



Sydney Ferries

# VISION CHALLENGE CHANGE

ANNUAL REPORT 2007-08







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# Letter to shareholding ministers

31 October 2008

The Hon. Eric Roozendaal MLC  
Treasurer

The Hon. David Campbell MP  
Minister for Transport  
Minister for the Illawarra

Governor Macquarie Tower  
1 Farrer Place  
Sydney NSW 2000

Dear Ministers

We have pleasure in submitting for your information and presentation to Parliament the Sydney Ferries Annual Report for the year ended 30 June 2008.

The report has been prepared in accordance with the *Annual Reports (Statutory Bodies) Act 1984 (NSW)*, the *Annual Reports (Statutory Bodies) Regulation 2005* and the *Public Finance and Audit Act 1983 (NSW)*.

Yours sincerely



**The Hon Brian Langton**  
Chair



**Geoff Smith AO**  
CEO



# Overview 08

Sydney Ferries is at the heart of Sydney and its transport network, connecting people to their harbour city.





## About Sydney Ferries

### SYDNEY FERRIES – A PUBLIC TRANSPORT ICON

Sydney Ferries began operation in 1861 as the North Shore Ferry Company when it began proudly carrying commuters, leisure and tourist travellers.

Today, it is recognised as a Sydney Harbour icon which helps passengers explore, experience and escape on what is arguably the world's most beautiful waterway, Sydney Harbour.

### WHO WE ARE

Sydney Ferries is a State Owned Corporation under the *State-owned Corporations Act 1989 (NSW)*.

### VISION

To provide a safe, reliable, customer-focused and sustainable passenger ferry service on Sydney's harbour and related waterways.

### VALUES

Sydney Ferries conducts its business according to the following values:

- safety first
- excellent customer service

- efficiency
- maintaining a commercial focus
- integrity
- trust
- commitment
- mutual respect and teamwork.

### WHAT WE DO

Sydney Ferries carries around 14 million passengers each year on its fleet of 31 vessels that service 43 destinations on eight separate routes, 20 hours a day, seven days a week.

Circular Quay is the main hub of the network, with more than 547 services each weekday travelling to/along:

- Parramatta River
- Balmain/Woolwich
- Darling Harbour
- Neutral Bay
- Mosman
- Taronga Zoo
- Watsons Bay
- Manly.



A number of charters and special event cruises are also run for major Sydney Harbour event days, such as Australia Day and New Year's Eve.

#### OUR CUSTOMERS

Sydney Ferries' passengers are made up of two main groups:

- commuters travelling to work comprising 45 per cent of all passengers and contribute most of the patronage in morning and evening peak periods. Growth in commuter patronage is critical to Sydney Ferries' contribution to the NSW State Plan target to increase the public transport share of trips made to and from the Sydney CBD<sup>1</sup>.
- off peak and casual passengers (including residents and tourists) travelling for leisure purposes, comprising 51 per cent of all passengers. Manly, Taronga Zoo and Darling Harbour are among the most popular destinations. Many customers catch a Sydney Ferry just for the experience.

#### OUR PEOPLE

At 30 June 2008, Sydney Ferries employed 738 people in customer service, ferry operations, maintenance, ticketing, management and administration.

Sydney Ferries has five workplaces:

- the operations centre and hub at Circular Quay
- an operations centre at Manly Wharf
- the maintenance centre at Balmain Shipyard
- the corporate office in Pitt Street, Sydney
- the fleet of 31 vessels.

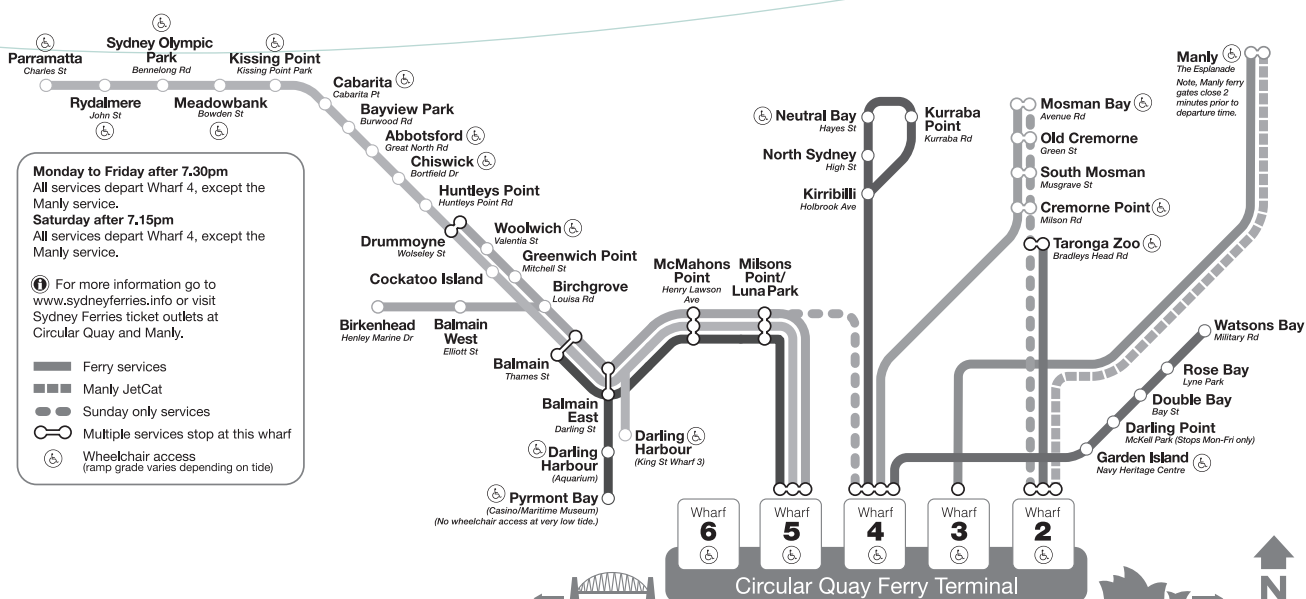
1) NSW State Plan i.e. target is 75 per cent by 2016, July 08 performance is 73 per cent.





# The Sydney Ferries fleet

## The Network





The Sydney Ferries' fleet consists of 31 vessels in seven classes.

### Freshwater Class

The four Freshwater Class ferries are the largest in the fleet. These are the vessels that operate the Manly ferry service.

*Freshwater, Collaroy, Narrabeen, Queenscliff*



### JetCat Class

Three JetCats run a high-speed, peak-hour service between Manly and Circular Quay.

*Blue Fin, Sea Eagle, Sir David Martin*



### First Fleet Class

The nine First Fleet Class ferries are named after nine of the eleven vessels in the First Fleet that sailed to New South Wales to establish a settlement in 1788. They primarily operate on inner harbour routes.

*Alexander, Borrowdale, Charlotte, Fishburn, Friendship, Golden Grove, Scarborough, Sirius, Supply*



### Lady Class

The two Lady Class ferries run services to Taronga Zoo and Mosman. They are also used for special event services.

*Lady Herron, Lady Northcott*



### RiverCat Class

Seven specially designed, low-wash catamaran vessels service the Parramatta River. Each is named after a famous Australian sportswoman.

*Betty Cuthbert, Dawn Fraser, Evonne Goolagong, Marlene Matthews, Marjorie Jackson, Nicole Livingstone, Shane Gould*



### SuperCat Class

Four catamaran vessels primarily service the Eastern Suburbs.

*Louise Sauvage, Mary MacKillop, SuperCat 4, Susie O'Neill*



### HarbourCat Class

Two HarbourCat vessels are the smallest vessels in the fleet. They also provide back-up services on all inner harbour routes when required.

*Anne Sargeant, Pam Burridge*





## CEO and Chairman's report

In the past year, Sydney Ferries has reinvigorated its program of change, developing the **Ferries2010** reform program. The program is centred on three goals: to improve safety, customer service and financial performance:

**FerrySafe** – make the workplace and ferry services the safest they can be.

**FerryService** – improve customer service and satisfaction.

**FerrySmart** – improve organisational efficiency to better manage costs and increase revenue.

The results for the past year demonstrate that the change program has begun to deliver results, with improved performance against most operational measures against the 2006–07 year.

Improved safety performance for the past year was highlighted by achievement of the target of nil significant incidents for the first year since corporatisation, and a continued decline in the number of collisions and groundings against 2006–07 results.

Customer satisfaction also showed a promising improvement, reinforced by a one-third reduction in complaints over the twelve months to June 2008. The delivery of services, supported by improved performance of the fleet, contributed to increases across the board against the previous year. Nevertheless, there are still improvements to be made to meet the performance targets. Unseasonable weather impacted severely on summer patronage, resulting in a decline of 1.2 per cent for the year against the previous twelve months.

The financial result for the year was in line with budget, and included an increase in farebox revenue of \$0.8 million.

The past year saw some significant milestones achieved in the implementation of business management reforms:

- Implementation of the Risk Management Framework provides a common tool across the functional business areas to identify, assess and manage risk.
- Delivery of the initial financial modules of the Integrated Management System provides the ability, for the first time since corporatisation, to analyse activities and costs across all parts of business.

- Tenders for the new Ferry Operations and Customer Information System (**FOCIS**) were received in May and assessment was progressing in June 2008.

Sydney Ferries' Board approved the draft Fleet Replacement Strategy in July 2007, and the project team undertook detailed analysis and consultation to produce a proposal for Government review. The proposal completed the NSW Treasury Gateway Review and is planned for formal NSW Government Budget Committee Review in 2008, as a 'Project of State Significance'.

The Report of the Special Commission of Inquiry into Sydney Ferries, by Bret Walker SC (Walker Report), was presented to Government on 31 October 2007. The Walker Report made 17 recommendations on the future of ferry services. They included a recommendation for the development of a comprehensive service contract, with fleet replacement responsibilities, for offer to the market. The NSW Government response to these recommendations had not been announced by June 2008. Sydney Ferries has already begun to implement several of the Walker Report recommendations.

The Honourable Brian Langton was appointed as Chairman of the Board of Directors in April 2008. Two new Executive appointments were also made in December 2007. The senior leadership group then undertook a comprehensive program of review to develop the strategic reform priorities.

The improved performance of 2007–08 provides encouragement for the coming year, as reform initiatives of the **Ferries2010** program establish a benchmark to ensure the future and provision of safe, reliable, customer-focused and cost-efficient Sydney ferry services.

Finally, we express our gratitude to the staff of Sydney Ferries for the dedication and professionalism shown in the service of our customers and management of reforms during 2007–08.

**The Hon. Brian Langton**  
Chairman

**Geoff Smith AO**  
CEO and Director



# Highlights 2007–08

Over the past year, Sydney Ferries began the implementation of its significant reform program **Ferries2010** to deliver performance comparable to other similar businesses. Building on the foundations of its first three years, Sydney Ferries' investment in safety training and vessel maintenance have led to improved safety and reliability of the ferry services delivered to passengers.

## SAFETY

Safety performance has recorded the best results of the past three years:

- no significant vessel incidents occurred in 2007–08 – a milestone achievement of the target for the first time in the four years since incorporation
- collisions and groundings reduced to 13 in 2007–08, down from 16 the previous year
- passenger injuries totalled 15, below the target of 16 and significantly less than the number that occurred in the previous year (35)
- environmental incidents also declined, down from six in 2006–07 to four in 2007–08.

## QUALITY CUSTOMER SERVICE

The performance improvements have had a positive impact on passengers, resulting in increased customer satisfaction, and a significant decrease in customer complaints.

- The annual customer satisfaction index was 76.3 per cent, up from 75.0 per cent in 2006–07.

Sydney Ferries initiated a more proactive approach to advising customers of the impact of major events and wharf closures, providing better information on service changes to customers.

- Complaints totalled 1,220, a substantial reduction of 33 per cent against the previous year.

## SERVICE RELIABILITY AND VESSEL AVAILABILITY

Sydney Ferries continues to provide reliable services to ferry passengers.

- The percentage of scheduled services that ran increased to 99.4 per cent, reflecting the positive impact of better vessel maintenance
- On-time running also increased, to 98.3 per cent.

Improvements in vessel availability and reliability performance are now within one point of the target. These results reflect the enhancements to planned maintenance, and the favourable impact of the program to re-engine First Fleet and RiverCat vessels.

- Vessel availability was 79 per cent – two percentage points higher than the previous year and eight points higher than 2005–06
- Vessel reliability increased one point to 94 per cent.

## ORGANISATIONAL VIABILITY AND SUSTAINABILITY

Almost 14 million passengers travelled with Sydney Ferries during the year, 1.2 per cent less than the previous year. The decrease was mainly due to the unseasonably cool summer weather, which reduced leisure patronage over the Christmas holiday period.

Sydney Ferries continued its program to establish an efficient asset and systems management infrastructure. This is an essential operating function to support staff members who conduct the day-to-day business activity of Sydney Ferries. Implementation of the *Integrated Management System (IMS)* has replaced a disparate mix of ageing applications with a contemporary business management application. In particular, the roll-out of the finance, fixed asset and project ledger modules allows effective monitoring of activity across the various work locations and functions.

Implementation of the new Risk Management Framework has refined the identification, assessment and control of risk in support of the safety management system.

The draft Fleet Replacement Strategy was approved by the Board in July 2007. Development of the plan in the past year has included review by NSW Treasury, in preparation for submission to NSW Government, as a Project of State Significance. Similarly, the Ferry Operations and Customer Information System (**FOCIS**) project has completed two key review stages with NSW Treasury.

Asset maintenance systems were upgraded, through both improvements to Technical Maintenance Plans to standardise preventive maintenance regimes for each vessel – and the FirstFleet and RiverCat class re-engine and lifetime extension project, resulting in greater support to service delivery outcomes ahead of the proposed fleet replacement.

The roll-out of the Performance Management System provided support to managers to review each staff member's performance and develop a personalised training and development plan.

## LAUNCH OF THE FERRIES2010 REFORM PROGRAM

A review of cultural change priorities led to the roll-out of a coaching and mentoring program in December 2007, the aim of which was to broaden the leadership base. The senior leadership group reviewed the pace of existing change against strategic objectives and agreed to refocus and speed up priorities.

**Ferries2010** was launched in April 2008 and provides the blueprint for improvement of safety, customer service and financial performance. **Ferries2010** activities are grouped under three themes:

- **FerrySafe** – to make the workplace and ferry services the safest they can be
- **FerryService** – to improve customer service and satisfaction
- **FerrySmart** – to improve organisational efficiency and to better manage costs and increase revenue.

The Special Commission of Inquiry into Sydney Ferries reported to the Premier on 31 October 2007, and made a total of 17 recommendations which are reported in full in the appendices section of this report. Sydney Ferries participated and contributed both to the Inquiry and the recommendations and fully supports the outcome. The NSW Government was considering its response to these recommendations at the close of 2007–08 fiscal period.



## Financial overview

### OPERATING PERFORMANCE

Sydney Ferries' operating deficit before tax of \$3.9 million was \$22.1 million better than budget due largely to \$20.9 million supplementary government funding to cover the shortfalls in initial funding until the release of the Walker Report.

### REVENUE

Total revenue for the year was \$130.5 million, being \$21.1 million better than budget due to the \$20.9 million supplementary government funding received during the year. Farebox revenue contributed \$48.8 million and government funding, \$81.1 million. Other income of \$0.6 million was achieved from commission on sale of tickets and other sundry revenue. Farebox revenue was \$0.8 million more than in 2006–07.

### EXPENSES

Total expenditure for the year was \$134.4 million, being \$1.2 million below budget.

Total labour costs (inclusive of temporary staff) for the year were \$71.5 million, being \$1.8 million lower than budget, mainly due to changes in management of staffing resources, including supplementation of vacant positions by temporary staff. The above labour cost was inclusive of a \$2.1 million superannuation expense after the year-end actuarial reassessment of liabilities.

Depreciation expense for the year was \$16.2 million, being \$1.5 million below budget due to capital maintenance of vessels becoming fully depreciated.

Additional unbudgeted costs of \$1.6 million were incurred during the year as a result of the Special Commission of Inquiry.

### FINANCIAL POSITION

As at 30 June 2008, total equity was \$37.8 million, with total assets of \$131.3 million and total liabilities of \$93.5 million, including new borrowings of \$19.3 million. For 2007–08, Sydney Ferries has been required to fund its Capital Program from borrowings.



# Key measures, performance and results

## Financial Performance

Performance indicator	2007–08 Target	2007–08 Result	2006–07 Result
Earnings before interest, taxes and depreciation and amortisation (\$m) <sup>1</sup>	(2.4)	<b>18.3</b>	16.8
Operating result before tax (\$m) <sup>2</sup>	(25.9)	<b>(3.9)</b>	(2.9)
Return on average assets <sup>3</sup>	(19.7%)	<b>1.9%</b>	2.1%
Return on average equity <sup>4</sup>	(70.2%)	<b>(10.6%)</b>	(7.7%)
Recurrent funding (\$m) <sup>5</sup>	60.1	<b>81.1</b>	71.2

### Notes

- 1) Excludes capital grants.
- 2) Operating result before interest and tax (excludes capital grants) as a percentage of annual average assets.
- 3) Operating result after interest and tax (excludes capital grants) as a percentage of annual average total equity.
- 4) Includes concession and services funding from government. Excludes capital grants and redundancy funding.

## Non-Financial Performance

Performance Indicator	2007–08 Target	2007–08 Result	2006–07 Result	2005–06 Result
<b>1 Safety</b>				
Number of significant incidents <sup>1</sup>	Nil	Nil	2	2
Number of reportable vessel incidents <sup>2</sup>	60	109	68	69
Number of passenger injuries <sup>3</sup>	16	15	35	17
Number of reportable incidents of environmental damage <sup>4</sup>	7	4	6	12
Lost time injury <sup>5</sup> incidence rate (Injuries per 100 employees)	4.0	7.4	8.1	6.0
Lost time injury frequency rate (Injuries per million hours worked)	25	49	55	40
<b>2 Quality of Customer Service</b>				
Number of customer complaints	800	1220	1808	1243
Customer Satisfaction Index <sup>6</sup>	78%	76%	75%	76%
<b>3 Service Reliability and Vessel Availability</b>				
Percentage of scheduled services that actually run <sup>7</sup>	99.5%	99.4%	99.3%	89.9%
Percentage of services that run on time <sup>8</sup>	99.5%	98.3%	98.0%	98.4%
Fleet availability <sup>9</sup>	80%	79%	77%	71%
Vessel reliability <sup>10</sup>	95%	94%	93%	91%
<b>4 Organisational Viability and Sustainability</b>				
Number of days sick leave taken per employee	7	9	8	9.6
Percentage patronage growth	1%	-1.2%	0.8%	-0.2%

- 1) Incidents resulting in loss of life, life-threatening injury or injury to multiple persons, and/or damage over \$100,000.
- 2) Marine accidents reportable to NSW Maritime as defined under section 94 of the *Marine Safety Act 1998*. While the goal is a result of zero incidents, the ultimate target of 50 reflects a target of 99.99% of the over 500,000 annual berthings conducted without incident. Result includes 'significant' incidents. This KPI measure includes the increase in close quarters incidents reported by Sydney Ferries Masters in the busy harbour environment. Accidents that solely involve passenger injuries and environmental incidents are reported separately.
- 3) Passenger injury that occurs as a result of ferry operations and requires medical attention.
- 4) Reportable incidents under Sections 10 and 20 of the *Marine Pollution Act 1987* and Part 5.7 of the *Protection of the Environment Operations Act 1997*.
- 5) 'Lost time injury' (LTI) is any injury with one shift or more lost from work.
- 6) Measure of customer satisfaction relative to importance against a range of service aspects.
- 7) Proportion of actual services relative to the number of scheduled services.
- 8) Proportion of actual services departing on-time (within 5 minutes of its scheduled departure: measured at Circular Quay).
- 9) Percentage of fleet available for scheduled services (days available as a percentage of total working days).
- 10) Percentage of available vessels that remain in service without withdrawal as a consequence of mechanical failure.





## Year in Review 08

Sydney Ferries continued its program of reform in 2007–08, strengthening its ability to deliver safe, reliable and efficient ferry services. The Corporation is also driving or participating towards achieving many of the recommendations contained in the Walker Report.



## Safety

Safety for Sydney Ferries' staff, customers, visitors and contractors is the highest priority. The Safety Management System, founded on risk management principles, drives continuous improvement in management systems and safety performance.

Where it is not possible to eliminate hazards, Sydney Ferries seeks to manage its risks through functional improvements and training. Regular targeted training programs ensure that Sydney Ferries' staff maintain high standards of safety practice.

### RISK MANAGEMENT

Sydney Ferries manages risks through a Quality Management System that is certified to international standards and addresses regulators' requirements.

A new risk management framework, which includes an organisational risk register, was implemented during the year. The framework integrates with existing systems to allow Sydney Ferries to further identify, assess and control safety risks, and is complemented by introduction of a new software application to record risk assessments, risk controls and accountabilities of these events. Risk assessment training was conducted to ensure all staff are familiar with the framework and its application across all worksites and activities.

The corporate risk register provides Sydney Ferries with a means to make strategic and transparent decisions on prioritising improvement programs.

### PROCEDURAL REVIEW

Quality Management System documents were reviewed and upgraded in line with best practice risk management procedures. Careful records are kept of all changes made to processes used by the Corporation so that changes and the rationale for them can be identified and traced.

Work began on a project to review and re-write the existing Quality Management System.



### TARGETED SAFETY TRAINING ACTIVITIES

#### Organisational induction training

In response to a range of Quality Management System audit recommendations, Sydney Ferries overhauled the organisational induction training to ensure it fully complied with the International Standards Organisation ISO 9001 and the ISM Code. The course covered topics such as the standard Code of Conduct, Health and Wellbeing. It also included a range of International Safety Management (ISM) accreditation related modules such as the role of the Designated Person Ashore, Sydney Ferries' Safety Management System and the role of key departments within the organisation. The course was successfully completed by 107 staff and contractors during the year.

#### High speed vessel navigation training

Eighty-seven Sydney Ferries' Masters attended refresher training in the management of high speed vessels under a variety of operating conditions. The training was held in the Australian Maritime College in Tasmania. The simulator-based training focused on navigational aids such as radar.

#### Safety drills

Drills remain an important part of Sydney Ferries' Safety Management System as well as being a legislative responsibility. Some 7591 drills were completed by vessel based crew, and 1372 by shore-based staff.

#### Confined spaces training

As part of Sydney Ferries' safety training program, 343 crew were trained in the use of gas detectors and a further 412 underwent WorkCover-accredited confined space training.



## SYDNEY FERRIES MANAGES RISKS THROUGH A QUALITY MANAGEMENT SYSTEM THAT IS CERTIFIED TO INTERNATIONAL STANDARDS AND ADDRESSES REGULATORS' REQUIREMENTS.

The training provided staff with the competencies to take preventive action to avoid a confined spaces incident. Refresher training is planned to occur during vessel-based drills, and theoretical training will be provided every three years.

