

## -> Annual Report 2009-10

### Letter to the Minister

29 October 2010

The Hon. John Robertson MLC  
Minister for Transport  
Minister for the Central Coast  
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 2010.

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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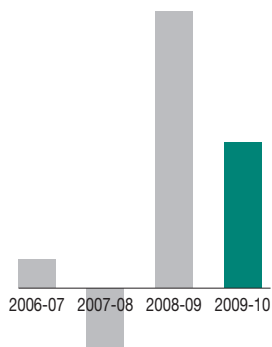
## -> Highlights

### 2009-10 Achievements at a glance

#### Annual Growth in Passenger Journeys

(not including discontinued Manly JetCat)

0.6%   -1.3%   5.8%   3.0%

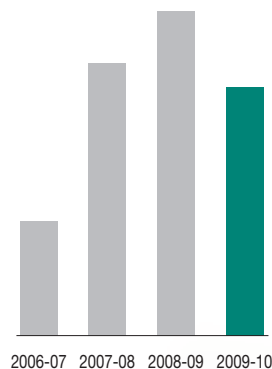


#### 3% Growth in Patronage

Passenger journeys increased by 0.2% compared with 2008-09 (or 3.0% if the discontinued Manly JetCat service is excluded from last year's result) to 14.339 million passenger journeys.

#### Cost per Passenger Journey (\$)

\$8.66   \$9.63   \$9.95   \$9.48



#### Reduced Costs

An organisation restructure and other efficiency measures resulted in Sydney Ferries' costs reducing from \$142.3 million in 2008-09 to \$136.0 million in 2009-10.

Cost per passenger journey dropped from \$9.95 to \$9.48.

#### Service Cancellations by Year

1,194   1,138   898   189



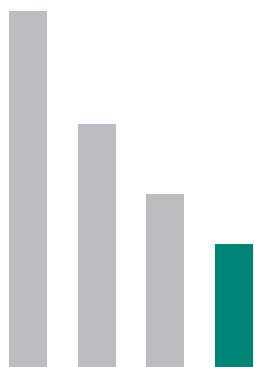
#### Improved Reliability

Service cancellations declined last year by 79%, dropping from 898 in 2008-09 to 189 in 2009-10. Service delays dropped from 3,397 to 3,258.

“Cost per passenger journey dropped from \$9.95 to \$9.48”

Complaints per 100,000 Passengers

12.8 8.7 6.2 4.4



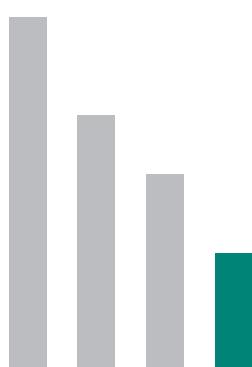
2006-07 2007-08 2008-09 2009-10

### Fewer Complaints

The number of complaints declined from 889 in 2008-09 to 604 in 2009-10.

Collisions and Groundings

18 13 10 6



2006-07 2007-08 2008-09 2009-10

### Improved Safety

Sydney Ferries conducts more than 540,000 berthings each year. Improved operational safety is demonstrated by a continued decrease in collisions and groundings.

### A New Service Contract

Sydney Ferries signed a seven-year service contract with the NSW Government in April 2010. The Ferry System Contract was signed after the Government undertook a market review and decided to keep ferry services in public hands.

### Safer Work Environment

The lost time injury rate dropped from 60 lost time injuries per million hours worked to 32 in 2009-10.

### Focus on Customer Service, Passenger Comfort and Facilities

Implementation of free wireless internet and new seating on Manly Ferry services, double gangways on RiverCat and First Fleet vessels and the employment of new customer service staff are some of the customer improvements introduced in the last year.

### Timetable Review

Work commenced on a timetable review to better match services to customer demand. Following community consultation, changes are due to be implemented in October 2010.





# -> Report from the Chairman and Chief Executive

Sydney Ferries took a major step forward in 2009-10, in signing a seven-year service contract with the NSW Government and achieving significant improvements in customer service, safety performance and efficiency gains.

Following a market review, in December 2009 the NSW Government announced that Sydney Ferries, a NSW Government agency, should run ferry services rather than a private operator. A new service contract, signed in April 2010, provides clear performance benchmarks for the organisation and a secure basis for funding to 2017. The contract requires continuing reforms to the organisation, including cost reductions through restructuring, productivity gains through better work practices, improvement to safety and customer service and better matching of ferry services to customer needs through timetable and network reviews.

Under the new *Metropolitan Transport Plan: Connecting a City of Cities*, in February 2010 the NSW Government announced funding to purchase six new ferries.

## Customer Service

Improvements to customer service have been a focus of the organisation throughout the year. Numerous initiatives were taken to build a more customer driven culture and better match customer- expectations. Highlights include:

- Specifying commitments to customer service improvements in the 2010 Customer Charter.
- Renewing customer facilities on Manly Ferry vessels, including new seats and the provision of free wireless internet for passengers.
- Setting clear standards for customer service, vessel cleaning and deck patrols. This has been a focus of training and 'toolbox' programs and is improving the customer experience across all services.

- Modifying all seven RiverCat and nine First Fleet vessels to accommodate double gangways. The use of double gangways for all Circular Quay wharves has sped up the boarding and disembarkation of passengers.
- Employing new, better trained, Customer Assistance Officers.
- Upgrading the digital information display and audio system at Circular Quay.

Along with improved service reliability, these changes have contributed to a drop in customer complaints per 100,000 passenger journeys, down from 6.2 in 2008-09 to 4.4 in 2009-10. Patronage for the year totalled 14.339 million, the highest level since the Sydney Olympic Games in 2000. If patronage on the discontinued Manly JetCat service is excluded from the 2008-09 result, this represents growth in patronage of 3.0% over the previous year.

Work also commenced on further major projects to be implemented in 2010-11. These include adjustments to timetables (due to take effect from 10 October 2010), reconstruction of Milsons Point wharf and an upgrade of King Street wharf to install ticket validation gates and ticket vending machines. The timetable adjustments and King Street wharf upgrades will enable Sydney Ferries to better respond to demand for more services to Darling Harbour, especially from commuters travelling on Parramatta River services.

## Safety

An improved safe person culture has begun to permeate throughout Sydney Ferries' operations. It has been driven by the Safety, Health, Environment and Quality (SHEQ) Management System and safety training. In 2009-10 with the adoption of a new emergency





preparedness training regime, a new annual training plan was developed which ensures all crews are scheduled into emergency preparedness training every eight weeks.

Safety performance outcomes continue to improve. Marine accidents – collisions and groundings – as defined in the *Marine Safety Act 1998 (NSW)* totalled six in 2009-10, down from 18 in 2006-07 and 10 in 2008-09. There were no significant incidents in 2009-10.

The installation of navigational aids in vessels across the fleet supports improved vessel and situational awareness of ferry Masters.

Sydney Ferries is also now a safer work environment. The Lost Time Injury Frequency Rate almost halved in 2009-10, declining from 60 in the previous year to 32.

#### Efficiency

As part of the NSW Government's review process, Sydney Ferries developed plans to increase productivity and efficiency across the organisation. The first step in this process was a restructuring of corporate functions and a reduction in full-time equivalent staffing levels. The changes are expected to result in a reduction in costs over the life of the contract.

At 30 June 2010, the full-time equivalent staffing level for the organisation was 597<sup>1</sup>, down from 668 in June 2009. Total expenses were down by \$6.3 million, driven mainly by savings in wages and salary costs. The average cost per passenger journey is down from \$9.95 in 2008-09 to \$9.48 in 2009-10.

Reduced staffing and improved maintenance practices in the Balmain Shipyard also resulted in increased efficiency in asset management. Vessel availability in 2009-10 was 86.0%, up from 80.8% in the previous year, and vessel reliability also improved, with an increase from 95.0% to 96.4%.

#### Corporate Governance

Sydney Ferries' Board, the Audit Committee and Human Resources Committee continued to provide strategic guidance and direction to the Chief Executive and management through the year. In ensuring good governance for the agency, the Board reviewed and determined a significant number of Sydney Ferries' key organisational policies including those relating to customer service, drug and alcohol, time and attendance at work, fraud and corruption prevention, information and computer technology, records management, secondary employment, equity and diversity in the workplace, privacy management and a number of accounting policies comprising the financial accounting policy framework.

#### Acknowledgement to Staff

The contribution of Sydney Ferries' staff to the organisation's improved performance deserves special mention. Despite almost nine months of detailed scrutiny during the market review, staff enthusiastically embraced reform. The hard work and commitment of our staff has enabled efficiency improvements to be achieved, while simultaneously increasing customer satisfaction and growing patronage.

The Hon Brian Langton  
**Chairman**  
(From 1 July 2009 to 30 June 2010)

David Callahan  
**Chief Executive**

<sup>1</sup> See 'Workforce Restructure' - page 20.



## -> Sydney Ferries' Performance

Sydney Ferries' reforms have improved performance results in the past year, and are planned to continue to enhance safety, customer service and efficiency in the coming years







# -> Operational Performance

Key Performance Indicator	Target	2009-10	2008-09	2007-08	2006-07
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## Safety

Significant incidents <sup>1</sup>		0	1	0	2
Collisions and groundings <sup>2</sup>		6	10	13	18
Passenger injuries <sup>3</sup>		15	12	16	35
Lost time injuries <sup>4</sup>		28	56	55	56
Lost time Injury Incidence Rate <sup>5</sup>		4.4	7.9	7.4	8.1
Lost time Injury Frequency Rate <sup>6</sup>		32	60	49	55

## Service Reliability

Service reliability <sup>7</sup>	99.5%	99.9%	99.5%	99.4%	99.3%
On-time running <sup>8</sup>	99.5%	98.1%	98.1%	98.3%	98.0%

## Asset Management

Fleet availability <sup>9</sup>	80%	86.0%	80.8%	78.6%	76.6%
Vessel reliability <sup>10</sup>	95%	96.4%	95.0%	94.4%	93.3%

## Customer Satisfaction

Complaints per 100,000 passenger journeys	6	4.4	6.2	8.7	12.8
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## Customer Demand

Patronage <sup>11</sup>		14,339,146	14,311,423	13,961,809	14,133,025
% patronage growth (including JetCat services)	1%	0.2%	2.5%	-1.2%	0.8%
% patronage growth (excluding JetCat services)		3.0%	5.8%	-1.3%	0.6%

## People Management

Days sick (Personal) leave per employee	7	10.9	10.4	9.2	8.4
Overtime hours worked		40,001	73,083	78,641	85,726

## Notes

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

<sup>2</sup> Incidents involving a vessel and reportable 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).

