



Transport
Sydney Ferries

Annual Report 2010-11



safety > service > efficiency

Letter to the Minister

31 October 2011

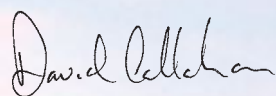
The Hon. Gladys Berejiklian MP
Minister for Transport
Governor Macquarie Tower
1 Farrer Place
SYDNEY NSW 2000

Dear Minister

I am pleased to submit, for presentation to the Parliament, the Annual Report of Sydney Ferries for the financial year ended 30 June 2011.

The Annual Report has been prepared in accordance with the *Annual Reports (Statutory Bodies) Act 1984 (NSW)* and the *Annual Reports (Statutory Bodies) Regulation 2010 (NSW)*.

Yours sincerely



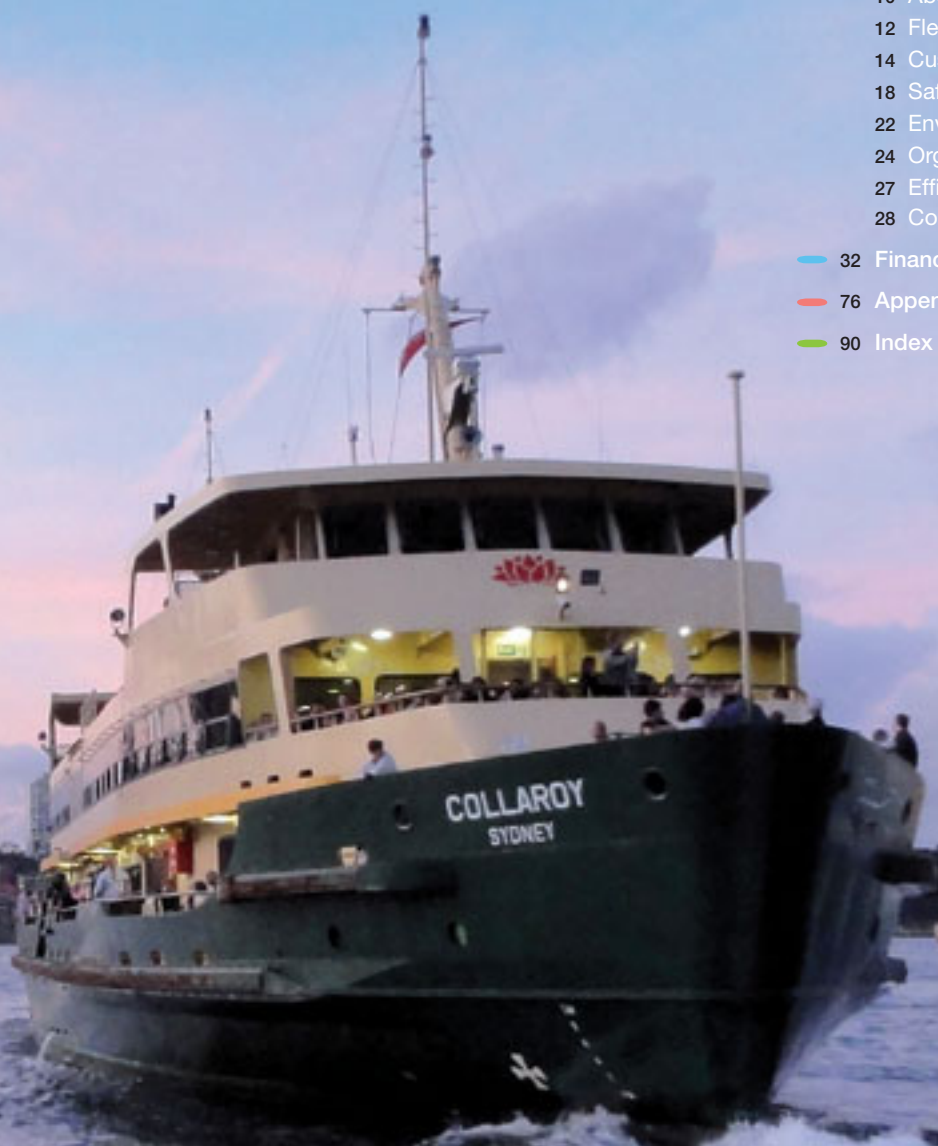
David Callahan
Chief Executive
Sydney Ferries





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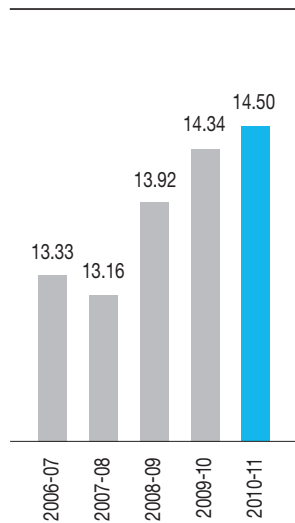


Highlights

2010-11 Achievements at a glance

Patronage growth

Patronage (millions)
same route comparison*



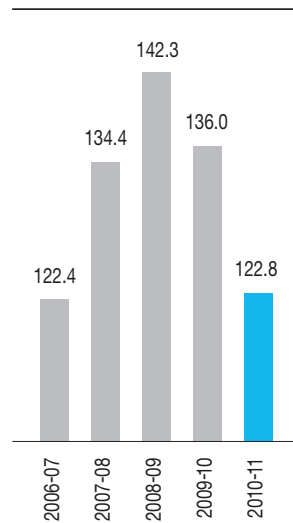
Passenger journeys increased by 1.1% in 2010-11. On a same route comparison* Sydney Ferries' patronage increased 10% in the last three years.

* Excludes patronage on discontinued Manly JetCat service.

1.1% Growth

Reduced operating costs

Sydney Ferries operating Costs
2006-07 to 2010-11 (\$m)

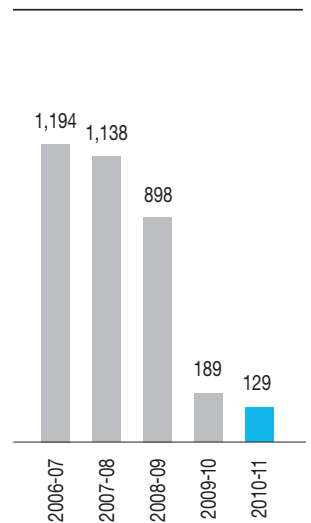


Operating costs have reduced by almost \$20 million against 2008-09. In real terms (CPI-adjusted dollars) costs are lower than in 2006-07.

**10% Total
Cost reduction**

Improved reliability

Service cancellations per year



Service cancellations declined from 189 in 2009-10 to 129 in 2010-11. The number of cancelled services has reduced by 90% since 2006-07 and the service reliability rate is now 99.92%

**99.9% Reliability
168,000 Services**

\$2.7 million operating surplus

2010 Safety Award Winner



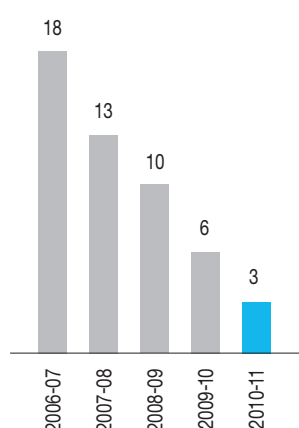
STATE WINNER
2011 NSW TRAINING AWARDS
LARGE EMPLOYER OF THE YEAR





Safer services

Collisions and groundings

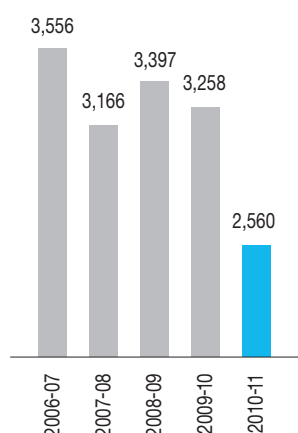


Award winning safety training and risk management strategies have resulted in safer services and a steady decline in vessel collisions and groundings¹.

3 Collisions or groundings
550,000 Berthings

Improved on-time running

Service delays per year

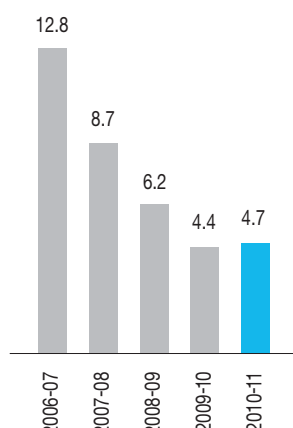


The number of delayed services² declined from 3,258 in 2009-10 to 2,560 in 2010-11. This led to the on-time running rate improving from 98.1% to 98.5%

98.5% On time
168,000 Services

Customer complaints trending down

Complaints per 100,000 passengers



Complaints per 100,000 passengers declined from 12.8 in 2006-07 to 4.7 in 2010-11.

47 Complaints per million passengers

Increased efficiency

Cost per passenger journey (\$)



Efficiency measures adopted by Sydney Ferries reduced the cost per passenger journey from \$9.95 in 2008-09 to \$8.47 in 2010-11.

11% Improvement

96% of customers 'satisfied' or 'very satisfied'

(Bureau of Transport Statistics, 2011)

¹ Vessel incidents required to be reported to NSW Maritime under categories (e) and (f) of the definition of marine accident contained in section 94 of the *Marine Safety Act 1998* (NSW).

² A delay is defined as a service which departs five or more minutes after the scheduled departure time from the service origin wharf. Does not include delays due to force majeure events, including fog, extreme weather and heavy seas.

Report from the Chief Executive

The 2010-11 financial year marked the completion of the first full year of operations under the Ferry System Contract with the Department of Transport. The contract took effect from April 2010.

Consistent with the contract requirements, Sydney Ferries improved safety and services for customers, provided increased value for money and worked closely with the Department of Transport to develop longer term ferry network and fleet procurement strategies. This has been achieved while Sydney Ferries' patronage has increased for the third consecutive year.

Customer Service

The management and staff of Sydney Ferries have worked tirelessly over the year to achieve higher standards of customer service. Major initiatives have included:

- A customer consultation process and timetable changes in October 2010, which created a better match between service capacity and customer demand and addressed systemic causes of service delays.
- Leading the way in delivering free WiFi services on Sydney's public transport. Free wireless internet is now available on over 85% of Sydney Ferries' services.
- Upgrading the Darling Harbour King Street terminal, including the installation of ticket vending machines, gate barriers and full-time rostering of staff at King Street to provide assistance to customers.
- Improving access to pre-paid ferry ticket products for customers. The number of active resellers has increased from eight to twenty-five.
- Installation of new cashless ticket vending machines at Circular Quay.

These changes, together with earlier customer service improvements, including the refitting of vessels to allow use of double gangways, the adoption of new vessel cleaning standards and customer service training for staff, have all contributed to a major lift in service performance in 2010-11.





On-time running performance increased from 98.1% to 98.5% and patronage grew by 1.1% compared to 2009-10. On a same route comparison, patronage on Sydney Ferries' services has increased by 10% in three years. Moreover, a customer satisfaction survey conducted by the Bureau of Transport Statistics in May 2011 shows that 96% of passengers are either satisfied or very satisfied with the ferry service.

The popularity of Sydney Ferries' services in the summer holiday period continues to grow each year, as does the organisation's capacity to meet customer expectations. A record 1.712 million passenger journeys were recorded in January 2011, with a record single day of almost 95,000 passengers on 2 January 2011.

Safety and Training

Safety remains the first priority of Sydney Ferries. The organisation's safety culture is driven by the Safety, Health, Environment and Quality (SHEQ) Management System and a comprehensive program of safety and emergency preparedness training. A total of 36,000 hours of training was provided to staff in 2010-11, including 18,000 hours training for afloat staff.

The centrepieces of safety training are Sydney Ferries' Critical Control Failure (CCF) and Crew Resource Management (CRM) training, which all crew undertake twice a year. In addition, all crews undertake Emergency Preparedness Training every 61 days. The improvements in training have had a profound impact on reducing vessel incidents. There were three collisions or groundings recorded in 2010-11, down from 18 in 2006-07, 10 in 2008-09 and six in 2009-10.

Sydney Ferries achieved a third consecutive year of patronage growth and further reduced costs – staff have embraced reform and accomplished performance improvements.

In recognition of its achievements, Sydney Ferries won the 2010 Chartered Institute of Transport and Logistics in Australia (CILTA) Award for Excellence in Safety. Sydney Ferries was also 2010 State Winner of the Training Initiative Award, and the 2011 Large Employer of the Year in the NSW Training Awards.

The safety of employees is a major priority. Initiatives to make the work environment safer and provide better return to work strategies have led to a marked reduction in the number of days lost due to work injuries. A total of 398 days were lost due to injury in 2010-11, down from 1,634 in 2009-10 and 3,973 in 2008-09.

Efficiency

Sydney Ferries has also been mindful of its obligations to provide value for money and to increase efficiency.

Further reductions in cost were achieved in 2010-11, with total expenses declining to \$122.8 million, down from \$136 million in 2009-10 and \$142 million in 2008-09. The cost per passenger journey has reduced from \$9.95 in 2008-09, to \$9.48 in 2009-10 and \$8.47 in 2010-11. Importantly, Sydney Ferries achieved an operating surplus of \$2.7 million in 2010-11, which is \$3.8 million better than budget.

These gains in efficiency have been achieved through a reduction in the number of full-time equivalent staff, flexibilities derived from the Single Maritime Agreement covering all afloat employees, lower workers compensation insurance premiums and renegotiation of service contracts, including information technology services.

The efficiency improvements have occurred while service hours have increased by 5% from 70,441 in 2009-10 to 74,263 in 2010-11.

Corporate Governance

The governance of Sydney Ferries took new shape in the past year, with the abolition of the Sydney Ferries Board from 1 July 2010, in line with changes to the Transport Administration Act. The Chief Executive reports to both the Director-General of the Department of Transport and the Minister for Transport. An independent Audit and Risk Committee provides advice to the Chief Executive.

In July 2011, after the end of the reporting period, the Government announced transition to a new integrated transport Department, Transport for New South Wales, and development of a new Transport Plan.

Franchising of Sydney Ferries

The NSW Government announced in May 2011 that services currently operated by Sydney Ferries will be franchised to a private operator by the end of 2012. The State Government will retain control over the fare structure and routes through a new service contract with the Department of Transport. Registrations of interest from potential operators were sought by public advertisement on 11 May 2011, followed by formal Expressions of Interest in July. This resulted in a shortlist of three parties being invited to tender in October 2011.

Sydney Ferries is working closely with the Department of Transport to ensure a smooth transition to the new arrangements.

Acknowledgement to Staff

The efforts of staff in embracing reform and contributing individually to the accomplishment of performance improvements deserves special mention. Although many staff understandably feel uncertain about the future, they have continued to work energetically and have displayed a high level of professionalism. This has enabled the organisation to achieve remarkable gains in customer service, service reliability and efficiency.

David Callahan
Chief Executive

Performance



Strategic Direction

Sydney Ferries provides a unique public transport service. For residents living adjacent to Sydney Harbour and the Parramatta River, ferry travel is the most practical way of commuting to Sydney's Central Business District. Ferry services also enable all Sydney residents and visitors to enjoy the natural beauty of Sydney Harbour.

Over the past five years, Sydney Ferries has undertaken a program of reform. The program is designed to improve the customer experience and make ferry operations safer and more efficient. The changes have been necessary to meet community expectations of better ferry services and for ferries to play a greater role in Sydney's integrated transport system.

Improvements are achieved through many small steps towards a common purpose. The changes made by Sydney Ferries have covered all parts of the organisation and include:

- Embedding a strong safety culture, which includes a program of staff training where priorities are set based on Sydney Ferries' risk management framework.
- Responsiveness to improvement suggestions by staff and customers.
- Changes to timetables to better match services to customer demand.
- Organisational restructuring to increase efficiency and reduce costs.

Operational Performance

The reform program has led to significant improvements in Sydney Ferries' performance:

- On a same route comparison, patronage has increased by 10.2% over the last three years. Patronage reached 14.502 million in 2010-11, 0.163 million higher than the previous year and 1.342 million higher than 2007-08¹. While some of the growth is due to cheaper *Family Funday*



A reform program is creating a larger role for ferries in Sydney's integrated transport system.

Sunday fares, introduced by the NSW Government in December 2008, growth has also occurred on week-days and Saturdays through timetable changes which better match capacity with demand.

- Service cancellations have declined steadily since 2006-07 as a result of improved vessel reliability and operational management initiatives. Cancellations across all services have reduced from 1,194 in 2006-07 to 129 in 2010-11². This resulted in an enviable service reliability rate for the year of 99.92%.
- Service delays are also declining due to better vessel boarding and disembarkation processes and improved scheduling. The on-time running rate has lifted from 98.1% in 2009-10 to 98.5% in 2010-11. This represents a reduction in service delays from 3,258 in 2009-10 to 2,560 in 2010-11.
- Customer complaints have declined from 12.8 per 100,000 passengers

in 2006-07 to 4.7 in 2010-11. A customer satisfaction survey by the NSW Bureau of Transport Statistics in May 2011 showed that 96% of ferry passengers were satisfied or very satisfied with the service.

- Vessel groundings and collisions have reduced from 18 in 2006-07 to just three in 2010-11. This reflects the improved organisational safety culture, achieved through Sydney Ferries' risk management strategies, including improved vessel maintenance and rigorous staff training.
- The number of staff days lost due to injury has declined by almost 90% between 2008-09 and 2010-11.
- As a result of continuing efficiency gains, operating costs fell for a second year in a row. Total expenses in 2010-11 were \$122.8 million, down from \$136 million in 2009-10 and \$142.3 million in 2008-09. The cost per passenger journey declined from \$9.95 in 2008-09 to \$8.47 in 2010-11.

¹ To provide a same route comparison, patronage figures do not include the Manly JetCat service, which was discontinued in December 2008. Fast ferry services to Manly are now operated by private ferry operators.

² Cancellations and delays prior to January 2009 included the Manly JetCat service cancellations and delays. This service ceased after 31 December 2008.

Key Performance Indicators

The 2010-11 financial year was the first full year that Sydney Ferries delivered services under the Ferry System Contract. The Ferry System Contract took effect from April 2010 and specified some new performance benchmarks not previously monitored.

Key Performance Indicator	Target	2006-07	2007-08	2008-09	2009-10	2010-11
* Performance Benchmark in Ferry System Contract						
Safety						
Significant incidents* ¹	0	2	0	1	0	1
Collisions and groundings* ²	15	18	13	10	6	3
Passenger injuries* ³	16	35	16	12	15	17
Lost time Injury Incident Rate* ⁴	4	8.1	7.4	7.9	4.4	4.9
Lost time Injury Frequency Rate* ⁵	25	55	49	60	32	31
Service Reliability						
Service reliability adjusted for force majeure* ⁶	99.5%	99.3%	99.4%	99.5%	99.9%	99.9%
On-time running adjusted for force majeure* ⁷	99.5%	98.0%	98.3%	98.1%	98.1%	98.5%
Asset Management						
Fleet availability ⁸	80%	76.6%	78.6%	80.8%	86.0%	85.9%
Vessel reliability ⁹	95%	93.3%	94.4%	95.0%	96.4%	96.5%
Operational Efficiency						
Service hours ¹⁰					70,441	74,263
Cost per service hour*					\$1,931	\$1,656
Cost per passenger journey		\$8.66	\$9.63	\$9.95	\$9.48	\$8.47
Network Effectiveness						
Total validated boardings per service hour* ¹¹					185	179
Customer Satisfaction						
Customer Satisfaction Index* ¹²	78%	75.0%	76.3%	76.7%	..	96%
Complaints per 100,000 passenger journeys	6	12.8	8.7	6.2	4.4	4.7
Verbal complaints responded to within 5 days*					94.8%	98.9%
Written complaints responded to within 15 days*					100.0%	100.0%
Customer Demand						
Total Patronage		14,133,025	13,961,809	14,311,423	14,339,147	14,502,758
Patronage not including Manly JetCat services		13,330,679	13,160,094	13,917,917	14,339,147	14,502,758
% growth (including Manly JetCat services)	1%	0.8%	-1.2%	2.5%	0.2%	1.1%
% growth (excluding Manly JetCat services)				5.8%	3.0%	1.1%
People Management						
Days sick leave per employee	7	8.4	9.2	10.4	10.9	10.2
Over-time hours worked		85,726	78,641	73,083	40,001	55,344

Notes

¹ Incidents resulting in loss of life, life threatening injury or injury to multiple persons, and/or damages over \$100,000.

² Incidents involving a vessel reprotable to NSW Maritime under categories (e) and (f) of the definition of marine accidents in Sect 94 of the *Marine Safety Act 1998* (NSW)

³ Passenger injury that occurs in connection with ferry operations and requires medical attention.