### Sydney Ferries' trainers meet new national standards

Eighty-five current and future trainers and assessors were up-skilled to the new national training qualification Certificate IV in Training and Assessment (TAA40104). Following a Recognition of Prior Learning Phase, a customised training program was designed to reflect the role Sydney Ferries' trainers/assessors undertook within Sydney Ferries' business whilst addressing the outcomes required by the Corporation and the national Maritime Training Package.

### FLEET STANDARDS GROUP

Sydney Ferries' Fleet Standards Group provides expert advice and guidance to ensure a high standard of safety performance, seamanship standards and customer service is achieved. It audits vessels, drills crews in emergency procedures and inspects fleet assets returning to service after maintenance. During the year, the Group audited 20 vessels, conducted over 150 drills, completed three return-to-service inspections and undertook two wharf audits.

### VESSEL INCIDENTS

There were no significant incidents resulting in major injury or damage in the past year – the first time since corporatisation that Sydney Ferries has met this target. The improvement in safety performance reflects the growing maturity of the Safety Management System and the impact of Sydney Ferries' significant investment in training and safety improvement initiatives.

There were 13 reportable vessel incidents due to collisions and groundings, a reduction from 16 in the previous year.

While the total number of reportable vessel incidents was higher than the previous year, this rise was due to improved practices in reporting close quarter incidents and control

system failures. Excluding these categories, vessel incidents totalled 21, down from 28 in 2006–07 and 38 in 2005–06.

Safety in relation to passenger incidents improved. Passenger injuries totalled 14, down from 34 in 2006–07 and 17 in 2005–06.

### VESSEL DATA RECORDING SYSTEMS

Vessel Data Recording Systems ('black boxes') were installed on 19 vessels and became operational on 13 vessels by the end of June 2008. The project is on track to reach scheduled completion at the end of 2008.

The recording system provides mechanical and geographical monitoring to support investigations into vessel incidents and accidents. It will also assist in targeting improvements in planning, training and maintenance activities.

### NAVIGATIONAL AIDS

Sydney Ferries has been trialing and training Masters on two types of integrated navigational equipment to demonstrate the technology and confirm the benefits of this navigational based safety equipment.

The two types of integrated equipment are enhanced radar equipment and a thermal imaging camera. The outcome was sufficiently positive to justify purchase of one system in order to conduct a longer and more thorough trial. The results of this trial and potential tender for the equipment are expected by the end of the 2008 calendar year.

### Office of Transport Safety Investigations report into Pam Burridge collision

In March 2008, the Office of Transport Safety Investigations (OTSI) tabled in NSW Parliament its investigation report into the *Pam Burridge* collision. Four passengers on a motor cruiser were fatally injured when the *Pam Burridge* ferry and the cruiser collided in March 2007.



Sydney Ferries accepted the recommendations of the report and had already implemented three of the five recommendations. Two are in progress, including the installation of the Vessel Data Recorders.

#### **SECURITY**

Sydney Ferries continued to comply with State and Commonwealth government security requirements, and was represented at key security group conferences throughout the region. Key personnel were assessed and accredited for Maritime Security Identification. This will ensure that, if maritime security levels increase, appropriate ferry personnel will be able to access secure areas to carry out ferry refuelling or maintenance.

##### **Security training**

On-the-job security refresher training was carried out in July and August 2007 with 133 staff. The short courses focused on the risks associated with providing safe ferry services during the Asia-Pacific Economic Cooperation (APEC) summit, held in Sydney in September 2007.

##### **Inter-agency cooperation**

Sydney Ferries continued to work closely with external agencies, including NSW Maritime, NSW Police and ASIO, on security issues. Prior to and during the APEC meeting in Sydney in September 2007, Sydney Ferries worked with NSW Police, the Royal Australian Navy, emergency services providers and transport agencies. In addition, bomb threat exercises were conducted in association with RAN, Water Police, Taronga Zoo Security, STA Buses, NSW Maritime, Advent Security and local police.

##### **Anti-terrorism exercises**

Sydney Ferries' staff were key participants in security and anti-terrorism training exercises with NSW Police and transport and maritime agencies, and undertook further training activities as members of the NSW Police's Transport Security Precinct Committee.

#### **CLOSED CIRCUIT TELEVISION UPGRADE**

An upgrade and expansion of Sydney Ferries' closed circuit television network and customer help point communications system was completed. The number of cameras has been increased from 184 to 269, allowing more effective monitoring of the fleet and wharves.

#### **ENVIRONMENTAL PROTECTION**

As an organisation committed to operating in an environmentally responsible manner, Sydney Ferries strives to reduce its consumption of energy, recycle the materials it uses, and maintains its facilities in a state that minimises the environmental risk. The Corporation's energy and waste management performance is described in the appendices.

Environmental risk has been identified and reduced through a comprehensive infrastructure risk assessment using the risk management framework, together with environmental monitoring of areas such as waste and recycling, tanks and lines, groundwater and waste water and liquid handling.

#### **BALMAIN SHIPYARD IMPROVEMENTS**

Environmental risk at the Balmain Shipyard was further reduced in the past year through facility upgrades, including work on liquid handling systems. Fuel piping, bilge pump out and lubricating oil distribution systems were largely replaced with new double-contained piping systems, allowing an even greater reduction in the risk of spills.

The Balmain Shipyard site is equipped with a 'first flush' system, which allows containment of any spills and on-site treatment of all rainwater. This system was further improved with installation of new sensors, pumps and gutters.

#### **BIO-DIESEL TRIAL**

Planning progressed for a further trial to compare the impact of diesel, bio-diesel and blended diesel – bio-diesel fuel on spare vessel engines in a controlled environment.





## Quality customer service

Sydney Ferries aims to provide a quality service that is responsive to its customers. Research confirms that reliability of ferry services and the availability of timely service information are both critical to customer satisfaction. Development of a Ferry Operations and Customer Information System (**FOCIS**), and reform of the schedule and roster process are the two key infrastructure projects designed to improve service delivery.

### FERRY OPERATIONS AND CUSTOMER INFORMATION SYSTEM

FOCIS, due for delivery in December 2009, will provide 'real-time' ferry service information to customers, controlling officers and vessel masters. GPS trackers on each vessel will be linked to electronic signage at all wharves and on board vessels, automated announcements, mobile phone SMS messages and websites.

Following a public call for Expressions of Interest, short-listed prospective operators were invited to tender for the contract to supply the system. Tender evaluation began in June 2008.



### IMPROVED PASSENGER INFORMATION

As part of the customer service improvement program, two customer service officers are assigned in peak periods to work alongside controlling officers and advise passengers of emerging cancellations and delays. In addition, information about planned closures and service disruptions was made available to customers through targeted campaigns.

Improved signage, website and passenger information was introduced, in line with the national Disability Standards for Accessible Public Transport.

### SUMMER RUNNING CAMPAIGN

The annual summer campaign provided customers with information about additional services, harbour events and service disruptions during the summer period. The campaign included print, radio and web media, poster signage and displays. Key information was produced in a 28-page *Summer Services Guide*. A letterbox drop campaign targeted 67,000 households, supported by distribution at Circular Quay and Manly wharf.

Additional services, particularly on the busy Parramatta River, Darling Harbour and Manly routes, were scheduled to cope with demand. Customer service training was provided for 23 new Customer Service Officers employed over the summer period in December and January. These Officers were on hand at Manly, Circular Quay and busy tourist wharves to provide accurate and timely information to assist passengers, and to ensure the highest safety standards were maintained.

Sydney Ferries again experienced record-breaking patronage during the peak Christmas-New Year period from Boxing Day to 3 January. More than 488,000 people travelled during this time, up from the record 477,000 during the same period last year.



#### **CUSTOMER FEEDBACK**

Sydney Ferries places great value on customer feedback, which is received directly from customers or through the 131500 Transport Line and Infoline website, and Ministerial correspondence.

Sydney Ferries received 1220 complaints during the year, some 588 less than in 2006–07. On average Sydney Ferries was able to respond to and close each customer complaint case within 48 hours.

#### **PATRONAGE**

In 2007–08, Sydney Ferries operated 183,102 services and carried almost 14 million passengers on Sydney Harbour and the Parramatta River, a decrease of 1.2 per cent on the previous year. The decrease is mainly attributable to a decline in patronage during the summer period, which was affected by unseasonably cool weather. Patronage over the three summer months, from December to February, was down by 334 000 on the same period in the previous year.

#### **ANNUAL CUSTOMER SATISFACTION SURVEY**

The annual Customer Satisfaction Survey was conducted in May 2008. The customer satisfaction index result was 76.3 per cent, an increase of 1.3 points on the previous year.

Satisfaction increased in relation to Sydney Ferries' staff (two points) and quality and availability of information (2.5 points). The results identified an increase in satisfaction across the sample, with the number of survey respondents recording satisfaction of less than 70 per cent dropping over four points to 32.6 per cent.

#### **SYDNEY FERRIES SERVICES WORKING GROUP**

The Sydney Ferries Services Working Group meets quarterly to review the corporation's performance and consult on matters of concern to ferry users and stakeholders. Their activities are detailed under Corporate Governance.



THE SYDNEY FERRIES FLEET OF 31 VESSELS, WITH AN AVERAGE AGE OF 17 YEARS, REQUIRES STRONG FOCUS ON MAINTENANCE AND UPGRADES TO ENHANCE SERVICE RELIABILITY.

## Service reliability and vessel availability

The current service model for Sydney Ferries is based on historical routes and the resultant vessel fleet. Reliability of services scheduled across the nine routes is a critical factor in customer satisfaction. Improvements in the effectiveness of operating processes, as well as the interactions between vessel maintenance and operational activities, were major areas of focus.

One of the areas of focus was the phased installation of the *Ellipse* system.



This system creates a central integrated database of Sydney Ferries' information from a variety of sources across the organisation. Common fields are available across Finance, Incidents, Maintenance, Human Resources and Payroll. This allows for easy review and extraction of information from a number of activities within the business. The advantage of this is the accuracy of data, all of which is retrieved from a common source.

### SCHEDULING AND ROSTERING EFFICIENCIES

A review of the capabilities of the new *Kronos* time and attendance system resulted in a new project to leverage off its capabilities to improve the efficiency of the end-to-end process from sign on to payroll, and reduce the impact of scheduling and rostering issues on service reliability.

### FLEET REPLACEMENT STRATEGY

Following Board approval of the Fleet Replacement Strategy in July 2007, a project team began gathering the information required to support a formal submission to NSW Treasury for a 'Project of State Significance.' Detailed analysis of financial, patronage and growth assessments was supported by risk identification and mitigation strategies, as the project team prepared the project plan, schedules and budgets, and assessed funding options to prepare the business case for a NSW Treasury 'Gateway Review'. Key stakeholders, including Sydney Ferries staff, NSW Treasury, NSW Ministry of Transport, and NSW Maritime were consulted.

The strategy will allow Sydney Ferries to establish a future fleet structure as part of an asset portfolio that effectively and efficiently meets strategic service delivery requirements. Planning of the management of that portfolio is addressed through a strategic asset management plan.

### TOTAL ASSET MANAGEMENT PLAN

Sydney Ferries presented a draft strategic asset management plan to the Board of Directors in June 2008. The Total Asset Management Plan (**TAMP**) provides a 20-year view for the major asset categories, and captures the major assets lifecycle issues. The TAMP sets out how Sydney Ferries intends to provide and maintain its assets over the coming 10-year period, and:

- outlines the service directions
- assesses the capacity of the existing assets to meet these future needs
- specifies the capital investment needed in new asset infrastructure
- outlines how assets will be maintained
- summarises how assets will be retired from service or disposed of where they no longer meet the organisation's needs.



Sydney Ferries is required to lodge a TAMP with the NSW Ministry of Transport and NSW Treasury.

#### VESSEL MAINTENANCE AND MODIFICATION

Sydney Ferries' fleet of 31 vessels, with an average age of 17 years, requires strong focus on maintenance and upgrades to enhance service reliability.

Work continued on the First Fleet and RiverCat Class Lifetime Extension Program. Six out of the nine vessels were equipped with new engines, new controls systems, shafts, propellers and generator sets and a range of vessel enhancements to improve vessel performance, safety and environmental performance.

Following completion of re-engine upgrades, training was delivered to support the introduction of the *Borrowdale* First Fleet vessel and *Betty Cuthbert* River Cat vessel, to introduce Masters and crews to the new engineering, emergency and operational characteristics.

Scheduled maintenance activities continued at the Balmain Shipyard for the entire fleet, with a full spectrum of vessel maintenance and repair activities being conducted throughout the year.

Maintenance systems were upgraded, resulting in improved technical maintenance plans, a better 'maintenance analysis' capability and further improvements in reliability and availability. Major refits were conducted on 20 other vessels.

#### VESSEL REFURBISHMENTS

Vessel refurbishments, including extensive seat replacements with new and improved designs, continued as part of the scheduled major periodic maintenance plans. These refits were undertaken on 20 vessels.

#### FACILITY UPGRADES

At the Balmain Shipyard a range of fixed asset improvements were made to enhance safe and efficient maintenance operations and other fleet support activities.

The longest jetty at the shipyard was partly replaced and work to improve structural integrity was completed. Part of the wharf was replaced in concrete to allow access for heavy mobile equipment such as cranes, thus allowing main engine to be lifted from vessels.

A range of other activities was undertaken, including installation of a new jetty for the work-boats, extra hose reels and new fire fighting capabilities.

Improvements in vessel availability and reliability over the previous year continued in 2007–08, despite the ageing of the fleet, due to better targeted and more efficient maintenance activities:

- average vessel availability increased a further two points to 79 per cent
- average vessel reliability rose a further point to 94 per cent.





## Organisational viability and sustainability

Sydney Ferries has invested heavily in the training and development of each staff member to improve the effectiveness of daily work activity and delivery of the planned outcomes. To support each staff member to improve, Sydney Ferries continued the program to refresh critical business system infrastructure, starting with replacement of the ageing computers, network and support services across all worksites to provide the foundation to develop reliable, robust and integrated enterprise systems.

Key initiatives and achievements during the year included:

- completion of a Workforce Plan and human resource management initiatives
- implementation of the finance, fixed asset and project ledger modules of the Integrated Management System
- a report on current and forecast maritime engineer shortages, initiated to address succession planning needs
- the design of Sydney Ferries' first Intranet site
- the development of the **Ferries2010** Reform Program, which provides a blueprint to continue the transformation of Sydney Ferries into a cost-efficient business.

### HUMAN RESOURCE MANAGEMENT

Sydney Ferries' service delivery relies on the strength of its systems and the skills of its staff. As part of the organisation's efforts to increase performance and efficiency, the

management of staff as key assets requires a broad support framework, a part of which involves ongoing mentoring and training or up-skilling.

### Workforce plan

The Workforce Plan provides a high level overview of the existing workforce and compares this with the potential workforce required in the future.

### Maritime Engineers Report

In 2008 the Corporation prepared a report on current and forecast maritime engineer shortages to address succession planning needs. The report recommended the introduction of a number of initiatives to address the shortages in both the short and long terms. Retention and up-skilling formed part of these initiatives.

### Performance Management System

Sydney Ferries is committed to promoting a partnership between its employees and management. During the year a performance management system was implemented initially in the corporate area. The process provides an opportunity for managers and staff to review a staff member's progress against clearly articulated outcomes detailed in position descriptions. Where necessary, a training plan can be developed that targets areas identified for staff development, or areas where development of skills or knowledge is identified.





During the year, 36 managers underwent training to implement the performance management system.

#### Improving internal communication and access to information

The initial step of providing an email account for each staff member now provides a mechanism for messages to be forwarded immediately to every member of staff. A review identifying ways of distributing key information to all employees was conducted and initiatives such as the development of an internal website or Intranet were actioned.



The site will enable employees to access information, such as key operating manuals and checklists and employment conditions, and simply to keep up to date with the latest initiatives in the workplace.

#### Employee excellence awards

In January 2008, Sydney Ferries presented 27 employees with awards as part of the 2007 Annual Employee Excellence Awards. The awards were introduced in 2005 to acknowledge the performance and achievements of our staff, as nominated by the staff.

This year an impressive 225 nominations were received. Special congratulations went to Jack Psaras, Trade Supervisor at the Balmain Shipyard, who was named Employee of the Year. Apprentice of the Year was awarded to Jason Peters.

#### Health and wellbeing program

Sydney Ferries continued its program of initiatives to improve the health and wellbeing of its employees. These include flu vaccinations, lung screening assessments at Balmain Shipyard, Hep A and B immunisation, and initiatives at Manly Wharf to minimise the risk to employees' hearing during wharf renovations.

In addition the Corporation, with union support, advocated the introduction of drug swab testing.

#### Employee Assistance Program

The Corporation continued to engage ACCESS Programs Australia Ltd to assist employees with job-related problems through counselling and other services. Some 5.4 per cent of employees accessed the service, with 125 counselling sessions provided for employees, spouses and family members.

#### Time and Attendance

A new electronic time and attendance system from Kronos was installed and piloted at Pitt Street. This system was then introduced at *Circular Quay*, *Manly* and the *Balmain Shipyard*. The system will integrate with the new rostering system to update the management of staff attendance and pay processing.

#### Fatigue Management Plan

Sydney Ferries has a Fatigue Management Plan in place to ensure the safety of staff and passengers and protect the wellbeing of staff. During the year, staff allocation officers and human resource employees received training in 'fatigue analysis' for new rosters used by Sydney Ferries. The FAID-SAFE fatigue software system is the cornerstone of the Fatigue Management Plan. This risk framework focuses on establishing the adequacy of current and future controls to protect individual employees and Sydney Ferries against inherent fatigue hazards.

The Enterprise Bargaining Negotiating Team for a Single Maritime Agreement was also briefed on the importance of



fatigue management, to ensure this issue could be factored into new agreements.

#### **Injury management and return to work program**

Sydney Ferries has a high rate of workplace injury, resulting in an increase in time lost, and therefore higher worker's compensation insurance premiums, in recent years. A review of injury management programs has led to the introduction of initiatives to improve return to work outcomes, while addressing the resultant compensation claims to reduce premium costs.

Insurance brokers provided advice on the management of compensation claims and revision of existing policies and procedures, providing additional resources, training staff in injury management, and ultimately, the engagement of new workers' compensation insurers. This strategy assisted in a substantial estimated reduction in Sydney Ferries' premium.

#### **Labour strategy**

In order to improve its workforce flexibility and effectiveness, Sydney Ferries developed a new labour strategy. The strategy seeks to address labour costs and identify labour reforms.

#### **Enterprise bargaining negotiations**

Sydney Ferries currently has five enterprise bargaining agreements: three for maritime employees working together

afloat. In the first half of 2008, Sydney Ferries began negotiations with three maritime unions to develop a single agreement for all maritime employees.

The Corporation also undertook preparatory work for enterprise bargaining with its Balmain Shipyard employees.

#### **BUSINESS MANAGEMENT AND PROCESS IMPROVEMENTS**

The **Ferries2010** reform program is the result of a broad review of performance over the Corporation's first three years. **Ferries2010** outlines the senior leadership roadmap to guide decisions on capital investment and operational priorities. The **performance dashboard** is monitored closely by the Executive Committee.

#### **INTERNAL AUDIT PLAN**

Continuous improvement of business processes and systems was supported by an internal audit program to assess and recommend areas of improvement. One of the key priorities has been a broad review of performance over the Corporation's first three years and the building of capital investment and operational priorities.

#### **PROJECT MANAGEMENT OFFICE**

A Project Management Office was established to manage the many capital works projects initiated to support the initiatives under the **Ferries2010** program. A new tracking and reporting database and a project costing system were installed to assist with this process.

#### **Facilities upgrades**

##### **Circular Quay**

Staff amenities were upgraded and a new revenue room constructed, providing more comfortable working conditions and enabling staff to work more effectively.

##### **Balmain Shipyard**

The amenities building at the Balmain Shipyard was partly refurbished. A new roof with solar hot water heating panels







was installed, a new meal room was built for staff and the building was re-painted. Design work for improved office spaces and two training rooms was completed.

#### **BUSINESS CONTINUITY MANAGEMENT PLANS**

An internal audit of business continuity management plans highlighted key issues to improve the alignment of continuity management plans with emergency and risk management planning.

#### **QUALITY MANAGEMENT SYSTEM**

Three stages of a review and implementation of Sydney Ferries' safety, health, environment and quality management systems were completed during the year. The project will provide a complete set of business processes and work instructions that are documented and maintained and reflect the actual work performed across the organisation. These processes have been written in 'plain-English', are user focused and are underpinned by the principles of risk management.





THE FERRIES2010 REFORM PROGRAM IS THE RESULT OF A BROAD REVIEW OF PERFORMANCE OVER THE CORPORATION'S FIRST THREE YEARS. FERRIES2010 OUTLINES THE SENIOR LEADERSHIP ROADMAP TO GUIDE DECISIONS ON CAPITAL INVESTMENT AND OPERATIONAL PRIORITIES.

#### INFORMATION MANAGEMENT STRATEGY

The role of Chief Information Officer was created to lead information technology and information management activities across the corporation.

#### Information and Communications Technology Refresh Program

The ICT Refresh Program, which involved replacing the Corporation's ageing computers and network and improving support services, was completed. The wireless network connections to the remote wharves were upgraded and a pilot project connecting computers onboard three ferries to the Sydney Ferries computer network was begun.

#### Knowledge Management System

The first phase of the Knowledge Management System project was completed, with the electronic records management software upgraded in preparation for implementation of full electronic records and knowledge management in 2008–09.

#### REVENUE PROTECTION

Sydney Ferries continued its focus on revenue protection activities. Approximately 341 fines were issued during the year – a hundred more than last year.

A strong stance was also taken against anti-social behaviour. Working on behalf of Sydney Ferries, State Transit Authority revenue protection officers carried out a number of joint operations with local police to ensure an ongoing presence on vessels and at wharves.

Monthly planning meetings involving Sydney Ferries' staff and frontline State Transit Authority revenue protection officers were held, resulting in better coordination of operations and earlier detection of potential problem areas.

#### SPECIAL COMMISSION OF INQUIRY INTO SYDNEY FERRIES

A Special Commission of Inquiry into Sydney Ferries was announced on 2 April 2007 by the Premier of New South Wales. The Special Commission was established to inquire into and report on the present state of Sydney Ferries' provision of ferry services and any action that should be taken to improve the ability of Sydney Ferries to provide safe, efficient and customer-focused ferry services.

Special Commissioner Bret Walker SC reported to the Premier on 31 October 2007, outlining 17 recommendations. These are listed in full in the appendices. The main recommendations were that:

- a comprehensive service contract for the provision of ferry services, including fleet replacement responsibilities, be offered to the market, with bids to be compared with the financial and quality performance of Sydney Ferries' providing the same service, and that the best bid (but not necessarily the cheapest bid) should be accepted by the Government. If bids do not compare favourably with the prospects offered by Sydney Ferries continuing to operate as a State owned Corporation, Sydney Ferries should continue to provide the service, subject to a statutory contract;
- a coordinating body be established to ensure the transport network is properly integrated;
- King Street wharf be developed as an extra operational hub to Circular Quay and a new entry point to the city for ferry passengers;
- Sydney Ferries review its safety management system to achieve an integrated safety information system;
- a new fleet be procured to provide capacity for more routes and more frequent services on existing routes, shorten travel time to and from Manly and maximise environmental suitability, efficiency and economic maintenance.