<sup>3</sup> Passenger injury that occurs as a result of ferry operations and requires medical attention.

<sup>4</sup> Lost time injury is any injury resulting in one shift or more lost from work.

<sup>5</sup> Lost time injuries per 100 employees.

<sup>6</sup> Lost time injuries per million hours worked.

<sup>7</sup> 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 overflow at Parramatta.

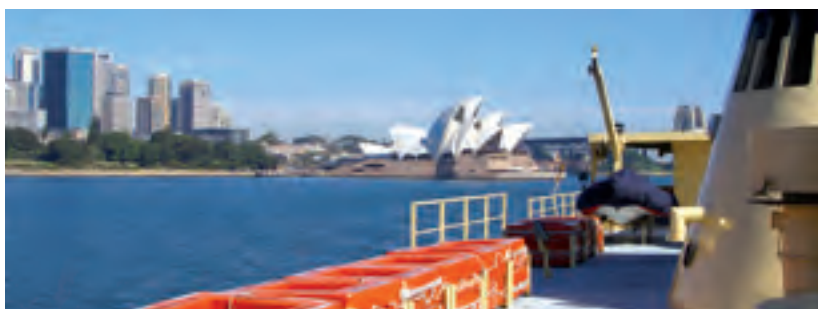
<sup>8</sup> Proportion of operated services departing from the first wharf on the service within five minutes of its scheduled departure time. Delays due to force majeure events are not included.

<sup>9</sup> Proportion of fleet available for scheduled services (days available as a percentage of total working days).

<sup>10</sup> Proportion of vessels which remain in service without withdrawal as a consequence of mechanical failure.

<sup>11</sup> Sydney Ferries' Manly JetCat service was discontinued from 31 December 2008. Fast ferry services have been operated between Manly and Circular Quay since February 2009 by private ferry operators.





## Financial Performance

### Summary

The financial results for Sydney Ferries reflect an improvement in the efficiency of the organisation. The deficit was \$7.1 million, which was \$3.4 million better than budget and \$7.5 million lower than 2008-09. Investment in the fleet and plant continued with \$32.7m of expenditure incurred on a variety of important projects and Major Periodic Maintenance (MPM) of vessels.

### Revenue

Total revenue for the year was \$130.8 million, or \$0.3 million lower than the prior year.

Farebox revenue was \$36.7 million or \$11.9 million lower than 2008-09 and \$10.6 million lower than budget. This reduction can be attributed to changes in accounting arrangements for multimodal ticket products. The prior year revenue figures also included six months of ticket sales from the now discontinued JetCat service.

Operational revenue included government funding of \$91.8 million which was \$11.3 million higher than 2008-09. From 1 April 2010, under the Ferry System Contract, the government funding provided to Sydney Ferries was made in accordance with the terms of the contract. An additional \$4.0 million funding was received to operate the Parramatta River Express service. Other revenue of \$2.3 million was received that included government funding for redundancies of \$1.1 million and ticket sale commissions of \$0.3m.

### Expenses

Total expenses were \$136.0 million which were \$2.1 million lower than budget, and \$6.3 million lower than 2008-09.

Total employee benefits expenses totalled \$67.1m which was \$1.1m lower than 2008-09 and \$5.1 million lower than budget. These lower costs resulted from a reduction in the number of full-time equivalent staff and the flexibilities derived under the Single Maritime Agreement covering all afloat employees. As the staff reductions happened progressively throughout the year their full financial impact is not yet reflected in these results. Further labour cost expense reductions are expected to flow in the 2010-11 year.

Fleet running expenses were also lower for the year at \$15.0 million compared with \$19.0 million in 2008-09. Savings were made in diesel fuel costs and efficiencies in maintenance of vessels and facilities. Depreciation and Amortisation expenses for the year of \$20.6 million were higher than 2008-09 as a result of depreciating recently completed capital projects.

### Financial Position

At the end of June 2010, Net Assets totalled \$81.5 million, a substantial increase on the value of net assets at the end of June 2009 of \$4.6 million. At 31 March 2010, prior to the commencement of the Ferry System Contract, the Sydney Ferries' debt of \$94.9 million was transferred for nil consideration to the Crown Finance Entity resulting in a significant

improvement in Equity at the financial year end. This was offset by a superannuation actuarial loss of \$11.0 million and the deficit for the year of \$7.1 million.

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### Performance Outlook for the 2010-11 Financial Year

The seven-year Ferry System Contract details key performance benchmarks to be achieved or exceeded over the term of the contract. These include: Safety, Reliability, Operational Efficiency, Network Effectiveness and Customer Satisfaction.

Sydney Ferries will continue development of its staff, capital assets and processes to achieve the contractual performance standards. The priority performance targets in the Ferry System Contract are:

- Service reliability 99.5%
- On-time running 99.5%
- Customer satisfaction 78%
- Lost Time Injury Frequency Rate 25 (or lower)

The cost per passenger is planned to decrease to \$8.99 in 2010-11.

## -> About Sydney Ferries



### Strategic Direction

Sydney Ferries forms an integral part of Sydney's integrated passenger transport system and supports two of the priority outcomes under the NSW State Plan:

- Improve the public transport system
  - Increased share of commute trips made by public transport.
- Provide reliable public transport – run 99.5% of ferry services on-time.

Sydney Ferries maintains a strategic focus on three priority areas:

- Safety
- Service
- Efficiency.

### Ferry Services

In 2009-10, 172,627 services were scheduled, carrying more than 14 million passengers. Passengers comprise a mixture of commuters and leisure travellers, travelling to 40 destinations over 20 hours per day, seven days per week.

Circular Quay is the hub of the network with 526 services operating each weekday across eight routes:

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

Services on Saturdays (417 services) and Sundays (297 services) mainly cater for leisure travel. Demand is greatest on Sundays when a large number of Sydney residents and visitors take advantage of Family Funday Sunday tickets, which offer discounted travel for family groups.

The most popular destination is Manly with almost six million passenger journeys on this route in 2009-10.

Across the network, patronage was highest in January when there were 1.530 million passenger journeys. Each year there is a seasonal increase in patronage in the Summer school holiday period. Extra services were provided on the Manly and Darling Harbour routes to accommodate the increased demand.

In November 2009, Sydney Ferries implemented a NSW Government decision to provide a new commuter express service for Parramatta and Rydalmere residents travelling to Circular Quay. The service commenced in November 2009 and provides five extra services in each direction each weekday.

Work commenced in 2009-10 to review Sydney Ferries' timetable in conjunction with Transport NSW. Changes to the timetable are necessary to respond to changing patterns in customer demand, including increased employment on the western side of the Sydney CBD and population growth along parts of the



Parramatta River. Timetable adjustments are also necessary to accommodate new NSW Maritime speed restrictions affecting services to Darling Harbour.

### Fleet

#### Sydney Ferries' Fleet

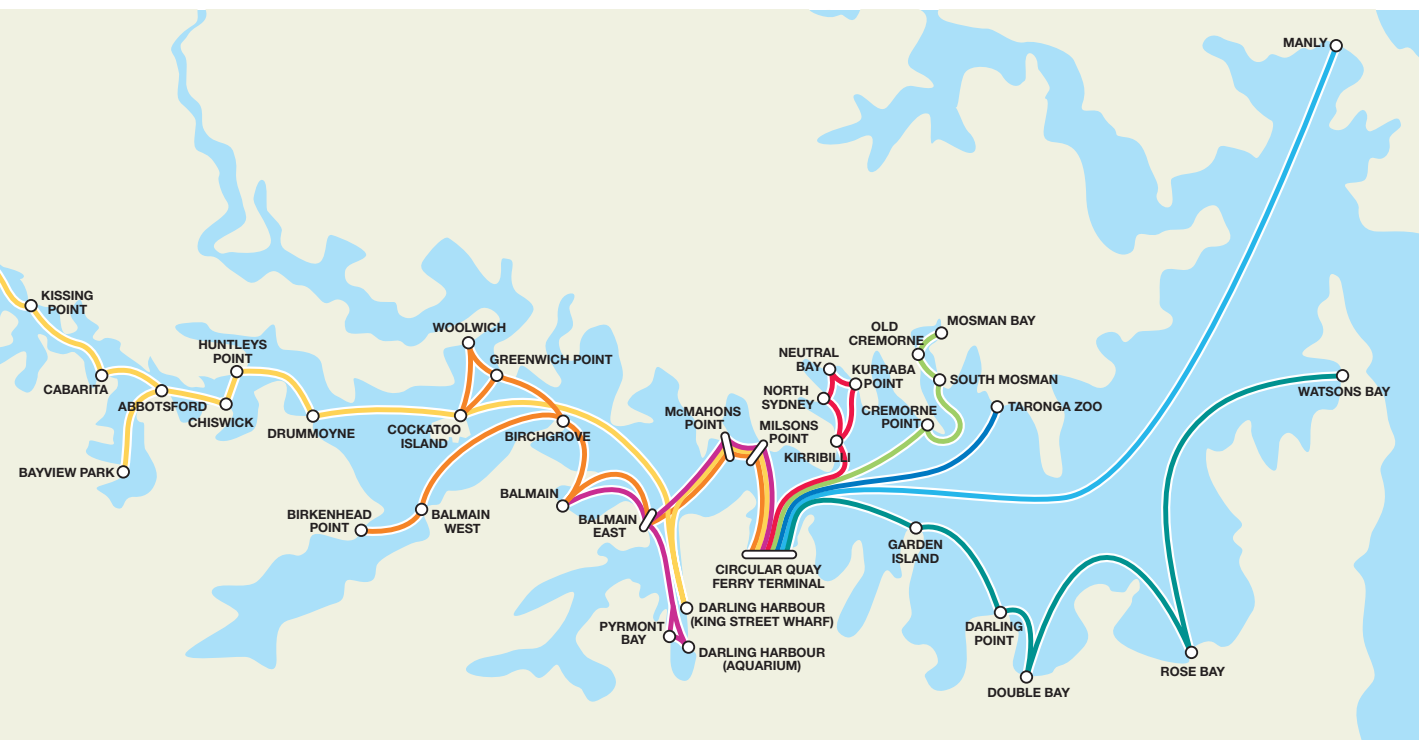
Sydney Ferries' fleet consists of 28 vessels in six classes.

