efficiency, productivity and adaptability of the CTC and PI systems to better meet the current and future operational and business needs of TransAdelaide.

The Contract was awarded to Alstom Australia Ltd and commenced on 14 March 2003, with a practical completion date of 4 January 2006.

At 30 June 2005, there has been no transfer of assets to Alstom Australia Ltd and there are no contingent and other liabilities.



Corporate Governance

Framework

TransAdelaide has adopted a Corporate Governance framework that provides a series of statements to management and staff on the Board's requirements in areas important to the governance of TransAdelaide.

Composition of the Board

The Board of Directors is entirely independent from TransAdelaide and brings a mix of skills and experience that ensures the application of commercial expertise, independent and objective judgement to all issues facing TransAdelaide. Members of the Board are appointed by the Governor on the nomination of the Minister of Transport.

At Board meetings held during the year, there was also ex-officio attendance by:

Roy Arnold	General Manager, TransAdelaide (to 10 February 2005)
Bill Watson	General Manager, TransAdelaide (from 11 February 2005)
Mr Dennis Huxley	Manager Business Services, TransAdelaide (Company Secretary)
Mr Ian Maxfield	A/Manager Business Services, TransAdelaide (one meeting)
Ms Rachel Read	Observer, Department of Treasury & Finance

Board Committees

To assist the Board in monitoring TransAdelaide's performance, an Audit Committee exists to discharge Board responsibilities for reporting on risk management, internal control and achieving good corporate governance. At the date of this report, members of the Audit Committee are:

Mr Kevin Benger	Chair
Ms Virginia Hickey	Member
Ms Frances Magill	Member

At Audit Committee meetings held during the year, there was also ex-officio attendance by:

Mr Roy Arnold	General Manager, TransAdelaide (to 10 February 2005)
Mr Bill Watson	General Manager, TransAdelaide (from 11 February 2005)
Mr Dennis Huxley	Manager Business Services
Mr Salvatore Bianco	Director of Audits, Auditor-General's Department
Mr Ben Brincat	Audit Manager, Auditor-General's Department
Mr Laurie Kozlovic	KPMG (Internal Auditor for TransAdelaide)
Mr Justin Jamieson	KPMG (Internal Auditor for TransAdelaide)



Meetings of Directors

The number of meetings of the Board of Directors and Committees of the Board held during the year are shown below:

	TransAdelaide Board Meetings		Audit Committee Meetings	
	No. eligible to attend	No. attended	No. eligible to attend	No. attended
<i>Ms Virginia Hickey</i>	12	12	4	4
<i>Mr Kevin Benger</i>	12	11	4	4
<i>Ms Frances Magill</i>	12	12	4	4
<i>Ms Libby Kosmala</i>	12	10		
<i>Mr Roger Jowett</i>	12	11		

Audit Program

The Auditor-General's Department is TransAdelaide's external auditor and undertakes independent audits on the integrity and quality of the financial information and statements of TransAdelaide. In addition, the department also examines the efficiency and economy with which TransAdelaide utilises its resources.

The scope of the audit program is determined by the Auditor-General to comply with the obligations as required by Section 31 of the *Public Finance and Audit Act 1987* and sub section 32(4) of the *Public Corporations Act 1993*.

During the year, the Audit Committee also met with the external auditors in camera, with no staff members present.

Internal Audit

TransAdelaide engages KPMG as its internal auditors to assist the Board in ensuring compliance with established internal controls to ensure TransAdelaide is effectively identifying and managing risk. The internal auditors have direct access to the Audit Committee, which includes representation from three board members and the Auditor-General's Department. This committee approves the internal auditors' annual internal audit plan.

Whistleblower Legislation

TransAdelaide's Manager Business Services is responsible for the application of the Whistleblowers Protection Act 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. During the course of the year, no disclosures were received by TransAdelaide.



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 in TransAdelaide 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 were no instances of fraud detected within TransAdelaide (Parent entity) or Joint Venture (Transitplus) during the financial year.

Overseas Travel

No overseas travel was undertaken by officers from TransAdelaide during 2004-05.

Consultants

The following private consultancies were engaged during the financial year at a total cost to TransAdelaide of \$149 203.

Below \$10 000:	3 850
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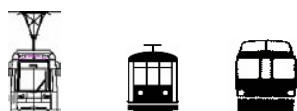
- One Consultant

\$10,000 - \$50 000:	43 001
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- Giant 4
Snapshot review of CTC Project
- Ecological Associates
Impact of diesel on Torrens River
- Halcrow Pacific Pty Ltd
Review of rectifier-inverter equipment

Above \$50 000:	102 352
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- Soil and Groundwater Consulting
Soil and groundwater consultations



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 2005.

Structure and Function of TransAdelaide

Detailed information on TransAdelaide's structure and principal activity or function can be found within the Directors' Report. As will be noted, the primary activity of TransAdelaide is the provision of regular passenger transport services incorporating rail operations and rail infrastructure services.

These activities affect members of the public, primarily by providing access to regular passenger transport services throughout the Adelaide Metropolitan Area.

Arrangements for Public Participation

TransAdelaide facilitates public participation in the development of services through a Customer Panel that meets monthly to provide feedback and input to service design and delivery. TransAdelaide also has a '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



TransAdelaide's Policies:

- Corporate Governance Framework
- Leadership Principles
- Employee Code of Conduct
- Executive Remuneration
- Risk Management
- Intellectual Property
- Information Technology Security
- Records Management
- Security
- Closed Circuit Television (CCTV)
- Environmental
- Near-Miss
- Quality
- Rail Safety
- Delegations & Authorisations
- Capital Expenditure
- Purchasing & Procurement
- Credit Control
- Performance Development
- Car Parking
- Counselling / Disciplinary Action
- Personal and Other Leave
- Redeployment
- Second Job
- Licences & Accreditation
- Use of Company Motor Vehicles
- Study Assistance
- Elimination of Harassment / Bullying
- Equal Opportunity
- Fair Treatment
- Leaving Service
- Mobile Telephones

Documents held by TransAdelaide:

TransAdelaide has the following documents available:

- **Annual Reports**
(which include financial statements) –
available on-line on
www.transadelaide.com.au
- **'Year in Review'**
available on-line on
www.transadelaide.com.au
- **'Express'** newsletters
- Public Timetables



FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2005



TransAdelaide
Statement of Financial Performance
Year Ended 30 June 2005

	Note	2005 \$'000	2004 \$'000
Revenue from ordinary activities			
Sales of Services		91,971	90,947
Government Funding	3(a)	13,289	5,292
Property Rental		4,873	4,382
Net Gain (Loss) on Disposal of Assets	5	1,286	(518)
Interest		826	845
Other		1,506	3,592
Revenue from ordinary activities	3	113,751	104,540
Expenses from ordinary activities			
Employee expenses		33,881	33,709
Supplies and services expense		32,708	30,759
Depreciation and amortisation expense	6	21,446	20,792
Movement in employee benefits provisions	7	3,887	4,028
Borrowing costs	8	6,145	6,505
Other expenses from ordinary activities		5,592	5,874
Separation package payments	26	-	2,513
Total expenses from ordinary activities	4	103,659	104,180
Share of net profits from associates and joint ventures accounted for using the equity method		797	875
Profit (loss) from ordinary activities before income tax expense		10,889	1,235
Income tax (expense) benefit relating to ordinary activities	9	(3,239)	558
Profit (loss) from ordinary activities after related income tax expense	10	7,650	1,793
Increase (decrease) in the asset revaluation reserve on revaluation of assets	11	95,908	(14,113)
Total changes in equity other than those resulting from transactions with the state government as owners		103,558	(12,320)



TransAdelaide
Statement of Financial Position
As at 30 June 2005

	Note	2005 \$'000	2004 \$'000
Assets			
Current Assets			
Cash	18	14,498	11,405
Receivables	12	10,289	4,694
Stores Inventories	13	4,684	3,296
Work in Progress		234	21
Dividend Receivable		353	307
Total Current Assets		30,058	19,723
Non-Current Assets			
Rollingstock	14	211,824	194,322
Property, Plant and Equipment	14	437,108	374,277
Work in Progress	14	27,359	10,608
Investment in Related Entities	17	200	200
Future Income Tax Benefit	2.6	19,628	21,646
Total Non-Current Assets		696,119	601,053
Total Assets		726,177	620,776
Liabilities			
Current Liabilities			
Interest Bearing Liabilities	19	5,381	5,381
Payables	20	18,305	12,376
Provisions	21	8,799	8,075
Total Current Liabilities		32,485	25,832
Non-Current Liabilities			
Interest Bearing Liabilities	19	75,990	81,371
Payables	20	1,365	1,078
Provisions	21	21,284	20,008
Provision for Deferred Income Tax	2.6	12,759	11,455
Total Non-Current Liabilities		111,398	113,912
Total Liabilities		143,883	139,744
Net Assets		582,294	481,032
Equity			
Reserves	11	464,730	369,727
Retained Profits	10	117,564	111,305
Total Equity		582,294	481,032
Commitments	15,16		
Contingent Liabilities	31		



TransAdelaide
Statement of Cash Flows
Year Ended 30 June 2005

	Note	2005 \$'000	2004 \$'000
Cash Flows from Operating Activities			
Receipts			
Sales of Goods and Services		94,697	96,153
Government Funding		7,617	3,906
Separation Packages		730	2,084
Interest Received		818	824
GST Received from Customers		10,515	9,415
Other Revenue		1,413	188
Total Receipts		115,790	112,570
Payments			
Wages and Salaries		(36,434)	(38,852)
Separation Packages		-	(2,513)
Goods and Services		(38,178)	(36,417)
Interest on Borrowings/Leases		(6,213)	(8,375)
GST Paid to Suppliers		(6,324)	(4,419)
GST Paid to Australian Taxation Office		(4,048)	(4,994)
Total Payments		(91,197)	(95,570)
Net Cash Provided by Operating Activities	18(b)	24,593	17,000
Cash Flows from Investing Activities			
Receipts			
Dividend Receipts		751	844
Proceeds from Asset Sales		1,202	43
Total Receipts		1,953	887
Payments			
Purchase of Non-Current Assets		(15,776)	(10,591)
Total Payments		(15,776)	(10,591)
Net Cash Used in Investing Activities		(13,823)	(9,704)
Cash Flows from Financing Activities			
Payments			
Dividend Payments		(2,296)	(2,296)
Repayment of Borrowings		(5,381)	(5,381)
Net Cash Used in Financing Activities		(7,677)	(7,677)
Net Increase (Decrease) in Cash		3,093	(381)
Cash at July 1		11,405	11,786
Cash at June 30	18	14,498	11,405



TransAdelaide**Notes to the Financial Statements****Year Ended 30 June 2005****Note 1. Economic Structure**

TransAdelaide was established as a Public Authority under the TransAdelaide (Corporate Structure) Act 1998 in January 1999. On December 18, 2003, it was published in The South Australian Government Gazette that Austrics was dissolved as a subsidiary of TransAdelaide as invoked by the Public Corporations (Austrics) (Dissolution and Revocation) (No 2) Regulations 2003 with immediate effect. All liabilities and assets were transferred to TransAdelaide at this time, leaving TransAdelaide as a single reporting entity. TransAdelaide also has a 50% interest in Transitplus Pty Ltd, a joint venture entity established for the provision of bus services through the Adelaide Hills.

1.1 Economic Dependency and Going Concern

The economic entity is dependent on contract payments from the Public Transport Division of the Department of Transport, Energy and Infrastructure (DTEI) relating to the provision of train and tram services in the Adelaide metropolitan area.

Note 2. Statement of Significant Accounting Policies**2.1 General**

The financial report is a General Purpose Financial Report which has been prepared in accordance with the Statements of Accounting Concepts, applicable Australian Accounting Standards, other mandatory reporting requirements (Urgent Issues Group Consensus Views), the Department of Treasury and Finance Accounting Policy Statements and Treasurer's Instructions issued pursuant to the Public Finance and Audit Act, 1987. In the case of a conflict between the above mentioned standards and policies, the Department of Treasury and Finance Accounting Policy Statements and Treasurer's Instructions take precedent.

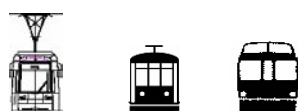
The financial report has been prepared in accordance with the historical cost convention, with the exception of non current assets. Non current assets are primarily valued applying the fair value method of valuation, as per the Department of Treasury and Finance Accounting Policy Statement Number 3 "Valuation of Non-Current Assets" and AASB 1041 "Revaluation of Non-Current Assets". Where the non current assets have not been revalued, historical cost has been used.

2.2 Comparative Figures

Comparative figures have been adjusted to conform to changes in presentation in these financial statements where required.

APS13 'Form and Content of General Purpose Financial Reports' requires revenues, expenses, assets and liabilities, where the transaction is with an entity within the SA Government, to be separately disclosed in the Notes to the Accounts. This is the first year this information has been required and as such, comparative data was not able to be reliably gathered and therefore no comparative data is shown.

