

Sydney Ferries
Annual Report 2008-09

SAFETY SERVICE SUSTAINABILITY



Sydney Ferries

LETTER TO THE MINISTER

30 October 2009

The Hon. David Campbell MP
Minister for Transport
Minister for the Illawarra
Governor Macquarie Tower
1 Farrer Place
Sydney NSW 2000

Dear Minister

We are pleased to submit for presentation to Parliament, the Annual Report of Sydney Ferries for the financial year ended 30 June 2009.

The Annual Report has been prepared in accordance with the *Annual Reports (Statutory Bodies) Act 1984* (NSW) and the *Annual Reports (Statutory Bodies) Regulation 2005* (NSW).

Yours sincerely



The Hon. Brian Langton
Chairman



David Callahan
Chief Executive Officer (Acting)

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A 2.5 per cent increase in patronage, significant investment in vessel maintenance resulting in improved service reliability, a three-year high in customer satisfaction, completion of a new Enterprise Bargaining Agreement, a 66 per cent reduction in passenger injuries since 2007, the lowest number of collisions in five years and a decreasing carbon footprint were among Sydney Ferries' highlights for the year.

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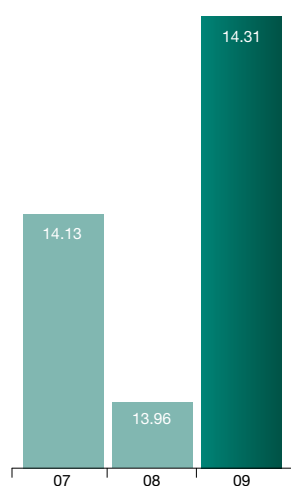
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A YEAR OF HIGHLIGHTS

2.5%
INCREASE

IN PATRONAGE

*Millions of passengers

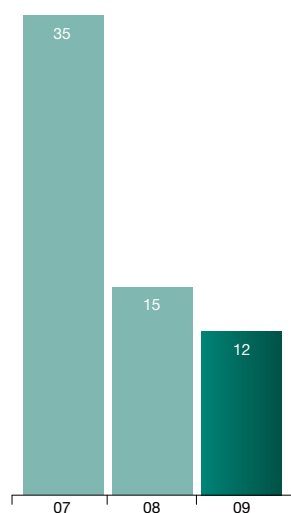


PASSENGER GROWTH EXCEEDED TARGET

Sydney Ferries' improvements in customer service have resulted in significant patronage growth in the last year.

20%
DECREASE

IN PASSENGER INJURIES



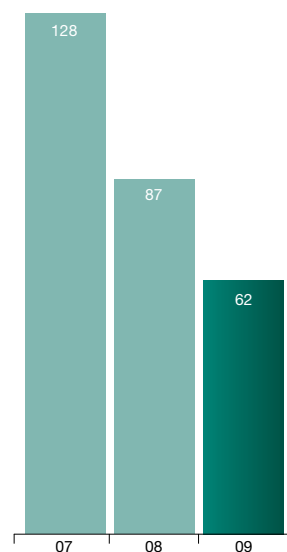
CONSISTENT IMPROVEMENT IN PASSENGER SAFETY

Improvements in safety procedures and risk management outcomes have contributed to a 66 per cent reduction in passenger injuries since 2007; a result better than target.

29%
DECREASE

IN CUSTOMER COMPLAINTS

*Per million passengers



DECREASED COMPLAINTS DUE TO SIGNIFICANT IMPROVEMENTS IN CUSTOMER SERVICE

Customer service improvements, including 99.5 per cent service reliability (a direct result of investment in vessel maintenance) and an integrated public address and CCTV network covering all wharves, resulted in decreased complaints and the highest Customer Satisfaction Index result in three years.

HUMAN RESOURCES

An historic Single Maritime Agreement

In 2008-09 Sydney Ferries successfully negotiated a groundbreaking single enterprise agreement with the Maritime Union of Australia (**MUA**), Australian Maritime Officers Union (**AMOU**) and the Australian Institute of Marine and Power Engineers (**AIMPE**).

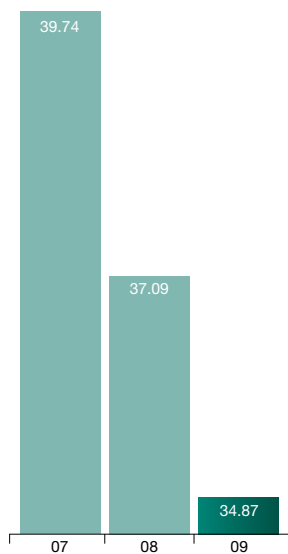
A key outcome of this was the establishment of a common set of work conditions for all maritime staff, which will deliver considerable labor efficiency and cost savings.

6%

DECREASE

IN CARBON EMISSIONS

*Thousands of tonnes of CO₂-e



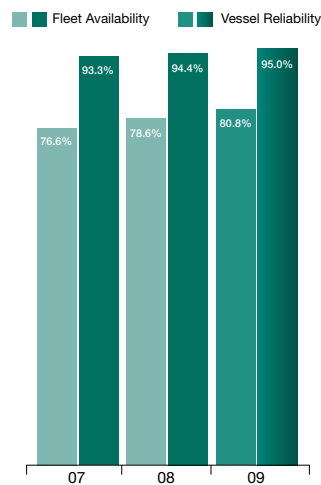
SIGNIFICANT REDUCTION IN CARBON FOOTPRINT

Sydney Ferries has decreased its carbon footprint through proactive efficiency measures.

2.2%

INCREASE

IN FLEET AVAILABILITY



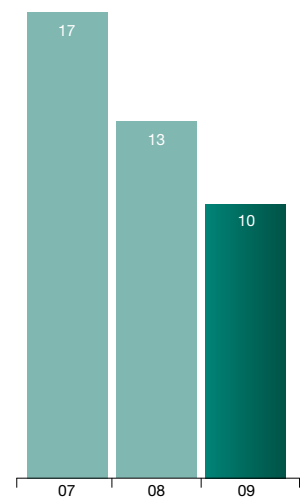
STEADY IMPROVEMENT IN AVAILABILITY AND RELIABILITY OF THE VESSEL FLEET

Fleet availability and reliability has improved despite an ageing and diverse fleet due to investment in the repair and maintenance of vessels and new management systems, including the implementation of the Mincom *Ellipse* software.

23%

DECREASE

IN COLLISIONS AND GROUNDINGS



CONTINUED DECREASE IN COLLISIONS AND GROUNDINGS

Lowest incidence rate in more than three years due to Sydney Ferries' significant investment in upgrading its risk management systems, vessel technology and safety training.

QUALITY MANAGEMENT OUTLOOK

Sydney Ferries is committed to continuous improvement through the new Safety, Health, Environment and Quality (SHEQ) Management System.

Sydney Ferries initiated the SHEQ Management System in 2008-09 to maintain the focus on quality and risk management in all areas of the business and integrate the requirements for:

- Safety Management Systems, adopting the Safety Management System Guidelines issued by the New South Wales Maritime Authority in 2004
- Environmental Management Systems, including striving to AS/NZS ISO 14001:2004
- Quality Management Systems, adopting inclusions in AS/NZS ISO 9001:2008

Sydney Ferries' commitment to continuous improvement will lead to further performance improvements in 2009-10.

CHAIRMAN AND CEO'S REPORT

During 2008-09 Sydney Ferries underwent significant change in its operational sustainability resulting from investment in vessel maintenance and historic industrial relations negotiations. These two achievements have built a platform for future efficiencies, positioning Sydney Ferries for the years ahead. The investment in maintaining the existing fleet and the focus on safety and providing reliable ferry services resulted in significant patronage growth and a marked drop in customer complaints.

Patronage growth

The 2008-09 financial year was another period of continuous improvement for Sydney Ferries. Patronage grew by 2.5 per cent to 14.31 million passengers, the highest since the Olympic Games in 2000, underpinned by 177,861 scheduled services which operated at 99.5 per cent reliability and with 98.1 per cent recorded as on-time.

Customer satisfaction

The Customer Satisfaction Index¹ rose to 76.7 per cent and complaints fell by 29 per cent to 62 per million passengers as the internal **Ferries2010** self-reform program continued.

Capital expenditure: focusing on investment in vessels and business/IT systems

Capital expenditure focused primarily on maintaining and improving our vessel fleet, with the completion of a re-engining program to extend the life of vessels, ongoing major planned maintenance works and repairs. Investment in the fleet included the installation

of improved navigational aids (radar and thermal imaging (night vision) equipment), and the implementation of the Mincom Ellipse (**Ellipse**) software (Assets and Works Management functionality).

Importantly, capital expenditure in the implementation of IT and business systems facilitated more robust financial management, the analysis of business data and performance reporting, and improved asset management.

Result of investment in the fleet

Aligned with the re-engining, maintenance and repair programs, productivity and labour utilisation at the Balmain Shipyard improved dramatically (supported by a facilities' upgrade and the **Ellipse** Assets and Works Management software). This contributed to improved vessel availability to 81 per cent and vessel reliability to 95 per cent. This, in turn, helped to reduce customer complaints.

Historic enterprise bargaining agreements

One of the highlights of the year occurred on 7 May 2009 when Sydney Ferries' maritime staff voted in favour of a ground breaking Single Maritime Agreement, which will deliver considerable labour efficiency and cost savings.

The creation of the Single Maritime Agreement facilitated a reduction in roster lines, the introduction of a new Customer Assistance Officer classification, introduction of crew-based rosters and a flat overtime rate.

Importantly, this was delivered without any industrial action and in a spirit of cooperation between Sydney Ferries' management and members from the MUA, the AMOU and AIMPE.

Investment in safety

Considerable investment in crew training and the SHEQ Management System also saw vessel incidents, recorded as collisions and groundings², fall to their lowest level in more than five years.

Other key milestones

- Completion of a re-engining program to extend the life of vessels, resulting in increased safety, improved asset utilisation and mitigation of risk.
- An upgrade of the Balmain Shipyard facilities and jetties, resulting in increased asset utilisation and improved labour productivity.
- An upgrade of the Circular Quay Operations Control Room and facilities, increasing operational efficiency.
- Installation of laptop computers onboard all vessels, enabling efficient online maintenance reporting and processing of work order requests.
- Awarded the contract for the development and implementation of the Ferry Operations and Customer Information System (**FOCIS**), which will enable Sydney Ferries to operationally manage its network with real-time information on vessel positions and passenger numbers, and provide real-time information on services to passengers on vessels, at all wharves and online.



- Installation of a Vessel Data Recording System (**VDRS**) on all vessels, a diagnostic tool that records a vessel's position, course, speed and manipulation of controls.
- Commenced installation of new navigation aids including advanced radar and thermal imaging cameras (night vision), to improve operational safety.
- Implemented *Ellipse* Integrated Management System (**IMS**) software (Financial Management and Assets and Works Management), to integrate business processes, increase asset utilisation, improve labour productivity and reduce operating costs.
- Installation of the *Kronos* Time and Attendance system, to electronically record start and finish times for employees.

Corporate governance

On 1 January 2009, Sydney Ferries became a NSW Government agency. David Callahan was appointed as Acting Chief Executive Officer and a Director on 19 March 2009 and has led a further review of Sydney Ferries' operations.

An Interim Ferry Service Contract with the Director General of the NSW Ministry of Transport³ was established setting key performance indicators. All operational targets were being achieved or surpassed as at 30 June 2009.

The review of corporate governance that accompanied Sydney Ferries' changed status, and the appointment of a new Acting Chief Executive Officer resulted in a review of the organisation's key policies and the introduction of new policies, including those relating to time and attendance, drug and alcohol testing, information technology and the Code of Conduct.

Sydney Ferries Market Review

In December 2008, the Government announced the Sydney Ferries Market Review to determine the optimal delivery model and most effective contractual arrangements for regular ferry services on Sydney Harbour. Private operators were invited to submit expressions of interest to operate the services.

The Government made it clear that the Service Contract for the delivery of ferry services will only be awarded to a private operator if the Market Review process reveals that a private operator is able to offer better value for money than Sydney Ferries.

To assist the process, Sydney Ferries analysed every aspect of its operations and made available all of its financial, operational and business documents and submitted its own business case to Government which highlighted the benefits of its ongoing self-reform program.

A decision on who will operate ferry services from 3 April 2010 is expected in December 2009.

Acknowledgment to staff

The achievement of significant milestones this year can be attributed to the staff of Sydney Ferries. Their dedication and commitment to the ongoing self-reform program is reflected in the improved performance results and increased customer satisfaction. Their contributions and acceptance of change has made Sydney Ferries more performance focused and better able to serve our customers.

Yours sincerely

The Hon. Brian Langton
Chairman

David Callahan
Acting Chief Executive Officer
and Director

¹ Independent research by The Leadership Factor Pty Ltd.

² Collisions and Groundings include harder than normal berthings and incidents where RiverCats touch the bottom in low tide conditions in the upper Parramatta River.

³ Prior to the completion of this Annual Report, on 27 July 2009 pursuant to the *Public Sector Employment and Management (Departmental Amalgamations) Order 2009*, the Ministry of Transport was abolished. From that date the functions of the Ministry of Transport were assumed by a new body, the Department of Transport and Infrastructure (**NSW Transport & Infrastructure**).

SYDNEY FERRIES' PERFORMANCE



Key Performance Measures

Under the **Ferries**2010 self-reform program launched in April 2008, Sydney Ferries focused on three areas for improvement: safety, customer service and financial performance. This translated into three programs for improvement with corresponding performance measures:

- **FerrySafe** – making the workplace and ferry services the safest they can be. The success in improving safety management was measured by:
 - Reduced number of reportable vessel incidents, especially vessel collisions and groundings
 - Reduced number of passenger injuries
 - Reduced number of environmental incidents.
- **FerryService** – improving customer service and satisfaction. The success in improving service to customers was measured by:
 - Reduced complaints per million passengers
 - Increased customer satisfaction, as measured through an independent survey
 - Increased proportion of scheduled services which operate (service reliability and on-time running) aligned to the *NSW State Plan* target of consistently meeting reliability targets for public transport
 - Increased patronage, which aligns to the *NSW State Plan* target of increasing the public transport share of trips made to and from the Sydney CBD to 75 per cent.
- **FerrySmart** – improving organisational efficiency to better manage costs and increase revenue. The success in improving efficiency and management of assets was measured by:
 - Increased proportion of time all vessels in the fleet are available for service (fleet availability)
 - Increased proportion of the fleet which operate services without a breakdown (vessel reliability)
 - Reduced days of sick leave per employee.

The 2008-09 targets for each of these measures are detailed below, as well as the results of Sydney Ferries' performance for the full year.

Since the commencement of the Interim Ferry Service Contract with the NSW Ministry of Transport³ on 1 January 2009, Sydney Ferries had met or exceeded every operational performance indicator target as at 30 June 2009.

³ Prior to the completion of this Annual Report, on 27 July 2009 pursuant to the *Public Sector Employment and Management (Departmental Amalgamations) Order 2009*, the Ministry of Transport was abolished. From that date the functions of the Ministry of Transport have been assumed by a new body, the Department of Transport and Infrastructure (NSW Transport & Infrastructure).

SYDNEY FERRIES

2008-09 PERFORMANCE

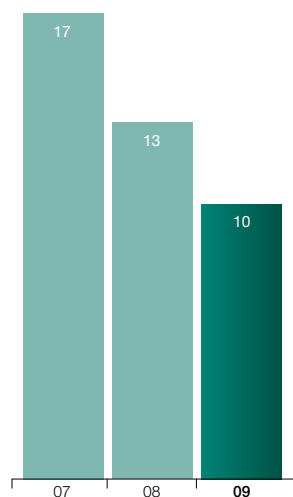
SUMMARY OF NON-FINANCIAL PERFORMANCE

Key Performance Indicator	2008-09 Target	2008-09 Result	2007-08 Result	2006-07 Result
FerryService				
Patronage growth ¹	1%	2.5%	-1.2%	0.8%
Customer complaints (per million passengers)	60	62	87	128
Customer Satisfaction Index ²	78%	76.7%	76.3%	75.0%
Service reliability ³	99.5%	99.5%	99.4%	99.3%
On-time running ⁴	99.5%	98.1%	98.3%	98.0%
FerrySafe (target upper limits)				
Significant vessel incidents ⁵	0	1	0	2
Collisions and groundings ⁶	15	10	13	17
Reportable vessel incidents ⁷	60	61	109	68
Passenger injuries ⁸	16	12	15	35
Reportable environmental incidents ⁹	7	5	4	6
Lost Time Injury Incidence Rate (<i>Injuries per 100 employees</i>)	4.0	7.7	7.4	8.1
Lost time Injury Frequency Rate (<i>Injuries per million hours worked</i>)	25	60	49	55
FerrySmart				
Fleet availability ¹⁰	80%	80.8%	78.6%	76.6%
Vessel reliability ¹¹	95%	95.0%	94.4%	93.3%
Days sick leave per employee	7	10.5	9.2	8.4

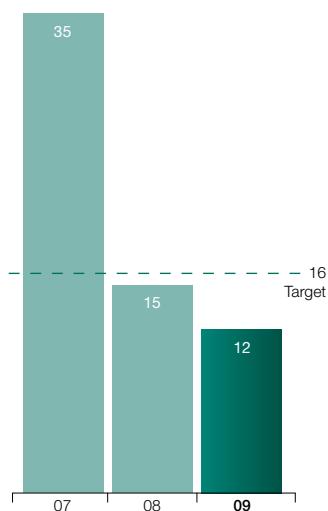
Notes:

- 1) Includes patronage on the Manly JetCat service which ceased on 31 December 2008. Patronage growth on all services excluding the Manly JetCat was 5.8 per cent.
- 2) Independent measure of customer satisfaction relative to importance against a range of service aspects.
- 3) Proportion of actual services relative to the number of scheduled services.
- 4) Proportion of actual services departing on-time (within five minutes of its scheduled departure: measured at Circular Quay).
- 5) Incidents resulting in loss of life, life-threatening injury or injury to multiple persons, and/or damage over \$100,000.
- 6) Collisions and groundings include harder than normal berthings and incidents where RiverCats touch the bottom in the upper Parramatta River.
- 7) Marine accidents reportable to the Maritime Authority of New South Wales (**NSW Maritime**) as defined under section 94 of the *Marine Safety Act 1998* (NSW). While the goal is a result of zero incidents, the ultimate target of 50 reflects a target of 99.99 per cent of the over 500,000 annual berthings conducted without incident. Result includes 'significant' incidents. This KPI measure includes 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.
- 8) Passenger injury that occurs as a result of ferry operations and requires medical attention.
- 9) Reportable incidents under Sections 10 and 20 of the *Marine Pollution Act 1987* (NSW) and Part 5.7 of the *Protection of the Environment Operations Act 1997* (NSW).
- 10) Percentage of fleet available for scheduled services (days available as a percentage of total working days).
- 11) Percentage of available vessels that remain in service without withdrawal as a consequence of mechanical failure.

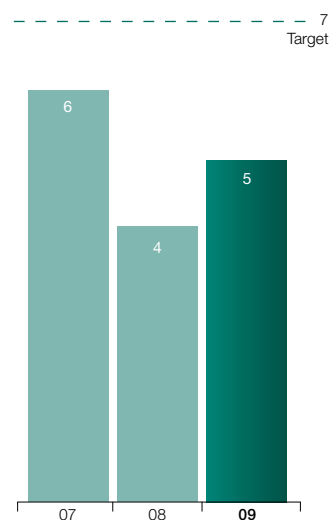
SYDNEY FERRIES PERFORMANCE CONTINUED



COLLISIONS & GROUNDINGS



PASSENGER INJURIES



ENVIRONMENTAL INCIDENTS

Key FerrySafe Results

Since 2006-07, Sydney Ferries has implemented significant performance improvements in safety. **Trends show a constant improvement in these measures with a 23 per cent decrease in collisions and groundings and a 20 per cent decrease in reportable passenger injuries in the past year.**

These improvements have been achieved on the back of major safety initiatives including:

- Development and implementation of the SHEQ Management System
- Professional development of vessel Masters.

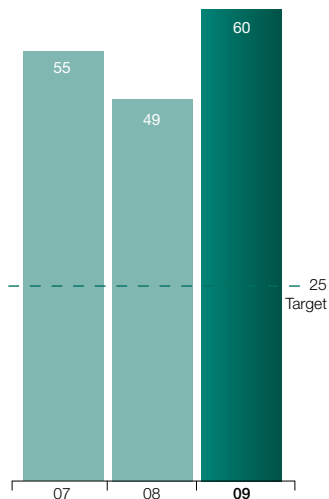
- Increased drills and training, including the *International Regulations for Preventing Collisions at Sea* and the *Code of Conduct for Vessels Operating in Sydney Cove*
- Investment in new navigational aids technology (radar and thermal imaging cameras) and the Vessel Data Recording System (a diagnostic tool)
- Upgrade of double rail gangways with electro-hydraulic assistance.

One significant incident was recorded on 23 November 2008 when the *Lady Northcott* vessel on approach to Circular Quay collided with the *Friendship* vessel which was berthed at the Jetty 2 pontoon.

The Master reported the No 2 clutch failed to engage. While the Master successfully initiated a change to backup controls, it was too late to prevent the collision. This was classified as a significant incident as more than a \$100,000 damage occurred. No passengers or crew were injured.

While recent performance has been encouraging, Sydney Ferries continues to improve on its safety performance.