COLLARROY

## Corporate Governance 08

Sydney Ferries' governance structures and processes ensure the ethical management of safe and reliable ferry services and future sustainability.



## Overview

### STATUTORY FRAMEWORK

Sydney Ferries was established as a State-owned Corporation on 1 July 2004. It operates regular ferry passenger services on Sydney Harbour and its tributaries within the framework of the *Transport Administration Act 1988* (NSW), the *State Owned Corporations Act 1989* (NSW), and the *Passenger Transport Act 1990* (NSW).

### CHARTER

Sydney Ferries' principal objective is to deliver safe and reliable ferry services in an efficient, effective and financially responsible manner. The other statutory objectives, which are of equal importance but not as important as the principal objective, are to:

- maximise the net worth of the State's investment in Sydney Ferries by operating an efficient and successful business;
- exhibit a sense of social responsibility by having regard for the community in which it operates;
- comply with the principles of ecologically sustainable development contained in section 6(2) of the *Protection of the Environment Administration Act 1991* (NSW) in all its operations;
- exhibit a sense of responsibility towards regional development and decentralisation in its operations.

### QUALITY MANAGEMENT SYSTEM

Sydney Ferries is accredited with the ISO 9001:2000 Quality Management Standard. The Corporation was assessed on its compliance to this standard by Anglo-Japanese American (AJA) Registrars.

### BUSINESS PLANNING AND PERFORMANCE REPORTING

Sydney Ferries' five-year business planning process began in October 2005. Standardised data collection, recording and reporting of key performance indicators enable high-level trend analysis that informs planning priorities. Sydney Ferries also has an annual Statement of Corporate Intent, which is agreed upon by Sydney Ferries and its shareholding ministers.

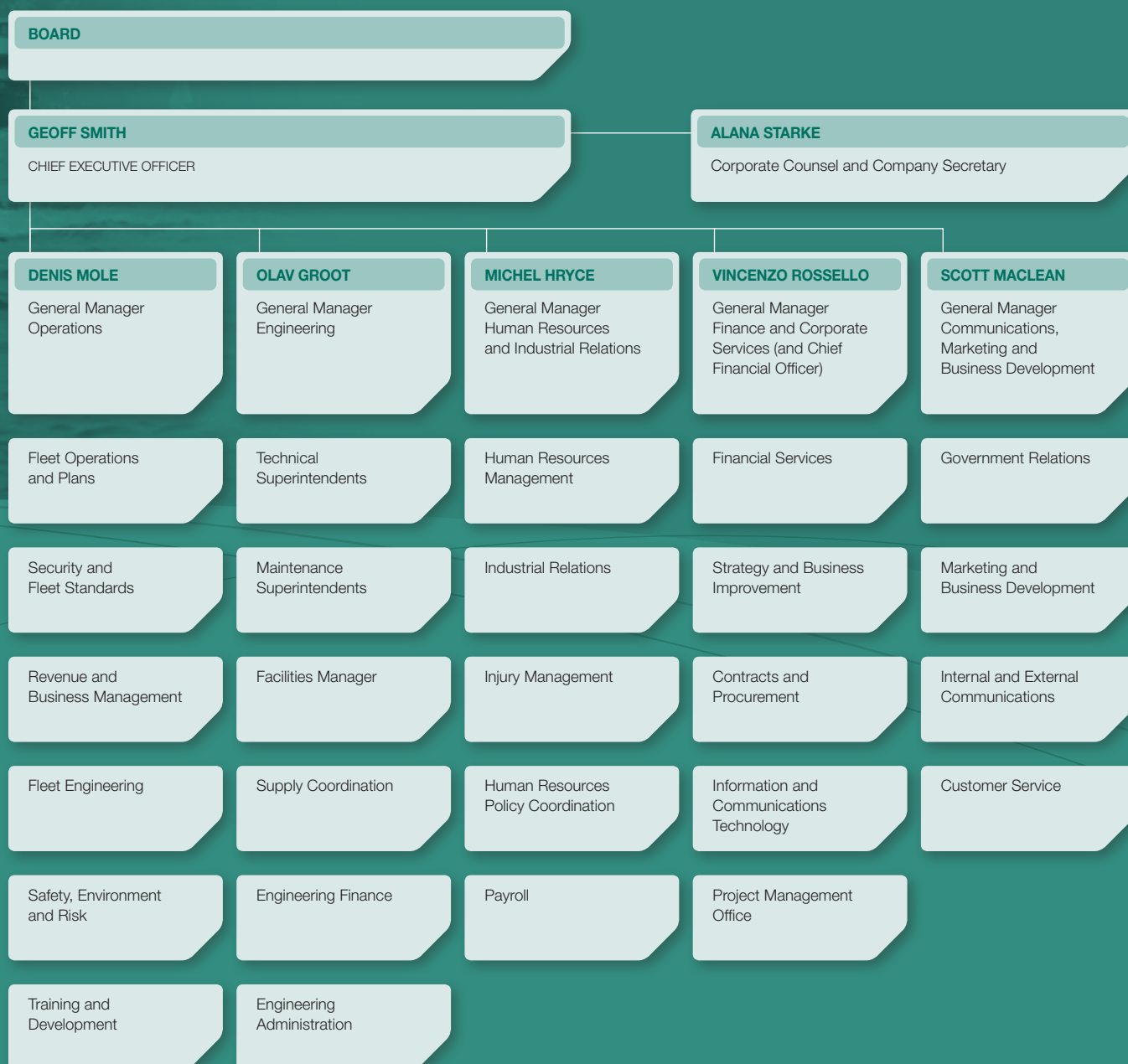
Sydney Ferries has a performance agreement with the Minister for Transport and reports regularly on performance and management activity.

Sydney Ferries has an Instrument of Exemption from the Ministry of Transport exempting it from the requirement to have a services contract. Sydney Ferries reports to the Ministry of Transport and Shareholding Ministers on its performance under these arrangements.

A Business Continuity Management Plan guides actions in the event of serious disruptions caused by foreseeable crises.



## ORGANISATIONAL STRUCTURE





## Board of Directors

### ROLE OF THE BOARD

In pursuing the legislative objectives of Sydney Ferries, the Board of Directors is required to:

- align the Corporation's strategic direction with objectives set by the Government
- oversee the implementation of strategies and initiatives to meet the Corporation's objectives
- liaise with stakeholders
- ensure compliance with statutory requirements
- monitor organisational performance against the Statement of Corporate Intent
- establish performance standards for the CEO, and monitor performance against those standards
- manage risk
- adhere to corporate governance standards, including promoting and adhering to the Board charter
- monitor the integrity of internal control and management information systems
- determine policies governing Sydney Ferries.

The Board is accountable to the Shareholding Ministers, the Treasurer and the Minister for Finance for ensuring that the Corporation meets its objectives.

The Chairman's role is to provide leadership to the Board and promote its cohesiveness and effectiveness.

### BOARD APPOINTMENTS

Under the Corporation's Constitution (**Constitution**), the Board is to comprise a maximum of seven directors. The Shareholding Ministers appoint the Directors, in consultation with the Minister for Transport, and nominate the Chairman. The maximum term of appointment is five years. Directors are eligible for reappointment. The CEO is also to be appointed as a Director in accordance with the Constitution.

In March 2008, Geoff Smith AO was appointed as a Director.

In April 2008, the Hon. Brian Langton was appointed as Chairman and Director and Beth Laughton retired as Acting Chairman and remained as a Director and Chairman of the Audit Committee.

### CHIEF EXECUTIVE OFFICER

The CEO is responsible for the day-to-day management of the Corporation in accordance with the general policies and specific directions of the Board. This includes the implementation of initiatives and strategies to meet the objectives of the Corporation and the making of business decisions.

The CEO's employment contract defines his roles and responsibilities, conditions of employment and entitlements.

The Board sets in place an annual performance agreement for the CEO.

### DISCLOSURE OF INTERESTS

Directors are required to disclose any direct or indirect interest that could potentially conflict with the interests of Sydney Ferries.

In circumstances where a conflict of interest is believed to exist, the Director concerned does not take part in any discussions or decision-making processes of the matter under Board consideration.

A register of Directors' interests is maintained.

### INDEPENDENT PROFESSIONAL ADVICE

Board members, either collectively or individually, are able to seek independent professional advice, at the expense of Sydney Ferries, to assist in the performance of their duties.



## BOARD MEMBERS



### **The Hon. Brian Langton**

**Chairman, Board of Directors**  
**Director and Chairman, appointed 10 April 2008**

Brian Langton has extensive experience in government, having been the State Member for Kogarah for 16 years and, prior to this, an Alderman on Kogarah Council for 12 years.

During his time as the State Member, Brian held the portfolios for Transport and Tourism, and Emergency Services and Fair Trading. Brian is a member of the Board of the NSW Bus and Coach Association and a former member of the Board of TransGrid. Brian brings to the Board more than 30 years' experience in the public sector.



### **Beth Laughton B.Ec, FCA, FAICD**

**Director, appointed 1 July 2004**  
**Acting Chairman, Board of Directors,**  
**21 March 2007 to 10 April 2008**  
**Chairman of the Audit Committee**  
**Member of the Human Resources**  
**and Remuneration Committee**

A qualified chartered accountant,

Beth Laughton has more than 20 years experience in investment banking and providing advice to companies on mergers, acquisitions, divestments and equity capital market transactions. Beth is currently a non-executive Director of the Defence SA Advisory Board and is a Business Director of Wilson HTM Corporate Finance Ltd. Her prior directorships include Ord Minnett Corporate Finance Limited and KPMG Corporate Finance (Aust) Pty Ltd.



### **Clayton Frederick**

**Director, appointed 1 July 2004**  
**Chairman of the Human Resources**  
**and Remuneration Committee**  
**Member of the Audit Committee**

Clayton Frederick has more than 35 years' experience in the maritime industry. Most recently, he was Chief Operating Officer of

Adsteam Marine Ltd. Prior to joining Adsteam, Clayton had widespread general management experience in passenger and freight ferry services, liner and bulk shipping and container terminals and depots.

Clayton served for several years on the Australian Maritime Safety Authority advisory committee. He is also a member of the Lloyds Register Australian Committee.



### **Helen Conway BA, LLB, MAICD, FCIS**

**Director, appointed 14 February 2007**  
**Member of the Audit Committee**  
**Member of the Human Resources**  
**and Remuneration Committee**

As General Manager of the Office of the CEO at Caltex Australia Limited, Helen Conway provides general support to the

CEO and is responsible for government and public affairs, media relations, internal and external communications, sponsorships and internal audits. As Company Secretary, she is responsible for the corporate governance of the Caltex group of companies and, as General Counsel, is Caltex's chief lawyer.

Prior to joining Caltex in 1999, Helen was the General Counsel for Airservices Australia and Group Secretary and General Counsel for the NRMA Group. Before moving into corporate life, she worked as a lawyer, including seven years as a partner, in private practice. Helen has held a large number of community-related and government appointments, including the position of Senior Judicial Member of the New South Wales Equal Opportunity Tribunal.

She has previously been a director of Catholic Healthcare Limited and Hawkesbury District Health Service Limited. Helen received the award of Corporate Lawyer of the Year in 2005.



### **Geoff Smith AO**

**Chief Executive Officer (CEO),**  
**appointed 21 August 2006**  
**Director, appointed 6 March 2008**

Geoff Smith has a Masters Degree in Science (Management), with extensive executive, leadership and general management experience at the most senior

levels of the Australian Defence Force (including Deputy Chief of Navy and Maritime Commander Australia). After retiring from the Navy he joined ADI Limited, with responsibility for the company's Naval Strategy and Business Development. Geoff is highly experienced in strategic corporate planning and adept at operating within complex business and political environments.

In 2002, Geoff was appointed an officer of the Order of Australia.



## BOARD COMMITTEES

The Board currently has two committees to assist it in discharging its responsibilities: an Audit Committee and a Human Resources and Remuneration Committee. Each committee has a charter that is approved by the Board.

The membership of each committee comprises three Directors from the Board.

### Audit Committee

The Audit Committee supports the Board in discharging its corporate governance responsibilities in relation to:

- financial reporting
- accounting processes
- business ethics and corporate conduct
- internal controls
- compliance with legal and regulatory obligations
- providing a forum for communication between the Board, senior management and internal and external auditors.

Board Members, the CEO, the General Manager Finance and Corporate Services, representatives from Walter Turnbull (Sydney Ferries' internal auditors) and the Audit Office of NSW have a standing invitation to attend meetings, but are not members of the Committee.

The Committee met five times during 2007–08. Attendance of members is shown below.

### The Human Resources and Remuneration Committee

The Human Resources and Remuneration Committee supports the Board in discharging its responsibilities in relation to:

- contractual performance and remuneration
- arrangements for the CEO
- succession planning
- staff wellbeing and corporate culture
- industrial relations outcomes that support corporate objectives
- training and development policies and requirements to meet ongoing business objectives.

The CEO and General Manager, Human Resources and Industrial Relations have a standing invitation to attend meetings, but are not members of the Committee.

The Committee met four times during 2007–08. Attendance of members is shown below.

## Meetings of the Board and its Sub-Committees

Director	Board meeting		Audit Committee meeting		Human Resources & Remuneration Committee meeting	
	Eligible*	Attended	Eligible*	Attended	Eligible*	Attended
Brian Langton	3	3	1	1	0	0
Beth Laughton	12	12	5	5	4	4
Clayton Frederick	12	11***	5	4***	4	4
Helen Conway	12	12	5	5	4	4
Geoff Smith AO	4	4	1**	1**	1**	1**

\* Reflects the maximum number of meetings the Director was eligible to attend.

\*\* Attended as an invitee, not a Committee member.

\*\*\* Leave of absence granted by the Board for the meeting not attended.



## Sydney Ferries Services Working Group

The Sydney Ferries Services Working Group (**Working Group**) was established in 2004 to consider ferry service issues at the request of the Minister for Transport. The Working Group advises the Minister on issues such as community requirements for the operation of services and provides a mechanism by which consumers and key stakeholders can provide input into the management and performance of the Corporation.

Sydney Ferries facilitates the quarterly meetings of the Working Group.

### MEMBERSHIP

The individual members of the Working Group and the organisation and/or community element each represents are shown below.

Member	Representing
Geoff Smith (Chair)	Sydney Ferries
Graeme Taylor	Action for Public Transport
Brother John Thompson FMS	Ferry commuters
Councillor Patricia Harvey OAM	A local government area serviced by Sydney Ferries
Dougie Herd	Office of the Disability Council of NSW
Andrew Nicholls	Ministry of Transport
Howard Glenn	Maritime Authority of NSW
Simon Foster	Independent Transport Safety and Reliability Regulator







# Financial statements

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## INDEPENDENT AUDITOR'S REPORT



GPO BOX 12  
Sydney NSW 2001

### INDEPENDENT AUDITOR'S REPORT SYDNEY FERRIES CORPORATION

To Members of the New South Wales Parliament

I have audited the accompanying financial report of Sydney Ferries Corporation (the Corporation), which comprises the balance sheet as at 30 June 2008, the income statement, statement of recognised income and expense and cash flow statement for the year then ended, a summary of significant accounting policies and other explanatory notes.

#### Auditor's Opinion

In my opinion, the financial report:

- presents fairly, in all material respects, the financial position of the Corporation as at 30 June 2008, and its financial performance and cash flows for the year then ended in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations)
- is in accordance with section 41B of the *Public Finance and Audit Act 1983* (the PF&A Act) and the Public Finance and Audit Regulation 2005.

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

#### Directors' Responsibility for the Financial Report

The Directors are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the PF&A Act. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

#### Auditor's Responsibility

My responsibility is to express an opinion on the financial report based on my audit. I conducted my audit in accordance with Australian Auditing Standards. These Auditing Standards require that I comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the Corporation's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

My opinion does not provide assurance:

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

#### Independence

In conducting this audit, the Audit Office of New South Wales has complied with the independence requirements of the Australian Auditing Standards and other relevant ethical requirements. The PF&A 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 of New South Wales are not compromised in their role by the possibility of losing clients or income.

A handwritten signature in black ink, appearing to read 'Peter Achterstraat'.

Peter Achterstraat  
Auditor-General

20 October 2008  
SYDNEY

## STATEMENT BY MEMBERS OF THE BOARD

For the year ended 30 June 2008

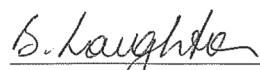
**Statement by Directors pursuant to section 41(C)(1B) of the  
Public Finance and Audit Act 1983 (NSW) to accompany Financial  
Statements for the year ending 30 June 2008**

Pursuant to section 41(C)(1B) of the *Public Finance and Audit Act 1983* (NSW), and in accordance with a resolution of the members of the Board of Sydney Ferries, we declare on behalf of Sydney Ferries that in their opinion:

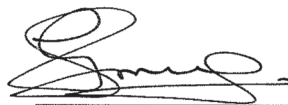
1. The accompanying Financial Statements for the year ending 30 June 2008, read in conjunction with the notes thereto, exhibit a true and fair view of the financial position and financial performance of Sydney Ferries as at 30 June 2008; and
2. The Financial Statements have been prepared in accordance with the applicable provisions of the *Public Finance and Audit Act 1983* (NSW), and the associated requirements of the *Public Finance and Audit Regulation 2005* (NSW), the *State Owned Corporations Act: 1989* (NSW), Australian Accounting Standards, Australian Accounting Interpretations and the applicable Treasurer's directions; and
3. At the date of this statement, there are reasonable grounds to believe that the Corporation will be able to pay its debts as and when they become due and payable.

Further, we are not aware of any circumstances that would render any particulars included in the Financial Statements to be misleading or inaccurate.

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



**Beth Laughton**  
Acting Chair



**Geoff Smith AO**  
Director

Sydney: 1742 October 2008



## INCOME STATEMENT

For the year ended 30 June 2008

	Notes	2008 \$000	2007 \$000
<b>REVENUE</b>			
Operational revenue	2(a)	129,946	119,214
Other revenue	2(b)	561	728
<b>Total revenue</b>		<b>130,507</b>	<b>119,942</b>
<b>EXPENSES</b>			
Fleet running expenses	2(c)	17,606	19,491
Employee benefits	2(d)	68,639	62,172
Depreciation & amortisation	2(e)	16,178	14,678
General operating expenses	2(f)	26,052	21,145
Net loss on disposal of assets	2(g)	68	384
Finance costs	2(h)	5,950	4,952
Other (gains)/losses	2(i)	(124)	-
<b>Total expenses</b>		<b>134,369</b>	<b>122,822</b>
<b>(Deficit) for the year attributable to owners</b>		<b>(3,862)</b>	<b>(2,880)</b>

The accompanying notes form an integral part of the Income Statement.

## STATEMENT OF RECOGNISED INCOME AND EXPENSE

For the year ended 30 June 2008

	Notes	2008 \$000	2007 \$000
Increase on revaluation of property, plant and equipment asset reserve	7	5,244	-
<b>Income and expense recognised directly in equity</b>		<b>5,244</b>	<b>-</b>
Surplus/(deficit) for the year	17	(3,862)	(2,880)
<b>Total recognised income and expense for the year</b>		<b>(3,862)</b>	<b>(2,880)</b>
<b>Attributable to:</b>			
Equity holders		(3,862)	(2,880)
<b>Total recognised income and expense for the year</b>	<b>17</b>	<b>(3,862)</b>	<b>(2,880)</b>

The accompanying notes form an integral part of the Statement of Recognised Income and Expense.

## BALANCE SHEET

As at 30 June 2008

	Notes	2008 \$000	2007 \$000
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	3	792	639
Trade and other receivables	4	1,905	3,627
Inventories	5	5,713	5,003
Other assets	6	4,849	6,959
<b>Total current assets</b>		<b>13,259</b>	<b>16,228</b>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	7	118,038	99,920
Intangibles	8	20	22
Total non-current assets		118,058	99,942
<b>Total assets</b>		<b>131,317</b>	<b>116,170</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	9	12,145	11,893
Borrowings	10	7,095	12,574
Employee benefits	12	12,718	13,110
Provisions	11	673	566
<b>Total current liabilities</b>		<b>32,631</b>	<b>38,143</b>
<b>NON-CURRENT LIABILITIES</b>			
Borrowings	10	60,015	40,723
Employee benefits	12	846	837
Provisions	11	257	281
<b>Total non-current liabilities</b>		<b>61,118</b>	<b>41,841</b>
<b>Total liabilities</b>		<b>93,749</b>	<b>79,984</b>
<b>Net Assets</b>		<b>37,568</b>	<b>36,186</b>
<b>EQUITY</b>			
Accumulated funds	17	26,199	30,061
Reserves	17	11,369	6,125
<b>Total Equity</b>		<b>37,568</b>	<b>36,186</b>

The accompanying notes form an integral part of the Balance Sheet.



## CASH FLOW STATEMENT

For the year ended 30 June 2008

	Notes	2008 Inflows (Outflows) \$000	2007 Inflows (Outflows) \$000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Passenger fares receipts		57,319	52,026
NSW government receipts		81,095	71,175
Other receipts		565	758
Interest received		66	40
Payments to suppliers		(58,613)	(49,963)
Payments to employees		(59,606)	(55,302)
Interest paid		(5,594)	(4,584)
<b>Net cash flows from operating activities</b>	<b>16</b>	<b>15,232</b>	<b>14,150</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of property, plant and equipment		(28,995)	(19,860)
<b>Net cash flows from investing activities</b>		<b>(28,995)</b>	<b>(19,860)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from/(repayments of) borrowings		13,916	5,559
<b>Net cash flows from financing activities</b>		<b>13,916</b>	<b>5,559</b>
Net increase/(decrease) in cash and cash equivalents		153	(151)
Cash and cash equivalents at the beginning of the year		639	790
<b>Cash and cash equivalents at the end of the year</b>	<b>3</b>	<b>792</b>	<b>639</b>

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

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2008

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### (a) Reporting entity

Sydney Ferries commenced operations on 1 July 2004 under the *NSW State Owned Corporations Act 1989*, trading as Sydney Ferries Corporation. Sydney Ferries is a statutory State Owned Corporation. The Treasurer and the Minister for Finance are the voting shareholders and each has an equal shareholding.

Sydney Ferries was established to deliver safe and reliable Sydney ferry services in an efficient, effective and financially responsible manner. It may also, in connection with its ferry services, operate other transport services to ensure it exploits its full public transport potential. Sydney Ferries is a not-for-profit entity.

The principal accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

These financial statements were authorised for issue by the Board on 17 October 2008.

#### (b) Basis of preparation

##### Statement of compliance

The financial statements of Sydney Ferries have been prepared as a general purpose financial report that has been prepared on an accrual basis in accordance with:

- applicable Australian Accounting Standards and Interpretations;
- the requirements of the *NSW Public Finance and Audit Act 1983*;
- the *NSW Public Finance and Audit Regulation 2005*;
- the *NSW State Owned Corporations Act 1989*; and
- applicable Treasurer's Directions and Treasury Circulars.