⁴ Lost time injuries per 100 employees

⁵ Lost time injuries per million hours worked.

⁶ Proportion of scheduled services that operated. Excludes cancellations due to force majeure events, including extreme weather and heavy seas, and services affected by tidal restrictions or weir overlow Parramatta.

⁷ Proportion of services departing from the first wharf on the service within five minutes of its scheduled departure time. Delays due to force majeure events are not included.

⁸ Proportion of fleet available for scheduled services (days available as a percentage of total working days).

⁹ Proportion of vessels which remain in service without withdrawal as a consequence of mechanical failure.

¹⁰ Service hours are the total hours of approved scheduled services operated by Sydney Ferries under the Ferry System Contract.

¹¹ Gate validations recorded at Circular Quay, Manly Wharf and King Street Wharf.

¹² Customer Satisfaction Index measured through an annual survey. The survey was not conducted in 2009-10 and a new survey, using a different methodology, was conducted by the Bureau of Transport Statistics in May 2011. The results for 2010-11 are not directly comparable with earlier survey results.



Financial Performance

Summary

The financial results for Sydney Ferries reflect the continued improvement in the efficiency of the organisation. The Operating Surplus was \$2.7 million, which was \$3.8 million better than budget and \$9.7 million better than the prior year's deficit. Investment in Sydney Ferries' assets continued with \$29.5 million of expenditure incurred in completing a number of important projects, including improvements to onboard navigational aids, upgrades to wharf infrastructure at the Balmain Shipyard and Major Periodic Maintenance (MPM) of vessels.

Revenue

Total revenue for the year was \$126.2 million, or \$4.7 million lower than the prior year.

Under the Ferry System Contract, Operational revenue is primarily service contract revenue totalling \$125.2 million. This revenue is paid by the Department of Transport which in turn retains all funds from farebox ticket sales made by Sydney Ferries. Other revenue of \$1.0 million was made up of sundry commercial activities.

Expenses

Total expenses were \$122.8 million, \$7.4 million lower than budget, and \$13.2 million lower than 2009-10.

Total employee benefits expenses totalled \$64.4 million which was \$2.7 million lower than 2009-10 and \$3.9 million lower than budget. These lower costs were due to a reduction in the number of full-time equivalent staff and the flexibilities derived under the Single Maritime Agreement covering all afloat employees. Employee benefits were also improved by a lower Workers Compensation premium from improved safety and return-to-work practices.

Fleet running expenses were higher for the year at \$16.9 million compared with \$15.0 million in 2009-10 and a budget of \$14.9 million. Higher diesel prices

Patronage has increased 10.2% over the past three years and total expenses were \$13.2 million (9.7%) lower than 2009-10.

and maintenance of wharf infrastructure increased these operating costs. Depreciation and Amortisation expenses for the year of \$18.5 million were lower than 2009-10 as a result of the prior year's valuation adjustment on vessels, decreasing the depreciable value of assets.

Financial Position

At the end of June 2011, Net Assets totalled \$84.3 million, an increase of \$2.8 million from June 2010. The Operating Surplus for the year, plus a small positive superannuation actuarial gain, accounted for the increased Total Equity.



About Sydney Ferries

In 2010-11, 168,532 services were scheduled, carrying 14.5 million passengers. Circular Quay is the hub of the network, providing access to 37 other wharves ranging from Manly at the northern end of Sydney Harbour, through to Eastern and Lower North Shore suburbs, suburbs adjacent to the Parramatta River, the Balmain peninsula and Darling Harbour.

Sydney Ferries' patronage by route (millions)

Manly	6.05
Darling Harbour	1.91
Parramatta River	1.61
Eastern Suburbs	1.29
Taronga Zoo	1.16
Mosman	1.06
Balmain – Woolwich	0.73
Neutral Bay	0.65

The busiest route is Manly, which carried over six million passengers in 2010-11. The services are provided by Sydney Ferries' fleet of 28 vessels across six vessel classes, supplemented by charter vessels. The average age of the fleet at 30 June 2011 is 22 years.

Role of ferry services in Sydney's public transport

Ferry services play a vital role in Sydney's integrated public transport system. Each weekday morning around 7,000 commuters catch one of Sydney Ferries'

services arriving at either Circular Quay or King Street Darling Harbour before 9.30 am. A further 400-500 disembark at either McMahon's Point or Milsons Point in order to travel to work or school in North Sydney. These services, in conjunction with other private ferry services, contribute to reducing road congestion in the Sydney CBD in the AM and PM peaks.

Sydney's geography, with extensive harbour waterways and many peninsula suburbs, mean that ferries are often the

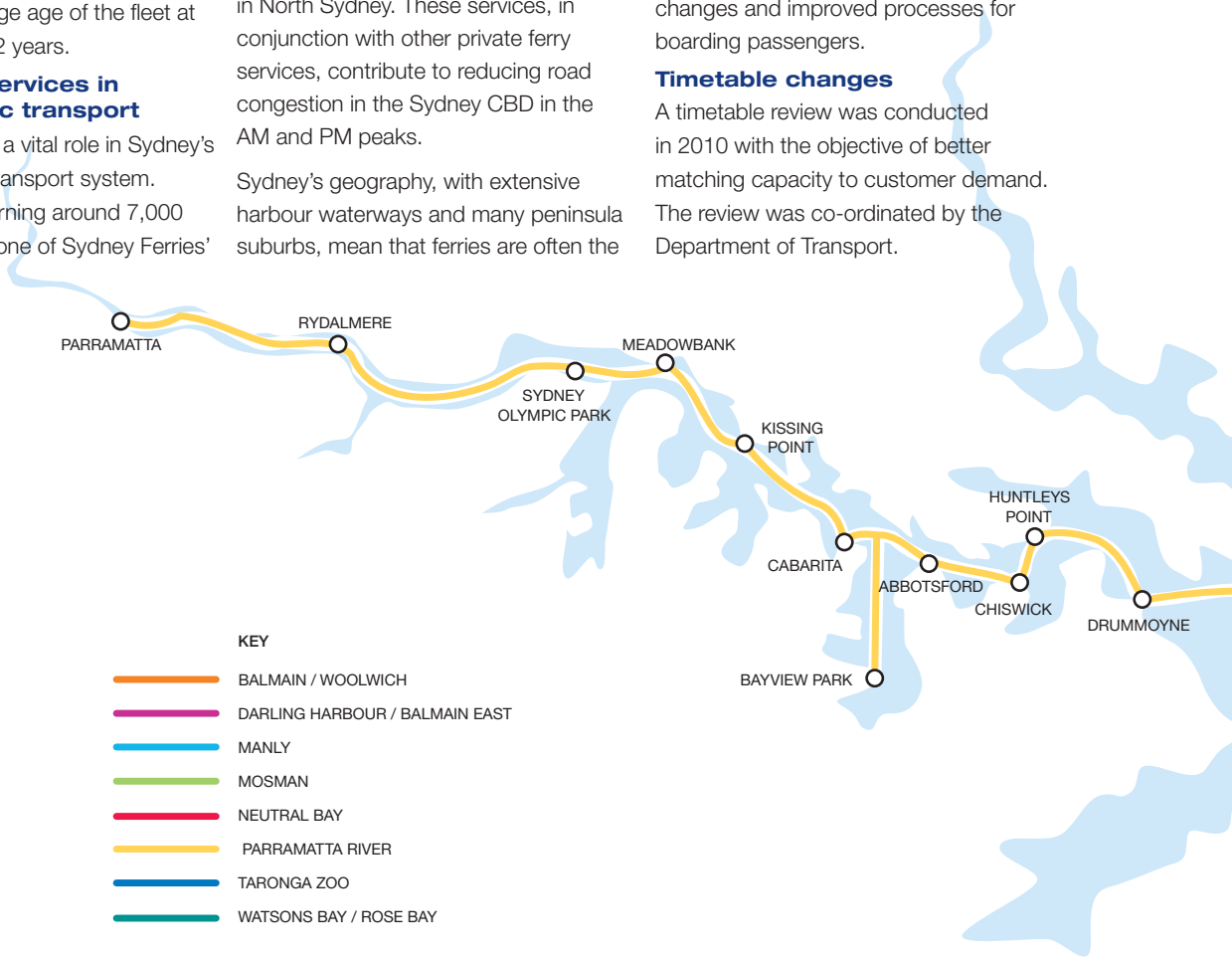
quickest and most efficient transport mode for moving commuters from home to work. Sydney Ferries has been constrained in fulfilling this potential, however, by its aging, complex fleet and limitations in wharf infrastructure. The design of some older wharves slows the boarding and disembarkation of passengers and limited wharf availability at Circular Quay constrains access to berthing slots in peak periods.

Despite these limitations, Sydney Ferries took significant steps forward in 2010-11 to improve the overall quality of services for customers through timetable changes and improved processes for boarding passengers.

Timetable changes

A timetable review was conducted in 2010 with the objective of better matching capacity to customer demand. The review was co-ordinated by the Department of Transport.

10



The review took into account increasing demand for Sunday services, growth in employment on the western side of the Sydney CBD, population growth in suburbs adjacent to the Parramatta River and the need to improve the stopping patterns of Balmain/Woolwich off peak services.

As part of the review, proposals for service changes were published for public comment. Community consultation meetings were also conducted. Written feedback was received from almost 3,000 customers.

The changes arising from the review were implemented on 10 October 2010 and were co-ordinated with timetable changes to bus and train services. Some further enhancements also took effect from 18 December.

Key changes included:

- Sunday services increased from 291 to 369. Week-end service frequencies increased to two per hour on Eastern Suburbs services and three per hour on the Darling Harbour and Taronga Zoo routes.

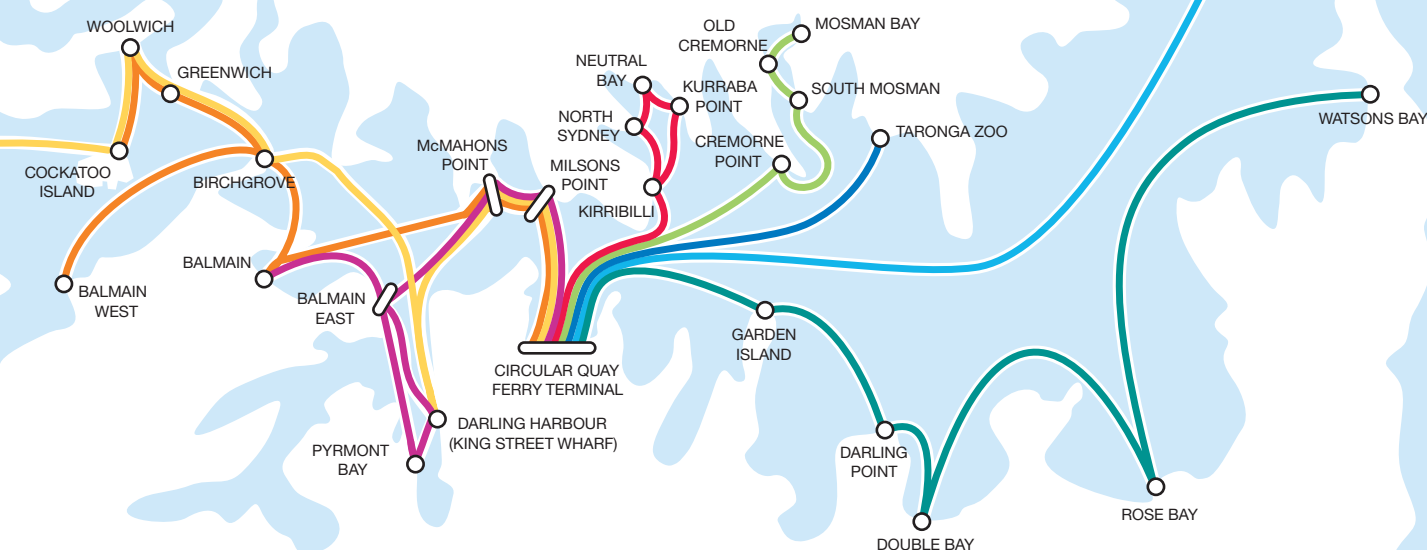
- The Parramatta River timetable was restructured to increase commuter services to Darling Harbour and address growing demand at Cabarita and Sydney Olympic Park.
- Commuter services to Darling Harbour from Balmain East, McMahon's Point and Milsons Point were doubled.
- Balmain/Woolwich services were restructured to simplify stopping patterns and make better use of underutilised capacity in peak periods.
- A reduction in the frequency of services for Neutral Bay and Mosman, especially in off peak periods, to bring them in line with other routes with similar demand levels.

Overall, the changes resulted in weekly service hours increasing from 1,392 to 1,446.

A further objective was to reduce systemic service delays on the Darling Harbour and Taronga Zoo routes, which experienced on-time running rates in 2009-10 of 96.4% and 97.1% respectively. The changes have already caused a significant improvement, with on-time running rates of 98.2% and 98.6% achieved on these routes over the full 2010-11 financial year. Performance by route is presented in Appendix 5.

Further improvements in service reliability could be achieved with other timetable enhancements, including changes to reduce berthing congestion, and upgrades to high demand outer wharves to reduce the time required for boarding and disembarking passengers. Wharf infrastructure improvements are planned by Roads and Maritime Services.

Around 7,000 commuters travel by ferry to work in the Sydney CBD.



Fleet

One of the special qualities of Sydney Ferries is its distinctive, iconic fleet, especially the Manly Ferry and First Fleet and Lady Class ferries which service the Inner Harbour. The vessels belong to six main classes:

- Freshwater Class vessels operate on the Manly route. They are named after Sydney suburbs located near Manly.
- First Fleet Class ferries, designed by one of Australia's most famous naval architects, Alan Payne, are named

after nine of the 11 ships in the First Fleet which sailed to Sydney in 1788 to establish Australia's first European settlement. These vessels operate services in the Inner Harbour.

- Lady Class vessels mainly operate to Taronga Zoo. They are named after the wives of former NSW Governors.
- RiverCat Class vessels operate Parramatta River services. They are named after famous Australian sportswomen.

- SuperCat Class vessels mainly service the Eastern Suburbs route. In honour of the canonisation of Australia's first Saint in October 2010, the SuperCat vessel *Mary MacKillop* was renamed *Saint Mary MacKillop*.

- HarbourCat Class vessels provide back up services on the Parramatta River and Inner Harbour.

Additional charter vessels are used to supplement Sydney Ferries' own fleet.

The fleet comprises six vessel classes. The famous Manly and First Fleet vessels are popular with tourists.



Class	Main routes serviced	Vessel (acquisition date)	Engine hours in 2010-11	Fuel consumption	Length	Service speed	Crew	Passenger capacity
Freshwater Class	Manly	<i>Freshwater</i> (1982) <i>Queenscliff</i> (1983) <i>Narrabeen</i> (1984) <i>Collaroy</i> (1988)	20,918	236 litres/hr	70 metres	18 knots	6	1,100
First Fleet Class	Inner Harbour routes	<i>Sirius</i> (1984) <i>Supply</i> (1984) <i>Alexander</i> (1985) <i>Borrowdale</i> (1985) <i>Charlotte</i> (1985) <i>Fishburn</i> (1985), <i>Friendship</i> (1986) <i>Golden Grove</i> (1986) <i>Scarborough</i> (1986)	33,948	51 litres/hr	25.4 metres	12 knots	3	396
Lady Class	Taronga Zoo and Mosman	<i>Lady Northcott</i> (1974) <i>Lady Herron</i> (1979)	4,615	76 litres/hr 42 litres/hr	43.8 metres 38.3 metres	12 knots 11 knots	4 3	811 552
RiverCat Class	Parramatta River	<i>Betty Cuthbert</i> (1992) <i>Dawn Fraser</i> (1992) <i>Shane Gould</i> (1993) <i>Marlene Matthews</i> (1993) <i>Marjorie Jackson</i> (1993) <i>Evonne Goolagong</i> (1993) <i>Nicole Livingstone</i> (1995)	24,573	87 litres/hr	35.0 metres	22 knots	3	230
SuperCat Class	Eastern Suburbs	<i>Saint Mary MacKillop</i> (2000) <i>Susie O'Neill</i> (2000) <i>Louise Sauvage</i> (2001) <i>SuperCat 4</i> (2001)	10,276	97 litres/hr	34.2 metres	24 knots	3-4	275 (326 in daylight hours)
HarbourCat Class	Back up for Parramatta River and Inner Harbour	<i>Anne Sargeant</i> (1998) <i>Pam Burridge</i> (1998)	3,574	45 litres/hr	27.1 metres	22 knots	2	150
Charter vessels	Parramatta River	<i>Fantasea Spirit</i> (2002) <i>Fantasea Crystal</i> (2002)	8,165	65 litres/hr	23.9 metres	20 knots	3	222



Customers and Community

Improving the customer experience is central to Sydney Ferries' reforms. Initiatives in 2010-11 continued steps taken since 2006-07 to improve customer information, make ticket purchasing easier and enhance the boarding and on board experience



Sydney Ferries is a leader in providing free WiFi for public transport customers.

Free WiFi on ferry services

Sydney Ferries has been a leader in providing free wireless internet for public transport customers in Sydney.

After free WiFi commenced on the Manly Ferry in June 2010, the service was extended to all First Fleet, RiverCat and SuperCat Class vessels. Along with the Manly Ferry, this represents over 85% of all services. The free WiFi service (fully offset by advertising income) enables passengers to access up to 45 minutes of free WiFi in the morning and afternoon or 30 MB of data per session. It allows passengers to access emails, internet sites and social networking media while commuting.

During 2010-11, 398,656 user sessions were recorded with an average duration of 16 minutes per session.

King Street Wharf Improvements

After Circular Quay and Manly, King Street Darling Harbour is the third busiest ferry terminal in Sydney, with over one million passengers boarding or disembarking at this wharf each year.

In line with a recommendation of the Special Commission of Inquiry into Sydney Ferries (Walker Report), ticket machines and barrier gates were installed at King Street Wharf. The

wharf is now staffed 12 hours each day to provide assistance to customers. New digital display and audio software and hardware provide much improved passenger information.

As Parramatta River and Darling Harbour services now both operate from the King Street Wharf, passengers have access to more service options from a single terminal.

Manly Ferry

The world famous Manly Ferry is the flagship of Sydney Ferries' services. Over six million passengers travelled on the Manly Ferry in 2010-11. Following the refurbishment of seats in 2009-10, more improvements were made this year, including fitting big screen teletext televisions on the top deck of all Manly Ferries and installation of Culligan filtered water machines. A record was set when 45,000 passengers travelled on the Manly Ferry on 2 January 2011.

Summer Runnings

Demand for ferry services is greatest in the period from Christmas Day to the end of January, when large numbers of Sydney residents and visitors enjoy the beauty of Sydney Harbour by taking a ferry ride.

January 2011 was a record month for Sydney Ferries, with a total of

1.712 million passenger journeys recorded. This included almost 95,000 on a single day (Sunday 2 January). To accommodate the large jump in demand, the day-time frequency of Manly Ferry services was increased to three per hour between 18 December and 31 January and additional back up services were provided on other routes as a contingency to meet excess demand. This included chartering additional vessels to supplement Sydney Ferries' own fleet.

Extra Inner Harbour services operated after midnight on New Year's Eve to assist with the transport home of people attending Sydney's famous fireworks display.

Twenty additional casual Customer Assistance Officers were employed over the summer period to provide extra frontline customer service. Sydney Ferries' capacity to meet the increased demand over summer was demonstrated by a steady decline in customer complaints during the Summer season. An average of 2.6 complaints per 100,000 passengers was received in January 2011, down from 4.3 in January 2010 and 11.9 in January 2007.

Ticket Purchasing

Purchasing a ticket has been made easier by extending the number of agencies selling pre-paid ferry ticket products. The number of active resellers increased from eight to 25, including new locations at King Street Darling Harbour, Pyrmont Bay, Balmain, Milsons Point and other locations close to ferry wharves.

On-board cashiers have been provided with mobile EFTPOS equipment to facilitate non cash ticket purchases. Work also commenced on installing new cashless ticket vending machines at Circular Quay, which have the capacity to sell multiple tickets in a single transaction.



Customer Feedback

Customer feedback is treated very seriously by Sydney Ferries, with all complaints and suggestions reviewed promptly. In 2010-11, 100% of written complaints were responded to within the target of 15 working days and 98.9% of telephone and emailed complaints were responded to within the target of five working days.

