

# STATE TRANSIT



**Sydney  
Buses**



**Sydney  
Ferries**



**Newcastle Bus  
& Ferry Services**



**Western Sydney  
Buses**



**Annual Report**  
Year ended June 2003

2003

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State Transit manages one of the largest bus and ferry operations of any city in the world.

## State Transit operates 4 businesses: Sydney Buses, Sydney Ferries, Newcastle Bus and Ferry Services and Western Sydney Buses (Liverpool-Parramatta Transitway services).

### Bus Fleet

- At year end, State Transit's bus fleet totalled 1,904 buses:
  - 785 are air-conditioned (41.2% of fleet).
  - 614 are low floor design (32.2% of fleet).
  - 503 buses are fully wheelchair accessible (26.4% of fleet).
  - 402 buses are CNG powered (23.3% of the Sydney fleet).
  - 361 buses have Euro 2 diesel engines (18.9% of the fleet).

### Ferry Fleet

- 31 ferries run services in Sydney Harbour and 2 ferries operate on Newcastle Harbour.
- The ferry fleet consists of four Freshwater class vessels, two Lady class, eleven First Fleeters, three JetCats, seven RiverCats, two HarbourCats and four SuperCats.
- Sydney Ferries operates across the length and breadth of Sydney Harbour and along the length of the Parramatta River into Parramatta.
- Newcastle Ferries operates services between Newcastle and Stockton.

### Patronage

- State Transit carried 212 million passengers in 2002/03.
- Every working day, State Transit operates more than 15,000 services carrying more than 600,000 passengers to their destinations.

### Turnover

- \$516m in 2002/03\*.

### Employees

- Over 4,900 employees.

### Routes

- Sydney Buses operates more than 300 routes in the Sydney metropolitan area, extending to Parramatta in the west.
- Newcastle Buses operates 29 routes over a large part of the cities of Newcastle and Lake Macquarie.
- Every year Sydney Buses travel about 80 million kilometres, Sydney Ferries travel about 1.3 million kilometres and Newcastle Services travel more than 8 million kilometres.
- More than 104,000 route services are operated every week; 95,000 services by Sydney Buses, 2,000 services by Sydney Ferries and 7,000 services by Newcastle Services.

\*excluding proceeds from the sale of property, plant and equipment.

## Safety

- A high priority is placed on security and safety; all buses are in radio contact with a control room in the Sydney Traffic Management Centre, are fitted with CCTV, door safety systems and special school bus warning systems.
- 41 ferry wharves are similarly equipped with CCTV and 2 way help points monitored from our ferry control room.

## Passenger Information

- Individual timetables for every bus and ferry service are available from the State Transit TransitShops at central points in the City, selected ticket agencies or off the web at [www.131500.com.au](http://www.131500.com.au) or by phoning the Transport Infoline on 131 500. Handy route information is also available at bus stops and ferry wharves.
- Check out our websites:

[www.sta.nsw.gov.au](http://www.sta.nsw.gov.au)

[www.sydneybuses.info](http://www.sydneybuses.info)

[www.sydneyferries.info](http://www.sydneyferries.info)

[www.newcastlebuses.info](http://www.newcastlebuses.info)

## Tourism Services

- State Transit operates the Explorer tourist buses and Harbour Cruises.

## Legislation

- State Transit is established under the Transport Administration Act 1988 and operates, as do all NSW bus and ferry operators, within the regulatory framework of the Passenger Transport Act 1990.

## How we design our services

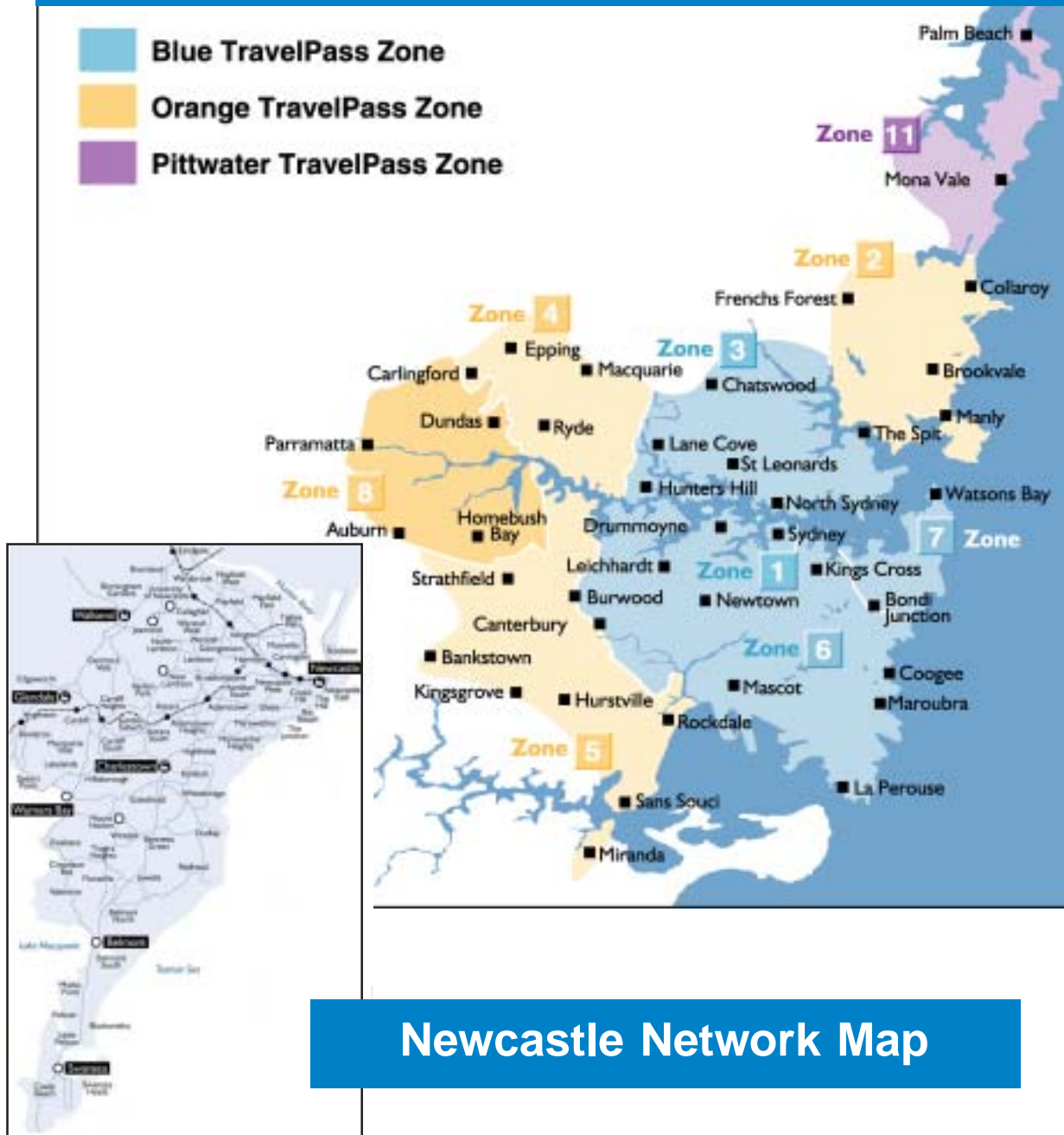
- At State Transit we design our bus and ferry routes and timetables so that they are simple to understand, frequent, direct, reliable and accessible to the majority of the community. Our experience shows that these characteristics provide the community with better bus services that match their travel demands.

Bus services are designed to serve a number of purposes. Buses take people to work, school, university and TAFE, shopping, entertainment, hospitals and to visit friends. People use buses to connect with trains, ferries and other buses as part of the transport network. Bus services that perform two or more of these functions are generally well patronised.

As a general rule, 95 percent of people in areas serviced by State Transit are within 400 metres of a bus service operating between 6.00am and 6.30pm Monday to Saturday and within 800 metres of a service at all other times.

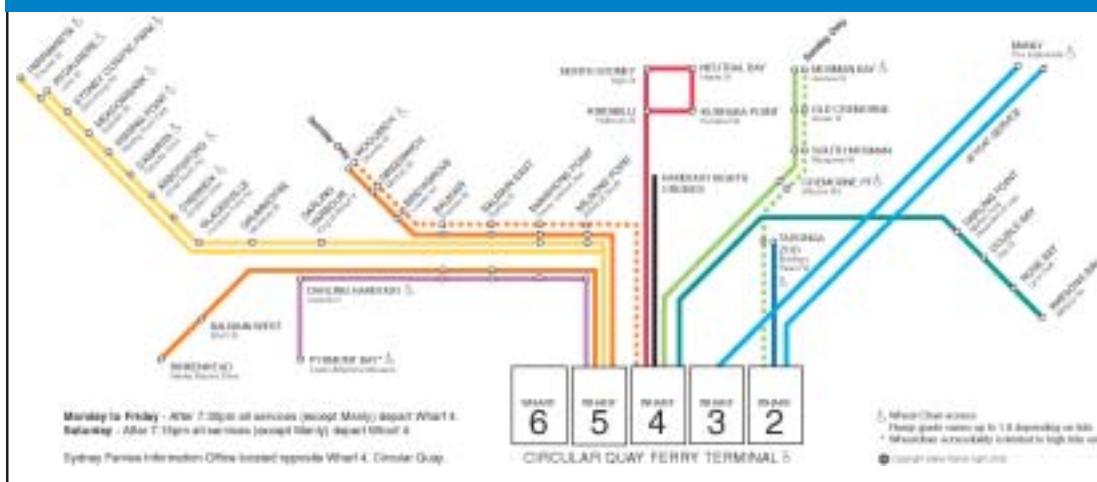
All routes are designed to provide local communities with connections to their regional centres and district centres. These principles were derived after conducting considerable research of travel demand, customer feedback and examining other successful bus services operated by State Transit.

## Sydney Network Map

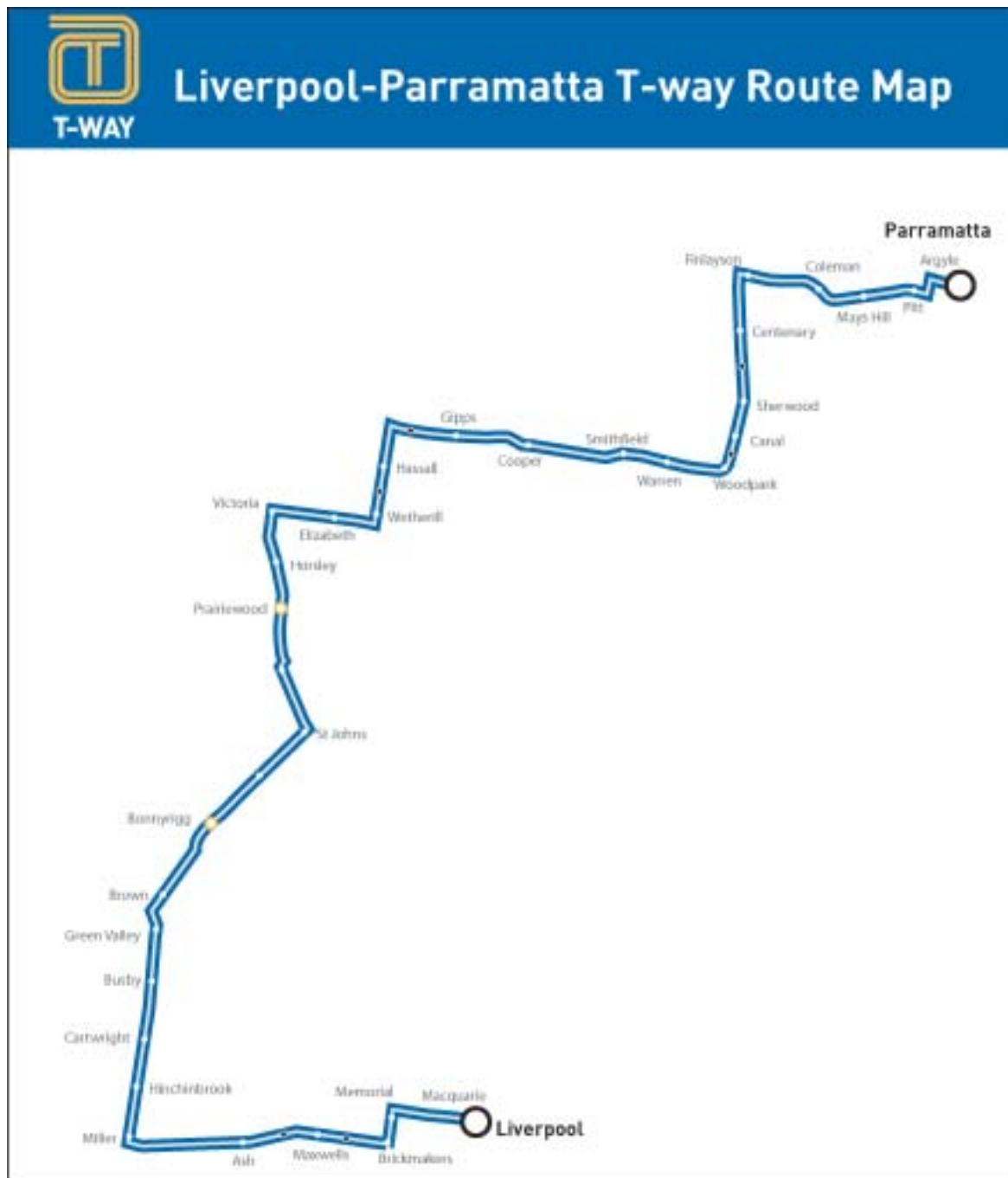


## Newcastle Network Map

## Sydney Ferries Network Map







# Performance Highlights



- Sydney Buses celebrated 70 years of moving Sydneysiders in December 2002. The first State Government bus service was run on Christmas Day 1932 – Route 144 from Manly Wharf to Cremorne Junction.
- 34 new Mercedes Benz Ultra Low Floor, wheelchair accessible, Compressed Natural Gas (CNG) powered, air conditioned buses were delivered in 2002/03 bringing the State Transit bus fleet to 1,904 by June 2003. A total of 300 new Mercedes Benz buses had been delivered by 30 June 2003.
- The first 4 of 30 new Volvo Ultra Low Floor, wheelchair accessible, Euro 3 diesel powered, air conditioned buses were delivered for Newcastle Buses in 2002/03.
- State Transit expanded its services in Western Sydney when Western Sydney Buses began services on the Liverpool-Parramatta Transitway in February 2003. Patronage on the new service has been growing at a healthy rate with the first 500,000 passengers travelling by September 2003.
- 26% of the fleet, 503 buses, is now fully accessible for people in wheelchairs. Sydney Buses now operates 102 routes with timetabled wheelchair accessible services across Sydney with more coming on stream.
- State Transit became the first bus operator in NSW to have its business management systems certified under world best practice standards. This standard, ISO 9001:2000, is the highest standard recognised internationally by the business community for the provision of customer services. The blue and white buses became the first buses in NSW with the “5 ticks”.
- Sydney Ferries achieved quality certification under ISO 9001:2000 and the International Safety Management Code for the safe operation of ferries in 2002. The major reform program in Sydney Ferries was fully implemented including new safety management and quality management systems.
- Sydney Ferries maintained its exceptional on-time running performance, recording 99.1% of services running on-time over the year. The high-speed ferry service to Manly achieved 99.5% on-time running and the regular Freshwater class services to Manly achieved 99.5%.
- When State Transit purchased North and Western and Riverside bus services in 2000, weekly patronage (non school) was averaging 85,000 per week. By June 2003, patronage had increased to 153,500 per week. This represents a growth in bus use of 80% since the acquisition of the businesses.

# Year in Review

**2002 - 2003**

## REVIEW OF OPERATIONS



# CEO's and Chairman's Foreword



**John Stott, PSM**  
Chief Executive



**David Herlihy**  
Chairman

During a year when the debate grew over public transport and the delivery of efficient, reliable services, State Transit continued to achieve and innovate.

The Board and management of State Transit were pleased that Sydney Buses and Newcastle Buses achieved quality certification under ISO 9001:2000 and maintained its certification through subsequent independent audits.

Sydney Ferries separately achieved quality certification under ISO 9001:2000 and the ISM Code.

State Transit again experienced challenging operating conditions in the report year, with patronage remaining static and significant pressures on operating costs, particularly in Sydney Ferries. There were however, encouraging signs of a return to patronage growth in all areas by the end of the report year.

The end of year financial result was a deficit of \$13.9m on revenue of \$526m. Sydney Ferries recorded a deficit of \$29.3m reflecting the significant increase in expenditure in Sydney Ferries flowing from the implementation of the Waterways Authority report. This result included as revenue, a capital grant of \$3.1m received under the NSW Government's Action for Transport 2010 program.

The Board's Ferries Committee was pleased after 2 years and approximately \$15m, to see the completion of the implementation of the recommendations of the Waterways Authority report. Quality and safety management systems were put in place and enhanced training for Sydney Ferries' masters, crew and shore based staff. The Board would like to thank all the Sydney Ferries team for a job well done. Sydney Ferries' services are greatly improved, as is the condition of Sydney Ferries' fleet.

The Board again strongly focused its efforts this year on the resolution of a sustainable funding future for State Transit. The Board supported the development of a Capital Structure Study in conjunction with the Treasury and TransportNSW (as then known). A comprehensive submission was also made to the Parry Inquiry into the future funding arrangements for public transport.

The Parry Inquiry into the funding of public transport services is obviously of long-term significance to State Transit.

Over the past few years, costs to deliver State Transit's services in Sydney and Newcastle have increased faster than the fares we charge. There is a real need for longer-term solutions to address funding issues in all public transport agencies. State Transit pointed out to the Inquiry the high quality of our bus and ferry services and made the case that as with all things, quality has a cost.



# CEO's and Chairman's Foreword

The Board was encouraged that the Interim Report of the Parry Inquiry noted that you cannot fully fund public transport from out of the farebox and that support is needed from other sources. The challenge is to achieve the best balance of the two.

Interestingly, Professor Parry has shown that the proportion of total revenue which comes from the farebox is only 31% in the private bus industry, whereas it is 52% for Sydney Buses, clearly demonstrating that Sydney Buses is a lot more efficient than some critics claim. This fact is even more interesting when you consider that our fares are well below that of the private bus industry in western Sydney.

The Board continued to strive for improvements in Occupational Health and Safety performance during the year. In recognition of the systemic improvements made, Workcover restored State Transit's 3 year self-insurers licence. Ryde Depot's engineering section achieved 2 years accident free. The Board presented a special token of appreciation for their efforts in March 2003.

The first of 30 new buses for the Newcastle bus fleet were delivered. These buses are the most environmentally clean diesel buses available in Australia using through the stringent Euro3 exhaust emission standards. The buses will also enable the first wheelchair accessible services to be introduced in Newcastle.

State Transit, through its Western Sydney Buses subsidiary, began services on the Liverpool-Parramatta Transitway in February 2003. Patronage on the service grew steadily with the first 500,000 passengers being carried by September 2003.

State Transit launched a new website presentation of a wide range of service information across the 4 business units. The information presented includes on-time running, patronage, service reliability, cleanliness, kilometres travelled and fleet profiles. The information is updated every month.

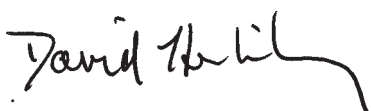
State Transit receives around 50 comments a day from over 500,000 passengers – both compliments and complaints. The vast majority of passengers are satisfied with their travel experience.

The results of our annual customer survey confirmed that conclusion. Passengers nominated the 3 most important aspects of State Transit's delivery as on-time running, frequency of service and timetables that meet their needs. The surveys reflect the fact that passengers believe we are delivering safe and clean services. State Transit scored a mark of 77.5% on the overall satisfaction index. The average satisfaction mark for State Transit was 78% - again another good mark in a highly volatile service environment.

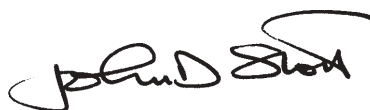
These numbers compare well in comparison to similar public transport operators in other major cities, such as Melbourne which has an overall satisfaction rating of 72%.

State Transit believes these results can always be improved and that's something we all strive towards whatever our role at State Transit.

Whatever the latest development in the delivery of any public transport service, it will not work without quality staff and State Transit has that.



**David Herlihy**  
Chairman



**John Stott, PSM**  
Chief Executive



We are in the business of taking people where they want to go. Our experience is that people will use public transport if it is:

- reliable
- convenient
- safe
- efficient
- courteous
- comfortable

These six requirements form our corporate objectives to ensure that services meet passengers needs.

We offer services that are easy to get to and easy to board, that run to time, that are mechanically reliable, that are comfortable and that are affordable.



**Sydney Buses recorded 95.9% on-time running.**

**Sydney Ferries maintained its exceptional performance of 99.1% on-time running.**

**Newcastle Buses recorded 96.1% on-time running.**

## OBJECTIVE

The reliability of services is a critical component in State Transit's programs to attract travellers on to public transport.

Traffic conditions in Sydney are a major challenge to the reliability of bus services. The reliability of ferry services is affected by some weather conditions. State Transit aims to maintain and improve the reliability of its services under all operating conditions.

## TARGETS

- We set our timetables so that we run to time in normal traffic conditions.
- We aim to never leave the depot late.
- We aim never to start a trip early.
- We aim to refine our maintenance programs and practices so there will be no mechanical failures that can be prevented by regular maintenance.
- We work with the Roads and Traffic Authority on expanding bus priority measures in our operating area to support the reliability of our services in heavy or unpredictable traffic conditions.

## PERFORMANCE

### On-time running

State Transit continued its good record for service reliability with Sydney Buses recording a 95.9% on-time service performance against its benchmark requirement of 95% of services running on-time.

The impact of roadworks for the new Cross-city tunnel did affect the reliability of Sydney Buses' services. Many bus services have been delayed in traffic in the CBD because of traffic diversions and congestion arising from the construction works for the new tunnel. State Transit has worked closely with the Roads and Traffic Authority and the constructors of the tunnel to minimise the unavoidable delays caused by the construction.

Sydney Ferries maintained its exceptional performance recording 99.1% of services running on-time over the year. The high-speed ferry and the regular Freshwater class services to Manly both achieved 99.5% on-time running.

Newcastle Services maintained its on-time running performance in 2002/03 recording 96.1% of services running to time.

State Transit now reports its on-time running performance every month on its website, [www.sta.nsw.gov.au](http://www.sta.nsw.gov.au).



**There was a 11% improvement in fleet mechanical reliability in 2002/03.**

## Patronage results

Total patronage in 2002/03 was 212 million trips, the same result as the previous year indicating that the decline in patronage has now bottomed out. A trend had emerged by the end of the report year indicating that patronage for Sydney Buses, Sydney Ferries and Newcastle Bus and Ferry Services had begun to grow again.

Patronage on the new Liverpool-Parramatta Transitway showed strong and healthy growth month by month since beginning services in February 2003 (a full report on performance of the new service is to be found in this Annual Report).

A wide range of factors influence bus and ferry patronage overall. Contributing factors to the recent decline in patronage include:

- The new taxation system (GST) changed the relative price of cars and public transport by reducing sales taxes on new vehicles and imposing GST on public transport fares.
- Decline in the CBD workforce.
- Cheaper petrol and cheaper cars.
- The impact of world events on the aviation industry and tourism travel may reduce the number of tourists including long-stay backpackers. Patronage on State Transit's premium tourism services has declined more significantly than on route services, indicative of the impact of world events on tourism which may have flowed through to other services in the Eastern suburbs.

## Bus Patronage Trends 2002/03

### *Eastern Region*

Patronage for 2003 for the Eastern Depots was static compared to last year. The close down of the Bondi Junction Shopping Centre has contributed to this. It is not anticipated that growth will return to the Eastern Suburbs until early 2004 when Westfield Bondi Junction re-opens.

### *North Western Region*

For Ryde Depot services, patronage increased compared to last year. The underlying trend is modest growth in all time periods, with an overall average of around 3%. The best growth continues to be experienced on Parramatta based services, especially those from the City and from Chatswood.

For Willoughby Depot services, June boardings have increased compared to last year. The underlying trend is growth in all time periods, with an overall average patronage growth of around 4%.





## *South West Region*

Patronage figures for the South West showed growth of 2.5% during 2002/03, when compared to the same period last year.

## *Warringah Region*

Warringah patronage for the 12 months remained static compared to the previous year.

## *Newcastle*

Overall Newcastle Buses' consolidated patronage trend was 2.2% down on year. This trend flattened out to around 1.4% down in April/May, and in June showed a significant improvement. This indicates that patronage has levelled out, with potential for improving on current levels in 2003/04.