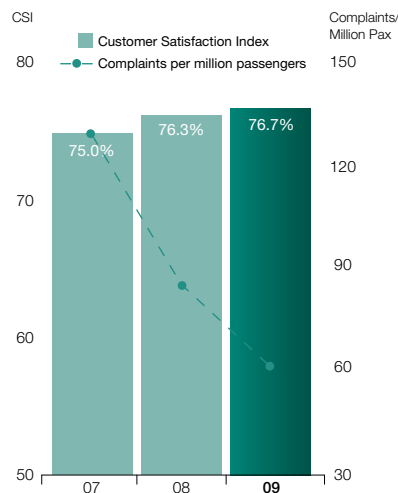
Sydney Ferries has consistently achieved the target of seven or fewer reportable environmental incidents over the last three years and is aiming to progressively decrease the target to zero by 2015-16.



LOST TIME TO INJURY FREQUENCY RATE

Lost Time to Injury remains a challenge for the organisation, with relatively constant results over the last five years despite considerable investment in training, infrastructure and revised work practices. Sydney Ferries is now implementing a number of changes to work practices to reduce lost time injuries:

- Introduction of electronic gangways
- New toolbox training initiatives
- The engagement of a specialist occupational medical service and staff physiotherapist
- Implementation of an all parties consultative Occupational Health and Safety forum.



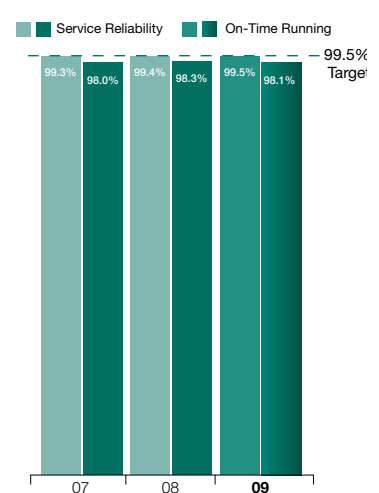
CUSTOMER SATISFACTION

Key FerryService Results

The extensive self-reform program refocused Sydney Ferries on the customer experience. As a result, patronage increased by 2.5 per cent despite the cessation of the Manly JetCat service on 31 December 2008. Excluding the Manly JetCat service, patronage increased by 5.8 per cent for the year.

Importantly, Customer Complaints and the Customer Satisfaction Index steadily improved with a 29 per cent decrease in complaints and the highest customer satisfaction in three years. In addition, 88.2 per cent of customers indicated they will continue to use Sydney Ferries as a preferred mode of transport and 90.7 per cent have recommended the service to others.

To continue improving, the organisation began the FOCIS project, which will provide real-time information to customers on all wharves and vessels and will assist ferry controllers, starting mid 2010.

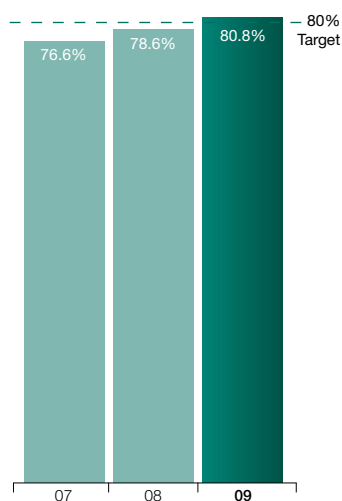


SERVICE RELIABILITY AND ON-TIME RUNNING

Service Reliability is the most critical measure of success for public transport operators and reliability is a key driver of customer satisfaction. Sydney Ferries has consistently increased its reliability over the last three years and met the target of 99.5 per cent in 2008-09. This target is above historical performance.

On-Time Running has remained fairly constant in recent years despite the increasing complexity presented by other vessels and weather conditions on Sydney Harbour.

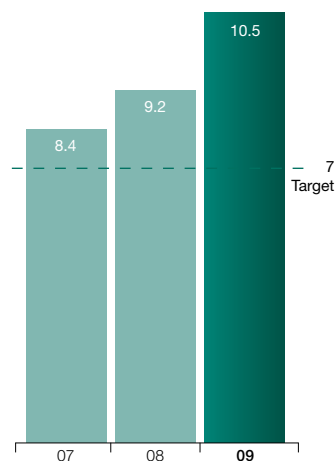
SYDNEY FERRIES PERFORMANCE CONTINUED



FLEET AVAILABILITY



VESSEL RELIABILITY



DAYS OF SICK LEAVE PER EMPLOYEE

Key FerrySmart Results

In March 2006, Sydney Ferries established a Vessel Availability Plan to improve the low Fleet Availability record of 65 per cent recorded in February 2006. **As a result of improved asset management both Fleet Availability and Vessel Reliability steadily increased. Fleet Availability now consistently exceeds the target of 80 per cent and increased by 2.2 percentage points over the previous financial year.**

These improvements in asset management have been made while utilising an ageing and diverse fleet. Initial implementation of the *Ellipse* IMS and planned maintenance schedules to maximise availability during the peak Summer Running period are two key factors in the success.

Days of Sick Leave per Employee remains high. Sydney Ferries is committed to reducing sick leave and unauthorised absences through the following strategies:

- A documented sick leave and absenteeism management plan to identify and better manage employees with high levels of sick leave or absence. Sick leave reviews are undertaken in respect of employees who have a high sick leave record.
- Improved performance management, to monitor and manage employee absenteeism.
- *Kronos* Time and Attendance System (mandatory electronic swipe 'on and off' for all staff) which will improve the integrity of absenteeism data and therefore the management of sick leave and absenteeism.

In addition, the new Single Maritime Agreement 2009 aims to reduce the need for uncertified absences to fulfil personal or family requirements, by providing greater flexibility to take single days of accrued annual leave.

FINANCIAL OVERVIEW

Operating Performance

Sydney Ferries' operating deficit before tax was \$14.5 million, \$4.2 million higher than the budget of \$10.4 million and \$14.1 million higher than 2007-08. During the year, Sydney Ferries invested \$29.1 million in capital expenditure on a range of projects and major periodical maintenance of vessels, to improve the operation of the business.

Revenue

Total revenue for the year was \$130.5 million. Farebox revenue contributed \$48.6 million and Government funding contributed \$80.5 million. Other Income of \$1.4 million included \$0.4 million rent and advertising income and \$0.5 million reimbursement from the Ministry of Transport for the Ferry Market Review data room set up costs.

Farebox Revenue was \$0.7 million lower than budget and \$0.2 million lower than 2007-08, mainly due to the cessation of the JetCat service on 31 December 2008 and the impact of a new discounted fare product, the *Family FunDay Sunday* ticket, introduced in December 2008.

Expenses

Total expenses were \$145 million, which was \$4.5 million above budget and \$14.1 million higher than 2007-08.

Total employee benefits of \$68.2 million were \$0.8 million below budget. The major contributors to this favourable variance were wages, \$1.5 million (due to a recruitment freeze) and retirement benefits decreased by \$1.6 million as a result of the change in accounting treatment of actuarial gains/losses from defined benefit superannuation funds. Included in expenses was a provision of \$1.8 million for staff redundancies arising from cessation of the JetCat service.

Ferry and bus hire expenses were \$0.8 million below budget due to the conclusion of the vessel re-engining program and resultant increase in vessel availability.

Fleet running expenses of \$19.0 million were \$0.6 million above budget and \$1.4 million higher than 2007-08 due mainly to the impairment of JetCat spare parts of \$0.6 million.

Depreciation, amortisation, and impairment expenses of \$19.8 million were \$3.7 million higher than 2007-08 due to significant capital expenditure incurred in 2007-08.

Another major expense item included in 2008-09 was the JetCat value impairment of \$3.4 million.

Financial position

As at 30 June 2009, Net Assets totalled \$4.6 million, representing a decrease in Equity of \$32.9 million during the financial year. The net decrease was a result of \$14.5 million Operating Deficit, \$7.1 million superannuation actuarial loss recognised directly to Equity, \$23.9 million loss from transfer of wharves to NSW Maritime, partly offset by a \$12.6 million increase in asset revaluation reserves.

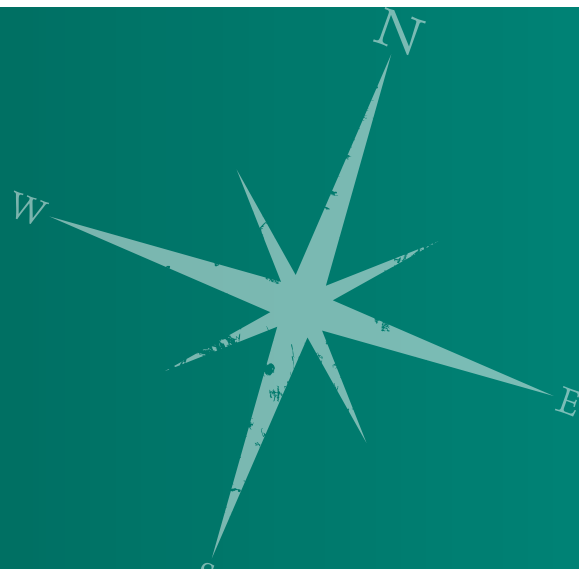
KEY MEASURES, PERFORMANCE AND RESULTS

Performance Indicator	2008-09 Target	2008-09 Result	2007-08 Result	2006-07 Result
Earnings before interest, taxes and depreciation and amortisation (\$m)	16.1	12.0	18.3	16.8
Operating result before tax (\$m) (unrestated)	(10.4)	(14.5)	(3.9)	(2.9)
Return on average assets ¹	(2.6%)	(6.1%)	1.9%	2.1%
Return on average equity ²	(38.2%)	(68.9%)	(10.6%)	(7.7%)
Government funding ³	80.6	80.5	81.1	71.2

Notes:

1. Operating results before interest and tax as a percentage of average total assets.
2. Operating results after interest and tax as a percentage of average total equity.
3. Includes concession and services funding from Government.

ABOUT SYDNEY FERRIES



An Australian Icon

A ferry service in Sydney Harbour was commenced by the North Shore Ferry Company in 1861 when it began proudly carrying commuters, leisure and tourist travellers.

Today, Sydney Ferries is recognised as an Australian icon supporting passengers to travel on Sydney Harbour and its related waterways.

Who We Are

For the first six months of the financial year from 1 July 2008 to 31 December 2008, Sydney Ferries was constituted as a statutory State-owned Corporation under the *Transport Administration Act 1988* (NSW) (**TA Act**). On 1 January 2009, Sydney Ferries was reconstituted as a statutory corporation under the TA Act and became a NSW Government agency.

Our Vision

To provide a safe, reliable, customer-focused and sustainable passenger ferry service on Sydney Harbour and its related waterways.

Our Strategy

The **Ferries2010** self-reform program summarised the strategy to maintain this vision and included programs to improve safety, customer service and financial performance.

Our 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 more than 14 million passengers each year to 40 destinations on eight separate routes, 20 hours per day, seven days per week.

Circular Quay is the main hub of the network, with 516 services each weekday travelling to destinations on eight service routes:

- 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 events, such as Australia Day and New Year's Eve.

Our Customers

Sydney Ferries' passengers comprise two main groups:

- People travelling to work or education. The NSW Transport Data Centre's Household Travel Survey indicates that 47 per cent of weekday passengers are travelling to work or education.
- Off-peak and casual passengers (including residents and tourists) travelling for leisure purposes, with Manly, Taronga Zoo, Darling Harbour and Watsons Bay among the most popular destinations. Many customers catch a ferry just for the experience.

Our People

At 30 June 2009, Sydney Ferries employed 668 people⁶ in customer service, ferry operations, maintenance, ticketing, management and administration.

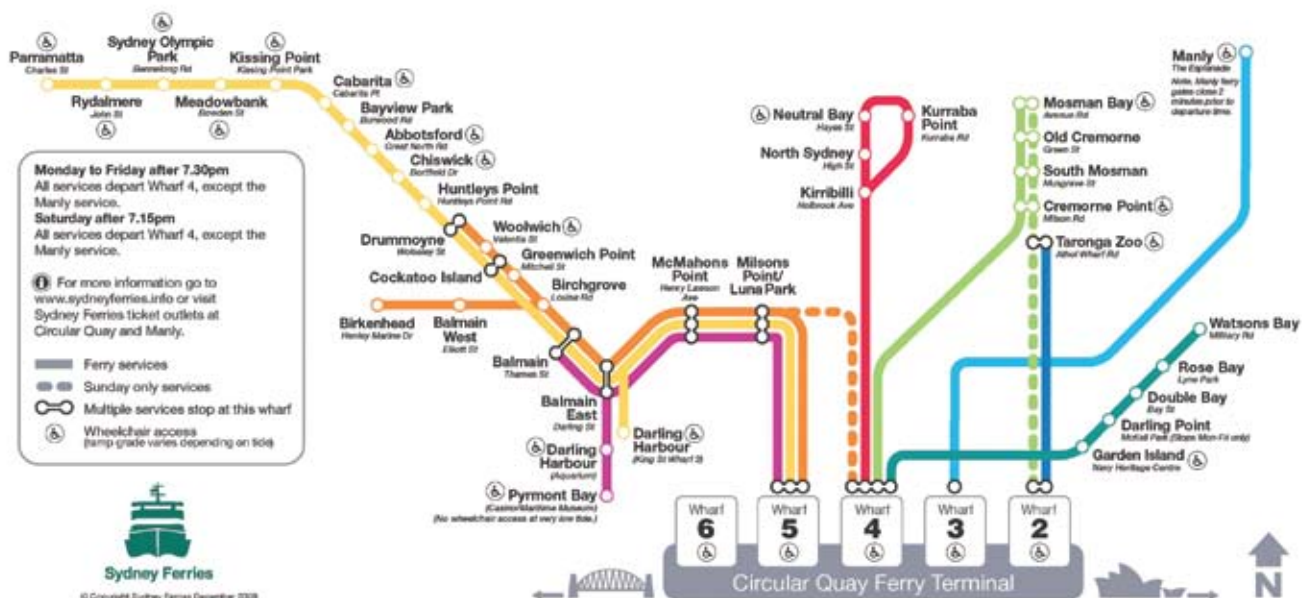
Sydney Ferries has five workplaces:

- 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 vessels

6 Full-time equivalent staff members, excluding contractors.



SYDNEY FERRIES' FLEET





Sydney Ferries' Fleet

Sydney Ferries' fleet currently consists of 28 vessels in six classes. However, for the first half of 2008-09 three additional JetCat vessels operated services to Manly.

Freshwater Class

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

Freshwater, Collaroy, Narrabeen, Queenscliff

JetCat Class

Three JetCats ran a high-speed, peak-hour service between Manly and Circular Quay until 31 December 2008 when these vessels were withdrawn from service and later sold.

Blue Fin, Sea Eagle, Sir David Martin

First Fleet Class

The nine First Fleet Class ferries are named after nine of the 11 vessels in the First Fleet that sailed to New South Wales to establish a colonial 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 Mathews, Marjorie Jackson, Nicole Livingstone, Shane Gould

SuperCat Class

These four catamaran vessels primarily service the Eastern Suburbs.

Louise Sauvage, Mary MacKillop, SuperCat4, Susie O'Neill

HarbourCat Class

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

Anne Sargeant, Pam Burridge

2008-09 YEAR IN REVIEW

Sydney Ferries continued its **Ferries2010** self-reform program in 2008-09, strengthening its ability to deliver safe, reliable, customer-friendly and efficient ferry services.

The reform program focused initiatives into three key priority areas, **FerrySafe**, **FerryService** and **FerrySmart**:



The focus of these initiatives was to embed improvements to the Safety Management System, including implementation of the risk management framework, training and drills, and engineering enhancements. Sydney Ferries' investment in safety continues to generate planned performance improvements.

IMPROVED SAFETY

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

The risks associated with operating ferry services on Sydney Harbour are many and increase with more recreational traffic increases. Where it is not possible to eliminate risks, Sydney Ferries seeks to manage its risks to a level as low as reasonably practicable (**ALARP**) through functional improvements and training.

Performance improvements in safety in 2008-09 resulted from major safety initiatives:

- Development and implementation of Sydney Ferries' Risk Management Framework
- Professional development of vessel Masters, Engineers and General Purpose Hands
- Significantly improved initial training for all vessel crew
- Increased refresher training in all safety related areas including

confined spaces, fire and risk management

- Investment in new navigational aids technology (radar and thermal imaging cameras) and the Vessel Data Recording System (a diagnostic tool)
- Implementation of crew-based rosters on 29 June 2009, resulting in crew working in teams on particular vessels which enables the Master of a vessel to better manage crew resources and performance.

Risk Management

Sydney Ferries takes a risk management approach to all of its operations. A Risk Management Framework was implemented in 2008-09 which guides decision making and planning. The aim is to reduce preventable incidents and work-related injuries and illness through the systemic management of risk and constant reinforcement of the safety message and culture.

The Risk Management Framework allows Sydney Ferries to further identify, assess and control safety risks, and is complemented by a

software application to record risk assessments, risk controls and accountabilities of these events.

Sydney Ferries' Safety Management System includes risk registers for decision-making purposes and exceeds NSW Maritime's requirements of a commercial vessel operation on Sydney Harbour to have a Safety Management System.

The Safety Management System provides the architecture to implement business processes while continuing to demonstrate the flexibility to meet changing business demands. Sydney Ferries' commitment to continuous improvement was reinforced through its recent review of the safety and quality management systems and implementation of its revised SHEQ Management System.

Targeted Safety Training Activities

Staff training forms a core component of the SHEQ Management System and provides a critical link between the overarching safety principles and the day to day operations of the business. In accordance with the SHEQ Management System, staff are required to complete a



range of training programs that ensure all accreditation requirements are satisfied, and the organisation operates with 'best practice' work methods.

Sydney Ferries has revised a comprehensive suite of training programs specifically tailored to satisfy the needs of the business. As a Registered Training Organisation, Sydney Ferries is able to deliver training and assessment to nationally recognised standards as required. Its training programs are supported by both regulators and the Transport and Logistics Industry Skills Council.

Organisational Induction Training

Sydney Ferries' culture of safety is reinforced by its continued strong induction training program which fully complies with the International Standards Organisation ISO 9001 and the International Safety Management (ISM) Code. The course covers topics such as the Code of Conduct, Sydney Ferries' business operations and occupational health and safety. It also includes a range of ISM Code 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 79 new staff and contractors during 2008-09.

High Speed Vessel Navigation Training

Sydney Ferries ensured that all Masters undertook refresher training in high speed vessel navigation at the Australian Maritime College in Launceston, Tasmania. The course is built around an internationally recognised qualification and is customised to the risks that Sydney Ferries' Masters face in operating ferry services on Sydney Harbour. It provides Masters with refresher training in the navigational, safety and human factors (including situational awareness) aspects of high speed vessel navigation and operations within a working harbour environment, legislative and regulatory requirements, and addressed aspects of Sydney Ferries' Safety Management System and Crew Resource Management training.

The course content included:

- Elements of the International Code of Safety for High-Speed Craft
- Command and Control responsibilities
- Basic radar operations
- Compliance and obligations under the *International Regulations for Preventing Collisions at Sea*
- Better understanding of the Global Positioning Systems (GPS)
- Contingency planning
- Simulation familiarisation
- Completing all vessel documentation eg, drill and log books
- Maintaining a proper lookout and the need for crew to exchange accurate information
- The full use of all the components of the radar unit.

The use of a simulator provided the benefits of navigating in 'real life situations' including restricted visibility, such as rain and fog, etc. and enabled the crew (Master and simulator instructor) to communicate information effectively and work as a team. The simulator also provided the opportunity to experience the



new technology of infrared ('night vision') cameras that Sydney Ferries is installing across the fleet. A total of 83 Masters attended this course.

Safety Drills

Drills remain an important part of Sydney Ferries' Safety Management System. Some 6,432 drills were completed by vessel-based crew, and 1,186 by shore-based staff.

Confined Spaces Training

Confined spaces training was targeted during 2008 as an important initiative in addressing an identified risk. The training program provided by a WorkCover-accredited RTO was tailored to suit Sydney Ferries' operating environment.

The training provided staff with the competencies to take preventative action to avoid a confined spaces incident. In total, 425 crew participated in this training and were awarded relevant national competencies.

Masters Traineeship Program

Sydney Ferries has worked with both NSW Maritime and the Transport and Logistics Industry Skills Council to develop a Master Traineeship program leading from Master Class 5 to Master Class 4. The traineeship is the first in Australia to fully integrate 'on and off the job' training and assessment. Sea time has been integrated into a program that is divided into five phases providing for competency development in the classroom, on vessels and in highly targeted outplacements. The course will give participants work experience with other maritime organisations to ensure the breadth of their training is suitable for all the responsibilities that come with being awarded a Master 4 Sheltered Waters Certificate of Competency by NSW Maritime.

Sydney Ferries advertised internally and had 25 applicants for the Master 5 to Master 4 Internal Traineeship Program. The candidates all participated in a merit-based selection process and three candidates were appointed to start on 6 July 2009.

Fleet Standards

Sydney Ferries' Fleet Standards Group provided advice and guidance to ensure that a high standard of safety performance, seamanship standards and customer service was achieved. The Fleet Standards Group audited vessels and monitored the legislative requirements on drills for crews in emergency procedures.

The Fleet Standards Group also inspected fleet assets to ensure standards were maintained, undertook return-to-service inspections after vessel docking or maintenance and managed monthly 'snapshot' inspections across the fleet to cross-check the progress of work against vessel audit inspections, to maintain acceptable standards.

Vessel Incidents

This year's 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.



Consistent Reduction in Vessel Incidents:

In 2008–09, Sydney Ferries recorded 10 collisions and groundings, a 23 per cent decrease from the previous year, while reportable vessel incidents decreased by 44 per cent. This improvement was achieved in spite of an increasingly congested operating environment in the harbour, an ageing and mixed fleet and complex operational and maintenance protocols.*

Safety in relation to passenger incidents also improved in 2008–09.

Reduction in Passenger Injuries:

Reportable passenger injuries decreased by 20 per cent in 2008–09 recording 12 injuries. This represents a 65 per cent reduction in injuries over the past three years.