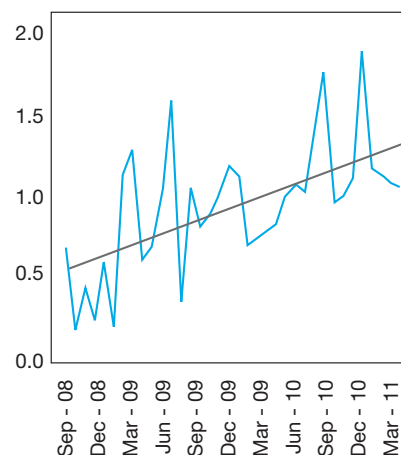
The number of complaints per 100,000 passengers was 4.7, slightly up on 2009-10 (4.4), but down significantly from 2006-07, when 12.8 were recorded and 8.7 in 2007-08. The

increase in complaints related to timetable changes announced in September 2010. This accounted for the increased rate over the previous year.

The main complaint areas were: poor service, information issues, service late or did not operate, service departed ahead of schedule, fare disputes and timetable issues. Trends since July 2008 are presented in Appendix 5.

The implementation of service improvements has been acknowledged by customers through the increase in compliments over the past three years.

Compliments per 100,000 passengers



Improving the customer experience is central to Sydney Ferries' reforms.



Customers and Community (continued)



Cleaning

A successful program of implementing cleaning standards for vessels was extended during the year to include cleaning wharves at Circular Quay. Sydney Ferries continued to support the NSW Maritime *Clean, Safe Wharves* initiative, to improve cleanliness and safety at passenger wharves, particularly on the Parramatta River route.

Supporting Communities

Sydney Ferries has a long tradition of supporting charities and local communities. In response to the devastating floods in Queensland in January 2011, Sydney Ferries staff collected donations totalling \$27,700 from customers for the Queensland Premier's Disaster Relief Appeal. Staff contributed an additional \$31,300.

As in past years, Sydney Ferries also collected donations for the annual Westmead Childrens Hospital Appeal and supported Stewart House Manly, which provides residential respite care for 1,800 public school children each year. For almost 60 years, Sydney Ferries has provided free ferry travel for Stewart House residents. On Boxing Day 2010, Sydney Ferries teamed up with Stewart House to operate a fundraising cruise to view the spectacular start of the Sydney to Hobart Yacht Race.

Customer Charter

The 2010 Sydney Ferries customer charter outlined eight key areas of improvement for the benefit of passengers. This included initiatives to improve safety, reliability, passenger information and other attributes of the customer experience.

Progress made against these commitments is summarised in the table opposite.





Customer Charter Achievements

Safe Travel

2010	• New Impact Barriers at Circular Quay wharves	Complete Mar 2010
	• New hydraulic ramps at Jetty 3 Circular Quay	Complete Mar 2010
	• Upgrade of closed-circuit TV cameras to operate 24 hours a day on wharves	Complete Mar 2010
	• Installation of night vision equipment and upgrade radar navigation equipment on all vessels	Complete Sep 2010
	• Launch customer safety campaign targeting carers with children and prams	Ongoing
2011	• Investment in double rail Kevlar gangways for safer boarding	Ongoing
	• <i>Travel Safely with Sydney Ferries</i> guide published and distributed.	Complete Apr 2011

More reliable service

2010	• New double gangways on all RiverCat, SuperCat and First Fleet Class ferries for use at Circular Quay and Rose Bay to speed up boarding and disembarking time	Complete Sep 2010
	• New timetable addressing known late running services, poor bus connections and better matching vessels to demand	Complete Oct 2010
	• Increase survey for SuperCat Class vessels from 250 to 326 passengers to meet increased demand from the Eastern Suburbs	Complete Nov 2010
2011	• Roster additional crew and back-up boats for busy Sundays to meet increased demand for services	Ongoing

Timely Information

2010	• Create Sydney Ferries' <i>Map Guide to Sydney Harbour</i> for tourist market. Distribution in Visitor Centres, City hotels and across the wharves and vessels	Ongoing
	• Standardise wharf wayfinding signage at Circular Quay and outer wharves in line with other agencies	Complete Jan 2010
	• Extend outer wharf announcements service	Complete Jan 2010
	• Upgrade www.sydneyferries.info content management system and content in line with other agencies	Complete Mar 2010
	• Upgrade "Next Service" display and pre-recorded announcements at Circular Quay to be clearer and customer friendly	Complete Mar 2010
	• Provide new scripts and FAQs to 131500 call centre to improve first call resolution results	Complete Mar 2010
	• Manage an extensive Community Consultation Campaign for 10 October 2010 timetable changes, resulting in feedback from 3,000 customers	Complete Oct 2010
	• Design and deliver new uniforms for front line staff to make them more available to customers	Complete Nov 2010
	• New simplified digital display and audio software at Circular Quay and Manly	Complete Jun 2011

A more pleasant journey

2010	• New seats and vessel facilities upgrade on Manly ferry	Complete Jun 2010
	• New cleaning standards and deck patrol rosters for all vessels	Complete Jun 2010
	• FREE WiFi on Manly Ferries, RiverCat, SuperCat and First Fleet Class vessels	Roll-out complete Jun 2010 - Mar 2011
	• New teletext TVs available on upper deck Manly Ferries	Complete Oct 2010
2011	• New customer service standards to raise the level of interaction between staff and customers across the journey	Complete Mar 2011

More Comfortable Wharves

2010	• New wharf at Milsons Point / Luna Park (NSW Maritime)	Complete Nov 2010
	• New Darling Harbour Terminal, consolidating King St and Aquarium wharves with new digital signage, ticket machines and staffing in peak times.	Complete Nov 2010
	• Support NSW Maritime <i>Clean, Safe Wharves</i> initiative	Ongoing

Easier Ticketing

2010	• Additional roving cashiers to for faster ticketing Monday and Tuesday mornings and Sundays.	Ongoing
	• Introduction of credit card facilities on all ticket vending machines	Complete Feb 2010
	• Introduce MyZone ticketing and refund old tickets	Complete Jun 2010
	• Expand the PREPAY retail network around outer wharves	Complete Jun 2010

Better Connections with Rail and Bus Services

2010	• Realign bus connections in October 2010 timetable changes	Complete Oct 2010
	• Align New Year's Eve and Summer Event timetables and customer information into a single guide with Rail and Bus	Complete Dec 2010
	• Provide replacement bus service when Manly Ferry services are suspended or when Parramatta services are suspended due to tidal restrictions.	Ongoing

Better Access for Customers with mobility aids and different access needs

2010	• New NSW Maritime wheelchair accessible wharf at Milsons Point	Complete Nov 2010
	• New double gangways at Circular Quay to allow for improved pram and wide wheelchair access	Ongoing
	• New staff roster at Darling Harbour Terminal to assist customers	Complete Nov 2010
2011	• <i>Travel Safely with Sydney Ferries</i> Guide produced for customers with mobility aids and different access needs	Complete May 2011

Safety

Sydney Ferries' number one priority is the safety of customers, employees, visitors and contractors. The development of the organisation's risk-based Safety, Health, Environment and Quality (SHEQ) Management System, combined with safety training programs, continues to result in improved safety performance.

Safety initiatives have led to a steady decline in collisions and groundings, which have dropped from a high of 40 in 2004-05 to three in 2010-11. Lost time injuries and workers compensation insurance premiums have also decreased.

Sydney Ferries is committed to moving beyond legislative compliance. Continuous improvement to a values-

based, high reliability safe person culture provides the foundation for active management of workplace hazards and awareness of risks, thus improving the protection of employees, customers, visitors and contractors across ferry operations, shipyard maintenance works and facility management.

Gangways

Gangways can be a cause of

injury to staff and passengers¹. In 2010-11, gangways at Circular Quay were retrofitted with electro-hydraulic actuators to reduce manual handling loads. In addition, new lightweight Kevlar double rail gangways were introduced to replace onboard single rail fibreglass models. This reduced manual handling loads and improved customer safety standards for boarding and disembarking vessels.



¹ A breakdown of workplace injuries for 2010-11 is presented in Appendix 5.

Performance Indicators

Key safety performance indicators show a reduction in the critical measure of collisions and groundings, while the incidence of passenger injuries has remained at a similar level in the past four years.

Although the lost time injury rate declined by a small margin only, the severity of injuries has reduced and staff were able to return to work more quickly. Staff days lost due to injury were 90% less in 2010-11 than in 2008-09.



Safety Culture Survey

A safety culture survey was conducted by an independent human factors specialist with the aim of providing Sydney Ferries with an understanding of safety culture maturity. The survey was completed online with an excellent response rate of over 50%. An action plan was prepared in response to the report. Initiatives implemented include training of 30 staff in conducting internal audits; changes to OHS Committee arrangements to increase the involvement of safety representatives in safety inspections and risk assessments; and the Make Safety Instinctive campaign (see below).

Collisions and Groundings

2006-07	18
2007-08	13
2008-09	10
2009-10	6
2010-11	3

Passenger Injuries

2006-07	35
2007-08	16
2008-09	12
2009-10	15
2010-11	17

Lost Time Injury Frequency Rate

2006-07	55
2007-08	49
2008-09	60
2009-10	32
2010-11	31

Staff Days Lost Due to Injury

2008-09	3,973
2009-10	1,634
2010-11	398

Safety initiatives have led to a decline in collisions and groundings from 40 in 2004-05 to 3 in 2010-11.

Make Safety Instinctive

Sydney Ferries

Sydney Ferries is committed to providing a workplace that is safe, healthy and environmentally sustainable for staff, customers and contractors. The records show that injuries increase after summer when the pressure of the job dies down and concentration can lapse. Make this year different, be reminded of the simple rules below & stay safe.

1

Keep a Look Out
Work together to provide dedicated lookout capability to Masters in wheelhouses at night and in congested areas on the Harbour and River.

2

Board & Disembark the Safest Way
Use gangways when available and don't jump. Avoid stepping on or over wheel foatboards or deck crutches where possible.

3

Save your Body
Use automatic gangways when available. Use double rail gangways rather than single rail gangways when available.

4

Be Situationally Aware
Do not use mobile phones or mp3 players while performing tasks or communicating with customers.

5

Safe Use of Ladders
Remember to face the ladder and maintain 3 points of contact.

6

Concentrate
Remain focused on the task at hand.

7

Protect Yourself
Wear PPE when required.

8

Avoid Slips, Trips and Falls
Hasten safely, never run.

9

Stay Alert
Be mindful of workplace risks, report all hazards and incidents, however minor.

10

Report
Remember to report an injury straight away to receive immediate medical attention.

All employees are responsible for complying with Sydney Ferries Safety, Health, Environment and Quality Management (SHEQ) System.

Safety Training



20

Safety training identification and design is responsive to the priorities identified in Sydney Ferries' Risk Register. The training includes:

- Emergency Preparedness Training (EPT) for all crews every 61 days
- Critical Control Failure/Crew Resource Management Training (CCF/CRM) for all crews twice annually
- Masters Safety Refresher (Professional Development) Training
- Safety Toolbox training across all fleet and shore staff
- First Aid.

Safety training is a core activity of Sydney Ferries and ensures the entire process from vessel maintenance to service delivery is focussed on continuous improvement in safety and reliability. Sydney Ferries, as a Registered Training Organisation, ensures the involvement of expert staff in the development, delivery

and measurement of all safety training interventions.

Emergency Preparedness Training

The *Marine Safety (Commercial Vessels) Regulation 2010* (NSW) came into effect on 1 January 2011. It incorporates elements of the Uniform Shipping Laws (USL) Code and the the National Standard for Commercial Vessels (NSCV Part E). The annual training plan again provided every crew with six safety Emergency Preparedness Training (safety EPT) sessions. These are led by Masters. Consistent with the legislation, there is a focus on requiring Masters and crew to make risk assessments, develop scenarios and implement pre- and post-briefing of crew.

Training Currency

Further attention was given in 2010-11 to ensure all crew maintain currency in their vessel class training. 'Currency' information was provided in formal training interventions as well as newsletters and toolbox sessions. Sydney Ferries has nine vessel classes from a competency perspective and the ability of crew to be able to safely work on several vessels classes is critical for operational flexibility. The Currency process requires all crew to complete the necessary safety EPT and CCF/CRM interventions. When this is not possible due to leave or other absences, crew have a safety walk around checklist that they complete which provides 'Currency' until they participate in the next formal EPT and/or CCF/CRM.

The annual training program, conducted under the Sydney Ferries RTO, ensures all crew maintain currency in accordance with International Maritime obligations.



Awards

Sydney Ferries' safety training was recognised by the Chartered Institute of Logistics and Transport Australia in 2010 with the Industry Excellence Award for Safety Prize for CCF/CRM, acknowledgement of the positive impact this training has had on improving operational safety performance outcomes.

Critical Control Failure/Crew Resource Management Training

CCF/CRM training is responsive to and mitigates identified skills gaps and leads directly to improved safety performance. Development of skills in leadership, communication and situational awareness are applied to real events likely to be encountered on Sydney Harbour. CCF/CRM is a 'real life' experience for crew.

The integration of human factors understanding into training programs is essential to achieving continuous improvement in safety and technical fields of operations. For Sydney Ferries, it is part of both initial training, such as the Master's traineeship, and continuing training such as CCF/CRM. It is critical to integrate human factors knowledge into the vessel safety management system, and the addition of resources such as UHF radios is designed to support the integration and development of sound human factors practice.

Master's Safety Refresher Course

The Master's Safety Refresher Course, implemented from October 2010, provided critical training in key areas of operational risk and professional standards. The two-day program used simulation technology to provide critical learning outcomes and professional development in electronic radar systems and infrared camera technology. A total of 90 Masters completed the course, designed to improve their integration of the new technology into the safety management system of their vessel, as well as improve their knowledge and understanding of fault rectification and system enhancements.



Environment

Environmental Incidents

There were no significant environmental incidents in Sydney Ferries' operations during 2010-11. The three minor incidents involved small spills to the Harbour which were contained and satisfactorily cleaned up by Sydney Ferries.

For the past five years Sydney Ferries has maintained an excellent record, staying below the target maximum of seven environmental incidents per annum. Importantly the size of any spill has decreased significantly with, in most cases, only a few millilitres of oil or other substance being released.

The staff of Sydney Ferries have been well trained to deal with situations which threaten the environment. Their preparedness includes the efficient and effective use of the spill kits which are placed strategically around the vessels and on wharves. Staff expertise in dealing with these types of events has also meant that some spills which could have added to the number which have occurred have been dealt with quickly

Reportable Environmental Incidents

2006-07	6
2007-08	3
2008-09	5
2009-10	2
2010-11	3

and contained effectively to prevent any oil spill.

As a result, once again Sydney Ferries did not receive any Environmental Penalty Notices from the Department of Environment and Heritage during 2010-11, and continues to improve its environmental incident record.

Energy Sustainability

Sydney Ferries monitors and reports carbon emissions under the National Greenhouse and Energy Reporting Scheme (NGERS). In the 12 months to 30 June 2011, Sydney Ferries' carbon dioxide (CO₂) emissions were 30,931 tonnes. This represents a reduction in CO₂ emissions per 1,000 service hour from 435.4 tonnes in 2009-10 to 416.5 tonnes in 2010-11, largely due to quality ongoing vessel maintenance.

Water Efficiency

Sydney Ferries continued its commitment to water efficiency measures. All the refurbishments of its facilities incorporate fixtures and fittings designed to maximise efficiency of water use.

Trade Wastewater Treatment Plant

Sydney Ferries treats all the liquid waste it produces (except used oil) on site. The treatment plant is designed to gather all waste water and treat it using chemical treatment and filtering, ready for discharge through the normal sewerage system.

The types of waste includes all waste from the bilges on the vessels, water that accumulates in the dry dock while it is in use, and the initial runoff from rain across the sealed areas of the shipyard.





Sewerage from the vessels is pumped directly into the sewer system.

These processes are undertaken in accordance with a formal consent process in consultation with Sydney Water.

Balmain Shipyard Upgrade

The year-long comprehensive upgrade at Balmain Shipyard was completed in February 2011. The upgrade provides high level improvements to the environmental management of vessel maintenance at the shipyard. Liquid handling pipelines which carry diesel fuels, lubrication, oil and sewerage from vessels over water were replaced with double containment pipeline systems and bunds.

During the upgrade works, there were interruptions to the testing of Sydney Ferries First Flush water system, with flow metres and pipelines having to be moved to facilitate the necessary upgrades. The flow metres were fitted

and recalibrated upon completion of works in March 2011 and regular testing has recommenced.

Printed Materials

Sydney Ferries is committed to reducing its carbon footprint. In 2009 Sydney Ferries adopted the use of Forest Stewardship Council (FSC) approved paper where possible for customer facing materials. In 2010-11 approximately 95% of Sydney Ferries handheld publications and 100% of Sydney Ferries timetables were printed on FSC Mixed Sources Certified paper.

FSC Mixed Sources paper ensures that all virgin pulp is derived from well-managed forests and responsible sources; additionally the paper contains elemental chlorine-free bleached pulp and is manufactured by an ISO 14001 certified mill.

Waste Efficiency

Sydney Ferries has aligned its waste management policies with the *Waste*

Reduction and Purchasing Policy (WRAPP) and minimised risks and costs related to waste by segregating resources into appropriate categories.

Rates of recycling and re-use have remained high, with the following figures of particular interest:

- Recycling of 100% of printer cartridges in 2010-11
- Recycling of paper waste continues at over 95%.
- Environmentally compliant disposal or recycling of all waste products including metals, waste oil, oily rags, empty drums and solvents.

Sydney Ferries has focussed on purchasing products with recycled content: 100% of office paper used by Sydney Ferries now has a recycled content; over 70% of paper has a 100% recycled content and 100% of paper has over 80% recycled content.

A wharf upgrade at Balmain Shipyard has improved environmental management of vessel maintenance.



Organisational Health

Staff Training and Development

Sydney Ferries is a learning organisation. Over 36,000 training hours were delivered to the workforce in 2010-11: an average six days training per employee. The training is consistent with the requirements of the Ferry System Contract, to ensure appropriately skilled staff are employed in order to improve safety, customer service and efficiency and reflects Sydney Ferries' risk management framework that guides all decision making. Safety, customer service and reliability are at the centre of the majority of training outcomes.

The table below summarises key training outcomes in 2010-11.

Registered Training Organisation Excellence

Sydney Ferries is a highly respected Registered Training Organisation (RTO) in the maritime industry. Offering a unique set of traineeships in competency development for the roles of General Purpose Hand, Maritime Engine Driving 2 (and the innovative Master 5 to 4 training), Sydney Ferries uses nationally recognised competency-based training packages and customises training with the aid of its strong relationships with State and national regulators.



Sydney Ferries' RTO delivers nationally-recognised competency-based training and supports career path development from Trainee to Master.

Course	Description	Training hours
Emergency Preparedness Training	Emergency Preparedness Training is a legal requirement. Crews receive this training six times a year in their specific vessel class.	6,371
Critical Control Failure – Crew Resource Management Training (CCF/CRM)	Delivered by a full vessel training team, this course is in direct response to the Sydney Ferries risk register, which rates collision as a result of control failures as the highest risk.	4,640
Masters Safety Refresher Training	The course is designed to refresh Masters in relation to their legal obligations and further develop competency in use of navigational aids.	1,376
Customer Service Training	The course has been designed to enhance customer service delivery in the context of customer expectations in 2011.	1,038
Critical Conversations	A series of four half days training sessions to empower supervisors and managers to interact with and lead their teams more effectively.	696
Safety toolbox sessions	On the job training that enhances staff competency in relation to new plant and equipment, safety procedures, and safe work behaviours.	1,124

In 2010 Sydney Ferries was recognised by the Department of Education and Communities through the State Training Innovation Award, and in 2011 as Large Employer of the Year. Sydney Ferries' training was also recognised by the Chartered Institute of Logistics and Transport when it was awarded the 2010 State Award for Excellence in Safety. Sydney Ferries was also recognised by CILTA for the Master 5 to 4 Traineeship and was a national runner-up in the Australian Institute for Training and Development (AITD) Awards for the Master Traineeship program.



Award-winning training programs build situational awareness, leadership and sound decision making.

Sydney Ferries is unique as a commercial vessel operator in undertaking CCF/CRM training. Despite vessels continuing to age, the training has led to improved safety and reliability performance.

Training is delivered in a way that minimises impacts on operational efficiency. The on-vessel training is implemented within crews' existing rostered hours, and Operations Controllers integrate the training interventions into the daily running, ensuring no impact on services, customers or overtime costs to Sydney Ferries.