All amounts are rounded to the nearest one thousand dollars and are expressed in Australian currency.

#### Basis of measurement

These financial statements have been prepared under the historical cost convention except for certain classes of property, plant and equipment, assets held for sale and financial assets held for trading and available for sale, which are measured at fair value.

#### Use of estimates and judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

Information about significant areas of estimation uncertainty in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are described in the following notes:

Note 7 – Property, Plant & Equipment

Note 11 – Provisions

Note 12 – Employee Benefits – Provisions

Note 13 – Commitments (includes leases)

#### Critical judgements in applying the accounting policies

##### Determination of for-profit or not-for-profit

The Board has applied its judgement in assessing whether the business meets the definition of a for-profit or not-for-profit entity for the purposes of the accounting standards. Sydney Ferries has concluded that the business is a not-for-profit entity.

#### Going concern

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.

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The Board has determined that the going concern basis is appropriate for the following reasons:

- Sydney Ferries' debt is guaranteed by the NSW Government.
- Sydney Ferries is NSW Government owned.
- NSW Treasury, on behalf of the NSW Government, has issued a letter of Financial Support to Sydney Ferries to ensure the ongoing financial viability of Sydney Ferries.

### (c) Revenue

Revenue is measured at the fair value of the consideration or contributions received or receivable. In most cases this is the value of the cash exchanged or exchangeable. Revenue is not recognised unless receipt is probable and the amount is reliably measurable. Revenue is recognised on major income categories as follows:

#### Passenger revenue

Revenue from the rendering of passenger services is recognised on the basis of usage in the period when the services are rendered.

#### New South Wales Government reimbursements

##### *Free and 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 the NSW Government policy.

Reimbursement is provided for free school travel based on the number of Student travel passes on issue.

From 4 January 2005, Pensioners are entitled to buy an all-day concession ticket price of \$2.50 (previously: \$1.10, \$2.20 or \$3.30). The NSW Government pays Sydney Ferries the balance of the full fare for all estimated travel consumed.

Other free and concessional travel is reimbursed by the NSW Government paying Sydney Ferries the balance between the full fare applicable for each journey and the fare paid by the passenger.

##### *Government funding for services*

Funding is received from the Government in accordance with the Government's social policy programs designed to promote the accessibility and availability of public transport services. This represents service level payments by the Government to cover the operation of a number of services provided by Sydney Ferries which are non-commercial.

Sydney Ferries regulated fares are determined by the Independent Pricing and Regulatory Tribunal (IPART).

#### Grants

Income from grants is recognised when all of the following conditions are satisfied: the entity obtains control of the grant or the right to receive the grant; it is probable that the economic benefits comprising the grant will flow to the entity, and the amount of the grant can be measured reliably. Income from grants is measured at the fair value of the grant received or receivable. Unspent grants are accounted for as liabilities if there is a contractual obligation to refund the unspent amounts.

#### Investment revenue

Interest revenue is recognised in the Income Statement as it accrues, using the effective interest method.

#### Rental revenue

Rental revenue is recognised in accordance with AASB 117 Leases on a straight-line basis over the lease term.



## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2008

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### (d) Leases

A distinction is made between finance leases which effectively transfer from the lessor to the lessee substantially all the risks and benefits incidental to ownership of the leased assets, and operating leases under which the lessor effectively retains all such risks and benefits.

Where a non-current asset is acquired by means of a finance lease, the asset is recognised at its fair value at the commencement of the lease term. The corresponding liability is established at the same amount. Lease payments are allocated between the principal component and the interest expense.

Operating lease payments are charged to the income statement in the periods in which they are incurred.

#### (e) Finance costs

Finance costs comprise interest payable on borrowings calculated using the effective interest method. Finance costs are expensed as incurred and comprise:

- Interest on bank overdrafts, short-term and long-term borrowings; and
- Amortisation of discounts or premiums relating to borrowings.

#### (f) Employee benefits and other provisions

##### Wages and salaries, annual leave, sick leave and on-costs

Liabilities for wages & salaries (including non-monetary benefits) and annual leave that are expected to be settled wholly within 12 months of the reporting date are recognised and measured in respect of employees' services up to the reporting date at undiscounted amounts based on the amounts expected to be paid when the liabilities are settled.

Long-term annual leave that is not expected to be taken within 12 months is measured at present value in accordance with the requirements of AASB 119 Employee Benefits. Market yields on government bonds are used to discount long-term annual leave.

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

The outstanding amounts of payroll tax, workers compensation insurance premiums and superannuation, which are consequential to employment, are recognised as liabilities and expenses where the employee benefits to which they relate have been recognised.

##### Long service leave

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on Commonwealth government bonds with terms to maturity and currency that match as closely as possible, the estimated future cash outflows. Where Sydney Ferries does not have the unconditional right to defer settlement beyond 12 months, the liability is recognised as a current liability.

##### Superannuation

The Sydney Ferries' net obligation in respect of defined benefit pension plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value, and the fair value of any plan assets is deducted.

The discount rate is the yield at the balance sheet date on government bonds that have maturity dates approximating to the terms of the Sydney Ferries' obligations.

When the benefits of a plan are improved, the portion of the increased benefit relating to past service by employees is recognised as an expense in the income statement on a straight-line basis over the average period until the benefits become vested. To the extent that the benefits vest immediately, the expense is recognised immediately in the income statement.

Actuarial gains and losses arising in calculating the obligation of Sydney Ferries in respect of the plan are recognised immediately in the income statement.

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Where the calculation results in a benefit to Sydney Ferries, the recognised asset is limited to the net total of any unrecognised actuarial losses and past service costs and the present value of any future refunds from the plan or reductions in future contributions to the plan.

The determination of the present value of defined benefit obligations was performed by an independent actuary using the projected unit credit method. This valuation requires judgement and estimation of a number of assumptions. These assumptions have been set out in Note 12 (c).

There are three defined benefit superannuation schemes, administered by Pillar Administration on behalf of SAS Trustee Corporation.

Contributions to defined contribution plans are recognised as an expense as they become payable. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

### (g) Insurance

Appropriate insurances are purchased to cover material liability, physical damage, business interruption, and other exposures arising out of normal business operations. The cost of the insurance is expensed over the period to which the insurance cover relates.

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

In relation to the Goods and Services Tax ("GST"), revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred by the Corporation as a purchaser is not recoverable from the Australian Taxation Office.

In such cases, the GST incurred 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. However, the GST component of cash flows arising from investing activities which is recoverable or payable to the Australian Taxation Office is classified as operating cash flow.

### (i) Income Tax

For the 2007–08 (and 2006–07) Financial Year, NSW Treasury has advised that Sydney Ferries is exempt from the Tax Equivalent Regime under the *NSW State Owned Corporations Act 1989* or the National Tax Equivalent Regime administered by the ATO. Accordingly, tax effect accounting is not prepared.

### (j) Cash

Cash is carried at its principal amount and is subject to an insignificant risk of changes in value. Cash on hand or at bank includes cash 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.

### (k) Trade and other receivables

Trade and other receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These financial assets are recognised initially at fair value, usually based on the transaction cost or face value. Subsequent measurement is at amortised cost using the effective interest method, less an allowance for any impairment of receivables. Any changes are accounted for in the income statement when impaired, derecognised or through the amortisation process. Short-term receivables with no stated interest rate are measured at the original invoice amount where the effect of discounting is immaterial.

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2008

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### (l) Impairment of financial assets

All financial assets, except those measured at fair value through profit and loss, are subject to an annual review for impairment. An allowance for impairment is established when there is objective evidence that the entity will not be able to collect all amounts due.

For financial assets carried at amortised cost, the amount of the allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the impairment loss is recognised in the income statement.

When an available for sale financial asset is impaired, the amount of the cumulative loss is removed from equity and recognised in the income statement, based on the difference between the acquisition cost (net of any principal repayment and amortisation) and current fair value, less any impairment loss previously recognised in the income statement.

Any reversals of impairment losses are reversed through the income statement, where there is objective evidence, except that reversals of impairment losses on an investment in an equity instrument classified as "available for sale" must be made through the reserve. Reversals of impairment losses of financial assets carried at amortised cost cannot result in a carrying amount that exceeds what the carrying amount would have been had there not been an impairment loss.

#### (m) Trade and other payables

These amounts represent liabilities for goods and services provided to the agency and other amounts. Trade and other payables are recognised initially at fair value, usually based on the transaction cost or face value. Subsequent measurement is at amortised cost using the effective interest method. Short-term payables with no stated interest rate are measured at the original invoice amount where the effect of discounting is immaterial.

#### (n) Borrowings

Sydney Ferries' borrowings consist of financial instruments traded in active markets. They are classified as not held for trading or designated at fair value through profit or loss and are recognised at amortised cost using the effective interest method. Any difference between the proceeds and the redemption amount is recognised in the income statement over the period of the borrowings using the effective interest method. This is disclosed in Note 10.

As an additional disclosure the fair value of borrowings has been disclosed in note 14(d). The fair value for this disclosure is based on quoted market prices at the balance sheet date.

#### (o) Financial assets/liabilities designated at fair value through profit and loss

Financial assets/liabilities at fair value through profit or loss are financial assets/liabilities held for trading. A financial asset/liability is classified in this category if acquired principally for the purpose of selling in the short term. Derivative financial instruments are classified as held for trading unless they are designated as hedges. Assets/Liabilities in this category are classified as current assets/liabilities. TCorp holds derivative financial instruments on behalf of Sydney Ferries to manage its interest rate risk exposures. None of Sydney Ferries' derivatives are designated as hedges.

#### (p) Financial Guarantees

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Financial guarantee contracts are recognised as a liability at the time the guarantee is issued and initially measured at fair value, where material. After initial recognition, the liability is measured at the higher of the amount determined in accordance with AASB 137 Provisions, Contingent Liabilities and Contingent Assets and the amount initially recognised, less accumulated amortisation, where appropriate.

Sydney Ferries has reviewed its contracts and is not aware of any financial guarantees within its contracts as at 30 June 2008 and at 30 June 2007. However, refer Note 15 regarding disclosures on contingent liabilities.



## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (q) De-recognition of financial assets and financial liabilities

A financial asset is derecognised when the contractual rights to the cash flows from the financial assets expire, or if the agency transfers the financial asset:

- where substantially all the risks and rewards have been transferred or
- where the agency has not transferred substantially all the risks and rewards, if the entity has not retained control.

Where the agency has neither transferred nor retained substantially all the risks and rewards or transferred control, the asset is recognised to the extent of the agency's continuing involvement in the asset.

A financial liability is derecognised when the obligation specified in the contract is discharged or cancelled or expires.

### (r) Inventories

Inventories comprise materials and supplies to be consumed in operations. They are stated at the lower of cost and current replacement cost. Current replacement cost is the cost Sydney Ferries would incur to acquire the asset. Costs are assigned to individual items of stock on the basis of weighted average costs.

### (s) Other Assets

Other assets are recognised on a cost basis.

### (t) Property, Plant and Equipment

#### Acquisition of assets and capitalisation threshold

The cost method of accounting is used for the initial recording of all acquisitions of assets controlled by Sydney Ferries. Cost is the amount of cash or cash equivalents paid or the fair value of the other consideration given to acquire the asset when initially recognised in accordance with the specific requirements of other Australian Accounting Standards. Assets acquired at no cost, or for nominal consideration, are initially recognised at their fair value at the date of acquisition. Fair value is the amount for which an asset could be exchanged between knowledgeable, willing parties in an arm's length transaction. Where payment for an item is deferred beyond normal credit terms, its cost is the cash equivalent, i.e. the deferred payment amount is effectively discounted at an asset-specific rate.

Property, plant and equipment costing \$1,000 or more individually and having a minimum expected useful life of one year or more is capitalised.

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

#### Revaluation of Property, Plant and Equipment

Physical non-current assets are valued in accordance with the "Valuation of Physical Non-Current Assets at Fair Value" NSW Treasury Policy and Guidelines Paper (TPP 07-01). This policy adopts fair value in accordance with AASB 116 Property, Plant and Equipment.

Each class of physical non-current asset is revalued at least every five years or 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 for ferries was completed on 30 June 2006 and freehold land and buildings and wharf improvements on 30 June 2008 and was based on an independent assessment.

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 depreciated replacement cost. Depreciated replacement cost is determined by reference to the most appropriate modern, depreciated equivalent replacement asset that provided similar economic benefits.

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 are separately restated.

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2008

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revaluation increments are credited directly to the asset revaluation reserve, except that where an increment reverses a revaluation decrement in respect of that class of asset previously recognised as an expense, that 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 will be transferred to accumulated funds.

#### Work in progress

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

#### Impairment of Property, Plant and Equipment

In respect of a not-for-profit entity, value in use is the depreciated replacement cost. Hence an impairment loss is unlikely to arise on any of Sydney Ferries' assets because the carrying amount (usually depreciated replacement cost) is unlikely to exceed the recoverable amount.

#### Depreciation of Property, Plant and Equipment

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

Asset Class	Life	Method
Freehold buildings and wharves	40 Yrs	Straight Line
Plant and equipment	3 to 20 Yrs	Straight Line
Ferries	15 to 40 Yrs	Straight Line

#### Dry docking

As part of the long-term maintenance program for the fleet, all vessels undergo a major refit (or "Dry docking") on a regular basis (every 5 years for the Freshwater class of ferries and every 2 years for the remainder of the fleet). The costs of these Dockings are capitalised and depreciated over the period to the subsequent Docking.

#### Repairs and maintenance

The costs of routine maintenance and repairs are expensed 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.

#### (u) Intangible assets

Service contract rights are classified as intangibles. They are licenses issued by the Ministry of Transport to operate ferry 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 basis over the period during which benefits are expected to arise (between 20 to 25 years). They are reviewed for impairment at each reporting date. When an indicator of impairment exists they will be tested for impairment.

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (v) Provisions

A provision is recognised in the balance sheet when Sydney Ferries has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation, and the amount has been reliably estimated.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

If the effect of the time value of money is material, provisions are measured using the present value of the expenditure expected to be required to settle the obligation and using a discount rate that reflects current market assessments of the time value of money and the risks specific to the liability.

#### Restoration provisions

In accordance with the Sydney Ferries' published environmental policy and applicable legal requirements, a provision for site restoration is recognised when Sydney Ferries first becomes aware of the exposure.

The provision is the best estimate of the present value of the expenditure required to settle the restoration obligation at the reporting date, based on current legal requirements and technology. Future restoration costs are reviewed annually and any changes are reflected in the present value of the restoration provision at the end of the reporting period.

The amount of the provision for future restoration costs is capitalised and is depreciated over the useful life of the underlying asset or over the period until the restoration is undertaken. The unwinding of the effect of the discounting on the provision is recognised as a finance cost.

#### Restructuring

A provision for restructuring is recognised when Sydney Ferries has approved a detailed and formal restructuring plan, and the restructuring has either commenced or has been announced publicly.

### (w) Non-current assets held for sale

Non-current assets are classified as held for sale when their carrying amount will be recovered principally through a sale transaction not through continuing use. Non-current assets held for sale are recognised at the lower of carrying amount and fair value less costs to sell.

For any assets classified as "Non-current assets held for sale", an impairment loss will be recognised where the asset's carrying value is greater than its fair value less costs to sell.

Non-current assets classified as held for sale are not depreciated or amortised while they are classified as held for sale.

Non-current assets classified as held for sale are presented separately from the other assets in the balance sheet.

### (x) New accounting standards and interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2008 reporting periods. The following new Accounting Standards and Interpretations have not yet been adopted and are not yet effective but may have an impact on Sydney Ferries in the period of initial application.

Revised AASB 101 *Presentation of Financial Statements* introduces, as a financial statement, the "statement of comprehensive income". The standard introduces the notion of a "complete set of financial statements" which is identified as:

- (i) a statement of financial position as at the end of the period;
- (ii) a statement of comprehensive income for a period;
- (iii) a statement of changes in equity for a period;
- (iv) a statement of cash flows for a period;
- (v) notes, comprising a summary of significant accounting policies and other explanatory notes;
- (vi) a statement of financial position as at the beginning of the earliest comparative period when an entity applies an accounting policy retrospectively or makes a retrospective restatement of items in its financial statements, or when it reclassifies items in its financial statements.

This Standard requires an entity to disclose comparative information in respect of the previous period – that is, to disclose as a minimum two of each of the statements and related notes. The revised AASB 101 will become mandatory for Sydney Ferries' 30 June 2010 financial statements. Sydney Ferries has not yet determined the potential effect of the revised standard on its disclosures.

Revised AASB 123 *Borrowing Costs* requires capitalisation of all borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset. All other borrowing costs are immediately recognised as expenses. The revised AASB 123 will become mandatory for Sydney Ferries' 30 June 2010 financial statements. Sydney Ferries has not yet determined the potential effect of the revised Standard on its financial report.



## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2008

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

AASB Interpretation 4 *Determining whether an Arrangement contains a Lease* prescribes how to determine whether an arrangement is, or contains, a lease as defined in AASB 117 *Leases*. Determining whether an arrangement is, or contains, a lease is based on the substance of the arrangement and requires an assessment of whether fulfilment of the arrangement is dependent on the use of a specific asset or assets and whether the arrangement contains a right to use the asset. AASB Interpretation 4 will be mandatory for 30 June 2009 financial statements and it is not expected to have any material effect on the financial report.

AASB Interpretation 14 AASB 119 – *The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction* clarifies when refunds or reductions in future contributions should be regarded as available in accordance with AASB 119 *Employee Benefits* and how minimum funding requirements might affect the availability of reductions in future contributions. The Interpretation also addresses the issue when a minimum funding requirement might give rise to a liability. AASB Interpretation 14 will become mandatory, with retrospective application, for 30 June 2009 financial statements. Sydney Ferries has not yet determined the potential effect of the Interpretation.

#### (y) Comparatives

Comparatives figures are, where appropriate, reclassified to give a meaningful comparison with the current years.

2. REVENUE AND EXPENSES	Notes	2008 \$000	2007 \$000
<b>Revenue</b>			
<b>(a) Operational revenue</b>			
Passenger revenue			
Fares, charters and tourists services		48,851	48,039
Reimbursement from NSW Government			
Subsidised travel by school students		251	307
Concessional travel by:			
Pensioners		9,463	8,500
Other beneficiaries		2,481	1,347
Government funding for services		68,900	61,021
<b>Total operational revenue</b>		<b>129,946</b>	<b>119,214</b>
<b>(b) Other revenue</b>			
Interest		66	40
Other		495	688
<b>Total other revenue</b>		<b>561</b>	<b>728</b>

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2008

2. REVENUE AND EXPENSES (continued)	Notes	2008 \$000	2007 \$000
<b>Expenses</b>			
<b>(c) Fleet running expenses</b>			
Inventory expense – spare parts and consumables		17,606	19,491
<b>Total fleet running expenses</b>		<b>17,606</b>	<b>19,491</b>
<b>(d) Employee benefits</b>			
Wages and salaries		48,216	46,538
Annual leave		4,633	5,635
Long service leave		1,482	2,371
Retirement benefits <sup>1</sup>		7,302	2,552
Workers' compensation		3,111	1,425
Payroll tax		3,895	3,651
<b>Total employee benefits</b>		<b>68,639</b>	<b>62,172</b>
<b>(e) Depreciation and amortisation</b>			
Depreciation	7(e)	15,987	14,582
Amortisation – route rights	8	2	2
Amortisation – other		189	94
<b>Total depreciation and amortisation costs</b>		<b>16,178</b>	<b>14,678</b>

<sup>1</sup> Superannuation guarantee charge (SGC) expense of \$3,751k (2007: \$3,457K) is within Retirement Benefits in Employee Benefits



2. REVENUE AND EXPENSES (continued)	Notes	2008 \$000	2007 \$000
<b>Expenses (continued)</b>			
<b>(f) General operating expenses</b>			
Insurances		2,089	2,207
Operating leases		2,008	1,829
Consultancy fees		-	-
Audit fees – Audit Office – audit of financial report		168	151
Audit fees – Internal Audit		202	114
Hire of private ferries		1,952	1,570
Labour – related costs		2,539	2,050
Temporary staff		3,316	2,172
Maintenance – facilities		1,415	1,266
Service fees		1,989	2,178
Marketing		975	865
IT & Communications		1,965	453
Professional services		3,429	2,462
Property		2,253	1,995
Printing		529	526
Travel & Accommodation		39	50
Administration		990	1,015
Board members' remuneration		194	242
<b>Total general operating expenses</b>		<b>26,052</b>	<b>21,145</b>

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2008

2. REVENUE AND EXPENSES (continued)	Notes	2008 \$000	2007 \$000
<b>(g) Net loss on disposal of assets</b>			
Proceeds from disposal		-	-
Written down value of assets disposed		68	79
Equipment written off		-	305
<b>Total losses on disposal of assets</b>		<b>68</b>	<b>384</b>
<b>(h) Finance costs</b>			
Interest expense		6,116	5,076
Less			
Interest income (amortisation of premiums)		166	124
<b>Total finance costs</b>		<b>5,950</b>	<b>4,952</b>
<b>(i) Other (gains)/losses</b>			
Realised (gains)/losses from derivatives		(62)	-
Unrealised (gains)/losses from derivatives		(62)	-
<b>Total unrealised gains/losses from derivatives</b>		<b>(124)</b>	<b>-</b>

	Notes	2008 \$000	2007 \$000
<b>3. CASH AND CASH EQUIVALENTS</b>			
Cash		429	135
Cash in transit		284	420
Revenue room floats		75	75
Petty cash floats		4	4
TCorp – Hour-Glass cash facility		-	5
<b>Total cash and cash equivalents</b>		<b>792</b>	<b>639</b>
Please refer to Note 14 for details regarding credit risk, liquidity risk and market risk arising from financial instruments			
<b>4. TRADE AND OTHER RECEIVABLES</b>			
Sundry debtors		375	418
Prepayments		1,266	1,468
Trade debtors		41	1,339
Goods and services tax		223	402
<b>Total trade and other receivables</b>		<b>1,905</b>	<b>3,627</b>
Please refer to Note 14 for details regarding credit risk, liquidity risk and market risk, including financial assets that are either past due or impaired.			
<b>5. INVENTORIES</b>			
Mechanical and electrical spares		4,133	4,257
Distillate		1,282	645
Other		298	101
<b>Total inventories</b>		<b>5,713</b>	<b>5,003</b>
<b>6. OTHER ASSETS</b>			
Retirements benefits	12(c)	4,209	6,415
Other		640	544
<b>Total other assets</b>		<b>4,849</b>	<b>6,959</b>



## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2008

### 7. PROPERTY, PLANT AND EQUIPMENT

	2008			2007		
	Cost/ Valuation	Accumulated depreciation/ amortisation	Fair Value	Cost/ Valuation	Accumulated depreciation/ amortisation	Fair Value
Class of property, plant and equipment	\$000	\$000	\$000	\$000	\$000	\$000
Land – freehold & improvements	10,338	(32)	10,306	13,710	(16)	13,694
Buildings – freehold	23,309	(16,641)	6,668	11,537	(7,807)	3,730
<b>Total land &amp; buildings</b>	<b>33,647</b>	<b>(16,673)</b>	<b>16,974</b>	<b>25,247</b>	<b>(7,823)</b>	<b>17,424</b>
Wharf improvements – leasehold	35,775	(20,818)	14,957	15,707	(10,161)	5,546
Plant and equipment	19,868	(15,538)	4,330	18,883	(15,462)	3,421
Ferries	213,066	(152,626)	60,440	199,491	(138,692)	60,799
Work in progress	21,337	-	21,337	12,730	-	12,730
<b>Total property, plant and equipment</b>	<b>323,693</b>	<b>(205,655)</b>	<b>118,038</b>	<b>272,058</b>	<b>(172,138)</b>	<b>99,920</b>

#### Valuations

- (a) Property, plant and equipment were revalued in accordance with the basis of valuation set out in note 1 (t).  
 (b) The following non-current assets were independently valued by registered valuers:

Class of assets	Date of valuation	Registered valuers
Freehold land, improvements and buildings	30-Jun-08	AON Valuation Services
Wharf improvements	30-Jun-08	AON Valuation Services
Ferries	30-Jun-06	Rodney Hyman Asset Services Pty Ltd

(c) An independent valuer, AON Valuation Services conducted the valuation of land on the basis of market value and land improvements and buildings and wharves on the basis of depreciated replacement cost. This resulted in a net revaluation increase of \$5.244 million, which was made up of a decrease of \$3.372 million attributable to land, which was offset by an increase of \$2.873 attributable to buildings and \$5.743 million attributable to wharves.