Vessel Data Recording System

Sydney Ferries has installed Vessel Data Recorders across the fleet to log the time, vessel speed, position and heading information from GPS. The data is stored in a secure module on each vessel and is used to display and analyse data following a vessel

incident. The system also has the capability to record images from radar systems, command and mechanical response data. The system enables Sydney Ferries to:

- Assist training and continuous improvement
- Introduce measures to minimise the possibility of an incident.

Navigational Aids

Following successful trials in 2008, Sydney Ferries' fleet is being equipped with modern radar and thermal imaging cameras that will enable Masters to monitor and map the waterways in all conditions. Upgraded radar equipment will scan the area around the vessel and send real-time information on the vessel's direction and the location of other vessels and potential obstacles, back to the ferry bridge. Thermal imaging equipment will offer a form of 'night vision', using a camera to measure the temperature differences between the objects and water to provide a digital view of the water allowing the Master to 'see' moving or moored objects in the dark.

Security

Sydney Ferries continued to comply with State and Commonwealth Government security requirements, and is represented at key security meetings.

Key personnel have been accredited with Maritime Security Identification Cards. If maritime security levels increase within the Harbour, appropriate ferry personnel are able to access secure areas to carry out ferry refuelling so as to maintain the service requirements.

On-the-job security refresher training is carried out annually through bomb threat exercises conducted internally and with interaction of external emergency services and maritime agencies.

Sydney Ferries continued to work closely with external agencies, including NSW Maritime, NSW Police, Defence and ASIO, on security issues and training exercises.

* Collisions and Groundings include harder than normal berthings and incidents where RiverCats touch the bottom in low tide conditions in the upper Parramatta River

IMPROVED CUSTOMER SERVICE



A greater emphasis on creating initiatives and better work practices to improve the customer experience was a major focus of the **Ferries2010** self-reform program.

Sydney Ferries provides a safe, quality service that is responsive to its customers. Valuable customer feedback assisted the improvements in customer satisfaction in 2008-09. A result of these improvements was patronage growth above and beyond expectations, even with the cessation of the Manly JetCat service.

Patronage Growth Exceeds Target: In 2008-09, Sydney Ferries operated 177,861 services and carried more than 14.31 million passengers on Sydney Harbour and the Parramatta River, an increase of 2.5 per cent on the previous year. Excluding JetCat, patronage growth was 5.8 per cent.

Customer research confirmed that reliability of ferry services and the availability of timely service information are both critical to customer satisfaction. Sydney Ferries

continues to develop and implement initiatives to:

- Develop real-time passenger information (FOCIS)
- Improve responsiveness to seasonal fluctuations with the introduction of Customer Assistance Officers
- Renew the Customer Charter to improve and document the focus on customers

Annual Customer Satisfaction Survey

The fourth annual Customer Satisfaction Survey was independently conducted in May 2009. The customer satisfaction index result (calculated from both the importance and satisfaction ratings provided by each respondent) rose again to 76.7 per cent, an increase of 0.4 points on the previous year, and the best result over the four years.

Customer satisfaction results for the important areas of safety, comfort and reliability are high and satisfaction with service reliability increased significantly in 2008-09. Much of this can be attributed to the reliability of services reaching the target of 99.5 per cent this year.

The 2009 survey confirmed an increase in satisfaction for every requirement except 'Comfortable, relaxing and pleasant', 'Comfort of seating on board' and 'Cleanliness of the interior' mainly due to issues on Manly ferry services. Sydney Ferries has identified these issues for improvement with response strategies outlined in its Asset Management Strategy.

For instance, new seats will be installed in the Manly Freshwater vessels commencing in November 2010.

In addition to increases in overall satisfaction, internal management of customer feedback also improved in 2008-09.

Significant Reduction in Customer Complaints: Sydney Ferries' renewed focus on providing strong customer service resulted in the lowest number of customer complaints (62 per million passengers) and the highest Customer Satisfaction Index over a three year period. The key customer service processes and controls in place have been independently audited against best practice benchmarks.

To leave feedback please contact 131 500 Transport Info.



Ferry Operations and Customer Information System

Significant progress has been made towards implementing the GPS-based FOCIS which will enable Sydney Ferries to operationally manage its network with real-time information on vessel positions and passenger numbers.

It will also provide real-time service information to passengers via automated LCD displays and audio announcements on all 43 wharves and 28 vessels.

Information will automatically be updated online and an SMS service will also be available to provide timely service information.

By April 2010, FOCIS will be implemented at Circular Quay, Manly, Mosman and Taronga Zoo wharf.

- By June 2010, FOCIS will be implemented at Neutral Bay and Darling Harbour.
- By September 2010, FOCIS equipment will be installed on all remaining wharves and vessels.

Summer Running Campaign

Sydney Ferries again experienced high patronage over the summer months, with the highest monthly patronage in January 2009 of 1.59 million compared to the lowest monthly patronage of 0.95 million in June.

The annual summer campaign provided customers with information about additional services, Harbour events and service disruptions.

The campaign included print, radio and web media, poster signage and displays. Key information was produced in a 37-page Summer Services Guide. A letterbox drop campaign targeted 115,000 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 and additional customer service staff were deployed.

Sydney Ferries' Customer Charter

Sydney Ferries will launch a revised Customer Charter in 2009 to confirm its commitment to deliver the highest standard of customer service.

Eight Charter commitments will respond to the priorities identified through customer research and highlight the benefits from new systems like FOCIS and navigation aids that will contribute to enhanced safety and reliability of ferry travel on Sydney Harbour. The Customer Charter will be available on wharves, vessels and online.

25 New Customer Assistance Officers (CAOs)

Sydney Ferries also introduced the new CAO role. Twenty-five new CAOs will assist customers in ticket sales and passenger information.

EFFICIENT BUSINESS MANAGEMENT



Alongside the safety and customer service self-reform initiatives, Sydney Ferries made a number of changes to improve its performance, reduce costs, increase revenue and operate more efficiently.

The current service model for Sydney Ferries is based on historical routes and the vessel fleet. Improvements in the effectiveness of operating processes, as well as the interactions between vessel maintenance and operational activities, are major areas of focus.

The decision to invest significantly during 2008-09 in maintenance programs for vessels (including major periodic maintenance) addressed the risk of mechanical failure, vessel availability and vessel reliability.

Sydney Ferries' asset management has improved this year due to targeted investments and upgrades such as vessel re-engining and life

extension projects. The successful implementation of the *Ellipse* IMS also generated significant improvements in maintenance.

Steady Improvement in Efficiency of Fleet Management: *The new Ellipse IMS and Vessel Availability Plan led to improvements in vessel availability and reliability in 2008-09, despite the ageing fleet. These programs created better targeted and more efficient maintenance activities with average fleet availability increasing 2.2 percentage points to exceed the 80 per cent target and average vessel reliability rising a further point to 95 per cent.*

Phased Installation of the *Ellipse* IMS

This system creates a central integrated database of Sydney Ferries' information from a variety of sources across the organisation. Common fields are available across the functional records for finance, incidents, maintenance and human resources.

Sydney Ferries' vessel maintenance operations have recently undergone a major structural shift following the adoption of the *Ellipse* IMS-based resource planning and allocation system. The new system eliminates much inefficiency. Transition from the old paper system to *Ellipse* took place in 2008-09.

The *Ellipse* IMS provides Sydney Ferries with a comprehensive capability to professionally plan and manage fleet maintenance in real-time. One of the key advantages of the new system is the development of a detailed maintenance database containing records of all works undertaken including scheduled component replacements, time and cost. These records are used to optimise future resource allocations and inventory requirements.

Although these are new processes, significant productivity gains have already been achieved. This resulted in a large increase in staff utilisation which is expected to further increase as the processes become embedded in the organisation.



Total Asset Management Plan

Sydney Ferries' Total Asset Management Plan (**TAMP**) was approved by the Board in June 2008. The TAMP provides a 20-year view for the major asset categories over their lifecycle.

The plan brings together operational priorities and resource capabilities for asset maintenance planning. This has facilitated more efficient resource deployment and improved operational outcomes.

Projects that are still in the planning phase or are yet to be implemented include:

- Structural and safety improvements to Jetties 1, 2 and 3 at the Balmain Shipyard;
- Refurbishments to key components of the hydraulic loading ramps at Circular Quay and Manly wharves to extend their operability for another five years pending their replacement;
- Refurbishment of the western side of Jetty 4 at Circular Quay to revise ticketing facilities and extend commercial leasing opportunities

- Wharf facilities standardisation program – in conjunction with NSW Maritime, including disabled access and general passenger information and related facilities
- Enhancement to King Street wharf facilities including ticketing controls to address revenue protection
- Development of a Master Plan for ferry operation hubs and future overnight berthing arrangements in conjunction with timetabling and resources optimisation strategies.

Sydney Ferries lodged its TAMP with NSW Transport and Infrastructure and NSW Treasury on 31 March 2009 to assist development of the State Infrastructure Strategy.

Vessel Maintenance and Modification

Sydney Ferries' fleet of 28 vessels, with an average age of 19 years, requires a strong focus on maintenance and upgrades to enhance service reliability.

Work was finalised on the First Fleet and RiverCat Class Lifetime Extension Program in 2008-09. Vessels were

equipped with new engines, new control systems, shafts, propellers and generator sets and a range of vessel enhancements to improve vessel performance, safety and environmental performance, at a cost of \$8.02million.

Following completion of re-engining upgrades, Masters and crews were trained on the new engineering, emergency and operational characteristics. The re-engining upgrades also allow for increased use of bio-diesel in the fleet.

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.

A total of \$10.5 million was spent on vessel scheduled maintenance, including labour and material costs. Maintenance scheduling and efficient labour allocation was enforced by further development of the work order system and the installation of laptops on board vessels to automate reporting of maintenance requirements.



Vessel Refurbishments

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

Human Resources Management

The people of Sydney Ferries are central to its success in delivering safe and customer-friendly services.

Single Maritime Agreement

In 2008-09 Sydney Ferries successfully negotiated with three maritime unions to deliver a single Enterprise Agreement within Government wage guidelines and without any industrial disputation. The negotiations delivered a single Enterprise Agreement for Sydney Ferries' Masters, Engineers and General Purpose Hands (GPHs) who represent over two thirds of Sydney Ferries' staff.

The new Enterprise Agreement underpins significant reform in Sydney Ferries' rostering, through team-based work arrangements to improve safety and customer service. New crew-based rosters were implemented on 29 June 2009 with a reduction of total staff numbers from 385 to 363, and the inclusion of training time in normal work hours, creating the opportunity for significant cost savings. The new rostering arrangements provide for operational performance and workforce utilisation improvements by enabling cross training and multi-skilling of crew.

25 New Customer Assistance Officers

Twenty-five new CAOs will replace GPH customer service roles in ticket sales and customer information during the term of the Sydney Ferries' Maritime Agreement 2009. The new role offers more flexible working conditions to better match staff requirements to peak period demand while reducing annual costs. Performance management processes were also agreed.

Ellipse Human Resources Management Modules

During the fourth quarter of 2008 Human Resources implemented the first two modules of the new Human Resources' Information System.

Sydney Ferries has implemented the *Ellipse* Asset and Works Management software at the Balmain Shipyard, which has transformed the allocation and management of work from a paper-based system to an integrated system that links work requests and stores requisitions from vessel crews directly to the Shipyard. This facilitates forward works planning, efficient allocation and use of maintenance resources and helps to reinforce the performance management culture that Sydney Ferries is seeking to build.

Kronos Electronic Time and Attendance System

In July 2008 Sydney Ferries introduced the *Kronos* Time and Attendance System. Every employee and contractor has been provided with an electronic swipe card and is required to swipe on and off at the beginning and end of the work day.



The *Kronos* system has been expanded to include rostering for afloat staff. *Kronos* provides improved visibility of staff availability and roster line coverage to Sydney Ferries Staff Allocation Officers, leading to fewer uncovered shifts and thereby contributing to improvements in reliability and on-time performance.

Safety, Health, Environment and Quality Management System

In 2008-09 Sydney Ferries developed a new Safety, Health, Environment and Quality (**SHEQ**) Management System.

The SHEQ Management System is an integrated set of goals, requirements, principles, practices and procedures that involves monitoring and improving all aspects of the organisation, including the safety, health, environmental and quality of Sydney Ferries' operations and people. The purpose of the SHEQ Management System is to coordinate all activities within the organisation to ensure control of safety, health, environment and quality. The SHEQ Management System integrates the requirements for:

- Safety Management Systems, adopting the Safety Management System Guidelines issued by NSW Maritime in 2004
- Environmental management systems, including the relevant requirements from AS/NZS ISO 14001:2004
- Quality Management Systems, adopting inclusions in AS/NZS ISO 9001:2008.

The SHEQ Management System incorporates the key business processes of Sydney Ferries which encompass:

- Operation and maintenance of the fleet of ferries in a manner that minimises the risks to the health and safety of staff and contractors (occupational health and safety)
- Safe operation of the service for passengers and the public at large (public and maritime safety and security)
- Management of the impact on the operating environment and the resources used and wastes produced (environment)

- Establishment and maintenance of a high level of public transport service that meets customer needs and expectations (quality of service and product).

Business Management and Process Improvements

The **Ferries2010** self-reform program, begun in 2007-08, was the result of a broad review of performance over Sydney Ferries' first three years. **Ferries2010** outlined the senior leadership roadmap to guide decisions on capital investment and operational priorities.

A Project Management Office (**PMO**) was established in 2007-08 to manage the capital works projects that underpinned the **Ferries2010** program. A new tracking and reporting database and a project costing system were installed to assist with this process.

COMMITMENT TO SOCIAL RESPONSIBILITY



Environmental Incidents

Sydney Ferries avoided any significant environmental incidents in its operations during 2008-09 and met the target of seven or fewer total incidents. Five minor incidents all involved a small spill to the Harbour which was contained and satisfactorily cleaned up by Sydney Ferries. To minimise the risk to the environment from future hydraulic oil spills, the oil in use at Manly Wharf and Circular Quay is now derived from non-fossil plant based sources – 'Plantohyd'.

As a result Sydney Ferries did not receive any Environmental Penalty Notices from the Department of Environment and Climate Change and Water (DECCW) during 2008-09.

Energy Sustainability

Sydney Ferries remained a member of the *Greenhouse Challenge Plus Program* which aims to reduce emissions and maintain energy use and greenhouse gas inventories. Sydney Ferries currently uses approximately 0.44 petajoules of energy each year.

Significant Reduction of 6% in Sydney Ferries' Carbon Emissions:
To achieve a reduction of more than 1,670 tonnes of CO₂-e emissions while delivering, increased patronage Sydney Ferries:

- *Installed 4-Star energy efficiency rated equipment as part of refurbishment of offices and training facilities*
- *Installed solar boosters for the hot water at the shipyard staff amenities building*
- *Linked all worksite computer networks to multifunctional 'data centres'*
- *Made maximum use of natural light where possible in refurbishing*
- *Linked air conditioning and lights to timers and sensors to ensure efficient use*
- *Purchased 6 per cent greenpower on major contracts.*

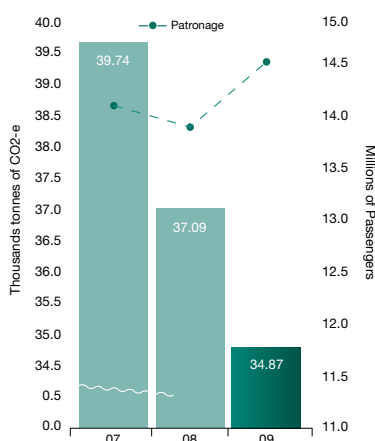
Cessation of the JetCat service also reduced fuel consumption.

Sydney Ferries has consistently decreased emissions over the last three years.

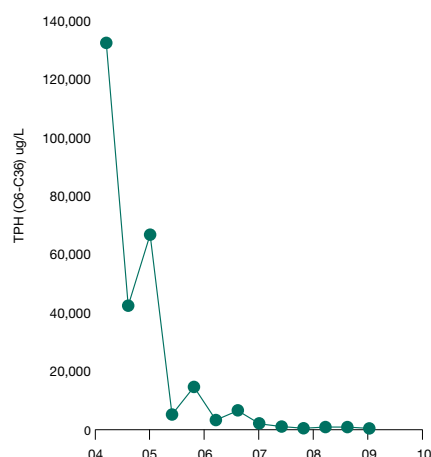
Sydney Ferries is preparing for the use of non-fossil fuels ahead of the Emission Trading Scheme and the carbon targets in the *NSW State Plan*. Over 92 per cent of its emissions are derived from diesel usage by the ferries. An initial trial of bio-fuels indicated that the old engines in the First Fleet vessels were not suitable for running bio-diesel. Sydney Ferries completed a second bio-diesel trial in 2008-09 in the re-engined First Fleet ferries and now plans to convert to 5 per cent bio-diesel use as soon as possible and invest in further trials of higher bio-fuel blends.

Water Efficiency

Sydney Ferries has reduced water consumption at the Balmain Shipyard and Circular Quay by installing 4 Star-rated toilets and showerheads during recent renovations, in line with the National Australian Built Environment Rating System guidelines. At the Balmain Shipyard



CARBON EMISSIONS



BALMAIN MONITORING RESULTS

the installation of the new dock seepage water filtration system will enable further reductions in fresh water use.

Waste Efficiency

Sydney Ferries has aligned its waste management policies with the *NSW Government Sustainability Policy* and the *Waste Reduction and Purchasing Policy*, and minimised risks and costs related to waste by segregating resources into appropriate categories.

Rates of recycling and re-use have improved over the last three years, with the following notable results:

- Recycling of 13 per cent of printer cartridges in 2006-07 increased to 100 per cent in 2008-09.
- Recycling of paper waste went from 93 per cent to 97 per cent.
- Seventy tonnes of metal and approximately 107 tonnes of oil were recycled in 2008-09.

Focus has also been placed on purchasing recycled content items. Office and publication paper with recycled content has risen from 52 per cent in 2006-07 to 91 per cent in 2008-09.

Sustainability Advantage Program Membership

As part of its commitment to environmental responsibility, Sydney Ferries joined the DECCW *Sustainability Advantage Program* in 2008-09 and committed to adopting sustainability as a fundamental business objective. Over the next year Sydney Ferries will work with DECCW to instil the principles of sustainability into the SHEQ Management System.

Site Remediation Programs

Since 2004, Sydney Ferries has implemented a comprehensive program of remedial works at the Balmain Shipyard and Manly, resulting in critical risk improvements.

Groundwater monitoring continues on a six-monthly cycle and as at 30 June 2009, the risk at both sites is now considered very low.

Environmental Systems Upgrades

Following a standards requirement change by Sydney Water, Sydney Ferries is working to install new equipment to achieve the standards for Total Dissolved Solids (TDS). The installation of new dock wastewater filtration infrastructure is expected to bring the TDS levels within the standard. Installation will be completed in 2009.

The Balmain Shipyard spill response equipment has also been refurbished. New tidal risers and a fixed curtain under the hardstand have been installed to prevent leaks around the shore line in the event of a spill. For deployment by the spills boat, an additional 100 metres of floating boom has been purchased bringing the total to 400 metres for containing any spill at the Shipyard. A new training and spills response package has also been completed.

CORPORATE GOVERNANCE



Statutory Framework

Sydney Ferries was established as a statutory State Owned Corporation on 1 July 2004. On 1 January 2009 Sydney Ferries was reconstituted as a statutory corporation and NSW Government agency. It operates regular ferry passenger services on Sydney Harbour and its tributaries within the framework of the **TA Act** and the *Passenger Transport Act 1990* (NSW).

Objectives of Sydney Ferries

Although Sydney Ferries became a NSW Government Agency on 1 January 2009, its principal objective remained unchanged, that is, to deliver safe and reliable Sydney ferry services in an efficient, effective and financially responsible manner. The other objectives, which are of equal importance but are not as important as the principal objective are to:

- be a successful business and, to that end, to operate at least as efficiently as any comparable business to maximise the net worth of the State's investment in Sydney Ferries;

- exhibit a sense of social responsibility by having regard to the interests of the community in which it operates;
- where its activities affect the environment, conduct its operations in compliance with the principles of ecologically sustainable development contained in section 6(2) of the *Protection of the Environment Administration Act 1991* (NSW);
- exhibit a sense of responsibility towards regional development and decentralisation in the way in which it operates.

Quality Management System

Sydney Ferries continues to retain its AS/NZS ISO 9001:2008 Quality Management Systems Standards accreditation by Anglo Japanese American Registrars. Sydney Ferries continues to work toward a fully integrated management system that provides a planned, documented and measurable approach for the comprehensive and systematic management of safety, health, environment and quality.