Financial statements prepared for the 2003-4 financial year identified TransAdelaide's financial performance as a parent entity separately from the performance of the economic entity, which included the performance of its previously controlled entity (refer Note 1). From 19 December 2003 all operations have existed in the one reporting entity. For the current year, only the comparative figures for the economic entity, which include the 2004 full year of Austrics operations, have been provided.



TransAdelaide**Notes to the Financial Statements (continued)****Year Ended 30 June 2005****2.3 Rounding**

All amounts in the financial report have been rounded to the nearest thousand dollars (\$'000).

2.4 Principles of Consolidation

The comparative figures in the financial report of TransAdelaide include the financial statements of TransAdelaide and its controlled entity, AUSTRICS, up until its dissolution on 18 December 2003. All inter entity transactions during that time have been eliminated in line with Australian Accounting Standard AASB 1024, "Consolidated Accounts".

Joint Venture

In TransAdelaide's financial statements the investment in the joint venture entity is carried at the lower of cost or recoverable amount. TransAdelaide's share of the joint venture entity's net profit or loss is recognised in the statement of financial performance from the date joint control commenced.

The economic entity's investment in the joint venture entity is based upon the equity method of accounting for investment in associates as per Australian Accounting Standard AASB 1016, "Accounting for Investments in Associates".

2.5 Recognition of Revenue

Sales of services represent:

- Contract income earned from the provision of passenger transport services provided on behalf of the Public Transport Division of DTEI.
- Other revenue earned from the provision of products, advertising and property to entities outside the economic entity.

All revenue is recognised when the service is provided.

2.6 Taxation Equivalents

TransAdelaide is subject to the payment of income tax equivalents, land tax equivalents and council rate equivalents. From 1 July 2001, TransAdelaide has operated under the National Tax Equivalence Regime (NTER) pursuant to the Memorandum of Understanding on NTER between the Commonwealth of Australia, the Commissioner of Taxation and all of the States and Territories. The NTER is administered by the Australian Taxation Office.

TransAdelaide adopts the liability method of tax effect accounting for income tax equivalents whereby the income tax expense is based on the net profit (loss) from operating activities adjusted for any permanent differences. Timing differences which arise due to the different accounting periods in which items of revenue and expense are included in the determination of accounting profit and taxable income are brought to account as either a provision for deferred income tax or as a future income tax benefit at the rate of income tax applicable to the period in which the benefit will be received or the liability will become payable.

Future income tax benefits are not brought to account unless realisation of the asset is assured beyond reasonable doubt. Future income tax benefits in relation to tax losses are not brought to account unless there is virtual certainty of realisation of the benefit. The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the assumption that TransAdelaide will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by relevant legislation.

Land tax and council rate equivalents have been calculated by the Department of Treasury and Finance, based on valuations supplied by the Valuer General.



TransAdelaide

Notes to the Financial Statements (continued)

Year Ended 30 June 2005

2.7 Goods and Services Tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO). In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense.

Receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the statement of financial position.

Cash flows are included in the statement of cash flows on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

2.8 Financial Instruments included in Liabilities

All financial instruments included within the liabilities category are recognised when they are incurred.

2.9 Financial Instruments included in Assets

Receivables are initially recorded at the current value of the sales proceeds.

Provision for doubtful debts is recognised to the extent the recovery of outstanding amounts is less than likely. The provision is based on a review of all outstanding amounts at balance date.

Dividend revenue is recognised when dividends are declared.

2.10 Non Current Assets:

(a) Basis of Valuation

TransAdelaide's non-current assets are included at fair value. Valuations are provided by either an independent valuer, by the Valuer General or a Director's valuation. In accordance with the South Australian State Treasurer's Accounting Policy Statements, asset classes containing individual assets over a threshold of \$1 million, based on fair value at the time of acquisition, are regularly revalued. Where an asset class contains no assets above the threshold, all assets in that class are deemed to be revalued to their fair values immediately following recognition at acquisition cost, as required by the South Australian State Treasurer's Accounting Policy Statement Number 3 "Valuation of Non-Current Assets".

The cost of property, plant and equipment constructed by TransAdelaide includes the cost of materials and direct labour and an appropriate proportion of fixed and variable overheads.

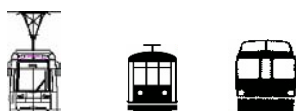
(b) Revaluations

Under Australian Accounting Standard AASB 1041 "Revaluation of Non Current Assets", each class of non current assets are required to be measured on either the cost or fair value basis. An independent valuation was conducted at 1 July 2004 for the Tramcars, Railcars, Land, Permanent Way and Buildings asset classes to reflect their fair value. Refer Note 14 for details of the valuation undertaken for 2004-05.

(c) Disposal of Revalued Assets

The gain or loss on disposal of revalued assets is calculated as the difference between the carrying amount of the asset at the time of disposal and the proceeds on disposal and is included in the Profit/(Loss) from Ordinary Activities in the year of disposal.

Where a revalued asset is disposed of, the balance of the Asset Revaluation Reserve which relates to that asset has been transferred from the Asset Revaluation Reserve to Retained Profits.



TransAdelaide

Notes to the Financial Statements (continued)

Year Ended 30 June 2005

(d) Depreciation and Amortisation

Rollingstock, property, plant and equipment, buildings and assets under finance lease are depreciated/amortised over their estimated useful lives using the straight-line method.

Assets are depreciated or amortised from the date of acquisition.

Estimated useful lives applicable to each class of asset is detailed below:

	Useful Life Range (Years)
Rollingstock -	
Railcars	20 – 42
Tramcars	10 – 80
Buildings	10 – 100
Permanent Way	20 – 242
Machinery, Plant & Equipment	3 – 100

(e) Leases

Leases of plant and equipment, under which TransAdelaide assumes substantially all the risks and benefits of ownership, are classified as finance leases. Other leases are classified as operating leases.

(i) Finance Leases

TransAdelaide has no finance lease obligations.

(ii) Operating Leases

Minimum lease payments for assets subject to operating lease agreements where the risk and rewards incidental to ownership rest with the lessor, are treated as an expense in the Statement of Financial Performance. (Refer Note 16).

2.11 Inventories

Stores inventories are valued on a weighted average cost basis. As they are only held for use in providing services, net realisable value, as specified in Australian Accounting Standard AASB 1019 "Inventories" is not applicable.

2.12 Work in Progress

Work in progress is valued at cost plus on charges.

2.13 Receivables

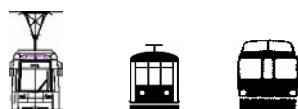
Trade debtors to be settled in 30 days are carried at amounts due. The collectability is assessed at balance date and specific provision is made for any doubtful amounts.