## **Bus priority measures**

Sydney's traffic can affect the reliability of State Transit's services. State Transit continues to work with the Roads and Traffic Authority on expanding the bus priority measures in its operating area. These measures make buses a more attractive transport mode by reducing bus travel times, and improving the reliability and efficiency of bus services in heavy or unpredictable traffic conditions. Traffic management measures are also implemented to improve bus and passenger access throughout our operating area.

Some of the priority measures introduced in the past twelve months include:



Bus lanes on both sides of Parramatta Road from City Road, Broadway to Balmain Road, Leichhardt. This initiative provided an important extension to the existing bus lanes in George Street and Broadway, providing a bus priority corridor for Parramatta Road services from Circular Quay to Leichhardt.



A "B" - signal at the intersection of Elizabeth Street and St James Road in the City. This was an initiative under the Better Buses program for the Eastern Area to reduce delays to buses at this critical CBD intersection.



Changes to the intersection design of Cleveland, Crown and Baptist Streets to facilitate 'two-way' bus services on Crown Street and also for access for the new Route 352 to turn at the intersection.



New pedestrian signals across Victoria Road at the University of Western Sydney to facilitate safe access for pedestrians from bus stop near the university.

In addition, State Transit has been assisting the RTA in developing new technology to provide traffic light priority for late running buses. The system is being trialled on the popular Route 400 operating between Bondi Junction and Burwood.

## Maintenance programs

State Transit continued to refine its maintenance programs and practices so that there will be no mechanical failures that can be prevented by regular maintenance.

State Transit inspects each bus every six weeks and makes an assessment of all work that is either necessary or desirable. This is the most comprehensive inspection program in Australia. There are few operators worldwide who can match it.

At the end of 2002/03 failures of buses in service (which are inevitable even in the best-maintained fleet) were at a six year low.

There was a significant improvement in fleet mechanical reliability during the year – the 12 month average in changeovers fell by 11% during 2002/03.





## ***Update on the Audit Office Report on Maintenance***

The Audit Office reported on the performance of State Transit's bus maintenance function in May 2002 and made a number of recommendations. While State Transit did not accept some of the recommendations it was agreed that improvements could be made in some areas. An implementation plan was established which outlined the tasks required to meet the accepted recommendations.

All tasks are now complete. The key improvements delivered by the annual maintenance audit plan include:

- Improvements to the monitoring of depot maintenance performance by reviewing the use of key performance indicators. The monitoring process has been consolidated to 21 performance indicators.
- Improvements to the maintenance management systems and standards to facilitate compliance at depots.
- Improvements in training depot maintenance staff to consistently and accurately prioritise bus defects in the computerised Maintenance Information Management System (MIMS).
- Improved monitoring of maintenance workload.



**Since State Transit bought the North & Western bus company patronage has grown by 80%.**

## OBJECTIVE

We need to run our services when our passengers want to travel and we need to take them where they live, work and play.

## TARGETS

- Better Buses reviews of routes in Sydney and Newcastle ensured services are designed to meet the changing needs of the majority of passengers.
- We connect with all major urban centres in our operating area.
- Our services connect with trains, ferries and buses to ensure a workable transport network in Sydney and Newcastle.
- We will continue to build capacity in the bus fleet to meet increases in demand.
- Our fares are logical, affordable and tickets are easy to get.
- We aimed to fill off-peak seats through innovative service design and ticketing packages and tapping latent demand for off-peak services such as recreational and leisure markets.

## PERFORMANCE

Our services connect with trains, ferries and buses to ensure a workable transport network in Sydney and Newcastle. All routes are designed to provide local communities with connections to their regional and district centres.

95 percent of people in areas serviced by State Transit are within 400 metres of a bus service operating between 6.00am and 6.30pm, Monday to Saturday and within 800 metres of a service at all other times.

### Better Buses Program

Travel needs change over time – work locations and working hours have changed considerably in recent years and shopping habits have changed radically.

Better Buses reviews of routes in Sydney and Newcastle have ensured that new transport networks have been put in place to meet the changing travel needs of the majority of our passengers in 2003.

#### *Service Design*

State Transit designs its bus routes and timetables so that they are simple to understand, frequent, direct, reliable and accessible to the majority of the community.

The Better Buses proposals are based on regional research and analysis of internal and external data including transport data, demographic data, ticket data, market research, local and regional land use planning strategies and service performance data.





## *Community Consultation*

Consultation with a range of stakeholders and the community is a key element of the Better Buses strategy.

It is critical to achieve a balance between the multiple, and often competing, objectives within the community of a range of interested parties and passengers.

The community consultation commences with delivery of a Better Buses brochure detailing the proposed changes by suburb together with a regional map. A 'Have Your Say' survey form encourages readers to respond to the proposal. Comments are received by mail, fax, phone, email and via State Transit's website. A Better Buses hotline is established to receive calls and record feedback and comments.

After reviewing each submission, individual comments and suggestions are fed back into the final service structure. Considerable care is taken to ensure that the final structure reflects the needs and wishes of the greatest number of passengers and residents.

## *Program Management*

The Better Buses program involves a team with skills from all areas of State Transit. Team members include representatives with expertise in business development, scheduling, marketing, depot management, passenger information as well as employee representatives.

Major changes involve a large number of buses, staff and depots. Not only are individual bus operators required to learn new routes, but all the associated infrastructure from schedules and rosters to route pointers and new timetable displays have to be coordinated. A mammoth effort by many hands is required to achieve this with minimum inconvenience to our customers.

## **Network Reviews**

### *North West*

It is now two years since the Better Buses program was implemented in the North West operating area. When State Transit purchased North and Western and Riverside services in 2000, weekly patronage (non school) was averaging 85,000 per week. By November 2001, following the implementation of the Better Buses program patronage on these services had increased to 126,000 per week.

Patronage in this area continues to grow. By June 2003, patronage had increased to 153,500 per week. This represents a growth in bus use of 80% since the acquisition of the businesses.

The North West continues to be monitored and reviewed on a regular basis and initiatives consistent with the Better Buses program continue to be introduced. For example, the cross-regional link between Parramatta and Burwood has been improved with the introduction of a new service Route 525 which operates between Parramatta, Rydalmere, Silverwater, Newington, Strathfield and Burwood. Route 525 replaces Routes 403 and 555. Route 525 was introduced in December 2002 and boardings have been steadily increasing since. In June 2002 weekly boardings on Routes 403 and 555 were 8,600 per week, by June 2003 weekly boardings on the 525 were 13,300 per week, a growth of 55%.





**Bus Rodeo at Heffron Park**

## *Newcastle*

The Newcastle Bus Plan introduced in March 2002 was the first major review of the Newcastle bus network in more than 10 years.

During the last decade there have been significant changes to the region's residential, employment, retail and medical centres which have changed the transport needs of the community.

In keeping with our commitment to closely monitor the changes during the first six months, additional changes were introduced in September 2002. The Bus Plan has resulted in improved productivity and effectiveness of the Newcastle bus network. Passengers per trip have increased from 28.6 in 2001/02 to 31.7 in 2002/03, an 11% increase.

Patronage has continued to decline in Newcastle, down from 11,313,000 in 2001/02 to 11,044,000 in 2002/03, a 2.5% reduction. All of the patronage loss was in the first three quarters of the year. There was a small patronage increase in the last quarter of the year.

## *East*

We now have the first full year's results of the Better Buses East program. New services were implemented on 23 June 2002 with the roll out of one of State Transit's largest marketing exercises. Changes to the Eastern timetables affected 40% of Sydney Buses business.

The full impact of the Better Buses is masked by the closure of Bondi Junction Westfield shopping centre for renovations. The closure coincided with the introduction of the new route network. The reduced level of economic activity in Bondi Junction has impacted on both rail and bus patronage.

Even with the patronage decline, Eastern Better Buses has resulted in improved productivity with passengers per trip increasing from 38.5 in 2001/02 to 40.7 in 2002/03 (a 5.7% increase). The benefits of the Better Buses East review will be more apparent when the retail activity at Bondi Junction returns to pre-June 2002 levels.

## *North*

Better Buses North was the first major review of the Warringah bus network in more than 10 years. Community consultation for Better Buses North was conducted between September and November 2002. Over 4,000 submissions were received from individuals and groups.

The Better Buses North proposal included: eight new full time City services; a simplified limited stop and peak hour express network; improved links to the regional centre at Warringah Mall; and improved passenger information.

State Transit had planned to implement a revised Better Buses North network in mid-2003. However, implementation has been deferred pending the outcome of the Parry Inquiry and Unsworth Bus Review.

## *South West*

The Better Buses program in the South West operating area is expected to follow in 2004.

## *Sydney Ferries*

Significant data collection and strategic planning was done to develop a ferry service strategy for Sydney Harbour and the Parramatta River.

## **TRAFFIC MANAGEMENT**

### *Cross City Tunnel*

The Baulderstone Hornibrook Bilfinger Berger (BHBB) Joint Venture commenced construction of the Cross City Tunnel in Sydney in February 2003. During construction, State Transit is working with BHBB, the RTA, City of Sydney and the NSW Police to minimise the disruption to bus services in the CBD.

When completed in mid 2005, the Cross City Tunnel project will include initiatives for buses including two-way bus lanes on Druitt Street and Park Street, an extension of the southbound bus lane on Elizabeth Street from Park Street to Liverpool Street and T2 lanes in both directions on William Street.

### *Lane Cove Tunnel*

The Lane Cove Tunnel project was approved in December 2002. Work is expected to commence in early 2004 and open to traffic in 2006. The design includes some bus priority and traffic facility measures which should provide significant improvements for bus services in the area. Some key measures include:

- Bus lanes on Epping Road, between Pacific Highway and Mowbray Road.
- A new bus interchange for the eastbound bus services at the major Longueville Road bus stop.
- Widening of the Gore Hill Freeway to include an additional T2 transit lane in both directions with Police enforcement bays.
- Bus Lanes on Falcon Street between Miller and Watson Streets.
- Establishment of a Public Transport Committee to monitor the implementation of these and other bus priority and traffic management measures.

### *Central Sydney Bus Strategy*

State Transit prepared a preliminary report for discussion with key stakeholders, such as the City of Sydney and RTA, to capitalise on the road opportunities associated with the Cross-Sydney Tunnel. It looks at improvements that could be made with the support of the road and planning authorities immediately, with the opening of the Tunnel and further into the future. The service planning aspects are within the ambit of State Transit, but a number of infrastructure projects are also required to complete the strategy, and they are not yet included in any works program. The Strategy was presented to a number of bodies, internal and external, and has been modified as better alternatives are developed.

### *Investigations of Central Sydney Light Rail Extension*

The draft Central Sydney Bus Strategy was used to feed into work related to the potential extension of the Light Rail system to Circular Quay. State Transit and the Light Rail operator, Metro Transport Sydney, jointly commissioned work that established the feasibility of operating light rail and bus service in the City. The Department of Infrastructure Planning and Natural Resources is considering these studies as part of the further investigation on the potential expansion of the light rail.

### *Bondi Junction Redevelopment*

Shortly after the state-of-the-art Bondi Junction Interchange opened, massive redevelopment of the retail and public domain areas commenced. Westfield is developing a shopping centre that required an excavation 1.5 times larger than the World Square site in the center of Sydney. While the temporary closure of retail floorspace has reduced patronage this financial year, the future plans to keep bus services at the front door of the Centre should ensure a rapid bounce back when opened in stages during the next financial year.



**All buses are fitted with CCTV and direct radio to base.**

## OBJECTIVE

Personal security is high on our passengers' priorities. Everyone should feel safe using public transport.

## TARGETS

- All buses are equipped with CCTV and direct radio to base to deter misbehaviour on-board.
- CCTV on all ferry wharves serviced by Sydney Ferries.
- All buses are routinely patrolled by uniformed and plain clothes Police.
- All entry and exit doors are built to avoid passenger entrapment.
- All school buses have flashing warning lights and 40 km/hr speed limit signs.
- All interiors of buses and ferries have non-slip floors and convenient hand grips.
- All drivers trained in personal protection.
- All staff trained for appropriate roles in the Emergency Response Plan.
- We continued to significantly improve workplace safety.

## PERFORMANCE

Travel on State Transit's bus and ferry services is very safe for our passengers.

The incidence of safety and security issues is very low.

The incidence of safety incidents on Sydney Buses is less than 1.9 incidents for every 1 million passenger trips. The incidence of personal security incidents on Sydney Buses is even lower; less than 0.5 incidents for every 1 million passenger trips.

Unfortunately sometimes anti-social behaviour does occur and people can feel insecure when using public transport. To deter misbehaviour on-board all buses are equipped with CCTV and direct radio to base. CCTV and help points are now installed on 41 ferry wharves serviced by Sydney Ferries.

State Transit is committed to maintaining and improving our safety measures. A major concern during the year was the occasional case of rock throwing at our buses. This is essentially a law and order issue, not a transport issue and it is unfortunate that our staff bear the brunt of these potentially serious attacks.

Vandalism is a problem which any bus operator may encounter. The introduction of CCTV cameras has acted as a deterrent to violent and anti-social behaviour on board. Security guards have been used in some areas. State Transit is determined to protect both passengers and staff. We have been working with the RTBU, Police, Premier's Department, Department of Education and Training and local councils to minimise opportunities for misbehaviour and we will continue to do so.



## CCTV On Buses

CCTV is installed on all State Transit 1,904 buses. All new buses acquired by State Transit are fitted with CCTV before entering service.

The STA Safety Office provides the Police Assistance Line with information on non-identifiable, malicious damage, graffiti and theft incidents for input onto the COPs database system. This information is then available to all Police Intelligence Officers for tasking Police operations.

Safety is a key priority for State Transit and these measures have not only enhanced the security of State Transit's passengers but also State Transit drivers and supervisory staff.

In each case there is now the benefit of the security video which can be passed to Police to assist in their investigations.

## CCTV on Wharves

The security system installed by State Transit on 41 wharves serviced by Sydney Ferries is designed to encourage people to use public transport by instilling a sense of security in commuters travelling on Sydney's waterways with:

- CCTV monitoring and recording as a deterrent
- Duress "Help Points" for emergency assistance
- Lifebuoy tamper alarms and monitoring
- Passenger information (InfoLine) facilities

The CCTV cameras at each wharf constantly record 24 hours a day and retain in a digital format at the wharf all images recorded for a minimum period of 14 days.

## School student safety

Flashing warning lights and 40km speed limit signage are installed on all STA buses as part of the Government's School Bus Safety program and these are employed on all school special services and on other services when school children board or alight. At such times, traffic is required to slow to 40km/hr.

## Door safety

All buses purchased after July 1999 are required to be fitted with a door safety system which automatically opens should an object be trapped by the closing door. RTA Specification 146 defines a standard test procedure for these door systems. Buses purchased prior to the above date do not have an automatic opening system, relying instead on wide, deformable rubber door seals to allow entrapped passengers to pull free of the doors and automatic brake application if the doors are not fully closed. This door system is compliant with the recommendations contained in the NSW Department of Transport report 'Bus Door Safety Inquiry - Final Report' January 1995. All State Transit buses are compliant with their relevant standards.





An awareness campaign was again conducted during the year with Bus Operators to reduce the number of incidents of doors closing on passengers. In the six months since October 2002 there has been a 35% reduction in the number of passenger reported incidents. While this result is encouraging, the target figure for door entrapments is zero, so the program will continue and additional measures will be developed to reduce the incidence of entrapments further.

## **Pedestrian Safety**

Sate Transit is concerned about a trend during the year of increasing incidence and severity of pedestrian injuries involving State Transit buses, even if the circumstances are such that State Transit Bus Operators are not found to be at fault.

In 2002/03 there were four pedestrian fatalities and 42 pedestrian injuries involving State Transit buses. As a result State Transit developed strategies for enhancing pedestrian safety including:

- additional driver training for awareness of heightened pedestrian risk.
- identification of pedestrian injury black spots.
- control of pedestrians in bus zones.
- a communication program to increase awareness among pedestrians.
- yellow safety lines on pavements for passengers and pedestrians.
- signs warning pedestrians of bus movements.

## **Occupational Health, Safety and Rehabilitation**

State Transit's Self Insurers licence this year was awarded for a period of three years in recognition of system improvements to the OHS System documentation and implementation. State Transit however, recognises the need to ensure continual improvement in the implementation of the system.

In the latter part of 2002, State Transit engaged Dupont Safety Resources – recognised world-wide as the leading authority on improving safety performance – to conduct a Safety Management Evaluation of our safety systems and processes.

The decision to seek DuPont's assistance was made in the context of a recognition that, although our rate of serious injury is very low, the overall frequency rate of lost time injuries (LTIFR) was unacceptably high. DuPont's assessment, while acknowledging that we had the basics properly in place, confirmed this view and provided a number of pointers to improving safety performance.

State Transit has accepted DuPont's advice, and in consequence committed the organisation to a number of key initiatives:

- establishing a senior executive level Central Safety Committee to provide strategic direction and to drive change.
- recruiting a General Manager Safeworking who, in conjunction with the Central Safety Committee, will assist operational General Managers to raise safety standards and performance; and
- a 50% reduction in LTIFR.

These commitments have been accompanied by improvement initiatives in the area of reporting data on safety management performance, use of personal protective equipment. For the first time we have published a State Transit-wide plan – the *OH&S Plan 2003/2004* – to make public our blueprint for improving safety performance. A copy of the Plan was provided to each staff member, emphasising that safety is everyone's business.



## Project Bus Safe

The Risk Management Group continued to develop and implement its Project Bus Safe during 2002/03. The primary objective of the project is to implement an integrated best practice fleet safety program with a continuous improvement focus. The expected benefits include:

- improved care of passengers and affected public.
- market impact - demonstrate preferred safety standards for bus fleet.
- improved synergy - linkage to existing programs (and good practices) such as bus changeover project, learning and development, engineering policy and standards, occupational health, safety and rehabilitation, business management systems and risk management.
- cost effectiveness - reduced premiums and lower "hidden costs".



## OBJECTIVE

State Transit works to keep fares down and cost recovery up by ensuring that it operates as efficiently as possible.

## TARGETS

- We aim to keep our costs within the limits set by the Independent Pricing and Regulatory Tribunal. We implement efficiency reforms providing they have the support of Government.
- We aim to operate within the revenues that we get from fares paid by passengers and those fares paid for some by the NSW Government.
- Our fleet and staffing is the optimum level for the services provided.
- We always aim to buy our fleet, our fuel and our other consumables at the best prices; when better value is available, we take advantage of it.
- Our IT systems have 100% integrity including fully tested disaster recovery plans.
- Our Risk Control plans ensure that all emergency responses are regularly tested to ensure the safety of our passengers and staff.
- We aimed to achieve ISO 9001:2000 certification.

## PERFORMANCE

### Financial Review 2002/2003

This year the cost of operations per passenger was:

	2002/03	2001/02
Sydney Buses	\$2.07	\$2.11
Sydney Ferries	\$7.52	\$6.65
Newcastle Services	\$3.61	\$3.28

The cost recovered per passenger\* was:

	2002/03	2001/02
Sydney Buses	\$2.19	\$2.05
Sydney Ferries	\$5.08	\$4.88
Newcastle Services	\$2.76	\$2.68

Cost recovery is a combination of farebox revenue and fares paid by the Government in accordance with its social policy programs. The shortfall between the cost recovered and the cost of operation meant that we had to borrow to cover the costs of our capital works program.

State Transit's consolidated financial result for the year ended 30 June 2003 was a deficit of \$13.968m on revenue of \$526m. This result included as revenue, a capital grant of \$3.1m received under the NSW Government's Action for Transport 2010 program.

Passenger revenue for the year was 0.1% higher than last year.

Patronage of 212.3m was 0.2% lower than last year (Sydney Buses was the same as last year, Sydney Ferries 2.5% lower and Newcastle services 2.2% lower).

Total expenditure of \$540m was 4.8% higher than last year.

Labour costs increased by 6.0% on last year. Pay increases awarded during the year included 4.25% to bus operators, maintenance and salaried staff and 3.0% to shipyard workers. A negative return on superannuation fund investments and higher employee on-costs also contributed to the increase.

Security expenses of \$4.9m was \$3.7m higher than last year due to the additional cost of placing security guards on gates at all bus depots and Balmain Shipyard for 24 hours, 7 days a week.

\* excluding capital grants.



Newcastle Bus

Fuel costs increased slightly (1.2%) compared with the previous year due mainly to higher fuel prices and increased kilometres travelled. Fuel rebates reduced the overall fuel cost by \$6.5m in 2002/03 and fuel hedging resulted in a gain of \$1.4m.

Maintenance expenditure compared to the previous year increased in Sydney Buses by 9.2%, in Newcastle Services by 3.8% and in Sydney Ferries by 8.7%.

Maintenance on the Sydney bus fleet increased by \$3.9m over the previous year due mainly to the higher proportion of air-conditioned CNG buses in the fleet and a number of maintenance projects to directly improve the fleet standard.

The high level of capital expenditure required for the bus replacement program increased the level of debt by \$5.9m to \$146.5m.

## Capital Expenditure

Capital expenditure in 2002/03 was \$48.0m compared with \$69.1m in 2001/02. The capital works program for the year largely comprised the upgrade of the bus and ferry fleet. \$17.3m was spent on the bus replacement program for the purchase of low floor, air conditioned buses for Sydney and Newcastle. \$22.4m was spent on the refit of the Manly Ferries, the Lady Class vessels, the re-engining of the JetCats, the installation of new generators on the Manly ferries, new vessel management systems, new Manly Ferry control systems and the installation of onboard ticketing for ferries.

## Government Reimbursements, CSOs and Grants

Total Government reimbursements in 2002/03 was \$239.5m of which \$144.3m was payment of fares by Government for pensioners, school children and other groups who qualify for support.

The balance of \$95.2m was for two general reimbursements. The Pricing Community Service Obligation (CSO) provides reimbursement for the gap between State Transit's fares and those generally prevailing in the private bus sector operations and the Service CSO which is a payment to cover losses on non-commercial services.

A capital grant of \$3.1m was received under the NSW Government's Action for Transport 2010 program.

## Cost Efficiencies

Sydney Bus kilometres per employee increased by 2.4% compared to last year, staff being the main resource used in the supply of bus services.



### ISO 9001:2000 Certification

State Transit became the first bus operator in NSW to have its business management systems certified under world best practice standards ISO 9001:2000.

State Transit is continuing to develop its Business Management System as a means of standardising our work practices and developing a culture of "continuous improvement".

Sydney Ferries achieved separate certification under ISO 9001:2000 and under the International Safety Management (ISM) Code.

This represents a significant step forward by State Transit in meeting the government's goals for quality services for all public transport users.



## Risk Management and Insurance

State Transit manages risk through a strategic framework of corporate governance, policies, procedures and work instructions and through an Integrated Insurance Program.

The Integrated Insurance Program provides catastrophe level financial protection for the organisation. The program spans: General property, personal injury, consequential loss, general and marine liability.

In line with the global insurance market that continues to suffer the largest losses ever, the Australian insurance market remains hard. There is additional pressure on insurers and reinsurers to underwrite all risks with rate increases and greater emphasis on appraising insured risks in order to return to better profitability.

Aon Risk Services Australia was retained as broker for the STA Integrated Insurance Program and all policies that expired during the year were renewed.

In an effort to contain the premium at a similar level to 2002, the Ferries Protection and Indemnity Insurance policy was renewed on 20 February 2003 with an increase in the deductible to \$100,000 each and every loss. The excess increased from \$20,000 to \$50,000 as a result of a continuing large loss ratio with the insurer. Recent claims experience has been adverse, however, the introduction of risk improvement measures by the Ferries Task Force as well as other management initiatives gives confidence to a reducing incident rate.

## Integrated Ticketing

State Transit continued its major contribution to the NSW Government's Integrated Ticketing project. The purpose of the Integrated Ticketing Project is to introduce a smartcard ticketing system within the greater Sydney metropolitan area across rail, bus, ferry, light rail and monorail transport services. The system will provide a common fare media to enhance passenger convenience and use of public transport.

## Bus Depot Strategy

The Depot Strategy continued to be developed during 2002/03 examining options for increasing depot capacity in Sydney.

There are long lead times involved in the establishment of a new depot, expansion, or redevelopment of an existing depot. A range of initiatives to increase capacity is being pursued in the short term to ensure operational needs are met in the medium term (2-5 years) and long term (5-10 years).

Assuming that patronage growth over the major peak periods is equivalent to fleet growth, a 1% growth in patronage over the next 5 to 10 years will require approximately an additional 200 buses, depending on the size and type. This quantity of buses would require approximately the same space as Port Botany Depot.

Any short to medium term strategies will not yield sufficient capacity to accommodate this level of growth, therefore additional depot capacity, or sites will be essential and is being assessed.