Business Planning and Performance Reporting

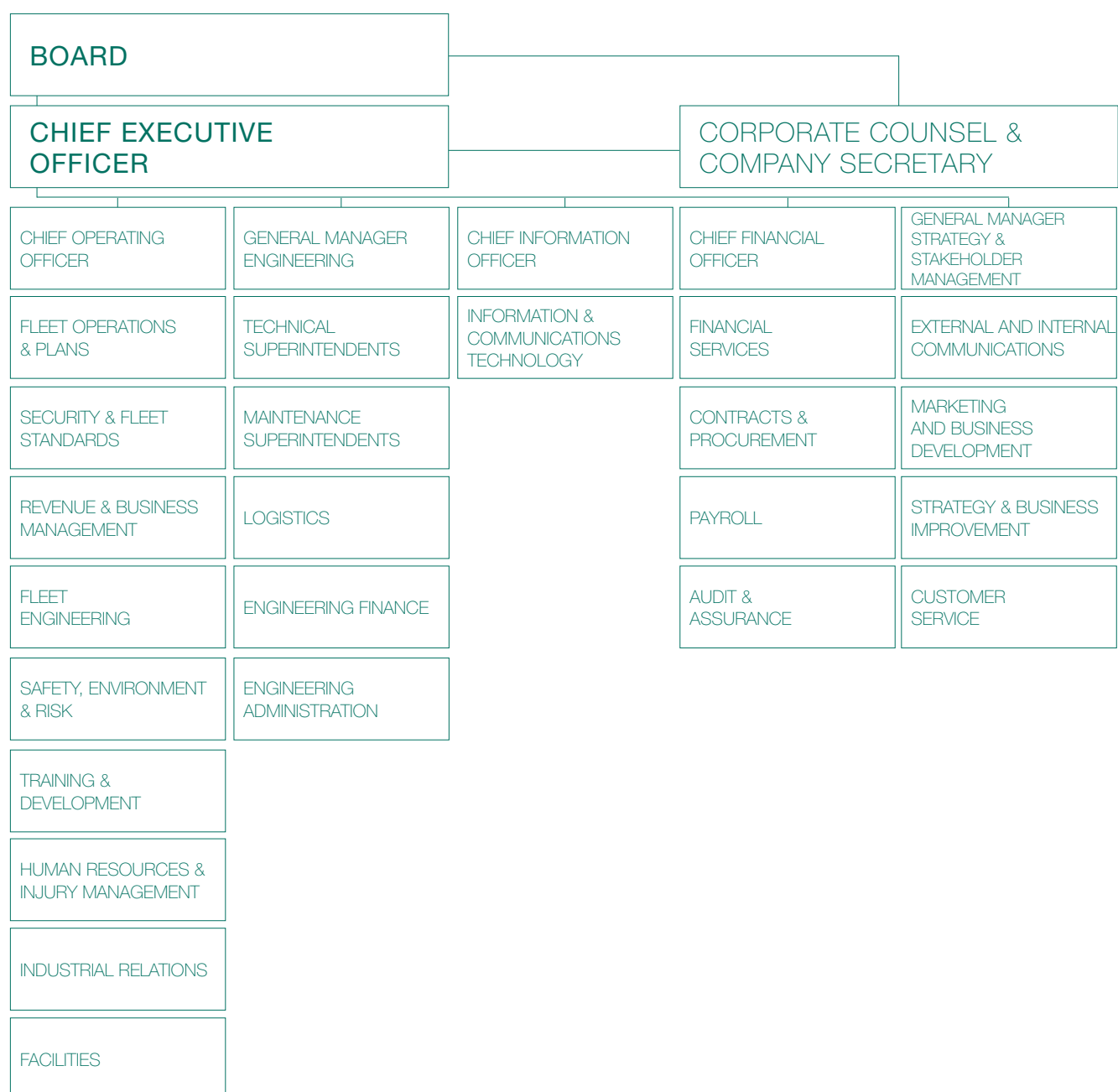
Sydney Ferries' five-year business planning process began in October 2005. Standardised data collection, recording and reporting of key performance indicators enable high-level trend analysis that informs planning priorities. Sydney Ferries also has an annual Statement of Business Intent.

From 1 January 2009, Sydney Ferries operated under an Interim Ferry Service Contract with the Director General of the NSW Ministry of Transport. The contract outlines the performance standards for ferry services and the reporting requirements. Prior to this, Sydney Ferries operated in accordance with its *Statement of Corporate Intent 2008-09*.

The Risk Management Framework informs a suite of operational and management plans to drive operational priorities, including emergency response and business continuity management.



ORGANISATIONAL STRUCTURE



SYDNEY FERRIES' BOARD

Role of the Board

Sydney Ferries' Board Charter, revised when the corporation was reconstituted as a NSW Government Agency on 1 January 2009, sets out the role, powers and responsibilities of the Board in order to assist it in discharging its function and responsibilities under section 35I of the TA Act and fulfilling its corporate governance and oversight responsibilities. In pursuing the legislative objectives of Sydney Ferries, the Board is responsible for:

- determining the policies of Sydney Ferries;
- ensuring that the activities of Sydney Ferries are carried out properly and efficiently;
- setting the strategic and operational direction of Sydney Ferries and ensuring that its obligations to the Government and other relevant stakeholders are met;
- reviewing and approving Sydney Ferries' strategies as formulated by management with guidance from the Board and reviewing the implementation of those strategies;
- fulfilling its corporate governance and oversight responsibilities in relation to Sydney Ferries' operational and service obligations, risk management system, financial reporting, internal control structure and the internal and external audit functions;

- providing input into and final approval of the corporation's Statement of Business Intent, including a corporate plan; and
- monitoring Sydney Ferries' performance against the financial and non-financial objectives and key performance indicators specified in Sydney Ferries' Statement of Business Intent and Sydney Ferries' Interim Ferry Service Contract with the Ministry of Transport (now NSW Transport & Infrastructure).

The Portfolio Minister may issue written directions to Sydney Ferries' Board in relation to the exercise of Sydney Ferries' functions and the Board is accountable to the Portfolio Minister for ensuring that Sydney Ferries meets its objectives.

The Chairman is appointed by the Portfolio Minister and is responsible for leadership of the Board and for the effective functioning of the Board.

Board Appointments

Under section 35H of the TA Act the Board is to consist of the CEO of Sydney Ferries and not less than four, and not more than seven, members appointed by the Minister. The maximum term of appointment is three years and members of the Board are eligible for re-appointment. The persons appointed by the Minister must each or together have such expertise as the Minister considers necessary in order to realise the principal objectives of Sydney Ferries.

Consequent upon Sydney Ferries becoming a NSW Government Agency on 1 January 2009, Mr Brian Langton was appointed as a member and Chairman of the reconstituted Board for a period of three years. Ms Beth Laughton, Mr Clay Frederick and Ms Helen Conway were also appointed as members for three years. Ms Mary Yaager was appointed as a member commencing on 2 March 2009. On 19 March 2009, Mr David Callahan was appointed as Acting CEO of Sydney Ferries and, consistent with section 35H of the TA Act, became a member of the Board.

Chief Executive Officer

The CEO of Sydney Ferries, who may be appointed by the Governor and is accountable to the Portfolio Minister, is responsible for managing and controlling the affairs of Sydney Ferries in accordance with the policies of the Sydney Ferries Board. The Minister may appoint a person to act in the office of CEO and, while so acting, the person has all the functions of the CEO and is taken to be the CEO.

The employment of the CEO is subject to Part 3.1 of the *Public Sector Employment and Management Act 2002* (NSW). A person while acting in the office of a CEO is entitled to be paid such remuneration (including travelling and subsistence allowances) as the Minister may from time to time determine in respect of the person.

The former CEO of Sydney Ferries, Mr Geoff Smith AO, was directed by the Director General of the Department of Premier and Cabinet to take leave on 18 March 2009, pending an investigation by the Independent Commission Against Corruption into allegations that he had misused Sydney Ferries' corporate credit card. His employment was subsequently terminated on 26 May 2009 by the Director General.

Mr David Callahan was appointed as Acting CEO of Sydney Ferries on 19 March 2009.

Disclosure of Interests

Board members are required to disclose any direct or indirect pecuniary interest in a matter being considered or about to be considered at a meeting of the Board, if the interest appears to raise a conflict with the proper performance of the member's duties in relation to the consideration of the matter.

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

A register of members' interests is maintained.

Independent Professional Advice

Members of the Board, either collectively or individually, may seek independent professional advice, at the expense of Sydney Ferries, to assist in the performance of their duties. To facilitate this, there is an agreed process for members to access independent professional advice.

Board Committees

The Board currently has two committees to assist it in discharging its responsibilities: an Audit Committee and a Human Resources Committee. Each committee has a Charter. The Charters were revised when the corporation was reconstituted as a NSW Government Agency on 1 January 2009, and were approved by the Board.

Three members of the Board are members the Audit Committee and three members of the Board (along with the Acting CEO) are members of the Human Resources Committee.

Audit Committee

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

- overseeing the financial reporting process to ensure the balance, transparency and integrity of published financial information;
- monitoring and reviewing the effectiveness of Sydney Ferries' internal control structures and financial risk management system;
- monitoring and reviewing the effectiveness of the internal audit function;
- monitoring and reviewing the independent audit process; and
- any other matter referred to it from time to time.

Board members, the CEO, the Chief Financial Officer, representatives from Walter Turnbull (Sydney Ferries' internal auditors) and the Audit Office of New South Wales have a standing invitation to attend meetings, but are not members of the Committee.

The Committee met five times during 2008-09. Attendance of members is shown in the table on page 34.

The Human Resources Committee

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

- the formulation of an effective industrial relations strategy that will achieve outcomes in support of the organisation's objectives;
- workforce planning to ensure Sydney Ferries has the workforce capability necessary to support its objectives;
- the promotion of an efficient and effective workforce;
- staff wellbeing including OHS, injury management and return to work programs;
- training and development policies and objectives to meet ongoing business objectives;
- the development of a sound corporate culture; and
- plans for the succession and development of senior management.

The Chief Operating Officer and the Director, Human Resources have a standing invitation to attend meetings, but are not members of the Committee.

The Committee met four times during 2008-09.

BOARD MEMBERS



Brian Langton

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

**Re-appointed as Member and
Chairman, 1 January 2009**

Member of the Audit Committee

**Member of the Human Resources
Committee**

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 Management of BusNSW (formerly Bus and Coach Association NSW) and a former Non-Executive Director 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

**Member, appointed 1 July 2004 and
re-appointed 1 January 2009**

Chairman of the Audit Committee

**Member of the Human Resources
Committee (up until 4 May 2009)**

A 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 Consultant with Wilson HTM Corporate Finance Ltd. Her prior directorships include Ord Minnett Corporate Finance Limited and KPMG Corporate Finance (Aust) Pty Ltd.



Clay Frederick

**Member, appointed 1 July 2004 and
re-appointed 1 January 2009**

**Chairman of the Human Resources
Committee**

**Member of the Audit Committee (up
until 4 May 2009)**

Clay 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, Clay had widespread general management experience in passenger and freight ferry services, liner and bulk shipping and container terminals and depots.

Clay served for several years on the Australian Maritime Safety Authority advisory committee. He is also a member of the Lloyd's Register Australian Committee.



Helen Conway

BA, LLB, MAICD, FCIS

Member, appointed 14 February 2007 and re-appointed 1 January 2009

Member of the Audit Committee

Member of the Human Resources (up until 4 May 2009)

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.



Mary Yaager

Member, appointed 2 March 2009

Member of the Human Resources Committee (from 4 May 2009)

Mary Yaager has been employed with Unions NSW (formally known as the Labor Council of NSW) since October 1995.

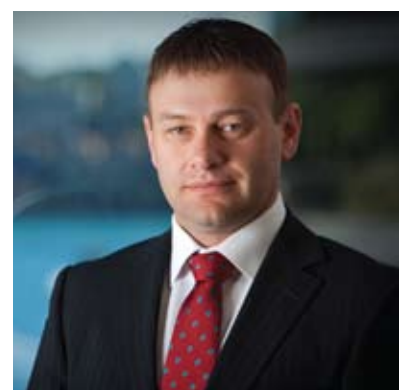
Mary is currently employed as the Strategic Campaign Director for Unions NSW.

Mary is responsible for working with unions, community organisations, such as the Cancer Council of NSW, local members of parliament and key employer's organisations and government agencies to develop and organise strategic campaigns. This also involves organising and hosting major events.

Her previous role at Unions NSW was as Senior Industrial Officer, specialising in the areas of occupational health safety, workers' compensation and injury management. Mary provided policy and research advice to WorkCover NSW, the government, unions and peak employer associations and local business chambers. Mary developed a number of training modules and resources for unions, employers and community organisations on all aspects occupational health and safety and workers' compensation.

Prior to joining Unions NSW, Mary was employed in the insurance industry as manager of workers compensation claims and risk management and managed a portfolio of claims for large and medium businesses and government agencies.

Mary also served as a Director on the Board of Asset Super from August 1998 to June 2009.



David Callahan

MBA, BA, GAICD

Acting Chief Executive Officer (CEO) appointed 19 March 2009

Member, appointed 19 March 2009

Prior to joining Sydney Ferries, David Callahan held a variety of Senior Management positions in both the private and public sector.

David's public sector experience includes time as the Deputy Director General of the Department of Commerce and General Manager North of the State Transit Authority.

Before joining the Public Sector, David spent eight years with Coca-Cola Amatil across a range of Sales, Marketing and Logistics roles in Australia and New Zealand.

Geoff Smith AO

CEO and Board Member until 26 May 2009

CORPORATE GOVERNANCE CONTINUED

SCHEDULED BOARD AND COMMITTEE MEETINGS 2008-09

The attendance of members at scheduled Board meetings, and at Audit Committee and Human Resources Committee meetings, is detailed in the table below.

Director	Board Meetings ^(1,2)		Audit Committee Meetings ⁽⁵⁾		Human Resources Committee Meetings ⁽⁴⁾	
	Eligible	Attended	Eligible	Attended	Eligible	Attended
Brian Langton	12	12	5	4 ⁽¹⁾	4	3 ⁽¹⁾
Beth Laughton	12	12	5	5	3	3
Clay Frederick	12	12	4	4	4	4
Helen Conway	12	11 ⁽¹⁾	5	5	3	2 ⁽²⁾
Mary Yaager	4	3 ⁽²⁾	0	0	1	1
David Callahan	4	4	2 ⁽⁴⁾	2 ⁽⁴⁾	1	1
Geoff Smith	10	8 ⁽³⁾	0	2 ^{(1) (3) (4)}	3 ⁽⁵⁾	2 ⁽¹⁾

Notes

- (1) Leave of absence granted for meeting(s) not attended
- (2) Apology
- (3) Directed to take leave
- (4) Attended as an invitee, not a Committee member
- (5) Eligible to attend one meeting as a Committee member and 2 meetings as an invitee

TABLE OF ATTENDANCES AT NON-SCHEDULED (SPECIAL) BOARD MEETINGS

The attendance of members at non-scheduled (Special) Board meetings is detailed in the table below.

Director	Board Meetings ⁽⁴⁾	
	Eligible	Attended
Brian Langton	4	2 ⁽¹⁾
Beth Laughton	4	4
Clay Frederick	4	4
Helen Conway	4	2 ⁽²⁾
Mary Yaager	1	1
David Callahan	1	1
Geoff Smith	4	2 ^{(1) (3)}

Notes

- (1) Leave of absence granted for meeting(s) not attended
- (2) Apology
- (3) Directed to take leave

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

Member	Representing
Sydney Ferries' CEO	Sydney Ferries
Graeme Taylor	Action for Public Transport
Brother John Thompson FMS	Ferry commuters
Dougie Herd	Office of the Disability Council of NSW
Andrew Nicholls	NSW Transport and Infrastructure
Howard Glenn	Maritime Authority of NSW
Liz Reedy	Independent Transport Safety and Reliability Regulator

FINANCIAL STATEMENTS

08-09



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GPO BOX 12
Sydney NSW 2001

INDEPENDENT AUDITOR'S REPORT SYDNEY FERRIES

To Members of the New South Wales Parliament

I have audited the accompanying financial report of Sydney Ferries, which comprises the balance sheet as at 30 June 2009, the income statement, statement of changes in equity 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 Sydney Ferries as at 30 June 2009, and its financial performance 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.

Significant uncertainty regarding realisation of assets and extinguishment of liabilities

Without qualifying my opinion, I draw attention to Note 20 in the financial report which details that the Government is currently undertaking a market review process to test the prospects offered by the private sector against the prospects offered by continuing with Sydney Ferries. A decision is expected to be made in late 2009. These conditions create a significant uncertainty as to whether Sydney Ferries will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

The 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 Sydney Ferries' 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 Sydney Ferries' 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 Sydney Ferries,
- 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.



Peter Achterstraat
Auditor-General

20 October 2009
SYDNEY

STATEMENT BY MEMBERS OF THE BOARD

Statement pursuant to section 41C(1B) of the *Public Audit and Finance Act 1983* (NSW) to accompany the Financial Report for the year ending 30 June 2009

Pursuant to section 41C(1B) of the *Public Finance and Audit Act 1983* (NSW), the Chairman and Acting Chief Executive Officer declare on behalf of Sydney Ferries that:

1. In their opinion:

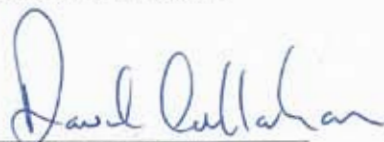
- (a) the Financial Report for the year ending 30 June 2009, read in conjunction with the notes thereto, exhibits a true and fair view of the financial position and financial performance of Sydney Ferries as at 30 June 2009; and
- (b) The Financial Report has been prepared in accordance with the applicable provisions of the *Public Finance and Audit Act 1983* (NSW), the associated requirements of the *Public Finance and Audit Regulation 2005* (NSW), the *State Owned Corporations Act 1989* (NSW) (relevant to the period from 1 July 2008 to 31 December 2008), the Australian Accounting Standards, Australian Accounting Interpretations and Treasurer's directions and Circulars.

2. As at the date of this statement, the Chairman and Acting Chief Executive Officer are not aware of any circumstances that would render any particulars included in the Financial Report to be misleading or inaccurate.

This statement is made in accordance with a Resolution of the Sydney Ferries Board made on 9 October 2009.



Brian Langton
Chairman
Sydney Ferries Board



David Callahan
Acting Chief Executive Officer
Sydney Ferries

9 October 2009

INCOME STATEMENT

FOR THE YEAR ENDED 30 JUNE 2009

	Notes	2009 \$000	2008 \$000
REVENUE			
Operational revenue	2(a)	129,101	129,946
Other revenue	2(b)	1,399	561
Total revenue		130,500	130,507
EXPENSES			
Fleet running expenses	2(c)	18,958	17,606
Employee benefits	2(d)	68,194	65,201
Depreciation, amortisation and impairment	2(e)	19,849	16,178
General operating expenses	2(f)	28,650	26,052
Net loss on disposal of assets	2(g)	3	68
Finance costs	2(h)	6,694	5,950
Other (gains)/losses	2(i)	2,692	(124)
Total expenses		145,040	130,931
Deficit for the year		(14,540)	(424)

The accompanying notes form an integral part of the Income Statement

STATEMENT OF RECOGNISED INCOME AND EXPENSE

FOR THE YEAR ENDED 30 JUNE 2009

	Notes	2009 \$000	2008 \$000
Increase/(decrease) in property, plant and equipment asset revaluation reserve	19	(4,562)	5,244
Superannuation actuarial (losses)	12 & 19	(7,101)	(3,438)
Total income/(expense) recognised directly in equity		(11,663)	1,806
Deficit for the year	19	(14,540)	(424)
Total income/(expense) recognised for the year		(26,203)	1,382
Effect of changes in accounting policies			
Accumulated funds	19	—	3,438
			3,438
	Notes	2009 \$000	2008 \$000
Effect of change in accounting policy			
Deficit for the period		—	(3,862)
Change of policy — superannuation actuarial losses		—	3,438
Restated (deficit) for the period			(424)

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

BALANCE SHEET

AS AT 30 JUNE 2009

	Notes	2009 \$000	2008 \$000
CURRENT ASSETS			
Cash and cash equivalents	3	1,888	792
Trade and other receivables	4	3,144	1,905
Inventories	5	6,064	5,713
Other assets	6	643	4,849
Assets classified as held for sale	17	1,200	—
Total current assets		12,939	13,259
NON-CURRENT ASSETS			
Property, plant and equipment	7	111,684	118,038
Intangibles	8	18	20
Total non-current assets		111,702	118,058
Total assets		124,641	131,317
CURRENT LIABILITIES			
Trade and other payables	9	15,196	12,145
Borrowings	10	5,325	7,095
Employee benefits	12	15,481	12,718
Provisions	11	2,251	673
Total current liabilities		38,253	32,631
NON-CURRENT LIABILITIES			
Borrowings	10	80,470	60,015
Employee benefits	12	960	846
Provisions	11	312	257
Total non-current liabilities		81,742	61,118
Total liabilities		119,995	93,749
Net Assets		4,646	37,568
EQUITY			
Accumulated funds	19	(2,161)	26,199
Reserves	19	6,807	11,369
Total Equity		4,646	37,568

The accompanying notes form an integral part of the Balance Sheet

CASH FLOW STATEMENT

FOR THE YEAR ENDED 30 JUNE 2009

	Notes	2009 Inflows (Outflows) \$000	2008 Inflows (Outflows) \$000
CASH FLOWS FROM OPERATING ACTIVITIES			
Passenger fares receipts		54,301	57,319
NSW government receipts		80,454	81,095
Other receipts		1,496	565
Interest received		87	66
Payments to suppliers		(57,894)	(58,613)
Payments to employees		(61,534)	(59,606)
Interest paid		(5,186)	(5,594)
Net cash flows from operating activities	16(a)	11,724	15,232
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(29,130)	(28,995)
Net cash flows from investing activities		(29,130)	(28,995)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from/(repayments of) borrowings		18,502	13,916
Net cash flows from financing activities		18,502	13,916
Net increase/(decrease) in cash and cash equivalents		1,096	153
Cash and cash equivalents at the beginning of the year		792	639
Cash and cash equivalents at the end of the year	3	1,888	792

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 2009

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Reporting entity

Sydney Ferries commenced operations on 1 July 2004 as a *State Owned Corporation (SOC)* under the *State-owned Corporations Act 1989 (NSW)*. It continued to operate as a SOC, trading as Sydney Ferries Corporation, up to and including 31 December 2008. On 1 January 2009, Sydney Ferries was changed to a statutory corporation that is now a NSW Government agency pursuant to amendments to the *Transport Administration Act 1988 (NSW)* (**the TA Act**). Sydney Ferries has the status, privileges and immunities of the Crown, however it retains a separate legal personality. Sydney Ferries is a “statutory authority” for the purposes of the *Public Finance and Audit Act 1983* (**the PFA Act**).

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 9 October 2009.