2.14 Employee Benefits

(a) Annual Leave

Liabilities arising in relation to annual leave are accrued on the basis of statutory or contractual obligations. On costs associated with this provision are included as a payable in the Statement of Financial Position as per the Department of Treasury and Finance Accounting Policy Statement No 9, "Employee Benefits".

(b) Long Service Leave



TransAdelaide**Notes to the Financial Statements (continued)****Year Ended 30 June 2005**

Entitlements to long service leave are based on legislation applicable to government employees. On costs associated with this provision are included as a payable in the Statement of Financial Position as per the Department of Treasury and Finance Accounting Policy Statement No 9, "Employee Benefits".

In accordance with AASB1028 "Employee Benefits", unlike the calculation for annual leave, the calculation of the long service leave liability has regard to the probability that long service leave will either be taken or have to be paid even though an employee may not have met the qualifying period. Furthermore, AASB1028 requires that long service leave benefits expected to be settled more than twelve months from the reporting date shall be measured as the present value of the estimated future cash flows.

In prior years a shorthand method of estimation was used. During 2004-05 a comprehensive calculation was performed, resulting in changes to the short-cut assumptions to use for the future. If the previous shorthand method had been applied in the current financial year, the long service leave liability would have been approximately \$0.7m higher.

(c) Retiring and Death Gratuity

Provision is made for the Retiring and Death Gratuity payable under a scheme, which applies to daily paid employees of the former Municipal Tramways Trust. The amount provided covers benefits accrued to all members of the scheme.

(d) Workers Compensation

A provision has been established relating to claims under the Workers Rehabilitation and Compensation Act, 1986 and the repealed Workers Compensation Act, 1971. TransAdelaide's outstanding claims liability is valued by an independent actuary.

(e) Superannuation

During 2004-05 TransAdelaide paid amounts to the Department of Treasury and Finance towards the accruing government liability for superannuation in respect of its employees.

There is no liability for payments to beneficiaries as they have been assumed by the superannuation funds.

(f) Sick Leave

No provision has been made for sick leave as entitlements are non vesting and it is considered leave is taken from the current year's accrual.

2.15 Insurance

TransAdelaide is self insured for the following risks:

- Workers compensation claims;
- Public liability claims relating to all self owned assets, except for claims covered by Motor Accident Commission insurance;
- Property claims for all self owned assets.

The workers compensation and third party insurance provisions were assessed as at 30 June 2005 by Laurie Brett, FIA, FIAA of independent consulting actuaries Brett & Watson Pty Ltd.

The above self insurance (excluding workers compensation) is for amounts up to \$1.0m for the total of each incident. Insurance cover for amounts above \$1.0m is arranged through SAICORP. In addition, insurance cover has been arranged with AON Insurance Services in relation to the Adelaide Railway Station building and also the Heath Lambert Group through the ASER Services Corporation for the area above the Adelaide Railway Station Platforms.



TransAdelaide**Notes to the Financial Statements (continued)****Year Ended 30 June 2005**

		2005 \$'000
Note 3 - Revenue from Ordinary Activities		
<i>From Operating Activities - SA Government entities</i>		
Sales of Services		87,850
Property Rental		843
Government Funding	3(a)	13,289
Interest		826
		102,808
<i>From Operating Activities - non SA Government entities</i>		
Sales of Services		4,121
Property Rental		4,030
Net Gain (Loss) on Disposal of Assets	5	1,286
Net Bad and Doubtful Debts		15
Other Revenue		1,491
		10,943
Total Revenue		113,751
Note 3(a) - Government Funding		
Includes \$9.9m for the upgrade of the Glenelg tram line.		
Note 4 - Expenses from Ordinary Activity		
<i>From Operating Activities - SA Government entities</i>		
Employee expenses		4,936
Supplies and services expense		3,528
Borrowing costs		6,145
Other expenses from ordinary activities		1,918
		16,527
<i>From Operating Activities - non SA Government entities</i>		
Employee expenses		28,945
Supplies and services expense		29,180
Depreciation and amortisation expense		21,446
Movement in employee benefits provisions		3,887
Other expenses from ordinary activities		3,674
		87,132
Total Expenses		103,659



TransAdelaide**Notes to the Financial Statements (continued)****Year Ended 30 June 2005**

	2005 \$'000	2004 \$'000
Note 5 - Gain (Loss) on Sale/Disposal of Assets		
Gross Proceeds from Asset Sales ⁽¹⁾	1,435	43
Less: Written Down Value	(149)	(561)
Net Gain (Loss) on Sale	1,286	(518)
 ⁽¹⁾ During the year the intellectual property of Austrics was sold and the gain from sale is included in this figure.		
Note 6 - Depreciation and Amortisation Expense		
Rollingstock		
Railcars	7,727	6,535
Tramcars ⁽¹⁾	2,564	821
Permanent Way	7,363	8,539
Buildings	2,649	2,905
Machinery, Plant and Equipment	1,143	1,654
Amortisation of Railcars	-	338
Total Depreciation and Amortisation Expense	21,446	20,792
 ⁽¹⁾ The revaluation, in conjunction with a review of the tramcar estimated useful lives, resulted in depreciation expense for previously fully depreciated vehicles.		
Note 7 - Movements in Employee Benefits Provisions		
Long Service Leave	660	1,054
Annual Leave	2,645	2,941
Block Book Off	577	16
Retiring and Death Gratuity	5	17
Movement in Employee Benefits Provisions	3,887	4,028
 Note 8 - Borrowing Costs		
Ordinary Borrowings Interest	5,528	5,758
Treasury Guarantee Fee	617	667
Borrowing Costs - SA Government	6,145	6,425
Interest on Leases	-	80
Total Borrowing Costs	6,145	6,505



TransAdelaide**Notes to the Financial Statements (continued)****Year Ended 30 June 2005**

	2005 \$'000	2004 \$'000
Note 9 - Income Tax (Expense) Benefit		
Profit (loss) from ordinary activities before income tax expense	10,889	1,235
Prima Facie tax thereon at 30%	(3,267)	(370)
Prior Year Adjustments	2	861
Tax expense arising from Austrics performance from 1 July 2003 to 17 December 2003. (Not assessable - refer FITB provision write-off)	-	64
Write off of FITB - Austrics Carry Fwd Losses not able to be realised	-	(465)
Tax Effect of Permanent Differences		
Non deductible expenses	(4)	-
Grant funding	30	468
Income Tax (Expense) Benefit relating to ordinary activities	(3,239)	558
Total Income Tax (Expense) Benefit comprises movements in:		
Provision for Deferred Income Tax	(1,304)	(1,237)
Future Income Tax Benefit	(1,935)	1,795
	(3,239)	558
Note 10 - Retained Profits		
Balance at 1 July	111,305	111,878
Current Year Profits (Losses)	7,650	1,793
Dividends provided for or paid	(2,296)	(2,296)
Transfers (to) from Reserves	905	(70)
Retained Profits at 30 June	117,564	111,305