#### Fleet Replacement

In February 2010 the NSW Government announced funding, as part of the *Metropolitan Transport Plan: Connecting the City of Cities*, to purchase six new ferries. The new ferries will replace the two remaining Lady Class ferries, the oldest vessels in the fleet, and the four SuperCat Class vessels.



“...an integral part of Sydney’s integrated passenger transport system...”



## Fleet

### Freshwater Class

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

*Freshwater, Collaroy, Narrabeen and Queenscliff.*



### RiverCat Class

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

*Betty Cuthbert, Dawn Fraser, Evonne Goolagong, Marlene Mathews, Marjorie Jackson, Nicole Livingstone and Shane Gould.*



### First Fleet Class

The nine First Fleet Class ferries are named after nine of the 11 vessels in the First Fleet which sailed to New South Wales to establish a colonial settlement in 1788. They mainly operate on Inner Harbour routes.

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



### SuperCat Class

Four catamaran vessels mainly service Eastern Suburbs' destinations.

*Louise Sauvage, Mary MacKillop, SuperCat4 and Susie O'Neill.*



### Lady Class

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

*Lady Herron and Lady Northcott.*



### HarbourCat Class

The two HarbourCat vessels are the smallest vessels in the fleet. They provide back-up services on the Parramatta River and Inner Harbour when required.

*Anne Sargeant and Pam Burridge.*



## -> Customers

Sydney Ferries' customers include commuters travelling to work or education from harbourside suburbs and locations along the Parramatta River. Over half of all passengers are leisure travellers. Sydney Ferries is committed to providing a better, safer and more reliable ferry service for all its customers.

Improvements in customer service have resulted in a sharp reduction in customer complaints and growth in patronage, despite the discontinuation of the Manly JetCat service from 31 December 2008. Complaints per 100,000 passengers have declined from 12.8 in 2006-07 to 4.4 in 2009-10. Patronage totalled 14.339 million, an increase of 3.0% on the previous year, if Manly JetCat patronage is excluded from the 2008-09 result.

### Sydney Ferries Customer Charter 2010

The following eight priorities for 2010 were announced in November 2009:

1. Travel safely.
2. Dependable service.
3. Keeping you informed.
4. Clean, comfortable ferries.
5. Clean, comfortable wharves.
6. Easy access to tickets.
7. Integrated services and ticketing.
8. Access for everyone.

The *Customer Charter 2010* was published in a booklet and made available for passengers on wharves, vessels and on Sydney Ferries' website.

Improvements already implemented in 2009-10 include:

- The employment of new Customer Assistance Officers to assist passengers with enquiries, especially during the busy Summer season.
- Investment in double gangways for all Circular Quay jetties to speed up boarding and disembarkation of passengers.
- Free wireless internet for passengers on Manly ferries.

- The implementation of minimum standards for vessel cleaning.
- New seats and refurbishment of passenger facilities on three of the Manly ferries, with the final Freshwater Class vessel due to be completed in the third quarter of 2010.
- Providing replacement bus services between Parramatta and Rydalmere when tidal restrictions or weir overflow conditions prevent the RiverCat service operating safely.
- Expanded PREPAY ticket reseller network to include the Manly ferry café.

### Improved Passenger Information

Improved signage and website passenger information was introduced, in line with national Disability Standards for Accessible Public Transport. This included a complete overhaul of information and way-finding signage at Circular Quay wharves.

Updated customer information and connecting bus service details were incorporated in all printed timetables. Ferry information is now better integrated in the Transport Info 131500 website, including current advice about service interruptions in the on-line trip planner facility.

The digital information display and audio system at Circular Quay were also upgraded. This included the addition of new stops on digital display boards and the re-recording all audio messages to ensure announcements to passengers are clear and accurate.

### Summer Runnings

Between 19 December 2009 and 26 January 2010, additional services

were scheduled for the Manly and Darling Harbour routes to accommodate increased demand during the busy summer school holiday period. Gate validations peaked on 29 December (more than 74,000 validations) and 30 December (more than 78,000 validations), which is approximately twice the daily average over a full year.

A campaign was run (including print, radio and web media, poster signage and displays) to provide information to customers on the additional services and information about harbour events and service interruptions. As an added service to customers, the summer timetables contained targeted event information during the Summer Runnings period.

A decline in passenger complaints compared to previous years resulted from improvements in passenger information, the important role played by Customer Assistance Officers and the provision of back up services where scheduled vessels exceeded capacity. Complaints per 100,000 passenger journeys in January 2010 totalled 4.3, more than halving the result of 9.7 recorded in January 2009.

### Customer Service and Cleaning Standards

Sydney Ferries' crews take pride in their seamanship skills and pay close attention to the safe transport of passengers. More attention is now also being given to customer service, supported by internal training and by providing access to a broader range of nationally recognised qualifications, such as certificates in tourism.

New comprehensive standards have been developed and implemented for all vessels in customer presentation (cleaning) and the safety and security of passengers (deck patrols). The standards are supported by on-going 'tool box' programs and refresher training.



“...a complete overhaul of information and way-finding signage...”



## -> Safety



### Risk Management

Sydney Ferries operates under its Safety, Health, Environment and Quality (SHEQ) Management System to reduce safety and environmental risks. Features of the system include:

- A planned and documented approach to the management of safety, health, environment and service quality.
- Systematic and ongoing risk assessment and improvement.
- Identification of hazards and continuous improvement opportunities by staff.
- Consistent reporting and investigation of incidents to identify root causes and risk-control improvements.
- Risk assessment programs prioritise process improvements.

- Training and 'toolbox' initiatives target high risk areas and reinforce the safety message.

Safety improvements managed through the SHEQ process in 2009-10 included:

- Specification of vessel gangway gates to accommodate double gangways, which reduce crowding when passengers are boarding and disembarking.
- Development of better processes for managing crowding at Milsons Point, Darling Harbour Aquarium and King Street wharves during school holidays and on Sundays.
- Introduction of Hazard Identification and Safety Improvement systems.
- *Clear Glo* translucent ship edging on 24 vessels.
- Implementation of the online *Ellipse* work request system.

### Safety Training

Sydney Ferries implemented a new emergency preparedness training regime in 2009. This was in response to the Uniform Shipping Law (USL) Code 2009, which was enacted in law in NSW in October 2009. This provides a more risk-based approach to safety training and drills, with an emphasis on crew competency.

A new annual training plan was developed and put into effect from 1 February 2010. The plan ensures that every vessel crew is scheduled to undertake emergency preparedness training every eight weeks. The training is led by the vessel's Master and takes a scenario-based approach to address key risks that crews may face, including the prevention and management of fires, collisions, people overboard or medical emergencies.

In response to the identification of control system failures on vessels as an operational risk in the SHEQ register of risks, training in the management of these failures is also part of the training plan.

### Motorised Gangways

Motorised gangways have been provided on all jetties at Circular Quay. Their introduction, supported by 'toolbox' training, has been a highly successful project, leading to a reduction in manual handling injuries incurred by General Purpose Hands. Double motorised gangways also contribute to the faster and safer boarding and disembarkation of passengers.



### Crew Inflatable Life Jackets

Inflatable life jackets have been introduced for all vessel crew members to improve their mobility when responding to emergency situations in the water. Inflatable life jackets are in addition to the standard life jackets described in the vessel safety plan and available to all passengers and crew.

### Safety Performance

Sydney Ferries' Safety Management System has delivered substantial improvements in safety performance, including reductions over the last four years in vessel collisions and groundings, passenger injuries and improvement in 2009-10 in the Lost Time Injury Frequency Rate.

The adjacent charts highlight the safety results of the past four years in relation to vessel incidents and passenger injuries.

### Collisions and Groundings

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

### Passenger Injuries

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

### Lost Time Injury Frequency Rate

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

**Note:** Collisions and groundings are defined under categories (e) and (f) of the definition of marine accident contained in section 94 of the *Marine Safety Act 1998* (NSW). Sydney Ferries conducts over 540,000 berthings each year.

Passenger injury means an injury that occurred as a result of ferry operations and requires medical attention.

As at 30 June 2010 four employees were absent from the workplace due to injury.



## -> Efficiency

### Organisation Restructure and Staff Reduction

In 2009-10 Sydney Ferries embarked on a major reform that will result in approximately 15% reduction in labour costs from \$73.7 million in 2009-10 to \$62.6 million in 2012-13. The new single Maritime Agreement for Sydney Ferries' Masters, Engineers and General Purpose Hands, who represent over two thirds of Sydney Ferries' staff, was implemented in June 2009 to support improvements to safety and customer service, and reduce costs.

The new rostering arrangements have underpinned improved operational performance and workforce utilisation by enabling cross-training and multi-skilling of crew across a range of functions (gate, wharf and vessel operations).

To increase focus on customer service and safety, the Operations Division has restructured the management team to create fewer positions. Four key new positions have clear responsibility and accountability for a market segment of the service provided to customers by

Sydney Ferries and lead service teams consisting of the Outer Harbour Service, Inner Harbour Service, River Service and Shore Service.

Sydney Ferries' workforce reduced from 668 at 30 June 2009 to 597 at 30 June 2010<sup>2</sup>. The staffing reductions were mainly through voluntary redundancy and came from within corporate functions, Balmain Shipyard and some afloat staff. There were also a number of medical retirements.

### Improved Injury Management

Improvements in the system of injury management over the past year have resulted in an 88% decrease in days lost to injury when comparing June 2009 to June 2010. As a consequence, the workers compensation insurance premium is projected to reduce by more than \$400,000 during 2010-11.

### Total Asset Management Plan

Sydney Ferries' operations involve a combination of vessels, buildings and property, and specialised plant and equipment. Public and employee safety underpins all planning for asset maintenance, to maintain agreed

service levels and meet strict regulatory requirements.

The Total Asset Management (TAM) Plan is updated annually to guide capital program and maintenance works. As a result of improved maintenance outcomes, fleet availability and vessel reliability continue to deliver outcomes above target.