(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; and
- 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 and

measurement of defined benefit superannuation obligations

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 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.

The Board has determined that the going concern basis is appropriate. This determination has taken into account the following factors:

- 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 on-going financial viability of Sydney Ferries; and
- The Government is currently undertaking a market review process to test the prospects offered by the private sector against the prospects offered by continuing with Sydney Ferries. A decision is expected to be made in late 2009.

For further information, please refer to Note 20.

(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 based on usage in the period when the services are rendered.

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

(c) Revenue (continued)

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 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. 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.

(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 Commonwealth 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.

Post-employment benefits

Post-employment benefits are employee benefits (other than termination benefits) that are payable after the completion of employment. In the case of Sydney Ferries, this refers specifically to benefits provided to employees and former employees through superannuation schemes.

Defined contribution superannuation scheme

Sydney Ferries contributes to a defined contribution scheme in the NSW public sector: the First State Superannuation Scheme. Obligations for contributions to this scheme are recognised as an expense in the Income Statement as incurred.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

(f) Employee benefits and other provisions (continued)

Post-employment benefits (continued)

Defined benefit superannuation scheme

Sydney Ferries contributes to three defined benefit superannuation schemes in the NSW public sector Pooled Fund. These are: State Superannuation Scheme (SSS), State Authorities Superannuation Scheme (SASS) and State Authorities Non-contributory Superannuation Scheme (SANCS).

Sydney Ferries' net obligation in respect of these schemes is calculated separately for each scheme by estimating the amount of future benefit that employees have earned in return for their service in the current and prior reporting periods. That benefit is discounted to determine its present value and the fair value of any scheme assets is deducted.

The discount rate is the yield at the reporting date on Commonwealth Government bonds that have maturity dates approximating to the terms of Sydney Ferries' obligations. Calculations are performed by the Pooled Fund's actuary using the projected unit credit method and are advised to individual agencies for recognition and disclosure purposes in their financial reports.

Where the present value of the defined benefit obligation in respect of a scheme exceeds the fair value of the scheme's assets, a liability for the difference is recognised in the Balance Sheet. Where the fair value of a scheme's assets exceeds the present value of the defined benefit obligation for that scheme, an asset is recognised in the Balance Sheet. Any superannuation asset recognised is limited to 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 schemes or reductions in future contributions to the schemes, as advised by the Pooled Fund's actuary.

Actuarial gains and losses arising in calculating the obligation of Sydney Ferries are recognised in the Statement of Recognised Income and Expense.

(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 GST, revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred by Sydney Ferries 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 components of cash flows arising from investing activities which is recoverable or payable to the Australian Taxation Office are classified as operating cash flows.

(i) Income Tax

NSW Treasury has advised that Sydney Ferries is exempt from the Tax Equivalent Regime for Government Businesses (Treasury Policy Paper 03-4). 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 includes cash on hand, at bank, investment in NSW Treasury Corporation's (TCorp) Hour-Glass Cash facility and Trust Account for TCorp 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.

(l) Impairment of financial assets

All financial assets, except those measured at fair value through profit or 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 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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

(m) Trade and other payables

These amounts represent liabilities for goods and services provided to Sydney Ferries 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 or 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 2009 and at 30 June 2008.

Note 15 provides disclosures on contingent liabilities.

(q) Investments

Investments are initially recognised at fair value plus, in the case of investments not at fair value through profit or loss, transaction costs. Sydney Ferries determines the classification of its financial assets after initial recognition and, when allowed and appropriate, re-evaluates this at each financial year end.

Fair value through profit or loss

Sydney Ferries subsequently measures investments classified as "held for trading" or designated upon initial recognition "at fair value through profit or loss" at fair value. Financial assets are classified as "held for trading" if they are acquired for the purpose of selling in the near term. Derivatives are classified as "held for trading". Gains or losses on these assets are recognised in the Income Statement.

The Hour-Glass Investment facilities are designated at fair value through profit and loss using the second leg of the fair value option. These financial assets are managed and their performance is evaluated on a fair value basis in accordance with a documented risk management strategy and information about these assets is provided internally on that basis to Sydney Ferries.

Sydney Ferries risk management strategy is documented in its Treasury Risk Management policies which have been provided to TCorp. Compliance is monitored by Sydney Ferries management on a monthly basis.

The fair value of investments that are traded at fair value in an active market is determined by reference to quoted current bid prices at the close of business on the balance sheet date.

(r) De-recognition of financial assets and financial liabilities

A financial asset is de-recognised 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 Sydney Ferries has neither transferred nor retained substantially all the risks and rewards or transferred control, the asset is recognised to the extent of Sydney Ferries' continuing involvement in the asset.

A financial liability is de-recognised when the obligation specified in the contract is discharged or cancelled or expires.

(s) 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.

(t) Other Assets

Other assets are recognised on a cost basis.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

(u) 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. 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" (Treasury Policy Paper 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. Freehold land, buildings and wharf improvements were valued on 30 June 2009 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.

Revaluation increments are credited directly to the asset revaluation reserve, except 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 Balance Sheet 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 (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 cost of these dockings are capitalised and depreciated over the period to the subsequent docking.

Repairs and maintenance

The cost 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 cost is capitalised and depreciated.

(v) Intangible assets

Service contract rights are classified as intangibles. They are licences 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

(w) Provisions

A provision is recognised in the balance sheet when Sydney Ferries has a present legal or constructive obligation as a result of 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. A provision for redundancy is separately disclosed.

(x) 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.

(y) Change in accounting policy

In accordance with NSW Treasury Circular NSW TC 09/01, Sydney Ferries has changed its policy on the recognition of superannuation actuarial gains and losses. Such actuarial gains and losses are now recognised outside of profit or loss in the Statement of Recognised Income and Expense. Previously, actuarial gains and losses were recognised through profit or loss. Both options are permissible under accounting standard AASB 119 *Employee Benefits*. Refer to Note 12 (c).

The change in policy has been adopted on the basis that recognition outside profit or loss provides reliable and more relevant information as it better reflects the nature of actuarial gains and losses. This is because actuarial gains and losses are re-measurements, based on assumptions that do not necessarily reflect the ultimate cost of providing superannuation.

(z) Comparatives

Except when an Australian Accounting Standard permits or requires otherwise, comparative information is disclosed in respect of the previous period for all amounts reported in the financial statements.

(aa) Allocation between current and non-current assets and liabilities

In the determination of whether an asset or liability is current or non-current, consideration is given to the time when each asset or liability is expected to be settled. The asset or liability is classified as current if it is expected to be settled within the ensuing 12 months, being Sydney Ferries operational cycle. In the case of liabilities where Sydney Ferries does not have the unconditional right to defer settlement beyond 12 months, such as vested long service leave, the liability is classified as current even if not expected to be settled within the next 12 months. Inventories are classified as current even if not expected to be realised in the next 12 months.

(ab) Equity transfers

The transfer of net assets between agencies as a result of an administrative restructure, transfers of functions and parts thereof between NSW public sector agencies (refer Note 18) are designated as contributions by owners and recognised as an adjustment to "Accumulated Funds". This treatment is consistent with Australian Interpretation 1038 *Contributions by Owners Made to Wholly-Owned Public Sector Entities*.

Transfers arising from an administrative restructure between government agencies are recognised at the amount at which the asset was recognised by the transferor government agency immediately prior to the restructure. Subject to below, in most instances this will approximate fair value.

All other equity transfers are recognised at fair value, except for intangibles. Where an intangible has been recognised at amortised cost by the transferor because there is no active market, the agency recognises the asset at the transferor's carrying amount. Where the transferor is prohibited from recognising internally generated intangibles, the agency does not recognise that asset.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

(ac) New accounting standards and interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2009 reporting period and have not been adopted by Sydney Ferries in these financial statements. Sydney Ferries' assessment of the impact of these new standards and interpretations is set out below.

- (i) *Revised AASB 101 Presentation of Financial Statements and AASB 2007-8 Amendments to Australian Accounting Standards arising from AASB101 (effective from 1 January 2009)*

The September 2007 revised AASB101 requires the presentation of a statement of comprehensive income and makes changes to the statement of changes in equity, but will not affect any of the amounts recognised in the financial statements. If an entity has made a prior period adjustment or has reclassified items in the financial statements, it will need to disclose a third balance sheet (statement of financial position), this one being as at the beginning of the comparative period. Sydney Ferries will apply the revised standard from 1 July 2009.

- (ii) *Revised AASB 123 Borrowing Costs and AASB 2007-6 Amendments to Australian Accounting Standards arising from AASB123 (effective from 1 January 2009)*

The revised AASB 123 has removed the option to expense all borrowing costs and, when adopted, will require the capitalisation of all borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset. The revised AASB123 will become mandatory for 30 June 2010 financial statements and will constitute a change in accounting policy. In accordance with the transitional provisions, Sydney Ferries will apply the revised AASB 123 to qualifying assets for which capitalisation of borrowing costs commences on or after the effective date. Therefore, there will be no impact on prior periods in the 30 June 2010 financial statements.

- (iii) *AASB 2008-8 Amendment to IAS 39 Financial Instruments: Recognition and Measurement (effective 1 July 2009)*, AASB 2008-8 amends AASB 139 *Financial Instruments: Recognition and Measurement* and must be applied retrospectively in accordance with AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors*. The amendment makes two significant changes. It prohibits designating inflation as a hedgeable component of a fixed rate debt. It also prohibits including time value in the one-sided hedged risk when designating options as hedges. Sydney Ferries will apply the amended standard from 1 July 2009. It is not expected to have any significant impact on the financial statements.
- (iv) *AASB 2008-5 Amendments to Australian Accounting Standards arising from the Annual Improvements Process and 2008-6 Further Amendments to Australian Accounting Standards arising from the Annual Improvements Process* affect various AASBs resulting in minor changes for presentation, disclosure, recognition and measurement purposes. The amendments, which become mandatory for Sydney Ferries 30 June 2010 financial statements, are not expected to have any significant impact on the financial statements.
- (v) *AASB 2007-10 Further Amendments to Australian Accounting Standards arising from AASB 101*
This amending standard changes the term "general purpose financial report" and the term "financial report" to "financial statements", where appropriate, in Australian Accounting Standards (including Interpretations) and the Framework to better align with International Financial Reporting Standards terminology. This standard builds on the changes made in AASB 7-8 *Amendments to Accounting Standards arising from AASB 101*.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS CONTINUED

	Notes	2009 \$000	2008 \$000
2. REVENUE AND EXPENSES			
Revenue			
(a) Operational revenue			
Passenger revenue			
Fares, charters and tourists services		48,647	48,851
Reimbursement from NSW Government			
Subsidised travel by school students		221	251
Concessional travel by:			
Pensioners		9,600	9,463
Other beneficiaries		2,463	2,481
Government funding for services		68,170	68,900
Total operational revenue		129,101	129,946
(b) Other revenue			
Interest		87	66
Rent and advertising		391	112
Commission		139	113
Sundry income		758	269
Other		24	1
Total other revenue		1,399	561
Expenses			
(c) Fleet running expenses			
Inventory expense — labour hire, spare parts and consumables		18,958	17,606
Total fleet running expenses		18,958	17,606
(d) Employee benefits			
Wages and salaries		49,472	48,216
Annual leave		5,310	4,633
Long service leave		1,939	1,482
Retirement benefits ^{1, 2}		4,142	3,864
Workers' compensation		3,245	3,111
Payroll tax		4,086	3,895
Total employee benefits		68,194	65,201
(e) Depreciation, amortisation and impairment			
Depreciation	7(c)	18,861	15,987
Amortisation — route rights	8	2	2
Amortisation — other		189	189
Impairment — Work in Progress	7(c)	797	—
Total depreciation and amortisation costs		19,849	16,178

	Notes	2009 \$000	2008 \$000
2. REVENUE AND EXPENSES CONTINUED			
(f) General operating expenses			
Insurances		2,667	2,089
Operating leases		1,583	2,008
Consultancy fees		368	—
Audit fees — Audit Office		161	168
Audit fees — Internal Audit		169	202
Hire of private ferries		1,071	1,952
Labour related costs		1,981	2,539
Temporary staff		6,596	3,316
Maintenance — facilities		822	1,415
Service fees		1,735	1,989
Marketing		894	975
IT & Communications		2,479	1,965
Professional services		3,950	3,429
Property		1,971	2,253
Printing		593	529
Travel & Accommodation		28	39
Administration		1,301	990
Board members remuneration		281	194
Total general operating expenses		28,650	26,052
(g) Net loss on disposal of assets			
Proceeds from disposal		—	—
Written down value of assets disposed		3	68
Equipment written off		—	—
Total losses on disposal of assets		3	68
(h) Finance costs			
Interest expense		6,771	6,116
Less			
Interest income (amortisation of premiums)		(77)	(166)
Total finance costs		6,694	5,950
(i) Other (gains)/losses			
Asset impairment loss on vessels		3,402	—
Loss from sale of loan (Tcorp managed)		73	—
Realised (gains) from derivatives (Tcorp managed)		(784)	(62)
Unrealised (gains)/losses from derivatives (Tcorp managed)		1	(62)
Total other (gains)/losses		2,692	(124)

1 Defined contributions superannuation (superannuation guarantee charge) expense of \$4,036 thousand (2008: \$3,751 thousand) is within Retirement Benefits in Employee Benefits.

2 As a consequence of the policy change outlined in Note 1 (y), superannuation actuarial losses of \$4,468 thousand and the movement in adjustment for limitation on net asset of a decrease of \$1,030 thousand for year 2008 are recognised in the Statement of Recognised Income and Expense. Total superannuation expense, including actuarial losses recognised and movement in adjustment for limitation on net asset in the Statement of Recognised Income and Expense is \$7,101 thousand and \$3,438 thousand for year 2008.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS CONTINUED

	Notes	2009 \$000	2008 \$000
3. CASH AND CASH EQUIVALENTS			
Cash at bank		355	429
Cash in transit		219	284
Revenue room floats		75	75
Petty cash floats		4	4
TCorp — Trust Account for Hour-Glass cash facility		1,200	—
TCorp — Hour-Glass cash facility		35	—
Total cash and cash equivalents		1,888	792
Please refer to Note 14 for details regarding credit risk, liquidity risk and market risk arising from financial instruments			
4. TRADE AND OTHER RECEIVABLES			
Sundry debtors ³		747	375
Prepayments		1,231	1,266
Trade debtors		715	41
Goods and services tax		451	223
Total trade and other receivables		3,144	1,905
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.			
5. INVENTORIES			
Mechanical and electrical spares ⁴		4,831	4,133
Distillate		1,185	1,282
Other		139	298
Provision for obsolescence		(91)	—
Total inventories		6,064	5,713
6. OTHER ASSETS			
Retirements benefits	12 (c)	—	4,209
Other		643	640
Total other assets		643	4,849

3 Includes an amount owing on personal expenses of \$108 thousand (2008:\$9 thousand) incurred by Mr. Geoff Smith, AO former Chief Executive Officer on Sydney Ferries corporate credit card.

4 JetCat inventory of \$628 thousand is disclosed in Note 17 — Assets Held for Sale less \$60 thousand proceeds from sales equals \$568 thousand.

7. PROPERTY, PLANT AND EQUIPMENT

	2009			2008		
	Cost/ Valuation (Gross carrying amount)	Accumulated depreciation/ impairment	Fair Value (Net Carrying Amount)	Cost/ Valuation (Gross carrying amount)	Accumulated depreciation/ impairment	Fair Value (Net Carrying Amount)
Class of property, plant and equipment	\$000	\$000	\$000	\$000	\$000	\$000
Land — freehold & improvements	5,737	—	5,737	10,338	(32)	10,306
Buildings — freehold	14,835	(7,789)	7,046	23,309	(16,641)	6,668
Total land & buildings	20,572	(7,789)	12,783	33,647	(16,673)	16,974
Wharf improvements — leasehold	15,992	(7,909)	8,083	35,775	(20,818)	14,957
Plant and equipment	21,668	(16,520)	5,148	19,868	(15,538)	4,330
Ferries	214,787	(150,789)	63,998	213,066	(152,626)	60,440
Work in progress	21,672	—	21,672	21,337	—	21,337
Total property, plant and equipment	294,691	(183,007)	111,684	323,693	(205,655)	118,038

Valuations

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

Class of assets	Date of valuation	Registered valuers
Freehold land	30-Jun-09	Preston Rowe Paterson NSW Pty Limited
Land Improvements, Buildings and Wharf improvements	30-Jun-09	MDA Australia Pty. Ltd.
Ferries	30-Jun-06	Rodney Hyman Asset Services Pty. Ltd.

- i) An independent valuer, Preston Rowe Paterson NSW Pty Limited conducted a valuation of land based on market value. This resulted in a revaluation decrease of \$1,200 thousand in June 2009.
- ii) An independent quantity surveyor, MDA Australia Pty. Ltd. conducted a valuation of land improvements, buildings and wharf improvements based on depreciated replacement cost. This resulted in a revaluation increment of \$3,385 thousand to buildings and a increment of \$10,470 thousand attributable to wharf improvements.
- iii) The value of the JetCat class of ferry has been restated to the lower of carrying value and fair value less costs to sell. This has resulted in an impairment loss of \$3,402 thousand.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS CONTINUED

7. PROPERTY, PLANT AND EQUIPMENT CONTINUED

- (c) 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:

	Net carrying amount at start of year	Transfers	Revaluation increments/ (decrements)	Disposals	Additions ⁵	Assets held for sale	Disposal through equity transfer	Impairment losses (recognised in other gains/losses)	Other movements including impairment of WIP	Depreciation/ amortisation	Closing balance
Class of property, plant and equipment	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
2009											
Land — freehold & improvements	10,306	—	(1,200)	—	—	—	(3,353)	—	—	(16)	5,737
Buildings — freehold	6,668	(899)	3,385	—	—	—	(1,848)	—	—	(260)	7,946
Total land & buildings	16,974	(899)	2,185	—	—	—	(5,201)	—	—	(276)	12,783
Wharf improvements — leasehold	14,956	(382)	10,469	—	2,947	—	(18,734)	—	—	(1,173)	8,083
Plant and equipment	4,330	1,281	—	(3)	1,050	—	—	—	—	(1,510)	5,148
Ferries	60,441	—	—	—	24,001	(1,140)	—	(3,402)	—	(15,902)	63,998
Work in progress	21,337	(27,993)	—	—	29,125	—	—	—	(797)	—	21,672
Total property, plant and equipment	118,038	(27,993)	12,654	(3)	57,123	(1,140)	(23,935)	(3,402)	(797)	(18,861)	111,684
2008											
Land — freehold & improvements	13,694	—	(3,372)	—	—	—	—	—	—	(16)	10,306
Buildings — freehold	3,730	—	2,873	—	439	—	—	—	—	(374)	6,668
Total land & buildings	17,424	—	(499)	—	439	—	—	—	—	(390)	16,974
Wharf improvements — leasehold	5,546	24	5,743	—	4,187	—	—	—	—	(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
Total property, plant and equipment	99,920	(20,359)	5,244	(68)	49,288	—	—	—	—	(15,987)	118,038

Transfer from Work in Progress to Additions

Note 5

Amounts capitalised out of WIP consist of Wharf \$4,212 thousand, Plant and Equipment \$2,095 thousand, Ferries \$13,548 thousand and Building Improvements \$439 thousand (2008).

Note 6

For the 2007-2008 financial year the Balmain Wharf improvements - leasehold assets valued at \$3,824 thousand were classified under Buildings freehold.

For the 2008-2009 financial year these assets valued at \$4,733 thousand have been split out and are now classified under Wharf Improvements - leasehold.

8. INTANGIBLES

	Opening balance	Disposals	Additions	Amortisation	Carrying Amount
	\$000	\$000	\$000	\$000	\$000
2009					
Route Rights	20	—	—	2	18
Total	20	—	—	2	18
2008					
Route Rights	22	—	—	2	20
Total	22	—	—	2	20

	Notes	2009 \$000	2008 \$000
9. TRADE & OTHER PAYABLES			
Trade creditors		1,659	2,244
Other creditors and accruals		8,021	4,054
Accrued salaries, wages and on-costs		2,062	2,718
Workers' compensation		326	615
Accrued interest payable		3,128	2,514
Total payables		15,196	12,145

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		6,224	7,195
Derivatives (Tcorp managed)	10 (b)	(899)	(100)
Total current borrowings		5,325	7,095

Non-current

Borrowings secured by NSW Government guarantee		80,470	60,015
Total non-current borrowings		80,470	60,015
Total borrowings		85,795	67,110

(a) Payable:

Not later than 1 year		5,325	7,095
Later than 1 year and not later than 5 years		48,517	34,229
Later than 5 years		31,953	25,786
Total borrowings		85,795	67,110

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

(b) Derivatives

Futures Initial Margins Deposit — TCorp		(6)	(89)
Futures Deposit — TCorp		(893)	(11)
Total derivatives		(899)	(100)

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS CONTINUED

	2009 \$000	2008 \$000
11. (a) PROVISIONS		
Current	2,251	673
Non-current	312	257
Total provisions	2,563	930
The balance of provisions consists of:		
Provision for marine damage claims	10	80
Provision for public liability claims	732	826
Provision for marine hull damage	419	24
Provision for restructuring/redundancy ⁷	1,402	—
Total provisions	2,563	930

(i) Provision for insurance

An assessment was carried out by David A Zaman Pty Ltd., Consulting Actuary on General Insurance Risk Provisions. State Transit Authority (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

	Opening Balance	Increase/ (decrease) in provision	Payments	Closing balance
Class of provision	\$000	\$000	\$000	\$000
2009				
Marine damage claims	80	(70)	—	10
Public liability claims	826	510	(604)	732
Marine hull claims	24	395	—	419
Restructuring/redundancy	—	1402	—	1,402
Total	930	2,237	(604)	2,563
2008				
Marine damage claims	26	54	—	80
Public liability claims	679	455	(308)	826
Marine hull claims	82	(58)	—	24
Environmental compliance	60	—	(60)	—
Total	847	451	(368)	930

⁷ Redundancy costs expensed as incurred amounted to \$1,837 thousand during the year ended 30 June 2009 and were recognised in the Redundancy account. (2008: nil).