TransAdelaide
Notes to the Financial Statements (continued)
Year Ended 30 June 2005

	2005 \$'000	2004 \$'000
Note 11 - Reserves		
Asset Revaluation Reserve	464,730	369,727
	464,730	369,727
Movements during the year		
Asset Revaluation Reserve:		
Balance at 1 July	369,727	383,770
Revaluation Increment (Decrement) on non-current assets:		
Land & Buildings	72,714	-
Infrastructure	(4,632)	(14,909)
Rollingstock	27,826	796
Transferred to retained profits amounts realised on disposal of:		
Land & Buildings	(88)	170
Infrastructure	(817)	(61)
Rollingstock	-	(39)
Reserves as at 30 June	464,730	369,727
Nature and purpose of reserves		
Asset Revaluation		
The asset revaluation reserve includes the net revaluation increments (decrements) arising from the revaluation of non-current assets in accordance with AASB 1041.		
Upon disposal of revalued assets, any related revaluation increment standing to the credit of the asset revaluation reserve is transferred to retained profits.		
Note 12 - Receivables		
SA Government	7,849	
Non SA Government	2,558	
Total	10,407	4,854
Provision for Doubtful Debts	(202)	(208)
	10,205	4,646
Prepayments	84	48
Total Receivables	10,289	4,694



TransAdelaide**Notes to the Financial Statements (continued)****Year Ended 30 June 2005**

	2005 \$'000	2004 \$'000
Note 13 - Stores Inventories		
Stores Inventories	4,778	3,396
Provision for Obsolescence	(94)	(100)
Net Stores Inventories	4,684	3,296
Note 14 - Non-Current Assets		
Rollingstock		
Railcars		
At Fair Value ⁽¹⁾	5,300	7,744
At Independent Valuation 1 July 2004	402,500	-
At Directors Valuation 30 June 2004 ⁽²⁾	-	2,882
At Directors Valuation 30 June 2003	-	17,400
At Independent Valuation 30 June 2001	-	275,342
Less: Accumulated Depreciation	(201,365)	(113,609)
Total Railcars	206,435	189,759
Tramcars		
At Fair Value ⁽¹⁾	79	5,168
At Independent Valuation 1 July 2004	72,425	-
At Independent Valuation 30 June 2001	-	52,951
Less: Accumulated Depreciation	(67,115)	(53,556)
Total Tramcars	5,389	4,563
Total Rollingstock	211,824	194,322
Property, Plant and Equipment		
Land and Buildings		
Freehold Land:		
At Fair Value	1,378	-
At Independent Valuation 1 July 2004	142,927	-
At Independent Valuation 30 June 2001	-	89,904
Total Land	144,305	89,904
Buildings:		
At Fair Value	1,101	6,829
At Independent Valuation 1 July 2004	186,909	-
At Independent Valuation 30 June 2001	-	71,955
At Directors Valuation 30 June 2001	-	94,214
Less: Accumulated Depreciation	(98,245)	(101,168)
Total Buildings	89,765	71,830
Total Land and Buildings	234,070	161,734



TransAdelaide**Notes to the Financial Statements (continued)****Year Ended 30 June 2005**

	2005 \$'000	2004 \$'000
Note 14 - Non-Current Assets (continued)		
<i>Permanent Way</i>		
At Fair Value	2,118	22,959
At Independent Valuation 1 July 2004	407,936	-
At Directors Valuation 31 May 2004 ⁽³⁾	-	29,131
At Independent Valuation 30 June 2001	-	308,472
Less: Accumulated Depreciation	(213,532)	(154,056)
Total Permanent Way	196,522	206,506
<i>Plant and Equipment</i>		
At Fair Value	20,870	19,919
Less: Accumulated Depreciation	(14,354)	(13,882)
Total Plant and Equipment	6,516	6,037
Total Property, Plant and Equipment	437,108	374,277
<i>Works In Progress</i>		
Rollingstock:		
Railcars	964	480
Tramcars	239	81
Corridor Infrastructure, Machinery and Plant	24,740	9,508
Land and Buildings	1,416	539
Total Works In Progress	27,359	10,608
Total Non-Current Assets	676,291	579,207

All major non-current assets are usually revalued every three years on an existing use, fair value basis. During 2004/05 an independent valuation of major asset classes: Trams, Trains, Land, Buildings and Permanent Way was undertaken by Valuation Chambers as at 1 July 2004.

The valuation was conducted under instruction from TransAdelaide by Certified Practising Valuer Mr John L Morgan B. App. Sc. (Val.) Fellow, Australia Property Institute. As a result of the valuation, assets with a book value of \$562.6m were revalued upwards to \$658.5m. This has resulted in an increase in TransAdelaide's Asset Revaluation Reserve of \$95.9m.

⁽¹⁾ The fair value for railcars and tramcars includes spare units and associated equipment.

⁽²⁾ A Directors' Valuation was conducted for a previously stored railcar rollingstock asset at 30 June 2004 due to its return to service.

⁽³⁾ A Directors' Valuation was conducted on railway timber sleeper assets as at 31 May 2004 in conjunction with a change to the estimated useful life to 20 years.

In accordance with South Australian State Treasurer's Accounting Policy Statement Number 3, TransAdelaide has assessed that assets recorded at cost reflect fair value where such assets have not been independently revalued.