### Fuel Management System

The *FuelScan* fuel management system allows the Balmain Shipyard to track the bunkering and dispensing of fuel to the vessels in the Sydney Ferries' fleet.

Interval-based electronic reporting displays the:

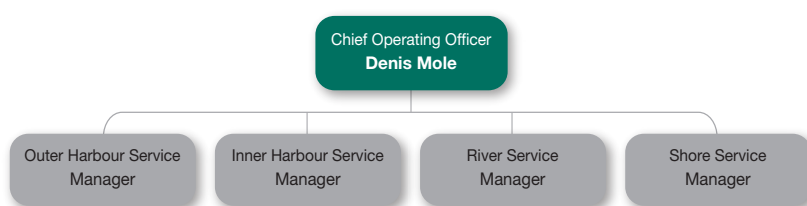
- total volume of fuel dispensed
- volume of fuel dispensed per vessel by user
- volume of fuel received from the supplier at each bunkering.

Procurement of a tank radar ullage (distance) sensor for the main fuel tank will provide an even greater level of accuracy in determining the available volume of fuel in the tank. Installation of the sensors will trigger the re-ordering of fuel, while a high level alarm will reduce the risk of tank overflow.

The sensor will be integrated electronically with the FuelScan database. Automatic twice-daily tank volume readings will assist reconciliation with any potential discrepancies.

### Projected Cost per Passenger

The result of the reforms is to improve efficiency as measured by the cost per passenger. In the past year, the cost per passenger has reduced around 50 cents, and is projected to do so again in 2010-11, dropping to \$8.76 in 2011-12.

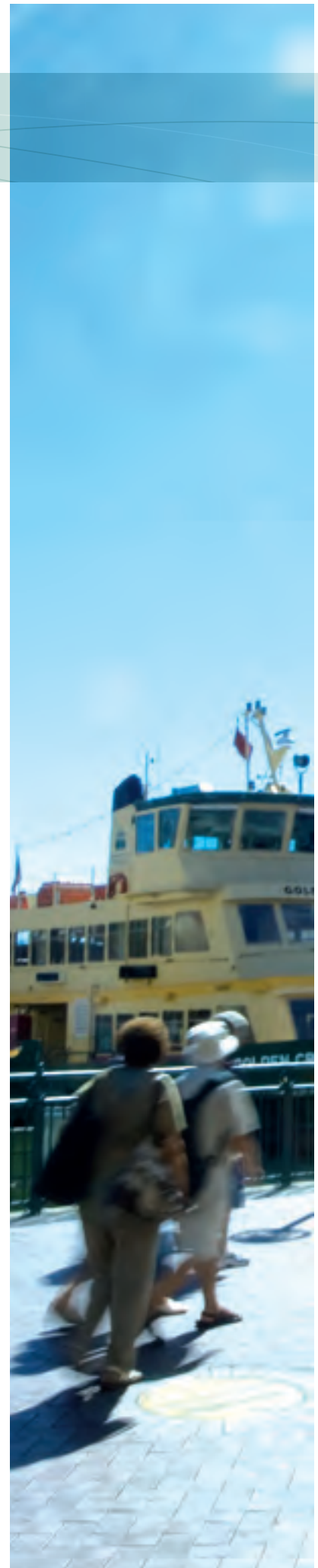


Cost per passenger journey

2008-09		\$9.95
2009-10		\$9.48
2010-11		\$8.99
2011-12		\$8.76

<sup>2</sup> Detailed staffing breakdown is in the Human Resources appendices.







## -> Environment



"A new training and spills response package has now been completed..."

### Environmental Incidents

There were no significant environmental incidents in Sydney Ferries' operations during 2009-10 and the organisation met the target of seven or fewer total incidents. There were only two minor incidents. Both involved small spills to the Harbour which were contained and satisfactorily cleaned up by Sydney Ferries.

As a result Sydney Ferries did not receive any Environmental Penalty Notices from the Department of Environment, Climate Change and Water (DECCW) during 2009-10.

Sydney Ferries is continuing to improve its environmental incident record.

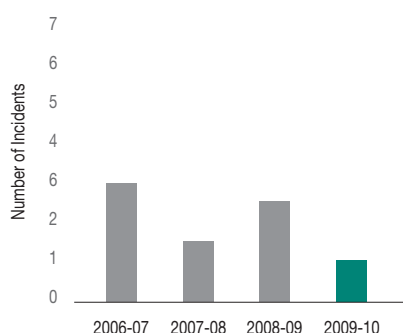
### Energy Sustainability

Following the closure of the *Greenhouse Challenge Plus Program* in July 2009, Sydney Ferries commenced reporting under the National Greenhouse and Energy Reporting Scheme (NGERS). In the 12 months to 30 June 2010, Sydney Ferries reduced its carbon dioxide (CO<sub>2</sub>) emissions by 1,300 tonnes against 2008-09, due largely to a reduction in diesel fuel consumption as a result of the discontinuation of JetCat operations. Patronage increased by 20,000 during the same period.

### Water Efficiency

Sydney Ferries understands that water resources are precious, particularly after the severe droughts of recent years. To this end, all refurbishments of its facilities include fixtures and fittings designed to maximise efficiency of water use.

#### Reportable Environmental Incidents



### Environmental Systems Upgrades

The Balmain Shipyard spill response equipment was refurbished in 2009-10 to include new tidal risers, a fixed curtain under the hardstand (between the shoreline and the timber jetty) and a total of 400 metres of floating boom to contain any spill at the Balmain Shipyard.

A new training and spills response package was completed and included in the Emergency Response Plan. Emergency response drills are regularly undertaken to ensure staff are ready to respond to an emergency involving a spill to the water around the jetties at the Balmain Shipyard. There were four emergency response drills to address a hypothetical bulk Fuel Spill to the Harbour conducted between October 2009 and June 2010.

### Site Remediation

Since 2004, Sydney Ferries has undertaken remedial works at the Balmain Shipyard. These works were necessary because of the contamination issues resulting from decades of use of the site as a shipyard. Groundwater monitoring is undertaken regularly and as at 30 December 2009, the risk of future contamination was considered very low.

The most recent work undertaken was on the underground oil tanks which are no longer in operation. Four of the five underground tanks have been fully cleaned, decommissioned and filled with concrete, reducing the risks of oil seepage to ground water or seawater.

### 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.



Sydney Ferries understands that water resources are precious, particularly after the severe droughts of recent years. To this end, all refurbishments of its facilities include fixtures and fittings designed to maximise efficiency of water use.

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

- Recycling of 100% of printer cartridges in 2009-10.
- 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 paper purchased by Sydney Ferries now has a recycled content, with 60% of white paper having 100% recycled content and 80% of paper having over 80% recycled content.



## -> Organisational health



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

### Staff Training and Development

In addition to safety and customer service training, key initiatives to develop the skills of crew included the roll out of the Master Traineeship and training in IT competencies.

#### Master Traineeship

Sydney Ferries implemented the Master Traineeship as a pilot program in 2009. The Master 5 to Master 4 Traineeship Program is the first fully competency-based, nationally-recognised Master training program that integrates the theoretical requirements of training with competency-based, practical on-vessel training.

NSW Maritime provided assistance to Sydney Ferries and participated fully in all stages of the program. The traineeship is nominally of five months' duration and is delivered at Sydney Ferries' training facility at the Balmain Shipyard and on board First Fleet Class vessels.

Participants are also required to participate in placements with other maritime organisations. In 2009, Sydney Ferries' trainees were given berths on Svitzer and Sydney Ports Tugs, and Hanson's vessel *Claudia*. The trainees also participated in the voyage of the discontinued Manly JetCats to Port Kembla. These activities provided the trainees with opportunities to broaden the context of their competencies beyond Sydney Ferries' operating environment.

The first graduates were presented with their certificates and NSW Maritime Certificates of Competency at a ceremony on 8 December 2009. The three Masters were then rostered on First Fleet class vessels to deliver services during the Summer Runnings period. Controlling Officers and Masters of other vessels have commented upon the professionalism, leadership and technical competency that these three graduates demonstrate.

### IT Competencies

All vessels were fitted with laptop computers in 2009, enabling crews to have greater access to organisational documentation, the email network and an ability to electronically submit work requests for repairs and maintenance to vessels.

A training needs analysis demonstrated that there was a very wide range of IT competency across vessel crews. Training was developed for vessel crews, with a focus on Engineers and Masters that ensured all crew had sufficient competency to access information and submit work requests. A training 'toolbox' was developed and provided to Engineers, Masters and General Purpose Hands. The program proved highly successful, with 100% of Engineers submitting work requests electronically within one month of the training project completion.

### HR and IR Management

The people of Sydney Ferries are central to its success in delivering safe, reliable and customer-friendly services to our passengers. The following points highlight the focus of the Human Resources division during 2009-10 and forward into 2011.

#### Workforce Restructure

During the financial year 2009-10, Sydney Ferries reduced full-time equivalent staff (FTE) numbers across all areas including Operations and afloat staff, the Balmain Shipyard and the Pitt Street Corporate office.

This reduction will put downward pressure on workers compensation insurance premiums which are, in part, based on wages.

### Leave Management

During 2009-10 Sydney Ferries actively managed both Personal and Annual Leave. Human Resources officers worked closely with the operational areas to continuously monitor the use of Annual Leave.

While the average number of days Personal Leave per employee remains high, Sydney Ferries has instituted a program of review and management aimed at reducing Personal Leave and any associated unauthorised absences:

- The absenteeism management plan includes quarterly Personal Leave reviews of employees who have a record of high levels of Personal Leave. The review meetings are used to educate employees of the effects that high Personal Leave have upon the business, and to enforce compliance with Sydney Ferries' Enterprise Agreements, Policies and Procedures.
- The organisational restructure is improving management resources at the operational end of the business. This new structure is providing greater scrutiny and focus on leave management which is a key area of the business.
- The *Kronos* Time and Attendance System (mandatory electronic swipe 'on and off' for all staff) has improved the ability of managers to monitor and reduce absenteeism. Human Resources procedures ensure active follow-up of staff who might be ill and unable to attend work for some time.