Career Paths

Training for Sydney Ferries crews also leads to qualifications which, although directly relevant to the safe operation of Sydney Ferries, also go

above and beyond the minimum survey requirements for crew. Examples of this include Marine Engine Driver 3 and 2 training. Sydney Ferries provides a trainer, training room and other facilities such as access to the quality resources available at the Balmain Shipyard. Crew enrol in these programs and attend the training sessions in their own time. This approach has increased in popularity, with participants not just acquiring the qualification, but also seeking recognition for sea service from NSW Maritime and sitting for examinations for the licence.

The RTO supports the development of a career path for staff. In early 2011 Sydney Ferries added Master 5 to the RTO scope. This course has now been completed at the design level and the first intake is expected to commence early in 2012.

Critical Control Failure/Crew Resource Management Training

Critical Control Failure/ Crew Resource Management (CCF/CRM) training is the cornerstone of safety management for all crews. Every year, every crew team and member is rostered to participate in two CCF/CRM training interventions. These training sessions are supported by a full training team comprising a Master, Engineer and General Purpose Hand.

Vessels are relieved from operational runs for 4.5 hours and a series of risk-based control failures are simulated and managed by the crew. The training involves recognition of the fault or failure and the timely implementation of a best practice response. Communication protocols under stress are trained as is situational awareness, leadership and sound decision making. These critical competencies are essential skills when real events occur and corrective action is needed in the context of stress.



Organisational Health (continued)

Human Resources Management

Workforce Reduction

As a result of a corporate restructure which commenced in 2009, a further nine employees accepted voluntary redundancies in 2010-11. These reductions have occurred in back office roles and do not compromise Sydney Ferries' commitment to safety and customer service at the frontline.

The total full-time equivalent staffing level reduced from 610 in June 2010 to 598 in June 2011. This has occurred while patronage grew by 1.1%.

Leave Management

Sydney Ferries continues to improve the management of Personal Leave (sick and carers' leave) and Annual Leave. The use and patterns of annual leave and sick leave are closely monitored. During the last financial year, 45 reviews were conducted where employees exhibited unusual or high levels of sick leave.

The average number of days sick leave per employee declined from 10.9 in 2009-10 to 10.2 in 2010-11. Further improvements in leave management are expected as a result of recent initiatives:

- A sick leave and absenteeism management plan requires sick leave reviews to be undertaken with employees who have a high sick leave record. These occur regularly and include education of employees about the effects that high sick leave has upon the business.
- The migration of Sydney Ferries Payroll from the State Transit Authority to Roads and Maritime Services will introduce Employee Self Service and Manager Self Service for leave management. This will provide information directly to line managers and provide a suite of reports to allow managers to easily identify trends and monitor staff taking excess leave.



Lost Time Injuries and Return to Work

Further progress was made in making Sydney Ferries a safer workplace. There were 30 staff injuries in 2010-11¹ and injured staff spent less time away from the workplace before returning to work. The result is that Sydney Ferries workforce is becoming less injured, better trained and educated on the safety aspects of doing their jobs.

Industrial Relations

A new enterprise agreement covering all administrative and management employees, classified either as clerical or senior officers, was implemented in June 2011. The agreement included salary increases which were offset by reductions in the numbers of employees covered by the agreement.

There were no days lost due to industrial action in 2010-2011.

Sydney Ferries had one unfair dismissal matter lodged against it with Fair Work Australia. While the application was upheld, Sydney Ferries was not required to reinstate the employee.

Human Resources/ Payroll Shared Services Migration

With the establishment of Transport Shared Services in July 2010, a project was initiated to migrate Sydney Ferries' Human Resources Information and Payroll System to the Roads and Maritime Services SAP platform. This move provides a significantly improved HR and Payroll System and is an example of cooperation between three operating agencies (Sydney Ferries, Roads and Maritime Services and STA), and Transport Shared Services. The project will be implemented in October 2011.

Time and Attendance System

Significant progress has been made in improving the system reliability, and the uptake and acceptance by employees of the Kronos Time and Attendance System. With the migration path to SAP for the HR/Payroll system now well advanced, an interface will connect time and attendance records to the payroll system for the first time. Sydney Ferries' business processes have been reviewed and refined to ensure they properly interface into SAP for Payroll, and Kronos for time and attendance and rostering.

¹ A breakdown of workplace injuries is presented in Appendix 5.

Efficiency

Consistent with the Ferry System Contract, Sydney Ferries is committed to providing better value for money by eliminating waste and taking innovative approaches to reducing unnecessary costs.

Improved Injury Management

A safer work environment and early medical interventions when injuries do occur both contribute to reduced costs caused by lost time injuries. Sydney Ferries' injury management system continues to improve, resulting in a 76% reduction in the number of days lost due to injury in 2010-11, compared to 2009-10 and a 90% reduction since 2008-09. The improved injury management system now in place has also caused a reduction in Sydney Ferries workers compensation insurance premium, which fell by \$1.5 million.

Total Asset Management Plan

A significant driver of efficiency gains is the improvement of plans and processes for asset management. This encompasses vessels, buildings and property and specialised plant and equipment. Sydney Ferries' Total Asset Management (TAM) plan is updated each year to guide the capital program and vessel maintenance work under updated Technical Maintenance Plans (TMPs). The TAM plan, in combination with the new TMPs and better training of crews in the management of vessels in service, leads to a reduction in vessel breakdowns and greater vessel availability.

Despite the age and complexity of Sydney Ferries' fleet, vessel reliability increased for a fifth consecutive year, with the proportion of vessels which remain in service without withdrawal due to mechanical failure reaching 96.5%, consistently above the target of 95%. This is up from 91% in 2005-06. Vessel availability has also increased dramatically, improving from 71% in 2005-06 to 85.9% in 2010-11, and is now also consistently above the availability target of 80%. Vessel availability is the proportion of the fleet which is available for service.

Vessel Availability (%)

2006-07	76.6
2007-08	78.6
2008-09	80.8
2009-10	86.0
2010-11	85.9

Vessel Reliability (%)

2006-07	93.3
2007-08	94.4
2008-09	95.0
2009-10	96.4
2010-11	96.5

Implementation of the Total Asset Management Plan has realised efficiency gains. Despite the age and complexity of Sydney Ferries' fleet, vessel reliability increased for a fifth consecutive year.



Corporate Governance

Statutory Framework

Sydney Ferries was originally constituted as a statutory State Owned Corporation, commencing operations as 'Sydney Ferries Corporation' on 1 July 2004.

On 1 January 2009 Sydney Ferries was re-constituted as a statutory corporation and declared to be a NSW Government agency within the NSW Department of Transport. It operates regular ferry passenger services on Sydney Harbour and its tributaries within the framework of the *Transport Administration Act 1988* (NSW) (TA Act) and the *Passenger Transport Act 1990* (NSW).

Sydney Ferries is a 'statutory authority' for the purposes of the *Public Finance and Audit Act 1983* (NSW).

Following amendments to the TA Act, on 1 July 2010 the Board of Sydney Ferries was abolished and a new and independent Audit & Risk Committee constituted in accordance with NSW Treasury policy and guidelines.

The Department of Transport will transition to the new Transport for NSW on 1 November 2011, focussing on integrated planning and policy development, with operators delivering services. Transport for NSW will integrate the operation and planning of all modes of transport including trains, buses and ferries.

On 11 May 2011 the Government announced its plan to franchise Sydney Ferries: a private operator will lease, maintain and operate the fleet. The Director-General has advised that the operator will enter into a contract with Transport for NSW, who will continue to maintain control over fares, routes and safety obligations. Registrations of Interest were followed by formal

Expressions of Interest in July. The Minister announced a shortlist of three parties for the tender, which opened in October 2011. Subject to compliant bids being received from capable private sector entities that demonstrate value for money for government, it is anticipated that a contract will be awarded next year, with the operator in place by the end of 2012.

Ferry System Contract

Sydney Ferries operates ferry services in Sydney under a service contract with the Department of Transport. The Ferry System Contract commenced on 1 April 2010.

Primary Purpose and Principal Objectives of Sydney Ferries

Under Section 2(a) of the Ferry System Contract, Sydney Ferries acknowledges that:

- (i) the primary purpose of the Contract is to ensure that the ferry services are run by an efficient and experienced public transport operator, which is able to sustain improvements in service delivery and value for money and work in cooperation with the Director-General to develop longer term ferry network and fleet procurement strategies; and
- (ii) the Director-General's principal objectives in entering into the Contract are to:
 - (A) ensure safe and reliable ferry services;
 - (B) promote a strong passenger focus in all aspects of ferry operations and planning;
 - (C) promote improved performance, sustained over the term of the Contract, in relation to the safety reliability, service quality and value for money priorities reflected in the Performance Benchmarks;

- (D) recognise the role of the ferry services as part of the broader public transport network;
- (E) promote the delivery of the Director-General's wider public transport priorities, particularly in relation to passenger information, ticketing and model coordination initiatives; and
- (F) establish transparent and viable funding arrangements that provide value for money to the Director-General.

Quality Management System

Sydney Ferries continues to retain its AS/NZS ISO 9001:2008 Quality Management Systems Standards accreditation by Anglo-Japanese American Registrars.

The Risk Management Framework underpins operational and management plans under the Safety, Health, Environment and Quality (SHEQ) Management System to identify priorities, including emergency response and business continuity management.

Business Planning and Performance Reporting

Sydney Ferries developed a revised Business Case in preparation for the Ferry System Contract. These plans built on the business planning process initiated in 2005, supported by standardised data collection, where improving capability in recording and reporting of key performance indicators enables business analysis to guide priority initiatives to deliver better services to customers.

Sydney Ferries reports monthly under the Ferry System Contract to the Department of Transport and NSW Treasury.

The Safety, Health, Environment and Quality (SHEQ) Management System continues to retain AS/NZS ISO9001:2008 accreditation.



Chief Executive

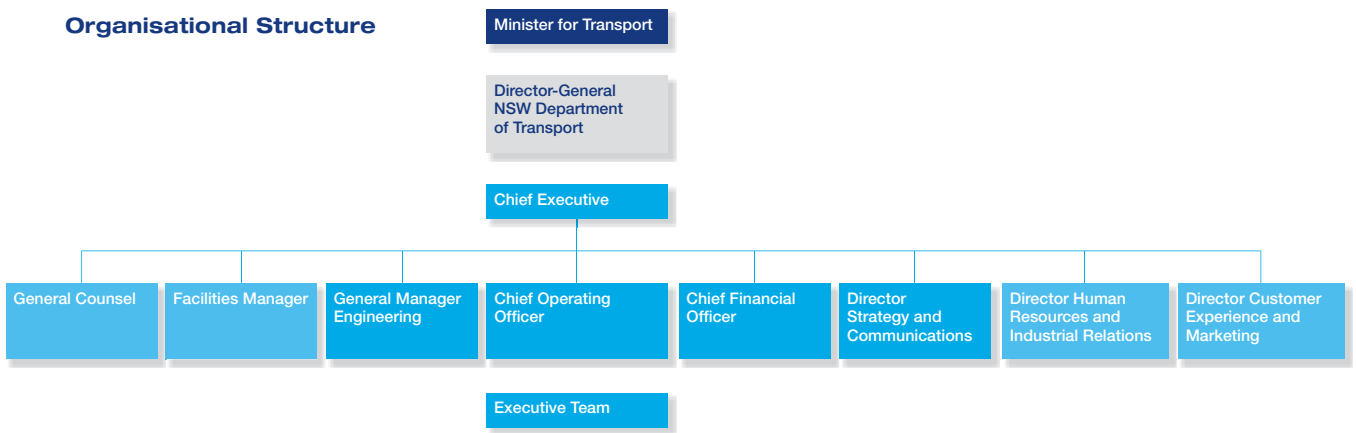
The Chief Executive reports to the Minister and the Director-General. He is responsible for managing and controlling the affairs of Sydney Ferries in accordance with any directions of the Director-General.

The employment of the Chief Executive is subject to Part 3.1 of the *Public Sector Employment and Management Act 2002* (NSW).

Role of the Executive Committee

The Chief Executive has appointed an Executive Committee, which meets weekly to review business performance and monitor implementation of key business plans and consider emerging risks. The Executive advises the Chief Executive on policies and new directions.

Organisational Structure



Executive Committee



David Callahan MBA, BA, GAICD

*Appointed Chief Executive
on 10 May 2010*

*Chief Executive (Acting)
– 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.



Denis Mole AM MBA, MA, MAICD

*Chief Operating Officer and Deputy
Chief Executive Officer
– appointed 1 March 2006*

Prior to joining Sydney Ferries, Denis Mole had a long and distinguished career in the Royal Australian Navy, achieving the rank of Commodore. His last two years in Defence were spent in the intelligence community as the Director General Support to Military Operations. Prior to that, he was the Deputy Commander of Defence Logistics for all three armed services and Deputy Chairman of the Defence Logistics Board.

His naval career included command of the submarine force for four years, Chairman of the Ship Safety Board, Director of Naval Warfare and Commanding Officer of two submarines, one frigate and one naval base. As a Commodore in the Naval Reserve, Denis is a member of the RAN Seaworthiness Board. He is also active in the development of new National Standards for Commercial Vessels and the promotion of marine safety.



Geoff Drummond GradDipBA, BA, CPA

*Chief Financial Officer
– appointed 14 June 2010*

Geoff Drummond has nearly 25 years experience as an Accountant in a variety of financial positions in both the private and public sectors.

Prior to joining Sydney Ferries, he was General Manager Commercial Strategy & Development with the RTA and was responsible for the 'for profit' businesses within that Agency. He has held a number of senior finance roles focused on infrastructure and outsourcing.





Alana Starke LL.B(Hons), MBA(Exec)

*General Counsel and GM Governance
– appointed 6 December 2006
(to 27 May 2011)*

Alana has considerable experience in diverse commercial and corporate legal roles, as a Solicitor with a large Sydney law firm and subsequently in-house, with an emphasis on commercial transactions, employment law, litigation and corporate governance.

Alana served as a member of the Sydney Ferries Executive until her resignation in May 2011.

Brian Riordan BA, LL.B was appointed Acting General Counsel in May 2011.



David Senior MIMarE, M.SNAME, CEng

*General Manager Engineering
– appointed January 2009*

David brings over 50 years experience in marine engineering and construction, including former roles with the Cunard Steamship Company and P&O. His expertise includes the construction, operation and repair of oil tankers, gas and bulk carriers.

Prior to his appointment as GM Engineering, David performed the role of Maintenance Superintendent, after joining Sydney Ferries in November 2005.



Margie Powell MBA(Exec), BAppSc, GAICD

*Director Strategy and Communications
– appointed February 2010*

Margie has performed as a senior manager for 25 years. Her experience includes leading change in small to medium enterprises, both in the not-for-profit and government sectors, with focus on capability development, relationship building, team performance, and organisational strategy. Margie joined Sydney Ferries in 2005 in the Corporate Service Division, and was appointed to the Sydney Ferries Executive in May 2011.



Trevor Ellis BBus

*Director Human Resources
and Industrial Relations
– appointed February 2009*

Trevor has more than 20 years' experience in Corporate Human Resources and General Management functions, recently completing 10 years at Canon Information Systems Research Australia as the General Manager Corporate Services. Trevor joined Sydney Ferries in September 2008.



Sam Hudson BA

*Director, Customer Relations
and Marketing
– appointed June 2011*

Sam Hudson has 20 years' business development and marketing experience in the transport and travel industry covering air and sea freight forwarding, airline, tourist bureaux, travel wholesalers and retailers, aviation events and with Sydney Ferries since 2009.



Carl Groom

*Facilities Manager
– appointed September 2008*

Carl has over 30 years maritime experience, including 10 years' experience performing contract maintenance and ensuring the structural integrity of Sydney Harbour wharves and ferries facilities.

Prior to Sydney Ferries, Carl managed infrastructure projects for NSW National Parks and Wildlife and owned a specialist marine engineering business.



Financial Statements

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Independent Auditor's Report



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 statements of Sydney Ferries, which comprises the statement of financial position as at 30 June 2011, the statement of comprehensive income, income statement, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information.

Opinion

In my opinion, the financial statements:

- give a true and fair view of the financial position of the Sydney Ferries as at 30 June 2011, and of its financial performance for the year then ended in accordance with Australian Accounting Standards
- are in accordance with section 41B of the *Public Finance and Audit Act 1983* (the PF&A Act) and the Public Finance and Audit Regulation 2010.

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

Emphasis of Matter

I draw attention to Note 1.2 'Going Concern' to the financial statements. On 11 May 2011 the Minister for Transport announced that the Government will retain ownership of Sydney Ferries with a non-Government operator leasing, maintaining and operating the fleet. It is expected that a contract will be in place by 31 December 2012. The nature and timing of changes in relation to the franchising is currently uncertain and may mean that Sydney Ferries will be unable to realise its assets and discharge its liabilities in the normal course of business. My opinion is not qualified in respect of this matter.

The Chief Executive Officers' Responsibility for the Financial Statements

The Chief Executive Officer is responsible for the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards and the PF&A Act and for such internal control as the Chief Executive Officer determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

Independent Auditor's Report

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

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

My opinion does *not* provide assurance:

- about the future viability of the Sydney Ferries
- that it has carried out its activities effectively, efficiently and economically
- about the effectiveness of its internal control
- about the security and controls over the electronic publication of the audited financial statements on any website where they may be presented
- about any other information which may have been hyperlinked to/from the financial statements.

Independence

In conducting my audit, I have complied with the independence requirements of the Australian Auditing Standards and other relevant ethical pronouncements. The PF&A Act further promotes independence by:

- providing that only Parliament, and not the executive government, can remove an Auditor-General
- 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

27 September 2011
SYDNEY

Statement by the Chief Executive



Transport
Sydney Ferries

To The Auditor General

Statement pursuant to Section 41C (1B)
of the *Public Finance and Audit Act 1983* (NSW)

I, David Callahan, Chief Executive of Sydney Ferries make the following statements pursuant to section 41C (1B) of the *Public Finance and Audit Act 1983* (NSW):

1. In my opinion:
 - (a) The financial report of Sydney Ferries comprised of financial statements for the year ending 30 June 2011 ("**Financial Statements**") exhibits a true and fair view of the financial position and financial performance of Sydney Ferries as at 30 June 2011; and
 - (b) The Financial Statements have been prepared in accordance with the provisions of the *Public Finance and Audit Act 1983* (NSW), the *Public Finance and Audit Regulation 2010* (NSW) and the Treasurer's directions.
2. As at the date of this statement, I am not aware of any circumstances that would render any particulars disclosed in the Financial Statements (including, but not limited to, Note 1: *Going Concern* and Note 20: *Events Occurring after the Balance Date*) as misleading or inaccurate.