(d) There has not been any material movement in the value of Ferries described in 7(b) since June 2006. Sydney Ferries considers that the carrying value of these non-current assets does not materially differ from their fair value.

## 7. PROPERTY, PLANT AND EQUIPMENT (continued)

(e) 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:

2008							
	Opening balance	Transfers	Disposals	Additions	Revaluation increments/ (decrements)	Depreciation/ amortisation	Closing balance
<b>Class of property, plant and equipment</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>
Land – freehold & improvements	13,694	-	-	-	(3,372)	(16)	10,306
Buildings – freehold	3,730	-	-	439	2,873	(374)	6,668
<b>Total land &amp; buildings</b>	<b>17,424</b>	<b>-</b>	<b>-</b>	<b>439</b>	<b>(499)</b>	<b>(390)</b>	<b>16,974</b>
Wharf improvements – leasehold	5,546	24	-	4,187	5,743	(544)	14,956
Plant and equipment	3,421	114	(68)	2,139	-	(1,276)	4,330
Ferries	60,799	(136)	-	13,555	-	(13,777)	60,441
Work in progress	12,730	(20,361)	-	28,968	-	-	21,337
<b>Total property, plant and equipment</b>	<b>99,920</b>	<b>(20,359)</b>	<b>(68)</b>	<b>49,288</b>	<b>5,244</b>	<b>(15,987)</b>	<b>118,038</b>

2007							
	Opening balance	Transfers	Disposals	Additions	Revaluation increments/ (decrements)	Depreciation/ amortisation	Closing balance
<b>Class of property, plant and equipment</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>
Land – freehold & improvements	13,710	-	-	-	-	(16)	13,694
Buildings – freehold	4,074	-	(33)	-	-	(311)	3,730
<b>Total land &amp; buildings</b>	<b>17,784</b>	<b>-</b>	<b>(33)</b>	<b>-</b>	<b>-</b>	<b>(327)</b>	<b>17,424</b>
Wharf improvements – leasehold	5,929	-	-	-	-	(383)	5,546
Plant and equipment	3,875	(431)	(46)	1,039	-	(1,016)	3,421
Ferries	65,709	-	-	7,946	-	(12,856)	60,799
Work in progress	1,855	(8,985)	-	19,860	-	-	12,730
<b>Total property, plant and equipment</b>	<b>95,152</b>	<b>(9,416)</b>	<b>(79)</b>	<b>28,845</b>	<b>-</b>	<b>(14,582)</b>	<b>99,920</b>

### Transfer from Work in Progress to Additions

Note 1. Amounts capitalised out of WIP consist of Wharf \$4,212K, Plant and Equipment \$2,095K, Ferries \$13,548K and Building Improvements \$439K.

Note 2. Amounts capitalised out of WIP consist of Plant and Equipment \$1,039K and Ferries \$7,946K.

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2008

### 8. INTANGIBLES

2008	Opening balance	Disposals	Additions	Amortisation	Carrying Amount
	\$000	\$000	\$000	\$000	\$000
Route Rights	22	-	-	2	20
<b>Total</b>	<b>22</b>	<b>-</b>	<b>-</b>	<b>2</b>	<b>20</b>

2007	Opening balance	Disposals	Additions	Amortisation	Carrying Amount
	\$000	\$000	\$000	\$000	\$000
Route Rights	24	-	-	2	22
<b>Total</b>	<b>24</b>	<b>-</b>	<b>-</b>	<b>2</b>	<b>22</b>

	Notes	2008 \$000	2007 \$000
<b>9. TRADE &amp; OTHER PAYABLES</b>			
Trade creditors		2,244	3,476
Other creditors and accruals		4,054	3,724
Accrued salaries, wages and on-costs		2,718	2,513
Workers' compensation		615	-
Accrued interest payable		2,514	2,180
<b>Total payables</b>		<b>12,145</b>	<b>11,893</b>

Please refer to Note 14 for details regarding credit risk, liquidity risk and market risk, including a maturity analysis of Trade Creditors.

### 10. BORROWINGS

#### Current

Borrowings secured by NSW Government guarantee	7,095	12,574
<b>Total current borrowings</b>	<b>7,095</b>	<b>12,574</b>

#### Non-current

Borrowings secured by NSW Government guarantee	60,015	40,723
<b>Total non-current borrowings</b>	<b>60,015</b>	<b>40,723</b>

<b>Total borrowings</b>	<b>67,110</b>	<b>53,297</b>
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(a) Payable:		
Not later than 1 year	7,095	12,574
Later than 1 year and not later than 5 years	34,229	26,473
Later than 5 years	25,786	14,250

<b>Total borrowings</b>	<b>67,110</b>	<b>53,297</b>
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Please refer to Note 14 for details regarding credit risk, liquidity risk and market risk, including a maturity analysis of the above borrowings.



11. (a) PROVISIONS	Notes	2008 \$000	2007 \$000
Current		673	566
Non-current		257	281
<b>Total provisions</b>		<b>930</b>	<b>847</b>
<b>The balance of provisions consists of:-</b>			
Provision for marine damage claims		80	26
Provision for public liability claims		826	679
Provision for marine hull damage		24	82
Environmental compliance costs		-	60
<b>Total provisions</b>		<b>930</b>	<b>847</b>

**(i) Provision for insurance**

An assessment was carried out by David A Zaman Pty Ltd, Consulting Actuary, on General Insurance Risk Provisions. STA is responsible for all claims incurred prior to 1 July 2004, as Sydney Ferries was a part of STA prior to this date. The risks considered were Public Liability, Protection & Indemnity (Marine), Rivercat Wash and Marine Hull. The analysis was based directly on the actual values of the claims data. No special adjustment was made for inflationary effects on claim amounts, nor was any allowance made for the time value of claim payments being spread across a period of time as the amounts are not considered material.

**(b) MOVEMENTS IN PROVISIONS**

<b>2008</b>				
Class of provision	Opening Balance \$000	Increase/(decrease) in provision \$000	Payments \$000	Closing balance \$000
Marine damage claims	26	54	-	80
Public liability claims	679	455	(308)	826
Marine hull claims	82	(58)	-	24
Environmental compliance	60	-	(60)	-
<b>Total</b>	<b>847</b>	<b>451</b>	<b>(368)</b>	<b>930</b>
<b>2007</b>				
Class of provision	Opening Balance \$000	Increase/(decrease) in provision \$000	Payments \$000	Closing balance \$000
Marine damage claims	26	0	-	26
Public liability claims	32	675	(28)	679
Marine hull claims	68	14	-	82
Environmental compliance	60	0	-	60
Redundancy	165	330	(495)	-
<b>Total</b>	<b>351</b>	<b>1,019</b>	<b>(523)</b>	<b>847</b>

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2008

12. EMPLOYEE BENEFITS	Notes	2008 \$000	2007 \$000
<b>(a) Employee benefits – provisions</b>			
Current			
Provision for annual leave – short term		3,162	3,792
Provision for annual leave – long term		2,726	2,446
Provision for public holidays – short term		-	490
Provision for public holidays – long term		786	325
Provision for long service leave – long term	12(i)	6,044	6,057
<b>Total current employee benefits liabilities</b>		<b>12,718</b>	<b>13,110</b>
Non-current			
Provision for long service leave	12(i)	846	837
<b>Total non-current employee benefits liabilities</b>		<b>846</b>	<b>837</b>
<b>(b) Aggregate employee benefits and related on-costs</b>			
Current		12,718	13,110
Non-current		846	837
Accrued salaries, wages and on-costs	9	2,718	2,513
<b>Total employee benefits and related on-costs</b>		<b>16,282</b>	<b>16,460</b>

### (i) Employee benefits – provision for long service leave

Valuation of the long service leave liability as at 30 June 2008 was calculated by Mercer Australia Pty. Ltd, independent actuary. The method of calculation used was a financial model which projected expected future long service leave payments arising from leave taken while in service and lump sum payments of accrued leave on termination of service.

### Financial assumptions

	2008 % pa	2007 % pa
Discount rate	6.5	6.25
Expected rate of salary and wage increases	3.0	4.0

The discount rate is based on the prevailing yield on long term Commonwealth Government bonds as at 30 June 2008. The assumed rate of salary and wage increases of 3% is based upon the projected 2008–2009 budget for wage and salary increases provided as well as general economic forecasts. Similar assumptions to those that were used in the previous valuations in respect of termination of employment were used.

## 12.EMPLOYEE BENEFITS (continued)

### (c) Retirement benefits

#### Overview

Employer contributions are made to three defined-benefit superannuation schemes administered by the SAS Trustee Corporation: the State Authorities Superannuation Scheme (SASS), the State Authorities Non-Contributory Superannuation Scheme (SANCS) and the State Superannuation Scheme (SSS), which together form the Pooled Fund. Each scheme is closed to new members and its investments are held in trust by the Pooled Fund. At least a component of the final benefit is derived from a multiple of member salary and years of membership. All fund assets are invested by SAS Trustee Corporation at arm's length through independent fund managers.

An overfunded scheme is recognised as an asset and an underfunded scheme is recognised as a provision. Details of assets are provided below.

#### (i) The recognised asset or liability at reporting date comprises:

2008	SASS	SANCS	SSS	
<b>Member Numbers</b>				
Contributors	137	138	1	
Deferred benefits	-	-	1	
Pensioners	1	-	-	
	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>
Superannuation Position for AASB 119 purposes	29,143	3,169	1,544	33,856
Accrued liability	(32,303)	(4,181)	(1,581)	(38,065)
Estimated reserve account balance	(3,160)	(1,012)	(37)	(4,209)
Future Service Liability (Note 1)	(4,232)	(1,336)	(91)	(5,659)
Surplus in excess of recovery available from schemes	-	-	-	-
<b>Net asset recognised in balance sheet</b>	<b>(3,160)</b>	<b>(1,012)</b>	<b>(37)</b>	<b>(4,209)</b>

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2008

### 12. EMPLOYEE BENEFITS (continued)

2007		SASS	SANCS	SSS
<b>Member Numbers</b>				
Contributors		142	144	2
Deferred benefits		-	-	-
Pensioners		1	-	-
	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>
Superannuation Position for AASB 119 purposes	30,280	3,144	1,436	34,860
Accrued liability	(35,800)	(4,585)	(1,920)	(42,305)
Estimated reserve account balance	(5,520)	(1,441)	(484)	(7,445)
Future Service Liability (Note 1)	(4,595)	(1,479)	(342)	(6,416)
Surplus in excess of recovery available from schemes	764	199	67	1,030
<b>Net asset recognised in balance sheet</b>	<b>(4,756)</b>	<b>(1,242)</b>	<b>(417)</b>	<b>(6,415)</b>

#### Note 1:

The Future Service Liability (FSL) does not have to be recognised by an employer. It is used only to determine if an asset ceiling limit should be imposed (AASB 119, para 58). Under AASB 119, any prepaid superannuation asset recognised cannot exceed the total of any unrecognised past service cost and the present value of any economic benefits that may be available in the form of refunds from the plan or reductions in future contributions to the plan. Where the "surplus in excess of recovery" is zero, no asset ceiling limit is imposed.



## 12. EMPLOYEE BENEFITS (continued)

## (c) Retirement benefits (continued)

## (ii) Reconciliation of the present value of the defined benefit obligation

	SASS \$000	SANCS \$000	SSS \$000	Total \$000
<b>2008</b>				
Present value of partly funded defined benefit obligations at beginning of the year	30,280	3,144	1,436	34,860
Current service cost	845	171	39	1,055
Interest cost	1,837	190	92	2,119
Contributions by fund participants	484	-	26	510
Actuarial (gains)/losses	(920)	(25)	(22)	(967)
Benefits paid	(3,383)	(311)	(27)	(3,721)
Past service cost	-	-	-	-
Curtailments	-	-	-	-
Settlements	-	-	-	-
Business Combinations	-	-	-	-
Exchange rate changes	-	-	-	-
<b>Present value of partly funded defined benefit obligations at end of the year</b>	<b>29,143</b>	<b>3,169</b>	<b>1,544</b>	<b>33,856</b>
	SASS \$000	SANCS \$000	SSS \$000	Total \$000
<b>2007</b>				
Present value of partly funded defined benefit obligations at beginning of the year	28,287	3,020	1,061	32,368
Current service cost	854	174	38	1,066
Interest cost	1,600	169	63	1,832
Contributions by fund participants	470	-	21	491
Actuarial (gains)/losses	979	(43)	(192)	744
Benefits paid	(1,910)	(177)	445	(1,642)
Past service cost	-	-	-	-
Curtailments	-	-	-	-
Settlements	-	-	-	-
Business Combinations	-	-	-	-
Exchange rate changes	-	-	-	-
<b>Present value of partly funded defined benefit obligations at end of the year</b>	<b>30,280</b>	<b>3,143</b>	<b>1,436</b>	<b>34,859</b>

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2008

### 12. EMPLOYEE BENEFITS (continued)

#### (c) Retirement benefits (continued)

##### (iii) Reconciliation of the fair value of fund assets

	SASS \$000	SANCS \$000	SSS \$000	Total \$000
<b>2008</b>				
Fair value of Fund assets at beginning of the year	35,800	4,586	1,919	42,305
Expected return on fund assets	2,671	358	152	3,182
Actuarial gains/(losses)	(4,273)	(646)	(517)	(5,436)
Employer contributions	1,004	193	28	1,225
Contributions by Fund participants	484	-	26	510
Benefits paid	(3,383)	(311)	(27)	(3,721)
Settlements	-	-	-	-
Business combinations	-	-	-	-
Exchange rate changes	-	-	-	-
<b>Fair value of Fund assets at end of the year</b>	<b>32,303</b>	<b>4,181</b>	<b>1,581</b>	<b>38,065</b>

	SASS \$000	SANCS \$000	SSS \$000	Total \$000
<b>2007</b>				
Fair value of Fund assets at beginning of the year	31,604	4,003	1,116	36,723
Expected return on fund assets	2,346	300	87	2,733
Actuarial gains/(losses)	2,411	276	221	2,908
Employer contributions	879	183	30	1,092
Contributions by Fund participants	470	-	21	491
Benefits paid	(1,910)	(177)	445	(1,642)
Settlements	-	-	-	-
Business combinations	-	-	-	-
Exchange rate changes	-	-	-	-
<b>Fair value of Fund assets at end of the year</b>	<b>35,800</b>	<b>4,585</b>	<b>1,920</b>	<b>42,305</b>

**12. EMPLOYEE BENEFITS (continued)****(c) Retirement benefits (continued)****(iv) Reconciliation of the assets and liabilities recognised in the balance sheet**

	<b>SASS \$000</b>	<b>SANCS \$000</b>	<b>SSS \$000</b>	<b>Total \$000</b>
<b>2008</b>				
Present value of partly funded defined benefit obligations at end of year	29,143	3,169	1,544	33,857
Fair value of fund assets at end of year	(32,303)	(4,181)	(1,581)	(38,065)
Subtotal	(3,160)	(1,012)	(37)	(4,209)
Unrecognised past service cost	-	-	-	-
Unrecognised gain/(loss)	-	-	-	-
Adjustment for limitation on net asset	-	-	-	-
<b>Net Liability/(Asset) recognised in balance sheet at end of year</b>	<b>(3,160)</b>	<b>(1,012)</b>	<b>(37)</b>	<b>(4,209)</b>

	<b>SASS \$000</b>	<b>SANCS \$000</b>	<b>SSS \$000</b>	<b>Total \$000</b>
<b>2007</b>				
Present value of partly funded defined benefit obligations at end of year	30,280	3,144	1,436	34,860
Fair value of fund assets at end of year	(35,800)	(4,585)	(1,920)	(42,305)
Subtotal	(5,520)	(1,441)	(484)	(7,445)
Unrecognised past service cost	-	-	-	-
Unrecognised gain/(loss)	-	-	-	-
Adjustment for limitation on net asset	764	199	67	1,030
<b>Net Liability/(Asset) recognised in balance sheet at end of year</b>	<b>(4,756)</b>	<b>(1,242)</b>	<b>(417)</b>	<b>(6,415)</b>

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2008

### 12. EMPLOYEE BENEFITS (continued)

#### (c) Retirement benefits (continued)

##### (v) Expense recognised in income statement

	SASS \$000	SANCS \$000	SSS \$000	Total \$000
<b>2008</b>				
<b>Components Recognised in Income Statement</b>				
Current service cost	845	171	39	1,055
Interest cost	1,838	190	92	2,120
Expected return on Fund assets (net of expenses)	(2,672)	(359)	(152)	(3,183)
Actuarial losses/(gains) recognised in year	3,352	621	495	4,468
Past service cost	-	-	-	-
Movement in adjustment for limitation on net asset	(764)	(199)	(67)	(1,030)
Curtailment or settlement (gain)/loss	-	-	-	-
<b>Expense/(income) recognised</b>	<b>2,599</b>	<b>424</b>	<b>407</b>	<b>3,430</b>
	SASS \$000	SANCS \$000	SSS \$000	Total \$000
<b>2007</b>				
<b>Components Recognised in Income Statement</b>				
Current service cost	854	174	38	1,066
Interest cost	1,600	169	63	1,832
Expected return on Fund assets (net of expenses)	(2,346)	(300)	(87)	(2,733)
Actuarial losses/(gains) recognised in year	(1,432)	(319)	(413)	(2,164)
Past service cost	-	-	-	-
Movement in adjustment for limitation on net asset	764	199	67	1,030
Curtailment or settlement (gain)/loss	-	-	-	-
<b>Expense/(income) recognised</b>	<b>(560)</b>	<b>(77)</b>	<b>(332)</b>	<b>(969)</b>



**12. EMPLOYEE BENEFITS (continued)****(vi) Fund assets**

The percentage invested in each asset class at the balance sheet date:

	2008 % pa	2007 % pa
Australian equities	31.6	33.6
Overseas equities	25.4	26.5
Australian fixed interest securities	7.4	6.8
Overseas fixed interest securities	7.5	6.4
Property	11.0	10.1
Cash	6.1	9.8
Other	11.0	6.8

**Fair value of Fund assets**

All Fund assets are invested by SAS Trustee Corporation at arm's length through independent fund managers.

**Expected rate of return on assets**

The expected return on assets assumption is determined by weighting the expected long-term return for each asset class by the target allocation of assets to each class. The returns used for each class are net of investment tax and investment fees.

**(vii) Actual return on fund assets**

	SASS \$000	SANCS \$000	SSS \$000	Total \$000
<b>2008</b>				
Actual return on Fund assets	(2,225)	(287)	(125)	(2,637)
<b>2007</b>				
Actual return on Fund assets	4,561	576	169	5,306

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2008

### 12. EMPLOYEE BENEFITS (continued)

#### (c) Retirement benefits (continued)

##### (viii) Valuation method and principal actuarial assumptions at the balance sheet date

##### (a) Valuation method

The Projected Unit Credit (PUC) valuation method was used to determine the present value of the defined benefit obligations and the related current service costs. This method sees each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final obligation.

##### (b) Economic assumptions

	2008 % pa	2007 % pa
Salary increase rate (excluding promotional increases)	3.50%	4.0% pa to June 2008; 3.5% pa thereafter
Rate of CPI Increase	2.5	2.5
Expected rate of return on assets backing current pension liabilities	8.3	7.6
Expected rate of return on assets backing other liabilities	7.3	7.6
Discount rate	6.55	6.4

**(c) Demographic assumptions**

The demographic assumptions at 30 June 2008 are those used in the 2006 triennial actuarial valuation.

A selection of the most financially significant assumptions is shown below:

(i) SASS Contributors – the number of SASS contributors expected in any one year (out of 10,000 members), at the ages shown, to leave the fund as a result of death, disability, resignation, retirement and redundancy. Promotional salary increase rates are also shown.

**2008**

Age nearest birthday	Number of members expected in any one year, out of 10,000 members at the age shown, to leave the fund as a result of:					Additional promotional salary increase rate %
	Death	Total & Permanent Disability	Retirement	Resignation	Redundancy	
Males						
30	4	8	-	280	150	2.90
40	6	10	-	150	50	1.80
50	11	30	-	112	150	0.00
60	30	-	1,400	-	150	0.00
Females						
30	2	2	-	372	150	2.90
40	3	6	-	175	150	1.80
50	7	28	-	144	50	0.00
60	18	-	1,500	-	150	0.00

**2007**

Age nearest birthday	Number of members expected in any one year, out of 10,000 members at the age shown, to leave the fund as a result of:								Additional promotional salary increase rate %
	Death	Total & Permanent Disability	Retirement		Resignation		Redundancy		
			Part 1	Part 3	Part 1	Part 3	Part 1	Part 3	
Males									
30	4	8	-	-	280	395	150	-	2.90
40	6	10	-	-	150	285	150	-	1.80
50	11	30	-	-	112	172	150	-	0.00
60	30	-	1,400	950	-	-	150	-	0.00
Females									
30	2	2	-	-	372	700	150	-	2.90
40	3	6	-	-	175	320	150	-	1.80
50	7	28	-	-	144	270	150	-	0.00
60	18	-	1,500	1,500	-	-	150	-	0.00

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2008

### 12. EMPLOYEE BENEFITS (continued)

#### (c) Retirement benefits (continued)

(ii) SSS Contributors – the number of SSS contributors expected in any one year (out of 10,000 members), at the ages shown, to leave the fund as a result of death, disability, resignation, retirement and preservation. Promotional salary increase rates are also shown.