#### *Kronos Electronic Time and Attendance System*

The *Kronos* system is a key management tool used in ensuring that employees attend work for their designated rosters, as well as allowing managers to ensure staff safety. *Kronos* is also being used as a rostering tool which confirms the attendance of employees at work, contributing to more dynamic rostering to cater for contingencies and ensuring that services are appropriately staffed.





## -> Organisational Health (Continued)

During 2009-10 Sydney Ferries continued the implementation of the *Kronos* Time and Attendance System for all employees, and employees' adherence to the time and attendance processes.

### Lost Time Injuries and Return to Work

The level of lost time injuries was highlighted as a concern in the 2008-09 Annual Report. Significant progress has been made in reducing the number of days of work lost due to injuries.

In June 2010, 29 days were lost due to injury, against 241 days lost in June 2009. This was a reduction of 88% in 12 months, in line with a downward trend across the financial year. This is the result of initiatives introduced in 2008-09.

The engagement of IMMEX, a specialised occupational medical practice, has provided express treatment for injured staff. IMMEX is contracted to assist in managing workplace injuries and return-to-work programs, by providing an external medical facility, the use of on-site physiotherapy and a heightened awareness of safety and accident prevention across the business.

During 2009-10, 11 employees were medically retired. Those who were retired were mainly afloat staff, who were either long term sick or injured, and were medically assessed as being unable to return to their pre-injury duties. Safety forums were conducted for Sydney Ferries' management and officials and delegates of represented unions, with the objective to work together cooperatively to reduce injuries and improve the return to work time of those employees unfortunate enough to be injured at work.

The management of workplace injuries and return-to-work programs has ensured quick, professional medical assistance is available to staff who are injured at work. A team of medical

professionals who understand Sydney Ferries' business, assist in supporting injured employees to return to work.

The assignment of meaningful suitable duties to injured staff members, while supporting their return to normal duties within the restrictions of their injury, has reduced the use of staff in 'supernumerary' roles and reduced the costs of injury to the business.

New Occupational Health and Safety initiatives were introduced in 2009-10 to address the remaining key challenges. Initiatives included:

- New safety shoes for all afloat staff to arrest the incidence of slips, trips and falls.
- Introduction of motorised gangways.
- Preparations for introduction of the Industrial Athlete program, through the physiotherapy provider, to keep staff fit for their jobs, avoid injury, and address lifestyle risk factors.
- Planning for introduction of a smoking cessation program in the fourth quarter of 2010.

### Enterprise Agreements

In October and November 2009 replacement enterprise agreements for Balmain Shipyard trades employees and Salaried and Senior Officers management/administrative employees were approved by Fair Work Australia. The pay outcomes were consistent with the Government's wages policy of 2.5%.

Negotiations on the Salaried and Senior Agreement (which expires in January 2011) are scheduled to commence in the September 2010 Quarter.





“Significant progress has been made with system reliability...”

09  
10





## -> Corporate Governance

Sydney Ferries operates under clear governance structures and business policies to manage risks in the delivery of safe and reliable ferry services, to ensure future sustainability





### Statutory Framework

On 1 January 2009 Sydney Ferries was re-constituted as a statutory corporation and NSW Government agency (having previously been established as a statutory State Owned Corporation on 1 July 2004). It operates regular ferry passenger services on Sydney Harbour and its tributaries within the framework of the *Transport Administration Act 1988* (NSW) (**TA Act**) and the *Passenger Transport Act 1990* (NSW).

Further amendments to the TA Act came into effect from 1 July 2010 including the removal of statutory agency boards. In accordance with New South Wales Treasury policy and guidelines, from 1 July 2010 Sydney Ferries will have a newly constituted Audit and Risk Committee to provide additional assurance, independent from operational management, on internal audit and risk management. Transport NSW will integrate the operation and planning of all modes of transport including trains, buses and ferries, and a single transport advisory board will help guide service improvements.

### Ferry System Contract

Following the Sydney Ferries Market Review, in December 2009 the Government announced the policy decision to retain Sydney Ferries in public hands.

Sydney Ferries entered into a seven-year service contract with Transport NSW for the operation of ferry services in Sydney (**Ferry System Contract**) commencing from 1 April 2010. For the period in the financial year from 1 July 2009 to 31 March 2010, Sydney Ferries operated under an Interim Ferry Service Contract with the Director-General of Transport NSW.

### Primary Purpose and Principal Objectives of Sydney Ferries under the Ferry System Contract

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

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

### Role of the Board

Sydney Ferries' Board Charter set out the role, powers and responsibilities of the Board in order to assist it in discharging its function and responsibilities under the former section 351 of the TA Act and fulfilling its corporate governance and oversight responsibilities for the period up to and including 30 June 2010.

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

## -> Corporate Governance (Continued)

### Board Members



#### Brian Langton

Chairman, Board of Directors,  
appointed 10 April 2008

Re-appointed as Member and  
Chairman, 1 January 2009

Ceased 30 June 2010

Member of the Audit Committee

Member of the Human Resources  
Committee

Brian Langton has extensive experience in government, having been the State Member for Kogarah for 16 years and, prior to this, an Alderman on Kogarah Council for 12 years. During his time as the State Member, Brian held the portfolios for Transport and Tourism, and Emergency Services and Fair Trading. Brian is a member of the Board of Management of BusNSW (formerly Bus and Coach Association NSW) and a former Non-Executive Director of the Board of TransGrid. Brian brought to the Board more than 30 years' experience in the public sector.



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

Member, appointed 1 July 2004  
and reappointed 1 January 2009

Ceased 30 June 2010

Chairman of the Audit Committee

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

A Chartered Accountant, Beth Laughton has more than 25 years experience in corporate finance and providing advice to companies on mergers, acquisitions, divestments and equity capital market transactions. Beth was a Non-Executive Director of the Defence SA Advisory Board. Her prior directorships include Ord Minnett Corporate Finance Limited and KPMG Corporate Finance (Aust) Pty Ltd.



#### Clay Frederick

Member, appointed 1 July 2004  
and reappointed 1 January 2009

Ceased 30 June 2010

Chairman of the Human  
Resources Committee

Clay Frederick has more than 35 years experience in the maritime industry. Most recently, he was Chief Operating Officer of Adsteam Marine Ltd. Prior to joining Adsteam, Clay had widespread general management experience in passenger and freight ferry services, liner and bulk shipping and container terminals and depots.

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







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

Member, appointed 14 February 2007 and reappointed 1 January 2009

Ceased 30 June 2010

Member of the Audit Committee

As General Manager of the Office of the CEO at Caltex Australia Limited, Helen Conway provides general support to the CEO and is responsible for government and public affairs, media relations, internal and external communications, sponsorships and internal audits. As Company Secretary, she is responsible for the corporate governance of the Caltex group of companies and, as General Counsel, is Caltex's chief lawyer.

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

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



**Mary Yaager**

Member, appointed 2 March 2009  
Ceased 30 June 2010.

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

Mary Yaager is the Strategic Campaign Director for Unions NSW (formerly known as the Labor Council of NSW). Mary is responsible for working with unions, community organisations (such as the Cancer Council of NSW) local members of parliament, key employer organisations and government agencies to develop and organise strategic campaigns. This also involves organising and hosting major events.

Mary joined Unions NSW in October 1995 as Senior Industrial Officer, specialising in the areas of occupational health safety, workers' compensation and injury management.

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

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



**David Callahan** MBA, BA, GAICD

Chief Executive (Acting) appointed on 19 March 2009

Appointed Chief Executive on 10 May 2010

Member, appointed 19 March 2009

Ceased as a Member of the Board on 30 June 2010

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.



## -> Corporate Governance (Continued)



Transport NSW will integrate the operation and planning of all modes of transport including trains, buses and ferries, and a single transport advisory board will help guide service improvements.

### Attendance at Scheduled Board and Committee Meetings

In 2009-10, the Board met on nine scheduled (and four non-scheduled) occasions, the Audit Committee met on four scheduled (and two non-scheduled) occasions and the Human Resources Committee met on four scheduled occasions, with attendance as follows:

Scheduled Board and Committee Meetings 2009-10						
Director	Board Meetings (9)		Audit Committee Meetings (4)		Human Resources Committee Meetings (4)	
	Eligible	Attended	Eligible	Attended	Eligible	Attended
Brian Langton	9	9	4	4	4	4
Beth Laughton	9	9	4	4	0	0
Clay Frederick	9	6	0	1	4	3
Helen Conway	9	9	4	4	0	1
Mary Yaager	9	6	0	0	4	4
David Callahan	9	9	0	4	4	4

### Attendance at Non-scheduled (Special) Board Meetings

In 2009-10, in addition to the nine scheduled Board meetings, the Board met on four other occasions, with attendance as follows:

Non-scheduled (Special) Board Meetings 2009-10		
Director	Special Meetings (4)	
	Eligible	Attended
Brian Langton	4	4
Beth Laughton	4	4
Clay Frederick	4	4
Helen Conway	4	3
Mary Yaager	4	3
David Callahan	4	4

### Attendance at Non-scheduled (Special) Audit Committee Meetings

In 2009-10, in addition to the four scheduled Audit Committee meetings, the Committee met on two other occasions, with attendance as follows:

Non-scheduled (Special) Audit Meetings 2009-10		
Director	Special Meetings (2)	
	Eligible	Attended
Brian Langton	2	2
Beth Laughton	2	1
Helen Conway	2	2
David Callahan	0	2

### Single Transport Advisory Board

Under 2010 Amendments to the TA Act, the Boards of management of various public transport agencies were abolished and the central coordination of all transport modes became the responsibility of the Director-General of Transport NSW. A Transport Advisory Council is to be established to advise the Minister and Director-General.



### Chief Executive

Following his appointment as Acting CEO of Sydney Ferries in March 2009, Mr David Callahan was appointed to the role of Chief Executive on 10 May 2010.

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. For the major part of the reporting period, the Acting Chief Executive Officer was responsible for managing and controlling the affairs of Sydney Ferries in accordance with the policies of the Sydney Ferries Board.

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

### Disclosure of Interests

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

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

A register of members' interests was maintained.

### Board Committees

The Board had two committees to assist it in discharging its responsibilities: an Audit Committee and a Human Resources Committee. Each committee

had a Charter. The Charters were revised when Sydney Ferries was reconstituted as a NSW Government Agency on 1 January 2009, and were approved by the Board.