David Callahan
Chief Executive
Sydney Ferries

22 September 2011

Income Statement

For the period ended 30 June 2011

	Notes	30/6/2011 \$000	30/6/2010 \$000
REVENUE			
Operational revenue	2(a)	125,187	128,527
Other revenue	2(b)	981	2,305
Total revenue		126,168	130,832
EXPENSES EXCLUDING LOSSES			
Fleet running expenses	2(c)	16,881	15,019
Employee benefits	2(d)	64,417	67,108
Depreciation, amortisation and impairment	2(e)	18,480	20,585
General operating expenses	2(f)	22,877	23,586
Valuation adjustments	2(g)	-	3,386
Finance costs	2(h)	190	6,320
Total expenses excluding losses		122,845	136,004
Net (gain)/loss on disposal of assets	2(i)	-	(9)
Other (gains)/losses	2(j)	655	1,901
SURPLUS/(DEFICIT) FOR THE YEAR		2,668	(7,064)

The accompanying notes form an integral part of the Financial Statements

Statement of Comprehensive Income

For the period ended 30 June 2011

	Notes	30/6/2011 \$000	30/6/2010 \$000
SURPLUS/(DEFICIT) FOR THE YEAR		2,668	(7,064)
OTHER COMPREHENSIVE INCOME			
Superannuation actuarial gains/(losses)	12	127	(10,972)
Other comprehensive income/(loss) for the year		127	(10,972)
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR		2,795	(18,036)

The accompanying notes form an integral part of the Financial Statements

Statement of Financial Position

As at 30 June 2011

ASSETS	Notes	30/6/2011 \$000	30/6/2010 \$000
CURRENT ASSETS			
Cash and cash equivalents	3	3,397	7,382
Trade and other receivables	4	2,430	1,690
Inventories	5	7,806	6,882
Other assets	6	354	299
Total current assets		13,987	16,253
NON-CURRENT ASSETS			
Property, plant and equipment	7	101,642	99,213
Intangible assets	8	4,938	4,181
Total non-current assets		106,580	103,394
Total assets		120,567	119,647
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	9	6,896	11,392
Borrowings	10	-	-
Employee benefits	12	23,324	24,394
Provisions	11	510	1,127
Total current liabilities		30,730	36,913
NON-CURRENT LIABILITIES			
Borrowings	10	4,000	-
Employee benefits	12	1,407	1,025
Provisions	11	143	217
Total non-current liabilities		5,550	1,242
Total liabilities		36,280	38,155
Net Assets		84,287	81,492
EQUITY			
Accumulated funds		77,480	74,685
Reserves		6,807	6,807
Total Equity		84,287	81,492

The accompanying notes form an integral part of the Financial Statements

Statement of Changes in Equity

For the period ended 30 June 2011

	Asset Revaluation Reserves		Accumulated Funds		Total Equity	
	30/6/2011 \$000	30/6/2010 \$000	30/6/2011 \$000	30/6/2010 \$000	30/6/2011 \$000	30/6/2010 \$000
Balance at 1 July	6,807	6,807	74,685	(2,161)	81,492	4,646
Surplus/(Deficit) for the year			2,668	(7,064)	2,668	(7,064)
OTHER COMPREHENSIVE INCOME:						
Valuation gains/(losses):(Note 7)						
Superannuation actuarial gains/(losses) and movement in adjustment for limitation on net assets	-	-	127	(10,972)	127	(10,972)
Transfers within equity:						
Total other comprehensive income	-	-	127	(10,972)	127	(10,972)
Total comprehensive income/(loss) for the year	-	-	2,795	(18,036)	2,795	(18,036)
TRANSACTIONS WITH OWNERS IN THEIR CAPACITY AS OWNERS:						
Decrease in liabilities from debt transfer to Crown Entity	-	-	-	94,882	-	94,882
Balance at 30 June	6,807	6,807	77,480	74,685	84,287	81,492

The accompanying notes form an integral part of the Financial Statements

Statement of Cash Flows

For the year ended 30 June 2011

	Notes	30/6/2011 Inflows (Outflows) \$000	30/6/2010 Inflows (Outflows) \$000
CASH FLOWS FROM OPERATING ACTIVITIES			
Passenger fares receipts		-	43,576
Reimbursement from NSW Government		-	68,955
Service Contract Revenue		130,288	22,701
Other receipts		963	1,051
Interest received		149	227
Grants		-	1,145
Payments to suppliers		(56,444)	(56,610)
Payments to employees		(57,748)	(61,176)
Interest paid		(2,388)	(7,008)
Net cash flows from operating activities	16 (a)	14,820	12,861
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of property, plant and equipment		(20,374)	(17,391)
Purchases of intangible assets		(2,431)	-
Proceeds from sales of assets held for sale		-	1,140
Proceeds from sale of property, plant and equipment		-	9
Net cash flows from investing activities		(22,805)	(16,242)
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase / (Repayment) of borrowings		4,000	8,875
Net cash flows from financing activities		4,000	8,875
Net increase/(decrease) in cash and cash equivalents		(3,985)	5,494
Cash and cash equivalents at the beginning of the year		7,382	1,888
Cash and cash equivalents at 30 June	3	3,397	7,382

The accompanying notes form an integral part of the Financial Statements



Notes to and forming part of the Financial Statements

For the year ended 30 June 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1.1 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. It is a controlled entity of the Department of Transport and therefore forms part of the Total State Sector. 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.

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

Amendments to the Transport Administration Act took effect on 1 July 2010 to allow for a change in governance of Sydney Ferries resulting in the abolition of the Sydney Ferries Board.

The financial statements were authorised for issue by the Chief Executive Officer on the date on which the accompanying Statement by the Chief Executive Officer was signed.

1.2 Basis of preparation

Statement of compliance

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

- applicable Australian Accounting Standards and Interpretations;
- the requirements of the *Public Finance and Audit Act 1983* (NSW);
- the *Public Finance and Audit Regulation 2010* (NSW); and
- Treasurer's Directions and Treasury Circulars.

All amounts are rounded to the nearest one thousand dollars unless otherwise stated 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 judgments

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 8 – Intangible Assets

Note 11 – Provisions

Note 12 – Employee Benefits – Provisions and measurement of defined benefit superannuation obligations

Note 13 – Commitments (includes leases)

Notes to and forming part of the Financial Statements

For the year ended 30 June 2011

Critical judgments in applying the accounting policies:

Determination of for-profit or not-for-profit

Sydney Ferries is a not-for-profit entity as profit is not its principle objective.

Going concern

The financial statements have been prepared on a going concern basis which assumes that repayment of debt will be met, as and when they fall due, without any intention or necessity to liquidate assets or otherwise wind up operations. Sydney Ferries debt is guaranteed by the NSW Government. Sydney Ferries continued operation and ability to pay its debts are assured because of the contract for Ferry Services with Transport NSW which funds delivery of services and the undertaking of capital works during the period of the contract.

On 11 May 2011 the Minister for Transport announced that the Government will retain ownership of Sydney Ferries with a non-Government operator leasing, maintaining and operating the fleet. The Director General has advised that the operator will be required to enter into a contract with the Department of Transport (DoT) and the DoT will continue to maintain control over fares, routes and safety obligations. The Registrations of Interest were followed by a request for an Expressions of Interest (EOI) which closed on 29 July 2011. From this EOI process, five companies and consortia expressed interest in a service contract for running Ferry services. The Government announced a shortlist of three parties on 7 October 2011, which had been selected to tender. The Request for Tender was released the same month, for responses early in 2012. The indicative timeframe provides a transition of operations by the end of calendar year 2012.

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 statements. 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 events, have been made in the financial statements. The nature of any such changes and their timing is currently uncertain.

1.3 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 (Prior to 1 April 2010)

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

New South Wales Government reimbursements (Prior to 1 April 2010)

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).

Service Contract Payments (Effective from 1 April 2010)

Service Contract Payments are made to Sydney Ferries in accordance with the Ferry System Contract by the Director General of the Department of Transport. It includes a fixed and a variable component that is based on patronage and meeting Key Performance Indicators. Ticket Fares collected by Sydney Ferries are remitted to the Director-General and, upon such remittance from Sydney Ferries, constitute revenue of the Director-General.



Notes to and forming part of the Financial Statements

For the year ended 30 June 2011

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.

1.4 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.

1.5 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.

1.6 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.

Superannuation

The employees' retirement benefits liability in respect of three defined benefits superannuation funds is recognised in full. The liability for employees' retirement benefits is based on an actuarial assessment (Refer note 12 (c)). Actuarial gains and losses are recognised outside of profit or loss in the Statement of Comprehensive Income in the year in which they occur.

The superannuation expense on defined benefit plans is recognised in the Income Statement and is made up of current service cost and interest cost less the expected return on fund assets.

Notes to and forming part of the Financial Statements

For the year ended 30 June 2011

Contributions to the defined contribution plan are expensed when incurred.

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 purposed 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 Statement of Financial Position. 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 Statement of Financial Position. 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 Comprehensive Income.

1.7 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.

1.8 Taxes

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.

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.

State Taxes

The change in the status of Sydney Ferries on 1 January 2009 to a statutory authority representing the Crown means that Sydney Ferries is exempt from land tax levied after 2009.

1.9 Cash and cash equivalents

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.

1.10 Trade and other receivables

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



Notes to and forming part of the Financial Statements

For the year ended 30 June 2011

1.11 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.

1.12 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.

1.13 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 end of the reporting date.

1.14 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.

1.15 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 2011 and at 30 June 2010.

Note 15 provides disclosures on contingent liabilities.

1.16 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.

Notes to and forming part of the Financial Statements

For the year ended 30 June 2011

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 date.

1.17 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.

1.18 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. A provision for obsolescence is made based on an expected loss in service potential.

1.19 Other Assets

Other assets are recognised on a cost basis.

1.20 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 2010. 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. For vessels which are specialised assets, 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.

Notes to and forming part of the Financial Statements

For the year ended 30 June 2011

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. The accumulated depreciation is restated proportionately with the change in the gross carrying amount so that the carrying amount of the asset after revaluation equals its revalued amount.

In all other cases the accumulated depreciation is eliminated against the gross carrying amount of the asset and the net carrying amount is restated to the revalued amount of the asset.

Increases in the carrying amounts arising on revaluation are credited to the asset revaluation reserve. To the extent that the increase reverses a decrease previously recognised in profit or loss, the increase is first recognised in profit or loss. Decreases that reverse previous increases of the same asset are first charged against revaluation reserves directly in equity to the extent of the remaining reserve attributable to the asset; all other decreases are charged to the Income Statement.

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 Statement of Financial Position 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. For vessels (which are specialised assets) held for sale, an impairment loss would arise when they are valued at market value and not disposed off in the same financial year.

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 (Years)	Method
Freehold buildings and wharves	40	Straight Line
Plant and equipment	3 to 20	Straight Line
Ferries	15 to 40	Straight Line
Dry Docking	2 to 5	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.

1.21 Intangible assets

Up to 1 April 2010 service contract rights were classified as intangibles. They were licences issued by Transport NSW to operate ferry services in specific regions. They were written off in the 2009/2010 financial year.

In relation to other intangible assets Sydney Ferries recognises intangible assets only if it is probable that future economic benefits will flow to Sydney Ferries and the cost of the asset can be measured reliably. Intangible assets are measured initially at cost. Where an asset is acquired at no or nominal cost, the cost is its fair value as at the date of acquisition. Intangible assets are subsequently measured at fair value only if there is an active market. As there is no active market for Sydney Ferries intangible assets, the assets are carried at cost less any accumulated amortisation. The useful lives of intangible assets are assessed to be finite. Sydney Ferries intangible assets are amortised using the straight-line method over a period of between 3 and 5 years for information management systems. Intangible assets are tested for impairment where an indicator of impairment exists.

1.22 Provisions

A provision is recognised in the Statement of Financial Position 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.

Notes to and forming part of the Financial Statements

For the year ended 30 June 2011

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.

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1.23 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 Statement of Financial Position.

1.24 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.

1.25 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.

1.26 Equity and reserves

Asset Revaluation reserve

The asset revaluation reserve is used to record increments and decrements on the revaluation of non-current assets. This accords with Sydney Ferries policy on the revaluation of property, plant and equipment as discussed in note 1.20.

Accumulated Funds

The category accumulated funds includes all current and prior period retained funds.

Separate reserve accounts are recognised in the financial statements only if such accounts are required by specific legislation or Australian Accounting Standards (e.g. asset revaluation reserve).

Notes to and forming part of the Financial Statements

For the year ended 30 June 2011

1.27 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 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.

1.28 New accounting standards and interpretations

In the current year, Sydney Ferries has adopted all the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to its operations and effective for the annual reporting period beginning on 1 July 2010. The adoption of these new and revised Standards and Interpretations has not resulted in any significant changes to Sydney Ferries accounting policies.

Sydney Ferries applies *AASB 101 Presentation of Financial Statements (2007)* which became effective as at 1 January 2009. As a result Sydney Ferries presents in the Statement of Changes in Equity all owner changes in equity, whereas all non-owner changes in equity are presented in the Statement of Comprehensive Income.

Sydney Ferries did not early adopt any new accounting standards that are yet not effective. The following new Accounting Standards and interpretations have not yet been adopted and are not effective as at 30 June 2011.

AASB Amendment	Affected Standard(s) and Interpretations	Change in Accounting Standard	Application date of standard
AASB 124	Related Party Disclosure (Revised December 2009)	1-Jan-11	30-Jun-12
AASB 2009-12	Amendments to Australian Accounting Standards AASB 124 – (Related Party Disclosure & AASB5, 108, 110, 119, 137, 139, 1023 and 1031 and Interpretations 2, 4, 16, 1039 & 1052)	1-Jan-11	30-Jun-12
AASB 9	Financial Instruments	1-Dec-10	1-Jan-13
AASB 2009-11	Amendments to Australian Accounting Standards arising from AASB 9 – Financial Instruments (AASB 1, 3, 4, 5, 7, 101, 102, 108, 118, 121, 127, 128, 131, 132, 136, 139, 1023 and 1038 and Interpretations 10 and 12)	1-Jan-13	1-Jul-13
AASB 2010-7	Amendments to Australian Accounting Standards arising from AASB 9 – AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 120, 121, 127, 128, 131, 132, 136, 137, 139, 1023 and 1038 and Interpretations 2, 5, 10, 12, 19 and 127)	1-Dec-10	1-Jan-13
AASB 2009-14	Amendments to Australian Interpretations – Prepayments of a minimum funding requirement	1-Jan-11	30-Jun-12
AASB 2010-5	Amendments to Australian Accounting Standards arising from the annual improvement process	1-Jan-11	30-Jun-12
AASB 2010-6	Amendments to Australian Accounting Standards – Disclosures on Transfers of Financial Assets (AASB 1 and AASB7)	1-Nov-10	30-Jun-12
AASB 1053 & AASB 2010-2	Amendments to Australian Accounting Standards from reduced disclosed requirements	1-Jun-10	1-Jul-13
AASB 2010-10	Further amendments to Australian Accounting Standards – Removal of Fixed Dates for First-time Adopters (AAS 2009-11 and AASB 2010-7)	1-Dec-10	1-Jan-13

It is considered that the adoption of these Standards and Interpretations in future will have no material financial impact on the financial statements. NSW Treasury has mandated not to early adopt any of the standards that are not effective.

Notes to and forming part of the Financial Statements

For the year ended 30 June 2011

2. REVENUE AND EXPENSES

	Notes	30/6/2011 \$000	30/6/2010 \$000
REVENUE			
(a) Operational revenue			
Passenger revenue (Refer Note 1.3)			
Fares, charters and tourists services		-	36,749
Reimbursement from NSW Government (Refer Note 1.3)			
Subsidised travel by school students		-	122
Concessional travel by:			
Pensioners		-	8,119
Other beneficiaries		-	2,150
Government funding for services		-	58,686
Service Contract Revenue		125,187	22,701
Total operational revenue		125,187	128,527
(b) Other revenue			
Interest		149	227
NSW Government Grant – redundancies		-	1,145
Rent and advertising		285	229
Commission		250	283
Sundry income		259	338
Other		38	83
Total other revenue		981	2,305

Notes to and forming part of the Financial Statements

For the year ended 30 June 2011

2. REVENUE AND EXPENSES (continued)

	Notes	30/6/2011 \$000	30/6/2010 \$000
EXPENSES			
(c) Fleet running expenses			
Fuel and Inventory expense – labour hire, spare parts and consumables		16,881	15,019
Total fleet running expenses		16,881	15,019
(d) Employee benefits			
Wages and salaries		46,128	45,497
Redundancy		271	2,178
Annual leave		4,365	4,594
Long service leave		1,984	1,761
Superannuation – Defined Contribution Plan		4,184	4,442
Superannuation – Defined Benefits Plan		564	(14)
Workers' compensation		3,628	5,115
Payroll tax		3,293	3,535
Total employee benefits		64,417	67,108
(e) Depreciation, amortisation and impairment			
Depreciation	7(b)	16,618	18,988
Amortisation – intangibles	8(a)	1,674	1,408
Amortisation – other		188	189
Total depreciation, amortisation and impairment costs		18,480	20,585
(f) General operating expenses			
Insurances		1,867	1,487
Operating leases		2,205	1,573
Consultancy fees		-	-
Auditor's remuneration – audit of financial statements		165	189
Audit fees – Internal Audit		209	217
Bad Debts		-	115
Hire of private ferries		2,839	2,091
Labour related costs		2,081	1,936
Temporary staff		2,570	4,556
Maintenance – facilities		814	472
Service fees		1,710	1,517
Marketing		228	660
IT & Communications		2,888	3,053
Professional services		1,754	1,999
Property		2,068	2,083
Printing		571	579
Travel & Accommodation		8	21
Administration		858	799
Board members remuneration		42	239
Total general operating expenses		22,877	23,586

Notes to and forming part of the Financial Statements

For the year ended 30 June 2011

2. REVENUE AND EXPENSES (continued)

	Notes	30/6/2011 \$000	30/6/2010 \$000
(g) Valuation adjustments			
Valuation decrease to fleet	7(b)	-	3,386
Total valuation adjustments		-	3,386
(h) Finance costs			
Interest expense		190	6,395
Less			
Interest income (amortisation of premiums)		-	(75)
Total finance costs		190	6,320
(i) Net (gain)/loss on disposal of assets			
Proceeds from disposal		-	(10)
Written down value of assets disposed		-	1
Total (gains)/losses on disposal of assets		-	(9)
(j) Other (gains)/losses			
Asset impairment loss on Work in Progress Projects		513	1,918
(Gain) / loss on financial assets/liabilities		142	-
Realised (gains)/loss from derivatives (Tcorp managed)		-	(17)
Total other (gains)/losses		655	1,901
(k) Reconciliation of Maintenance expenses			
Included in total expenses are maintenance expenses for vessels consisting of:			
Labour		4,846	4,202
Contracted and non-labour expenditure		4,405	4,198
Total maintenance expenses		9,251	8,400

In addition to the above a further \$10.951 million of major periodic maintenance was capitalised during the year ended 30 Jun 2011 (2010: \$4.428 million)

Notes to and forming part of the Financial Statements

For the year ended 30 June 2011

3. CASH AND CASH EQUIVALENTS

	Notes	30/6/2011 \$000	30/6/2010 \$000
Cash		340	445
Cash on hand		79	79
TCorp – Hour-Glass cash facility		2,978	6,858
Total cash and cash equivalents		3,397	7,382

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		848	360
Prepayments		734	848
Trade debtors		731	100
Goods and services tax		117	382
Total trade and other receivables		2,430	1,690

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		6,221	5,687
Distillate		1,461	1,042
Other		124	154
Provision for obsolescence		-	(1)
Total inventories		7,806	6,882

6. OTHER ASSETS

Other		354	299
Total other assets		354	299

Notes to and forming part of the Financial Statements

For the year ended 30 June 2011

7. PROPERTY, PLANT AND EQUIPMENT

	30/6/2011 \$000	30/6/2010 \$000
(a) Classes		
Land – freehold		
Gross carrying amount	5,737	5,737
Buildings – freehold		
Gross carrying amount	15,130	15,130
Less: accumulated depreciation	(8,557)	(8,171)
Total buildings – freehold (Net carrying amount)	6,573	6,959
Wharf improvements – leasehold		
Gross carrying amount	27,439	17,626
Less: accumulated depreciation	(9,808)	(8,603)
Total – wharf improvements (Net carrying amount)	17,631	9,023
Plant and equipment		
Gross carrying amount	25,886	24,017
Less: accumulated depreciation	(18,698)	(17,040)
Total – plant and equipment (Net carrying amount)	7,188	6,977
Ferries		
Gross carrying amount	222,497	207,117
Less: accumulated depreciation	(171,348)	(157,979)
Total – ferries (Net carrying amount)	51,149	49,138
Work in progress		
Gross carrying amount	13,364	22,176
Less: accumulated depreciation/impairment		(797)
Total – work in progress (Net carrying amount)	13,364	21,379
Total property, plant and equipment	101,642	99,213

Notes to and forming part of the Financial Statements

For the year ended 30 June 2011

7. PROPERTY, PLANT AND EQUIPMENT (continued)

(b) 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:

	Land-freehold	Buildings -freehold	Wharf improvements -leasehold	Plant and equipment	Ferries	Work in progress	Total
Gross Carrying Amount							
	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Balance at 1 July 2010	5,737	15,130	17,626	24,017	207,117	22,176	291,803
Additions	-	-	9,813	1,869	15,380	22,725	49,787
Disposals/derecognition/write-offs	-	-	-	-	-	(2,126)	(2,126)
Revaluations	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	(29,411)	(29,411)
Impairment losses	-	-	-	-	-	-	-
Balance at 30 June 2011	5,737	15,130	27,439	25,886	222,497	13,364	310,053

	Land-freehold & improvements	Buildings -freehold	Wharf improvements -leasehold	Plant and equipment	Ferries	Work in progress	Total
Gross Carrying Amount							
	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Balance at 1 July 2009	5,737	14,836	15,992	19,867	214,787	22,469	293,688
Additions	-	294	1,635	4,249	4,932	16,927	28,037
Disposals/derecognition/write-offs	-	-	-	(99)	-	(1,901)	(2,000)
Revaluations	-	-	-	-	(12,602)	-	(12,602)
Transfers	-	-	-	-	-	(15,319)	(15,319)
Impairment losses	-	-	-	-	-	-	-
Balance at 30 June 2010	5,737	15,130	17,626	24,017	207,117	22,176	291,803

Notes to and forming part of the Financial Statements

For the year ended 30 June 2011

7. PROPERTY, PLANT AND EQUIPMENT (continued)

	Land-freehold & improvements	Buildings -freehold	Wharf improvements -leasehold	Plant and equipment	Ferries	Work in progress	Total
Depreciation							
	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Balance at 1 July 2010	-	8,171	8,603	17,040	157,979	797	192,590
Depreciation for the year	-	386	1,205	1,658	13,369	-	16,618
Revaluations	-	-	-	-	-	-	-
Disposals/derecognition/write-offs	-	-	-	-	-	-	-
Impairment losses	-	-	-	-	-	(797)	(797)
Balance at 30 June 2011	-	8,557	9,808	18,698	171,348	-	208,411

	Land-freehold & improvements	Buildings -freehold	Wharf improvements -leasehold	Plant and equipment	Ferries	Work in progress	Total
Depreciation							
	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Balance at 1 July 2009	-	7,790	7,909	15,631	150,789	797	182,916
Depreciation for the year	-	381	694	1,506	16,406	-	18,987
Revaluations	-	-	-	-	(9,216)	-	(9,216)
Disposals/derecognition/write-offs	-	-	-	(97)	-	-	(97)
Impairment losses	-	-	-	-	-	-	-
Balance at 30 June 2010	-	8,171	8,603	17,040	157,979	797	192,590

	Land-freehold & improvements	Buildings -freehold	Wharf improvements -leasehold	Plant and equipment	Ferries	Work in progress	Total
Net Carrying Amounts							
	\$000	\$000	\$000	\$000	\$000	\$000	\$000
At 1 July 2009	5,737	7,046	8,083	4,236	63,998	21,672	110,772
At 30 June 2010	5,737	6,959	9,023	6,977	49,138	21,379	99,213
At 1 July 2010	5,737	6,959	9,023	6,977	49,138	21,379	99,213
At 30 June 2011	5,737	6,573	17,631	7,188	51,149	13,364	101,642

Valuations

(a) Property, plant and equipment were revalued in accordance with the basis of valuation set out in Note 1.21.