#### 2008

Age nearest birthday	Number of members expected in any one year, out of 10,000 members at the age shown, to leave the fund as a result of:					Additional promotional salary increase rate %
	Death	Ill-health Retirement	Retirement (R60 for females)	Cash Resignation (R60 for females)	Preservation (R60 for females)	
Males						
30	4	42	-	178	95	2.90
40	6	54	-	80	140	1.80
50	11	144	-	20	50	0.00
60	30	-	6,500	-	-	0.00
Females						
30	2	6	-	204	124	2.90
40	3	21	-	72	105	1.80
50	7	103	-	30	90	0.00
60	18	-	6,300	-	-	0.00

#### 2007

Age nearest birthday	Number of members expected in any one year, out of 10,000 members at the age shown, to leave the fund as a result of:					Additional promotional salary increase rate %
	Death	Ill-health Retirement	Retirement (R60 for females)	Cash Resignation (R60 for females)	Preservation (R60 for females)	
Males						
30	4	42	-	178	95	2.90
40	6	54	-	80	140	1.80
50	11	144	-	20	50	0.00
60	30	-	6,500	-	-	0.00
Females						
30	2	6	-	204	124	2.90
40	3	21	-	72	105	1.80
50	7	103	-	30	90	0.00
60	18	-	6,300	-	-	0.00



**12. EMPLOYEE BENEFITS (continued)**

(iii) SSS Commutation – the proportion of SSS members assumed to commute their pension to a lump sum in any one year.

**2008**

Age  Later of commencement or age 55	Proportion of pension commuted	
	Retirement .15	Breakdown .20
	Widow	Widower
55	0.2500	0.2500
65	0.5380	0.5800
75	0.4825	0.5160
85	0.3928	0.3728

**2007**

Age  Later of commencement or age 55	Proportion of pension commuted	
	Retirement .15	Breakdown .20
	Widow	Widower
55	0.2500	0.2500
65	0.5380	0.5800
75	0.4825	0.5160
85	0.3928	0.3728

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2008

### 12. EMPLOYEE BENEFITS (continued)

#### (c) Retirement benefits (continued)

(iv) SSS Pensioner Mortality – assumed mortality rates (in 2007–2008) for SSS pensioners (separately for normal retirement/spouses and invalidity)

2008

Age	Retirement Pensioners and Spouses and Widows		Invalidity Pensions	
	Males	Females	Males	Females
55	0.0025	0.0014	0.0081	0.0066
65	0.0070	0.0055	0.0112	0.0125
75	0.0194	0.0157	0.0505	0.0314
85	0.0945	0.0634	0.1134	0.1268

2007

Age	Retirement Pensioners and Spouses and Widows		Invalidity Pensions	
	Males	Females	Males	Females
55	0.0025	0.0014	0.0081	0.0066
65	0.0070	0.0055	0.0112	0.0125
75	0.0194	0.0157	0.0505	0.0314
85	0.0945	0.0634	0.1134	0.1268

(v) SSS Pensioner Mortality Improvements – per annum assumed rates of mortality improvement for SSS pensioners

2008

Age	Improvement rates – (for years post 2006)	
	Males	Females
55	0.0152	0.0113
65	0.0101	0.0065
75	0.0087	0.0068
85	0.0052	0.0080

2007

Age	Improvement rates – (for years post 2006)	
	Males	Females
55	0.0152	0.0113
65	0.0101	0.0065
75	0.0087	0.0068
85	0.0052	0.0080

## 12. EMPLOYEE BENEFITS (continued)

## ix) Historical information

	SASS \$000	SANCS \$000	SSS \$000	Total \$000
<b>2008</b>				
Present value of defined benefit obligation	29,143	3,169	1,544	33,856
Fair value of Fund assets	(32,303)	(4,181)	(1,581)	(38,065)
(Surplus)/Deficit in Fund	(3,160)	(1,012)	(37)	(4,209)
Experience adjustments – Fund liabilities	(920)	(25)	(22)	(967)
Experience adjustments – Fund assets	4,273	646	517	5,436
	SASS \$000	SANCS \$000	SSS \$000	Total \$000
<b>2007</b>				
Present value of defined benefit obligation	30,280	3,144	1,436	34,860
Fair value of Fund assets	(35,800)	(4,585)	(1,920)	(42,305)
(Surplus)/Deficit in Fund	(5,520)	(1,441)	(484)	(7,445)
Experience adjustments – Fund liabilities	979	(43)	(192)	744
Experience adjustments – Fund assets	(2,411)	(276)	(221)	(2,908)

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2008

### 12. EMPLOYEE BENEFITS (continued)

#### (c) Retirement benefits (continued)

##### (x) Expected contributions

	SASS \$000	SANCS \$000	SSS \$000	Total \$000
<b>2008</b>				
Expected employer contributions	919	200	41	1,160
<b>2007</b>				
Expected employer contributions	893	193	33	1,119

##### (xi) Funding arrangements for employer contributions

###### a. Surplus/deficit

The following is a summary of the 30 June 2008 financial position of the Fund calculated in accordance with AAS 25

"Financial Reporting by Superannuation Plans":

	SASS \$000	SANCS \$000	SSS \$000	Total \$000
<b>2008</b>				
Accrued benefits	29,056	3,183	1,428	33,667
Net market value of Fund assets	(32,303)	(4,181)	(1,581)	(38,065)
<b>Net (surplus)/deficit</b>	<b>(3,247)</b>	<b>(998)</b>	<b>(153)</b>	<b>(4,398)</b>
<b>2007</b>				
Accrued benefits	29,914	3,106	1,274	34,294
Net market value of Fund assets	(35,800)	(4,585)	(1,920)	(42,305)
<b>Net (surplus)/deficit</b>	<b>(5,886)</b>	<b>(1,479)</b>	<b>(646)</b>	<b>(8,011)</b>

###### b. Contribution recommendations

Recommended contribution rates for the entity are:

	SASS Multiple of member contributions	SANCS % member salary	SSS Multiple of member contributions
<b>2008</b>	1.90	2.50	1.60
<b>2007</b>	1.90	2.50	1.60



## 12. EMPLOYEE BENEFITS (continued)

### c. Funding method

The method used to determine the employer contribution recommendations at the last actuarial review was the Aggregate Funding method. The method adopted affects the timing of the cost to the employer.

Under the Aggregate Funding method, the employer contribution rate is determined so that sufficient assets will be available to meet benefit payments to existing members, taking into account the current value of assets and future contributions.

### d. Economic assumptions

The economic assumptions adopted for the last actuarial review of the Fund were:

Weighted-average assumptions	2008 % pa	2007 % pa
Expected rate of return on Fund assets backing current pension liabilities	7.70	7.70
Expected rate of return on Fund assets backing other liabilities	7.00	7.00
Expected salary increase rate	4.00	4.00
Expected rate of CPI increase	2.50	2.50

### Nature of asset/liability

If a surplus exists in the employer's interest in the Fund, the employer may be able to take advantage of it in the form of a reduction in the required contribution rate, depending on the advice of the Fund's actuary.

Where a deficiency exists, the employer is responsible for any difference between the employer's share of fund assets and the defined benefit obligation.

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2008

### 13. COMMITMENTS

#### (a) Significant operating lease arrangements

Sydney Ferries rents various operating assets in the provision of its services, including wharves, office equipment, office accommodation and motor vehicles.

The lease of property and wharf at Mort Bay, Balmain adjacent to the Balmain Shipyard is for a period of 20 years commencing on 1 February 2008. Sydney Ferries and NSW Maritime have agreed in principle to the terms of the lease and negotiations are continuing to finalise the lease document. Manly Wharf has a 50-year lease term and commenced in 1991. Sydney Ferries received an independent rental valuation effective as at 25 May 2007, for the next 5 years of the agreement.

Sydney Ferries does not have the right to purchase any wharf at the expiry of any lease.

There are no operating restrictions imposed upon Sydney Ferries as a result of the lease arrangements.

Contingent rents are payable for Motor Vehicles on the basis of excess km charges. Contingent rents are recorded when incurred.

Sydney Ferries does not sub-lease any of its operating lease assets.

Operating lease commitments	2008 \$000	2007 \$000
<b>Non-cancellable operating lease commitments are payable as follows:</b>		
Not later than 1 year	1,612	2,060
Later than 1 year and not later than 5 years	5,871	5,580
Later than 5 years	48,077	50,243
<b>Total operating lease commitments (including GST)</b>	<b>55,560</b>	<b>57,883</b>
<b>(b) Capital expenditure commitments</b>		
	<b>2008 \$000</b>	<b>2007 \$000</b>
Not later than 1 year	1,977	7,377
Later than 1 year and not later than 5 years	3,522	-
<b>Total capital expenditure commitments (including GST)</b>	<b>5,499</b>	<b>7,377</b>

**13. COMMITMENTS (continued)****(c) Other expenditure commitments**

	<b>2008 \$000</b>	<b>2007 \$000</b>
<b>Aggregate other expenditure for the acquisition of goods and services at balance date and not provided for:</b>		
Not later than 1 year	10,542	4,787
Later than 1 year and not later than 5 years	3,578	5,808
Later than 5 years	-	30
<b>Total other expenditure commitments (including GST)</b>	<b>14,120</b>	<b>10,625</b>

The commitment totals as shown above in (a) to (c) include Goods and Services Tax (GST) of \$6.834 million (2007: \$6.899 million), which is recoverable from the Australian Taxation Office.

**(d) Remuneration commitments**

	<b>2008 \$000</b>	<b>2007 \$000</b>
<b>Commitments for the payment of salaries and other remuneration under long-term employment contracts in existence at the reporting date but not recognised as liabilities payable:</b>		
Not later than 1 year	1,124	1,070
Later than 1 year and not later than 5 years	2,441	1,963
<b>Total remuneration commitments</b>	<b>3,565</b>	<b>3,033</b>

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2008

### 14. FINANCIAL INSTRUMENTS

Sydney Ferries' principal financial instruments are outlined below. These financial instruments arise directly from Sydney Ferries' operations or are required to finance Sydney Ferries' operations. Sydney Ferries does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

Sydney Ferries' main risks arising from financial instruments are outlined below, together with the Sydney Ferries' objectives, policies and processes for measuring and managing risk. Further quantitative and qualitative disclosures are included throughout this financial report.

The Board and Audit Committee have overall responsibility for the establishment and oversight of financial risk management and review and agree on policies for managing each of these risks. Risk management policies are established to identify and analyse the risks faced by Sydney Ferries, to set risk limits and control and monitor risks. Compliance with policies is reviewed by Management on a continuous basis. There have been no changes to Sydney Ferries' exposure to credit, liquidity, market and interest rate risk or objectives, policies and processes for managing the risk and the methods used to measure the risks from the prior year.

#### (a) Financial instrument categories

Financial Assets	Note	Category	Carrying Amount	Carrying Amount
<b>Class:</b>			<b>2008</b>	<b>2007</b>
			<b>\$000</b>	<b>\$000</b>
Cash and cash equivalents	3	N/A	792	639
Receivables <sup>1</sup>	4	Trade and other receivables <sup>1</sup>	639	2,159
<b>Financial Liabilities</b>	<b>Note</b>	<b>Category</b>	<b>Carrying Amount</b>	<b>Carrying Amount</b>
<b>Class:</b>			<b>2008</b>	<b>2007</b>
			<b>\$000</b>	<b>\$000</b>
Trade Creditors	9	Financial liabilities measured at amortised cost <sup>2</sup>	2,244	3,476
Borrowings	10	Financial liabilities measured at amortised cost	67,110	53,297

#### Notes

1. Excludes statutory receivables and prepayments which are not within the scope of AASB 7

2. Excludes other creditors and accruals, as the balance consists of revenue in advance and accruals which are not within the scope of AASB 7)



#### 14. FINANCIAL INSTRUMENTS (continued)

##### (b) Credit risk

Credit risk arises when there is the possibility of Sydney Ferries' debtors defaulting on their contractual obligations, resulting in a financial loss to Sydney Ferries. The maximum exposure to credit risk is generally represented by the carrying amount of the financial assets (net of any allowance for impairment).

Credit risk arises from the financial assets of Sydney Ferries, including cash, and cash equivalents and receivables. No collateral is held by Sydney Ferries. Sydney Ferries has not granted any financial guarantees.

Credit risk associated with Sydney Ferries' financial assets, other than receivables, is managed through the selection of counterparties and establishment of minimum credit rating standards.

##### (i) Cash

Cash comprises cash on hand and bank balances within the NSW Treasury Banking System. Interest is earned on daily bank balances at the monthly average NSW Treasury Corporation (TCorp) 11 am unofficial cash rate, adjusted for a management fee payable to NSW Treasury.

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2008

### 14. FINANCIAL INSTRUMENTS (Continued)

#### (ii) Receivables

At the balance sheet date there were no significant concentrations of credit risk. Credit risk is the risk of financial loss arising from another party to a contract or financial position failing to discharge a financial obligation thereunder. Sydney Ferries' maximum exposure to credit risk is represented by the carrying amounts of the financial assets included in the Balance Sheet.

2008	Government \$000	Other \$000	Total \$000
Receivables	389	28	417
<b>Total receivables</b>	<b>389</b>	<b>28</b>	<b>417</b>

2007	Government \$000	Other \$000	Total \$000
Receivables	546	1,211	1,757
<b>Total receivables</b>	<b>546</b>	<b>1,211</b>	<b>1,757</b>

Sydney Ferries has a small amount of sundry debtors who operate on 14 days payment terms. This is reconciled and reviewed on a monthly basis. There are currently no debtors whose terms are past due or impaired and whose terms have been renegotiated.

\$'000				
2008	Total \$000	Past due but not impaired \$000	Considered impaired \$000	
< 3 months overdue	411	411	-	
3 months – 6 months overdue	6	6	-	
> 6 months overdue	-	-	-	
2007	Total \$000	Past due but not impaired \$000	Considered impaired \$000	
< 3 months overdue	1,625	1,625	-	
3 months – 6 months overdue	2	2	-	
> 6 months overdue	130	130	-	

The ageing analysis excludes statutory receivables and prepayments, as these are not within the scope of AASB 7.

**(c) Liquidity risk**

Liquidity risk is the risk that Sydney Ferries will be unable to meet its payment obligations when they fall due. Sydney Ferries continuously manages risk through monitoring cash flows and debt maturities and planning to ensure adequate holding of high quality liquid assets. The objective is to maintain a balance between continuity of funding and flexibility through the use of overdrafts, loans and other advances. Borrowings are guaranteed by Government.

Details of credit standby arrangements of Sydney Ferries are disclosed in Note 16(b).

During the current and prior years, there were no defaults or breaches on any loans payable. No assets have been pledged as collateral. Sydney Ferries' exposure to liquidity risk is deemed insignificant on the basis of prior periods' data and current assessment of risk.

The liabilities are recognised for amounts due to be paid in the future for goods or services received, whether or not invoiced. Amounts owing to suppliers (which are unsecured) are settled in accordance with the policy set out in Treasurer's Direction 219.01. If trade terms are not specified, payment is made no later than the end of the month following the month in which an invoice or a statement is received.

The table below summarises the maturity profile of Sydney Ferries' financial liabilities, together with the interest rate exposure.

**(i) Maturity analysis and interest rate exposure of financial liabilities**

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

Trade creditors are non-interest bearing and are normally settled on 30-day terms.

	Floating interest rate	1 year or less	Over 1 to 5 years	Fixed interest rate maturing in:			Weighted average effective interest rate	
				More than 5 years	Non- interest bearing	Total Nominal Amount	Floating %	Fixed %
	\$000	\$000	\$000	\$000	\$000	\$000		
<b>2008</b>								
Financial liabilities								
Payables	-	-	-	-	2,244	2,244	N/A	N/A
Borrowings	7,197	(102)	34,229	25,786	-	67,110	7.86	6.50
<b>Total financial liabilities</b>	<b>7,197</b>	<b>(102)</b>	<b>34,229</b>	<b>25,786</b>	<b>2,244</b>	<b>69,354</b>		
<b>2007</b>								
Financial liabilities								
Payables	-	-	-	-	3,476	3,476	N/A	N/A
Borrowings	4,188	8,386	26,473	14,250	-	53,297	6.45	6.17
<b>Total financial liabilities</b>	<b>4,188</b>	<b>8,386</b>	<b>26,473</b>	<b>14,250</b>	<b>3,476</b>	<b>56,773</b>		

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2008

### 14. FINANCIAL INSTRUMENTS (Continued)

#### (d) 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	
	2008 \$000	2007 \$000	2008 \$000	2007 \$000
<b>Financial liabilities</b>				
Borrowings	67,110	53,297	66,225	52,856
<b>Total financial liabilities</b>	<b>67,110</b>	<b>53,297</b>	<b>66,225</b>	<b>52,856</b>

#### (e) Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Sydney Ferries' exposures to market risk are primarily through interest rate risk on Sydney Ferries' borrowings. Sydney Ferries has no exposure to foreign currency risk and does not enter into commodity contracts.

The effect on profit and equity due to a reasonably possible change in risk variable is outlined in the information below, for interest rate risk and other price risk. A reasonably possible change in risk variable has been determined after taking into account the economic environment in which Sydney Ferries operates and the time frame for the assessment (i.e. until the end of the next annual reporting period). The sensitivity analysis is based on risk exposures in existence at the balance sheet date. The analysis is performed on the same basis for 2007. The analysis assumes that all other variables remain constant.



## 14. FINANCIAL INSTRUMENTS (continued)

### (i) Interest rate risk

Exposure to interest rate risk arises primarily through Sydney Ferries' interest-bearing liabilities. This risk is minimised by undertaking mainly fixed rate borrowings with NSW TCorp. Sydney Ferries does not account for any fixed rate financial instruments at fair value through profit or loss or as available for sale. Therefore, for these financial instruments a change in interest rates would not affect profit or loss or equity. A reasonably possible change of  $\pm 1\%$  is used, consistent with current trends in interest rates. The basis will be reviewed annually and amended where there is a structural change in the level of interest rate volatility. Sydney Ferries' exposure to interest rate risk is set out below.

### Sensitivity Analysis

\$000					
	Carrying amount	-1%		1%	
		Deficit	Equity	Deficit	Equity
<b>2008</b>		decreased	increased	increased	decreased
<b>Financial liabilities</b>					
Borrowings	67,110	-671	-671	671	671
<b>2007</b>		decreased	increased	increased	decreased
<b>Financial liabilities</b>					
Borrowings	53,297	-533	-533	533	533

NSW Treasury Corporation (TCorp) manages interest rate risk exposures applicable to specific borrowings of Sydney Ferries in accordance with a debt portfolio mandate agreed between the two parties. TCorp receives a fee for this service, which may include a performance component where TCorp is able to add value by achieving a reduction in Sydney Ferries' debt costs against an agreed benchmark. TCorp uses derivatives, primarily interest rate futures, to establish short-term (tactical) and longer term (strategic) positions within agreed tolerance limits to manage portfolio duration and maturity profiles. At reporting date the carrying value of borrowings and derivatives (net of funds held at call) managed by TCorp stood at \$67.110 million (2007:\$53.297 million).

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2008

### 15. CONTINGENT LIABILITIES

The estimated value of insurance deductibles arising from potential liability claims and other claims against Sydney Ferries at 30 June 2008 is \$0.328 million (2007: \$0.386 million).

### 16. RECONCILIATION OF CASH FLOW STATEMENT

#### (a) Reconciliation of operating results to net cash from operating activities

	2008 \$000	2007 \$000
Surplus/(Deficit)	(3,862)	(2,880)
<b>Adjustments to reconcile net operating result to net cash from operating activities:</b>		
Amortisation	191	96
Written-down value of assets disposed of	68	79
Depreciation of non-current assets	15,987	14,582
Other non-cash items	(224)	336
<b>Changes in assets and liabilities:</b>		
(increase)/decrease in receivables	1,542	(2,068)
(increase)/decrease in inventory	(710)	(636)
(increase)/decrease in other assets	2,109	(1,964)
increase/(decrease) in trade and other creditors	254	2,816
increase/(decrease) in employee entitlements	(383)	3,261
increase/(decrease) in other provisions	85	495
(increase)/decrease in goods and services tax	180	(12)
increase/(decrease) in revenue received in advance	(5)	45
<b>Net cash flows from operating activities</b>	<b>15,232</b>	<b>14,150</b>
<b>(b) Financing facility available</b>		
Short-term standby credit facility	30,000	30,000
Drawn down at balance date	-	-
<b>Facility unused at balance date</b>	<b>30,000</b>	<b>30,000</b>

The short-term standby credit facility is to meet daily cash flow requirements which may arise from time to time.

**17. EQUITY**

Asset Revaluation	Reserves		Accumulated Funds		Total Equity	
	2008	2007	2008	2007	2008	2007
	\$000	\$000	\$000	\$000	\$000	\$000
Balance at the beginning of the financial year	6,125	6,125	30,061	32,941	36,186	39,066
Changes in equity (other than transactions with owners as owners):						
Asset Revaluation Reserve: Increment and Decrement on revaluation of land, building and wharves (Refer note 7)	5,244		-	-	5,244	-
(Deficit) for the year			(3,862)	(2,880)	(3,862)	(2,880)
Balance at the end of the financial year	11,369	6,125	26,199	30,061	37,568	36,186

**18. EVENTS OCCURRING AFTER THE BALANCE SHEET DATE****(a) Transfer of Assets**

Sydney Ferries is making arrangements to surrender leasehold interests over nine wharves and to transfer wharf improvements, leasehold rights over wharves and adjoining freehold land to NSW Maritime to effect a determination made by Government. Sydney Ferries will recognise the transfer of assets in accordance with NSW Treasury Policy and Guidelines Paper, TPP 08-3 Contribution by Owners Made to Wholly-Owned Public Sector Entities. The transfer is expected to take effect in the 2008–2009 financial year.

The wharves to be transferred are listed below.

High Street, Kirribilli

Between 15 & 17 Holbrook Street, Kirribilli

Avenue Road, Mosman

Musgrave Street, Mosman

Hayes Street, Neutral Bay

Kurraba Road, Neutral Bay

Cremorne Point, Milson Road

Taronga, Bradleys Head Road

Old Cremorne, Green Street

**(b) Structure and Ownership**

Sydney Ferries is not aware of any decision taken by the government to change the structure and ownership of the organisation.

**END OF FINANCIAL REPORT**



# Appendices

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### CUSTOMERS AND STAKEHOLDERS

#### Customer Service Charter

As a Sydney Ferries customer you are entitled to:

- be treated courteously by all Sydney Ferries crew, staff and contractors.
- have requests for information about our services provided to you promptly and, where an individual cannot assist you, be referred to someone who can.
- rely on Sydney Ferries meeting their published timetables and be promptly informed of any service cancellations, delays or interruptions.
- expect that all ferries and wharves under Sydney Ferries' ownership will be clean, tidy and comfortable and safe to travel on or be used.
- expect when we find property lost by you while travelling on a ferry that it will be stored securely at Circular Quay for a minimum of 28 days before it is disposed of in accordance with the *Impounding Act 1993*.
- have any feedback made by you acknowledged within two days and investigated within seven days.