TransAdelaide**Notes to the Financial Statements (continued)****Year Ended 30 June 2005****Note 14(a) - Non-Current Assets****Reconciliation of Carrying Amounts****Railcars**

	2005 \$'000	2004 \$'000
Carrying amount at beginning of year	189,759	168,002
Additions	19	1,122
Disposals	(52)	(698)
Transfers	-	27,072
Revaluation increment (decrement)	24,436	796
Depreciation	(7,727)	(6,535)
Carrying amount at end of year	206,435	189,759

Leased Railcars

Carrying amount at beginning of year	-	27,400
Additions	-	10
Disposals	-	-
Transfers	-	(27,072)
Revaluation increment (decrement)	-	-
Amortisation	-	(338)
Carrying amount at end of year	-	-

Tramcars

Carrying amount at beginning of year	4,563	5,280
Additions	-	104
Disposals	-	-
Revaluation increment (decrement)	3,390	-
Depreciation	(2,564)	(821)
Carrying amount at end of year	5,389	4,563

Freehold Land

Carrying amount at beginning of year	89,904	89,944
Additions	1,378	-
Disposals	(178)	(40)
Revaluation increment (decrement)	53,201	-
Depreciation	-	-
Carrying amount at end of year	144,305	89,904

Buildings

Carrying amount at beginning of year	71,830	73,113
Additions	1,203	1,986
Disposals	(45)	(45)
Transfers	(88)	(319)
Revaluation increment (decrement)	19,514	-
Depreciation	(2,649)	(2,905)
Carrying amount at end of year	89,765	71,830



TransAdelaide
Notes to the Financial Statements (continued)
Year Ended 30 June 2005
Note 14(a) - Non-Current Assets (continued)
Permanent Way

	2005 \$'000	2004 \$'000
Carrying amount at beginning of year	206,506	229,266
Additions	1,971	1,114
Disposals	(48)	(426)
Transfers	88	-
Revaluation increment (decrement)	(4,632)	(14,909)
Depreciation	(7,363)	(8,539)
Carrying amount at end of year	196,522	206,506

Plant and Equipment

Carrying amount at beginning of year	6,037	6,099
Additions	1,690	1,292
Disposals	(68)	(17)
Transfers	-	317
Revaluation increment (decrement)	-	-
Depreciation	(1,143)	(1,654)
Carrying amount at end of year	6,516	6,037

Capital Works in Progress

Carrying amount at beginning of year	10,608	4,678
Additions	22,767	11,194
Transfers to Property Plant & Equipment	(6,016)	(5,264)
Carrying amount at end of year	27,359	10,608

Total Carrying Amounts

676,291 579,207

Note 15 - Capital Commitments

Aggregate capital expenditure commitments contracted for:

Not later than one year	10,820	3,513
Later than one year but not later than two years	-	-
Later than two years but not later than five years	-	-

Total Capital Commitments

10,820 3,513

Net Capital Expenditure Incurred

22,768 11,223



TransAdelaide**Notes to the Financial Statements (continued)****Year Ended 30 June 2005**

	2005 \$'000	2004 \$'000
Note 16 - Operating Lease Commitments		
Operating lease commitments are due as follows:		
Not later than one year	1,010	1,115
Later than one year but not later than five years	316	623
Later than five years	-	-
Minimum Lease Payments	1,326	1,738
Operating Lease Expenses Paid	2,386	2,298

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 17 - Investment in Related Entities**Ownership Interest****Joint Venture**

Transitplus Pty Ltd	50%	50%
---------------------	-----	-----

Investment in Related Entities

Transitplus Pty Ltd	200	200
	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 less dividends received	-	-

Carrying amount at 30 June

200	200
------------	------------

Note 17(a) - Net Expenses from Restructuring in 2004

TransAdelaide had a subsidiary corporation - Austrics, which was incorporated pursuant to the Public Corporations Act 1993 to December 18, 2003. Austrics was a software development company involved in the provision of computerised scheduling software, marketed both domestically and internationally. Austrics's main function was to develop, market, promote and sell transport related software products.

On December 18, 2003, it was published in The South Australian Government Gazette that Austrics was dissolved as a subsidiary of TransAdelaide as invoked by the Public Corporations (Austrics) (Dissolution and Revocation) (No 2) Regulations 2003 with immediate effect.

All of the assets and liabilities of Austrics were transferred to TransAdelaide and have been reported in accordance with Australian Accounting Standard AAS29 'Financial Reporting by Government Departments', relevant Accounting Policy Statements and Urgent Issues Group Extract 38 'Contributions by Owners to Wholly Owned Public Sector Entities'.



TransAdelaide
Notes to the Financial Statements (continued)
Year Ended 30 June 2005
Note 17(a) - Net Expenses from Restructuring in 2004 (continued)

During the 2004 reporting period assets and liabilities amounting to \$0.706m and \$1.690m respectively were transferred to TransAdelaide. The \$1.690m liability value transferred included the inter entity loan of \$0.840m and the inter entity payables of \$0.027m.

Refer to the previous year's financial report for the differentiation of the 2004 result between the economic entity (as is included in the comparatives) and the parent entity.

Note 18 - Notes to the Statements of Cash Flows
(a) Reconciliation of Cash
Cash as at 30 June

2005 \$'000	2004 \$'000
14,498	11,405

(b) Reconciliation of Net Cash provided by Operating Activities to Net Profit (Loss) from Ordinary Activities after related income tax expense

Net profit (loss)	7,650	1,793
Add (less) non-cash items		
Depreciation	21,446	20,454
Amortisation	-	338
(Gain) Loss on Sale of Assets	(1,286)	518
Add (less) items classified as Financing or Investing Activities in the Statement of Cash Flows		
Dividend Receipts	(797)	(875)
Contributed Capital	-	(220)
Net Cash provided by operating activities before change in assets and liabilities	27,013	22,008
Movements in:		
Receivables	(6,672)	(1,603)
Stores Inventories	(1,388)	(396)
Work in Progress (current)	(213)	-
Future Income Tax Benefit	1,935	(1,795)
Payables	607	(269)
Interest Payable	(68)	12
Lease Liability	-	(1,882)
Provisions	2,075	(312)
Provision for Deferred Income Tax	1,304	1,237
Net Cash Provided by Operating Activities after related income tax expense	24,593	17,000



TransAdelaide**Notes to the Financial Statements (continued)****Year Ended 30 June 2005**

		2005 \$'000	2004 \$'000
Note 19 - Interest Bearing Liabilities			
Current Liability			
Borrowings - SA Government		5,381	5,381
		<u>5,381</u>	<u>5,381</u>
Non-Current Liability			
Borrowings - SA Government		75,990	81,371
		<u>75,990</u>	<u>81,371</u>
Total Interest Bearing Liabilities		<u>81,371</u>	<u>86,752</u>
Note 20 - Payables			
Current Liability			
SA Government		2,956	
Other		<u>15,349</u>	
		<u>18,305</u>	
Non-Current Liability			
SA Government		<u>1,365</u>	
Total Payables		<u>19,670</u>	<u>13,454</u>
Note 21 - Provisions			
Employee Benefits			
Long Service Leave	2.14(b)	9,851	9,878
Annual Leave		4,361	4,341
Block Book Off		700	652
Retiring and Death Gratuity		<u>185</u>	<u>180</u>
Total Employee Benefits		<u>15,097</u>	<u>15,051</u>
Workers Compensation Claims		10,797	10,093
Third Party Accident Damage		2,626	2,884
Railcar Maintenance Debt		1,563	-
Site Remediation		<u>-</u>	<u>55</u>
Total Provisions		<u>30,083</u>	<u>28,083</u>
Current Liability			
Employee Benefits			
Long Service Leave		763	1,100
Annual Leave		2,885	3,841
Block Book Off		700	652
Retiring and Death Gratuity		<u>115</u>	<u>54</u>
Total Employee Benefits		<u>4,463</u>	<u>5,647</u>
Workers Compensation Claims		1,510	1,510
Third Party Accident Damage		1,263	863
Railcar Maintenance Debt		1,563	-
Site Remediation		<u>-</u>	<u>55</u>
Total Current Provisions		<u>8,799</u>	<u>8,075</u>