As the patronage growth is spread across the operating areas, albeit currently in the South West and the North West areas, this pattern is likely to shift and growth patterns need to be confirmed. However under current contractual arrangements, it is unlikely that any of State Transit's bus depots will become obsolete. Alternative larger, or additional smaller sites will be required.

## Electronic Service Delivery

The current IT Strategic Plan has the following e-business related objectives:

- Revolutionise customer convenience through smart card (cashless) ticketing for buses and ferries.
- e-enabling State Transit employees. This will involve greater use of technologies to allow employees to access information via the intranet and internet.

In its pursuit of improved business processes, State Transit continues to realise the many opportunities that are available from electronic business systems, including:

- The passenger information service is now delivered by the Integrated Transport Information Service (ITIS).
- State Transit's website guides the public in the best way to use the services it operates. The site provides comprehensive information about routes timetables and fares.
- Annual reports, corporate plans, information about contracts awarded to tenderers amongst other matters of interest to stakeholders are also available on the website.
- Over 90% of the value of all payments to suppliers are made by electronic means (iElectronic Funds Transfer). This equates to over 80% of the number of invoices received by State Transit.
- The network of information kiosks provides staff at depots with access to a wide range of information, especially for those who work on shifts outside office hours. Any staff member can access their pay and leave details. The kiosk also provides information about service timetable changes, special events and other local depot news.





## OBJECTIVE

State Transit values its staff as its most important resource.

State Transit aims to attract travellers on to public transport by developing the skills of its people, particularly the customer skills and courtesy standards of our employees.

## TARGETS

- We always try to meet passengers' needs willingly and courteously.
- We offer help to those who don't understand the transport system or who need physical assistance.
- We are always willing to explain our decisions.
- New customer service training introduced for bus drivers.
- All bus stops in our operating areas carry regularly updated timetable information.
- Improved criteria for new staff to ensure customer focus.
- Improve women's participation rate in the workforce.
- Increase aboriginal participation in the workforce.

## PERFORMANCE

Passengers rightly expect service with a smile on State Transit buses and ferries. State Transit recognises that our frontline staff are the face of the organization and how they react to passengers can make the difference between them traveling with us again or not.

Whatever the latest development in the delivery of any public transport service, it will not work without quality staff. In 2002/2003 State Transit further enhanced its commitment to learning and development programs for its workforce.



## Passenger Information

Comprehensive pre-travel information and announcements in transit do a lot to prevent irritation and conflict.

State Transit's passenger information service is delivered by the Integrated Transport Information Service (ITIS). Accessed mainly through the 131500 telephone number (and also through the internet) passengers can inquire about the most important aspects of bus and ferry services such as bus routes, timetables, special events and many others. Importantly, passengers are also encouraged to register their complaints through this service via the "Your Say Line". State Transit relies on this information to take corrective action to improve those aspects of its service quality that attract complaints.

A website is also provided by State Transit to guide the public in the best way to use the services it operates. The site provides a link to the "trip finder" facility operated by ITIS; comprehensive information about routes and timetables for both standard services and tourist services; information on fares and ticketing; updates on the Better Buses program; route maps; fleet details and more that may be of use to passengers.

## Performance Data on the Website

State Transit during the year launched a new website presentation of a wide range of service information for Sydney Buses, Sydney Ferries, Newcastle Bus and Ferry Services and Western Sydney Buses. The information presented includes on-time running, patronage, service reliability, cleanliness, kilometres travelled and fleet profiles. The information is updated every month.

## ***Infoline***

Of the total calls answered by the Infoline, 43% were related to Sydney Buses, Sydney Ferries or Newcastle matters. Of these, 93% of calls related to next service, timetable or trip planning requests. The remainder of calls concerned fares, ticketing and general information.

The average call duration is lower at 116.8 seconds, resulting in a cost to State Transit of about \$2.24 per call.

## ***Passenger Feedback***

The top five issues for our customers were late buses, staff behaviour, buses not stopping, bad driving and buses coming early.

## ***State Transit Websites***

During 2002/03 the total number of hits to the State Transit web domains totaled 4.5 million – 66% [www.sydneybuses.info](http://www.sydneybuses.info), 23% [www.sta.nsw.gov.au](http://www.sta.nsw.gov.au), 7% [www.sydneyferries.info](http://www.sydneyferries.info) and 4% [www.newcastlebuses.info](http://www.newcastlebuses.info).

## ***Wharf Signage***

Sydney Ferries undertook an audit of signage on the wharves it services in Sydney Harbour in September 2002. In total 34 wharves were reviewed. All aspects of wharf and precinct signage were examined.

Management has reviewed the audit findings and will commence a program during the next financial year to install new signs and information stands on ferry wharves. The signs and stands will be consistent.

## ***Customer Service***

Customer service is the key component which allows State Transit to deliver what the community wants. In order to deliver services to meet these desires, State Transit employees need to have skills in the areas of interpersonal skills, cultural awareness, communication, conflict resolution, service awareness and negotiation.

State Transit, as a Registered Training Organisation is committed to ensuring that it appropriately identifies, trains and assesses all staff in line with State Transit's service standards for reliability, convenience, efficiency, customer service, comfort, and security and safety.

## ***Customer Service Training***

60% of State Transit's Bus Operators have completed the 'Customer Service Workshop' which begun in 2002. This workshop is aligned to a National Training Package, which has been designed for the transport industry.

We have received a good deal of favourable feedback from the Bus Operators and many of our long serving bus operators have said, "it was a good to have a refresher course and to know I have been doing the right things".

## ***Traineeships***

State Transit continues to offer nationally accredited training under its scope of registration as a Registered Training Organisation (RTO). Traineeships provide valuable, comprehensive training by using standards, which are occupationally based, and industry-wide State Transit has found that by providing accredited training, Trainees are more motivated, dedicated & more likely to become long-term employees. Traineeships provide training in such a way that the Trainee fully understands those tasks included in the Traineeship that are relevant to their workplace.

# Courtesy - Customer Service

As their training is occupationally based and industry-wide, the Trainee learns about State Transit's business and general practices in the transport industry for their occupation and others. This increases their transferable skills.

These qualifications are also delivered in the context of a Traineeship. State Transit also provides maritime traineeships.

- Certificate II in Maritime Services - 2 trainees.
- Certificate III in Transport and Distribution (Road Transport) - 500 trainees.
- Certificate III in Transport and Distribution (Road Transport) Existing Workers Traineeship – 100 trainees.

All new Bus Operators employed by State Transit are enrolled as trainees in Certificate III in Transport & Distribution (Road Transport). This is a nationally recognised, two-year traineeship.

## ***Reframing the Future (Assessor Network)***

Workshops conducted by the Learning and Development Unit last year with State Transit trainers and assessors highlighted issues about consistency in training and assessment practices and effective communication across 13 Depots.

In response, State Transit applied for and received Federal Government funding for the purpose of setting up an Assessor network. The following were highlighted as aims of the Assessor network meetings:

- The opportunity to discuss issues with other trainers and compare notes.
- Share ideas on how to improve assessment skills.
- Timely updates on policy and process changes relevant to trainers.
- Quarterly updates on training and assessment issues.
- Up-to-date advice and information on resources and activities to help trainers in assessing & training.
- Workshops focusing on developing skills and knowledge that State Transit's trainers have identified.
- Rotation of attendance to allow all trainers and assessors to attend.

## ***Workplace English Language and Literacy (WELL)***

State Transit was awarded funding from the Department of Education Science and Training to support employees in the area of Workplace English Language and Literacy.

State Transit entered into an arrangement with TAFE NSW to provide this assistance and to develop computer literacy amongst our maintenance and operational employees.

The program will assist employees to achieve competencies in the operation of computers and related TAFE modules. Computer literacy training will be directed towards familiarising employees with computers and their everyday application in the workplace, and more specifically in their operational roles. The training will be conducted in a variety of ways:

- small group (classroom).
- one to one.
- in the workplace.

It is expected that Customer Service Coordinators, Maintenance Supervisors, Depot Officer and Depot Administrators will be the main targets to receive this training.

## **Graduate Program**

State Transit has a long-term objective of fostering high quality candidates for management in State Transit. The program is project based with participants gaining wide experience in different environments in State Transit.

The key objectives of our graduate program are:

- To develop leaders of the future who have a superior understanding of State Transit's corporate objectives and business directions as well as a detailed knowledge of our core business.
- To build on each individual's personal effectiveness to enable graduates to influence cultural change throughout State Transit.

## **Apprenticeships**

State Transit is committed to apprenticeships as we can see the value that apprentices can bring, including enthusiasm and the ability to play a significant role in the future growth of the organisation. State Transit gains access to motivated and skilled employees and our Apprentices get the foundations for a successful career.

As a reflection of the effort of State Transit's Apprentices, the following Apprentices received awards from TAFE :

- **Christian Severino**, Waverley Depot
- **Hercules Michas**, Kingsgrove Depot

The current placements of Apprentices within State Transit are:

Certificate III in Automotive (Heavy Vehicle Mechanical)	30
Certificate III in Automotive Vehicle Bodybuilding	6
Certificate III in Engineering Mechanical	2
Certificate III in Engineering/Fitter Mechanic	4
Certificate III in Boat and Ship Building	2
Certificate III in Plumbing, Gas fitting and Draining	1
Certificate III in Automotive Electrical	1
Certificate III in Electrical	2
Certificate III in Transmission/Mechanic	1

State Transit will be recruiting 14 new apprentices for the year 2003.

## **Vigil Meter**

The Risk Management Unit, Learning and Development Unit, Randwick Depot and Waverley Depot are undertaking a trial using Vigil Systems technology. The VigilVanguard System is a portable in-vehicle data logging system which is able to perform the following:

- Measure acceleration, braking and cornering G forces.
- GPS (Location, speed).
- Wet weather detection.
- Following distance monitor.
- Video unit to capture road/traffic environment information

As part of this trial, State Transit has provided a research grant to Queensland University to conduct a study of human behaviour.

The design of this study will consist of three groups:

- Groups using the VigilVanguard with video cameras.
- Groups using the VigilVanguard without video cameras.
- A control group, training as normal (no VigilVanguard).

The study will assess, via a short questionnaire, the perception of usefulness/effectiveness of the VigilVanguard, for those involved in the training process. This data will assist State Transit in assessing the effectiveness of its driver training programs.

## **2002 Achiever of the Year - Chartered Institute of Logistics and Transport**

The Manager, Learning and Development, Natalie Demosani was awarded 2002 Achiever of the Year (NSW Section) for recognition of her success in developing our RTO operation and our customised Certificate III in Transport and Distribution (Road Transport) and IV Assessment & Workplace Training programs to meet our business needs.

The introduction of the customised Certificate III has increased the level of professionalism of bus operations staff in State Transit and raised the benchmark for bus drivers across the industry. This training has allowed new bus operators to gain genuine recognition for training received on the job and attain: a nationally recognised qualification, a greater sense of confidence in their work role, and a clearly articulated career path.

This has led, among other things, to State Transit's being recognised as a finalist in the category of 'Excellence in Learning Design' at the Australian Institute of Training and Development awards in 2002.

## **Enterprise Agreements**

The contemporary themes which we believe will assist in long-term culture change, providing continual improvement in service and reliability are:

- 1 Work/Life Balance
- 2 Learning and Development
- 3 Safety and Accountability
- 4 Communications, Consultation and Consistency
- 5 Consolidation of all current Agreements into one agreement for each area of coverage.

## **Action Plan for Women Initiatives**

The principles of equity, access, rights, and participation underpin the action plan to recognise that in some areas of life, women have different experiences and needs from men. Gender equity benefits both men and women and builds stronger families and communities through supporting everyone's capacity to develop, participate and contribute.

During 2002/03 State Transit continued to strengthen its contribution to the NSW Premier's Department Spokeswomen's program.

The Spokeswomen's group across State Transit is now at its highest level of participation since its inception, with 18 women across the organisation representing all functional areas of State Transit.



### **Women on Wheels 2002**

State Transit was a major supporter of the Department for Women's 'Women On Wheels 2002' project. We provided a customised bus, drivers and mechanics.

The State Transit bus and crew drove the women to information sessions, workshops, community forums and other events in rural and regional NSW.



## **Commitment to Equity and Diversity**

This area was one of considerable activity during the year.

### ***Equity and Diversity Management Plan***

In accordance with the relevant provisions of the Anti-Discrimination Act 1977, State Transit developed and submitted a three year Equity and Diversity Plan.

The Plan:

- promotes the on-going development of a culture supportive of employment equity and diversity principles.
- requires the identification and removal of barriers to participation and progression in employment.
- ensures the appointment and advancement of staff is determined on the basis of merit.
- requires action be taken to redress inappropriate behaviour in the workplace and in the provision of transport services to the community.
- ensures that accountability for equity outcomes across State Transit rests with all levels of management.

### ***Devolution of Grievance Handling***

A major focus was placed on developing and implementing efficient and effective grievance handling processes at the local management level. A comprehensive program was designed and delivered to twenty operational managers. In addition to the training program a set of guidelines was established to ensure a best practice approach to the resolution of workplace grievances.

State Transit entered into a strategic partnership with the Council for Equal Opportunity in Employment Limited to assist in the provision of accurate expert advice to grievance handlers accountable for investigating and resolving workplace grievances.

Throughout the reporting period a significant number of internal grievances were resolved and all complaints in external jurisdictions were successfully conciliated.

### ***Policy Development***

A major review of State Transit Equity and Diversity policies has been undertaken to ensure the policies are current, easily understood and workable in practice.

The next stage of policy development requires consultation with executive management and union representatives.

### ***Learning and Development***

Various Equity and Diversity education and skills acquisition programs were delivered to:

- Senior and middle managers within the organisation.
- All new employees.
- Grievance handlers.
- All participants involved in promotional training programs.

Plans for 2004 include the following initiatives:

- Negotiation and implementation of new Equity and Diversity policies.
- Further development, implementation and monitoring of workplace grievances.
- Integration of Diversity/EEO principles into State Transit strategic planning across all business units.
- Development and implementation of employment practices that provide flexible work options.
- Development of ongoing equity and diversity learning and development programs for all State Transit employees.

## Incorporation of Institutes

For many decades Institutes have been established at bus depots. The Institutes are unincorporated associations established with the purpose of providing social, sporting and welfare activities and services to their members, who are State Transit staff working at the depots.

During 2002, State Transit's Internal Auditor identified a risk exposure to State Transit arising out of the fact that State Transit could be held liable for damage arising out of Institute activities, but was not in a position to manage those activities. As a result, State Transit determined that the preferable solution involved the incorporation of the Institutes as a separate entity from State Transit.

Extensive discussions between representatives of State Transit and the Institutes have resulted in agreement that the Institutes be incorporated into one company, under the NSW Associations Incorporation Act. The new company will have the name "State Transit Bus Institute Incorporated". The company will carry its own insurances, so as to properly manage the risk identified by the Internal Auditor.

The governance structures of the Company will continue to permit local Depot activities to be managed by the local Branch Committees, in ways which are not inconsistent with decisions and policies of the Company's Board.





## OBJECTIVE

The expectations of passengers are clear - they want clean, well presented and comfortable buses.

## TARGETS

- All of our buses and ferries are cleaned daily, and between trips when necessary.
- Our ferries are washed daily and our buses at least every three days.
- We aimed to have timetabled wheelchair accessible services on 100 routes in 2002/03 and on all routes by 2010.
- All new buses are air-conditioned, accessible for people with disabilities and have quality seating.
- We aim to buy only environmentally friendly buses and ferries in future.
- For comfort and safety we limit the number of people standing on our buses.

## PERFORMANCE

### Bus Fleet

State Transit continues to lead the nation in terms of the quality and presentation of its bus fleet and the operation of dedicated wheelchair accessible bus services, now timetabled on 102 bus routes across Sydney. State Transit is more than 5 years ahead of the targets in the Commonwealth Disability Discrimination Act.

38 new buses were delivered in 2002/03.

At year end, State Transit's bus fleet totalled 1,904 buses:

- 785 are air-conditioned (41.2% of fleet).
- 614 are low floor design (32.2% of fleet).
- 503 buses are fully wheelchair accessible (26.4% of fleet).
- 402 buses are CNG powered (23.3% of the Sydney fleet).
- 361 buses have Euro 2 diesel engines (18.9% of the fleet).

State Transit's operating contracts with the Department of Transport issued under the Passenger Transport Act 1990 require an average fleet age of not more than 12 years. State Transit's average fleet age at the end of the report year was 12.39 years. The acquisition of new buses to maintain the required fleet age was delayed while the Parry Inquiry into the future funding of public transport was underway. It is envisaged that the average age of the fleet will return to under 12 years over the next year as new buses are delivered.



Buses in the fleet vary in age from new through to buses that are 23 years old. The fleet consists of 1,386 Mercedes-Benz, 308 Scania, 130 Volvo and 80 MAN buses of varying body types.

Maintaining the average fleet age requires State Transit to acquire 80 - 100 new buses and dispose of up to 100 older buses every year.

State Transit called tenders in 2002/03 for the acquisition of 400 new buses over 4 years.

One component of the program, for the supply of 60 Euro 3 diesel buses was awarded to Volvo in September 2003.

The anticipated fleet growth for the next 5 years is 1% per annum. This estimated growth of 1% in the Sydney fleet was determined by considering a number of factors such as current growth experience, projected population increases, car traffic demand management initiatives, the success of the current bus priority activities and planned improvements to services.

## ***Body Refurbishment Programs***

State Transit bus refurbishment programs are based on a 20 year plus bus life with a body refurbishment at 14 years of age.

The individual costs for the program vary according to condition, but the typical costs are \$20,000 to \$30,000 for a major refurbishment. A rate of approximately 80 refurbishments per year is required, costing approximately \$2 million per annum.

## ***New Buses for Newcastle***

A contract for the supply of 30 new Volvo buses for Newcastle was issued in August 2002. The buses are low floor, two door, air-conditioned with front door manual wheelchair ramp and roll top bench type seating and powered by Euro 3 diesel engines. The buses will incorporate the same levels of passenger and driver safety offered in the new Mercedes Benz CNG buses.

## ***Transitway Fleet***

The last 17 buses from the current order of Mercedes CNG buses were assigned to the Transitway operation, avoiding the need to purchase additional vehicles.



## ***Ferry Fleet***

\$20.5m was spent on the refit of the Manly Ferries, the Lady Class vessels and the re-engining of the JetCats.

The Freshwater was refurbished in 2002/03. Refurbishment of the Manly fleet is now complete. The refurbishments have included redesigned interiors, new passenger seating, extended open deck areas, larger windows, new kiosk facilities, new floors and ceilings, wooden hand rails on outer decks, improved lighting in passenger areas, modernised toilets and baby change facilities and storage areas for bikes and luggage.



The re-engining of all three JetCats, the Sea Eagle, Blue Fin and Sir David Martin was completed in 2002/03 ensuring greater reliability of services.

The refit of the Lady Northcott has been completed and she is back in service.

The four SuperCats are now fully deployed on inner Harbour services where they have proved to be very popular with passengers since their introduction to the fleet.



## Accessibility

State Transit leads the bus industry in NSW in introducing wheelchair accessible buses and is ahead of target to meet the implementation timetable of the Draft Disability Standards for Accessible Public Transport.

State Transit currently has 102 routes scheduled accessible bus routes with more coming on-line as new buses are delivered.

All new buses acquired by State Transit feature kneeling suspension for level entry and a flat no-step floor to make it easier for the elderly and less mobile; an extending wheelchair ramp and accommodation for two wheelchairs; additional priority seating for less mobile passengers; high visibility handrails, increased interior lighting and improved destination signs; and, air conditioning.

State Transit has been liaising with community representatives and has developed priorities for introducing fully accessible timetabled bus services in the network. Local councils are being involved so that roadside infrastructure can be improved to assist with access.

Timetabled wheelchair bus services now operate on all main corridors, Parramatta Road, Victoria Road, Oxford Street, Anzac Parade, Epping Road, Pacific Highway, Milliatry Road and Pittwater Road and in the southern suburbs. Wheelchair scheduled services also operate on cross regional routes between Bondi Junction, the Airport and Burwood, Chatswood and Parramatta, and Manly and Chatswood. Many of these services provide links to accessible CityRail stations to increase opportunities for multi-modal travel. A full list of wheelchair accessible services can be found on [www.sydneybuses.info](http://www.sydneybuses.info).



## Environment

State Transit's new Mercedes-Benz CNG powered buses produce 50% less exhaust emissions than the current diesel Euro 2 specifications and are 50% quieter than diesel buses. State Transit is following the development of alternative propulsion technologies such as fuel cells and hybrid buses and will consider these when they reach regular production status.



The CNG buses provide significant savings in total operating costs. CNG is significantly cheaper to run than diesel. State Transit currently saves 30c/km using CNG compared to diesel. CNG is also characterised by certainty of supply and stability in price because it is not imported.

While CNG offers State Transit significant savings at most locations in its network, some depots are not able to be equipped with gas facilities in the short term. This is because the depots are close to high rise buildings, have noise issues, or space limitations. These Depots are North Sydney, Willoughby and Burwood.





## OBJECTIVE

Transitway services in Western Sydney to provide:

- High speed services between Liverpool and Parramatta, the fastest growing CBD in Australia
- Comfortable CNG powered, airconditioned, fully accessible Mercedes Benz Buses
- Real time information to passengers.

## TARGETS

- Take delivery of 17 new Mercedes Benz buses in October and November 2002.
- Establish Depot and Maintenance services.
- Recruit drivers to begin employment by December 2002.
- Establish Intelligent Transport Systems. ITS equipment installed on new buses January 2003.
- Establish Automatic Fare Collection systems including establishing intermodal ticketing products with CityRail and establishing newsagency ticket Distribution Outlets.
- Set up a Transitway Control Room in the Transport Management Centre at Eveleigh.
- Services to commence in February 2003.
- Compliance with all contract targets set by the Ministry of Transport's Transitway group.

## PERFORMANCE

State Transit expanded its services in Western Sydney after winning an international tender to deliver high frequency services along the Liverpool-Parramatta Transitway.

In September 2001 Transport NSW issued an Expression of Interest (EOI) document for the operation of trunk services on the Liverpool to Parramatta Transitway (LPT). The Transitway is 31 kilometres in length with 20 of these being on a dedicated corridor. There are extensive bus priority measures in place along the length of the Transitway. All vehicles are fitted with tracking devices to enable real time information to be displayed at the 35 stations on the route.

State Transit was awarded the contract in January 2002 ahead of strong competition from local and multinational companies.

State Transit established a subsidiary corporation to operate services on the Transitway. The main purpose of creating a separate entity for the Transitway contract was to ensure competitive neutrality and to enable a new industrial agreement with the RTBU which contained different conditions to those that apply in the current Enterprise Agreements with State Transit.

The last 17 buses from the current order of Mercedes CNG buses were assigned to the Transitway operation, avoiding the need to purchase additional vehicles. The operations of the Transitway are monitored from our facilities at the Transport Management Centre.

Services commenced operation on 16 February 2003.

# Western Sydney Bus Services

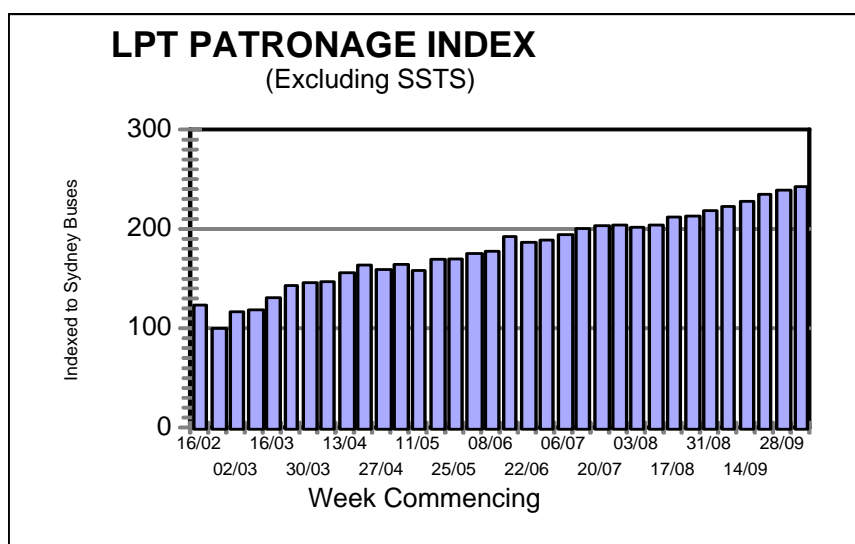
Services are provided from 5.00am to midnight on weekdays, operating at a 10 minute frequency during peak periods. On weekends and public holidays services are provided from 6.00am to midnight, operating at a 20 minute frequency. Services operate for an extra hour on Friday and Saturday evenings.