	Notes	2009 \$000	2008 \$000
12. EMPLOYEE BENEFITS			
(a) Employee benefits — provisions			
Current			
Provision for annual leave — short term		3,978	3,162
Provision for annual leave — long term		2,389	2,726
Provision for public holidays — short term		—	—
Provision for public holidays — long term		753	786
Provision for retirement benefits	12c(i)	1,794	—
Provision for long service leave — long term	12b(i)	6,567	6,044
Total current employee benefits liabilities		15,481	12,718
Non-current			
Provision for long service leave	12b(i)	960	846
Total non-current employee benefits liabilities		960	846
(b) Aggregate employee benefits and related on-costs			
Current		15,481	12,718
Non-current		960	846
Accrued salaries, wages and on-costs	9	2,062	2,718
Total employee benefits and related on-costs		18,503	16,282

(i) Employee benefits — provision for long service leave

Valuation of the long service leave liability as at 30 June 2009 was calculated by Mercer Australia Pty. Ltd, independant actuary. In valuing the liability for long service leave they have constructed a financial model which projects expected future long service leave payments arising, as calculated from leave taken while in service and lump sump payments of accrued leave on termination of service.

Financial assumptions

	2009 %pa	2008 % pa
Discount rate	5.5	6.5
Expected rate of salary and wage increases	2.5	3.0

The discount rate is based on the prevailing yield on long term Commonwealth Government bonds as at 30 June 2009. The assumed rate of salary and wage increases of 2.5% is based upon the projected 2009/2010 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 rates of usage and staff turnover 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. These schemes are all defined benefit schemes. 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.

In 2008/2009, NSW Treasury mandated a change in policy for all NSW public sector agencies to recognise actuarial gains and losses and movement in adjustment for limitation on net asset immediately outside profit and loss in the year in which they occur. Previously actuarial gains and losses and movement in adjustment for limitation on net asset were recognised in profit or loss. This change in policy has been applied retrospectively, as advised in NSW Treasury Circular NSWTC 09/01.

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:

	SASS	SANCS	SSS	
2009				
Member Numbers				
Contributors	127	128	1	
Deferred benefits	—	—	1	
Pensioners	3	—	—	
	SASS \$000	SANCS \$000	SSS \$000	Total \$000
Superannuation Position for AASB 119 purposes				
Accrued liability — refer note 12 c(ii)	30,033	3,434	2,106	35,573
Estimated reserve account balance — refer note 12 c(iii)	(28,724)	(3,611)	(1,444)	(33,779)
	1,309	(177)	662	1,794
Future Service Liability ⁸	(4,385)	(1,554)	(149)	(6,088)
Surplus in excess of recovery available from schemes	—	—	—	—
Net (asset)/liability recognised in balance sheet — refer Note 12(a)	1,309	(177)	662	1,794
	SASS	SANCS	SSS	

2008

Member Numbers				
Contributors	137	138	1	
Deferred benefits	—	—	1	
Pensioners	1	—	—	
	SASS \$000	SANCS \$000	SSS \$000	Total \$000
Superannuation Position for AASB 119 purposes				
Accrued liability	29,143	3,169	1,544	33,856
Estimated reserve account balance	(32,303)	(4,181)	(1,581)	(38,065)
	(3,160)	(1,012)	(37)	(4,209)
Future Service Liability ⁸	(4,232)	(1,336)	(91)	(5,659)
Surplus in excess of recovery available from schemes	—	—	—	—
Net (asset)/liability recognised in balance sheet	(3,160)	(1,012)	(37)	(4,209)

8 The Future Service Liability (FSL) does not have to be recognised by an employer. It is only used 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
2009				
Present value of partly funded defined benefit obligations at beginning of the year	29,143	3,169	1,545	33,857
Current service cost	835	163	12	1,010
Interest cost	1,822	195	100	2,117
Contributions by fund participants	497	—	7	504
Actuarial (gains)/losses	24	259	452	735
Benefits paid	(2,288)	(352)	(10)	(2,650)
Past service cost	—	—	—	—
Curtailments	—	—	—	—
Settlements	—	—	—	—
Business Combinations	—	—	—	—
Exchange rate changes	—	—	—	—
Present value of partly funded defined benefit obligations at end of the year	30,033	3,434	2,106	35,573
2008				
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	—	—	—	—
Present value of partly funded defined benefit obligations at end of the year	29,143	3,169	1,544	33,856

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
2009				
Fair value of Fund assets at beginning of the year	32,303	4,181	1,581	38,065
Expected return on fund assets	2,556	331	129	3,016
Actuarial gains/(losses)	(5,350)	(740)	(276)	(6,366)
Employer contributions	1,006	191	13	1,210
Contributions by Fund participants	497	—	7	504
Benefits paid	(2,288)	(352)	(10)	(2,650)
Settlements	—	—	—	—
Business combinations	—	—	—	—
Exchange rate changes	—	—	—	—
Fair value of fund assets at end of the year	28,724	3,611	1,444	33,779

2008

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	—	—	—	—
Fair value of fund assets at end of the year	32,303	4,181	1,581	38,065

(iv) Reconciliation of the assets and liabilities recognised in the balance sheet

	SASS \$000	SANCS \$000	SSS \$000	Total \$000
2009				
Present value of partly funded defined benefit obligations at end of year — refer note 12 c(ii)	30,033	3,434	2,106	35,573
Fair value of fund assets at end of year — refer note 12 c(iii)	(28,724)	(3,611)	(1,444)	(33,779)
Subtotal	1,309	(177)	662	1,794
Unrecognised past service cost	—	—	—	—
Unrecognised gain/(loss)	—	—	—	—
Adjustment for limitation on net asset	—	—	—	—
Net liability/(asset) recognised in balance sheet at end of year	1,309	(177)	662	1,794

2008

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	—	—	—	—
Net liability/(asset) recognised in balance sheet at end of year	(3,160)	(1,012)	(37)	(4,209)

12. EMPLOYEE BENEFITS CONTINUED

(c) Retirement benefits (continued)

(v) Expense recognised in income statement

	SASS \$000	SANCS \$000	SSS \$000	Total \$000
2009				
Components Recognised in Income Statement				
Current service cost	835	163	12	1,010
Interest cost	1,822	195	101	2,117
Expected return on Fund assets (net of expenses)	(2,555)	(331)	(129)	(3,015)
Actuarial losses/(gains) recognised in year	—	—	—	—
Past service cost	—	—	—	—
Movement in adjustment for limitation on net asset	—	—	—	—
Curtailment or settlement (gain)/loss	—	—	—	—
Expense/(income) recognised	102	26	(16)	112

2008

Components Recognised in Income Statement				
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	—	—	—	—
Past service cost	—	—	—	—
Movement in adjustment for limitation on net asset	—	—	—	—
Curtailment or settlement (gain)/loss	—	—	—	—
Expense/(income) recognised	11	2	(21)	(8)

Amounts recognised in the statement of recognised income and expense {AASB 119 – paragraph 120A(h)}

	SASS \$000	SANCS \$000	SSS \$000	Total \$000
2009				
Actuarial (gains)/losses	5,374	999	728	7,101
Adjustment for limit on net asset	—	—	—	—
2008				
Actuarial (gains)/losses	3,352	621	495	4,468
Adjustment for limit on net asset	(764)	(199)	(67)	(1,030)

Superannuation actuarial losses of \$7,101 thousand (2008: \$4,468 thousand) and movement in adjustment for limitation on net asset of nil (2008: decrease of \$1,030 thousand) are recognised in the Statement of Recognised Income and Expense. Total superannuation expense, including actuarial losses recognised and movement in adjustment for limitation on net asset in the Statement of Recognised Income and Expense is \$7,101 thousand (2008: \$3,438 thousand).

The superannuation expense recognised in the Income Statement is included in Note 2(d) Employee Benefits in line item retirement benefits.

The cumulative amount of actuarial gains and (losses) recognised and movement in adjustment for limitation on net asset in the Statement of Recognised Income and Expense between 1 July 2004 is \$264 thousand.

Before, 1 July 2004 and the adoption of AEIFRS, it is not practical to determine the cumulative actuarial gain/loss as if the new policy had always been applied, given that the actuarial gains and losses were not separately identified and accumulated, and the superannuation expense was calculated on a different basis.

12. EMPLOYEE BENEFITS CONTINUED**(c) Retirement benefits (continued)****(vi) Fund assets**

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

	2009 % pa	2008 % pa
Australian equities	32.10	31.60
Overseas equities	26.00	25.40
Australian fixed interest securities	6.20	7.40
Overseas fixed interest securities	4.70	7.50
Property	10.00	11.00
Cash	8.00	6.10
Other	13.00	11.00

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
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2009

Actual return on Fund assets	(3,148)	(408)	(156)	(3,712)
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2008

Actual return on Fund assets	(2,225)	(287)	(125)	(2,637)
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(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

	2009 % pa	2008 % pa
Salary increase rate (excluding promotional increases)	3.50	3.50
Rate of CPI Increase	2.50	2.50
Expected rate of return on assets	8.13	—
Expected rate of return on assets backing current pension liabilities	—	8.30
Expected rate of return on assets backing other liabilities	—	7.30
Discount rate	5.59	6.55

(c) Demographic assumptions

The demographic assumptions at 30 June 2009 are those used in the 2009 triennial actuarial valuation. The triennial review report will be available from the NSW Treasury website, after it is tabled in Parliament in December 2009.

12. EMPLOYEE BENEFITS CONTINUED

(c) Retirement benefits (continued)

(ix) Historical information

AASB 119 requires for the current and previous four annual reporting periods.

	SASS \$000	SANCS \$000	SSS \$000	Total \$000
2009				
Present value of defined benefit obligation	30,033	3,434	2,106	35,573
Fair value of Fund assets	(28,724)	(3,611)	(1,444)	(33,779)
(Surplus)/Deficit in Fund	1,309	(177)	662	1,794
Experience adjustments – Fund liabilities	25	259	451	735
Experience adjustments – Fund assets	5,350	740	276	6,366
2008				
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
2007				
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)
2006				
Present value of defined benefit obligation	28,287	3,020	1,061	32,368
Fair value of Fund assets	(31,604)	(4,003)	(1,116)	(36,723)
(Surplus)/Deficit in Fund	(3,317)	(983)	(55)	(4,355)
Experience adjustments – Fund liabilities	(185)	(329)	(265)	(779)
Experience adjustments – Fund assets	(2,771)	(294)	(84)	(3,149)
2005				
Present value of defined benefit obligation	27,910	3,293	1,201	32,404
Fair value of Fund assets	(27,824)	(3,759)	(675)	(32,258)
(Surplus)/Deficit in Fund	86	(465)	526	146
Experience adjustments – Fund liabilities	—	—	—	—
Experience adjustments – Fund assets	—	—	—	—
(x) Expected contributions				
	SASS \$000	SANCS \$000	SSS \$000	Total \$000
2009				
Expected employer contributions to be paid in the next reporting period	945	192	11	1,148
2008				
Expected employer contributions	919	200	41	1,160

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS CONTINUED

12. EMPLOYEE BENEFITS CONTINUED

(xi) Funding arrangements for Employer Contributions

(a) Surplus/deficit

The following is a summary of the 30 June 2009 financial position of the Fund calculated in accordance with AAS 25 "Financial Reporting by Superannuation Plans":

	SASS \$000	SANCS \$000	SSS \$000	Total \$000
2009				
Accrued benefits	27,641	3,107	1,384	32,132
Net market value of Fund assets	(28,724)	(3,611)	(1,445)	(33,780)
Net (surplus)/deficit	(1,083)	(504)	(61)	(1,648)

2008

Accrued benefits	29,056	3,183	1,428	33,667
Net market value of Fund assets	(32,303)	(4,181)	(1,581)	(38,065)
Net (surplus)/deficit	(3,247)	(998)	(153)	(4,398)

(b) Contribution recommendations

Recommended contribution rates for the entity are:

	SASS Multiple of member contributions	SANCS % member salary	SSS Multiple of member contributions
2009			
	1.90	2.50	1.60
2008			
	1.90	2.50	1.60

(c) Funding method

The method used to determine the employer contribution recommendations in the 2006 triennial 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 2009 actuarial review of the Fund were:

	2009 % pa	2008 % pa
Weighted-average assumptions		
Expected rate of return on Fund assets backing current pension liabilities	8.30	7.70
Expected rate of return on Fund assets backing other liabilities	7.30	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.

12c (xii) IMPACTS FROM SUPERANNUATION ACTUARIAL (GAINS)/LOSSES AND MOVEMENT IN ADJUSTMENT FOR LIMITATION ON NET ASSET FY2004–2005 AND FY2005–2006

In accordance with NSW Treasury Circular No. NSW TC 09/01 defined benefit actuarial superannuation gains and losses are recognised outside profit or loss. The impact of this change on the financial statements are disclosed below.

BEFORE CHANGE

STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2006

	2006 \$000	2005 \$000
Total equity at the beginning of the year	81,622	—
Adjustments arising from first-time adoption of AASB132 and AASB139	—	—
Restated total equity at the beginning of the financial year	81,622	—
Increase on revaluation of property, plant and equipment asset reserve	6,125	—
Transaction with owners as owners		
Contribution from owners	—	83,135
Total income and expenses recognised directly in equity	6,125	83,135
Surplus/(deficit) for the year	(48,681)	(1,513)
Total income and expenses recognised for the year	(48,681)	(1,513)
Total equity at the end of the year	39,066	81,622

EMPLOYEE BENEFIT PROVISIONS

Retirement benefits

Defined benefits expense/(income) for the year:

	SASS \$000	SANCS \$000	SSS \$000	TOTAL \$000
Year ending 30 June 2006				
Current service cost	928	184	50	1,162
Interest cost	1,641	163	67	1,871
Expected return on plan assets	(2,054)	(281)	(53)	(2,388)
Net superannuation actuarial (gains)/losses	(2,956)	(623)	(349)	(3,928)
Past service cost	—	—	—	—
Loss/(gains) on curtailments or settlements	—	—	—	—
Total included in retirement benefits expense	(2,441)	(557)	(285)	(3,283)
Year ending 30 June 2005				
Current service cost	—	—	—	—
Interest cost	—	—	—	—
Expected return on plan assets	—	—	—	—
Net superannuation actuarial losses/(gains) recognised	1,056	(258)	561	1,359
Past service cost	—	—	—	—
Loss/(gains) on curtailments or settlements	—	—	—	—
Total included in retirement benefits expense	1,056	(258)	561	1,359

12c (xii) IMPACTS FROM SUPERANNUATION ACTUARIAL (GAINS)/LOSSES AND MOVEMENT IN ADJUSTMENT FOR LIMITATION ON NET ASSET FY2004–2005 AND FY2005–2006 CONTINUED**AFTER CHANGE****STATEMENT OF CHANGES IN EQUITY****For the year ended 30 June 2006**

	2006 \$000	2005 \$000
Total equity at the beginning of the year	81,622	—
Adjustments arising from first-time adoption of AASB132 and AASB139	—	—
Restated total equity at the beginning of the financial year	81,622	—
Increase on revaluation of property, plant and equipment asset reserve	6,125	—
Superannuation actuarial (losses)/gains recognised & Movement in adjustment for limitation on net asset	3,928	(1,359)
Transaction with owners as owners		
Contribution from owners	—	83,135
Restated total income and expenses recognised directly in equity	10,053	81,776
Surplus/(deficit) for the year	(52,609)	(154)
Restated total income and expenses recognised for the year	(52,609)	(154)
Restated total equity at the end of the year	39,066	81,622

EMPLOYEE BENEFIT PROVISIONS**Retirement benefits****Defined benefits expense/(income) for the year:**

	SASS \$000	SANCS \$000	SSS \$000	TOTAL \$000
Year ending 30 June 2006				
Current service cost	928	184	50	1,162
Interest cost	1,641	163	67	1,871
Expected return on plan assets	(2,054)	(281)	(53)	(2,388)
Past service cost	—	—	—	—
Loss/(gains) on curtailments or settlements	—	—	—	—
Total included in retirement benefits expense	515	66	64	645
Year ending 30 June 2005				
Current service cost	—	—	—	—
Interest cost	—	—	—	—
Expected return on plan assets	—	—	—	—
Past service cost	—	—	—	—
Loss/(gains) on curtailments or settlements	—	—	—	—
Total included in retirement benefits expense	—	—	—	—

12c(xiii) IMPACTS FROM SUPERANNUATION ACTUARIAL (GAINS)/LOSSES AND MOVEMENT IN ADJUSTMENT FOR LIMITATION ON NET ASSET FY2005–2006 AND FY2006–2007

BEFORE CHANGE

STATEMENT OF RECOGNISED INCOME AND EXPENSE

For the year ended 30 June 2007

	2007 \$000	2006 \$000
Increase on revaluation of property, plant and equipment asset reserve	—	6,125
Income and expense recognised directly in equity	—	6,125
Surplus(deficit) for the year	(2,880)	(48,681)
Total recognised income and expense for the year	(2,880)	(42,556)
Attributable to:		
Equity holders	(2,880)	(42,556)
Total recognised income and expense for the year	(2,880)	(42,556)

EMPLOYEE BENEFIT PROVISIONS

Retirement benefits

Expense recognised in income statement

	SASS \$000	SANCS \$000	SSS \$000	TOTAL \$000
Year ending 30 June 2007				
Current service cost	854	174	38	1,066
Interest cost	1,600	169	63	1,832
Expected return on plan assets	(2,346)	(300)	(87)	(2,733)
Net superannuation actuarial losses/(gains) recognised	(1,432)	(319)	(413)	(2,164)
Past service cost	—	—	—	—
Movement in adjustment for limitation on net asset	764	199	67	1,030
Curtailments or settlements (gain)/loss	—	—	—	—
Total included in retirement benefits expense	(560)	(77)	(332)	(969)

AFTER CHANGE

STATEMENT OF RECOGNISED INCOME AND EXPENSE

For the year ended 30 June 2007

	2007 \$000	2006 \$000
Increase on revaluation of property, plant and equipment asset reserve	—	6,125
Superannuation actuarial (losses)/gains recognised & Movement in adjustment for limitation on net asset	1,134	3,928
Income and expense recognised directly in equity	1,134	10,053
Surplus(deficit) for the year	(4,014)	(52,609)
Restated total recognised income and expense for the year	(2,880)	(42,556)
Attributable to:		
Equity holders	(2,880)	(42,556)
Restated total recognised income and expense for the year	(2,880)	(42,556)

12c (xiii) IMPACTS FROM SUPERANNUATION ACTUARIAL (GAINS)/LOSSES AND MOVEMENT IN ADJUSTMENT FOR LIMITATION ON NET ASSET FY2005–2006 AND FY2006–2007 CONTINUED**(v) Expense recognised in income statement**

	SASS \$000	SANCS \$000	SSS \$000	TOTAL \$000
Year ending 30 June 2007				
Current service cost	854	174	38	1,066
Interest cost	1,600	169	63	1,832
Expected return on plan assets	(2,346)	(300)	(87)	(2,733)
Past service cost	—	—	—	—
Curtailments or settlements (gain)/loss	—	—	—	—
Total included in retirement benefits expense	108	43	14	165

12c (xiv) IMPACTS FROM SUPERANNUATION ACTUARIAL (GAINS)/LOSSES AND MOVEMENT IN ADJUSTMENT FOR LIMITATION ON NET ASSET FY2006–2007 AND FY2007–2008**BEFORE CHANGE****STATEMENT OF RECOGNISED INCOME AND EXPENSE****For the year ended 30 June 2008**

	2008 \$000	2007 \$000
Increase on revaluation of property, plant and equipment asset reserve	5,244	—
Income and expense recognised directly in equity	5,244	—
Surplus(deficit) for the year	(3,862)	(2,880)
Total recognised income and expense for the year	1,382	(2,880)
Attributable to:		
Equity holders	1,382	(2,880)
Total recognised income and expense for the year	1,382	(2,880)

EMPLOYEE BENEFIT PROVISIONS**Retirement benefits****Expense recognised in income statement**

	SASS \$000	SANCS \$000	SSS \$000	TOTAL \$000
Year ending 30 June 2008				
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)
Net superannuation actuarial losses/(gains) recognised	3,352	621	495	4,468
Past service cost	—	—	—	—
Movement in adjustment for limitation on net asset	(764)	(199)	(67)	(1,030)
Curtailments or settlements (gain)/loss	—	—	—	—
Total included in retirement benefits expense	2,599	424	407	3,430

2c(xiv) IMPACTS FROM SUPERANNUATION ACTUARIAL (GAINS)/LOSSES AND MOVEMENT IN ADJUSTMENT FOR LIMITATION ON NET ASSET FY2006–2007 AND FY2007–2008 CONTINUED

AFTER CHANGE

STATEMENT OF RECOGNISED INCOME AND EXPENSE

For the year ended 30 June 2008

	2008 \$000	2007 \$000
Income and expense recognised directly in equity		
Increase on revaluation of property, plant and equipment asset reserve	5,244	—
Superannuation actuarial (losses)/gains recognised & Movement in adjustment for limitation on net asset	(3,438)	1,134
Total income/(expense) recognised directly in equity	1,806	1,134
Surplus(deficit) for the year	(424)	(4,014)
Total recognised income and expense for the year	1,382	(2,880)
Attributable to:		
Equity holders	1,382	(2,880)
Total recognised income and expense for the year	1,382	(2,880)

EXPENSE RECOGNISED IN INCOME STATEMENT

	SASS \$000	SANCS \$000	SSS \$000	TOTAL \$000
Year ending 30 June 2008				
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)
Past service cost	—	—	—	—
Curtailments or settlements (gain)/loss	—	—	—	—
Total included in retirement benefits expense	11	2	(21)	(8)

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 sub-lease term which commenced on 25 May 1991. The rent was reviewed to market on 25 May 2006 and the next market rent review will be on 25 May 2011. In the intervening period, the base rent is subject to an annual CPI review on 25 May 2010.