We at Sydney Ferries expect you to observe instructions that are necessary for the safe operation of our ferries and for passenger comfort and safety and travel on a valid ticket.

#### Information

Customers can obtain information about our services:

- online at **[www.sydneyferries.info](http://www.sydneyferries.info)** or the Transport Infoline at **[www.131500.info](http://www.131500.info)**
- by telephoning the Transport Infoline on 131 500
- in person from Sydney Ferries ticket outlets at Circular Quay and Manly or on board Sydney Ferries vessels.

For people with special needs, a teletypewriter service (for the hearing impaired) is available on 1800 637 500; the website has W3C accessibility, and large format timetables are available at all ticket outlets.

#### Complaints

If you wish to submit feedback or make a suggestion to Sydney Ferries, you can do this in a number of ways.

- You can call the Transport Information Line on **131 500**. The Transport Information Line is open seven days a week between 6:00am and 10:00pm
- You can visit the Transport Information website at **[www.131500.info](http://www.131500.info)** and submit your feedback.
- You can write to the Chief Executive Officer, Sydney Ferries, PO Box R1799, Royal Exchange, NSW 2000. You can also fax your letter to the Chief Executive Officer on 02 8113 1900.
- You can call our office on 02 9246 8300 to speak to a staff member who can assist you.
- The New South Wales Government's Independent Safety and Reliability Regulator has a Confidential Safety Information Reporting Scheme (CSIRS) which can be accessed on Tel: 1800 180 828 should you have any concerns about the safe operation of our ferry service.

#### Refunds

Sydney Ferries will refund fares under certain conditions. Our Information Office or office at Circular Quay can provide you with details of Sydney Ferries Refund Policy. Please retain your ticket, as Sydney Ferries cannot reimburse your fare without your ticket.

#### Guarantee of service

There are no variances from the standard for provision of services given above.

#### Operating hours

Operating hours for the ferry fleet vary slightly according to the season, but are generally from 5:00 am to 1:00 am the following day.

#### Corporate Head Office

Sydney Ferries Corporation's principal Office is at:

Level 9  
37 Pitt Street  
Sydney 2000.  
Phone: 02 9246 8300  
Fax: 02 8113 1900

Office operating hours are 9:00 am to 5:00 pm,  
Monday to Friday.

### Circular Quay Operations Office

The Circular Quay Operations Office is at:

Wharf 3  
Alfred St  
Circular Quay  
Sydney 2000.  
Ph: (02) 9207 3155  
Fax: (02) 9207 3190

Office operating hours are 5 am to 1.15 am,  
Monday to Saturday; 6 am to 12.45 am on Sundays.

### Balmain Shipyard

The Balmain Shipyard maintenance facility is at:

72 Waterview Street  
Balmain NSW 2041  
Ph: 02 9246 9661  
Fax: 02 9246 9689

Office operating hours are 7 am to 3.30 pm,  
Monday to Friday.

### Website

Sydney Ferries Corporation website address is:  
**[www.sydneyferries.info](http://www.sydneyferries.info)**

### Electronic service delivery

Sydney Ferries provides service information to its customers through its own internet site **[www.sydneyferries.info](http://www.sydneyferries.info)** and via support for the **131500** Transport Info Line.

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

Sydney Ferries continued to update its website and improve usability. An interactive Sydney Harbour map and proactive news and media pages were introduced.

### 131500 Transport Info Line

Sydney Ferries supported the website redevelopment of the Transport Infoline **[www.131500.info](http://www.131500.info)** during the year.

### Disability services

The Sydney Ferries fleet is wheelchair accessible, as are approximately half (19) of the wharves used. A list of these accessible wharves is available on our website and published on Sydney Ferries' network map.

Sydney Ferries has a Disability Action Plan in place, and improvements were begun to passenger information services, signage and business practices to ensure that Sydney Ferries provides a positive experience for all customers.

### Publications

Sydney Ferries produced and distributed a range of publications, including timetables, flyers and brochures, to assist commuters, leisure travellers and other ferry users. All key publications are available on the Sydney Ferries' website.

All timetables and brochures were printed on sustainable forest or recycled paper products.

### Annual report production costs

The cost of producing this year's annual report was \$36,322.36.

### Availability of annual report

The annual report is available online at **[www.sydneyferries.info](http://www.sydneyferries.info)** as the selected means of distribution after tabling.

## APPENDICES

### FINANCIAL AND ASSET MANAGEMENT

#### Budgets

Sydney Ferries' budgets for 2007–08 and 2008–09 are set out below.

Revenue and expenditure	Budget 2007–08 \$000	Budget 2008/09 \$000
<b>REVENUE FROM ORDINARY ACTIVITIES</b>		
Passenger revenue:		
Fares, charters and tourists services	48,464	49,369
Reimbursement for:		
Free travel by school students	418	300
Concessions to pensioners	9,327	9,553
Concessions to other community groups	2,443	2,530
Government funding	47,969	68,170
<b>Total passenger revenue</b>	<b>108,621</b>	<b>129,922</b>
Interest received from third parties	27	-
Grants	-	-
Other	7351	248
<b>Total revenue from ordinary activities</b>	<b>109,383</b>	<b>130,170</b>
<b>EXPENSES FROM ORDINARY ACTIVITIES</b>		
Wages and salaries	72,503	74,796
Fleet running expenses	17,204	18,373
General operating expenses	21,819	20,893
Interest	5,959	6,966
Depreciation	17,847	19,508
<b>Total expenses from ordinary activities</b>	<b>135,332</b>	<b>140,535</b>
<b>Surplus/(Deficit)</b>	<b>(25,949)</b>	<b>(10,365)</b>

	Budget 2007–08 \$000	Budget 2008–09 \$000
<b>Capital expenditure and major periodic maintenance expenditure</b>		
Vessel upgrades	7,576	6,345
Information technology	10,540	3,668
Facility and wharves upgrade	6,975	6,676
Environmental projects	770	1,041
Other	150	3,465
<b>Total capital expenditure</b>	<b>26010</b>	<b>21,195</b>
<b>Major periodic maintenance expenditure</b>	<b>12,451</b>	<b>9,144</b>
<b>Total capital and major periodic maintenance expenditure</b>	<b>38,461</b>	<b>30,339</b>

### Investment performance

Sydney Ferries invests surplus short-term funds in the NSW Treasury Corporation's 'Hour Glass' Investment – Cash Facility. In the year ended 30 June 2008, Sydney Ferries' weighted average rate of return on the investment was 6.82% (net of fees and expenses). The NSW Treasury Corporation 'Hour Glass' Investment – Cash Facility benchmark is the UBS Australian Bank Bill Index, and the benchmark return was 7.34% (net of fees and expenses).

### Liability management performance

In the year ended 30 June 2008, the 'market value cost of funds' of Sydney Ferries' debt portfolio, which includes actual interest costs, accrued interest costs, and the change in market capital value of the debt portfolio, was 5.21%. The benchmark portfolio 'market value cost of funds' was 5.44%.

### Disclosure of controlled entities

Sydney Ferries does not own any controlled entities.

### Disclosure of subsidiaries

Sydney Ferries does not have any subsidiaries.

### Implementation of price determination

Due to the Special Commission of Inquiry into Sydney Ferries, the Government did not request the Independent Pricing and Regulatory Tribunal (IPART) to undertake a review of fares for Sydney Ferries during the year. Fare prices remained unchanged.

Sydney Ferries will be seeking an IPART fare determination in 2008–09.

### Taxes and other payments to Government

Sydney Ferries, as a state-owned corporation, is subject to a full range of state and federal taxes and other government charges that apply to private sector businesses.

The following taxes and charges were applied during 2007–08:

#### (a) New South Wales taxes and charges

Classification	\$000
Payroll tax	3,895
Land tax	63
Total	3,958

#### (b) Federal taxes and charges-

Classification	\$000
Fringe benefits tax	101

### Funds granted to non-government community organisations

Sydney Ferries did not grant any funds to non-government community organisations during the year.

### Summary of land

In accordance with Section 41B(1)(d) of the *Public Finance and Audit Act 1983*, a summary of Sydney Ferries' land holding as at 30 June 2008, according to actual use of the land, is provided below.

Land use classification	Land value (\$000)
Balmain Shipyard	7,300
Wharf land	2,560
Total	9,860

### Disposal of property

Sydney Ferries did not dispose of any land or property during the year.

### Consultants

Sydney Ferries did not engage any consultants in 2007–08.

### Credit certification

The Chief Executive Officer of Sydney Ferries has certified that all corporate credit cards issued to Sydney Ferries staff are for business purposes only and are used in accordance with the Premier's Memoranda and Treasurer's Directions.

### Account payment performance

Sydney Ferries' performance in paying trade creditors accounts during the year is set out below, in accordance with the requirements of the Annual Reports (Statutory Bodies) Regulation 2005.

## APPENDICES

### Ageing of amounts unpaid at end of quarter

Quarter	Aged transactions by quarter			
	Current (within due date) \$000	Less than 30 days overdue \$000	Between 30 and 60 days overdue \$000	Between 60 and 90 days overdue \$000
September 2007	516	(21)	(8)	0
December 2007	366	74	(2)	0
March 2008	1,077	570	(10)	0
June 2008	787	0	0	0

### Performance in paying accounts

Quarter	Amounts paid on time			Total amount paid
	Target %	Actual %	\$000	\$000
September 2007	90%	92.60%	40,528	43,765
December 2007	90%	85.59%	40,809	47,680
March 2008	90%	90.38%	47,266	52,296
June 2008	90%	93.10%	66,477	71,407

During the year the target was reduced from 98% to 90% to improve the cash flow of Sydney Ferries. Of the total number of invoices processed during the year, 90.67% were paid within the trading terms. There were no penalty interest payments made under clause 18 of the Public Finance and Audit Regulation 2005.

#### Significant-after-balance-date events

Sydney Ferries is making arrangements to surrender leasehold interests over nine wharves and to transfer wharf improvements and leasehold rights over wharves and adjoining freehold land to NSW Maritime to effect a determination made by Government. The transfer will take effect in the 2008–09 financial year.

The wharves to be transferred are:

- High Street, Kirribilli
- Between 15 & 17 Holbrook Street, Kirribilli
- Avenue Road, Mosman
- Musgrave Street, Mosman
- Hayes Street, Neutral Bay
- Kurraba Road, Neutral Bay
- Cremorne Point, Milson Road
- Taronga, Bradleys Head Road
- Old Cremorne, Green Street.

#### Risk management and insurance activities

The Risk Management Framework, which was finalised during the year, will improve Sydney Ferries ability to proactively manage risks in every aspect of its operations, reducing exposure to risks such as injury and related costs. Strategic risk management provides a mechanism for ensuring that Sydney Ferries' risk and insurance costs are minimised within the framework of corporate governance, operating policies, procedures and work instructions.

The continuation of a cost effective insurance program provided financial protection for the organisation during the year. The program covers industrial special risks, public liability, marine hull, charterer's liability, directors' and officers', professional indemnity and crime insurance. Sydney Ferries' approach to improving their risk profile continued to yield lower premium escalation.



## HUMAN RESOURCES

### Performance and number of executive officers

As at 30 June 2008, there were six executives with total remuneration packages equal to, or exceeding, the NSW Senior Executive Service Level One. Two of these officers were female.

As at 30 June 2008, there were two male executives, with a total remuneration package equal to or exceeding the NSW Senior Executive Service Level Five. This compares with two executives, both male, who were at or above this level as at 30 June 2007.

Name and title of executive officer at pay equivalent to or higher than SES level 5	2006–07 Salary band \$000–\$000	2007–08 Salary band \$000–\$000
Geoff Smith, Chief Executive Officer	\$278–\$349	\$284–\$357
Denis Mole, General Manager, Operations	\$214–\$247	\$219–\$253

The Chair of the Board confirmed that the Chief Executive Officer, during the course of 2007–08, provided strong leadership, further developed Sydney Ferries' planning and effectively managed the Corporation on a day-to-day basis.

### Human resource statistics

#### Number of officers and employees by category

Division	2005–06	2006–07*	2007–08
Operations	525	542	548.5
Engineering	86	98	101
Finance and Corporate Services	10	22	17
Human Resources and Industrial Relations	4	12	11
Executive Office	4	6	6.5
Communications, Marketing and Business Development	N/A	6	5
<b>Total</b>	<b>629</b>	<b>686</b>	<b>689</b>

\* Figures for 2006–07 and 2007–08 are fulltime equivalent.

Figures for previous years are not fulltime equivalents but total employees.

### Exceptional movements in wages, salaries or allowances

Movements in wages, salaries and allowances in 2007–08 were in accordance with enterprise agreements. In 2007 Sydney Ferries introduced an allowance for masters who work on Manly ferries. The allowance was introduced in conjunction with the introduction of a revised system of merit selection for masters who seek work on these vessels.

## APPENDICES

### Human resources and industrial relations policies and practices

During the year a comprehensive Recruitment Manual was developed and implemented to ensure Sydney Ferries' recruiting processes are best practice.

A Performance Management Procedure was introduced and a number of employee-related policies and procedures were reviewed and amended or redrafted.

### Industrial Relations Legal Cases

During 2007–8, 24 industrial issues were addressed by Courts or Commissions. Sixteen matters concerned industrial issues; eight matters concerned discipline to individual employees.

### Code of Conduct

There were no amendments to the Sydney Ferries Code of Conduct during 2007–08.

### Occupational health and safety

A total of 148 workplace injuries were recorded in 2007–08. This is a reduction of 19 or 11% from the 2006–07 total of 167.

The table below sets out actual results for the years 2001–02 to 2006–07; and projected data for the years 2008–09 to 2011–12; against the Working Together Targets.

The 13% reduction in the number of workplace injuries recorded in 2006–07 from the baseline of 2001–02 was short of the Working Together Interim Target of 20%. This interim target has now been achieved, with the 2007–08 result of 148 workplace injuries representing a 23% reduction on the 2001–02 baseline of 191 workplace injuries.

Moreover, if an average reduction in the number of workplace injuries of 10% is maintained in each intermediary year, it is projected that Sydney Ferries will meet the final Working Together Target of a 40% reduction in the number of workplace injuries in 2011–12 with a projected number of 108 workplace injuries in 2010–11, representing a 44% reduction on baseline data.

### Working Together Targets for Reductions in Annual Workplace Injuries

	2001-2002 Baseline	2006-2007 Interim	2007-2008	2008-2009	2009-2010	2010-2011 Final
Target Injuries	191	153	143	134	124	115
Target % Reduction	0%	20%	25%	30%	35%	40%
Actual (Projected) Injuries	191	167	148	133	120	108
Actual (Projected) % Reduction	0%	13%	23%	30%	37%	44%

### Injury management

Under the NSW Government's Working Together initiative a number of targets were established to improve the public sector's health and safety performance, with a focus on injury management.

In relation to providing employees with suitable duties the target set was a 10% improvement by 30 June 2008 in the percentage of injured workers placed on suitable duties within one week of becoming fit for these duties, as specified on a medical certificate.

The baseline data for this goal were taken from 2004–5, when 55% of injured workers (16 of 29) were placed accordingly.

In 2006–07, 78% of injured employees (43 of 55) were placed on suitable duties within one week of being certified fit for suitable duties.

In 2007–08, 56% of injured employees (25 of 44) were placed on suitable duties within one week of being certified fit for suitable duties.

The overall improvement in placing employees in suitable duties since 2004–05 meets the target for the Working Together initiative for 30 June 2008, with an overall improvement of 10%.

### Cost of claims

The Working Together target was to reduce the average cost of claims by 15% by 2007–08. Baseline data was taken from 2004–05, when the average cost of a workers compensation claim was \$4,754.96. In 2006–07 the average cost was \$6,805.69, a significant increase. Sydney Ferries commenced a number of initiatives in 2007–08 to address this issue.

### Organisational capacity

A Working Together target was set for 90% of Sydney Ferries managers to be trained in occupational health and safety systems and workers compensation issues by December 2007.

As at 29 June 2007, 88% of Sydney Ferries managers had completed this training, with further training arranged for later in calendar year 2007 for the remaining managers to achieve this target.

As at 30 June 2008, 89% of Sydney Ferries managers had completed Safety and Injury Management Systems training. Since May 2008, 54 managers, supervisors and employees have undertaken safety refresher training (Risk Management) Level 2. As a consequence of both training initiatives, Sydney Ferries has exceeded the 90% target.

### Injuries and prosecutions

No prosecutions were undertaken by WorkCover NSW under the *Occupational Health and Safety Act 2000* (NSW) during 2007–08 against Sydney Ferries as a result of injuries in the workplace.

### Equal employment opportunity

Sydney Ferries is committed to addressing the needs, representation and development of equal employment opportunity groups. These groups include women, Aboriginal people and Torres Strait Islanders, people with disabilities, and people of particular racial, ethnic and ethno-religious backgrounds.

### Major equal employment opportunity outcomes

During the year Sydney Ferries revised its draft Equal Employment Opportunity (EEO) Management Plan and implemented new recruitment procedures that emphasise good EEO practice.

The organisation implemented performance management procedures for staff to provide systematic appraisal and identification of training needs of employees.

Another major initiative involved developing an Intranet site and providing a more extensive computer network for employees, which will provide improved access to human resources policies and procedures and other employment information.

Sydney Ferries is committed to increasing the employment of female employees in male-dominated employment areas. Two women were employed as general purpose hands on Sydney Ferries vessels and a woman was employed as an apprentice shipwright at the Balmain Shipyard. Both areas of work have traditionally been male dominated.

In February Sydney Ferries and the Maritime Union of Australia worked together to support the Jawoyn Association's 'Outback Meets the Beach' program. The annual program, which was run by the North Palm Beach Surf Life Saving Club, hosted a group of twelve indigenous teenagers from remote towns of Barunga, Wugularr and Beswick in the Northern Territory. A number of the teenagers spent a day with Sydney Ferries learning a variety of general commercial vessel skills including lookout duties on Sydney Harbour, safety rules and how to work the ropes and gangways.

### Planned equal employment opportunity outcomes

Major planned equal opportunity outcomes for 2008–09 are:

- commencement of a new training program on selection techniques for employees
- induction processes revised and implemented to include on-line induction training and revised checklists
- study assistance procedure implemented
- child protection procedure implemented
- computer usage and communication working instructions implemented
- performance management procedure implementation for afloat and Balmain Shipyard employees continuing
- access to information by employees improved with the establishment of the Intranet, containing all human resources policies, procedures and working instructions
- prevention of harassment and grievance handling training implemented for managers and employees.

### Equal employment opportunity trends

Trends in the representation of equal employment groups over the past three years are shown below.

## APPENDICES

Equal Employment Opportunity Group	Benchmark or target	% of total staff	
		2006–07	2007–08
Women	50%	15.55%	14%
Aboriginal people and Torres Strait Islanders	2%	.42%	.8%
People whose first language was not English	19%	10.78%	11%
People with disabilities	12%	1.4%	4%
People with disabilities who require work-related adjustment	7%	.14%	3.6%

Note: Staff numbers are as at 30 June and exclude casual staff.

Trends in the distribution of EEO groups are shown below

Equal Employment Opportunity Group	Benchmark or target	Distribution index	
		2006–07	2007–08
Women	100	97	94
Aboriginal people and Torres Strait Islanders	100	n/a	N/A
People whose first language was not English	100	98	99
People with a disability	100	95	93
People with a disability requiring work-related adjustment	100	95	93

### Notes:

Staff numbers are as at 30 June and exclude casual staff.

A Distribution Index of 100 indicates that the centre of the distribution of the EEO group across salary levels is equivalent to that of other staff. Values less than 100 mean that the EEO group tends to be more concentrated at lower salary levels than is the case for other staff. The more pronounced this tendency is, the lower the index will be. In some cases the index may be more than 100, indicating that the EEO group is less concentrated at lower salary levels. (The Distribution Index is automatically calculated by the software provided by ODEOPE.)

### NSW Government Action Plan for Women

Sydney Ferries continued its commitment to strategies aimed at improving the experience of female employees. During 2007–08, nine employees took advantage of maternity leave provisions. In 2007–08 targeted advertising to encourage female applicants for trade apprenticeships and marine traineeships were also successful.

### Ethnic affair priorities statement

Sydney Ferries has drafted an Ethnic Affairs Priorities Statement Plan comprising sixteen key result areas and thirty one strategies. Sydney Ferries reviewed the Standards Framework of the five activity areas in the Ethnic Affairs Priorities Statement. These five activity areas are acknowledged as the key areas for identifying areas for improvement, examining organisational performance in regard to strategies and identifying organisational outcomes.

Sydney Ferries has an ethnically diverse workforce, with approximately 11% of employees nominating that their first language is not English.

### Overseas travel

No overseas visits were made by employees on Sydney Ferries business during the reporting period.

## STATUTORY INFORMATION

### Freedom of Information

Sydney Ferries recognises its duty to provide information under the *Freedom of Information Act 1989* and endeavours to do so in a timely and efficient manner.

### Comparison with the previous reporting period

In 2007–08, Sydney Ferries received 19 applications for access to documents under the Freedom of Information Act (in addition to three applications received during the previous year and dealt with in 2007–08). This compares with 11 applications received in 2006–07 (as well as an additional 14 applications brought forward from the previous year and dealt with in 2006–07).

### Applications for internal review

Four applications for internal review were received from the same applicant. The applicant sought internal reviews

on the basis that the four initial applications submitted (which had all been received on the same day) had not been determined by Sydney Ferries' within the 21-day statutory timeframe, and therefore were 'deemed refusals'. In the case of one of the internal review applications, Sydney Ferries did not possess the documents requested. Therefore, no documents were disclosed in response to this application.

In relation to the remaining three internal review applications, a number of documents were disclosed with exempt material deleted, while some other documents were determined to be wholly exempt and were not disclosed.

### Statistical summary

This statistical summary is set out in accordance with the provisions of the *Freedom of Information Act 1989* (NSW), the Freedom of Information Regulation 2005 (NSW) and the NSW FOI Manual (August 2007).