No fares were charged during the first week of operations, and the patronage achieved was 12,500. During the second week of operations, when fares were charged, patronage fell to 10,500.

Patronage on the Transitway has been growing strongly as people start adjusting their employment and travel to take advantage of the new links it has opened up. More than 500,000 trips have been taken on the Transitway since it opened in February. Some of the patronage milestones include:

- The week beginning 13 July 2003 was the first week in which each weekday exceeded 3,000 boardings.
- The week beginning 24 August 2003 was the first week in which each weekday exceeded 3,500 boardings.
- 25 September was the first day where boardings exceeded 4,500. Since that time patronage has steadily increased to over 24,000 per week by the end of September 2003.

Compared to the Sydney Buses seasonal pattern, patronage on the Transitway is now more than 2.4 times the second week of operations. This is equivalent to an annual growth rate of around 200% or 20,000 boardings per week. Based on this trend, forecast patronage by the end of June 2004 is 31,500 boardings per week.



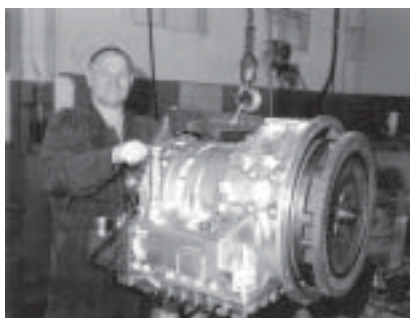
Projected boardings in the first year of operations is around 1.0 million. It is difficult to be sure how long the present rate of growth will continue, but there is reason to be optimistic given that the Transitway exhibits all the characteristics of a successful bus route, that is, bi-directional loading, turnover along the route, major transport nodes at each end of the route, serving a wide range of land uses and trip purposes, with high operating speeds.

The financial performance for 2002/03 (four months running) was a loss of \$2.1m from revenue of \$0.7m and expenditure \$2.8m, a cost recovery of around 25%.

On this basis, assuming that patronage growth can be sustained, the Transitway should be able to achieve 50% cost recovery in 2003/04 and be operating profitably by the start of 2005/06.

The safety and security of Transitway services has been a major issue since services commenced. Additional mobile and static guards have been provided at known trouble spots to reduce the incidence of rock throwing.

# Annual Photo Competition



*Black & white photography by  
Tom Coughlan, State Transit Employee*



# Annual Photo Competition



# Annual Photo Competition

## And the Winners Are!!!

### 1st Place

**Tom Coughlan**

*Brookvale Bus Operator*



### 2nd Place

**Tony Gatt**

*Kingsgrove Operations Administrator*



### 3rd Place

**Tony Green**

*Leichhardt Administration Officer*





# Annual Photo Competition

We would like to thank the following people who have contributed to the photos for the annual photo competition and for the photos included throughout this year's annual report.

**Len Williams**, *Leichhardt Depot*  
**Kevin Butler**, *Customer Relations*  
**Tom Coughlan**, *Brookvale Depot*  
**Tony Green**, *Leichhardt Depot*  
**Tony Gatt**, *Kingsgrove Depot*  
**Lorraine Ryan**, *Sydney Ferries*

# Financial Statements

**FOR THE YEAR ENDED 30 JUNE 2003**

State Transit  
Authority of  
New South Wales

# Financial Statements

FOR THE YEAR ENDED 30 JUNE 2003

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# Statement of Financial Performance

STATE TRANSIT AUTHORITY OF NEW SOUTH WALES

FOR THE YEAR ENDED 30 JUNE 2003

	Note	2003 \$000	2002 \$000
Revenue from ordinary activities	2(i)	525,971	495,394
Expenses from ordinary activities (excluding employee benefits)	2(ii)	458,359	443,182
Employee benefits	2(iii)	71,259	62,035
Borrowing costs	2(iv)	10,321	9,757
<b>Loss from ordinary activities before income tax</b>		(13,968)	(19,580)
Income tax relating to ordinary activities	3	-	-
<b>Net loss</b>		(13,968)	(19,580)
Net increase/(decrease) in asset revaluation reserve	13	129,896	-
Increase/(decrease) in retained profits on adoption of new/revised accounting standards:			
- AASB 1028 "Employee Benefits"	13	(497)	-
- AASB 1041 "Revaluation of Non-Current Assets"	13	7,313	-
<b>Total adjustments recognised directly in equity</b>		136,712	-
<b>Total changes in equity other than those resulting from transactions with owners as owners</b>		122,744	(19,580)

The accompanying notes form an integral part of the Statement of Financial Performance.

# Statement of Financial Position

STATE TRANSIT AUTHORITY OF NEW SOUTH WALES

AS AT 30 JUNE 2003

	Note	2003 \$000	2002 \$000
<b>CURRENT ASSETS</b>			
Cash		3,424	3,740
Receivables	4	14,374	9,563
Inventories	5	9,679	8,473
Other	6	2,850	5,947
<b>TOTAL CURRENT ASSETS</b>		<b>30,327</b>	<b>27,723</b>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	7	566,374	433,969
Intangibles	8	1,586	2,960
Other	6	257	185
<b>TOTAL NON-CURRENT ASSETS</b>		<b>568,217</b>	<b>437,114</b>
<b>TOTAL ASSETS</b>		<b>598,544</b>	<b>464,837</b>
<b>CURRENT LIABILITIES</b>			
Payables	9	38,564	49,563
Interest bearing liabilities	10	61,181	44,424
Provisions	11	39,213	34,330
Other	12	6,390	8,558
<b>TOTAL CURRENT LIABILITIES</b>		<b>145,348</b>	<b>136,875</b>
<b>NON-CURRENT LIABILITIES</b>			
Interest bearing liabilities	10	82,529	92,875
Provisions	11	127,542	114,845
Other	12	263	124
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>210,334</b>	<b>207,844</b>
<b>TOTAL LIABILITIES</b>		<b>355,682</b>	<b>344,719</b>
<b>NET ASSETS</b>		<b>242,862</b>	<b>120,118</b>
<b>EQUITY</b>			
Reserves	13	199,729	75,661
Retained profits	13	43,133	44,457
<b>TOTAL EQUITY</b>		<b>242,862</b>	<b>120,118</b>

The accompanying notes form an integral part of the Statement of Financial Position.



# Statement of Cash Flows

STATE TRANSIT AUTHORITY OF NEW SOUTH WALES

FOR THE YEAR ENDED 30 JUNE 2003

	Note	2003 Inflows (Outflows) \$000	2002 Inflows (Outflows) \$000
<b>Cash flows from operating activities</b>			
Passenger revenue:			
- Fares, charters and tourist services		251,043	256,160
- Reimbursement for:			
- Free travel by school students		38,395	36,080
- Concessional travel by pensioners		79,048	78,349
- Concessional travel by others		26,796	28,299
- Community service obligations		95,191	65,659
Total passenger revenue		490,473	464,547
Other income		42,067	26,708
Interest received		323	101
Government grants		3,629	22,902
Payments to suppliers		(196,614)	(171,666)
Payments to employees		(301,147)	(285,285)
Interest and other finance costs		(9,523)	(9,355)
<b>Net cash flows from operating activities</b>	(i)	29,208	47,952
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment		(44,399)	(67,735)
Proceeds from sale of property, plant and equipment		8,464	2,219
<b>Net cash flows used in investing activities</b>		(35,935)	(65,516)
<b>Cash flows from financing activities</b>			
Proceeds from borrowings		24,076	18,829
Repayment of lease principal		(17,665)	(2,229)
<b>Net cash flows from financing activities</b>		6,411	16,600
Net increase/(decrease) in cash held		(316)	(964)
Cash at the beginning of the financial year		3,740	4,704
<b>Cash at the end of the financial year</b>	(ii)	3,424	3,740

The accompanying notes form an integral part of the Statement of Cash Flows.

# Statement of Cash Flows

STATE TRANSIT AUTHORITY OF NEW SOUTH WALES

FOR THE YEAR ENDED 30 JUNE 2003

	Note	2003 \$000	2002 \$000
<b>(i) Reconciliation of operating results after tax to net cash from operating activities</b>			
Net loss after income tax		(13,968)	(19,580)
Adjustments to reconcile net operating result to net cash from operating activities:			
Amortisation of service contract rights		1,374	2,028
Depreciation and amortisation of non-current assets		42,321	35,975
Net (profit)/loss on sale of non-current assets		(3,573)	2,379
Bad and doubtful debts		625	952
Equipment write-off		70	176
Provision for employee entitlements		22,760	16,120
Other provisions		(5,181)	10,056
Other non cash items		838	(735)
Changes in assets and liabilities:			
(increase)/decrease in receivables		(4,215)	(871)
(increase)/decrease in inventory		(1,206)	(838)
(increase)/decrease in prepayments		19	(440)
(increase)/decrease in other assets		2,736	(1,687)
increase/(decrease) in trade and other creditors		(12,221)	7,369
increase/(decrease) in goods and services tax		627	(1,496)
increase/(decrease) in revenue received in advance		(1,798)	(1,456)
<b>Net cash flows from operating activities</b>		<b>29,208</b>	<b>47,952</b>

## (ii) Reconciliation of cash

For the purpose of the statement of cash flows, cash includes cash on hand and in the bank and short term deposits.

Cash at the end of the financial year, as shown in the statement of cash flows, is reconciled to the related items in the Statement of Financial Position as follows:

Cash on hand and in the bank	1(d)	3,424	3,500
Short-term deposits	1(d)	-	240
<b>Total cash</b>		<b>3,424</b>	<b>3,740</b>

# Statement of Cash Flows

STATE TRANSIT AUTHORITY OF NEW SOUTH WALES

FOR THE YEAR ENDED 30 JUNE 2003

	Note	2003 \$000	2002 \$000
<b>(iii) Financing facility available</b>			
Short-term standby credit facility		55,000	30,000
Drawn down at balance date		(26,600)	(17,700)
<b>Facility unused at balance date</b>		<b>28,400</b>	<b>12,300</b>

The short term standby credit facility is to meet daily cash flow requirements which may arise from time to time. This facility expires on 30 June 2004.

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### (a) Basis of Accounting

The financial statements of State Transit Authority of New South Wales ("Authority") have been prepared as a general purpose financial report in accordance with the requirements of the *Public Finance and Audit Act 1983*, the *Public Finance and Audit Regulation 2000*, Australian Accounting Standards, Urgent Issues Group Consensus Views, other authoritative pronouncements of the Australian Accounting Standards Board and applicable Treasurer's Directions and Treasury Circulars. Where there are inconsistencies between the requirements, the legislative provision prevailed.

The financial statements have been prepared on an accrual accounting basis using historical costs except for certain non-current assets, which are recorded at fair value. For some classes of non-current assets, fair value is historical cost, for other classes, market value or written down replacement cost.

The Authority's net loss for the year was \$13.968M (2002 loss \$19.580M). In addition current assets at 30 June 2003 of \$30.327M (2002 \$27.723M) were significantly less than its current liabilities of \$145.348M (2002 \$136.875M).

The financial statements have been prepared on a going concern basis which assumes that repayment of debts will be met as and when they fall due without any intention or necessity to liquidate assets or otherwise wind up operations.

The board believes that the going concern basis is appropriate for the following reasons:

- The net cash flows from operating activities, after including government contributions were \$29.208M (2002 \$47.952M) and are expected to be positive in 2003/04
- A number of options for increasing revenues and reducing costs are currently being identified
- The mix of short and long term debt will be adjusted in 2003/04 and this will result in a reduction in the shortfall of current assets compared with current liabilities.
- The Authority's debt is fully guaranteed by Government
- The Authority is Government owned. The Government has a clear intention of ensuring all STA's operating and financial obligations are met, as well as ensuring the financial viability of the Authority.

### (b) Changes in Accounting Policies

The accounting policies adopted are consistent with those of the previous year except for the following changes which have been made as a result of the adoption of new/revised accounting standards:

#### (i) Employee Benefits

The Authority has adopted the revised Accounting Standard AASB 1028 "Employee Benefits" which has resulted in a change in the accounting policy for the measurement of employee benefit liabilities. Previously the Authority measured the provision for employee benefits based on remuneration rates at the date of recognition of the liability. In accordance with the requirements of the revised Standard, the provisions for employee benefits are now measured based on the remuneration rates expected to be paid when the liability is settled. The effect of the revised policy has been to decrease retained profits and increase employee benefit liabilities at the beginning of the year by \$0.497M. In addition, current year profits have decreased by \$0.544M as a result of the change in accounting policy.

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)****(b) Changes in Accounting Policies (cont'd)****(ii) Foreign Currency Contracts – Hedges**

The Authority has adopted revised Accounting Standard AASB 1012 “Foreign Currency Translation”, applicable to annual reporting periods beginning on or after 1 January 2002. In accordance with the revised Standard, the Authority has for the first time recognised foreign currency contracts that qualify for hedge accounting in the Statement of Financial Position. As at 30 June 2003 this has resulted in an increase of \$1.223M in current liabilities, a \$0.178M increase in non-current liabilities, an increase of \$1.223M in current asset and an increase of \$0.178M in non-current assets.

There is no impact on the Statement of Financial Performance for the financial year ended 30 June 2003.

**(iii) Revaluation of Non-Current assets**

The Authority has adopted the revised Accounting Standard AASB 1041 “Revaluation of Non-Currents Assets” and the NSW Treasury Policy & Guidelines relating thereto, which mandate the use of Fair Value for all physical non current assets.

Fair value is defined as “the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm’s length transaction”. Wherever possible, market value has been used to determine fair value, but where there is no market, written down replacement cost has been adopted. For assets with short economic lives, written down historical cost has been used as a proxy for fair value. The effect of the policy has been to increase asset values by \$137.209M, the asset revaluation reserve by \$129.896M and retained profits by \$7.313M. The current year’s result has been adversely impacted by \$4.214M owing to additional depreciation on revalued assets.

**(c) Revenue Recognition**

Revenue is recognised when the Authority has control of the goods or right to receive, it is probable that the economic benefits will flow to the Authority and the amount of revenue can be measured reliably. The following specific measurement criteria also apply:

**(i) Passenger Revenue**

Passenger Revenue is recognised as revenue when it can be reliably measured, based on passengers travelled or services provided. Refer note 2(v) for the revenue recognition policy of Free & Concessional Travel and payments in respect of Community Service Obligations.

**(ii) Government Grants**

Grants are recognised as revenues when the Authority obtains control over the assets. Usually control is obtained upon the receipt of cash. Unspent grants are accounted as liabilities if there is a contractual obligation to refund the unspent amounts.

**(iii) Investment Income**

Interest revenue is recognised as it accrues. Rental income is derived from properties and is recognised in accordance with AAS17 ‘Accounting for Leases’.

**(d) Cash**

Cash is carried at principal amount and is subject to an insignificant risk of changes in value. Cash includes cash on hand, at bank and investment in NSW Treasury Corporation’s Hour Glass-Cash facility.

Investment in the Hour Glass-Cash facility is represented by a number of units of a managed investment pool, which are redeemable at short notice. The value of the investment can decrease as well as increase depending upon market conditions. The value that best represents the maximum credit risk exposure is the net fair value.



**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)****(e) Receivables**

Receivables are recognised and carried at cost, based on the original invoice amount less a provision for any uncollectable debts.

In relation to trade receivables, the Authority minimises concentrations of credit risk by undertaking transactions with a large number of customers. The majority of customers are concentrated in Australia in the newsagency business.

All prospective trade debtors are assessed for credit risks in granting appropriate credit limits. In general, the settlement term is set at no more than 21 days.

An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off as incurred.

**(f) Inventories**

Inventories are stated at the lower of cost and net realisable value. Costs are assigned to individual items of stock on the basis of weighted average.

**(g) Other Assets**

Other assets including prepayments are recognised on a cost basis. Prepayments represent amounts paid in advance for services where the benefit will be realised in a subsequent period.

**(h) Property, Plant and Equipment**

The following policies apply to property, plant and equipment:

**(i) Basis of Valuation**

The Authority has applied AASB 1041 "Revaluation of Non-Current Assets" in accordance with NSW Treasury Policy and Guidelines which require that all non current assets be measured at fair value. There is no substantive difference between the fair value valuation methodology and the previous valuation methodology adopted by the Authority.

Where available, fair value is determined having regard to the highest and best use of the asset on the basis of current market selling prices for the same or similar assets. Where market selling price is not available, the asset's fair value is measured at replacement cost. Replacement cost is determined by reference to the most appropriate modern, equivalent replacement asset that provides similar economic benefits.

Each class of physical non-current assets is revalued at least every five years and with sufficient regularity to ensure that the carrying amount of each asset in the class does not differ materially from its fair value at reporting date. The last revaluation was completed on 30 June 2003.

Non-specialised assets with short useful lives are measured at depreciated historical cost, as a surrogate for fair value.

When revaluing non-current assets by reference to current prices for assets newer than those being revalued (adjusted to reflect the present condition of the assets), the gross amount and the related accumulated depreciation is separately restated.

Otherwise, any balances of accumulated depreciation existing at the revaluation date in respect of those assets are credited to the asset accounts to which they relate. The net asset accounts are then increased or decreased by the revaluation increments or decrements.

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)****(h) Property, Plant and Equipment (cont'd)****(i) Basis of Valuation (cont'd)**

Revaluation increments are credited directly to the asset revaluation reserve, except that, to the extent that an increment reverses a revaluation decrement in respect of that class of asset previously recognised as an expense and the increment is recognised immediately as revenue.

Revaluation decrements are recognised immediately as expenses, except that, to the extent that a credit balance exists in the asset revaluation reserve in respect of the same class of assets, they are debited directly to the asset revaluation reserve.

Revaluation increments and decrements are offset against one another within a class of non-current assets, but not otherwise.

Where an asset that has previously been revalued is disposed of, any balance remaining in the asset revaluation reserve in respect of that asset is transferred to retained profits.

**(ii) Leased Assets**

A distinction is made between finance leases, where the ownership is likely to be obtained on expiration of the lease, and operating leases under which the lessor effectively retains the risks and benefits incidental to ownership of the lease assets.

Where property, plant and equipment is acquired by means of a finance lease, the asset is capitalised at the present value of the minimum lease payments and disclosed as leased property, plant and equipment. A corresponding liability is also established and each lease payment is allocated between the principal component and the interest expense.

Capitalised leased assets are amortised on a straight-line basis over the term of the lease except:

- Where at the inception of the lease there is a reasonable assurance that ownership is likely to be obtained on expiration of the lease asset. In such circumstances amortisation is calculated on the estimated useful life.
- For buses, consistent with the basis of valuation as stated in 1(h)(i), amortisation is calculated using a ratio of remaining service potential to total service potential.

Operating lease payments are charged as expenses in the period in which they are incurred.

In accordance with UIG Abstract 3, lease incentives are recognised as liabilities and amortised over the period of the lease.

**(iii) Depreciation**

Property, plant and equipment and capitalised leased assets, excluding freehold land and work in progress, are depreciated over their estimated useful lives as follows:

	<b>Life</b>	<b>Method</b>
Freehold buildings and wharves	40 Yrs	Straight Line
Plant and equipment	3 to 20 Yrs	Straight Line
Buses	20 Yrs	In line with the pattern of consumption of economic benefits
Ferries	10 to 35 Yrs	Straight Line

**(iv) Capitalisation Policy**

Property, plant and equipment are recorded at the cost of acquisition. Cost is determined as the fair value of the assets given up at the date of acquisition plus costs incidental to the acquisition. Property, plant and equipment costing \$1,000 or more individually and having a minimum expected working life of three years is capitalised.

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)****(h) Property, Plant and Equipment (cont'd)****(iv) Capitalisation Policy (cont'd)**

Major spares purchased specifically for particular assets or class of assets are, at the time of asset acquisition included in the cost of the equipment and depreciated accordingly.

**(v) Work in Progress**

Costs relating to property, plant and equipment that is under construction or is otherwise incomplete, are shown in the financial statements as capital works in progress and are not depreciated until the assets are brought into service.

**(vi) Leasehold Improvements**

The cost of leasehold improvements is amortised over the unexpired period of the lease or the estimated useful life of the improvement whichever is the shorter.

**(vii) Maintenance & Repairs**

The costs of routine maintenance and repairs are charged as expenses as incurred, except where they relate to the replacement of a component of an asset that increases the service potential of the asset, in which case the costs are capitalised and depreciated in accordance with note 1(h)(iii).

**(i) Intangibles - Service Contract Rights**

Service contract rights are licences issued by the Ministry of Transport to operate bus services in specific regions. Service contract rights, representing the consideration for service rights purchased are recognised at cost and are amortised on a straight-line method over the period during which benefits are expected to arise.

**(j) Payables**

Liabilities for trade creditors and other amounts are carried at cost, which is the fair value of the consideration to be paid in the future for goods and services received prior to end of financial year. The amounts are unsecured and are usually paid within 30 days of recognition.

**(k) Interest Bearing Liabilities****(i) Borrowings**

Borrowings are recognised at current capital value. Current capital value is the face value of the debt adjusted for unamortised discounts or premiums. The discounts or premiums are treated as interest expense or income, respectively, and amortised over the term of the borrowing on a straight-line basis. Interest is charged as it accrues.

The fair value of long-term borrowings has been derived utilising accepted financial market methodologies and using quoted market rates at balance date.

**(ii) Finance Leases**

Any increase or decrease in lease payments resulting from changes in the factors on which lease payments are based, which occur subsequent to the inception of the lease, are recognised as contingent rentals in the statement of financial performance.

**(l) Provisions**

Provisions are recognised when the Authority has a present legal, equitable or constructive obligation to make a future sacrifice of economic benefits to other entities as a result of past transactions or other past events and a reliable estimate of the amount of the obligation can be made.

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)****(m) Employee Benefits****(i) Salaries and Wages, Sick Leave and On-costs**

Liability for salaries and wages is recognised and measured as the amount unpaid at the reporting date at current pay rates in respect of employees' services up to that date.

Unused non-vesting sick leave does not give rise to a liability, as it is not considered probable that sick leave taken in future will be greater than the entitlements accrued in the future.

The outstanding amounts of payroll tax, workers' compensation and fringe benefits tax, which are consequential to employment, are recognised as liabilities and expenses where employee entitlements to which they relate have been recognised.

**(ii) Annual Leave and Long Service Leave**

Provision has been made for benefits accruing to employees in relation to annual leave and long service leave estimated to be payable to employees on the basis of statutory and contractual requirements.

Annual leave liabilities, expected to be settled within twelve months of the reporting date, are measured at their nominal amounts based on remuneration rates, that are expected to be paid when the liability is settled. Long service leave and other leave benefits that are not expected to be settled within twelve months are assessed at present value by independent actuaries.

**(iii) Superannuation**

The employees' retirement benefits liability in respect of three defined benefit superannuation schemes administered by Pillar Administration on behalf of SAS Trustee Corporation is fully provided. The liability for employees' retirement benefits is based on an actuarial assessment (refer Note 11(iii)).

**(n) Reserves**

The asset revaluation reserve comprises revaluation increments recognised upon the revaluation of non current assets. Upon disposal or retirement, any related revaluation increment/ decrement remaining in the reserve in respect of the asset at the time of disposal is transferred to retained profits.

**(o) Insurance**

Appropriate insurances are purchased to cover material liability, physical damage, business interruption, and other exposures arising out of normal business operations. The Authority is a licensed self-insurer for workers' compensation claims under the *New South Wales Workers Compensation Act*. Broker advice is maintained to ensure a proactive response to changes in the operating environment.

Provisions are made for future costs associated with liability claims occurring in the financial year. Provisions are also made for future insurance premium adjustments, payable under the terms of the insurance contracts. These provisions are assessed at present value by independent actuaries. Recoveries due under insurance arrangements are treated as receivables.

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)****(p) Derivatives****(i) Foreign Exchange - Specific Hedges**

Hedge contracts are taken out for specific commitments at the time the foreign currency exposure arises. Each hedge contract endeavours to match the profile of the exposure in terms of the amount and timing of anticipated future cash flows. Where a purchase commitment is specifically hedged, realised and unrealised exchange gains or losses on the hedging transaction are treated as revenue or deferred costs until the terms of delivery or the physical purchase commitments have been satisfied. Gains or losses are then brought to account in determining the capital cost of the asset purchased.

**(ii) Swaps**

Gasoil swap contracts are in United States dollars taken out to reduce the risk of unfavourable distillate price movements.

The face value of gasoil swaps is not recognised in the financial statements. Net receipts and payments are recognised as an adjustment to the distillate purchase price.

The fair value of gasoil swap contracts is determined as the unrecognised gain or loss at balance date.

**(iii) Options**

Options in foreign currency and commodity prices are taken out to reduce the risk of unfavourable distillate price movements. These options provide the right, but not the obligation, to transact in fixed rate prices. Depending on the market rates, the holder has the choice of exercising the option or allowing it to lapse.