(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-10	Rodney Hyman Asset Services Pty. Ltd.



Notes to and forming part of the Financial Statements

For the year ended 30 June 2011

8. INTANGIBLE ASSETS

	30/6/2011 \$000	30/6/2010 \$000
(a) Classes		
Information management systems		
Gross carrying amount	8,909	6,478
Less: accumulated depreciation/impairment	3,971	2,297
Total information management systems	4,938	4,181
Total intangibles	4,938	4,181

(b) Intangible classes movement

	Information management systems \$000
Gross Carrying Amount	
Balance at 1 July 2010	6,478
Additions	2,431
Disposals/derecognition/write-offs	-
Revaluations	-
Transfers	-
Impairment losses	-
Balance at 30 June 2011	8,909
Balance at 1 July 2009	1,801
Additions	-
Disposals/derecognition/write-offs	-
Revaluations	-
Transfers	4,677
Impairment losses	-
Balance at 30 June 2010	6,478
Depreciation	
Balance at 1 July 2010	2,297
Depreciation for the year	1,674
Revaluations	-
Disposals/derecognition/write-offs	-
Impairment losses	-
Balance at 30 June 2011	3,971
Balance at 1 July 2009	890
Depreciation for the year	-
Revaluations	1,407
Disposals/derecognition/write-offs	-
Impairment losses	-
Balance at 30 June 2010	2,297
Net Carrying Amounts	
At 1 July 2009	911
At 30 June 2010	4,181
At 1 July 2010	-
At 30 June 2011	4,938

Notes to and forming part of the Financial Statements

For the year ended 30 June 2011

9. TRADE AND OTHER PAYABLES

	Notes	30/6/2011 \$000	30/6/2010 \$000
Trade creditors		2,008	2,540
Other creditors and accruals		3,085	5,073
Accrued salaries, wages and on-costs		1,647	1,338
Workers' compensation		-	229
Accrued interest payable		156	2,212
Total payables		6,896	11,392

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		-	-
Total current borrowings		-	-
Non-Current			
Borrowings secured by NSW Government guarantee		4,000	-
Total non-current borrowings		4,000	-
Total borrowings		4,000	-
(a) Payable:			
Not later than 1 year		-	-
Later than 1 year and not later than 5 years		4,000	-
Later than 5 years		-	-
Total borrowings		4,000	-

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

Notes to and forming part of the Financial Statements

For the year ended 30 June 2011

11. (a) PROVISIONS

	Notes	30/6/2011 \$000	30/6/2010 \$000
Current		510	1,127
Non-current		143	217
Total provisions		653	1,344
The balance of provisions consists of:			
Provision for marine damage claims		47	91
Provision for public liability claims		223	623
Provision for marine hull damage		268	100
Provision for restructuring/redundancy		115	530
Total provisions		653	1,344

(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

Class of provision	Opening Balance	Increase/ (decrease) in provision	Payments	Closing balance
2011	\$000	\$000	\$000	\$000
Marine damage claims	91	(44)	-	47
Public liability claims	623	(388)	(12)	223
Marine hull claims	100	168	-	268
Restructuring/redundancy	530	269	(684)	115
Total	1,344	5	(696)	653

Class of provision	Opening Balance	Increase/ (decrease) in provision	Payments	Closing balance
2010	\$000	\$000	\$000	\$000
Marine damage claims	10	81	-	91
Public liability claims	732	(18)	(91)	623
Marine hull claims	419	(319)	-	100
Restructuring/redundancy	1,402	(667)	(205)	530
Total	2,563	(923)	(296)	1,344

Notes to and forming part of the Financial Statements

For the year ended 30 June 2011

12. EMPLOYEE BENEFITS

(a) Employee benefits – provisions

	Notes	30/6/2011 \$000	30/6/2010 \$000
Current			
Provision for annual leave – short term		4,947	3,965
Provision for annual leave – long term		355	1,949
Provision for public holidays – short term		3	2
Provision for public holidays – long term		632	666
Provision for superannuation	12c(i)	10,931	11,660
Provision for long service leave – short term	12b(i)	5,283	1,264
Provision for long service leave – long term	12b(i)	1,173	4,888
Total current employee benefits liabilities		23,324	24,394
Non-current			
Provision for long service leave	12b(i)	1,407	1,025
Total non-current employee benefits liabilities		1,407	1,025

(b) Aggregate employee benefits and related on-costs

Current		23,324	24,394
Non-current		1,407	1,025
Accrued salaries, wages and on-costs	9	1,647	1,338
Total employee benefits and related on-costs		26,378	26,757

(i) Employee benefits – provision for long service leave

Valuation of the long service leave liability as at 30 June 2011 was calculated by Mercer Australia Pty. Ltd, independent 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 sum payments of accrued leave on termination of service.

	30/6/2011 %pa	30/6/2010 %pa
Financial Assumptions		
Discount rate	5.2	5.1
Expected rate of salary increases at 1 Jan 2012 and 1 Jan 2013	3.5	2.5
Expected rate of salary increases from 1 Jan 2014 and thereafter	2.5	2.5
Expected rate of wage increases	2.5	2.5

The discount rate is based on the prevailing yield on long term Commonwealth Government bonds as at 30 June 2011. The assumed rate of salary and wage increases for wages employees of 2.5%, for salaried employees of 3.5% at 1 January 2012 and 1 January 2013 and then 2.5% on each 1 January thereafter is based upon the projected 2011/2012 budget for wage and salary increases provided as well as general economic forecasts. Similar assumptions to those that were used in the previous valuations in respect of rates of usage and staff turnover were used.

Notes to and forming part of the Financial Statements

For the year ended 30 June 2011

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.

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

2011	SASS	SANCS	SSS	
Member Numbers				
Contributors	100	101	1	
Deferred benefits	-	-	1	
Pensioners	7	-	-	
Pensions fully commuted	-	-	-	
	SASS	SANCS	SSS	Total
Superannuation Position for AASB 119 purposes	\$000	\$000	\$000	\$000
Accrued liability – refer note 12 c(ii)	37,732	4,442	2,697	44,871
Estimated reserve account balance – refer note 12 c(iii)	(28,652)	(3,534)	(1,754)	(33,940)
	9,080	908	943	10,931
Future Service Liability ¹	(4,107)	(1,515)	(174)	(5,796)
Surplus in excess of recovery available from schemes	-	-	-	-
Net (asset)/liability recognised in statement of financial position – refer Note 12(a)	9,080	908	943	10,931

2010	SASS	SANCS	SSS	
Member Numbers				
Contributors	106	107	1	
Deferred benefits	-	-	1	
Pensioners	6	-	-	
	SASS	SANCS	SSS	Total
Superannuation Position for AASB 119 purposes	\$000	\$000	\$000	\$000
Accrued liability	36,401	4,391	2,450	43,242
Estimated reserve account balance	(26,734)	(3,251)	(1,597)	(31,582)
	9,667	1,140	853	11,660
Future Service Liability ¹	(4,818)	(1,681)	(159)	(6,658)
Surplus in excess of recovery available from schemes	-	-	-	-
Net (asset)/liability recognised in balance sheet	9,667	1,140	853	11,660

¹ 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.

Notes to and forming part of the Financial Statements

For the year ended 30 June 2011

12. EMPLOYEE BENEFITS (continued)

(c) Retirement benefits (continued)

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

2011	SASS \$000	SANCS \$000	SSS \$000	Total \$000
Present value of partly funded defined benefit obligations at beginning of the year	36,402	4,391	2,450	43,243
Current service cost	998	196	20	1,214
Interest cost	1,800	214	127	2,141
Contributions by fund participants	537	-	10	547
Actuarial (gains)/losses	279	(144)	104	239
Benefits paid	(2,285)	(214)	(13)	(2,512)
Past service cost	-	-	-	-
Curtailments	-	-	-	-
Settlements	-	-	-	-
Business Combinations	-	-	-	-
Exchange rate changes	-	-	-	-
Present value of partly funded defined benefit obligations at end of the year	37,731	4,443	2,698	44,872

2010	SASS \$000	SANCS \$000	SSS \$000	Total \$000
Present value of partly funded defined benefit obligations at beginning of the year	30,034	3,434	2,107	35,575
Current service cost	875	165	17	1,057
Interest cost	1,619	184	118	1,921
Contributions by fund participants	512	-	9	521
Actuarial (gains)/losses	8,333	1,473	208	10,014
Benefits paid	(4,972)	(865)	(9)	(5,846)
Past service cost	-	-	-	-
Curtailments	-	-	-	-
Settlements	-	-	-	-
Business Combinations	-	-	-	-
Exchange rate changes	-	-	-	-
Present value of partly funded defined benefit obligations at end of the year	36,401	4,391	2,450	43,242

Notes to and forming part of the Financial Statements

For the year ended 30 June 2011

12. EMPLOYEE BENEFITS (continued)

(c) Retirement benefits (continued)

(iii) Reconciliation of the fair value of fund assets

2011	SASS \$000	SANCS \$000	SSS \$000	Total \$000
Fair value of Fund assets at beginning of the year	26,734	3,251	1,597	31,582
Expected return on fund assets	2,207	267	138	2,612
Actuarial gains/(losses)	358	8	1	367
Employer contributions	1,101	222	21	1,344
Contributions by Fund participants	537	-	10	547
Benefits paid	(2,285)	(214)	(13)	(2,512)
Settlements	-	-	-	-
Business combinations	-	-	-	-
Exchange rate changes	-	-	-	-
Fair value of fund assets at end of the year	28,652	3,534	1,754	33,940

2010	SASS \$000	SANCS \$000	SSS \$000	Total \$000
Fair value of Fund assets at beginning of the year	28,724	3,611	1,444	33,779
Expected return on fund assets	2,420	306	126	2,852
Actuarial gains/(losses)	(972)	2	11	(959)
Employer contributions	1,022	197	16	1,235
Contributions by Fund participants	512	-	9	521
Benefits paid	(4,972)	(865)	(9)	(5,846)
Settlements	-	-	-	-
Business combinations	-	-	-	-
Exchange rate changes	-	-	-	-
Fair value of fund assets at end of the year	26,734	3,251	1,597	31,582

(iv) Reconciliation of the assets and liabilities recognised in statement of financial position

2011	SASS \$000	SANCS \$000	SSS \$000	Total \$000
Present value of partly funded defined benefit obligations at end of year – refer note 12 c(ii)	37,732	4,442	2,697	44,871
Fair value of fund assets at end of year – refer note 12 c(iii)	(28,652)	(3,534)	(1,754)	(33,940)
Subtotal	9,080	908	943	10,931
Unrecognised past service cost	-	-	-	-
Unrecognised gain/(loss)	-	-	-	-
Adjustment for limitation on net asset	-	-	-	-
Net liability/(asset) recognised in statement of financial position at end of year	9,080	908	943	10,931

2010	SASS \$000	SANCS \$000	SSS \$000	Total \$000
Present value of partly funded defined benefit obligations at end of year	36,401	4,391	2,450	43,242
Fair value of fund assets at end of year	(26,734)	(3,251)	(1,597)	(31,582)
Subtotal	9,667	1,140	853	11,660
Unrecognised past service cost	-	-	-	-
Unrecognised gain/(loss)	-	-	-	-
Adjustment for limitation on net asset	-	-	-	-
Net liability/(asset) recognised in balance sheet at end of year	9,667	1,140	853	11,660

Notes to and forming part of the Financial Statements

For the year ended 30 June 2011

12. EMPLOYEE BENEFITS (continued)

(c) Retirement benefits (continued)

(v) Expense recognised in income statement

2011	SASS \$000	SANCS \$000	SSS \$000	Total \$000
Components Recognised in Income Statement				
Current service cost	998	196	20	1,214
Interest cost	1,800	214	126	2,140
Expected return on Fund assets (net of expenses)	(2,206)	(268)	(138)	(2,612)
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	592	142	8	742

2010	SASS \$000	SANCS \$000	SSS \$000	Total \$000
Components Recognised in Income Statement				
Current service cost	875	165	17	1,057
Interest cost	1,620	184	118	1,922
Expected return on Fund assets (net of expenses)	(2,420)	(306)	(125)	(2,851)
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	75	43	10	128

Amounts recognised in other comprehensive income {AASB 119 – paragraph 120A(h)}

2011	SASS \$000	SANCS \$000	SSS \$000	Total \$000
Actuarial (gains)/losses	(78)	(152)	103	(127)
Adjustment for limit on net asset	-	-	-	-
2010	SASS \$000	SANCS \$000	SSS \$000	Total \$000
Actuarial (gains)/losses	9,305	1,470	197	10,972
Adjustment for limit on net asset	-	-	-	-

Notes to and forming part of the Financial Statements

For the year ended 30 June 2011

12. EMPLOYEE BENEFITS (continued)

(c) Retirement benefits (continued)

(vi) Fund assets

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

	2011 % pa	2010 % pa
Australian equities	33.40	31.00
Overseas equities	29.50	26.80
Australian fixed interest securities	5.70	6.10
Overseas fixed interest securities	3.10	4.30
Property	9.90	9.50
Cash	5.10	9.60
Other	13.30	12.70

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
2011				
Actual return on Fund assets	2,262	275	135	2,672
2010				
Actual return on Fund assets	2,591	308	132	3,031

(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

	2011 % pa	2010 % 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	8.60	8.60
Discount rate	5.28	5.17

(c) Demographic assumptions

The demographic assumptions at 30 June 2011 are those used in the 2009 triennial actuarial valuation. The triennial review report is available from the NSW Treasury website.

Notes to and forming part of the Financial Statements

For the year ended 30 June 2011

12. EMPLOYEE BENEFITS (continued)

(c) Retirement benefits (continued)

(ix) Historical information

AASB 119 requires an entity to disclose this information for the current and previous four annual reporting periods.

2011	SASS \$000	SANCS \$000	SSS \$000	Total \$000
Present value of defined benefit obligation	37,732	4,442	2,697	44,871
Fair value of Fund assets	(28,652)	(3,534)	(1,754)	(33,940)
(Surplus)/Deficit in Fund	9,080	908	943	10,931
Experience adjustments – Fund liabilities	280	(144)	104	240
Experience adjustments – Fund assets	(358)	(7)	(1)	(366)

2010	SASS \$000	SANCS \$000	SSS \$000	Total \$000
Present value of defined benefit obligation	36,402	4,391	2,450	43,243
Fair value of Fund assets	(26,734)	(3,251)	(1,597)	(31,582)
(Surplus)/Deficit in Fund	9,668	1,140	853	11,661
Experience adjustments – Fund liabilities	8,333	1,473	208	10,014
Experience adjustments – Fund assets	972	(2)	(11)	959

2009	SASS \$000	SANCS \$000	SSS \$000	Total \$000
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	SASS \$000	SANCS \$000	SSS \$000	Total \$000
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	SASS \$000	SANCS \$000	SSS \$000	Total \$000
Present value of defined benefit obligation	30,280	3,144	1,436	34,860
Fair value of Fund assets	(35,800)	(4,585)	(1,920)	(42,305)
(Surplus)/Deficit in Fund	(5,520)	(1,441)	(484)	(7,445)
Experience adjustments – Fund liabilities	979	(43)	(192)	744
Experience adjustments – Fund assets	(2,411)	(276)	(221)	(2,908)

Notes to and forming part of the Financial Statements

For the year ended 30 June 2011

12. EMPLOYEE BENEFITS (continued)

(c) Retirement benefits (continued)

(x) Expected contributions

	SASS \$000	SANCS \$000	SSS \$000	Total \$000
2011				
Expected employer contributions to be paid in the next reporting period	1,020	213	16	1,249
2010				
Expected employer contributions to be paid in the next reporting period	973	188	15	1,176

(xi) Funding arrangements for Employer Contributions

(a) Surplus/deficit

The following is a summary of the 30 June 2011 financial position of the Fund calculated in accordance with AAS 25 "Financial Reporting by Superannuation Plans":

	SASS \$000	SANCS \$000	SSS \$000	Total \$000
2011				
Accrued benefits	33,718	3,999	1,719	39,436
Net market value of Fund assets	(28,652)	(3,534)	(1,754)	(33,940)
Net (surplus)/deficit	5,066	465	(35)	5,496
2010				
Accrued benefits	32,197	3,889	1,513	37,599
Net market value of Fund assets	(26,734)	(3,251)	(1,597)	(31,582)
Net (surplus)/deficit	5,463	638	(84)	6,017

(b) Contribution recommendations

Recommended contribution rates for the entity are:

	SASS Multiple of member contributions	SANCS % member salary	SSS Multiple of member contributions
2011	1.90	2.50	1.60
2010	1.90	2.50	1.60

(c) Funding method

Contribution rates are set after discussions between the employer, STC and NSW Treasury.

(d) Economic assumptions

The economic assumptions adopted for the 2009 actuarial review of the Fund are:

Weighted-average assumptions	2011 % pa	2010 % pa
Expected rate of return on Fund assets backing current pension liabilities	8.30	8.30
Expected rate of return on Fund assets backing other liabilities	7.30	7.30
Expected salary increase rate	4.00	4.00
Expected rate of CPI increase	2.50	2.50

Nature of Asset/Liability

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

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

Notes to and forming part of the Financial Statements

For the year ended 30 June 2011

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 2007. 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 was on 25 May 2011.

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	30/6/2011 \$000	30/6/2010 \$000
Non cancellable operating lease commitments are payable as follows:		
Not later than 1 year	2,349	1,548
Later than 1 year and not later than 5 years	8,585	7,027
Later than 5 years	43,521	39,822
Total operating lease commitments (including GST)	54,455	48,397
(b) Capital expenditure commitments	30/6/2011 \$000	30/6/2010 \$000
Not later than 1 year	3,769	14,481
Later than 1 year and not later than 5 years	-	-
Total capital expenditure commitments (including GST)	3,769	14,481
(c) Other expenditure commitments	30/6/2011 \$000	30/6/2010 \$000
Aggregate other expenditure for the acquisition of goods and services at balance date and not provided for:		
Not later than 1 year	5,671	5,127
Later than 1 year and not later than 5 years	-	-
Later than 5 years	-	-
Total other expenditure commitments (including GST)	5,671	5,127

The commitment totals as shown above in (a) to (c) include Goods and Services Tax (GST) of \$5.808 million (2010: \$6.182 million), which is recoverable from the Australian Taxation Office.

Notes to and forming part of the Financial Statements

For the year ended 30 June 2011

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 (up until 30 June 2010) 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 2011 \$000	Carrying Amount 2010 \$000
Class				
Cash and cash equivalents	3	N/A	3,397	7,382
Receivables	4	Trade and other receivables ²	358	100
Financial Liabilities	Note	Category	Carrying Amount 2011 \$000	Carrying Amount 2010 \$000
Class				
Trade Creditors	9	Financial liabilities measured at amortised cost ³	4,619	7,001
Borrowings	10	Financial liabilities measured at amortised cost	4,000	-

(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.