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 one motor vehicle based upon excess kilometre charges. Contingent rents are recorded when incurred.

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

Operating lease commitments

	2009 \$000	2008 \$000
Non cancellable operating lease commitments are payable as follows:		
Not later than 1 year	1,681	1,612
Later than 1 year and not later than 5 years	6,512	5,871
Later than 5 years	42,284	48,077
Total operating lease commitments (including GST)	50,477	55,560
(b) Capital expenditure commitments		
Not later than 1 year	16,544	1,977
Later than 1 year and not later than 5 years	—	3,522
Total capital expenditure commitments (including GST)	16,544	5,499
(c) Other expenditure commitments		
Aggregate other expenditure for the acquisition of goods and services at balance date and not provided for:		
Not later than 1 year	6,018	10,542
Later than 1 year and not later than 5 years	—	3,578
Later than 5 years	—	—
Total other expenditure commitments (including GST)	6,018	14,120
The commitment totals as shown above in (a) to (c) include Goods and Services Tax (GST) of \$6,640 thousand (2008:\$6,834 thousand), which is recoverable from the Australian Taxation Office.		
(d) Remuneration commitments		
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:		
Not later than 1 year	758	1,124
Later than 1 year and not later than 5 years	2,276	2,441
Total remuneration commitments	3,034	3,565

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 has overall responsibility for the establishment and oversight of financial risk management and reviews and agrees 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
			2009	2008
Class:			\$000	\$000
Cash and cash equivalents	3	N/A	1,888	792
Receivables	4	Trade and other receivables ⁹	1,913	639
Financial Liabilities				
Trade Creditors	9	Financial liabilities measured at amortised cost ¹⁰	1,659	2,244
Borrowings	10	Financial liabilities measured at amortised cost	85,795	67,110

(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 and authority deposits. 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, bank balances with NSW Treasury Corporation (TCorp) and the TCorp Hour-Glass cash facility. Interest is earned on daily bank balances at the monthly average TCorp 11am unofficial cash rate, adjusted for a management fee payable to NSW Treasury.

⁹ Excludes prepayments which are not within the scope of AASB 7.

¹⁰ Excludes other creditors and accruals as the balance consists of revenue in advance and accruals which are not within the scope of AASB7."

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 there under. Sydney Ferries' maximum exposure to credit risk is represented by the carrying amounts of the financial assets included in the Balance Sheet.

	Government \$000	Other \$000	Total \$000
2009			
Receivables	860	1,053	1,913
Total receivables	860	1,053	1,913

2008			
Receivables	389	28	417
Total receivables	389	28	417

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 whose terms have been renegotiated.

	Total \$000	Past due but not impaired \$000	Considered impaired \$000
2009			
< 3 months overdue	1,806	1,806	—
3 months – 6 months overdue	—	—	—
> 6 months overdue	107	107	—
2008			
< 3 months overdue	411	411	—
3 months – 6 months overdue	6	6	—
> 6 months overdue	—	—	—

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 the NSW 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 based on 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.

14. FINANCIAL INSTRUMENTS CONTINUED

(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.

	Financial instruments maturing in						
	Carrying amount \$000	Contractual cash flows \$000	1 year or less \$000	Over 1 to 5 years Carrying amount	More than 5 years Carrying amount	Non-interest bearing Carrying amount	Total Carrying amount
2009							
Financial liabilities							
Payables	1,659	—	—	—	—	1,659	1,659
Short term borrowings (excluding derivatives)	540	544	544	—	—	—	544
Fixed rate term borrowings (excluding derivatives)	86,154	109,272	10,651	61,188	37,433	—	109,272
Total financial liabilities	88,353	109,816	11,195	61,188	37,433	1,659	111,475
2008							
Financial liabilities							
Payables	2,244	—	—	—	—	2,244	2,244
Short term borrowings (excluding derivatives)	7,195	7,321	7,321	—	—	—	7,321
Fixed rate term borrowings (excluding derivatives)	60,015	79,896	3,708	44,630	31,558	—	79,896
Total financial liabilities	69,454	87,217	11,029	44,630	31,558	2,244	89,461

(d) Fair value

Except where specified below, the amortised cost of financial instruments recognised in the balance sheet approximates the fair value, because of the short-term nature of many of the financial instruments. The following table details the financial instruments where the fair value differs from the carrying amount.

	Total carrying amount		Aggregate net fair value	
	2009 \$000	2008 \$000	2009 \$000	2008 \$000
Financial liabilities				
Borrowings	85,795	67,110	88,326	66,225
Total financial liabilities	85,795	67,110	88,326	66,225

(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 (that is, 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 as for 2008. 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 +/- 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
2009					
Financial assets		increased	(decreased)	(decreased)	increased
Cash and cash equivalents	1,888	19	(19)	(19)	19
Financial liabilities		decreased	increased	increased	decreased
Borrowings	85,795	(858)	858	(858)	858
2008					
Financial assets		increased	(decreased)	(decreased)	increased
Cash and cash equivalents	792	8	(8)	(8)	8
Financial liabilities		(decreased)	increased	increased	(decreased)
Borrowings	67,110	(671)	671	671	(671)

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 \$85,795 thousand (2008: \$67,110 thousand).

15. CONTINGENT LIABILITIES

The estimated value of insurance deductibles arising from potential liability claims and other claims against Sydney Ferries at 30 June 2009 is \$415 thousand (2008: \$328 thousand).

16. (a) RECONCILIATION OF OPERATING RESULTS TO NET CASH FROM OPERATING ACTIVITIES

	2009 \$000	2008 \$000
(Deficit)	(14,540)	(3,862)
Adjustments to reconcile net operating result to net cash from operating activities:		
Amortisation	191	191
Loss on disposal of PPE	3	—
Asset impairment loss on vessels & impairment for WIP	4,200	—
Written down value of assets disposed	—	68
Depreciation of non-current assets	18,861	15,987
Other non cash items	184	(224)
Changes in assets and liabilities:		
(increase)/decrease in receivables	(1,200)	1,542
(increase)/decrease in inventory	(411)	(710)
(increase)/decrease in other assets	4,206	2,109
increase/(decrease) in trade and other creditors	3,034	254
increase/(decrease) in employee entitlements	(4,225)	(383)
increase/(decrease) in other provisions	1,633	85
(increase)/decrease in goods and services tax	(229)	180
increase/(decrease) in revenue received in advance	17	(5)
Net cash flows from operating activities	11,724	15,232

(b) Financing facility available

Short—term standby credit facility	30,000	30,000
Drawn down at balance date	—	—
Facility unused at balance date	30,000	30,000

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

17. ASSETS HELD FOR SALE

A deposit for the sale of the JetCats was received on 29 July 2009 and the sale is being finalised.

An impairment loss of \$3,402 thousand on the remeasurement of the assets to the lower of its carrying amount and its fair value less costs to sell has been recognised in other expenses.

	\$000
Assets classified as held for sale	
Vessels	1,140
Inventory	628
Less Provision for obsolescence	Note 5 (568)
	1,200

18. TRANSFER OF WHARVES

Sydney Ferries has surrendered leasehold interests over nine wharves and transferred wharf improvements, leasehold rights over wharves and adjoining freehold land to NSW Maritime to effect a determination made by Government. The transfer took effect on 30 June 2009 and the fair value of assets transferred was \$23,935 thousand (Note 7).

19. EQUITY

	Asset Revaluation Reserves		Accumulated Funds		Total Equity	
	2009 \$000	2008 \$000	2009 \$000	2008 \$000	2009 \$000	2008 \$000
Balance at the beginning of the financial year	11,369	6,125	26,199	30,061	37,568	36,186
Changes in accounting policy:						
Superannuation actuarial gains/(losses) & movement in adjustment for limitation on net asset for the year				(3,438)	—	(3,438)
Restated opening balance	11,369	6,125	26,199	26,623	37,568	32,748
Changes in equity — transactions with owners as owners:						
(Decrease) in net assets from equity transfers (Notes 7 and 18)			(23,935)		(23,935)	—
Total	11,369	6,125	2,264	26,623	13,633	32,748
Changes in equity — other than transactions with owners as owners:						
(Deficit) for the year			(14,540)	(424)	(14,540)	(424)
Increment/decrement on revaluation of: (Note 7)					—	—
Land	(1,200)	(3,372)			(1,200)	(3,372)
Buildings	3,385	2,874			3,385	2,874
Wharves	10,469	5,742			10,469	5,742
Superannuation actuarial (losses) and movement in adjustment for limitation on net assets			(7,101)		(7,101)	—
Transfers within equity:						
balance transferred to accumulated funds on disposal of asset	(17,216)		17,216		—	—
Balance at the end of the financial year	6,807	11,369	(2,161)	26,199	4,646	37,568
	\$000	\$000				
Net movement of the asset revaluation reserves	(4,562)	5,244				

20. EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

Structure and Ownership

On 21 October 2008, the Premier announced the Government's response to the 17 recommendations made by the Special Commission of Inquiry into Sydney Ferries (**Walker Inquiry**). To implement the recommendations, the Government announced that it would undertake a market process to test the prospects offered by the private sector against the prospects offered by continuing with Sydney Ferries. The Expression of Interest (**EOI**) Stage 1 commenced in December 2008. Stage 1 detailed the background and objectives of the market process and sought industry views to assist Government in determining the optimal delivery model and most effective contractual arrangements for regular ferry services on Sydney Harbour. The EOI Stages 1 and 2 have been completed, with two private sector bidders shortlisted to submit a response to the Request for Tender (**RFT**).

In the RFT phase, the initial step involved the Government's development of a financial base case for the Public Sector Comparator (**PSC**) to model the most efficient method of delivering the Government's objectives within the public sector. Sydney Ferries contributed to the development of the PSC by providing its Financial Forecast on 2 July 2009 and its Revised Business Case on 16 July 2009.

In the meantime, under the Interim Ferry Service Contract expiring on 31 December 2009 with the Director General of the Ministry of Transport, Sydney Ferries has continued to provide services. The Government has made it clear that the new Service Contract for the delivery of services commencing on 1 January 2010 will only be awarded to a private operator if the market process reveals that a private operator is able to offer better value for money than Sydney Ferries.

These conditions create a significant uncertainty as to whether Sydney Ferries will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report. No adjustments relating to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that might be necessary due to any prospective outcomes have been made in the financial report. The nature of any such changes is currently uncertain. It is proposed that contractual arrangements will be based on a continuation of services utilising existing infrastructure.

End of audited financial statements

APPENDICES

08-09



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1. CUSTOMERS AND STAKEHOLDERS

Customer Service Charter

As a passenger travelling with Sydney Ferries you are entitled

- To travel in safety.
- To be treated courteously by all Sydney Ferries' crew, staff and contractors.
- To have requests for information about services provided to you promptly and, where an individual cannot assist you, to be referred to someone who can.
- To rely on published timetables and to be promptly informed of any service cancellations, timetable changes, vessel delays or operational interruptions.
- To expect all ferries to be clean, tidy, and comfortable.
- To expect that lost property found on a ferry will be stored securely at Circular Quay for a minimum of 28 days before being disposed of in accordance with the *Impounding Act 1993* (NSW).
- To have any complaint made acknowledged and investigated within 24 hours of receipt.

Information about services, service changes, timetables and events can be obtained 24 hours a day via the Transport Info 24 hour call centre 131 500 or by visiting www.131500.com.au or www.sydneyferries.info.

Feedback about safety can be directed to:

- The New South Wales Government's Independent Transport Safety and Reliability Regulator, which has a Confidential Safety Information Reporting Scheme at 1800 180 828.

Feedback about any aspect of services can be directed to:

- Transport Info 24 hour call centre 131 500 or www.131500.com.au
- Sydney Ferries' ticket windows at Circular Quay and Manly to obtain a Customer Feedback Form.
- Chief Executive Officer, Sydney Ferries via post at PO Box R1799, Royal Exchange, NSW 1225 or via fax on (02) 8113 1900.

Refunds can only be provided under certain conditions. The Sydney Ferries' Refund Policy is available from www.sydneyferries.info and ticket windows at Manly and Circular Quay. The ticket for which a fare refund is sought must be provided upon application.

Guarantee of Service

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

Access

Operating hours

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

Corporate office

Sydney Ferries' principal office is located 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 5.00am to 1.15am,
Monday to Saturday; 6.00am to 12.45am 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 7.00am to 3.30pm,
Monday to Friday.

Website

Sydney Ferries' website address is:

www.sydneyferries.info

Signed



David Callahan

Date: 30 June 2009

Acting Chief Executive Officer
Sydney Ferries

Electronic Service Delivery

Sydney Ferries provides service information to its customers through its own internet site www.sydneysydneyferries.info and the Transport Info website 131500.com.au

As part of ongoing electronic service delivery improvements in line with customer feedback and in response to the NSW Government Website Style Directive, Sydney Ferries' website complies with W3C Web Accessibility Guidelines, enabling users to increase the font size and display of information.

131500 Transport Info

Sydney Ferries supported several improvements to www.131500.info during 2008–09, including its useability, trip planning facility and maps.

Accessibility

In accordance with the Disability Standards for Accessible Public Transport, Sydney Ferries' fleet is wheelchair accessible via one of the 23 wheelchair accessible ferry wharves (pending tidal and safety conditions). Wheelchair

accessible wharves are clearly marked on the Sydney Ferries' network map and a list of wheelchair-accessible wharves is available on Sydney Ferries' website.

In addition, service information is accessible in audible, visual and assisted information formats through Transport Info 131500, the websites www.131500.com.au and www.sydneysydneyferries.info and the TTY (teletypewriter service) 1800 637 500.

Annual Report Production Costs

The cost of producing this year's annual report was \$28,000.

Availability

The annual report is available at www.sydneysydneyferries.info as the selected means of distribution after tabling.

2. FINANCIAL AND ASSET MANAGEMENT

Budgets

Sydney Ferries' budgets for 2008–09 and 2009–10 are set out below.

Revenue and expenditure	Budget 2008–09	Budget 2009–10
	\$000	\$000
Revenue from ordinary activities		
Passenger revenue:		
Fares, charters and tourists services	49,369	47,344
Reimbursement for:		
Free travel by school students	300	292
Concessions to pensioners	9,553	9,749
Concessions to other community groups	2,530	2,582
Government funding	68,170	66,423
Total passenger revenue	129,922	126,390
Interest received from third parties	—	96
Other	248	1,120
Total revenue from ordinary activities	130,170	127,606
Expenses from ordinary activities		
Wages and salaries	74,796	72,182
Fleet running expenses	18,373	16,009
General operating expenses	20,893	24,084
Interest	6,966	7,565
Depreciation	19,508	18,288
Total expenses from ordinary activities	140,535	138,128
Surplus/(Deficit)	(10,365)	(10,522)
Capital expenditure and major periodic maintenance expenditure	Budget 2008–09	Budget 2009–10
	\$000	\$000
Vessel upgrades	6,345	3,190
Information technology	3,668	1,358
Facility and wharves upgrade	6,676	4,267
Environmental projects	1,041	1,284
Other	3,465	8,607
Total capital expenditure	21,195	18,706
Major periodic maintenance expenditure	9,144	13,424
Total capital and major periodic maintenance expenditure	30,339	32,130

Investment performance

Sydney Ferries invests surplus short-term funds in the NSW Treasury Corporation 'Hour Glass' Investment-Cash Facility. In the year ended 30 June 2009, Sydney Ferries' weighted average rate of return on the investment was 5.35 per cent after fees for the financial year, under-performing the UBS Bank Bill Index by 0.13 per cent. The primary reason for the Facility's under-performance over the financial year was the underperformance of the Residential Mortgage Backed Securities (RMBS) within the Facility. Whilst the RMBS are all AAA rated and have very high levels of protection against possible downgrade, these securities still under-performed due to issues in the RMBS market. The Facility is running down the exposure to RMBS and this will be a smaller component of the Facility as time progresses. Importantly, the underlying quality of the RMBS portfolio remains exceptional and continues to receive a yield in excess of the bank bill rate.

Liability management performance

In the year ended 30 June 2009, 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 10.62 per cent. The benchmark portfolio 'market value cost of funds' was 11.80 per cent.

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

On 18 December 2008 IPART issued two fare determinations concerning an increase of fares for relevant Sydney Ferries' services. In accordance with sections 85(2A) and 87 of the *TA Act* Sydney Ferries made an order to amend the *Transport Administration (Sydney Ferries – Fares) Order 2004* (NSW) and caused the amending order to be published in the *Government Gazette* on 24 December 2008.

Taxes and other payments to Government

Sydney Ferries, as a statutory State owned Corporation from 1 July 2004 to 31 December 2008, and as a statutory corporation from 1 January 2009, 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 2008–09:

(a) New South Wales taxes and charges

Classification	\$000
Payroll tax	4,086
Land tax	75
Total	4,161

(b) Federal taxes and charges

Classification	\$000
Fringe benefits tax	55

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* (NSW), a summary of Sydney Ferries' land holding as at 30 June 2009, according to actual use of the land, is provided below.

Land use classification	Land value (\$000)
Balmain Shipyard	5,737
Total	5,737

Disposal of property

Sydney Ferries transferred wharf land valued at \$2,560 thousand to NSW Maritime on 30 June 2009.

Consultant Engagement equal to or more than \$30,000

Consultant	Cost	Nature of Project	Title of Project
Change-drivers Pty Ltd	\$106,501	Advice and Assist in delivery	Ferries 2010 Implementation
Pricewaterhouse Coopers	\$171,298	Review, improve and manage	Project management support in preparation of of Sydney Ferries 2015 Business Plan and independent review of key assumptions and financial costing
Pricewaterhouse Coopers	\$90,201	Review and support	Performance and Management Services - Phase 2 Ferries 2015
\$368,000			

Credit card certification

Sydney Ferries has credit card procedures which comply with Treasurer's Directions from the NSW Treasurer and Department of Premier and Cabinet policy.

CERTIFICATION

In accordance with Treasurer's Direction 205.01 the Acting Chief Executive Officer certified the following matters to the Minister for Transport on 8th October 2009:-

1. That the revised *Credit Card Procedures* of Sydney Ferries conform to Premier's Memoranda and Treasurer's Directions;
2. That one credit card has been issued in accordance with the revised *Credit Card Procedures* ("**Approved Card**");
3. That as at the date of the certification, the Approved Card is the only credit card issued on the account of Sydney Ferries; and
4. That all expenditure incurred by the authorised cardholder on the Approved Card has been incurred solely for business purposes in accordance with the revised *Credit Card Procedures*, Treasurer's Directions and applicable Premier's Memoranda.

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* (NSW).

Ageing of amounts unpaid at end of quarter

Quarter	Aged transactions by quarter			
	Current (within due date)	Less than 30 days overdue	Between 30 and 60 days overdue	Between 60 and 90 days overdue
September 2008	487	128	(8)	0
December 2008	1,143	0	0	0
March 2009	1,466	4	12	0
June 2009	320	287	39	0

Performance in paying accounts

Quarter	Amounts paid on time		Total amount paid	
	Target %	Actual %	\$000	\$000
September 2008	90%	94.82%	52,940	55,834
December 2008	90%	91.97%	54,391	59,141
March 2009	90%	94.78%	51,979	54,839
June 2009	90%	96.77%	51,154	52,864

The average payment performance for the year was 94.59 per cent against a target of 90 per cent. There were no penalty interest payments made under clause 15 of the *Public Finance and Audit Regulation 2005* (NSW).

Events occurring after balance date

Please refer to Note 20 of the Financial Statements for a summary of the Sydney Ferries Market Review that the NSW Government is undertaking and the impact on the structure and ownership of Sydney Ferries.

Insurance activities

Sydney Ferries maintains a comprehensive insurance program commensurate with its activities. Sydney Ferries uses brokers to ensure that insurance costs are minimised. As part of its renewal strategy presentations were made to a number of property and liability insurers. Sydney Ferries is confident that this strategy has ensured a lower overall insurance cost.

During the financial year Sydney Ferries submitted a claim to its insurers in relation to the *Dawn Fraser* incident on 5 January 2007. There were other minor claims received and made during the financial year.

RESPONSE TO SIGNIFICANT ISSUES RAISED BY AUDITOR-GENERAL

Financial Position

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. Management has determined that the going concern basis assumption is appropriate.

The Government is currently undertaking a Ferry Market Review process to test the prospects offered by the private sector against the prospects offered by continuing with Sydney Ferries. These conditions create a significant uncertainty as to whether Sydney Ferries will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report. No adjustments relating to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that might be necessary due to any prospective outcomes have been made in the financial report.

The NSW Government is expected to announce its decision in early December 2009.

Valuation of Physical Non-Current Assets at Fair Value

Following a determination made by the NSW Government, Sydney Ferries surrendered leasehold interest over nine wharves and transferred wharf improvements, leasehold rights over wharves and adjoining freehold land to NSW Maritime to effect a determination made by Government. The transfer took effect on 30 June 2009 and the fair value of assets transferred was \$23.9 million.

Employee Benefits

Sydney Ferries overtime costs have been significantly reduced and ordinary wages and salaries have remained stable.

Sydney Ferries has developed plans and strategies to further reduce both overtime and wages and salaries cost over the course of the next 12 months.

Although unrelated, temporary staff costs have increased.

Management actions have already commenced to substantially reduce these costs in the 2009-10 financial year.