Premiums paid to purchase options are recognised together with any realised gains in the statement of financial performance at maturity date of each contract.

The fair value of the options is determined as the unrecognised gain or loss at balance date.

**(iv) Forward Exchange Contracts**

Forward exchange contracts are taken out to manage the foreign currency price risk relating to purchase of capital equipment.

Forward exchange contracts in United States dollars are undertaken to reduce the risk of unfavourable distillate price movements.

The market value of the forward exchange contracts is determined as the unrecognised value at balance date.

**(q) Income Tax**

The Authority is subjected to the National Tax Equivalent Regime under which it is required to pay taxation equivalent to the NSW Government.

Tax effect accounting is adopted whereby the income tax expense in the statement of financial performance is matched with the accounting profit after allowing for permanent differences. The future income tax benefit relating to tax losses is not carried forward as an asset unless the benefit is virtually certain of realisation. Income tax on cumulative timing differences is charged to the deferred income tax or the future income tax benefit accounts at the rates which are expected to apply when those timing differences reverse.



## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### (r) Accounting for Goods and Services Tax (GST)

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

- The amount of GST incurred that is not recoverable from Australian Taxation Office is recognised as part of the cost of acquisition of an asset or as part of an item of expense.
- Receivables and payables are stated with the amount of GST included.

The net amount of GST receivable or payable from or to the Australian Taxation Office is included in the statement of financial position as an asset or liability.

### (s) Borrowing Costs

Borrowing costs are recognised as expenses in the period in which they are incurred and comprise:

- Interest on bank overdrafts and short term and long term borrowing;
- Amortisation of discounts or premiums relating to borrowings; and
- Finance lease charges

### (t) Comparatives

Comparative figures are, where appropriate, reclassified to give a meaningful comparison with the current year.

### (u) Rounding

All amounts shown in the financial reports are expressed by reference to the nearest thousand dollars unless otherwise specified.

# Notes to and Forming Part of the Financial Statements

STATE TRANSIT AUTHORITY OF NEW SOUTH WALES

FOR THE YEAR ENDED 30 JUNE 2003

	Note	2003 \$000	2002 \$000
<b>2. REVENUE AND EXPENDITURE</b>			
<b>(i) Revenue from ordinary activities</b>			
Passenger revenue:			
- Fares, charters and tourists services		234,172	233,933
- Reimbursement for:			
- free travel by school students	2(v)(a)	38,483	36,553
- concessional travel by:			
pensioners	2(v)(a)	79,048	78,349
other community groups	2(v)(a)	26,796	28,299
- community service obligations (CSO):			
pricing CSO	2(v)(b)	44,738	35,585
service level CSO	2(v)(b)	50,453	30,074
Total passenger revenue		473,690	442,793
Interest from third parties	2(vi)	937	439
Grants	2(vii)	3,629	22,902
Proceeds from sale of property, plant and equipment		10,014	2,219
Other		37,701	27,041
Total revenue from ordinary activities		525,971	495,394
<b>(ii) Expenditure from ordinary activities (excluding employee benefits)</b>			
Wages and salaries		235,241	222,872
Workers' compensation		8,230	11,130
Payroll tax		16,911	16,499
Fleet running expenses		77,059	75,624
General operating expenses		61,909	65,609
Depreciation:			
- Plant and equipment		38,468	32,315
- Buildings		1,376	1,341
Amortisation of non-current assets:			
- Leased plant and equipment		2,229	2,126
- Leasehold improvements		248	193
- Service contract rights		1,374	2,028
Property, plant and equipment sold or written off		6,511	4,773
Operating leases		3,757	3,955
Consultancy/Professional services		4,204	3,567
Audit fee	2(viii)	217	198
Provision for doubtful debts		498	952
Bad debts written off		127	-
Total expenses from ordinary activities		458,359	443,182
<b>(iii) Employee benefits</b>			
Annual leave		23,484	20,227
Long service leave		10,685	5,897
Retirement benefits		37,090	35,911
Total employee benefits		71,259	62,035

	Note	2003 \$000	2002 \$000
<b>2. REVENUE AND EXPENDITURE (cont'd)</b>			
<b>(iv) Borrowing costs</b>			
Interest		10,203	9,757
Finance lease interest charges		118	-
Total borrowing costs		<u>10,321</u>	<u>9,757</u>

**(v) New South Wales Government reimbursements**

**(a) Free & Concessional Travel**

Free and concessional travel is provided to a range of community groups. The extent to which these groups are entitled to free and concessional travel is determined by government policy. Reimbursement is provided for free school travel on the basis of percentage of the number of passes on issue in the current year. Pensioners pay an all-day concession ticket (\$1.10, \$2.20 or \$3.30) and the Government pays the balance of the full fare for all estimated travel consumed. Other free and concessional travel is reimbursed on the basis of the Government paying the balance between the full fare applicable for each journey and the fare paid by the passenger.

**(b) Community Service Obligations (CSO)**

Reimbursements were received from NSW Government in accordance with the Government's social policy programs designed to promote the accessibility and availability of public transport services. CSO payments comprise Pricing CSO and Service Level CSO.

Pricing CSO – The Authority's fares are determined by the Independent Pricing and Regulatory Tribunal (IPART). In line with Government's social policy programs, the Authority's fares are below the equivalent commercial fares charged by the private sector bus operators. Consequently, the Authority is reimbursed the difference between the two sets of fares in the form of a Pricing CSO.

Service Level CSO – Represents payment by NSW Government to cover the operation of a number of services provided by Sydney Buses, Sydney Ferries and Newcastle which are not commercially justifiable by normal industry benchmarks.

**(vi) Interest income**

Interest received or due and receivable comprise:

Interest from Hour Glass-Cash facility (unitised Investment)	1	69
Other Interest	936	370
Total Interest income	<u>937</u>	<u>439</u>

	Note	2003 \$000	2002 \$000
<b>2. REVENUE AND EXPENDITURE (cont'd)</b>			
<b>(vii) Grants</b>			
Grants for:			
Capital works*		3,114	22,902
Alternative Fuel Program**		515	-
Total grants		<u>3,629</u>	<u>22,902</u>
* This grant was received from the NSW Government Action for Transport 2010 program for the acquisition of new vessels, refurbishment of Manly ferries and the installation of CCTV cameras on wharves.			
** This grant was received from the Federal Government's Alternative Fuel Conversion Program for compressed natural gas buses acquired under existing contract.			
<b>(viii) Audit fee</b>			
Audit fees payable to NSW Audit Office for the audit of financial reports		217	198
Total audit fees		<u>217</u>	<u>198</u>
<b>(ix) Board members' remuneration</b>			
The amount of remuneration, including superannuation contributions, received or due and receivable by the non executive members of the State Transit Authority Board for services in respect of all entities was \$169,112 (2002: \$153,054). There were no other benefits paid to the members of the Board.			
<b>3. INCOME TAX</b>			
<b>(i) Income tax expense</b>			
The prima facie tax on operating (loss) differs from the income tax provided in the accounts as follows:			
(Loss) from ordinary activities		<u>(13,968)</u>	<u>(19,580)</u>
Prima facie tax on operating (loss) at 30%		(4,190)	(5,874)
Tax effect of permanent differences		1,827	(5,837)
(Offset of)/transferred to operating (loss)		<u>2,363</u>	<u>11,711</u>
Income tax attributable to operating (loss)		<u>-</u>	<u>-</u>
<b>(ii) Benefit of tax losses and timing differences not brought to account</b>			
Future income tax benefit arising from tax losses and timing differences have not been recognised as an asset because realisation of the benefit is not regarded as virtually certain.			
Balance not brought to account being tax losses of \$48.864M (2002: \$48.584M) and net timing differences of \$25.207M			
		<u>74,071</u>	<u>71,584</u>

# Notes to and Forming Part of the Financial Statements

STATE TRANSIT AUTHORITY OF NEW SOUTH WALES

FOR THE YEAR ENDED 30 JUNE 2003

	Note	2003 \$000	2002 \$000
<b>3. INCOME TAX (cont'd)</b>			
<b>(iii) Future Income Tax Benefit (FITB)</b>			
This benefits will only be derived if:			
(a) the Authority derives sufficient future assessable income to enable the benefits to be realised;			
(b) the Authority continues to comply with the conditions for deductibility imposed by tax legislation;			
(c) there is no adverse change in tax legislation affecting the Authority in realising the benefit.			
<b>4. RECEIVABLES (CURRENT)</b>			
Trade Debtors		5,777	7,738
Provision for doubtful debts		(124)	(64)
		<u>5,653</u>	<u>7,674</u>
Sundry Debtors		9,749	2,728
Provision for doubtful debts		(2,377)	(1,939)
		<u>7,372</u>	<u>789</u>
Goods and Services Tax		126	1,100
Foreign currency hedge receivable		1,223	-
Total receivables		<u>14,374</u>	<u>9,563</u>
<b>5. INVENTORIES (AT COST)</b>			
Mechanical and electrical spares		7,815	6,675
Distillate		1,012	1,055
Tyres and tubes		145	176
Other		707	567
Total inventories		<u>9,679</u>	<u>8,473</u>
<b>6. OTHER ASSETS</b>			
<b>Current</b>			
Prepayments		2,042	2,061
Other		808	3,886
Total current other assets		<u>2,850</u>	<u>5,947</u>
<b>Non-current</b>			
Foreign currency hedge receivable		178	-
Other		79	185
Total non-current other assets		<u>257</u>	<u>185</u>



## 7. PROPERTY PLANT AND EQUIPMENT

Class of Property, plant and equipment	2003			2002		
	Capital Value	Accumulated Depreciation/ Amortisation	WDV	Capital Value	Accumulated Depreciation/ Amortisation	WDV
	\$000	\$000	\$000	\$000	\$000	\$000
Freehold operating land						
- at valuation	101,068	-	101,068	51,371	-	51,371
- at cost	-	-	-	1,884	-	1,884
Freehold commercial land						
- at valuation	12,105	-	12,105	12,529	-	12,529
<b>Total land</b>	<b>113,173</b>	<b>-</b>	<b>113,173</b>	<b>65,784</b>	<b>-</b>	<b>65,784</b>
Buildings						
- at valuation	96,253	(46,332)	49,921	51,701	(23,217)	28,484
- at cost	-	-	-	1,651	(60)	1,591
<b>Total buildings</b>	<b>96,253</b>	<b>(46,332)</b>	<b>49,921</b>	<b>53,352</b>	<b>(23,277)</b>	<b>30,075</b>
Wharves						
- at valuation	15,353	(8,716)	6,637	10,473	(9,743)	730
- at cost	-	-	-	1,049	(91)	958
<b>Total wharves</b>	<b>15,353</b>	<b>(8,716)</b>	<b>6,637</b>	<b>11,522</b>	<b>(9,834)</b>	<b>1,688</b>
<b>Total land, buildings &amp; wharves</b>	<b>224,779</b>	<b>(55,048)</b>	<b>169,731</b>	<b>130,658</b>	<b>(33,111)</b>	<b>97,547</b>
<b>Plant and equipment at cost</b>	<b>83,754</b>	<b>(60,567)</b>	<b>23,187</b>	<b>79,678</b>	<b>(55,694)</b>	<b>23,984</b>
<b>Motor vehicles (other than buses)</b>	<b>646</b>	<b>(569)</b>	<b>77</b>	<b>650</b>	<b>(528)</b>	<b>122</b>
Owned buses						
- at valuation	573,277	(327,901)	245,376	355,636	(241,854)	113,782
- at cost	-	-	-	132,501	(13,556)	118,945
<b>Total Owned buses</b>	<b>573,277</b>	<b>(327,901)</b>	<b>245,376</b>	<b>488,137</b>	<b>(255,410)</b>	<b>232,727</b>
Leased buses at valuation	-	-	-	55,895	(47,795)	8,100
<b>Total buses</b>	<b>573,277</b>	<b>(327,901)</b>	<b>245,376</b>	<b>544,032</b>	<b>(303,205)</b>	<b>240,827</b>
Owned ferries						
- at valuation	243,062	(123,503)	119,559	98,200	(76,422)	21,778
- at cost	-	-	-	41,251	(2,211)	39,040
<b>Total owned ferries</b>	<b>243,062</b>	<b>(123,503)</b>	<b>119,559</b>	<b>139,451</b>	<b>(78,633)</b>	<b>60,818</b>
Leased ferries at valuation	-	-	-	24,500	(21,771)	2,729
<b>Total ferries</b>	<b>243,062</b>	<b>(123,503)</b>	<b>119,559</b>	<b>163,951</b>	<b>(100,404)</b>	<b>63,547</b>
<b>Work in progress</b>	<b>8,444</b>	<b>-</b>	<b>8,444</b>	<b>7,942</b>	<b>-</b>	<b>7,942</b>
<b>Total property, plant and equipment</b>	<b>1,133,962</b>	<b>(567,588)</b>	<b>566,374</b>	<b>926,911</b>	<b>(492,942)</b>	<b>433,969</b>

**7. PROPERTY PLANT AND EQUIPMENT (cont'd)****(i) Valuations**

(a) Property, plant and equipment were revalued in accordance with the basis of valuation set out in note 1(h)(i)

(b) The following non-current assets were independently valued by registered valuers:

<b>Class of assets</b>	<b>Date of valuation</b>	<b>Registered valuers</b>
Freehold commercial land and buildings	30 June 2003	International Valuation Consultants Pty Ltd
Operating land and buildings	30 June 2003	International Valuation Consultants Pty Ltd
Wharves	30 June 2003	International Valuation Consultants Pty Ltd
Wharf improvements	30 June 2003	International Valuation Consultants Pty Ltd
Ferries	30 June 2003	Rodney Hyman Asset Services Pty Ltd

(c) Buses were valued as at 30 June 2003 by the Board.

All valuations are estimates of the amounts for which the assets could be exchanged between a knowledgeable willing buyer and a knowledgeable willing seller in an arms length transaction at the valuation date.

## 7. PROPERTY PLANT AND EQUIPMENT (cont'd)

(ii) Reconciliation of carrying amounts of each class of property, plant and equipment at the beginning and at the end of the reporting period are set out below:

2003									
Class of Property, plant and equipment	Opening Balance	Revaluation Inc/(Dec)	Disposals	Additions	Trf to/from Leased	Other Adjustments	Depreciation	Closing Balance	
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Freehold operating land	53,255	43,766	(340)	-	-	4,387	-	101,068	
Freehold commercial land	12,529	8,763	(4,800)	-	-	(4,387)	-	12,105	
<b>Total Land</b>	<b>65,784</b>	<b>52,529</b>	<b>(5,140)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>113,173</b>	
Buildings	30,075	20,223	(29)	1,028	-	-	(1,376)	49,921	
Wharves	1,688	5,189	-	-	-	-	(240)	6,637	
<b>Total land, buildings &amp; wharves</b>	<b>97,547</b>	<b>77,941</b>	<b>(5,169)</b>	<b>1,028</b>	<b>-</b>	<b>-</b>	<b>(1,616)</b>	<b>169,731</b>	
Plant and equipment	23,984	-	(50)	6,887	-	2	(7,636)	23,187	
Motor vehicles	122	-	-	-	-	(2)	(43)	77	
Owned Buses	232,727	14,252	(1,292)	15,027	6,674	(353)	(21,659)	245,376	
Leased Buses	8,100	-	-	-	(6,674)	-	(1,426)	-	
Owned ferries	60,818	44,298	-	20,937	2,644	-	(9,138)	119,559	
Leased Ferries	2,729	718	-	-	(2,644)	-	(803)	-	
Work in progress*	7,942	-	-	502	-	-	-	8,444	
<b>Total</b>	<b>433,969</b>	<b>137,209</b>	<b>(6,511)</b>	<b>44,381</b>	<b>-</b>	<b>(353)</b>	<b>(42,321)</b>	<b>566,374</b>	

2002									
Class of Property, plant and equipment	Opening Balance	Revaluation Inc/(Dec)	Disposals	Additions	Trf to/from Leased	Other Adjustments	Depreciation	Closing Balance	
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Freehold operating land	57,642	-	-	-	-	(4,387)	-	53,255	
Freehold commercial land	8,142	-	-	-	-	4,387	-	12,529	
<b>Total Land</b>	<b>65,784</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>65,784</b>	
Buildings	30,702	-	(3)	716	-	-	(1,340)	30,075	
Wharves	1,875	-	-	105	-	-	(292)	1,688	
<b>Total land, buildings &amp; wharves</b>	<b>98,361</b>	<b>-</b>	<b>(3)</b>	<b>821</b>	<b>-</b>	<b>-</b>	<b>(1,632)</b>	<b>97,547</b>	
Plant and equipment	25,888	-	(253)	5,646	-	-	(7,297)	23,984	
Motor vehicles	125	-	(8)	48	-	-	(43)	122	
Owned Buses	220,396	-	(4,571)	37,483	-	-	(20,581)	232,727	
Leased Buses	10,112	-	-	-	-	-	(2,012)	8,100	
Owned ferries	43,956	-	-	21,156	-	-	(4,294)	60,818	
Leased Ferries	2,843	-	-	-	-	-	(114)	2,729	
Work in progress	6,307	-	-	1,635	-	-	-	7,942	
<b>Total</b>	<b>407,988</b>	<b>-</b>	<b>(4,835)</b>	<b>66,789</b>	<b>-</b>	<b>-</b>	<b>(35,973)</b>	<b>433,969</b>	

\* Major items of work in progress include Buses \$5.421m, Vessels upgrade \$1.240m and Cash Deposit System \$0.418m.

# Notes to and Forming Part of the Financial Statements

STATE TRANSIT AUTHORITY OF NEW SOUTH WALES

FOR THE YEAR ENDED 30 JUNE 2003

	Note	2003 \$000	2002 \$000
<b>8. INTANGIBLES</b>			
Service contract rights		9,355	9,355
Accumulated amortisation		(7,769)	(6,395)
Total intangibles		1,586	2,960
<b>9. PAYABLES</b>			
Trade creditors	9(i)	8,437	15,674
Other creditors and accruals		13,606	18,925
Accrued salaries, wages and on-costs		6,176	6,584
Accrued interest payable		4,022	3,280
Interest free loan		5,100	5,100
Foreign currency hedge payable		1,223	-
Total payables		38,564	49,563
(i) Trade creditors are non-interest bearing and are normally settled on 30 day terms.			
<b>10. INTEREST BEARING LIABILITIES</b>			
<b>Current</b>			
Borrowings secured by NSW Government guarantee		61,181	26,759
Finance lease		-	17,665
Total current interest bearing liabilities		61,181	44,424
<b>Non-current</b>			
Borrowings secured by NSW Government guarantee		82,529	92,875
Total non-current interest bearing liabilities		82,529	92,875
<b>(i) Payable:</b>			
Not later than 1 year		60,591	43,921
Later than 1 year and not later than 5 years		42,510	53,722
Later than 5 years		38,316	37,812
Total interest bearing borrowings (face value)		141,417	135,455
Unamortised discount		(315)	(402)
Unamortised premium		2,608	2,246
Total interest bearing borrowings (capital value)		143,710	137,299
Current liability		61,181	44,424
Non-current liability		82,529	92,875
		143,710	137,299

# Notes to and Forming Part of the Financial Statements

STATE TRANSIT AUTHORITY OF NEW SOUTH WALES

FOR THE YEAR ENDED 30 JUNE 2003

	Note	2003 \$000	2002 \$000
<b>11. PROVISIONS</b>			
<b>Current</b>			
Employee benefits	11(i)	30,086	25,583
Workers' compensation	11(ii)	7,051	6,824
Others	11(ii)	2,076	1,923
Total current provisions		<u>39,213</u>	<u>34,330</u>
<b>Non-current</b>			
Employee benefits	11(i)	36,443	30,878
Retirement benefits	11(iii)	63,175	50,482
Workers' compensation	11(ii)	21,039	21,847
Compulsory third party (CTP)	11(ii)	6,202	10,136
Others	11(ii)	683	1,502
Total non-current provisions		<u>127,542</u>	<u>114,845</u>
<b>(i) Aggregate employee benefits and related on-costs</b>			
Provisions - current		30,086	25,583
Provisions - non-current		36,443	30,878
Accrued salaries, wages and on-costs	9	6,176	6,584
Total employee benefits and related on-costs		<u>72,705</u>	<u>63,045</u>
<b>(ii) Movements in each class of provisions during the financial year, other than employee benefits, are set out below:</b>			
	<b>Workers' Comp</b>	<b>CTP</b>	<b>Others</b>
Carrying amount at the beginning of the financial year	28,671	10,136	3,425
Additional provisions recognised, including increases to existing provisions	8,218	3,527	2,052
Amounts paid during the year	(8,799)	-	(2,131)
Reduction in provisions from remeasurement or settlement without cost	-	(7,461)	(587)
Carrying amount at the end of financial year	<u>28,090</u>	<u>6,202</u>	<u>2,759</u>
Current	7,051	-	2,076
Non-current	21,039	6,202	683
	<u>28,090</u>	<u>6,202</u>	<u>2,759</u>



## 11. PROVISIONS (cont'd)

### (iii) Retirement benefits

The defined benefits schemes relating to employees of State Transit Authority are as follows:

- (a) SASS      State Authorities Superannuation Scheme
- (b) SANCS    State Authorities Non-Contributory Superannuation Scheme
- (c) SSS      State Superannuation Scheme

These schemes are part of the pooled fund, the trustee of which is SAS Trustee Corporation (Trustee). The funds actuary, Mercer Human Resource Consulting Pty Ltd, appointed by the Trustee, has calculated the financial liability.

The financial assumptions that have been used in the calculation are:

	2003-2004	2004-2005	Thereafter
	% pa	% pa	% pa
Rate of investment return	7.0	7.0	7.0
Rate of salary increase	4.0	4.0	4.0
Rate of increase in Consumer Price Index	2.5	2.5	2.5

The assessed liability as at 30 June 2003 and funds held in Reserve Account with the Trustee are as follows:

	SASS \$000	SANCS \$000	SSS \$000	Total \$000
Gross liability	149,400	22,312	5,954	177,666
Reserve balance	(97,326)	(12,222)	(4,943)	(114,491)
Unfunded liability	52,074	10,090	1,011	63,175

	Note	2003 \$000	2002 \$000
<b>Non-current liability</b>			
Retirement benefits		63,175	50,482

## 12. OTHER LIABILITIES

### Current

Revenue received in advance	6,351	8,149
Unrealised gain on foreign exchange contracts	-	370
Other	39	39
Total current other liabilities	6,390	8,558

### Non-Current

Foreign currency hedge payable	178	-
Other	85	124
Total non-current other liabilities	263	124

## 13. EQUITY

\$000	Retained profits		Reserves		Total Equity	
	2003	2002	2003	2002	2003	2002
Balance at the beginning of the financial year	44,457	63,371	75,661	76,327	120,118	139,698
Increment / (decrement) on revaluation of property, plant and equipment	-	-	129,896	-	129,896	-
Asset revaluation reserve balance transferred to retained profits on disposal of assets	5,828	666	(5,828)	(666)	-	-
Net increase / (decrease) in retained profits on adoption of new/revised accounting standard:						
AASB 1028 "Employee Benefits"	(497)	-	-	-	(497)	-
AASB 1041 "Revaluation of Non-Current Assets"	7,313	-	-	-	7,313	-
Net Loss for the year	(13,968)	(19,580)	-	-	(13,968)	(19,580)
<b>Balance at the end of the financial year</b>	<b>43,133</b>	<b>44,457</b>	<b>199,729</b>	<b>75,661</b>	<b>242,862</b>	<b>120,118</b>

	Note	2003 \$000	2002 \$000
--	------	---------------	---------------

## 14. COMMITMENTS

### (i) Other Expenditure Commitments

Aggregate other expenditure for the acquisition of goods and services at balance date and not provided for:

Not later than 1 year	2,574	#
Total other expenditure commitments (including GST)	2,574	-

# Disclosed for the first time in 2003. 2002 comparative not available.

### (ii) Operating lease commitments

#### Payable:

Not later than 1 year	3,106	3,549
Later than 1 year and not later than 5 years	6,652	7,486
Later than 5 years	42,655	49,359
Total operating lease commitments (including GST)	52,413	60,394

Operating leases exist in respect of office accommodation, motor vehicles and office equipment.

### (iii) Capital expenditure commitments\*

#### Payable:

Not later than 1 year	11,811	33,230
Later than 1 year and not later than 5 years	-	1,650
Total capital expenditure commitments (including GST)	11,811	34,880

\* These capital expenditure commitments relate primarily to bus purchase and ferry refurbishments.

The other expenditure, operating lease expenditure, and capital expenditure commitment totals as shown above include Goods and Services Tax (GST) of \$6.073M, which is recoverable from the Australian Taxation Office.