### Section A – New FOI applications

How many FOI applications were received, discontinued or completed?	Number of FOI applications					
	Personal		Other		Total	
	(previous year)	(current year)	(previous year)	(current year)	(previous year)	(current year)
A1 New	0	0	11	19	11	19
A2 Brought forward	1	0	13	3	14	3
<b>A3 Total to be processed</b>	1	0	24	22	25	22
A4 Completed	1	0	17	18	18	18
A5 Discontinued	0	0	4	0	4	0
<b>A6 Total processed</b>	1	0	22	18	22	18
A7 Unfinished (carried forward)	0	0	3	4	3	4

### Section B – Discontinued applications

Why were FOI applications discontinued?	Number of discontinued FOI applications					
	Personal		Other		Total	
	(previous year)	(current year)	(previous year)	(current year)	(previous year)	(current year)
B1 Request transferred out to another agency (s. 20)	0	0	1	0	1	0
B2 Applicant withdrew request	0	0	0	0	0	0
B3 Applicant failed to pay advance deposit (s. 22)	0	0	2	0	2	0
B4 Applicant failed to amend a request that would have been an unreasonable diversion of resources to complete (s. 25(1)(a1))	0	0	1	0	1	0
<b>B5 Total discontinued</b>	0	0	4	0	4	0



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### Section C – Completed Applications

What happened to completed FOI applications?	Number of completed FOI applications					
	Personal		Other		Total	
	(previous year)	(current year)	(previous year)	(current year)	(previous year)	(current year)
C1 Granted or otherwise available in full	0	0	7	5	7	5
C2 Granted or otherwise available in part	1	0	9	5	10	5
C3 Refused	0	0	1	7	1	7
C4 No documents held	0	0	0	1	0	1
<b>C5 Total completed</b>	1	0	17	18	18	18

### Section D – Applications granted or otherwise available in full

How were the documents made available to the applicant?	Number of FOI applications (granted or otherwise available in full)					
	Personal		Other		Total	
	(previous year)	(current year)	(previous year)	(current year)	(previous year)	(current year)
<b>All documents requested were:</b>						
D1 Provided to the applicant	0	0	7	5	7	5
D2 Provided to the applicant's medical practitioner	0	0	0	0	0	0
D3 Available for inspection	0	0	0	0	0	0
D4 Available for purchase	0	0	0	0	0	0
D5 Library material	0	0	0	0	0	0
D6 Subject to deferred access	0	0	0	0	0	0
D7 Available by a combination of the reasons listed in D1–D6 above	0	0	0	0	0	0
<b>D8 Total granted or otherwise available in full</b>	0	0	7	5	7	5

## Section E – Applications granted or otherwise available in part

How were the documents made available to the applicant?	Number of FOI applications					
	Personal		Other		Total	
	(previous year)	(current year)	(previous year)	(current year)	(previous year)	(current year)
<b>Documents made available were:</b>						
E1 Provided to the applicant	1	0	9	5	10	5
E2 Provided to the applicant's medical practitioner	0	0	0	0	0	0
E3 Available for inspection	0	0	0	0	0	0
E4 Available for purchase	0	0	0	0	0	0
E5 Library material	0	0	0	0	0	0
E6 Subject to deferred access	0	0	0	0	0	0
E7 Available by a combination of the reasons listed in E1–E6 above	0	0	0	0	0	0
<b>E8 Total granted or otherwise available in full</b>	1	0	9	5	10	5

## Section F – Refused FOI applications

Why was access to the documents refused?	Number of refused FOI applications					
	Personal		Other		Total	
	(previous year)	(current year)	(previous year)	(current year)	(previous year)	(current year)
F1 Exempt	0	0	1	3	1	3
F2 Deemed refused	0	0	0	4	0	4
F3 Total refused	0	0	1	7	1	7

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### Section G – Exempt documents

Why were the documents classified as exempt? (identify one reason only)	Number of FOI applications (refused or access granted or otherwise available in part only)					
	Personal		Other		Total	
	(previous year)	(current year)	(previous year)	(current year)	(previous year)	(current year)
<b>Restricted documents:</b>						
G1 Cabinet documents (Clause 1)	0	0	0	0	0	0
G2 Executive Council documents (Clause 2)	0	0	0	0	0	0
G3 Documents affecting law enforcement and public safety (Clause 4)	0	0	1	2	1	2
G4 Documents affecting counter terrorism measures (Clause 4A)	0	0	0	0	0	0
<b>Documents requiring consultation:</b>						
G5 Documents affecting intergovernmental relations (Clause 5)	0	0	0	0	0	0
G6 Documents affecting personal affairs (Clause 6)	1	0	5	3	6	3
G7 Documents affecting business affairs (Clause 7)	0	0	0	1	0	1
G8 Documents affecting the conduct of research (Clause 8)	0	0	0	0	0	0
<b>Documents otherwise exempt:</b>						
G9 Schedule 2 exempt agency	0	0	0	0	0	0
G10 Documents containing information confidential to Olympic Committees (Clause 22)	0	0	0	0	0	0
G11 Documents relating to threatened species, Aboriginal objects or Aboriginal places (Clause 23)	0	0	0	0	0	0
G12 Documents relating to threatened species conservation (Clause 24)	0	0	0	0	0	0
G13 Plans of management containing information of Aboriginal significance (Clause 25)	0	0	0	0	0	0
G14 Private documents in public library collections						
G14 Private documents in public library collections (Clause 19)	0	0	0	0	0	0
G15 Documents relating to judicial functions (Clause 11)	0	0	0	0	0	0
G16 Documents subject to contempt (Clause 17)	0	0	0	0	0	0

## Section G – Exempt documents (Continued)

Why were the documents classified as exempt? (identify one reason only)	Number of FOI applications (refused or access granted or otherwise available in part only)					
	Personal		Other		Total	
	(previous year)	(current year)	(previous year)	(current year)	(previous year)	(current year)
<b>Documents otherwise exempt:</b>						
G17 Documents arising out of companies and securities legislation (Clause 18)	0	0	0	0	0	0
G18 Exempt documents under interstate FOI legislation (Clause 21)	0	0	0	0	0	0
G19 Documents subject to legal professional privilege (Clause 10)	0	0	0	0	0	0
G20 Documents containing confidential material (Clause 13)	0	0	1	0	1	0
G21 Documents subject to secrecy provisions (Clause 12)	0	0	0	0	0	0
G22 Documents affecting the economy of the State (Clause 14)	0	0	0	0	0	0
G23 Documents affecting financial or property Interests of the State or an agency (Clause 15)	0	0	0	0	0	0
G24 Documents concerning operations of agencies (Clause 16)	0	0	3	2	3	2
G25 Internal working documents (Clause 9)	0	0	0	0	0	0
G26 Other exemptions (e.g. Clauses 20, 22A and 26)	0	0	0	0	0	0
<b>G27 Total applications including exempt documents</b>	<b>1</b>	<b>0</b>	<b>10</b>	<b>8</b>	<b>11</b>	<b>8</b>

## Section H – Ministerial Certificates (s. 59)

How many Ministerial Certificates were issued?	Number of Ministerial Certificates	
	(previous year)	(current year)
H1 Ministerial Certificates issued	0	0

## Section I – Formal consultations

How many formal consultations were conducted?	Number	
	(previous year)	(current year)
I1 Number of applications requiring formal consultation	1	4
I2 Number of persons formally consulted	2	4

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### Section J – Amendment of personal records

How many applications for amendment of personal records were agreed to or refused?	Number of applications for amendment of personal records	
	(previous year)	(current year)
J1 Agreed to in full	0	0
J2 Agreed to in part	0	0
J3 Refused	0	0
<b>J4 Total</b>	0	0

### Section K – Notation of personal records

How many applications for notation of personal records were made (s.46)?	Number of applications for notation	
	(previous year)	(current year)
K1 Applications for notation	0	0

### Section L – Fees and costs

What fees were assessed and received for FOI applications processed (excluding applications transferred out)?	Assessed costs		Fees received	
	(previous year)	(current year)	(previous year)	(current year)
L1 All completed applications	\$420	\$570	\$420	\$570

### Section M – Fee discounts

How many fee waivers or discounts were allowed and why?	Number of FOI applications (where fees were waived or discounted)					
	Personal		Other		Total	
	(previous year)	(current year)	(previous year)	(current year)	(previous year)	(current year)
M1 Processing fees waived in full	0	0	1	0	1	0
M2 Public interest discounts	0	0	0	0	0	0
M3 Financial hardship discounts – pensioner or child	0	0	0	0	0	0
M4 Financial hardship discounts – non-profit organisation	0	0	0	0	0	0
<b>M5 Total</b>	0	0	1	0	1	0



## Section N – Fee refunds

How many fee refunds were granted as a result of significant correction of personal records?	Number of refunds	
	(previous year)	(current year)
N1 Number of fee refunds granted as a result of significant correction of personal records	0	0

## Section O – Days taken to complete request

How long did it take to process completed applications? (Note: calendar days)	Number of <u>completed</u> FOI applications					
	Personal		Other		Total	
	(previous year)	(current year)	(previous year)	(current year)	(previous year)	(current year)
O1 0–21 days – statutory determination period	1	0	2	1	3	1
O2 22–35 days – extended statutory determination period for consultation or retrieval of archived records (s.59B)	0	0	0	0	0	0
O3 Over 21 days – deemed refusal where no extended determination period applies	0	0	14	16	14	16
O4 Over 35 days – deemed refusal where extended determination period applies	0	0	1	1	1	1
<b>O5 Total</b>	1	0	17	18	18	18

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### Section P – Processing time: hours

How long did it take to process completed applications?	Number of completed FOI applications					
	Personal		Other		Total	
	(previous year)	(current year)	(previous year)	(current year)	(previous year)	(current year)
P1 0–10 hours	0	0	0	0	0	0
P2 11–20 hours	0	0	0	0	0	0
P3 21–40 hours	0	0	0	0	0	0
P4 Over 40 hours	1	0	17	18	18	18
<b>P5 Total</b>	1	0	17	18	18	18

### Section Q – Number of reviews

How many reviews were finalised?	Number of completed reviews	
	(previous year)	(current year)
Q1 Internal reviews	3	4
Q2 Ombudsman reviews	1	0
Q3 ADT reviews	0	0

## Section R – Results of internal reviews

### What were the results of internal reviews finalised?

Grounds on which the internal review was requested	Number of internal reviews					
	Personal		Other		Total	
	Original agency decision Upheld	Original agency decision Varied	Original agency decision Upheld	Original agency decision Varied	Original agency decision Upheld	Original agency decision Varied
R1 Access refused	0	0	0	4	0	4
R2 Access deferred	0	0	0	0	0	0
R3 Exempt matter deleted from documents	0	0	0	0	0	0
R4 Unreasonable charges	0	0	0	0	0	0
R5 Failure to consult with third parties	0	0	0	0	0	0
R6 Third parties' views disregarded	0	0	0	0	0	0
R7 Amendment of personal records refused	0	0	0	0	0	0
<b>R8 Total</b>	0	0	0	4	0	4

<sup>1</sup>The four internal review applications received and dealt with in 2007–08 were submitted by the same applicant. The applicant sought internal reviews on the basis that the four initial applications submitted (which had all been received on the same day) had not been determined by Sydney Ferries within the 21-day statutory timeframe, and therefore were 'deemed refusals', rather than refusals of access to the documents requested.

## APPENDICES

### Statement of Affairs

Sydney Ferries is required to publish an annual Statement of Affairs, pursuant to section 14 of the *Freedom of Information Act 1989* (NSW), describing the structure and functions of Sydney Ferries, the way its functions affect the public, and how the public may participate in the formulation of Sydney Ferries' policy. The Statement of Affairs must also include a description of the kinds of documents held by Sydney Ferries and how these may be accessed or amended by members of the public.

### Structure and functions of Sydney Ferries and the effect of its functions on members of the public

The structure and functions of Sydney Ferries and how these functions affect the public are detailed in the Corporate Governance section of this Annual Report.

### Public participation in policy formulation

The public participates in policy formulation through the Sydney Ferries Services' Working Group, which is described in the Corporate Governance section of this Annual Report.

The public is also able to influence policy decisions through its participation in customer surveys, which Sydney Ferries undertakes on an annual basis. These surveys act as a barometer of customer satisfaction with the service provided by Sydney Ferries. The results of these surveys contribute to the improvement of Sydney Ferries' services.

### Kinds of documents held by Sydney Ferries

The following is a list of publications accessible from the Sydney Ferries' website ([www.sydneyferries.info](http://www.sydneyferries.info)), or upon request by contacting a Sydney Ferries' Customer Service Officer on (02) 9246 8363.

### Corporate publications

Annual Report 2004–05

Annual Report 2005–06

Annual Report 2006–07

### Route timetables

Darling Harbour

Manly Ferry

Manly JetCat

Mosman

Neutral Bay

Parramatta

Taronga Zoo

Watsons Bay

Woolwich

### Other documents

Sydney Ferries' Network Map

Sydney Ferries' Fleet Facts

Guide to Sydney Ferries' Map

Furthermore, Sydney Ferries' Summary of Affairs is published in the Government Gazette, in accordance with section 14 of the *Freedom of Information Act 1989*. The most recent Summary of Affairs was published in Government Gazette Number 77, on 27 June 2008.

In addition to those documents accessible on the Sydney Ferries' website, the other kinds of documents held by Sydney Ferries include:

- Statements of Corporate Intent; and
- policy documents and procedures which apply to the corporate functions and operations of Sydney Ferries.

### Accessing and amending Sydney Ferries' documents

Applications under the *Freedom of Information Act 1989* for access to Sydney Ferries' documents must be made pursuant to the provisions of the Freedom of Information Act, be accompanied by a \$30 application fee (in the form of a cheque or money order) and directed in writing to:

Company Secretary, Corporate Counsel and Freedom of Information Officer, Sydney Ferries, PO Box R1799, Royal Exchange, Sydney NSW 1225.

Freedom of Information and privacy enquiries may be directed to the Company Secretary, Corporate Counsel and Freedom of Information Officer by telephoning Sydney Ferries on (02) 9246 8300. Applications to amend or notate Sydney Ferries' documents relating to a person's own personal affairs may also be made in writing to the Company Secretary, Corporate Counsel and Freedom of Information Officer.

### Circumstances and outcomes of investigations

On 22 April 2008 the New South Wales' Ombudsman, Mr Bruce Barbour, announced his intention to conduct a comprehensive review of the New South Wales' FOI Act. It was announced that the review would involve simultaneous investigations into the FOI practices of a number of government agencies, local councils, universities and area health services. These investigations would involve audits of FOI files held by the various agencies and interviews with FOI practitioners. Sydney Ferries was one of the 18 agencies selected by the Ombudsman. The Ombudsman wrote to Sydney Ferries in May 2008 in relation to the investigation

and enclosed a detailed list of questions and request for documents. Sydney Ferries has provided a response to the Ombudsman. A sample of Sydney Ferries' FOI files was reviewed and interviews with Sydney Ferries' personnel were also conducted as part of the investigation process.

The Ombudsman plans to release a public discussion paper to provide all interested parties with an opportunity to contribute to the review, following which it is intended to issue a final report to Parliament containing recommendations, based on the findings of his investigations.

### Legal changes

No changes were introduced to the main Acts or Regulations applicable to Sydney Ferries in 2007–08.

### Departures from Subordinate Legislation Act

There were no departures from obligations under the *Subordinate Legislation Act 1989* (NSW).

### Privacy Management Plan

Although not subject to the *Privacy and Personal Information Protection Act 1998* (NSW), Sydney Ferries has adopted a Privacy Management Plan. No complaints were received in 2007–08 alleging breaches of privacy.

### Research and development

As reported in the Year in Review section of this Annual Report, Sydney Ferries Corporation has made preparations for further trials of bio-diesel fuel. The trials will assess the impact of this non-fossil fuel source on fuel efficiency and gas particulate air emissions and follow on from trials conducted in 2005–06. No trials were carried out during 2007–08.

### Government Energy Management Policy

Sydney Ferries continued to implement its energy management strategy through further installation of energy efficient equipment and lighting as part of facility upgrade works at Circular Quay and Balmain Shipyard.

### Greenhouse Challenge Plus Program

As a member of the Greenhouse Challenge Plus Program, Sydney ferries has continued to implement initiatives of more efficient engines. Over the year Sydney Ferries released 37,093 tonnes of greenhouse gases, a reduction of 2,644 tonnes or 7% from the previous year.

### Waste

Sydney Ferries continued to work towards best practice waste management practices. Recycling programs are in place for waste oil, mobile phones and obsolete office equipment, toner and ink cartridges, paper, cardboard and containers made of glass, aluminium and plastic, concrete, scrap metals, timber, bricks, vegetation and roof tiles.

### Walker report on Sydney Ferries Corporation

A Special Commission of Inquiry into Sydney Ferries was established in April 2007 to inquire into and report on the present state of Sydney Ferries' provision of ferry services and any action which should be taken to improve the ability of Sydney Ferries to provide safe, efficient and customer-focused ferry services. Special Commissioner Bret Walker SC reported to the Premier on 31 October 2007, outlining 17 recommendations.

1. It is recommended that the Government undertake to pay a price fixed by a service contract to a private-enterprise corporation for the provision of ferry services pursuant to a service contract as required by the *Passenger Transport Act 1990* but on a provisional basis—that is, until it proves to be no more expensive than a State Owned Corporation providing ferry services pursuant to a service contract as required by the *Passenger Transport Act 1990*. This means, it is recommended that:
  - a. processes should be started as soon as possible to offer a comprehensive service contract, including fleet replacement responsibilities, to the market;
  - b. if bids from the market compare favourably with the financial and quality performance of SFC as a State Owned Corporation providing the same service, the best (not necessarily the cheapest) bid should be accepted by the Government; and
  - c. if bids from the market do not compare sufficiently favourably with the prospects offered by SFC continuing as a SOC, SFC could continue to provide the service subject to a statutory contract. (Chapter 1).



## APPENDICES

2. It is recommended that a coordinating body is established, whose role it is to ensure the transport network is properly integrated. In particular, such a body must ensure that timetables are properly coordinated across modes. In default of agreement between service providers, it should be empowered to determine changes for all of them. (Chapter 2)
3. It is recommended that an access agreement is negotiated between the operator of Sydney ferry services, whether it be SFC or a private operator, and NSW Maritime which:
  - a. gives the operator priority access to all wharves to which access is required in order to operate ferry services in accordance with current and future timetables;
  - b. enables the operator to install ticket machines, CCTV systems, PA systems, help points and customer information systems where appropriate;
  - c. enables, in appropriate locations, the operator to berth vessels overnight and implement appropriate security arrangements;
  - d. enables the operator to display appropriate signage on the wharves; and
  - e. establishes clear and practicable responsibility for maintenance. (Chapter 3)
4. It is recommended that commuter wharves be standardised. The operator of Sydney ferry services, whether it be SFC or a private operator, and NSW Maritime must work together in relation to the redesign and standardisation of commuter wharves, to ensure that wharves are appropriately designed to accommodate SFC's operational requirements, particularly with a view to the specifications of a replacement fleet. (Chapter 3)
5. It is recommended that, when current access agreements in relation to Jetty 6 expire in January 2008, new access agreements are negotiated with commercial operators on the basis that Jetty 6 must be reasonably available for use by the operator of Sydney ferry services, whether it be SFC or a private operator, during the morning and afternoon peak hour. (Chapter 3)
6. It is recommended that King Street wharf be developed as an extra operational hub to Circular Quay and a new entry point to the city for ferry passengers. The term 'operational hub' requires that all necessary infrastructure is put in place for King Street wharf to operate as an alternative to Circular Quay. This requires:
  - a. replacement of the current floating pontoon with a different wharf structure which includes appropriate disabled access;
  - b. a ticket office, ticket machines and barrier gates;
  - c. security measures to protect vessels berthed overnight and infrastructure such as ticket machines;
  - d. appropriate crew and staff amenities; and
  - e. facilities to service vessels, such as sewerage pumps, access to shore power and fresh water. (Chapter 3)
7. It is recommended that, in planning the redevelopment of the foreshore, the Government explicitly consider a range of possibilities for ferries, including an additional facility at White Bay or even, depending upon land use considerations, an entirely new facility including a new Shipyard. Any decision in relation to the future location of SFC's operations including its Shipyard should be made in consultation with the Office of the Coordinator General. (Chapter 3)
8. It is recommended that SFC disaggregate its service reliability figures including those for on-time running and services that actually run, so that separate statistics for each of Manly, Inner Harbour and Parramatta River are kept. (Chapter 3)
9. It is recommended that Division 2 of Part 3 of the Passenger Transport Act (Ferry service) is amended so as to make it consistent with Division 3 of Part 3 of the Passenger Transport Act (Regular bus services) in these respects:
  - a. removing the distinction between commercial and non-commercial contracts;
  - b. removing those provisions which confer upon a contract holder exclusive rights, potentially in perpetuity, to operate passenger ferry services on a particular route or in a particular region;
  - c. removing the provision that allows the terms of a service contract to prevail over Government's standards of safety and maintenance and any relevant legislative standards or requirements; and
  - d. inserting a provision, equivalent to s. 28C which overcomes the equitable doctrine against penalties and allows agreed penalties to be enforced against providers of passenger ferry services for a failure to meet minimum service standards set out in the service contract. (Chapter 5)

10. It is recommended that the Portfolio Minister give a written direction to the Board pursuant to s. 35K of the TA Act or s. 20P of the SOC Act on the grounds of public safety or that it is necessary for the public interest that SFC take all steps necessary for it to obtain one EBA with all afloat staff. (Chapter 8)
11. It is recommended that the Balmain Shipyard performance indicators be disaggregated to properly understand whether there are sufficient vessels available to service all routes, and, if not, which routes will suffer. (Chapter 11)
12. It is recommended that, in consultation with NSW Maritime, SFC review the safety management system to achieve the following goals:
  - a. an integrated safety information system which;
    - i. captures all hazards, OH&S incidents, audit results, non-compliance findings and near-miss reports ('incidents');
    - ii. guarantees and delivers feedback;
    - iii. permits confidential reporting;
    - iv. enables the costs of incidents to be calculated and reported upon;
    - v. consistently defines incidents which are to be reported within SFC;
    - vi. permits the accurate reporting of 'reportable incidents' to NSW Maritime which are required to be reported pursuant to legislative obligations and the MOU;
    - vii. enables the implementation of corrective action to be monitored;
    - viii. permits measurement of outcomes; and
    - ix. is capable of systemic analysis.
  - b. a just culture in which there are clear lines drawn between acceptable and unacceptable behaviour and which encourages and rewards the provision of essential safety-related information;
  - c. document control;
  - d. effective communication of lessons learned from incidents;
  - e. robust and scheduled internal audits;
  - f. regular external audit; and
  - g. effective tracking of training undertaken by staff to ensure that only those fully and up-to-date qualified to crew vessels, do so. (Chapter 10)
13. It is recommended that, in relation to its KPIs, SFC categorize the significant and reportable incidents by reference to:
  - a. the nature of the incident e.g. collision with wharf, collision with other vessel, collision with submerged object, grounding, near-miss etc;
  - b. whether any injury or fatality resulted and the seriousness of any injury;
  - c. whether any damage to property, including a vessel, occurred and, if so, the seriousness of any damage; and
  - d. minor vessel incidents including near-misses. (Chapter 10)
14. It is recommended that a new fleet be procured in accordance with the process outlined in Chapter 13. The overall aim of the replacement is to:
  - a. provide capacity for more routes and more frequent services on existing routes;
  - b. enable the large vessels to shorten travel time to and from Manly;
  - c. maximize environmental suitability, efficiency and economic maintenance. (Chapter 12)
15. It is recommended that the existing high-speed JetCat service to Manly is discontinued. (Chapter 12)
16. It is recommended that existing ferry services on the upper Parramatta River, between Rydalmere and Parramatta, are discontinued. (Chapter 12)
17. It is recommended that the devising of a specification for a replacement fleet, and the terms of a service contract including the obligation to deliver a replacement fleet, should urgently address all matters relevant to a sensible risk allocation between government and a contractor – including those set out in Chapter 13. (Chapter 13)





Sydney Ferries

Circular Quay, Sydney

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