Work-in-Progress – Systems and Procedures

There are a number of projects currently in progress for the development of information and security systems with a total capitalised value of \$13.4 million at 30 June 2009

and further commitments of \$12.4 million. Most of these projects commenced in either the 2007-2008 or 2008-2009 financial year. Given the Ferry Market Review process it is uncertain as to whether the expected future economic benefits that are attributed to these projects will flow to Sydney Ferries.

This issue is expected to be resolved with the announcement by the NSW Government on the outcome of the market testing process.

Stock Found at Off-Site Stores

During the year, management identified and capitalised inventories held at off-site warehouses of \$364,178.

Sydney Ferries management is reviewing systems, accounting treatment and monitoring of stock and stock consumables in order to enhance existing controls.

Privatisation of Manly JetCat Route

Following a directive from the New South Wales Government, the Manly JetCat service operation was terminated from 31 December 2008. As a result the JetCats, and spare parts, were sold during July 2009 at a price significantly lower than the book value. Consequently, the value of JetCats at 30 June 2009 was impaired by \$3.4 million and spare parts by \$0.568 million to reflect their market value.

3. HUMAN RESOURCES

Performance and number of executive officers

SES Equivalent to or higher than SES Level 5 (2008–09)

As of 30th June 2009 there were four executives with total remuneration packages equal to or exceeding the NSW Senior Executive Service Level one. One of these officers was female.

As at 30th June 2009, there were two male executives with a total remuneration package equal to or exceeding the NSW Senior Executive Service Level 5.

Name and title of executive officer at pay equivalent to or higher than SES level 5	2008–9 Salary Band
Geoff Smith, Chief Executive Officer, 1 July 2008 to 26 May 2009	SES Level 7 — range \$296,051 to \$371,250
David Callahan, Acting Chief Executive Officer, 18 March 2009 to 30 June 2009	SES Level 7 — range \$296,051 to \$371,250
Denis Mole, Chief Operations Officer, 1 July 2008 to 30 June 2009	SES Level 5 — \$228,301 to \$263,400

Number of officers and employees by category

Division	2004–05	2005–06	2006–07*	2007–08	2008–09#
Operations	453	525	542	548.5	536.8
Asset Management (formerly Engineering)	88	86	98	101	92.0
Finance and Corporate Services	18	10	22	17	17.0
Human Resources	12	4	12	11	6.5
Executive Office	No such category at this time	4	6	6.5	5.3
Strategy and Stakeholder Management (formerly Communications, Marketing and Business Development)	No such category at this time	N/A	6	5	9.0
Information Technology	No such category at this time				1
Total	571	629	686	689	668

In 2008-09 casual and part-time employees were recorded based on the proportion of full time equivalent (FTE) ordinary hours worked.

*Figures for 2006–07 and 2007–08 are full time equivalents, where casual and part-time employees were recorded as 0.5 FTE.

Figures for previous years are not full time equivalents but total employees.

These figures do include contractors.

Exceptional movements in wages, salaries or allowances

All movements in wages, salaries and allowances in 2008–09 were in accordance with the provisions of the applicable enterprise agreements.

Human resources and industrial relations policies and practices

Performance management system

During 2008–09 Sydney Ferries continued development and introduction of its performance management system. The performance management system is designed to identify the employee's training/educational needs, promotion prospects and provide them with a record of their performance. While initially implemented in the corporate area, it has now been included in the Sydney Ferries Maritime Agreement 2009 and will be progressively implemented in the first quarter of 2010.

Employee Excellence Awards

253 nominations were received for the Employee Excellence Awards in 2008–09. Three employees were also recognised for 30 years service. Master Gregory Sullivan received the Employee of the Year award.

Mercer Job Evaluation System

In 2009 Sydney Ferries has embarked on a Pilot Project to introduce the Mercer Cullen Egan Dell job evaluation system. This system is widely recognised within both the NSW and Federal Governments and provides a sound framework for reviewing positions and how they are remunerated. Human Resources staff have been trained in the application of the system to facilitate its introduction and efficient utilisation.

Policies and Procedures

Sydney Ferries is committed to reviewing its existing policies and procedures and to introducing new policies to keep pace with changing systems and technology. In 2008–09 Sydney Ferries' Code of Conduct was revised. A revised Drug and Alcohol Policy and new Secondary Employment and Time and Attendance Policies were introduced. A revised Injury Management Manual has also been produced ready for union consultation. Policies and procedures have been made accessible to staff on the corporate intranet.

Injury Management and Return to Work

A range of initiatives in the area of injury management have been undertaken over the past year. In 2009 Sydney Ferries introduced the use of IMMEX, a specialised occupational medical practice, to assist in managing workplace injuries and return-to-work programs. The objective has been to provide quick, professional medical assistance to staff who are injured at work, by a team of medical professionals who understand Sydney Ferries' business and are able to assist in getting injured employees back to work. Sydney Ferries has also carried out 10 medical retirements of staff who have been long term sick or injured and who have been unable to return to their pre-injury duties. Human Resources has also worked closely with members of the Occupational Health and Safety Committee and the Training and Development Division to introduce toolbox talks for afloat staff which target the main causes of workplace injury at Sydney Ferries. In July 2008, Sydney Ferries changed its Workers' Compensation insurer from Employers Mutual Limited to GIO.

Employee Assistance Program

Sydney Ferries continues to engage Access Programs Australia as its provider of the Employee Assistance Program to assist employees with counselling over a range of work-related issues. During the past year, 24 employees accessed the program, with a total of 99 counselling sessions conducted.

Workforce Reduction

As a consequence of the termination of the Manly JetCat Service on 31 December 2008, Sydney Ferries offered a number of redundancies to both the afloat staff and the Balmain Shipyard. Twenty-two employees accepted redundancies for departure in July 2009. Further staff reductions are planned from the corporate office, the Balmain Shipyard and operations staff in the third quarter of 2009 with the goal of introducing efficiencies across the workforce.

Equal Employment Opportunity

Trends in the distribution of EEO groups are shown below.

Equal Employment Opportunity Group	Benchmark or Target	% of total staff		
		2006–07	2007–08	2008–09
Women	50%	15.55%	14%	16.51%
Aboriginal people and Torres Strait Islanders	2%	0.42%	0.8%	0.32%
People whose first language was not English	19%	10.78%	11%	11.75%
People with disabilities	12%	1.4%	4%	0.95%
People with disabilities who require work-related adjustment	7%	0.14%	3.6%	0.32%

Notes:

Staff numbers are as at 30 June 2009 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.]

Ethnic Affairs Priorities Statement

Sydney Ferries has prepared an Ethnic Affairs Priorities Statement Plan comprising sixteen key result areas and thirty-one strategies.

Through Sydney Ferries' Intranet, it is intended that the purpose of this plan and its objectives will be widely publicised throughout the organisation. Sydney Ferries has an ethnically diverse workforce, with approximately 11.7 percent of employees nominating that English is not their first language. During 2008–09, 50 Sydney Ferries' employees attended an internal training program on harassment and bullying prevention, while 14 employees attended merit selection training.

Overseas travel

One overseas trip was made in 2008–09 for Sydney Ferries' business.

Name: Annual Interferry Conference — Hong Kong

Date: 5–7 October 2008

Duration: 3 Days

Executives: 2

Reason: Sydney Ferries is a member of Interferry, the only shipping association representing the ferry industry worldwide. An annual Interferry conference is held to afford Interferry members an opportunity to benchmark their operations and learn from the experience of other ferry operators around the world.

The association was formed in order to:

- research and collect information on developments within and affecting the ferry industry;
- exchange information and technical data through an international network of members; and
- stimulate industry cooperation and advancement by providing a forum for people to share experiences and learn from others.

There are currently 200 members from 25 countries.

This was the first year that Sydney Ferries attended the annual conference.

OHS Performance

Sydney Ferries is not aware of any breach of the *Occupational Health and Safety Act 2000* (**OHS Act**) and is not subject to any legal action associated with a breach of the OHS Act.

5. STATUTORY INFORMATION

5.1 Statutory information

5.1.1 Freedom of Information

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

5.1.1.1 Comparison with the previous reporting period

In 2008–09, Sydney Ferries received 14 applications for access to documents under the *Freedom of Information Act* (in addition to four applications received during the previous year and dealt with in 2008–09). This compares with 19 applications received in 2007–08 (as well as an additional three applications brought forward from the previous year and dealt with in 2007–08).

5.1.1.2 Applications for internal review

One application for internal review was received in 2008–09. The applicant sought an internal review as it disagreed with the finding in the initial determination that 10 of the 22 documents responding to the application were exempt and would not be disclosed. The initial determination was upheld and no documents were disclosed in response to the internal review application.

5.1.1.3 Statistical summary

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

Section A — New FOI applications

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

Section B — Discontinued applications

	Number of discontinued FOI applications					
	Personal		Other		Total	
Why were FOI applications discontinued?	(previous year)	(current year)	(previous year)	(current year)	(previous year)	(current year)
B1 Request transferred out to another agency (s.20)	0	0	0	0	0	0
B2 Applicant withdrew request	0	0	0	1	0	1
B3 Applicant failed to pay advance deposit (s.22)	0	0	0	0	0	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	0	0	0	0
B5 Total discontinued	0	0	0	1	0	1

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	5	4	5	4
C2 Granted or otherwise available in part	0	0	5	5	5	5
C3 Refused	0	0	7	2	7	2
C4 No documents held	0	0	1	2	1	2
C5 Total completed	0	0	18	13	18	13

Section D — Applications granted or otherwise available in full

How the documents were 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)
All documents requested were:						
D1 Provided to the applicant	0	0	5	4	5	4
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
D8 Total granted or otherwise available in full	0	0	5	4	5	4

Section E — Applications granted or otherwise available in part

How the documents were made available to the applicant?	Number of FOI applications (granted or otherwise available in part)					
	Personal		Other		Total	
	(previous year)	(current year)	(previous year)	(current year)	(previous year)	(current year)
Documents made available were:						
E1 Provided to the applicant	0	0	5	5	5	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
E8 Total granted or otherwise available in full	0	0	5	5	5	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	3	2	3	2
F2 Deemed refused	0	0	4	0	4	0
F3 Total refused	0	0	7	2	7	2

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)
Restricted documents:						
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	2	0	2	0
G4 Documents affecting counter terrorism measures (Clause 4A)	0	0	0	0	0	0
Documents requiring consultation:						
G5 Documents affecting intergovernmental relations (Clause 5)	0	0	0	0	0	0
G6 Documents affecting personal affairs (Clause 6)	0	0	3	1	3	1
G7 Documents affecting business affairs (Clause 7)	0	0	1	4	1	4
G8 Documents affecting the conduct of research (Clause 8)	0	0	0	0	0	0
Documents otherwise exempt:						
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 (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
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	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)
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	2	2	2	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
G27 Total applications including exempt documents	0	0	8	7	8	7

Section H — Ministerial Certificates (s.59)

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

Section I — Formal consultations

	Number	
How many formal consultations were conducted?	(previous year)	(current year)
I1 Number of applications requiring formal consultation	4	2
I2 Number of persons formally consulted	4	8

Section J — Amendment of personal records

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

Section K — Notation of personal records

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

Section L — Fees and costs

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

Section M — Fee discounts

	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)
How many fee waivers or discounts were allowed and why?						
M1 Processing fees waived in full	0	0	0	0	0	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
M5 Total	0	0	0	0	0	0

Section N — Fee refunds

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

Section O — Days taken to complete request

	Number of completed FOI applications					
	Personal		Other		Total	
	(previous year)	(current year)	(previous year)	(current year)	(previous year)	(current year)
How long did it take to process completed applications? (Note: calendar days)						
O1 0–21 days — statutory determination period	0	0	1	2	1	2
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	16	2	16	2
O4 Over 35 days — deemed refusal where extended determination period applies	0	0	1	9	1	9
O5 Total	0	0	18	13	18	13

Section P — Processing time: hours

	Number of completed FOI applications					
	Personal		Other		Total	
	(previous year)	(current year)	(previous year)	(current year)	(previous year)	(current year)
How long did it take to process completed applications?						
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	0	0	18	14	18	14
P5 Total	0	0	18	14	18	14

Section Q — Number of reviews

How many reviews were finalised?	Number of completed reviews	
	(previous year)	(current year)
Q1 Internal reviews	4	1
Q2 Ombudsman reviews	0	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	1	0	1	0
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
R8 Total	0	0	1	0	1	0

5.1.1.4 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*, 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.

5.1.1.5 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.

5.1.1.6 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.

5.1.1.7 Kinds of documents held by Sydney Ferries

The following is a list of publications accessible from the Sydney Ferries' website (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

Annual Report 2007–08

Performance data

Sydney Ferries' operational performance in June 2009

Service Reliability 2007–08

Service Reliability 2008–09

On-Time Running Rate 2007–08

On-Time Running Rate 2008–09

Customer Complaints 2007–08 and 2008–09

Patronage in 2007–08 and 2008–09

Publications

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

All timetables and brochures were printed on sustainable forest or recycled paper products, including:

- *Summer Services Guide* — A seasonal publication to provide specific summer related information such as service changes on public holidays and special event days.
- *How We Are Charting* — A monthly report on Sydney Ferries' performance results to inform the community about Sydney Ferries safety and reliability on a regular basis.
- *Travelling with Sydney Ferries* — An informative guide that provides information about ticket products and fares, accessibility, and raises awareness of safety and passenger responsibilities.
- *Guide to Sydney* — A popular guide featuring a map of Sydney Harbour and Parramatta River and all the information customers need to explore experience and escape onboard Sydney Ferries.
- *Customer Feedback Form* — This form contains information about Sydney Ferries' Refund Policy and a tear-off form so customers can submit feedback or refund requests easily.
- *Timetables* — Sydney Ferries publishes timetables for the eight different services, as well as a handy pocket timetable for Manly and Cockatoo Island customers.

Route timetables

Darling Harbour

Manly Ferry

Mosman

Neutral Bay

Parramatta

Taronga Zoo

Watsons Bay

Woolwich

Other documents

Sydney Ferries' Network Map

Sydney Ferries' Fleet Facts

Guide to Sydney Ferries' Map

In addition, in accordance with section 14 of the *Freedom of Information Act 1989*, Sydney Ferries' Summary of Affairs is published in the *Government Gazette*. The most recent Summary of Affairs was published in *Government Gazette* Number 94, on 26 June 2009.

In addition to those documents accessible on the Sydney Ferries' website, the other kinds of documents held by Sydney Ferries include the policies and procedures which apply to the corporate functions and operations of Sydney Ferries.

5.1.1.8 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 made payable to Sydney Ferries) 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

FOI Act Review

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 in July 2008. 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 wrote to Sydney Ferries on 28 January 2009 providing feedback on the issues identified about Sydney Ferries' FOI practices. The Ombudsman noted that Sydney Ferries provided thorough notices of determination and detailed reasons in support of any exemption clauses claimed. The Ombudsman also noted that Sydney Ferries prepares schedules where a large number of documents are relevant to an application, which is a beneficial aid to applicants.

The Ombudsman issued his final report to Parliament titled *Opening up Government: Review of the Freedom of Information Act 1989* on 5 February 2009.

ICAC Investigation

On 18 March 2009 the Minister for Transport announced that the then Sydney Ferries' CEO, Mr Geoff Smith, was being stood aside while allegations relating to the use of a Government-issued credit card were considered. The allegations had already been referred to the Independent Commission Against Corruption (**the ICAC**).

The ICAC initiated an investigation into the allegations and a four-day public hearing commenced on 24 June 2009, concluding on 29 June 2009. Submissions are currently being finalised by the various parties and the ICAC Commissioner's report is awaited. Mr Smith's contract of employment was terminated on 26 May 2009 by the Director General, Department of Premier and Cabinet.

Legal changes

As explained earlier in this report, for the first half of the 2008–09 financial year (from 1 July 2008 to 31 December 2008), Sydney Ferries was a statutory State owned Corporation (having been so constituted on 1 July 2004 under the TA Act. On 1 January 2009, Sydney Ferries became a NSW Government Agency when it was reconstituted as a statutory corporation under section 35A of the TA Act. Sydney Ferries operates regular ferry passenger services on Sydney Harbour and its tributaries within the framework of the TA Act and the *Passenger Transport Act 1990*.

Privacy Management Plan

Sydney Ferries became subject to the requirements of the *Privacy and Personal Information Protection Act 1998* (NSW) upon being reconstituted as a statutory corporation on 1 January 2009. Sydney Ferries has a Privacy Management Plan. No complaints were received in 2008–09 alleging breaches of privacy.

Fraud and Corruption Prevention Strategy

Sydney Ferries has a fraud and corruption prevention strategy which recognises that fraud and corruption management is an integral part of good corporate governance and management practice. Sydney Ferries' Fraud and Corruption Prevention Policy (**the Policy**) is the primary instrument for articulating the organisation's strategy to prevent fraud and corruption. Additionally, Sydney Ferries has a range of other policies and procedures which comprehensively provide a functional framework for, and augment, the strategy. The objective of the Policy is to ensure that Sydney Ferries has the necessary policies, systems and procedures in place to minimise fraud and corruption across all aspects of the agency, and to establish a high standard of conduct by employees and contractors. The Policy aims to provide a framework for:

- increasing and maintaining an awareness of the high ethical standards of accuracy, honesty and accountability expected of every Sydney Ferries' employee and contractor;
- minimising corrupt conduct through the promotion, development and implementation of appropriate policies, procedures, mechanisms and controls;
- the application of guidelines and support mechanisms for detecting and reporting any corrupt activities while performing their roles; and facilitating the detection, reporting and investigation of corrupt activities

Research and development

Sydney Ferries, in conjunction with MTU Detroit Diesel Australia (**MTU DDA**), Stephensen Environmental Management Australia, FrontFoot Pty Ltd, and the Commonwealth Scientific and Industrial Research Organisation undertook a trial comparing bio-diesel fuel blends, B20, B50 and B100, against conventional extra low sulphur diesel (XLSD, with less than 10 parts per million sulphur) in the MTU Series 60 diesel engines now retrofitted to the First Fleet ferries. The bio-diesel trial outcome was positive, showing little or no loss in power and recommends conversion to 5 per cent bio-diesel (B5) as soon as possible and an additional assessment of B20 in one vessel for 8000 hours.

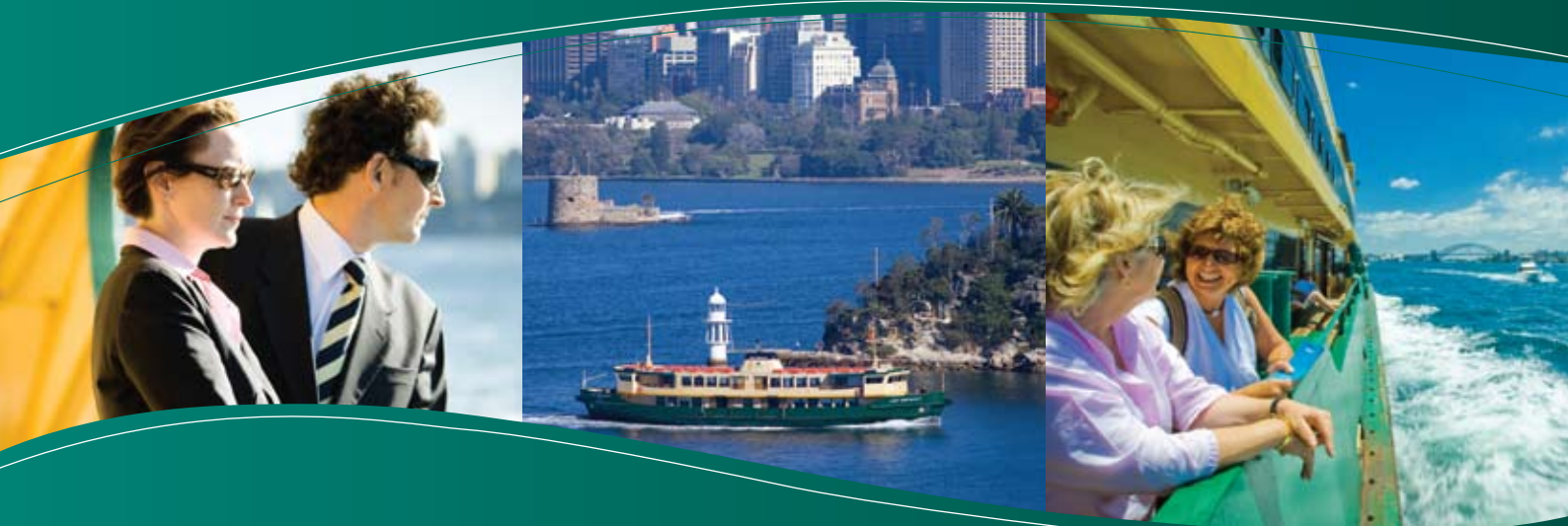
Government Energy Management Policy

Although energy use has fluctuated from year to year with a peak in emissions in 2007 overall, Sydney Ferries has reduced its greenhouse gas footprint by 11 per cent or more than 3,600 tonnes of CO₂-e since then, while delivering increased patronage. Emissions have reduced largely due to a reduction in diesel consumption brought about by the discontinuation of the Manly JetCat service and the continuing impact of more efficient technology via the re-engining of the First Fleet ferries.

Electricity consumption has reduced due to the refurbishment of the Pitt Street corporate office and the Circular Quay and Balmain Shipyard infrastructure. However, this reduction is counterbalanced by energy increases resulting from expansion of services such as provision of CCTV at all wharves.

Greenhouse Challenge Plus Program

With the *Greenhouse Challenge Plus Program* due to conclude in July 2009, Sydney Ferries will join the *National Greenhouse and Energy Reporting Scheme* (**NGERS**) and will continue with mandatory energy and emission accounting and reporting through NGERS. The first report is due in October 2009.



Sydney Ferries