

**INDEPENDENT AUDIT REPORT
TO THE ECONOMIC REGULATION AUTHORITY
PUBLIC TRANSPORT AUTHORITY**

SCOPE

We have audited the Public Transport Authority's control procedures in relation to certain areas of compliance with the Railways (Access) Code 2000 and the Railways (Access) Act 1998 for the year ended 30 June 2004 in order to express an opinion about their effectiveness based on the criteria as determined by the Economic Regulation Authority to the extent described below:

- 1. Has PTA complied with access segregation responsibilities taking into consideration the requirements of the Railways (Access) Act, the Regulator's Determination, and approved PTA Segregation Arrangements and associated procedures.*
- 2. Has PTA developed, and provided to prospective and existing operators, indicative guidelines and procedures for assessing and verifying whether an operator's request and requirement to a train path is warranted.*
- 3. Has PTA developed a long-range possession management process, including indicators as to the type of repair/maintenance/upgrade, anticipated duration of work, anticipated nature and type of disruption to services, and the method for communication/consultation on these issues between PTA and operators.*
- 4. Has PTA provided operators with a time profile of its schedule of repair, maintenance or upgrading works to be undertaken and the length of potential disruptions.*
- 5. In instances when PTA was unable to meet identified time commitments, did it advise the affected operators of the revised time profile within a reasonable period.*
- 6. To what extent has PTA operated outside the train decision matrix for events defined within the matrix during the 2003-04 year. Provide number and nature of these instances. Has PTA developed a decision process to manage these "special conditions".*
- 7. Has PTA scheduled train paths been affected by planned track maintenance activities where the parties cannot be provided satisfactory alternate train paths.*
- 8. What was the likelihood that actual departure or arrival times for train using a PTA scheduled train path differs sufficiently from those set out in the scheduled train path (ie trains arriving later than 3 minutes).*
- 9. Has PTA been maintaining infrastructure condition so that agreed train transit times could be achieved on a continuing basis.*

The Public Transport Authority is responsible for maintaining an effective internal control structure including control procedures in relation to compliance with the Railways (Access) Code 2000 and the Railways (Access) Act 1998. Management's assertion about the effectiveness of these control procedures is included in the accompanying Chief Executive Officers Representation. We have conducted an independent audit of the control procedures in order to express an opinion on them to the Economic Regulation Authority.

Our audit has been conducted in accordance with Australian Auditing Standard AUS 810 "Special Purpose Reports on the Effectiveness of Control Procedures" and accordingly included such tests and procedures as we considered necessary in the circumstances. These procedures have been undertaken to form an opinion whether in all material respects, the control procedures in relation to compliance with certain areas of the Railways (Access) Code 2000 and the Railways (Access) Act 1998 were adequately designed and operated effectively based on the criteria referred to above.

This report has been prepared for distribution to the Economic Regulation Authority for the purpose of discharging its duty to access the Public Transport Authority's compliance with the Railways (Access) Code 2000 and the Railways (Access) Act 1998. We disclaim any assumption of responsibility for any reliance on this report to any person other than Economic Regulation Authority, or for any purpose other than that for which it was prepared.

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INHERENT LIMITATIONS

Because of the inherent limitations of any internal control structure it is possible that fraud, error, or non-compliance with laws and regulations may occur and not be detected. Further, the internal control structure, within which the control procedures that we have audited operate, has not been audited and no opinion is expressed as to its effectiveness.

An audit is not designed to detect all weaknesses in control procedures as it is not performed continuously throughout the period and the tests performed are on a sample basis.

Any projection of the evaluation of control procedures to future periods is subject to the risk that the procedures may become inadequate because of changes in conditions, or that the degree of compliance with them may deteriorate.

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

AUDIT OPINION

In our opinion, the Public Transport Authority maintained, in all material respects, effective control procedures in relation to compliance with the Railways (Access) Code 2000 and the Railways (Access) Act 1998 for the year ended 30 June 2004 based on the criteria referred to above.

HALL CHADWICK
Chartered Accountants

MICHAEL HILLGROVE
Partner

DATED at PERTH this 16th day of September 2004