TransAdelaide
Notes to the Financial Statements (continued)
Year Ended 30 June 2005

	2005 \$'000	2004 \$'000
Note 21 - Provisions (continued)		
Non-Current Liability		
Employee Benefits		
Long Service Leave	9,088	8,778
Annual Leave	1,476	500
Retiring and Death Gratuity	70	126
Total Employee Benefits	10,634	9,404
Workers Compensation Claims	9,287	8,583
Third Party Accident Damage	1,363	2,021
Total Non-Current Provisions	21,284	20,008

Note 22 - Employee Benefits

Aggregate liability for employee benefits, including on-costs:

Current Liability

Payables	573	847
Employee Benefits Provisions	4,463	5,647
Total Current Employee Benefits	5,036	6,494

Non-Current Liability

Payables	1,365	1,078
Employee Benefits Provisions	10,634	9,404
Total Non-Current Employee Benefits	11,999	10,482

Total Employee Benefits
17,035 **16,976**
Note 23 - Remuneration of Employees

The number of employees whose remuneration falls within the following remuneration bands were:

Remuneration Band \$	No. of Employees	No. of Employees
100,000 - 109,999	1	3
110,000 - 119,999	2	-
120,000 - 129,999	4	-
130,000 - 139,999	-	3
150,000 - 159,999	2	-
160,000 - 169,999	1	1
170,000 - 179,999	1	-
240,000 - 249,999	-	1
	11	8
	\$'000	\$'000
Total Remuneration for employees > \$100,000 ⁽¹⁾	1,493	1,130

⁽¹⁾ includes payments of long service leave entitlements to some positions in 2005


TransAdelaide**Notes to the Financial Statements (continued)****Year Ended 30 June 2005****Note 24 - Remuneration of Directors**Income paid or payable to all directors ⁽¹⁾

	2005 \$'000	2004 \$'000
	140	78

Remuneration Band \$	No. of Directors	No. of Directors
\$0,000 - \$9,999	-	4
\$10,000 - \$19,999	-	2
\$20,000 - \$29,999	3	1
\$30,000 - \$39,999	1	-
\$40,000 - \$49,999	1	-
	5	7

The names of the directors who have held office during the financial year are: Kevin Bengner, Virginia Hickey, Roger Jowett, Elizabeth Kosmala and Frances Magill.

⁽¹⁾ during 2004 there were unfilled positions

Note 25 - Remuneration of Auditors

Amounts due and receivable by the Auditors for auditing the accounts for the year were \$150,000 (\$145,000) GST exclusive. The Auditors received no other benefits.

Note 26 - Separation Packages

No separation payments were made in the financial year ended 30 June 2005. In the prior year, separation payments totalling \$2.513m related to the redeployment of 44 employees. These payments were met by TransAdelaide and were recovered from the Department of Premier and Cabinet. Leave entitlements totalling \$1.103m were paid to these employees who received a separation payment.

Note 27 - Consultants

During the financial year, TransAdelaide engaged consultants for a total cost of \$149,000 (2004: \$240,000) GST exclusive.

Note 28 - Related Party Disclosures**(a) Directors' Transactions**

Details of Directors' remuneration payments are set out in Note 24. TransAdelaide carried out transactions with Directors during the year within a normal customer relationship on terms and conditions no more favourable than those available on similar transactions to members of the general public.



TransAdelaide
Notes to the Financial Statements (continued)
Year Ended 30 June 2005
Note 28 - Related Party Disclosures (continued)
(b) Transactions with related parties in the economic entity

There were no related entity transactions during the current financial year. The following transactions were entered into prior to the dissolution of Austrics as a separate Public Corporation (to December 18, 2003).

	2005 \$'000	2004 \$'000
Purchases of Goods and Services		
AUSTRICS	-	29
Total Purchased Goods and Services	-	29
Sales of Goods and Services		
AUSTRICS	-	20
Total Sales of Goods and Services	-	20

Note 29 - Financial Instruments
Terms, Conditions and Accounting Policies

Outlined below are the terms and conditions of financial assets and liabilities held by TransAdelaide as at 30 June 2005:

(i) Financial Assets

Cash is available at call and is recorded at cost.

Receivables are raised for all goods and services provided for which payment has not been received.

Receivables are normally settled within 30 days.

Investments held are able to be withdrawn upon request.

(ii) Financial Liabilities

Creditors and accruals are raised for all amounts billed but unpaid. Sundry creditors are normally settled within 30 days.

Borrowings are with Department of Treasury and Finance. Interest is payable quarterly calculated using Common Public Sector Interest Rates (CPSIR) with annual principal repayments in August.



TransAdelaide
Notes to the Financial Statements (continued)
Year Ended 30 June 2005

Note 29 - Financial Instruments (continued)

Interest Rate Risk Exposure

The following table summarises interest rate risk for the economic entity, together with effective interest rates as at balance date.

	Cash		Receivables	
	2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000
Floating Interest Rate ⁽¹⁾	14,498	11,405	-	-
1 Year or Less	-	-	-	-
1 - 5 Years	-	-	-	-
Over 5 Years	-	-	-	-
Non-Interest Bearing	-	-	10,289	4,694
Total	14,498	11,405	10,289	4,694
Weighted Average Interest Rate	6.70%	6.52%	0.00%	0.00%

	Borrowings		Payables	
	2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000
Floating Interest Rate ⁽¹⁾	81,371	86,752	-	-
1 Year or Less	-	-	-	-
1 - 5 Years	-	-	-	-
Over 5 Years	-	-	-	-
Non-Interest Bearing	-	-	19,670	13,454
Total	81,371	86,752	19,670	13,454
Weighted Average Interest Rate	7.50%	7.25%	0.00%	0.00%

⁽¹⁾ Floating interest rates represent the rate applicable to the instrument at balance date.