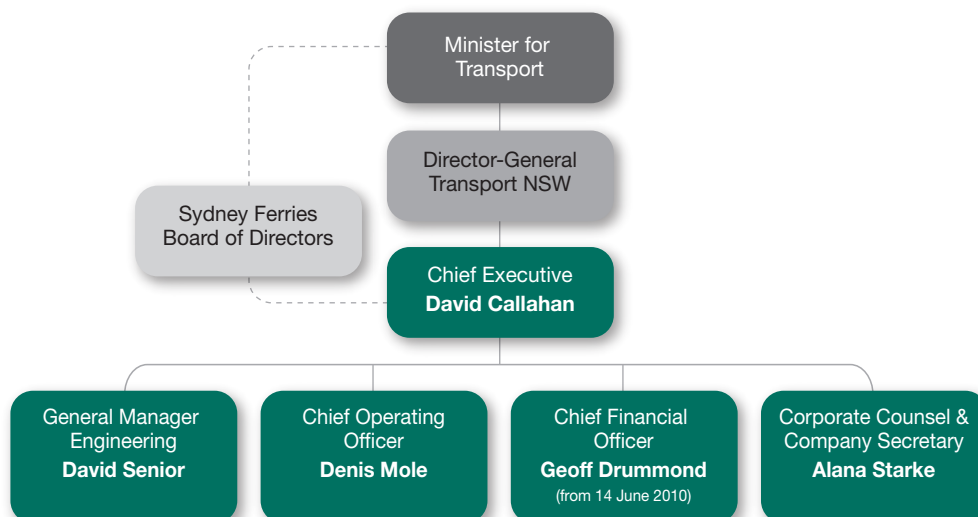
Three members of the Board were members the Audit Committee and three members of the Board (along with the Acting CEO) were members of the Human Resources Committee.

Under the TA Act Amendments, effective 1 July 2010, the Board and its committees were abolished.

### Independent Professional Advice

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

### Organisational Structure



**Note** Effective 1 July 2010 the Sydney Ferries Board ceased to exist in line with amendments to the *Transport Administration Act 1988* (NSW) relating to Statutory Boards.

First page of the audited Financial Report follows

# -> Financial Statements

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GPO BOX 12  
Sydney NSW 2001

## INDEPENDENT AUDITOR'S REPORT

### Sydney Ferries

To Members of the New South Wales Parliament

I have audited the accompanying financial statements of Sydney Ferries, which comprises the statement of financial position as at 30 June 2010, the income statement, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, a summary of significant accounting policies and other explanatory notes.

#### Auditor's Opinion

In my opinion, the financial statements:

- present fairly, in all material respects, the financial position of Sydney Ferries as at 30 June 2010, and its financial performance for the year then ended in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations)
- 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.

#### The Chief Executive's Responsibility for the Financial Statements

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

#### Auditor's Responsibility

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

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 Sydney Ferries' 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 Sydney Ferries' internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Chief Executive, as well as evaluating the overall presentation of the financial statements.

## -> INDEPENDENT AUDITOR'S REPORT

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

My opinion does *not* provide assurance:

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

### Independence

In conducting this audit, the Audit Office of New South Wales has complied with the independence requirements of the Australian Auditing Standards and other relevant ethical requirements. The PF&A Act further promotes independence by:

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



A T Whitfield  
Acting Auditor-General

6 October 2010  
SYDNEY





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 2010 ("**Financial Statements**") exhibits a true and fair view of the financial position and financial performance of Sydney Ferries as at 30 June 2010; 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 included in the Financial Statements to be misleading or inaccurate.

**David Callahan**  
Chief Executive  
Sydney Ferries

1 October 2010

Level 9, 37 Pitt Street, Sydney NSW 2000 | PO Box R1799, Royal Exchange, NSW 1225

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## -&gt; INCOME STATEMENT

For the year ended 30 June 2010

	Notes	2010 \$000	2009 \$000
<b>REVENUE</b>			
Operational revenue	2(a)	128,527	129,101
Other revenue	2(b)	2,305	1,399
<b>Total revenue</b>		<b>130,832</b>	<b>130,500</b>
<b>EXPENSES EXCLUDING LOSSES</b>			
Fleet running expenses	2(c)	15,019	18,958
Employee benefits	2(d)	67,108	68,194
Depreciation, amortisation and impairment	2(e)	20,585	19,849
General operating expenses	2(f)	23,586	28,650
Valuation adjustments	2(g)	3,386	-
Finance costs	2(h)	6,320	6,694
<b>Total expenses excluding losses</b>		<b>136,004</b>	<b>142,345</b>
Net (gain)/loss on disposal of assets	2(i)	(9)	3
Other (gains)/losses	2(j)	1,901	2,692
<b>DEFICIT FOR THE YEAR</b>		<b>(7,064)</b>	<b>(14,540)</b>

The accompanying notes form an integral part of the Income Statement



## -&gt; STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 June 2010

	Notes	2010 \$000	2009 \$000
<b>DEFICIT FOR THE YEAR</b>		<b>(7,064)</b>	<b>(14,540)</b>
<b>OTHER COMPREHENSIVE INCOME</b>			
Increase/(decrease) in property, plant and equipment asset revaluation reserve		-	(4,562)
Superannuation actuarial (losses)	12	(10,972)	(7,101)
<b>Other comprehensive income/(loss) for the year</b>		<b>(10,972)</b>	<b>(11,663)</b>
<b>TOTAL COMPREHENSIVE INCOME/LOSS FOR THE YEAR</b>		<b>(18,036)</b>	<b>(26,203)</b>

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

## -&gt; STATEMENT OF FINANCIAL POSITION

As at 30 June 2010

	Notes	2010 \$000	2009 \$000
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	3	7,382	1,888
Trade and other receivables	4	1,690	3,144
Inventories	5	6,882	6,064
Other assets	6	299	643
Assets held for sale		-	1,200
<b>Total current assets</b>		<b>16,253</b>	<b>12,939</b>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	7	99,213	110,773
Intangibles	8	4,181	929
<b>Total non-current assets</b>		<b>103,394</b>	<b>111,702</b>
<b>Total assets</b>		<b>119,647</b>	<b>124,641</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	9	11,392	15,196
Borrowings	10	-	5,325
Employee benefits	12	24,394	15,481
Provisions	11	1,127	2,251
<b>Total current liabilities</b>		<b>36,913</b>	<b>38,253</b>
<b>NON-CURRENT LIABILITIES</b>			
Borrowings	10	-	80,470
Employee benefits	12	1,025	960
Provisions	11	217	312
<b>Total non-current liabilities</b>		<b>1,242</b>	<b>81,742</b>
<b>Total liabilities</b>		<b>38,155</b>	<b>119,995</b>
<b>Net Assets</b>		<b>81,492</b>	<b>4,646</b>
<b>EQUITY</b>			
Accumulated funds		74,685	(2,161)
Reserves		6,807	6,807
<b>Total Equity</b>		<b>81,492</b>	<b>4,646</b>

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



## -&gt; STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2010

	Asset Revaluation Reserves		Accumulated Funds		Total Equity	
	2010 \$000	2009 \$000	2010 \$000	2009 \$000	2010 \$000	2009 \$000
<b>Balance at 1 July</b>	6,807	11,369	(2,161)	26,199	4,646	37,568
<b>(Deficit) for the year</b>			<b>(7,064)</b>	<b>(14,540)</b>	<b>(7,064)</b>	<b>(14,540)</b>
<b>OTHER COMPREHENSIVE INCOME</b>						
Increment/(decrement) on revaluation of : (Note 7)						
Land	-	(1,200)			-	(1,200)
Buildings	-	3,385			-	3,385
Wharves	-	10,469			-	10,469
Superannuation actuarial (losses) and movement in adjustment for limitation on net assets			(10,972)	(7,101)	(10,972)	(7,101)
Transfers within equity:						
Asset revaluation reserve balance transferred to accumulated funds on disposal of asset	-	(17,216)		17,216	-	-
<b>Total other comprehensive income</b>	<b>-</b>	<b>(4,562)</b>	<b>(10,972)</b>	<b>10,115</b>	<b>(10,972)</b>	<b>5,553</b>
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>(4,562)</b>	<b>(18,036)</b>	<b>(4,425)</b>	<b>(18,036)</b>	<b>(8,987)</b>
<b>TRANSACTIONS WITH OWNERS IN THEIR CAPACITY AS OWNERS:</b>						
Decrease in liabilities from debt transfer to Crown Entity (Note 17)	-	-	94,882	-	94,882	-
(Decrease) in net assets from equity transfers (Note 7)	-	-	-	(23,935)	-	(23,935)
<b>Balance at 30 June</b>	<b>6,807</b>	<b>6,807</b>	<b>74,685</b>	<b>(2,161)</b>	<b>81,492</b>	<b>4,646</b>

The accompanying notes form an integral part of the Statement of Changes in Equity

## -> STATEMENT OF CASH FLOWS

For the year ended 30 June 2010

	Notes	2010 Inflows (Outflows) \$000	2009 Inflows (Outflows) \$000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Passenger fares receipts		43,576	54,301
Reimbursement from NSW Government		68,955	80,454
Service Contract Revenue		22,701	-
Other receipts		1,051	1,496
Interest received		227	87
Grants		1,145	-
Payments to suppliers		(56,610)	(57,894)
Payments to employees		(61,176)	(61,534)
Interest paid		(7,008)	(5,186)
<b>Net cash flows from operating activities</b>	<b>16 (a)</b>	<b>12,861</b>	<b>11,724</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of property, plant and equipment		(17,391)	(29,130)
Sales of assets held for sale		1,140	-
Proceeds from sale of property, plant and equipment		9	-
<b>Net cash flows from investing activities</b>		<b>(16,242)</b>	<b>(29,130)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from borrowings		8,875	18,502
<b>Net cash flows from financing activities</b>		<b>8,875</b>	<b>18,502</b>
Net increase/(decrease) in cash and cash equivalents		5,494	1,096
Cash and cash equivalents at the beginning of the year		1,888	792
<b>Cash and cash equivalents at the end of the year</b>	<b>3</b>	<b>7,382</b>	<b>1,888</b>

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



## -> NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2010

### 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 1 December 2008. On 1 January 2009, Sydney Ferries was changed to a statutory corporation that is now a NSW Government agency pursuant to amendments to the *Transport Administration Act 1988* (NSW) (**the TA Act**). Sydney Ferries has the status, privileges and immunities of the Crown, however it retains a separate legal personality. Sydney Ferries is a “statutory authority” for the purposes of the *Public Finance and Audit Act 1983* (**the PFA Act**).