**15. WESTERN SYDNEY BUSES**

Western Sydney Buses was incorporated on 12 July 2002 under the Transport Administration Act 1988 as a public subsidiary corporation of State Transit Authority. Western Sydney Buses commenced operation from February 2003.

Western Sydney Buses operates bus services along the corridor known as the Liverpool-Parramatta Transitway. Its operations have been incorporated into the Authority's financial result. However, a separate account for Western Sydney Buses is maintained by the Authority, which recognised loans were advanced from and repayments received by the Authority.

The Authority also levies management fees.

**Western Sydney Buses Revenue & Expenses for the period 30 June 2003 are summarised as follows:**

	<b>2003 \$000</b>
<b>Revenue</b>	
Passenger Revenue	645
Reimbursement for Concessional travel	46
<b>Total Revenue</b>	<u>691</u>
<b>Expenses</b>	
Wages, salaries and on-costs	1,176
Fleet running expenses	343
Other	1,337
<b>Total expenses</b>	<u>2,856</u>
<b>Net Loss</b>	<u>(2,165)</u>

**Western Sydney Buses Assets & Liabilities at 30 June 2003 are summarised as follows:**

<b>CURRENT ASSETS</b>	
Cash	17
Receivables	234
Other	49
<b>TOTAL CURRENT ASSETS</b>	<u>300</u>
<b>TOTAL ASSETS *</b>	<u>300</u>
<b>CURRENT LIABILITIES</b>	
Payables	350
Borrowings from parent entity	1,930
Provisions	152
<b>TOTAL CURRENT LIABILITIES</b>	<u>2,432</u>
<b>NON-CURRENT LIABILITIES</b>	
Provisions	33
<b>TOTAL NON-CURRENT LIABILITIES</b>	<u>33</u>
<b>TOTAL LIABILITIES</b>	<u>2,465</u>
<b>NET ASSETS</b>	<u>(2,165)</u>

\* Western Sydney Buses has no non-current assets. All Property, plant and equipment are leased from the Authority, under an operating lease.

## 16. FINANCIAL INSTRUMENTS

### (i) Interest rate risk

Exposure to interest rate risk and the effective interest rates of financial assets and financial liabilities, both recognised and unrecognised at balance date, are as follows:

	Floating interest rate \$000	Fixed interest rate maturing in			Non- Interest bearing \$000	Total \$000	Weighted average effective interest rate	
		1 year or less \$000	Over 1 to 5 years \$000	More than 5 years \$000			Floating %	Fixed %
2003								
Financial Assets								
Cash	1,195	-	-	-	2,229	3,424	3.25	N/A
Receivables - Trade	-	-	-	-	14,374	14,374	N/A	N/A
Options:*								
Commodity	-	-	-	-	3	3	N/A	N/A
Currency	-	-	-	-	167	167	N/A	N/A
Total financial assets	1,195	-	-	-	16,773	17,968		
Financial Liabilities								
Trade creditors & accruals	-	-	-	-	38,564	38,564	N/A	N/A
Borrowings	32,483	28,698	43,569	38,960	-	143,710	6.90	8.09
Finance lease	-	-	-	-	-	-	-	-
Forward exchange contracts	-	6,163	1,034	-	-	7,197	N/A	N/A
Total financial liabilities	32,483	34,861	44,603	38,960	38,564	189,471		
2002								
Financial Assets								
Cash	1,183	-	-	-	2,557	3,740	3.99	-
Receivables - Trade	-	-	-	-	9,563	9,563	N/A	N/A
Options: *								
Commodity	-	-	-	-	118	118	N/A	N/A
Currency	-	-	-	-	468	468	N/A	N/A
Total financial assets	1,183	-	-	-	12,706	13,889		
Financial Liabilities								
Trade creditors & accruals	-	-	-	-	49,563	49,563	N/A	N/A
Borrowings	17,700	9,059	53,961	38,914	-	119,634	4.64	8.04
Finance lease	17,665	-	-	-	-	17,665	0.69	-
Forward exchange contracts	-	1,217	1,034	-	-	2,251	N/A	N/A
Total financial liabilities	35,365	10,276	54,995	38,914	49,563	189,113		

\* amounts included within Other Assets in the Statement of Financial Position

**16. FINANCIAL INSTRUMENTS (cont'd)****(ii) Net fair values**

All financial assets and liabilities have been recognised at the balance date at their net fair values except for the following:

	Total carrying amount		Aggregate net fair value	
	2003 \$000	2002 \$000	2003 \$000	2002 \$000
<b>Financial Assets</b>				
Options:				
Currency	167	468	33	241
Commodity	3	118	-	42
Swaps:				
Commodity	-	-	985	1,154
Total financial assets	170	586	1,018	1,437
<b>Financial liabilities</b>				
Forward exchange contracts*	-	-	1,369	84
Borrowings	143,710	119,634	149,777	121,907
Finance lease	-	17,665	-	18,823
Total financial liabilities	143,710	137,299	151,146	140,814

\* the amount of loss recognised at reporting date in relation to forward exchange contract is included in the carrying amount of payable

**(iii) Credit risk exposures**

The Authority's maximum exposure to credit risk at reporting date in relation to each class of recognised financial assets, other than derivatives, is the carrying amount of those assets as indicated in the statement of financial position

In relation to derivative financial instruments, whether recognised or unrecognised, credit risk arises from the potential failure of counterparties to meet their obligations under the contract or arrangement. It is not expected that any counterparties will fail to meet the obligations given the Authority's credit policy.

The following table summarises the credit risk exposure on derivative financial instruments held at balance date:

	2003		2002	
	Face Value	Market Value	Face Value	Market Value
<b>Forward exchange contracts:</b>				
Not later than 1 year	7,386	6,163	1,283	1,217
Later than 1 year but not later than 2 years	1,180	1,034	1,052	1,034
	8,566	7,197	2,335	2,251



**16. FINANCIAL INSTRUMENTS (cont'd)****(iii) Credit risk exposures**

	2003 Net Fair Value \$000	2002 Net Fair Value \$000
<b>Currency options:</b>		
Not later than 1 year	-	163
Later than 1 year but not later than 2 years	33	78
	<u>33</u>	<u>241</u>
<b>Commodity swaps:</b>		
Not later than 1 year	925	912
Later than 1 year but not later than 2 years	60	242
	<u>985</u>	<u>1,154</u>
<b>Commodity options:</b>		
Not later than 1 year	-	42
	<u>-</u>	<u>42</u>

**17. CONTINGENT LIABILITIES**

No significant contingent liabilities are anticipated, except for potential property and personal injury claims formerly managed by HIH Casualty & General Insurance Ltd.

END OF AUDITED FINANCIAL STATEMENTS



**Paul Dunn BComm MBA ACA**  
**GENERAL MANAGER, FINANCE & BUSINESS SERVICES**

**SYDNEY**

# Statement by Members of the Board

STATE TRANSIT AUTHORITY OF NEW SOUTH WALES

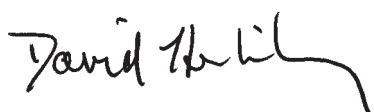
FOR THE YEAR ENDED 30 JUNE 2003

Pursuant to section 41(C)(1B) of the Public Finance and Audit Act 1983 and, in accordance with a resolution of the members of the Board of the State Transit Authority of New South Wales, we declare on behalf of State Transit Authority that in our opinion:

1. The accompanying financial statements exhibit a true and fair view of the financial position and transactions of the State Transit Authority of New South Wales as at 30 June 2003; and
2. The financial statements have been prepared in accordance with the provisions of the Public Finance and Audit Act 1983, Public Finance and Audit Regulation 2000 and the Treasurer's Directions.

Further, we are not aware of any circumstances, which would render particulars included in the financial statements to be misleading or inaccurate.

This statement is made in accordance with a resolution of the directors.



**David Herlihy**  
**CHAIRMAN**

**SYDNEY**



**John Stott**  
**CHIEF EXECUTIVE**



GPO BOX 12  
SYDNEY NSW 2001

## INDEPENDENT AUDIT REPORT

### STATE TRANSIT AUTHORITY OF NEW SOUTH WALES

To Members of the New South Wales Parliament

#### Audit Opinion

In my opinion, the financial report of the State Transit Authority of New South Wales:

- (a) presents fairly the Authority's financial position as at 30 June 2003 and its financial performance and cash flows for the year ended on that date, in accordance with applicable Accounting Standards and other mandatory professional reporting requirements in Australia, and
- (b) complies with section 41B of the *Public Finance and Audit Act 1983* (the Act).

The opinion should be read in conjunction with the rest of this report.

#### The Board's Role

The financial report is the responsibility of the members of the Board of the State Transit Authority of New South Wales. It consists of the statement of financial position, the statement of financial performance, the statement of cash flows and the accompanying notes.

#### The Auditor's Role and the Audit Scope

As required by the Act, I carried out an independent audit to enable me to express an opinion on the financial report. My audit provides *reasonable assurance* to Members of the New South Wales Parliament that the financial report is free of *material* misstatement.

My audit accorded with Australian Auditing and Assurance Standards and statutory requirements, and I:

- evaluated the accounting policies and significant accounting estimates used by the Board in preparing the financial report, and
- examined a sample of the evidence that supports the amounts and other disclosures in the financial report.

An audit does *not* guarantee that every amount and disclosure in the financial report is error free. The terms 'reasonable assurance' and 'material' recognise that an audit does not examine all evidence and transactions. However, the audit procedures used should identify errors or omissions significant enough to adversely affect decisions made by users of the financial report or indicate that the Board members had failed in their reporting obligations.

My opinion does *not* provide assurance:

- about the future viability of the Authority,
- that it has carried out its activities effectively, efficiently and economically, or
- about the effectiveness of its internal controls.

## Audit Independence

The Audit Office complies with all applicable independence requirements of Australian professional ethical pronouncements. The Act further promotes independence by:

- providing that only Parliament, and not the executive government, can remove an Auditor-General, and
- mandating the Auditor-General as auditor of public sector agencies but precluding the provision of non-audit services, thus ensuring the Auditor-General and the Audit Office are not compromised in their role by the possibility of losing clients or income.



P Carr FCPA  
Director of Audit

SYDNEY  
10 October 2003

# Appendices

**FOR THE YEAR ENDED  
30 JUNE 2003**

State Transit  
Authority of  
New South Wales

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## 1 Summary of Land

In accordance with Section 41B(1)(d) of the Public Finance and Audit Act, 1983, stated below is a summary of the Authority's land holding as at 30 June 2003 according to actual use of the land.

Land Use Classification	\$000
Bus Depots	90,977
Shipyard	6,100
Minor Operational assets	3,990
Commercial properties	12,106
<b>Total</b>	<b>113,173</b>

### Disposal of property

During the year State Transit disposed of 2 properties. One property was sold by public auction for \$7.7 million. The sale proceeds were used to fund the capital works program.

A parcel of land, adjoining Central Park, was transferred to the Centennial Park Moore Park Trust at a nominal value.

There were no family connections nor business associations between any property purchaser and the persons responsible for approving the disposal of the property.

Any access to documents relating to the disposals can be obtained under the Freedom of Information Act.

## 2 Capital Works Expenditure

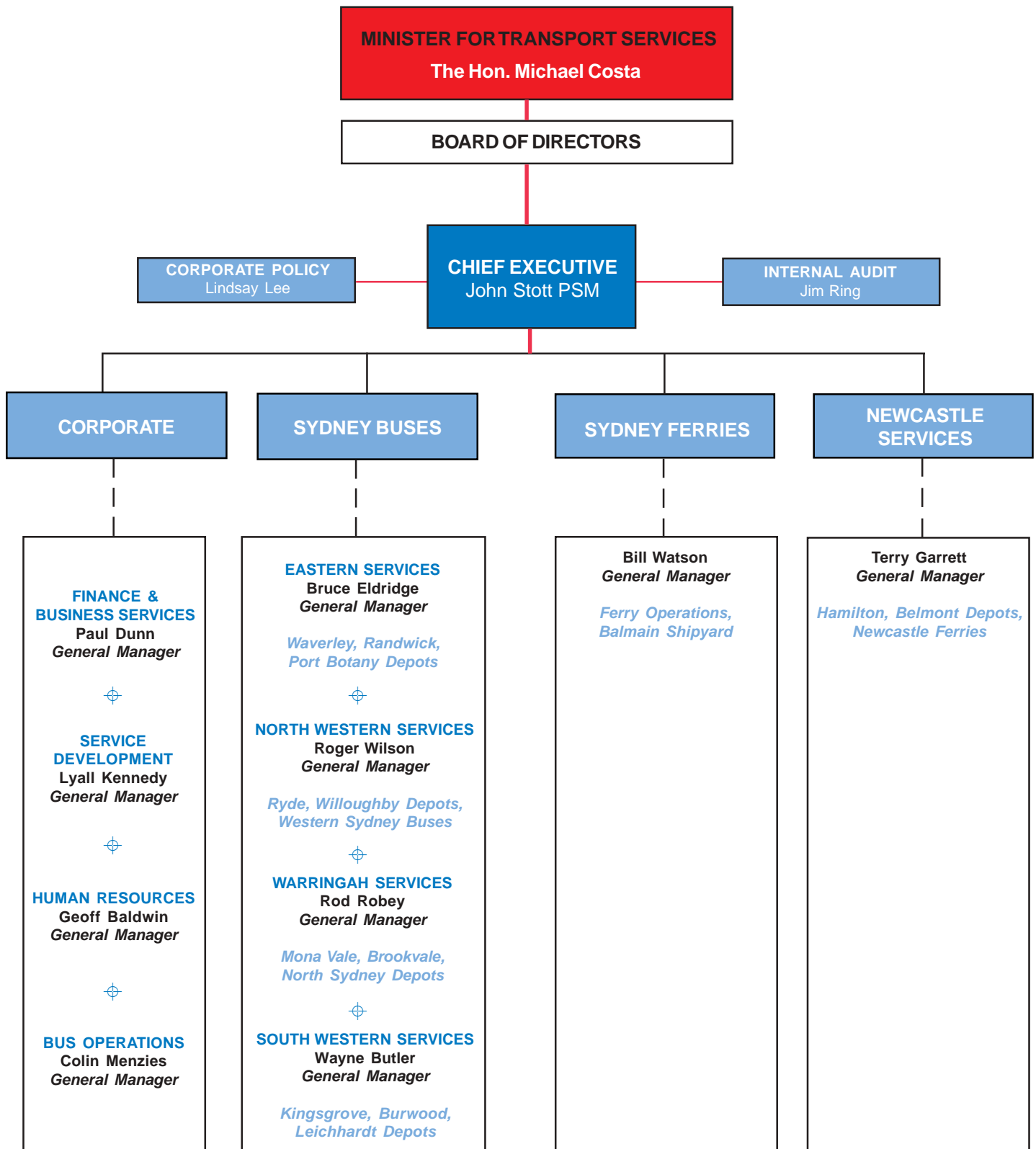
Major Works	Completion Date	\$000
Bus Replacement Program		
- 150 Mercedes CNG Buses	December 2002	11,427
- 30 Newcastle Buses	November 2003	5,824
Vessels Refit:		
- Manly Ferries		
Freshwater	October 2002	7,693
Narrabeen	April 2003	5,428
- Lady Class Ferries	November 2002	5,529
- JetCat engine upgrade and refit	December 2002	1,698
Other:		
- Cash Deposit System Replacement	August 2003	2,587
- Replacement of Manly Ferry Auxiliary Generators	September 2003	1,149

## 3 Consolidated Income and Expenditure Statement

	2001/02 Actual \$000	2002/03 Actual \$000	2002/03 Budget \$000	Variance \$000	%	2003/04 Budget \$000
<b>REVENUE:</b>						
Passenger revenue	233,933	234,172	238,641	(4,469)	(1.9%)	243,294
Social program funding	208,860	239,518	214,684	24,834	11.6%	241,707
Capital and other government grants	22,902	3,629	3,632	(3)	(0.1%)	330
Interest	439	937	170	767	451.2%	25
Other revenue	29,260	47,715	54,508	(6,793)	(12.5%)	51,591
<b>Total Revenue</b>	<b>495,394</b>	<b>525,971</b>	<b>511,635</b>	<b>14,336</b>	<b>2.8%</b>	<b>536,947</b>
<b>Expenditure:</b>						
Payroll and related costs	312,536	331,641	318,117	(13,524)	(4.3%)	341,016
Depreciation and amortisation	38,003	43,695	40,472	(3,223)	(8.0%)	46,533
Fleet running expenses	75,624	77,059	73,128	(3,931)	(5.4%)	81,651
Borrowing costs	9,757	10,321	11,594	1,273	11.0%	11,763
Other operating costs	79,054	77,223	90,601	13,378	14.8%	94,311
<b>Total Expenditure</b>	<b>514,974</b>	<b>539,939</b>	<b>533,912</b>	<b>(6,027)</b>	<b>(1.1%)</b>	<b>575,274</b>
<b>Profit/(loss) before tax</b>	<b>(19,580)</b>	<b>(13,968)</b>	<b>(22,277)</b>	<b>8,309</b>	<b>(37.3%)</b>	<b>(38,327)</b>

1. Passenger revenue for the year of \$234.2m was \$4.5m (1.9%) below budget, the downturn being particularly evident for the Travelpass. Patronage in 2002-03 was targeted to remain static in comparison to the previous year. The marginal (1%) decline in patronage was due to a number of factors including the impact of record sales of private motor vehicles and a slowdown in overseas visitor numbers. Bus and rail service providers in both the public and private sectors experienced no growth in patronage.
2. The Government's social program funding policy in the form of free and concessional fares paid by Government and CSOs has a favourable impact of \$24.8m.
3. Other revenue was \$6.8m (12.5%) lower than budget due to delayed property sales.
4. Payroll and related costs were \$13.5m (4.3%) above budget. Staff numbers increased by a little over 1% compared with the previous year. A 1.7% decrease in employment in Sydney Buses was offset by a 9.9% increase in ferries' personnel arising from the implementation of recommendations of the Waterways report, targeting the areas of safety, training and maintenance. Western Sydney Buses commenced operations during the year and employed 47 staff at year-end. A negative return on superannuation fund investments and higher employee on-costs resulted in an unfavourable variance to budget of \$14.4m.
5. Fleet running expenses were \$3.9m (5.3%) above budget. The net cost of fuel was \$1.4m (4.5%) above budget, reflecting higher average US dollar crude oil prices. In 2002-03 maintenance expenditure in Sydney Buses increased by 8.7% over budget, kilometres travelled was 2.9% over target.
6. Depreciation and amortisation expense was \$3.2m (8.0%) above budget. This arose from a revaluation of non-current assets, which added \$137.2m to the asset base. The additional depreciation on ferries as a result of the revaluation was \$4.2m.
7. Other operating costs were \$13.4m (14.8%) below budget. Delayed property sales resulted in cost of assets sold being under budget.

## 4 Structure



## 5 Board of Directors

### Corporate Governance

State Transit Board members are appointed by the Minister for Transport Services for terms of up to three years. There can be up to eight members of the Board, one of whom is the Chief Executive of the Authority. The Board meets monthly.

The Board's role in the corporate governance of State Transit, includes setting the overall strategic direction, monitoring the performance of management, and overseeing significant financial matters. State Transit's corporate governance practices ensure a high standard of accountability and independent monitoring throughout the Authority.

### BOARD MEMBERS

#### David Herlihy - Chairman

Mr Herlihy has a wide-ranging background in banking and finance. He held senior positions with Capel Court Corporation over a ten year period. For five years until 1997, Mr Herlihy was principal finance advisor for the Paul Ramsay Group.

Mr Herlihy is Chairman of Lafarge Aluminates Australia, a subsidiary of Lafarge France. He is also a life member of the Australian Institute of Political Science. Mr Herlihy was first appointed to the Board of State Transit in January 1996 and became Chairman in January 1997.

#### John Stott - Chief Executive

Mr Stott has a wide-ranging background in the transport industry, both in the public and private sectors and in all modes - land, marine and aviation. He has been closely involved in many aspects of transport reforms over the past 20 years and has extensive experience in the management of Government Trading Enterprises. Since his appointment as Chief Executive in May 1996, Mr Stott has committed the organisation to continued growth, improved service quality and commercial practices.

#### Geoff Ashton

Mr Ashton was formerly Managing Director of Monier Limited and later Clyde Industries Limited. He is currently a Non Executive Director of Leighton Holdings Limited and Chairman of the Superannuation Trust of Australia. He is also Chairman of Bridgeport Advisers and Asset Managers Pty Ltd. He is National President of the Australian Industry Group.

#### Mark Lennon

Mr Lennon is the Assistant Secretary of the Labor Council of NSW and is responsible for the Council's activities in superannuation, electricity distribution and generation, industry development and the environment. He has experience in industrial relations and policy formulation in the public transport industry. Other Board memberships include Asset Ltd, the Trades and Industrial Hall and Literary Institute of Sydney Ltd, the Industrial Supplies Office, and Chifley Financial Services.

#### Julie Walton

Ms Walton is a lawyer and urban planner and has wide experience in public policy and government. Ms Walton was a Sydney City Councillor until September 1999 and chaired the Sydney City Traffic Committee. She is a former Chairman of the Fair Trading Advisory Council and the Property Services Council. Ms Walton is currently Harbour Projects Manager at the Sydney Harbour Foreshores Authority and a Trustee of the Australian Museum.

## Susan Gray

Ms Gray is an Associate Director, Project and Structured Finance for Macquarie Bank Limited. She is a lawyer and economist. Ms Gray was responsible for the establishment of Macquarie Bank's Project and Structured Finance business in Indonesia. Since returning to Sydney she has focused on infrastructure financing in the transport and telecommunications sector.

## Tony Shepherd

Mr. Shepherd was Chief Executive of Transfield Project Development, a specialist division dedicated to the development of major projects and, particularly projects financed by the private sector. Successes included the Melbourne City Link Project, the Walsh Bay Urban Development and the acquisition of ADI. Mr Shepherd oversaw the public listing of Transfield Services Limited. He then left his position as CEO of Transfield Project Development to take the position of Deputy Chairman of Transfield Services. Mr Shepherd resigned from the Board in May 2003.

## Paul Zammit

Paul Zammit has over 30 years experience in the private and public sectors being a State Member of Parliament for 12 years and subsequently a Federal Member of Parliament for 2½ years. He is a Fellow of the Institute of Directors of Australia and Foundation Fellow of the Australian Institute of Company Directors. He is currently Managing Director of Zammit Sales Marketing and Management Pty Ltd. He is also a director of the Board of the Home Purchase Assistance Authority. Mr Zammit was appointed to the Board of State Transit in December 2001.

## Margy Osmond

Mrs Osmond was appointed to the Board in September 2003. Mrs Osmond is the Chief Executive of the State Chamber of Commerce (NSW). In late 2001 she was invited to join the New South Wales Police Minister's Advisory Council, and subsequently chaired the State Government's Ministerial Taskforce on Fraud. She now co-chairs the Implementation Group for the Taskforce's Report recommendations. Mrs Osmond is a member of the NSW Industry Skills Forum, the Rugby World Cup 2003 Business Roundtable and the New South Wales Major Events Board. She also Chairs a national working group on corporate social responsibility for the Australian Chamber of Commerce and Industry. Mrs Osmond's background is in politics, corporate affairs and government relations.

## ATTENDANCE AT BOARD MEETINGS

In 2002/03 the Board met on 12 occasions and attendance was as follows:

Name	Meetings attended
Mr DJ Herlihy	12
Mr JD Stott	12
Mr GJ Ashton	12
Ms S Gray	8
Mr MRR Lennon	10
Mr AF Shepherd (resigned May 2003)	8
Ms J Walton	11
Mr P Zammit	12

## Audit Committee

The Board has an Audit Committee to support it in fulfilling its responsibilities under the Transport Administration Act 1988.

The Audit Committee's role, set out in the Audit Committee Charter, is to have regard to assuring the independence of the Audit function, monitoring of corporate risk assessment and internal controls, reviewing financial and other practices, reviewing the quality and integrity of financial reports and overseeing the duties and responsibilities of the Manager Internal Audit.

The Committee met on 5 occasions during the year under review.

## Committee Members 2002/2003:

Mr DJ Herlihy (Chairman)  
Mr JD Stott  
Ms S Gray

## Ferries Committee

The Board established a Ferries Committee in 2001 following the release of the Waterways Report into the operations of Sydney Ferries.