Credit Risk Exposure

Credit risk exposure represents the extent of credit related losses TransAdelaide may be subject to in respect of amounts to be received from financial assets. The total credit risk on financial assets is the carrying amounts net of any provision for doubtful debts.

TransAdelaide, while exposed to credit related losses in the event of non-performance by counterparties to financial instruments, does not expect any counterparties to fail to meet their obligation. In addition, TransAdelaide does not have a significant exposure to any individual non government counterparty.



TransAdelaide**Notes to the Financial Statements (continued)****Year Ended 30 June 2005****Note 29 - Financial Instruments (continued)****Credit Risk Exposure (continued)**

Receivables due from major counterparties are not normally secured by collateral, however the credit worthiness of counterparties is monitored. Therefore based on the above, no losses are expected.

The concentration of credit risk on financial assets is indicated in the following table by percentage of the total balance receivable from customers in the specified categories:

Customer/Industry Classification	2005	2004
	%	%
Transport Industry	16	18
Federal, State Governments and Councils	76	73
Private Businesses and Individuals	8	9

Net Fair Value of Financial Assets and Liabilities

The net fair value of a financial asset or a financial liability is the amount at which the asset could be exchanged or a liability settled in a current transaction between willing parties after allowing for transaction costs. The carrying amounts and estimated net fair values of financial assets and financial liabilities held at balance date are as per the previous table.

The non-current borrowings are a static amount that changes by the occurrence of specific events, for example, increased borrowings, repayment of borrowings and debt reduction through the transfer of assets to other government departments. As such events are not determinable, the carrying amount and the net fair value have been reported as the same.

Note 30 - Events Subsequent to Balance Date

On 23 August 2005, the Treasurer approved amendments to TI22 "Tax and Tax Equivalents Applicable to Government Businesses".

These amendments include the requirement for TransAdelaide to use the Accounting Profits Model to calculate the income tax equivalent from 1 July 2005.

As a result, the net balance of Future Income Tax Benefit (\$6.869 m) in the Statement of Financial Position as at 30 June 2005 will not be able to be realised and will need to be written off in the 2005-06 financial year.



TransAdelaide**Notes to the Financial Statements (continued)****Year Ended 30 June 2005****Note 31 - Contingent Liabilities**

- TransAdelaide currently has a legal claim against its AUSTRICS division by AMT Genoa for breach of contract which is covered by an insurance policy with SAICORP. The excess payable on this policy is \$25,000 given that the claim related to policy conditions when Austrics was a separate legal entity and such conditions prevail.
- TransAdelaide has a contingent liability in relation to the warranty of AUSTRICS products sold during the current financial year and provision of annual support of the same. The life of various elements of the indemnities vary between two and seven years from settlement date. As at balance date, this could not be reliably measured.
- TransAdelaide has fifty 3000/3100 class railcars subject to a cross border lease which expires in April 2023. Encumbrances exist within this agreement which give rise to financial consequences in the event of loss or destruction of these leased railcar assets. The South Australian Financing Authority and Transport SA monitor the majority of foregoing obligations. To balance date, no event has occurred which would give rise to the encumbrances/consequences.

Note 32 - Impact of Adopting Australian Equivalents to International Financial Reporting Standards (AIFRS)

	Amount currently reported per GAAP	Known or reliably estimated impact on the financial report		Amount to be reported after adopting AIFRS
		AASB140 Investment Property ⁽¹⁾	AASB120 Govt Grants ⁽²⁾	
Profit (Loss) from Ordinary Activities before Income Tax Equivalents	10,889	18,046	(9,944)	18,991
Total Assets	726,177	572	-	726,749
Total Liabilities	143,883	-	9,944	153,827
Net Assets	582,294	572	(9,944)	572,922
Cash Flows from Operating Activities	24,593	-	-	24,593

⁽¹⁾ Under AASB140 "Investment Property", the portion of the revaluation performed in 2004-05 related to investment properties would have been brought to account as part of reported Profit instead of adjusting directly to the Revaluation Reserve and Investment Property would not have been depreciated.

⁽²⁾ Under AASB120 "Accounting for Government Grants and Disclosure of Government Assistance", TransAdelaide would be carrying forward the value of capital grants to amortise over the future life of the funded assets

AASB 136 "Impairment of Assets" is likely to have an immaterial impact on the carrying value of some non current assets

Other changes have been assessed as having presentation implications only.



Minister for Transport

Certification of the Financial Report

In our opinion,

1. the financial statements are in accordance with the accounts and records of TransAdelaide and give an accurate indication of the financial transactions of TransAdelaide for the financial year ended 30 June 2005;
2. the financial statements present fairly, in accordance with the Treasurer's Instructions promulgated under the provisions of the *Public Finance and Audit Act 1987*, applicable Accounting Standards and other mandatory professional reporting requirements in Australia, the financial position of the entity as at the reporting date and the result of its operations and its cash flows for the financial year ended 30 June 2005; and
3. internal controls over financial reporting have been effective throughout the reporting period.



Bill Watson
General Manager



Dennis Huxley
Chief Financial Officer



Virginia Hickey
Director



Kevin Bengier
Director





INDEPENDENT AUDIT REPORT

TO THE CHAIRPERSON TRANSADELAIDE

SCOPE

As required by 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 financial report of TransAdelaide for the financial year ended 30 June 2005. The financial report comprises:

- A Statement of Financial Performance;
- A Statement of Financial Position;
- A Statement of Cash Flows;
- Notes to and forming part of the Financial Statements;
- A Certification of the Financial Report.

The Directors of TransAdelaide are responsible for the financial report. I have conducted an independent audit of the financial report in order to express an opinion on it to the Chairperson.

The audit has been conducted in accordance with the requirements of the *Public Finance and Audit Act 1987* and Australian Auditing and Assurance Standards to provide reasonable assurance whether the financial report is free of material misstatement.

Audit procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial report and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion whether, in all material respects, the financial report is presented fairly in accordance with Treasurer's Instructions promulgated under the provisions of the *Public Finance and Audit Act 1987*, Accounting Standards and other mandatory professional reporting requirements in Australia so as to present a view which is consistent with my understanding of TransAdelaide's financial position, the results of its operations and its cash flows.

The audit opinion expressed in this report has been formed on the above basis.

AUDIT OPINION

In my opinion, the financial report presents fairly in accordance with the Treasurer's Instructions promulgated under the provisions of the *Public Finance and Audit Act 1987*, applicable Accounting Standards and other mandatory professional reporting requirements in Australia, the financial position of TransAdelaide as at 30 June 2005, the results of its operations and its cash flows for the year then ended.

27 September 2005


K I MacPHERSON
AUDITOR-GENERAL