² Excludes statutory receivables and prepayments which are not within the scope of AASB 7.

³ Excludes statutory payables and unearned revenue which are not within the scope of AASB 7.

Notes to and forming part of the Financial Statements

For the year ended 30 June 2011

14. FINANCIAL INSTRUMENTS (continued)

(ii) Receivables

At the end of the reporting period 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 Statement of Financial Position.

2011	Government \$000	Other \$000	Total \$000
Receivables	164	194	358
Total receivables	164	194	358

2010	Government \$000	Other \$000	Total \$000
Receivables	95	5	100
Total receivables	95	5	100

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.

2011	Total \$000	Past due but not impaired \$000	Considered impaired \$000
< 3 months overdue	198	198	-
3 months – 6 months overdue	160	160	-
> 6 months overdue	-	-	-

2010	Total \$000	Past due but not impaired \$000	Considered impaired \$000
< 3 months overdue	60	60	-
3 months – 6 months overdue	38	38	-
> 6 months overdue	2	2	-

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. Sydney Ferries receives fixed monthly income from Transport NSW which assists in managing cashflow.

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.

Notes to and forming part of the Financial Statements

For the year ended 30 June 2011

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.

	Carrying Amount	Financial instruments maturing in				Non-interest bearing	Total
		Contractual cash flows	1 year or less	Over 1 to 5 years	More than 5 years		
2011	\$000	\$000	\$000	Carrying amount	Carrying amount	Carrying amount	Carrying amount
Financial liabilities							
Payables	4,619	-	-	-	-	4,619	4,619
Short term borrowings	-	-	-	-	-	-	-
Fixed rate term borrowings	4,000	4,955	239	4,716	-	-	4,955
Total financial liabilities	8,619	4,955	239	4,716	-	4,619	9,574

2010

Financial liabilities

Payables	7,001	-	-	-	-	7,001	7,001
Short term borrowings	-	-	-	-	-	-	-
Fixed rate term borrowings	-	-	-	-	-	-	-
Total financial liabilities	7,001	-	-	-	-	7,001	7,001

(d) Fair value

Except where specified below, the amortised cost of financial instruments recognised in the Statement of Financial Position 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	
	2011 \$000	2010 \$000	2011 \$000	2010 \$000
Financial liabilities				
Borrowings	4,000	-	4,201	-
Total financial liabilities	4,000	-	4,201	-

Notes to and forming part of the Financial Statements

For the year ended 30 June 2011

14. FINANCIAL INSTRUMENTS (continued)

(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 end of the reporting period. The analysis is performed on the same basis as for 2010. The analysis assumes that all other variables remain constant.

(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% Surplus / Deficit	Equity	1% Surplus / Deficit	Equity
2011					
Financial assets		Decrease in Surplus	Decrease in Equity	Increase in Surplus	Increase in Equity
Cash and cash equivalents	3,397	(34)	34	34	(34)
Financial liabilities		Increase in Surplus	Increase in Equity	Decrease in Surplus	Decrease in Equity
Borrowings	4,000	40	(40)	(40)	40
2010					
Financial assets		Increase in Deficit	Decrease in Equity	Decrease in Deficit	Increase in Equity
Cash and cash equivalents	7,382	74	(74)	(74)	74
Financial liabilities		Decrease in Deficit	Increase in Equity	Increase in Deficit	Decrease in Equity
Borrowings	-	-	-	-	-

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 \$0 million (2010: \$0 million).

Notes to and forming part of the Financial Statements

For the year ended 30 June 2011

14. FINANCIAL INSTRUMENTS (continued)

(f) Fair value recognised in the statement of financial position

Sydney Ferries uses the following hierarchy for disclosing the fair value of financial instruments by valuation technique:-

Level 1 – Derived from quoted prices in active markets for identical assets/liabilities.

Level 2 – Derived from inputs other than quoted prices that are observable directly or indirectly.

Level 3 – Derived from valuation techniques that include inputs for the asset/liability not based on observable market data (unobservable inputs)

	Level 1 \$000	Level 2 \$000	Level 3 \$000	Total \$000
2011				
Hour Glass Investment – Cash facility	-	2,978	-	2,978
2010				
Hour Glass Investment – Cash facility	-	6,858	-	6,858

(g) Other price risk – TCorp Hour-Glass facilities

Exposure to other price risk primarily arises through the investment in the TCorp Hour-Glass Investment Facilities, which are held for strategic, rather than trading purposes. Sydney Ferries has no direct equity investments. Sydney Ferries holds units in the following Hour-Glass Investment trusts:

Facility	Investment Sectors	Investment Horizons	2011 \$000	2010 \$000
Cash Facility	Cash, money market instruments	Up to 1.5yrs (pre June 2008 – up to 2yrs)	2,978	6,858

The unit price of each facility is equal to the total fair value of the new assets held by the facility divided by the number of unit on issue for that facility. Unit prices are calculated and published daily.

NSW Treasury Corporation (TCorp) is trustee for each of the above facilities and is required to act in the best interest of the unitholders and to administer the trusts in accordance with the trust deeds. As trustee, TCorp has appointed external managers to manage the performance and risks of each facility in accordance with a mandate agreed by the parties. However, TCorp acts as manager for part of the Cash Facility. A significant portion of the administration of the facilities is outsourced to an external custodian.

Investment in the Hour-Glass facilities limits Sydney Ferries exposure to risk, as it allows diversification across a pool of funds with different investment horizons and a mix of investments.

NSW TCorp provides sensitivity analysis information for each of the investment facilities, using historically based volatility information collected over a ten year period, quoted at two standard deviations (i.e. 95% probability). The TCorp Hour-Glass Investment facilities are designated at fair value through profit or loss and therefore any change in unit price impacts directly on profit (rather than equity). A reasonably possible change is based on the percentage change in unit price (as advised by TCorp multiplied by the redemption value as at 30 June each year for each facility (balance from Hour-Glass statement).

(i) Impact on:

	Change in unit price	2011 \$000 Surplus	2010 \$000 Deficit
Hour Glass Investment – Cash facility	+/-1%	+/- 29.78	-/+ 68.58

Notes to and forming part of the Financial Statements

For the year ended 30 June 2011

15. CONTINGENT LIABILITIES

Contingent liabilities represent matters that are unconfirmed (pending the occurrence or non-occurrence of an uncertain future event), or not reliably measurable or unlikely to be settled. However, their probability of settlement is not remote.

Contractual and other claims against Sydney Ferries arise in the ordinary course of operations. The existence or quantum of each claim is usually in dispute and the outcome cannot be measured reliably.

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

	30/6/2011 \$000	30/6/2010 \$000
(Deficit)	2,668	(7,064)
Adjustments to reconcile net operating result to net cash from operating activities:		
Amortisation	1,863	207
(Gain)/Loss on disposal of PPE	-	(9)
Derecognition, impairment and write off of assets	513	1,901
Revaluation decrement	-	3,386
Depreciation of non-current assets	16,617	20,395
Other non-cash items-prior year maintenance exp that was incorrectly included in WIP	817	-
Other non cash items	-	211
Bad and doubtful debts	-	115
Changes in assets and liabilities:		
(increase)/decrease in receivables	(1,194)	1,082
(increase)/decrease in inventories	(925)	(758)
(increase)/decrease in other assets	(55)	344
increase/(decrease) in trade and other creditors	(4,541)	(3,585)
increase/(decrease) in employee entitlements	(561)	(1,995)
increase/(decrease) in other provisions	(692)	(1,218)
(increase)/decrease in goods and services tax	265	69
increase/(decrease) in revenue received in advance	45	(220)
Net cash flows from operating activities	14,820	12,861
(b) Financing facility available		
Short-term standby credit facility	10,000	10,000
Drawn down at balance date	-	-
Facility unused at balance date	10,000	10,000

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



Notes to and forming part of the Financial Statements

For the year ended 30 June 2011

17. EVENTS OCCURRING AFTER BALANCE DATE

The Transport Legislation Amendment Bill 2011 was recently passed by the NSW Parliament. The legislation establishes Transport for NSW as a NSW Government agency and sets out the objectives and functions of Transport for NSW. The legislation also establishes the Transport Service which will consist of those persons who are employed under Part 7A of the Transport Administration Act.

In addition, the legislation provides that Transport for NSW, for the purpose of exercising its functions, may give directions to the following bodies in relation to the exercise of their functions:

- Roads and Maritime Services
- RailCorp
- State Transit Authority
- Sydney Ferries
- Transport Construction Authority
- Country Rail Infrastructure Authority
- A public or private subsidiary corporation (as referred to in Part 6B of the Transport Administration Act) of any of those bodies.

It is as such expected that the Department of Transport may be required to prepare consolidated financial statements in respect of all of those entities for the 2011-12 financial year.

As noted in Note 1.2 the NSW Government is currently implementing its 'Fixing the Ferries' Program which involves Franchising Sydney Ferries. This process is expected to be completed by the end of calendar year 2012. Arrangements for the transfer of staff to the Private Operator are currently being negotiated by the Department of Transport.

End of financial statements

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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 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 Sydney Ferries
via post PO Box R1799, Royal Exchange, NSW 1225
or via fax (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 were 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 9:00am to 5:00pm, Monday to Friday.

Circular Quay Operations Office

The Circular Quay Operations Office is located at:
Wharf 3, Alfred Street Circular Quay, Sydney 2000.
Ph: (02) 9207 3155
Fax: (02) 9207 3190
Office operating hours are 5.00am to 1.15am, Monday to Saturday and 6.00am to 12.45am on Sundays.

Balmain Shipyard

The Balmain Shipyard maintenance facility is situated 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

Electronic service delivery

Sydney Ferries provides service information to its customers through its internet site www.sydneyferries.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.

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.sydneyferries.info, and the TTY (teletypewriter service) 1800 637 500.

Annual Report Production Costs

The cost of producing this year's annual report was \$8,920 + GST.

Availability

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

2. FINANCIAL AND ASSET MANAGEMENT

Budgets

Sydney Ferries' budgets for 2010-11 and 2011-12 are set out in the tables below

Operating Budget 2010-11 and 2011-12

Revenue and expenditure	Budget 2010-11 \$000	Budget 2011-12 \$000
Operational Revenue		
Service Contract Revenue	128,522	133,766
Other Revenue	555	979
Total Revenue	129,077	134,746
Expenses from ordinary activities		
Wages and salaries	68,251	67,468
Fleet running expenses	14,897	17,725
General operating expenses	24,998	23,935
Interest	1,438	350
Depreciation	20,628	20,208
Total Expenses	130,212	129,686
Surplus/(Deficit)	(1,134)	5,059

Capital Budget 2010-11 and 2011-12

Capital expenditure and major periodic maintenance expenditure	Budget 2010-11 \$000	Budget 2011-12 \$000
Vessel upgrades	2,316	325
Information technology	3,475	3,488
Facility and wharves upgrade	5,788	3,585
Environmental projects	1,876	455
Total capital expenditure	13,455	7,853
Major periodic maintenance expenditure	12,115	12,008
Total capital and major periodic maintenance expenditure	25,570	19,861

Major Projects

During the financial year, a number of significant projects were completed. Jetties 1 & 2 at Balmain Shipyard were refurbished, including the installation of a hardstand and upgrade of under-jetty piping. This project was completed in April 2011 at a total cost of \$6.2 million.

In February 2011, ticket gates and other wharf infrastructure were installed at the passenger wharf at King Street for a total cost of \$0.7 million. This project gated the second passenger access point to the CBD and improved the ticket validation capture.

The Ferry Operations and Customer Information System (FOCIS) project achieved a number of important milestones during 2010-11. This project will deliver enhanced timetable information at Circular Quay and Manly by the end of 2011, and a similar roll out to all other commuter wharves by late 2012. The total project budget cost is \$13.7 million, with \$9.7 million spent as at 30 June 2011.

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 2011, the Hour-Glass Cash Facility returned 5.37% after fees for the financial year, generating 0.39% more than the UBS Bank Bill Index return of 4.98%.

The contributors to this excess return came primarily from the Cash Facility's allocation to AAA Residential Mortgage Backed Securities (RMBS) and to Floating Rate Notes (FRNs). Both the RMBS and FRNs within the Cash Facility portfolio performed extremely well over the financial year.

The RMBS within the portfolio continues to progressively run down and the



underlying quality of the RMBS portfolio remains exceptional and continues to receive yield in excess of the cash rate. This, combined with the strategic allocation to FRNs and high quality bank paper, position the Cash Facility to continue to provide excess return over bank bills, importantly the Cash Facility portfolio continues to hold only the highest quality cash assets and maintains high levels of liquidity.

Disclosure of controlled entities and subsidiaries

As at 30 June 2011 Sydney Ferries did not have any controlled entities or subsidiaries.

IPART Determinations

During the reporting period Sydney Ferries complied with all applicable determinations in force as at 1 July 2010 and no new determinations or recommendations were made in respect of Sydney Ferries.

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 2011,

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

Consultant Engagement equal to or more than \$50,000

Sydney Ferries did not engage any consultants in 2010-2011.

Credit card certification

The following certification is provided in accordance with Treasurer's Direction 205.01 and was given on 28 September 2011 by the Chief Executive of Sydney Ferries to the Minister for Transport:

1. That the *Credit Card Procedures* of Sydney Ferries (Procedures) conform to Premier's Memoranda and Treasurer's Directions.
2. That two (2) credit cards have been issued under the Procedures (Approved Credit Cards).
3. That the Approved Credit Cards were issued on the account of Sydney Ferries to officers of Sydney Ferries (Authorised Cardholders) by a credit card provider under contract with the Treasury.

4. That the Authorised Cardholders have signed a statement of cardholder's responsibilities in accordance with the Procedures.

5. That, as at the date of the certification, the Approved Credit Cards were the only credit cards issued on the account of Sydney Ferries.

6. That, as at the date of the certification, the Chief Executive Officer had reviewed (i) all items of expenditure recorded on statements issued by the contracting credit card provider and (ii) the supporting documentation of the Authorised Cardholders in respect of such expenditure (Reviewed Expenditure) and was satisfied that the Reviewed Expenditure had been incurred by the Authorised Cardholders solely for business purposes in accordance with the Revised 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 2010* (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 2010	2,569	17	24	-
December 2010	4,212	305	96	-
March 2011	2,021	770	61	-
June 2011	3,325	79	39	-

Performance in paying accounts

Quarter	Target %	Amounts paid on time		Total amount paid	
		Actual %	\$000	\$000	\$000
September 2010	90%	95.39%	53,313	54,012	
December 2010	90%	91.58%	49,273	50,168	
March 2011	90%	95.45%	57,549	59,869	
June 2011	90%	93.80%	50,524	52,032	

The average payment performance for the year was 94.11% against a target of 90%. There were no penalty interest payments made under clause 13(15) of the *Public Finance and Audit Regulation 2010* (NSW).

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. Continued attention has also been placed on risk and claims management and monitoring to minimise contingent liabilities and reduce premiums. Sydney Ferries is confident that this strategy has ensured a lower overall insurance cost.

Internal Audit and Risk Management Statement

I, David Callahan, am of the opinion that Sydney Ferries has internal audit and risk management processes in place that are, in all material respects, compliant with the core requirements set out in Treasury Circular NSW TC 09/08 *Internal Audit and Risk Management Policy*.

These processes provide a level of assurance that enables the senior management of Sydney Ferries to understand, manage and satisfactorily control risk exposures.

I, David Callahan, am of the opinion that the Audit and Risk Committee for Sydney Ferries is constituted and operates in accordance with the independence and governance requirements of Treasury Circular NSW TC 09/08. The Chair and Members of the Audit and Risk Committee are:

- Greg Fletcher – independent Chair (Appointed for 3 year term until 30 June 2012)
- Gary Dinnie – independent Member 1 (Re-appointed for 1 year until 30 June 2012)
- Paul Apps – non-independent Member (Re-appointed for 1 year until 30 June 2012).



David Callahan
Chief Executive
Sydney Ferries
17 October 2011

Response to Significant Matters raised by the Auditor-General

Uncertainty in relation to going concern due to franchising arrangements

The Government announced on 11 May 2011 its intention to franchise Sydney Ferries to a non-Government operator to lease, maintain and operate the fleet. The timing of this arrangement is expected to be in the second half of the 2012 calendar year.

This creates a significant uncertainty as to whether Sydney Ferries will realise the recorded value of its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial statements.

NSW Treasury advised on 27 September 2011 that in the event of completion of the franchising process in 2012-13, arrangements will be put in place to ensure that Sydney Ferries' liabilities and commitments are satisfied by the new franchisee or by an appropriate Government agency. These arrangements are yet to be finalised.

Work in progress expense/write-off

Concerns relating to carried forward balances in work in progress accounts were noted in the 2010 Client Service Report and Management Letter issued by the NSW Audit Office. The agreed management action has been undertaken by Sydney Ferries and in the 2010-11 financial year a review of all work in progress accounts was completed. An Internal Audit of Work in Progress was completed in 2010-11 and recommendations implemented along with strengthened governance arrangements.



3. HUMAN RESOURCES

Performance and number of executive officers

As at 30 June 2011, Sydney Ferries' employed three male executive officers with a total remuneration package equal to or exceeding the NSW Senior Executive Service Level 5. No female executive officers higher than level 5 were employed during the reporting period, no change from the prior period.

No performance-related incentive statement payment was paid, or due and payable, to any senior executive officer during the reporting period.

SES Equivalent to or higher than SES Level 5

Name and title of executive officer	2010-11 Salary
David Callahan, Chief Executive	\$365,382.00
Denis Mole, Chief Operating Officer	\$273,162.50
Geoffrey Drummond, Chief Financial Officer	\$256,642.47

Executive Performance

The Director-General conducted a performance review of Mr David Callahan, Chief Executive, and concluded that he satisfactorily met his organisational and performance requirements.

The Chief Executive conducted a performance review of Mr Denis Mole AM, Chief Operating Officer, and concluded he met his financial management, audit and organisational performance requirements.

The Chief Executive conducted a performance review of Mr Geoffrey Drummond, Chief Financial Officer, and concluded he met his financial management, audit and organisational performance requirements.

Number of officers and employees by Division

Division	2008-09 [#]	2009-10*	2010-11
Operations	536.8	483.2	477.2
Engineering	92	83.0	89.0
Executive Office <i>Legal, Strategy and Communications, Customer Relations and Marketing</i>	5.3	10.4	10.0
Finance and Corporate Services	17.0	13.0	10.7
Human Resources	6.5	7.0	3.0
<i>Strategy and Stakeholder Management</i>	9.0	<i>Division merged into Executive Office</i>	<i>Division merged into Executive Office</i>
<i>Information Technology</i>	1	<i>Division merged into F&CS</i>	<i>Division merged into F&CS</i>
Transport Shared Services			8.0
Total	668	596.6	597.9

[#] In 2008-09 and 2009-10 casual and part-time employees were recorded based on the proportion of (FTE) ordinary hours worked

* The 2009-10 figures do not include 14 staff members who exited Sydney Ferries on 30 June 2010 or were completing outplacement job search leave. These figures do not include contractors at 30 June (2009: 44, 2010: 30.6; 2011:19).

Exceptional movements in wages, salaries or allowances

All movements in wages, salaries and allowances in 2010-11 were in accordance with the provisions of the applicable enterprise agreements.

Human Resources and Industrial Relations' policies and practices

Performance management system

Sydney Ferries' performance management system is designed to identify each employee's training/educational needs, promotion prospects and provide them with a record of their performance.

Employee Excellence Awards

The 2010-11 Employee Excellence Awards attracted 151 nominations. The interest in the Awards recognises the fact that Sydney Ferries employees take pride in their work and also recognise achievement in their fellow staff members. The *Employee of the Year* Award was presented to Sharon Hamling, receptionist at the Circular Quay office.

Transport Shared Services

The Department of Transport established a Shared Services group in 2010-11 to provide corporate support services across all transport agencies. Eleven staff from Sydney Ferries transferred to the Shared Services Group in February 2011.

Policies and Procedures

During 2010-11, an amended Equity and Diversity policy was introduced and a revision was made to the Human Resource Management Delegations. Sydney Ferries also introduced a Policy and Procedure on Job Share which, to date, has been taken up by six employees.

Reduction in days lost to injury and return to work

Improvements in injury management and return to work action have continued in 2010-11. The number and severity of injury in the workplace has reduced substantially due to a focused training approach to safety and changing behaviours around safer manual handling and early intervention of treatment when an injury occurs.