Mr Geoff Ashton is the Chairman of the Ferries Committee. In 2002/03 the Ferries Committee met on 10 occasions and attendance was as follows:

Name	Meetings attended
Mr GJ Ashton	10
Mr DJ Herlihy	9
Mr JD Stott	10
Ms S Gray	6
Mr MRR Lennon	2
Mr AF Shepherd (resigned May 2003)	4
Ms J Walton	10
Mr P Zammit	10



The State Transit Authority is constituted as an operating body without policy or regulatory functions and is not charged with the administration of legislation. However, set out under is an overview of the legislation directly relevant to State Transit during the year under review:

## **Transport Administration Act**

The State Transit Authority is created as a corporation by the Transport Administration Act 1988 and operates pursuant to that Act and the regulations made under the Act.

## **Regulations**

The following regulations made under the Transport Administration Act 1988 had direct application to the State Transit Authority and were in force during the year under review;

- Transport Administration (Staff) Regulation 2000
- Transport Administration (General) Regulation 2000

## **Orders**

Section 85 of the Transport Administration Act 1988 provides that the charges to be demanded by the State Transit Authority in respect of its bus or ferry services and/or any other purpose shall be as from time to time determined by order made by the State Transit Authority.

During the year under review, the Transport Administration (State Transit Authority - Fares) Order 1991 was amended on one (1) occasion, as follows:

- Gazette No. 132 of 29.8.03

## **Passenger Transport Act 1990**

State Transit, in common with other operators of public passenger services in New South Wales, is directly bound by the provisions of the Passenger Transport Act 1990 and relevant regulations made under the Act.

## Government Funding and Social Program

### Government Funding and Social Program

Total government funding for 2002/03 at \$239.5m was \$30.6m higher than 2001/02.

Government funding consists of the following:

#### Concessional and Free Travel

Concession reimbursements are payments from Government which make up the balance of fares where a concession has been allowed as a result of Government's social policies. For example, in the case of pensioners, the traveller pays \$1.10 and the Government pays the difference between the fare paid and the equivalent full private bus fare.

Concessions are paid both to State Transit and private operators. State Transit's reimbursement is based on projected patronage levels for the year, while private operators claim the loss for providing half fares, based on the actual sales each quarter.

The relevant categories included under State Transit's concession program are:

- blind civilians
- school students
- tertiary students
- unemployed
- other welfare recipients
- pensioner and retired senior citizens

In 2002/03 the reimbursement under this program amounted to \$144.3m compared to \$143.2m in 2001/02.

#### Service Level Community Service Obligation

The social program payment for non commercial services is a payment made by Government to reimburse State Transit for operating a number of services that are not commercially justifiable by normal industry benchmarks. As part of this payment, State Transit's Parramatta River service and the Stockton ferry in Newcastle are deficit funded to a level of \$6.9m. Funding for non commercial services amounted to \$50.5m in 2002/03 compared to \$30.1m in 2001/02.

#### Pricing Community Service Obligation

The social program payment for non commercial fares is a payment made by Government in recognition of the fact that State Transit's fares (which are regulated by the Independent Pricing and Regulatory Tribunal) are held below commercial fare levels charged by most private sector operators. Funding for this area amounted to \$44.7m in 2002/03 compared to \$35.6m in 2001/02.

## 8 Implementation of 2002/2003 Fares Determination

Under section 18(4) of the Independent Pricing and Regulatory Tribunal Act, State Transit is required, where there has been a determination by the Independent Pricing and Regulatory Tribunal, to include in its Annual Report particulars of how any such determination has been implemented.

A change in State Transit's fare scale, in accordance with the determination of the Independent Pricing & Regulatory Tribunal made on 24 June 2002, was made by order published in Government Gazette No 106 of 26 June 2002 effective 1 July 2002.

The following table summarises the determination made by the Independent Pricing and Regulatory Tribunal and the fare changes implemented by State Transit.

TICKET	IPART Determination	Implementation
<b>Single ride bus and ferry tickets</b>	Adult single journey bus fares will increase by up to 3.03%. Adult single journey ferry fares will increase by 10 cents per journey.	The adult bus fares for 6-9, 10-15 and 16+ sections increased by 10 cents per journey. The adult bus fares for 1-2 and 3-5 sections remained unchanged. All adult single ferry fares increased by 10 cents per journey. All changes to the single journey bus & ferry fares were within the Tribunal's guidelines.
<b>TravelTens and FerryTens</b>	The price of the adult TravelTen tickets will increase by between 30cents and 80 cents. The price of the JetCat Ferryten will increase by \$1.10 per ticket. The price of other FerryTen tickets will increase by between 20 cents and 50 cents.	All changes to TravelTen and FerryTen fares were within the Tribunal's guidelines.
<b>TravelPasses</b>	The price of the Purple TravelPass will decrease by \$6 to \$52. The price of other TravelPasses will increase by \$1 per ticket.	All changes to TravelPass fares were within the Tribunal's guidelines.
<b>BusTripper</b>	The price of the adult BusTripper ticket will increase to \$9.70.	The price of the adult BusTripper ticket increased to \$9.70.
<b>DayTripper</b>	The price of the adult DayTripper will increase to \$13.40.	The price of the DayTripper increased to \$13.40.
<b>Time-based tickets - Newcastle</b>	The prices of the adult Four hour and Daily tickets will increase by 10 cents and 20 cents respectively. The price of the adult TimeTen ticket will increase by 40 cents. The prices of the adult one hour bus and the Stockton ferry single ride tickets will remain unchanged.	All changes to bus and ferry fares in Newcastle were within the Tribunal's guidelines.
<b>School Term Pass</b>	The price of the School Term Pass will increase by \$1 to \$38.	The price of the School Term Pass increased to \$38.

## 9

### Taxes and Other Payments to Government

State Transit, as a Government Trading Enterprise, is subject to a full range of state and federal taxes and other government charges that apply to private sector businesses. Some of these charges are levied under the New South Wales Government's Tax Equivalent Regime.

The following taxes and charges were applied during 2002/2003:

#### (a) New South Wales State Taxes and Charges

Classification	\$000
Payroll Tax	16,911
Land Tax	1,254
Registration charges and stamp duty for the bus fleet and commercial vehicles	1,712
<b>Total</b>	<b>19,877</b>

#### (b) Federal Taxes and Charges

Classification	\$000
Excise Duty on Distillate	16,118
Fringe Benefits tax	411
<b>Total</b>	<b>16,529</b>

## 10

### Funds Granted to Non-Government Community Organisations

The following payment was made by State Transit to a non-government community organisation.

Organisation	\$000
Retired Tram and Bus Workers Association	2

## 11 Liability Management Performance

In the year ended 30 June 2003, the generalised cost of funds of State Transit's long-term debt portfolio was 9.85%. During the same period the generalised cost of funds of the risk neutral benchmark portfolio was 9.74%.

## 12 Investment Management Performance

State Transit invests its surplus short-term funds in NSW Treasury Corporation 'Hour Glass' Investment - Cash Facility. In the year ended 30 June 2003, State Transit's rate of return on the investment was 4.86%. The NSW Treasury Corporation 'Hour Glass' Investment - Cash Facility benchmark is the UBS Bank Bill Index and the rate of return was 4.97%.

## 13 Performance in Paying Accounts

State Transit's performance in paying trade creditor accounts during the year is set out below, in accordance with the requirements of the Annual Reports (Statutory Bodies) Regulation 2000:

Quarter	Total Accounts Paid on Time			Total Amount Paid
	Target %	Actual %	\$000	\$000
September 2002	85	90	160,073	174,340
December 2002	85	92	158,994	172,345
March 2003	85	84	111,592	125,909
June 2003	85	76	139,502	163,896

Of the number of accounts processed during the year, 86% were paid within the trading terms. To enhance performance in paying accounts, State Transit has entered into an arrangement with major regular suppliers to adopt Recipient Created Tax Invoices. There were no penalty interest payments made under clause 18 of the Public Finance and Audit Regulation 2000.

Quarter	Aged Transactions by Quarter			Total Amount
	Current	30-60	60-90+	\$000
September 2002	9,268	4,313	96	13,677
December 2002	15,397	2,335	273	18,005
March 2003	9,736	3,020	588	13,344
June 2003	15,533	2,248	1,194	18,975

## 14 Risk Management and Insurance

State Transit manages risk through a strategic framework of corporate governance, policies, procedures and work instructions and through an Integrated Insurance Program. This has been enhanced with development of the ISO 9000:2000 Quality Management System compliance through the year.

An Integrated Insurance Program has provided financial protection for the organisation. The program spans: General property, personal injury, consequential loss, general and marine liability. As with the general community, the turbulent insurance market has caused considerable volatility to this program resulting from the failure of HIH Insurance and September 11 terrorism. State Transits' enhanced risk profile has yielded lower premium escalation than experienced by many in the insured community.

Separate Insurance coverage for Western Sydney Buses has been established to comply with The Liverpool to Parramatta Transitway Operating Contract with the Director General of Transport.

The Bus Safe Project initiated by Risk Management in 2001, has consolidated improvements over the past year. This has been achieved with a focus on continuous improvement and integrating best practice fleet safety including:

- Enhanced Driver Training to place stronger focus on low risk driving techniques.
- Improved process of accident claim management, and public claims notification through the 131500 Transport Line.
- Initiated collaborative Post Graduate research programs with The University of Western Sydney and Queensland University of Technology focussed on low risk behaviour management.
- Improved synergy with existing programs (and good practice) such as bus changeover project, learning and development, engineering policy and standards, occupational health, safety and rehabilitation, business management systems and risk management.

During the year, a focus has been continuous improvement of Emergency Response Plans for Bus and Ferry Operations and enhanced plans considering Business Continuity. Simulation exercises were conducted to test staff preparedness and organisational ability to regain business service continuity. The simulations test, both the context and robustness of operational recovery plans compliant with ISO and ISM Standards.

A number of major project risk studies have been undertaken and maturing of risk based OH&S regulations has focussed staff on workplace hazards and appropriate risk treatments rather than a reliance on risk financing.

## 15 Response to matters raised by Auditor General in outgoing reports

There were no significant issues in the 2002/03 Outgoing Audit Report that required the Authority's attention.



## 16 Overseas Travel

During the year, State Transit officers undertook the following overseas trips:

1. **Mr. Warren Singleton, Bus School Co-ordinator,  
Mr. Glen Kendrick, Bus Operator &  
Mr. Andrew Masterson, Bus Operator**  
  
**Date:** 15 - 26 September 2002  
  
**Destination:** Las Vegas, USA  
  
**Purpose:** To participate in UITP World Roadeo Conference.
2. **Mr. John Stott, Chief Executive**  
  
**Date:** 16 - 24 November 2002  
  
**Destination:** Shanghai, China  
  
**Purpose:** To attend the UITP Asia-Pacific Congress & Mobility and City Transport Exhibition.
3. **Mr. David Herlihy, Chairman of Board of Directors**  
  
**Date:** 19 -24 November 2002  
  
**Destination:** Shanghai, China  
  
**Purpose:** To attend the UITP Asia-Pacific Congress & Mobility and City Transport Exhibition. State Transit paid only for Mr. Herlihy's accommodation at the conference. All other costs were personally funded.

## 17 Freedom of Information

### Section A - FOI Applications

	Personal	Other	Total
New (including transferred in)	6	8	14
Brought forward (incomplete requests from previous year)	1	2	3
<b>Total to process</b>	7	10	17
Complete	7	8	15
Transferred out	0	0	0
Withdrawn	0	0	0
<b>Total processed</b>	7	8	15
Unfinished (carried forward)	0	2	2

## Section B - Result of FOI Applications

	Personal	Other	Total
Granted in full	5	4	9
Granted in part	1	3	4
Refused	0	1	1
Deferred	0	0	0
Completed	6	8	14

## Section C - Reason for not providing access

	Personal	Other
S25(1)(a) - exempt	0	1
S28(1)(b) - documents not held	0	0
Total	0	1

**Section D - Ministerial Certificates** Nil

**Section E - Formal Consultations** Nil

**Section F - Amendment of Personal Records** Nil

**Section G - Notation of Personal Records** Nil

## Section H - Costs

Assessed Costs	Fees Received
\$1683.00	\$330.00

## Section I - Discount allowed on Fee Charged

	Personal	Other
Financial Hardship - pensioner/child	0	0
Financial Hardship - non profit organisation	0	0
Other - Personnel records etc	5	0
Total	5	0

## Section J - Days to process

	Personal	Other
Elapsed Time		
0-21 days	6	3

## Section K - Hours to process

Processing hours	Personal	Other
0-10 hours	7	3

## Section L - Reviews and Appeals

Personal	Other
0	4

## 18 Consultancy and Professional Fees

The following table is a summary of consultants and professional services fees incurred during the year. Expenditure of the nature of providing a high level specialist or professional advice to assist decision-making by management is classified as Consultancy Fee. Generally it is the advisory nature of the work that differentiates a consultancy fee from other professional services.

<b>1. Consultancy Fees</b>	<b>\$'000</b>
<b>(a) Where Consultancy fees exceeded \$30,000</b>	
NSW Treasury Corporation – Fee for Cross Border Lease	50
Dupont Australia – Safety Management Evaluation	106
Watson Wyatt – Depot Administration Review	84
<b>(b) Where consultancy fees paid were less than \$30,000</b>	
Fees paid to 2 consulting agencies	19
<b>2. Professional Services</b>	<b>3,945</b>

## 19 Committees (Internal and External)

### INTERNAL COMMITTEES

#### Audit Committee

The Audit Committee established by the Board operates to support it in fulfilling its responsibilities under the Transport Administration Act 1988.

#### Ferries Committee

The Ferries Committee, established by the Board in August 2001, oversees the reform program in Sydney Ferries.

## **Executive Committee**

The Executive Committee is the senior management committee for State Transit. It considers all policy and operational matters in the 4 businesses of State Transit.

## **Finance and Capital Works Committee**

This management committee is responsible for monitoring and driving the financial performance of the organisation and for ensuring that capital works initiatives undertaken by State Transit are appropriate to the organisation's objectives.

## **Occupational Health and Safety Committee**

This management committee reviews compliance with State Transit's OHS&R policies, procedures and systems. The committee plays a strategic role in improving State Transit's overall OHS&R performance by managing the development of strategic programs to drive the improvement of workplace safety based on performance targets developed in consultation with the workforce and endorsed by the Board of State Transit.

## **Risk and Safety Committee**

This management committee is responsible for ensuring that all safety targets are met. It also monitors State Transit's risk management program to ensure that insurance costs are minimised.

## **Information Technology Committee**

This management committee commissions and approves development of Information Technology (IT) strategies for State Transit.

## **Environment Committee**

This management committee monitors State Transit's environmental performance and ensures that any required corrective measures are carried out.

## **Quality Committee**

This management committee drives State Transit's continuous improvement program and ensures compliance with all policies and procedures on the Business Management System.

## **Learning and Development Committee**

This management committee monitors the performance and development of State Transit's extensive training programs in accordance with its status as a Registered Training Organisation.

## **Tender Review Committee**

The Tender Review Committee considers tenders in respect of projects which will result in a contract with a value of \$100,000 or more. The endorsement of the Tender Review Committee is required at two stages of the tendering process. Firstly, prior to the advertising of a tender and secondly, prior to acceptance of a tender. The primary role of the Tender Review Committee is to ensure that State Transit tendering guidelines are complied with and that probity is maintained throughout the tendering process.

## **EXTERNAL COMMITTEES**

- Public Transport Authority
- Transport Co-ordination Committee
- UITP Australia and New Zealand
- Centennial Park/Moore Park Transport Committee
- City of Sydney Transport Committee
- City of Sydney Development Committee
- Police Service Transit Police Working Committee
- Public Transport Authority Integrated Ticketing Working Group
- ITIS Committee
- RTA Bus Priority Committees
- Local Council Traffic Committees
- Inner Metropolitan Transport forum

## 20 Annual Environment and WRAPP Report 2002/2003

### Environmental Policy

State Transit's Environment Policy, which commits State Transit to the objectives of continuous improvement, environmental best practice, legislative compliance and Ecological Sustainable Development has been revised and updated to align with ISO 14001 requirements.

### Environmental Management System

The Environmental Management System has been revised and improved to align with ISO 14001 standards, and is fully integrated into State Transit's Business Management System.

### Due Diligence Records Management System

As an integral part of its Environmental Management System, a system of auditable Due Diligence files has been developed and implemented for the consistent and accurate maintenance of Environmental Records.

### Executive Management Review

The Environmental Executive Committee meets quarterly within the financial year to review Environmental Management and address significant Environmental issues related to State Transit operations.

### Environmental Resources

State Transit Environmental Resources comprise a Corporate Safety & Environment Manager, with joint responsibilities for Safety & Environment, working through nominated Environmental Coordinators in the operational areas to ensure environmental due diligence. The Safety & Environment Manager reports to the General Manager, Bus Operations.

All staff have a responsibility to prevent pollution and protect the environment. The Nominated Environmental Coordinators are responsible for the coordination of Environmental Management programs within their particular site or location.

For specialist advice on environmental project management and monitoring, State Transit engages the services of external contractors, using both tender and contract management processes.

### Environmental Notices

During 2002/2003 State Transit received four Environmental Penalty Notices, two for littering from vehicle, and two for motor vehicle emitting excessive air impurities.

### Environmental Incidents

Key significant environmental incidents reported and managed according to accepted environmental standards during 2002/2003 included an underground storage tank failure at Brookvale Depot.

Some twenty environmental incidents for in-service operation of the Bus Fleet were reported to the Safety & Environment Office, using internal management reporting systems. These incidents were investigated and appropriately managed by the responsible Depot or site.

### Environmental Complaints Handling

In the 2002/2003 financial year, some 154 customer environmental complaints were recorded on the 131 500 Satisfy Line for bus-in-service operations, and 8 for depot operations. A number of public environmental complaints were also referred to and addressed at the State Transit Depot or facility.

### Contracts

State Transit Contracts for Goods and Services above the value of \$100k require bidders to submit a detailed Environmental Management Plan as part of the tender evaluation process. Smaller value contracts also require bidders to supply statements of environmental effect for proposed services.

## Environmental Licenses

All State Transit Bus Depots, with the exception of Belmont Depot, are licensed with the EPA for the storage and handling of class A, industrial or hazardous wastes.

Balmain Shipyards is also licensed with the EPA for storage and handling of class A, industrial or hazardous wastes.

A number of these licenses are subject to periodic EPA review.

A copy of each license, and their particular conditions, is available on the EPA public register, accessible on <http://www.epa.nsw.gov.au>

## Sydney Ferries

In November 2002, the Sydney Ferries' quality management system was accredited to the ISO 9001:2000 standard and the International Maritime Organisation's International Safety Management Code for the Safe Operations of Ships and Pollution Prevention.

Sydney Ferries' quality management system has been developed to manage the environmental aspects and impacts of its Shipyard and Fleet operations and to comply with the ISO 14001 standard for Environmental Management Systems.

During April and May 2003, the first surveillance review of Sydney Ferries' quality management system was successfully undertaken. An initial review of Sydney Ferries' level of compliance with the ISO 14001 standard was also undertaken in May in preparation for Sydney Ferries' initial ISO 14001 compliance audit scheduled for 2003/04.

Detailed Chemical Management and Emergency Management Plans have also been developed for the Balmain Shipyard facility to help minimise the environmental impact of Ferries' operations.

To augment Sydney Ferries environment management program, a number of Sydney Ferries managers have obtained Lead Auditor accreditation to the ISO 14001 standard. Sydney Ferries will, during 2003/04, employ an Environmental Manager to maintain compliance with the ISO 14001 standard and to raise environmental awareness in the workplace.

## Media Based Reporting – Air, Water, Land, Waste and Energy

### Air

Approximately 20% of State Transit's Bus Fleet is comprised of Compressed Natural Gas (CNG) Buses. Using CNG is calculated to save some 6,000 tonnes of Greenhouse Gas Emissions per annum when compared with their diesel equivalents.

### Water

State Transit holds industrial and some commercial licenses with Sydney and Hunter Water Authorities for the discharge of treated wastewater to sewer. There has been compliance with the authorities acceptance standards for pollutant discharges.

To conserve water, State Transit aims to achieve 80% recycling of all bus wash waters.

### Lands

State Transit has submitted its Remedial Action Plan to the EPA for the remediation of subsoil contamination at Burwood Depot, following from a report and determination of Significant Risk of Harm under s60 of the Contaminated Lands Management Act, 1997.

State Transit will enter into a Voluntary Remediation Agreement with the EPA for site remediation according to the Remedial Action Plan, and EPA requirements.



### **Waste**

State Transit actively recycles or reuses materials such as oil, batteries, steel drums, used filters, metals, paper and toner cartridges.

### **Energy**

As part of the Government's Energy Management Program State Transit reported on its Energy Consumption for both its Bus and Ferry Fleet, passenger vehicles and office buildings to the Ministry of Energy and Utilities, as part of the Government's Energy Management Program.

### **WRAPP Report**

A brief summary of State Transit's progress in implementing its Waste Reduction and Purchasing Plan is outlined as follows:

#### **(a) Adoption of WRAPP Principles**

State Transit's Waste Management Policy has been revised to reflect Resource NSW Waste Reduction and Purchasing Plan Strategy and principles. The Policy is maintained on State Transit's Business Management System procedural library and in the Environmental Management System.

#### **(b) Contract Specifications**

Forward Purchase Agreements for the supply of stationery products allow for the provision of products with recycled content. Staff are encouraged to utilise the recycled product options wherever it is practical and cost effective to do so.

#### **(c) Improving Waste Avoidance and Recycling Systems**

A mobile phone battery and handheld two way radio battery recycling procedure is in place.

The introduction of Corporate Network computing and networked printers and photocopiers, some capable of double sided printing, has allowed for rationalisation of consumable items such as toner cartridges and paper, thereby reducing waste.

Electronic forms of communication such as E-mail, file sharing and networked Adobe Acrobat Reader reduce the amount of hard copy printouts.

#### **(d) Data Collection**

An increasing range of consumable products are coded onto the MIMS system whereby computer reports can be generated to report on local or organisational demand, storage or consumption of a particular stock item.

#### **(e) Range and Quantity of Products with Recycled Content**

As well as recycling significant quantities of waste materials, forward purchase agreements and State Government Contracts offer staff a large range of product options with recycled content.

#### **(f) Staff Awareness**

Staff awareness of State Transit's Waste Reduction and Recycling initiatives are conveyed through procedures and work instructions on the Business Management System and through the State Transit newsletter Transit Times.

## 21

### **Government Energy Management Policy**

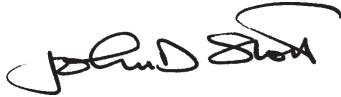
Review of the GEMP data for the past four years indicates that State Transit has achieved significant reductions in energy consumption both by per unit area and per occupant for Office Tenanted Services since 1998/1999 as it moves towards achieving Government Energy Targets for 2005. There has however been a small rise in energy consumption per occupant in the last financial year.

### 22 Mobile Phones

Procedures for issuing mobile telephones to staff are outlined in State Transit's Telephone and Mobile Telephones Manual. The Chief Executive, General Managers and Depot Managers are responsible for the issuing of mobile telephones as and when a business need is demonstrated. In 2002/03 there were 231 (199 in 2001/02) mobile telephones in use.

### 23 Credit Card Certification

This is to certify that Corporate Credit Cards are issued to State Transit's staff for business purposes and are used in accordance with the Premier's Memoranda and Treasurer's Directions.



Certified by: John Stott PSM, Chief Executive

## Service Changes in Response to Community Consultation

### Better Buses Program

- The Better Buses program was implemented in the Eastern operational area of Sydney and commenced in the Warringah area. There is a full report in the chapter on Convenience in the first section of this Annual Report.

### Improvements to current services

- A new cross regional Route 525 was introduced, Parramatta to Burwood, replacing Routes 333, 403 and 555 and requiring adjustments to Routes 524 and 401. Route 547, a limited shopping service was also introduced from Parramatta to Macarthur.
- Higher frequency services were introduced in peak hours on the Route L20, Parramatta to City services in response to increased patronage demand.
- A new Route 463 from Bayview Park, Concord to Burwood was introduced.
- Improvements were made to Homebush Bay services, Routes 401, 403 and 404 introducing services into Newington.
- Timetabled wheelchair accessible services were added throughout Sydney in 2002/03 bringing the total to 102 routes with these services.
- Route 538 services were altered to provide access to Gladesville and Hunters Hill shops and Woolwich Wharf.
- A new Manly late night summer loop service, Route 130 was introduced to help disperse patrons of Manly late night venues.
- Route 308 from Marrickville Metro to Millers Point was altered to provide services along High Street, Millers Point.
- Timetables for Routes 412/413, City to Campsie, were revised to allow evening service improvements to Campsie and for services to access the King Street Wharf.
- Higher frequency services were introduced into the timetable for Route 492 Marsfield to the City.
- Higher frequency daytime services for Route 303 were introduced between Mascot and UNSW in response to passenger demand after Better Buses East.
- The terminus for Route 311 services was changed from Gresham Street to Circular Quay.
- Route 341 Kingsford to Randwick was introduced in response to passenger demand following Better Buses East.
- Extra services were introduced on Route 317 in response to passenger demand following Better Buses East.
- Higher frequency services were introduced on Routes 303, 308, 309, 326, 343, 373, 376, 381, 393, 891 and 895 in response to passenger demand following Better Buses East.
- Routes 357 and 359 were rerouted to travel along Queens Park Road in response to safety concerns raised following Better Buses East.
- Significant alterations were made to a number of Newcastle bus routes, including Routes 363, 222, new services 103 and 108, in response to passenger demand following the Newcastle Bus Plan.
- Extra night-time Manly JetCat services were introduced.
- A new summertime ferry service to Balmoral was introduced.
- Higher frequency ferry services were introduced to Cabarita and Kissing Point wharves.