Sydney Ferries was established to deliver safe and reliable Sydney ferry services in an efficient, effective and financially responsible manner. It may also, in connection with its ferry services, operate other transport services to ensure it exploits its full public transport potential.

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.

As stated in Note 18, 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 judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

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

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

Note 7 – Property, Plant & Equipment

Note 11 – Provisions

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

Note 13 – Commitments (includes leases)

## -> NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2010

### **Critical judgments in applying the accounting policies:**

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

Sydney Ferries is a not-for-profit entity for accounting purposes.

#### *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. Although current liabilities exceed current assets at year end, 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, offering of fare concessions and undertaking capital works during the period of the contract.

### **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 Transport NSW. It includes a fixed and a variable component that is based on patronage and meeting Key Performance Indicators. These payments are made monthly in arrears.

### **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.



## -> NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2010

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.

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 Statement of Comprehensive Income.

## -> NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2010

### 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 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.

### 1.9 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.

### 1.10 Cash

Cash is carried at its principal amount and is subject to an insignificant risk of changes in value. Cash includes cash on hand, at bank, investment in NSW Treasury Corporation's (TCorp) Hour-Glass Cash facility and Trust Account for TCorp Hour-Glass Cash facility.

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

### 1.11 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.

### 1.12 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.

### 1.13 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.

### 1.14 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.

## -> NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2010

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.

### 1.15 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.

### 1.16 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 2010 and at 30 June 2009.

Note 15 provides disclosures on contingent liabilities.

### 1.17 Investments

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

#### Fair value through profit or loss

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

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

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

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

### 1.18 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.

### 1.19 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.



## -> NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2010

### 1.20 Other Assets

Other assets are recognised on a cost basis.

### 1.21 Property, Plant and Equipment

#### Acquisition of assets and capitalisation threshold

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

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

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

#### Revaluation of Property, Plant and Equipment

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

Each class of physical non-current asset is revalued at least every five years or with sufficient regularity to ensure that the carrying amount of each asset in the class does not differ materially from its fair value at reporting date. The last revaluation for ferries was completed on 30 June 2006. Freehold land, buildings and wharf improvements were valued on 30 June 2009 and was based on an independent assessment.

Where available, fair value is determined having regard to the highest and best use of the asset on the basis of current market selling prices for the same or similar assets. Where market selling price is not available, the asset's fair value is measured at depreciated replacement cost. 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.

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.

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

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

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

Where an asset that has previously been revalued is disposed of, any balance remaining in the asset revaluation reserve in respect of that asset will be transferred to accumulated funds.

#### Work in progress

Costs relating to property, plant and equipment that are under construction, or are otherwise incomplete, are shown in the 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.

## -> NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2010

### Depreciation of Property, Plant and Equipment

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

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

### Dry docking

As part of the long-term maintenance program for the fleet, all vessels undergo a major refit (dry docking) on a regular basis (every five years for the Freshwater class of ferries and every two 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.

### 1.22 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 2009-10 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.

### 1.23 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.

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.

## -> NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2010

### 1.24 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.

### 1.25 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.

### 1.26 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.

### 1.27 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(u).

#### 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).

### 1.28 Equity transfers

The transfer of net assets between agencies as a result of an administrative restructure, transfers of functions and parts thereof between NSW public sector agencies (refer Note 17) 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.

### 1.29 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 2009. 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 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 2010.



## -> NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2010

### 1.29 New accounting standards and interpretations (continued)

AASB Amendment	Affected Standard(s) and Interpretations	Change in Accounting Standard	Application date of standard
AASB 2009-5	Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project. (AASB 5, 8, 101, 107, 117, 118, 136, 139)	1-Jan-10	1-Jul-10
AASB 2009-8	Amendments to Australian Accounting Standards – Group Cash-settled Share-based Payment Transactions (AASB 2)	1-Jan-10	1-Jul-10
AASB 2009-9	Amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards	1-Jan-10	1-Jul-10
AASB 2009-10	Amendments to Australian Accounting Standards – Classification of Rights Issue (AASB 132)	1-Feb-10	1-Jul-10
AASB 2009-11	Amendments to Australian Accounting Standards arising from AASB 9 – Financial Instruments (AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 121, 127, 128, 131, 132, 136, 139, 1023 and 1038 & interpretations 10 & 12)	1-Jan-13	1-Jul-13
AASB 2009 -12	Amendments to Australian Accounting Standards AASB 124 – (Related Party Disclosure & AASB 5, 8, 108, 110, 112, 119, 133, 137, 139, 1023 & 1031 and Interpretations 2, 4, 16, 1039 & 1052)	1-Jan-11	1-Jul-11
AASB 2009-13	AASB 1, AASB 1048 & Interpretation 19 – Extinguishing financial liability with equity instruments	1-Jul-10	1-Jul-10
AASB 2009-14	Amendments to Australian Interpretations – Prepayments of a minimum funding requirement	1-Jul-11	1-Jul-11

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 2010

### 2. REVENUE AND EXPENSES

	Notes	2010 \$000	2009 \$000
<b>REVENUE</b>			
<b>(a) Operational revenue</b>			
Passenger revenue (Refer Note 1.3)			
Fares, charters and tourists services		36,749	48,647
Reimbursement from NSW Government (Refer Note 1.3)			
Subsidised travel by school students		122	221
Concessional travel by:			
Pensioners		8,119	9,600
Other beneficiaries		2,150	2,463
Government funding for services		58,686	68,170
Service Contract Revenue inclusive of Farebox revenue of \$9.003 million (Refer Note 1.3)		22,701	-
<b>Total operational revenue</b>		<b>128,527</b>	<b>129,101</b>
<b>(b) Other revenue</b>			
Interest		227	87
NSW Government Grant – redundancies		1,145	-
Rent and advertising		229	391
Commission		283	139
Sundry income		338	758
Other		83	24
<b>Total other revenue</b>		<b>2,305</b>	<b>1,399</b>

## 2. REVENUE AND EXPENSES (continued)

	Notes	2010 \$000	2009 \$000
<b>EXPENSES</b>			
<b>(c) Fleet running expenses</b>			
Fuel and Inventory expense - labour hire, spare parts and consumables		15,019	18,958
<b>Total fleet running expenses</b>		<b>15,019</b>	<b>18,958</b>
<b>(d) Employee benefits</b>			
Wages and salaries		45,497	47,635
Redundancy		2,178	1,837
Annual leave		4,594	5,310
Long service leave		1,761	1,939
Superannuation <sup>1</sup>		4,428	4,142
Workers' compensation		5,115	3,245
Payroll tax		3,535	4,086
<b>Total employee benefits</b>		<b>67,108</b>	<b>68,194</b>
<b>(e) Depreciation, amortisation and impairment</b>			
Depreciation	7(c)	18,988	18,366
Amortisation - intangibles	8(a)	1,408	497
Amortisation - other		189	189
Impairment - Work in Progress	7(c)	-	797
<b>Total depreciation and amortisation costs</b>		<b>20,585</b>	<b>19,849</b>
<b>(f) General operating expenses</b>			
Insurances		1,487	2,667
Operating leases		1,573	1,583
Consultancy fees		-	368
Auditor's remuneration - audit of financial statements		189	161
Audit fees - Internal Audit		217	169
Bad Debts		115	-
Hire of private ferries		2,091	1,071
Labour related costs		1,936	1,981
Temporary staff		4,556	6,596
Maintenance - facilities		472	822
Service fees		1,517	1,735
Marketing		660	894
IT & Communications		3,053	2,479
Professional services		1,999	3,950
Property		2,083	1,971
Printing		579	593
Travel & Accommodation		21	28
Administration		799	1,301
Board members remuneration		239	281
<b>Total general operating expenses</b>		<b>23,586</b>	<b>28,650</b>

<sup>1</sup>Defined contributions superannuation (superannuation guarantee charge) expense of \$4.442 million (2009: \$4.036 million) is within Retirement Benefits in Employee Benefits.



## -> NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2010

### 2. REVENUE AND EXPENSES (continued)

	Notes	2010 \$000	2009 \$000
<b>(g) Valuation adjustments</b>			
Valuation decrease to fleet	7(c)	3,386	-
<b>Total valuation adjustments</b>		<b>3,386</b>	<b>-</b>
<b>(h) Finance costs</b>			
Interest expense		6,395	6,771
Less			
Interest income (amortisation of premiums)		(75)	(77)
<b>Total finance costs</b>		<b>6,320</b>	<b>6,694</b>
<b>(i) Net (gain)/loss on disposal of assets</b>			
Proceeds from disposal		(10)	-
Written down value of assets disposed		1	3
Equipment written off		-	-
<b>Total (gains)/losses on disposal of assets</b>		<b>(9)</b>	<b>3</b>
<b>(j) Other (gains)/losses</b>			
Asset impairment loss on vessels		-	3,402
Assess impairment loss on Work in Progress Projects		1,918	-
Loss from sale of loan (TCorp managed)		-	73
Realised (gains) from derivatives (TCorp managed)		(17)	(784)
Unrealised (gains)/losses from derivatives (TCorp managed)		-	1
<b>Total other (gains)/losses</b>		<b>1,901</b>	<b>2,692</b>
<b>(k) Reconciliation of Maintenance expenses</b>			
Included in total expenses are maintenance expenses for vessels consisting of:			
Labour		4,202	5,298
Contracted and non-labour expenditure		4,198	5,239
<b>Total maintenance expenses</b>		<b>8,400</b>	<b>10,537</b>

In addition to the above a further \$4.428 million of major periodic maintenance was capitalised during the year ended 30 June 2010 (2008-09: \$11.447 million)

### 3. CASH AND CASH EQUIVALENTS

	Notes	2010 \$000	2009 \$000
Cash at bank		225	355
Cash in transit		220	219
Cash on hand		79	79
TCorp - Trust Account for Hour-Glass cash facility		-	1,200
TCorp - Hour-Glass cash facility		6,858	35
<b>Total cash and cash equivalents</b>		<b>7,382</b>	<b>1,888</b>

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		360	747
Prepayments		848	1,231
Trade debtors		100	715
Goods and services tax		382	451
<b>Total trade and other receivables</b>		<b>1,690</b>	<b>3,144</b>

Please refer to Note 14 for details regarding credit risk, liquidity risk and market risk, including financial assets that are either past due or impaired.