A review of the physical requirements for working at gates and on wharves was undertaken between November and January 2011. The review has led to a revision of the suitable duties register to enable more targeted allocation of injured staff into meaningful duties to assist their recovery. This provides very real cost savings. The annual workers compensation insurance premium has been reduced from \$5.1 million to \$3.6 million. Sydney Ferries staff previously employed on long term suitable duties have either accepted retirement on medical grounds or returned to their

substantive position. During 2010-11, five employees were medically retired.

A number of initiatives have been undertaken over the past year, including:

- Introduction of the postural program through a physiotherapy provider which aims to keep staff keep fitter for their jobs and avoid injury. It also addresses lifestyle issues such as obesity and lack of aerobic fitness. All crews on the RiverCat class vessels have been assessed and the program will roll out next to First Fleet crews in November 2011.
- Funding of staff to participate in the *City to Surf* fun run.
- Continuation of onsite physiotherapy sessions at Balmain Shipyard and Circular Quay.
- Use of meaningful suitable duties for staff returning to work. Use of staff in necessary positions and returning them as much as possible to their normal duties, within the restrictions of their injury, has reduced the use of staff in "supernumerary" capacity and reduced costs to the business.

Employee Assistance Program

Sydney Ferries continued 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.

Staff participation in Employee Assistance Program

Year	Number of clients seen for counselling	Number of hours used in counselling	Average number of sessions per person	Utilisation rate (based on employee numbers of 650)	PLUS Other Support Services Used
2008-09	28	85.0 hours	3.1	4.3%	Critical Incident Response – 11 hours and Conflict Resolution & Mediation – 1.45 hours
2009-10	25	61.5 hours	2.5	3.9%	Critical Incident Response – 1 hour
2010-11	26	51.5 hours	1.9	4.0%	Nil

Equal Employment Opportunity (EEO)

Sydney Ferries is committed to addressing the needs, representation and development of equal employment opportunity groups. These groups include women, Aboriginal people and Torres Strait Islanders, people with a disability, and people of a racial, ethnic and ethno-religious background. During 2010-11 Sydney Ferries implemented a new Job Share initiative, to assist those employees who, for example, want to transition towards retirement, or a change in working arrangements. The number of women employed in 2010-11 shows an increase of 5.9%. The figure for Aboriginal and Torres Strait Islanders remained constant.

Trends in the representation and distribution of EEO groups are shown below.

Multicultural Policies and Services Program

Sydney Ferries has carried out the following activities in 2010-11 and has identified a number of new actions and initiatives for completion in 2011-12. Approximately 11% of Sydney Ferries' employees have nominated that English is not their first language. During 2010-11 the following actions have

been undertaken to support delivery of ferry services:

- Customer Service Training for frontline staff focuses on the diversity of our customers and their differing cultural needs, and provided customer assistance officers with badges to advise which other languages they speak.
- Under its Customer Charter to encourage feedback to 131500, Sydney Ferries offers a three way conversation with an interpreter.

During 2010-11 Sydney Ferries will:

- Publish and distribute its *Travel Safely with Sydney Ferries* guide in its three key customer community languages (simplified Chinese, Hindi and Arabic).
- Install digital destination boards and audio software for service information at the new Darling Harbour Terminal.

Privacy Management Plan

Sydney Ferries Privacy Management Plan was developed in accordance with the requirements of the *Privacy and Personal Information Protection Act 1998* (NSW) (PIIP Act), and with the requirements of the *Health Records and Information Privacy Act 2002* (NSW) (HRIP Act).

The Privacy Management Plan details how Sydney Ferries deals with personal

information and health information it collects, in order to ensure that it complies with the PPIP and the HRIP Acts. The Director of Human Resources has been appointed the Privacy Control Officer for Sydney Ferries. The final version of the Plan was approved in 2011 and has been promoted through the Sydney Ferries Intranet.

During the reporting period Sydney Ferries received one (1) application for review. An internal review in respect of that application was completed in accordance with section 53 of the Act.

Overseas travel

No overseas travel was undertaken in the past year for Sydney Ferries' business.

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.

Agreements with the Community Relations Commission

No agreements were entered into with the Community Relations Commission during the reporting period.

Table A. Trends in the representation of EEO Groups

Equal Employment Opportunity Group	Benchmark or Target	Percentage of Total Staff		
		2008-09 ²	2009-10 ³	2010-11
Women	50.0%	15.7%	14.0%	14.4%
Aboriginal people and Torres Strait Islanders	2.6% ¹	1.1%	1.5%	0.9%
People whose first language was not English	19.0%	11.7%	10.8%	10.5%
People with a disability	N/A	3.6%	2.8%	3.0%
People with a disability who require work-related adjustment	1.5%	3.6%	2.8%	3.0%

Table B. Trends in the distribution of EEO Groups

Equal Employment Opportunity Group	Benchmark			
		2008-09 ²	2009-10 ³	2010-11
Women	100	90	91	9.4
Aboriginal people and Torres Strait Islanders	100	n/a	n/a	n/a
People whose first language was not English	100	91	103	103
People with a disability	100	96	n/a	n/a
People with a disability who require work-related adjustment	100	96	n/a	n/a

Notes:

¹ Minimum target by 2015.

² Staff numbers are as at 30 June 2009 and exclude casual staff and contractors.

³ Staff numbers are as at 30 June 2010 are full-time equivalents, and exclude contractors.

A distribution index of 100 indicates that the centre of 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. An index more than 100 indicates that the EEO group is less concentrated at the lower salary levels. The distribution Index is not calculated where EEO group or non-EEO group numbers are less than 20.

Source: NSW DPC 2010-11 Workforce Profile (v2011.09.01)

4. OTHER STATUTORY INFORMATION

Government Information (Public Access) Act

The Freedom of Information Act was repealed on 30 June 2010 and the new *Government Information (Public Access) Act* (GIPA Act) commenced on 1 July 2010.

The purpose of the GIPA Act is to provide greater transparency in government agency operations and decision making, particularly those areas that have a direct impact on the community. The GIPA Act:

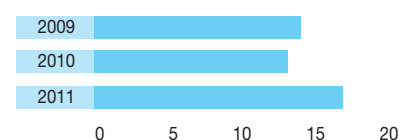
- creates new rights to information that are designed to meet community expectations of more open and transparent government; and
- encourages government agencies to proactively release government information.

The new Act provides for two types of applications – formal and informal. Formal applications are written and must include an application fee. They are generally requests for large amounts of information or for complex matters. Informal applications are usually received by email or telephone and involve small, simple requests for information.

Comparison with Previous Reporting Period

Sydney Ferries received 17 formal applications in the 2010-11 reporting period compared with 13 in the previous year.

Total Applications



There were no requests for review submitted to the Information Commissioner or the Administrative Decisions Tribunal as a result of a determination by Sydney Ferries.

Statistical Information

The following statistical information is set out in accordance with the provisions of the GIPA Act. The information shown in the following tables is based on formal applications only.

Table A: Number of applications by type of applicant and outcome*

	Access granted in full	Access granted in part	Access refused in full	Information not held	Information already available	Refuse to deal with application	Refuse to confirm/deny whether information is held	Application withdrawn
Media	1			1				
Members of Parliament	10	2			1	1		1
Private sector business								
Not for profit organisations or community groups								
Members of the public (application by legal representative)								
Members of the public (other)								

* A personal information application is an access application for personal information (as defined in clause 4 of Schedule 4 to the Act) about the applicant (the applicant being an individual)

Table B: Number of applications by type of application and outcome

	Access granted in full	Access granted in part	Access refused in full	Information not held	Information already available	Refuse to deal with application	Refuse to confirm/deny whether information is held	Application withdrawn
Personal information applications*								
Access applications (other than personal information applications)	11	2		1	1	1		1

*Access applications that are partly personal information applications and partly other.


Table C: Invalid applications

Reason for invalidity	No of applications
Application does not comply with formal requirements (section 41 of the Act)	1
Application is for excluded information of the agency (section 43 of the Act)	
Application contravenes restraint order (section 110 of the Act)	
Total number of invalid applications received	1
Invalid applications that subsequently became valid applications	0

Table D: Conclusive presumption of overriding public interest against disclosure – matters listed in schedule 1 of Act

	No. of times consideration used*
Overriding secrecy laws	Nil
Cabinet information	Nil
Executive Council information	Nil
Contempt	Nil
Legal professional privilege	Nil
Excluded information	Nil
Documents affecting law enforcement and public safety	Nil
Transport safety	Nil
Adoption	Nil
Care and protection of children	Nil
Ministerial code of conduct	Nil
Aboriginal and environmental heritage	Nil

* More than one public interest consideration may apply in relation to a particular access application and, if so, each such consideration is to be recorded (but only once per application). This also applies in relation to Table E

Table E: Other public interest considerations against disclosure – matters listed in table to section 14 of Act

	No. of occasions application not successful
Responsible and effective government	Nil
Law enforcement and security	Nil
Individual rights, judicial processes and natural justice	Nil
Business interests of agencies and other persons	Nil
Environment, culture, economy and general matters	Nil
Secrecy provisions	Nil
Exempt documents under interstate Freedom of Information legislation	Nil

Table F: Timeliness

	No. of applications
Decided within the statutory timeframe (20 days plus any extensions)	17
Decided after 35 days (by agreement with applicant)	
Not decided within time (deemed refusal)	
Total	17

Table G: Number of applications reviewed under part 5 of the act (by type of review and outcome)

	Decision varied	Decision upheld	Total
Internal review			
Review by Information Commissioner*			
Internal review following recommendation under section 93 of Act			
Review by ADT			
Total			Nil

* The Information Commissioner does not have the authority to vary decisions, but can make recommendations to the original decision-maker. The data in this case indicates that a recommendation to vary or uphold the original decision has been made by the Information Commissioner.

Table H: Applications for review under part 5 of the act (by type of applicant)

	No. of applications for review
Applications by access applicants	Nil
Applications by persons to whom information the subject of access application relates (see section 54 of the Act)	Nil

5. DETAILED PERFORMANCE

On-time Running Performance by Route

Route	Scheduled Services ¹	Force Majeure Cancellations ²	Non Force Majeure Cancellations ³	Service Reliability Rate ⁴	Force Majeure Delays ²	Non Force Majeure Delays	On-time Running Rate ⁵
2009-10							
Manly	26,070	58	21	99.92%	1	158	99.39%
Parramatta River	26,615	31	53	99.80%	11	561	97.89%
Balmain – Woolwich	19,738	21	16	99.92%	1	351	98.22%
Darling Harbour	16,581	4	8	99.95%	2	591	96.43%
Eastern Suburbs	17,246	17	14	99.92%	0	319	98.15%
Mosman	26,282	17	38	99.86%	0	394	98.50%
Neutral Bay	23,123	17	27	99.88%	0	387	98.32%
Taronga Zoo	16,972	7	12	99.93%	0	490	97.11%
All Services	172,627	172	189	99.89%	15	3,251	98.11%
2010-11							
Manly	26,130	28	17	99.93%	6	103	99.61%
Parramatta River	27,589	6	51	99.82%	11	544	98.02%
Balmain – Woolwich	17,268	6	6	99.97%	0	309	98.21%
Darling Harbour	23,135	0	7	99.97%	2	418	98.19%
Eastern Suburbs	18,016	0	20	99.89%	10	478	97.34%
Mosman	19,951	2	8	99.96%	6	235	98.82%
Neutral Bay	17,979	0	2	99.99%	2	217	98.79%
Taronga Zoo	18,464	0	18	99.90%	9	256	98.61%
All Services	168,532	42	129	99.92%	46	2,560	98.48%
Change from 2009-10 to 2010-11							
Manly	60	-30	-4	0.02%	5	-55	0.21%
Parramatta River	974	-25	-2	0.01%	0	-17	0.14%
Balmain – Woolwich	-2,470	-15	-10	0.05%	-1	-42	-0.01%
Darling Harbour	6,554	-4	-1	0.02%	0	-173	1.76%
Eastern Suburbs	770	-17	6	-0.03%	10	159	-0.80%
Mosman	-6,331	-15	-30	0.10%	6	-159	0.32%
Neutral Bay	-5,144	-17	-25	0.11%	2	-170	0.47%
Taronga Zoo	1,492	-7	6	-0.03%	9	-234	1.50%
All Services	-4,095	-130	-60	0.03%	31	-691	0.37%

Notes

1. The outbound and inbound legs of scheduled ferry trips are treated as separate services.
2. Force majeure cancellations and delays are services cancelled or delayed due to extreme weather events or other special circumstances outside Sydney Ferries' control.
3. Services which do not operate between Parramatta and Rydalmere due to low tide conditions, or when the Parramatta weir overflows, are not treated as service cancellations. A replacement bus service operates between Parramatta and Rydalmere when the ferry is unable to navigate this section of the Parramatta River.
4. Proportion of scheduled services which operated, not including force majeure cancellations.
5. Proportion of services departing from the first wharf of the service within five minutes of its scheduled departure time. Delays due to force majeure events are not included.

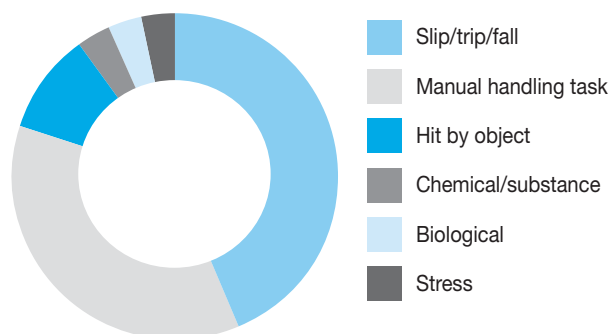
Patronage, service hours and service kilometres in 2010-11

Route	Estimated Patronage ¹	Service Hours ²	Passengers per Service Hour	Service Kilometres ³
Manly	6,047,000	13,062	463	284,800
Parramatta River	1,610,000	24,612	65	578,800
Balmain – Woolwich	729,000	7,540	97	122,500
Darling Harbour	1,912,000	9,867	194	101,700
Eastern Suburbs	1,298,000	5,178	251	177,900
Mosman	1,066,000	6,439	166	84,800
Neutral Bay	652,000	3,865	169	49,100
Taronga Zoo	1,188,000	3,700	321	63,300
All Services	14,502,000	74,263	195	1,462,900

Notes

1. Total patronage is calculated based on gate validations, plus an estimate of additional passenger journeys on non Manly services where passengers board and disembark through non gated wharves. Since the installation of ticket gate barriers at King Street Wharf, ticket validations now comprise approximately 94% of total patronage. The breakdown of patronage by route for non Manly services is estimated on the basis of six monthly passenger load surveys conducted by Sydney Ferries, which provide detailed counts of passengers boarding and disembarking individual services.
2. Scheduled duration of all services operated by Sydney Ferries, not including cancelled services. Does not include dwell time at the end of a service.
3. Distance covered in kilometres by all services operated by Sydney Ferries, not including cancelled services.

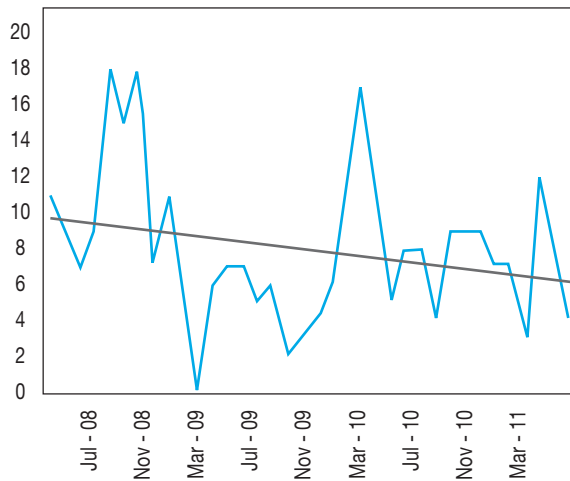
Breakdown of workplace injuries for 2010-11



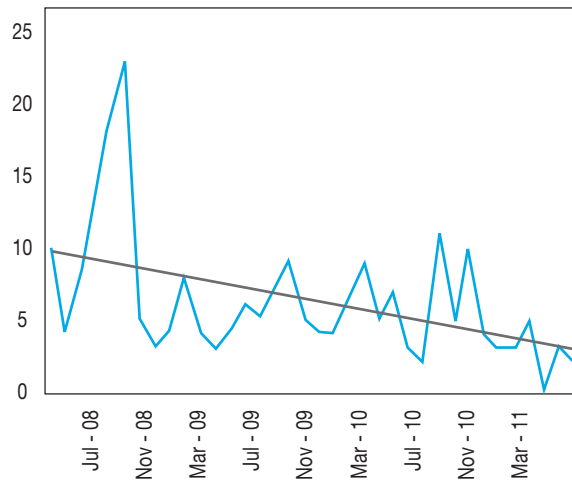


Trends in main complaints issues – July 2008-June 2011

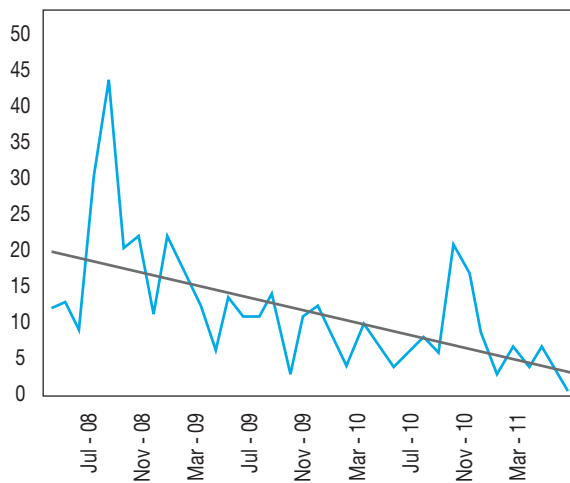
Poor customer service



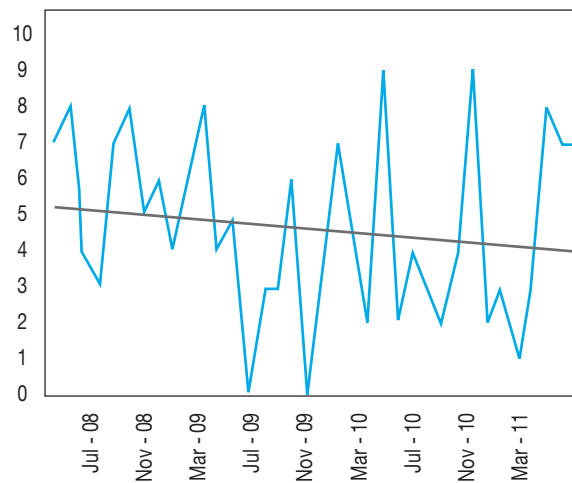
Information issue



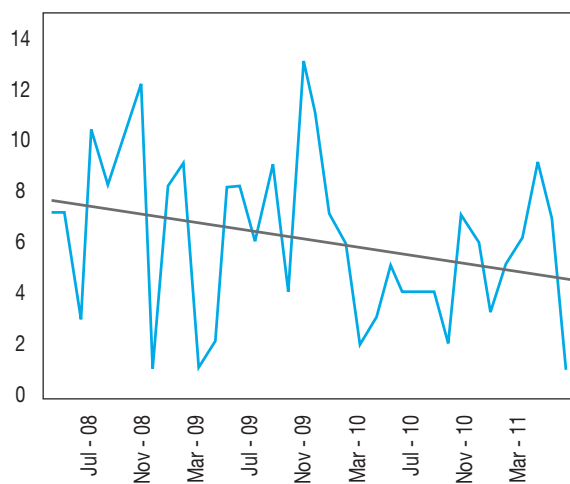
Service late or did not operate



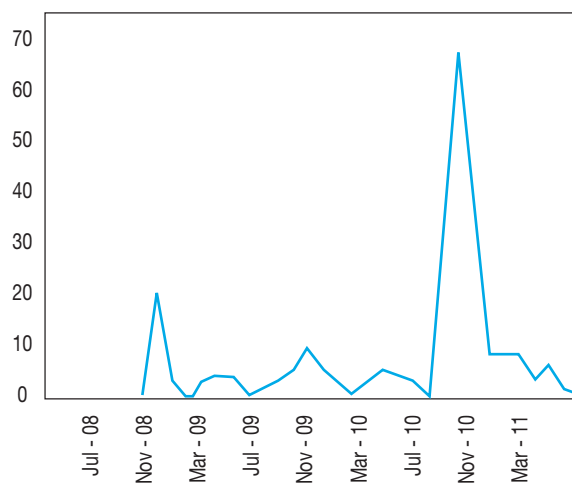
Service departed ahead of schedule



Fare dispute



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BLEACHING PROCESS



MANAGEMENT SYSTEMS



FOREST MANAGEMENT



CERTIFICATION



RECYCLED CONTENT