### Adjustment of services

- The Airport Express service ceased operation in May 2003 due to falling patronage and financial losses following the opening of the AirportLink rail service. (State Transit still operates the Route 400 service to the Airport).
- Route 306 introduced as part of Better Buses East to provide an off-peak shopping service in the Surry Hills area was discontinued due to very low patronage.

## 25 Customer Response

	2001/2002	2002/2003
<b>Number of Complaints</b>		
• written	1,634	2,216
• phone/verbal	17,609	29,134
<b>Number of Commendations</b>		
• written	418	761
• phone/verbal	848	1204

The increase in the number of commendations and complaints in 2002/03 is due to the community consultation process established in the Better Buses program which encouraged passengers to have their say on the proposed changes in the Newcastle, Eastern Suburbs and Warringah area bus networks.

Main features of complaints were:

- service complaints, including timetable changes, unscheduled cancellations, late running and lack of accommodation.
- staff complaints, including poor driving, not stopping when signalled and rudeness.
- ticket and fare evasion disputes.

## 26 Guarantee of Service

State Transit has renewed its commitment to raise performance standards on buses and ferries in Sydney and Newcastle.

The commitment to customer service is supported by six main aims:

- To ensure that the service delivered reflects the travel needs of customers.
- To operate buses and ferries with excellent safety standards for the benefit of passengers, staff, the general public and their property.
- To provide bus and ferry services that meet high standards of frequency, timeliness, reliability and cleanliness.
- To provide customers with complete, easily understood and up-to-date service information.
- To develop a reputation for customer service through polite, courteous and helpful staff.
- To make services more accessible for all passengers.

State Transit's Guarantee of Service is published on its internet home page, including details of what to expect from bus and ferry services, how to use the services, contact details and how to make suggestions, commendations or complaints.

### Disability Plans

State Transit has a Disability Strategic Plan under Section 9 of the Disability Services Act 1993 to ensure accessible public transport. It is also committed to implementing the requirements of the Disability Standards for Accessible Public Transport under the Commonwealth Disability Discrimination Act. Progress in this area for 2002/2003 includes:

- Purchase of 30 new wheelchair accessible buses for Newcastle, to provide the first wheelchair accessible services in that city.
- Wheelchair accessible services have been timetabled on more than 102 routes across Sydney.
- Purchase of 34 new wheelchair accessible buses for Sydney Buses.
- Increase in the number of low floor buses in the fleet to 614 (32% of the fleet) of which 503 are fitted with a ramp for wheelchair access (26.4%).
- Provision of disability awareness training to Bus Operators and other front-line staff.

## 28 Human Resource Statistics

Owing in part to the introduction of the Government's Workforce Profile, the formatting and categories of Human Resources data has changed. Comparison of permanent staff by classification (full time equivalent) over the five-year period from June 1999 to June 2003 is outlined below, which also now includes casual staff:

	June 1999	June 2000	June 2001	June 2002	June 2003
Engineering	371	375	404	442	458
Operations	3615	3844	3867	3784	3814
SES	14	13	13	15	13
Salaries	550	572	612	648	665
<b>TOTAL</b>	<b>4550</b>	<b>4804</b>	<b>4895</b>	<b>4888</b>	<b>4951</b>
Full Time Equiv.	4479	4727	4828	4818	4880
Casuals	92	119	110	115	122

Figures are converted to FTEs for part time staff.

## 29 Equal Employment Opportunity

Details of staff numbers by equity category and income, as at June 2003, are below.

LEVEL	TOTAL STAFF	Respondents	Men	Women	Aboriginal People & Torres Strait Islanders	People from Racial, Ethnic, Ethno-Religious Minority Groups	People Whose Language First Spoken as a Child was not English
< \$28,710	29	27	25	4	0	2	2
\$28,710 - \$37,708	3,454	2,246	3,132	322	19	565	699
\$37,709 - \$42,156	221	135	177	44	1	20	22
\$42,157 - \$53,345	582	259	513	69	4	61	69
\$53,346 - \$68,985	416	173	350	66	4	27	24
\$68,986 - \$86,231	210	95	193	17	0	18	11
> \$86,231 (non SES)	54	38	52	2	0	6	6
> \$86,231 (SES)		0	0	0	0	0	0
<b>TOTAL</b>	<b>4,966</b>	<b>2,973</b>	<b>4,442</b>	<b>524</b>	<b>28</b>	<b>699</b>	<b>833</b>



# HUMAN RESOURCE ITEMS

This data, shown in terms of percentages, is:

LEVEL	TOTAL STAFF (Number)	Respondents	Men	Women	Aboriginal People & Torres Strait Islanders	People from Racial, Ethnic, Ethno-Religious Minority Groups	People Whose Language First Spoken as a Child was not English
< \$28,710	29	93%	86%	14%		7%	7%
\$28,710 - \$37,708	3,454	65%	91%	9%	0.8%	25%	31%
\$37,709 - \$42,156	221	61%	80%	20%	0.7%	15%	16%
\$42,157 - \$53,345	582	45%	88%	12%	1.5%	24%	27%
\$53,346 - \$68,985	416	42%	84%	16%	2.3%	16%	14%
\$68,986 - \$86,231	210	45%	92%	8%		19%	12%
> \$86,231 (non SES)	54	70%	96%	4%		16%	16%
> \$86,231 (SES)							
<b>TOTAL</b>	<b>4,966</b>	<b>60%</b>	<b>89%</b>	<b>11%</b>	<b>1.0%</b>	<b>23%</b>	<b>27%</b>
Estimate Range (95% confidence level)					0.7% to 1.3%	22.2% to 24.2%	26.3% to 28.4%

## 30 Action Plan for Women Initiatives

### Women on Wheels 2003

State Transit was a major supporter of the Department for Women's 'Women On Wheels 2003' project. As in 2002, we provided a customised bus, drivers and mechanics.

State Transit assisted in the transport of the printed material, supporting this initiative, and the transport of women to information sessions, workshops, community forums and other events in rural and regional NSW.

## 31 Ethnic Affairs Statement and Agreements

### Equity and Diversity Management Plan

In accordance with the relevant provisions of the Anti-Discrimination Act, 1977 State Transit developed and submitted a three year Equity and Diversity Plan.

The Equity and Diversity Plan for the period 2003 – 2006 was submitted to and approved by the Director, Office of the Director of Equal Opportunity in Public Employment.

The plan:

- promotes the on-going development of a culture supportive of employment equity and diversity principles;
- requires the identification and removal of barriers to participation and progression in employment;
- ensures the appointment and advancement of staff is determined on the basis of merit;
- requires action be taken to redress inappropriate behaviour in the workplace and in the provision of transport services to the community;
- ensures that accountability for equity outcomes across State Transit rests with all levels of management.

## Devolution of Grievance Handling

A major focus was placed on developing and implementing efficient and effective grievance handling processes at the local management level. A comprehensive program was designed and delivered to twenty operational managers. In addition to the training program a set of guidelines was established to ensure a best practice approach to the resolution of workplace grievances.

State Transit entered into a strategic partnership with the Council for Equal Opportunity in Employment Limited to assist in the provision of accurate expert advice to grievance handlers accountable for investigating and resolving workplace grievances.

Throughout the reporting period a significant number of internal grievances were resolved and all complaints in external jurisdictions were successfully conciliated.

## Policy Development

A major review of State Transit Equity and Diversity policies has been undertaken to ensure the policies are current, easily understood and workable in practice.

The next stage of policy development requires consultation with executive management and union representatives.

## Learning and Development

Various Equity and Diversity education and skills acquisition programs were delivered to:

- Senior and middle managers within the organisation.
- All new employees.
- Grievance handlers.
- All participants involved in promotional training programs.

*Plans for 2002/2003 include the following initiatives:*

- Negotiation and implementation of new Equity and Diversity policies.
- Further development, implementation and monitoring of workplace grievances.
- Integration of Diversity/EEO principles into State Transit strategic planning across all business units.
- Development and implementation of employment practices that provide flexible work options.
- Development of ongoing equity and diversity learning and development programs for all State Transit employees.

## 32 EEO Target Groups

The number of employees falling within Equal Employment Opportunity reporting categories are:

	June 2001 (No.)	June 2001 (% staff)	June 2002 (No.)	June 2002 (% staff)	June 2003 (No.)	June 2002 (% staff)
Women	498	10.3	508	10.2	524	11
Aboriginal People	55	1.1	30	0.6	28	0.8
People from Non-English Speaking Background	1473	30	809	16.3	833	27
People with a Physical Disability	240	5	123	2.4	124	4

## 33 Occupational Health, Safety and Rehabilitation

As a Self Insurer for Workers Compensation purposes State Transit is required to meet WorkCover NSW audit requirements in both OHS and Injury Management. In recent years State Transit was subject to audits and licence renewal on an annual basis. However with the improvements to the OHS System documentation and implementation this status was upgraded. The Self Insurers licence this year was awarded for a period of three years in recognition of system improvements. State Transit however, recognises the need to ensure continual improvement in the implementation of the system.

In response to new legislative requirements for Consultation and Risk Management:

- Hazard Identification and Risk Management training was comprehensively conducted at all locations.
- The Chief Executive and General Manager, Human Resources have developed a schedule for annual attendance at OHS Committees in all locations.
- OHS Committee members now have access to PC's for all OHS documentation, data registers and email communication.

The OHS internal auditing program commenced the second round at all locations

The duration rate continued to improve, with an overall reduction of 12%. There was deterioration in performance, as measured by annualised incident and frequency rates, of approximately 10%. This specifically related to the second quarter. By the end of the fourth quarter, the rates returned to below equivalent periods of previous years.

## 34 Code of Conduct and Discipline Policy

The Code of Conduct is printed in the Employee Folder which is a controlled document issued to all State Transit employees. The Handbook is an authoritative source document relied on by both management and employees alike.

The Code of Conduct sets the standard of behaviour expected from employees.

The Discipline Policy has also been reviewed with the aim of ensuring that it reflects contemporary practice in the conduct of disciplinary investigations and provides fairness and consistency in disciplinary outcomes. A review of the policy was undertaken in the first part of 2003, and revision of the policies and procedures is now underway.

### ***Protected Disclosures***

The subject matter of any allegation made as a protected disclosure is reported to the Audit Committee.

The Protected Disclosure Reporting system has been streamlined to make it more efficient and effective. Training, starting at the most senior levels, will now follow.

The Protected Disclosure Reporting System procedures are included in the Employee Handbook. This is designed to ensure all staff are aware of the standards required in order to maintain a fraud and corruption free work environment and how they will be protected when reporting known or suspected corrupt behaviour.

### ***Ethics***

During 2002/3 an ethical awareness program (incorporating the Code of Conduct) was commenced across State Transit to continue the promotion and communication of ethical conduct to all staff levels. This has been complemented by training in complaint and grievance resolution, and investigations of incidents and complaints.

## 35 Privacy Management

In accordance with the Privacy and Personal Information Protection Act 1998, State Transit developed a Privacy Management Plan which was implemented during 2000 and 2001.

A copy of the Privacy Management Plan has been lodged with the Privacy Commissioner.

The Plan requires employees to keep personal information secure and ensures that the information is only used for the purposes for which it is collected.

In accordance with the plan State Transit informs all individuals at the time of collecting personal information what the information is to be used for and to whom the personal information will pass. State Transit will continue to maintain and improve its current collection and storage of personal information to ensure it continues to satisfy the guidelines provided in the Act.

## 36 CES/SES Bands

Band 2003	Number June 2003
Level 6	1
Level 5	0
Level 4	3
Level 3	3
Level 2	7
Level 1	1
<b>Total</b>	<b>15</b>

## 37 Senior Executives' Qualifications

NAME	POSITION	QUALIFICATION
John Stott	Chief Executive	BSc (Technology)
Geoff Baldwin	General Manager, Human Resources	BSc, LLB
Wayne Butler	General Manager, South West Services	MecC, CTM
Paul Dunn	General Manager, Finance & Business Services	BComm, MBA, ACA
Bruce Eldridge	General Manager, Eastern Services	MTM, Dip TM, CTM
Terry Garrett	General Manager, Newcastle Services	CTM
Egle Garrick	General Manager, Marketing & Communications	BA, DipLib, MScSoc, CTM
Lyall Kennedy	General Manager, Business Development	BEc, MTec, CTM
Colin Menzies	General Manager, Bus Operations	BE, MBA, CTM
Rod Robey	General Manager, Warringah Services	MTM, MNIA
Roger Wilson	General Manager, North West Services	BE, MEngSc, CTM MIEAust
Bill Watson	General Manager, Sydney Ferries	LLB (Melb)

**John Stott, Chief Executive, SES Level 6****Period in position 1 July 2002 – 30 June 2003****Responsibilities**

The Chief Executive is responsible for delivering State Transit's objectives: efficient, safe and reliable bus and ferry services; sound financial performance; social responsibility; contributions to ecologically sustainable development and regional development. The Chief Executive is responsible for developing and implementing State Transit's strategies as detailed in its Corporate Plan to meet these objectives.

**Achievements**

Mr Stott maintained and improved State Transit's services in 2002/03, in the face of major constraints on funding and significant cost increases, particularly in Sydney Ferries arising from the full implementation of the recommendations of the Waterways Authority review. Full year revenues were above budget by 2.8% and costs were held within 1.1% of budget.

In terms of service performance, there was significant activity with the implementation of the Better Buses East program in Sydney, the review and consolidation of the Newcastle Bus Plan and the commencement of the Better Buses North program in Sydney's Warringah area redesigning the bus networks for the first time in a decade to meet changes in demand to ensure optimum allocation of resources.

Key achievements for 2002/03 include:

- The completion of implementation of the Waterways recommendations into Sydney Ferries.
- The achievement of ISO 9001:2000 and ISM Code Quality certification for Sydney Ferries.
- The achievement of ISO 9001:2000 Quality certification for State Transit's bus services.
- Western Sydney Buses established and the commencement of services on the Liverpool Parramatta Transitway.
- The Better Buses program in Sydney's Eastern and Northern suburbs and the Newcastle Bus Plan.
- Major progress in the training and development program.
- Significant increases in patronage in State Transit's North West and South West area of operations despite the overall environment of declining or static patronage in all public transport.
- Major comprehensive submissions to the Parry Inquiry into funding and the Unsworth Inquiry into the bus system.
- Introduced 38 low floor fully wheelchair accessible, CNG and diesel Euro 3 powered buses.
- Extensive improvements to safety and security on board buses and ferries for both passengers and employees.

The Board of State Transit and the Minister for Transport Services have indicated that they are satisfied that the performance targets specified in Mr Stott's performance contract have been achieved and exceeded.

## SES Remuneration

State Transit has two executives whose remuneration equals or exceeds the minimum for a Level 5 Senior Executive Service:

### I. Chief Executive

Total Remuneration Package  
Performance Payment 2002/2003

### John Stott

\$243,987  
State Transit policy specifies that no performance payments are made.

### II. General Manager, Finance & Business Services

Total Remuneration package  
Performance Payment 2002/2003

### Paul Dunn

\$182,000  
State Transit policy specifies that no performance payments are made.



## 39 List of Publications

In 2002/2003 State Transit produced and distributed:

- 2001/2002 Annual Report
- 2002/2003 Corporate Plan
- Bus and Ferry Timetables (various)
- Various brochures and flyers, including for a number of tourist products, new and special tickets, service changes, safety material and guides to Sydney Harbour, Newcastle and ferries
- Transit Times (24 editions)

## 40 Annual Report publication details

The State Transit Annual Report was designed and produced in house. The Annual Report is designed as a website document (PDFs) able to be printed if required by individual users. 300 black and white copies were also produced at a cost of \$6.70 each.

## 41 Electronic Service Delivery

The State Government made a commitment via the ESD program to ensure that NSW Government agencies have the systems to do business and provide customer-focused services electronically (eGovernment) by December 2001.

State Transit completed its objective of implementing the ESD program by December 2001.

The key customer-focused services provided electronically via the Internet include:

- 1) Extensive information on our services and products, including the facility to print personalised timetables
- 2) Sophisticated travel planning system
- 3) Employment opportunities
- 4) Information of the School Student Transport Scheme
- 5) Performance Reports
- 6) Annual reports and corporate plan
- 7) Regular reports on the height of waves.

The above services are well utilised by our customers and on average, 4,000,000 requests per month are handled via the Internet.

State Transit does business electronically wherever appropriate:

- 1) Tenders are advertised on our website together with full documentation, and disclosure of contracts awarded are posted on our website
- 2) Electronic procurement processes with major suppliers are in place and being extended wherever suppliers have the capability to do business electronically
- 3) Information Kiosks provide staff with payroll, leave and FAQ electronic self service facilities

## 42 Letter of submission



The Hon Michael Costa MLC  
Minister for Transport Services  
Level 31  
Governor Macquarie Tower  
1 Farrer Place  
Sydney NSW 2000

31 October 2003

Dear Mr Costa

On behalf of the State Transit Authority of New South Wales, it is our pleasure to present to you the Annual Report for the year ended 30 June 2003. This report has been prepared in accordance with the Annual Reports (Statutory Bodies) Act 1984 and the Public Finance and Audit Act 1983. The financial statements have been audited by the NSW Audit Office and the Auditor-General's report is included.

We wish to thank you for your support and guidance during the past year and we look forward to continuing to grow the business and improve our services to offer an attractive and efficient public transport service to the people of NSW.

Yours sincerely

John Stott PSM

David Herlihy

## State Transit Key Performance Indicators

*In 2002/03 Dollars*

<b>Consolidated State Transit</b>	<b>1999/00</b>	<b>2000/01</b>	<b>2001/02</b>	<b>2002/03</b>
Total revenue* ('000)	\$475,010	\$510,066	\$509,476	\$516,920
Total expenses* ('000)	\$477,846	\$514,704	\$529,612	\$534,798
Patronage ('000)	217,825	222,565	212,632	212,321
Kilometres ('000)	85,449	88,650	89,449	90,009
Staff	4,690	4,754	4,851	4,901
Total revenue per passenger	\$2.18	\$2.29	\$2.40	\$2.43
Total revenue per Km	\$5.56	\$5.75	\$5.70	\$5.74
Passengers per vehicle Km	2.6	2.5	2.4	2.4
Cost per passenger	\$2.19	\$2.31	\$2.49	\$2.52
Cost per vehicle Km	\$5.59	\$5.81	\$5.92	\$5.94
Passengers per employee	46,445	46,816	43,833	43,322
Vehicle Km per employee	18,219	18,647	18,439	18,365
Fleet size – buses	1,906	1,926	1,935	1,904
Fleet size - ferries	30	34	34	34
<b>Sydney Bus Services</b>				
Total revenue* ('000)	\$372,656	\$393,453	\$383,253	\$409,484
Total expenses* ('000)	\$355,319	\$398,943	\$395,019	\$387,757
Patronage ('000)	191,855	195,380	187,307	187,288
Kilometres ('000)	74,502	77,444	78,930	79,721
Staff	3,620	3,638	3,682	3,621
Total revenue per passenger	\$1.94	\$2.01	\$2.05	\$2.19
Total revenue per Km	\$5.00	\$5.08	\$4.86	\$5.14
Passengers per vehicle Km	2.6	2.5	2.4	2.4
Cost per passenger	\$1.85	\$2.04	\$2.11	\$2.07
Cost per vehicle Km	\$4.77	\$5.15	\$5.00	\$4.86
Passengers per employee	52,999	53,705	50,871	51,723
Vehicle Km per employee	20,581	21,288	21,437	22,016
Changeovers per 100,000 Kms				
- mechanical	19.56	20.37	17.58	15.68
- traffic	6.39	5.54	4.63	4.28
Average bus vehicle age	11.3	11.7	11.7	12.2
Bus service reliability (on time)	97.4%	96.1%	96.2%	95.9%
Fleet size - buses	1,724	1,755	1,756	1,704
<b>Newcastle Bus &amp; Ferry Services</b>				
Total revenue* ('000)	\$30,028	\$28,880	\$31,433	\$31,592
Total expenses* ('000)	\$34,625	\$37,038	\$38,409	\$41,389
Patronage ('000)	12,712	12,273	11,712	11,464
Kilometres ('000)	9,614	9,868	9,141	8,381
Staff	381	376	382	388
Total revenue per passenger	\$2.36	\$2.35	\$2.68	\$2.76
Total revenue per Km	\$3.12	\$2.93	\$3.44	\$3.77
Passengers per vehicle Km	1.3	1.2	1.3	1.4
Cost per passenger	\$2.72	\$3.02	\$3.28	\$3.61
Cost per vehicle Km	\$3.60	\$3.75	\$4.20	\$4.94
Passengers per employee	33,365	32,641	30,660	29,546

## 43

## State Transit Key Performance Indicators

<b>Newcastle Bus &amp; Ferry Services</b>	<b>1999/00</b>	<b>2000/01</b>	<b>2001/02</b>	<b>2002/03</b>
Vehicle Km per employee	25,234	26,245	23,929	21,601
Changeovers per 100,000 Kms				
- mechanical	15.40	15.21	11.79	10.33
- traffic	2.13	2.88	2.26	2.27
Average bus vehicle age	12.8	13.2	14.1	14.9
Bus service reliability (on time)	95.1%	95.5%	96.6%	96.1%
Fleet size - buses	182	171	179	183
Fleet size - ferries	2	2	2	2
<b>Sydney Ferry Services</b>				
Total revenue* ('000)	\$69,972	\$84,923	\$92,470	\$70,557
Total expenses* ('000)	\$79,199	\$78,496	\$90,557	\$99,892
Patronage ('000)	13,258	14,912	13,613	13,285
Kilometres ('000)	1,333	1,338	1,378	1,294
Staff	457	489	515	566
Total revenue per passenger	\$5.28	\$5.69	\$6.79	\$5.31
Total revenue per Km	\$52.49	\$63.47	\$67.10	\$54.53
Passengers per vessel Km	9.9	11.1	9.9	10.3
Cost per passenger	\$5.97	\$5.26	\$6.65	\$7.52
Cost per vessel Km	\$59.41	\$58.67	\$65.72	\$77.20
Passengers per employee	29,011	30,495	26,433	23,472
Vessel Km per employee	2,917	2,736	2,676	2,286
Ferry service reliability (on time)	99.5%	99.4%	99.4%	99.1%
Fleet size - ferries	28	32	32	32
<b>Western Sydney Buses</b>				
Total revenue* ('000)				\$691
Total expenses* ('000)				\$2,855
Patronage ('000)				284
Kilometres ('000)				613
Staff				47
Total revenue per passenger				\$2.43
Total revenue per Km				\$1.13
Passengers per vehicle Km				0.5
Cost per passenger				\$10.05
Cost per vehicle Km				\$4.66
Passengers per employee				6,043
Vehicle Km per employee				13,043
Average bus vehicle age				0.0
Fleet size - buses				17

\* Excludes proceeds (and written down value) from property sales

**Hours of service**

8.30am to 5.00pm, Monday to Friday

**Sydney Bus & Ferry and Newcastle Bus & Ferry information**

131 500, 6.00am to 10.00pm daily.

**Head Office**

Level 1, 219-241 Cleveland Street, Strawberry Hills NSW 2010.

Telephone: (02) 9245 5777

**Sydney Bus depots**

Brookvale	(02) 9941 5816
Burwood	(02) 9582 4444
Kingsgrove	(02) 9582 3015
Leichhardt	(02) 9582 5915
Mona Vale	(02) 9997 1258
North Sydney	(02) 9245 5260
Port Botany	(02) 9582 7614
Randwick	(02) 9298 6714
Ryde	(02) 9941 6814
Waverley	(02) 9298 6623
Willoughby	(02) 9941 9214

**Newcastle Bus Depots**

Belmont	(02) 4945 0333
Hamilton	(02) 4974 1600

**Newcastle Ferry services**

(02) 4974 1160

**Sydney Ferry services**

(02) 9207 3166

**Balmain Shipyard**

(02) 9246 9661

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