### 5. INVENTORIES

Mechanical and electrical spares		5,687	4,831
Distillate		1,042	1,185
Other		154	139
Provision for obsolescence		(1)	(91)
<b>Total inventories</b>		<b>6,882</b>	<b>6,064</b>

### 6. OTHER ASSETS

Other		299	643
<b>Total other assets</b>		<b>299</b>	<b>643</b>

## -> NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2010

### 7. PROPERTY, PLANT AND EQUIPMENT

Class of property, plant and equipment	2010			2009		
	Cost/ Valuation (Gross carrying amount)	Accumulated depreciation/ impairment	Fair Value (Net Carrying Amount)	Cost/ Valuation (Gross carrying amount)	Accumulated depreciation/ impairment	Fair Value (Net Carrying Amount)
	\$000	\$000	\$000	\$000	\$000	\$000
Land - freehold & improvements	5,737	-	5,737	5,737	-	5,737
Buildings - freehold	15,130	(8,171)	6,959	14,835	(7,789)	7,046
<b>Total land &amp; buildings</b>	<b>20,867</b>	<b>(8,171)</b>	<b>12,696</b>	<b>20,572</b>	<b>(7,789)</b>	<b>12,783</b>
Wharf improvements - leasehold	17,626	(8,603)	9,023	15,992	(7,909)	8,083
Plant and equipment	24,017	(17,040)	6,977	19,867	(15,630)	4,237
Ferries	207,117	(157,979)	49,138	214,787	(150,789)	63,998
Work in progress	22,176	(797)	21,379	22,469	(797)	21,672
<b>Total property, plant and equipment</b>	<b>291,803</b>	<b>(192,590)</b>	<b>99,213</b>	<b>293,687</b>	<b>(182,914)</b>	<b>110,773</b>

#### 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.

- An independent valuer, Preston Rowe Paterson NSW Pty Limited conducted a valuation of land based on market value. This resulted in a revaluation decrease of \$1.200 million in June 2009.
- An independent quantity surveyor, MDA Australia Pty. Ltd. conducted a valuation of land improvements, buildings and wharf improvements based on depreciated replacement cost. This resulted in a revaluation increment of \$3.385 million to buildings and a increment of \$10.470 million attributable to wharf improvements in June 2009.
- An independent valuer, Rodney Hyman Asset Services Pty. Ltd. conducted its valuation on the ferries fleet utilising the depreciated replacement cost approach pursuant to NSW Treasury guidelines resulting in a revaluation decrease of \$3.386 million



## → NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2010

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

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

Class of property, plant and equipment	Net carrying amount at start of year	Transfers	Revaluation increments/ (decrements)	Disposals	Additions <sup>2</sup>	Assets held for sale	Disposal through equity transfer	Impairment losses (recognised in other gains/losses)	Other movements including impairment of WIP	Depreciation/ amortisation	Closing balance
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
<b>2010</b>											
Land - freehold & improvements	5,737	-	-	-	-	-	-	-	-	-	5,737
Buildings - freehold	7,046	-	-	-	294	-	-	-	-	(381)	6,959
<b>Total land &amp; buildings</b>	<b>12,783</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>294</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(381)</b>	<b>12,696</b>
Wharf improvements - leasehold	8,083	-	-	-	1,635	-	-	-	-	(695)	9,023
Plant and equipment <sup>4</sup>	4,237	-	-	(1)	4,247	-	-	-	-	(1,506)	6,977
Ferries	63,998	-	(3,386)	-	4,932	-	-	-	-	(16,406)	49,138
Work in progress	21,672	(15,319)	-	-	16,927	-	-	(1,901)	-	-	21,379
<b>Total property, plant and equipment</b>	<b>110,773</b>	<b>(15,319)</b>	<b>(3,386)</b>	<b>(1)</b>	<b>28,035</b>	<b>-</b>	<b>-</b>	<b>(1,901)</b>	<b>-</b>	<b>(18,988)</b>	<b>99,213</b>

Class of property, plant and equipment	Net carrying amount at start of year	Transfers	Revaluation increments/ (decrements)	Disposals	Additions <sup>3</sup>	Assets held for sale	Disposal through equity transfer	Impairment losses (recognised in other gains/losses)	Other movements including impairment of WIP	Depreciation/ amortisation	Closing balance
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
<b>2009</b>											
Land - freehold & improvements	10,306	-	(1,200)	-	-	-	(3,353)	-	-	(16)	5,737
Buildings - freehold	6,668	(899)	3,385	-	-	-	(1,848)	-	-	(260)	7,046
<b>Total land &amp; buildings</b>	<b>16,974</b>	<b>(899)</b>	<b>2,185</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(5,201)</b>	<b>-</b>	<b>-</b>	<b>(276)</b>	<b>12,783</b>
Wharf improvements - leasehold	14,956	(382)	10,469	-	2,947	-	(18,734)	-	-	(1,173)	8,083
Plant and equipment <sup>5</sup>	4,330	(125)	-	(3)	1,050	-	-	-	-	(1,015)	4,237
Ferries	60,441	-	-	-	24,001	(1,140)	-	(3,402)	-	(15,902)	63,998
Work in progress	21,337	(27,993)	-	-	29,125	-	-	-	(797)	-	21,672
<b>Total property, plant and equipment</b>	<b>118,038</b>	<b>(29,399)</b>	<b>12,654</b>	<b>(3)</b>	<b>57,123</b>	<b>(1,140)</b>	<b>(23,935)</b>	<b>(3,402)</b>	<b>(797)</b>	<b>(18,366)</b>	<b>110,773</b>

### 8. INTANGIBLES

Class of intangible	2010			2009		
	Cost/ Valuation (Gross carrying amount)	Accumulated depreciation/ impairment	Fair Value (Net Carrying Amount)	Cost/ Valuation (Gross carrying amount)	Accumulated depreciation/ impairment	Fair Value (Net Carrying Amount)
	\$000	\$000	\$000	\$000	\$000	\$000
Route rights	-	-	-	26	(8)	18
Information management systems	6,478	(2,297)	4,181	1,801	(890)	911
<b>Total intangibles</b>	<b>6,478</b>	<b>(2,297)</b>	<b>4,181</b>	<b>1,827</b>	<b>(898)</b>	<b>929</b>

#### Transfer from Work in Progress to Additions

<sup>2</sup> Amounts capitalised out of WIP consist of Wharf \$1.635 million, Plant and Equipment \$4.242 million, Intangibles \$4.677 million, Ferries \$4.471 million and Building Improvements \$0.294 million.

<sup>3</sup> Amounts capitalised out of WIP consist of Wharf \$4.212 million, Plant and Equipment \$2.095 million, Ferries \$13.548 million and Building Improvements \$0.439 million.

<sup>4&5</sup> Information management systems assets have been reclassified in 2009/2010 from Property Plant and Equipment to Intangibles.

## -> NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2010

### 8. INTANGIBLES (continued)

(a) Reconciliation of carrying amounts of each class of intangible at the beginning and at the end of the reporting period is set out below.

	Opening balance	Write Off	Disposals	Additions	Amortisation	Carrying Amount
2010	\$000		\$000	\$000	\$000	\$000
Route Rights	18	17	-	-	1	-
Information management systems	911	-	-	4,677	1,407	4,181
<b>Total</b>	<b>929</b>	<b>17</b>	<b>-</b>	<b>4,677</b>	<b>1,408</b>	<b>4,181</b>

	Opening balance		Disposals	Additions	Amortisation	Carrying Amount
2009	\$000		\$000	\$000	\$000	\$000
Route Rights	20	-	-	-	2	18
Information management systems	1,406	-	-	-	495	911
<b>Total</b>	<b>1,426</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>497</b>	<b>929</b>

### 9. TRADE AND OTHER PAYABLES

	Notes	2010 \$000	2009 \$000
Trade creditors		2,540	1,659
Other creditors and accruals		5,073	8,021
Accrued salaries, wages and on-costs		1,338	2,062
Workers' compensation		229	326
Accrued interest payable		2,212	3,128
<b>Total payables</b>		<b>11,392</b>	<b>15,196</b>

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

### 10. BORROWINGS

<b>Current</b>			
Borrowings secured by NSW Government guarantee		-	6,224
Derivatives (TCorp managed)	10(b)	-	(899)
<b>Total current borrowings</b>		<b>-</b>	<b>5,325</b>
<b>Non-Current</b>			
Borrowings secured by NSW Government guarantee		-	80,470
<b>Total non-current borrowings</b>		<b>-</b>	<b>80,470</b>
<b>Total borrowings</b>		<b>-</b>	<b>85,795</b>
<b>(a) Payable:</b>			
Not later than 1 year		-	5,325
Later than 1 year and not later than 5 years		-	48,517
Later than 5 years		-	31,953
<b>Total borrowings</b>		<b>-</b>	<b>85,795</b>

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

<b>(b) Derivatives</b>			
Futures Initial Margins Deposit - TCorp		-	(6)
Futures Deposit - TCorp		-	(893)
<b>Total derivatives</b>		<b>-</b>	<b>(899)</b>

## 11. (a) PROVISIONS

	Notes	2010 \$000	2009 \$000
Current		1,127	2,251
Non-current		217	312
<b>Total provisions</b>		<b>1,344</b>	<b>2,563</b>
<b>The balance of provisions consists of:</b>			
Provision for marine damage claims		91	10
Provision for public liability claims		623	732
Provision for marine hull damage		100	419
Provision for restructuring/redundancy		530	1,402
<b>Total provisions</b>		<b>1,344</b>	<b>2,563</b>

### (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
<b>2010</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>
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
<b>Total</b>	<b>2,563</b>	<b>(923)</b>	<b>(296)</b>	<b>1,344</b>

Class of provision	Opening Balance	Increase/ (decrease) in provision	Payments	Closing balance
<b>2009</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>
Marine damage claims	80	(70)	-	10
Public liability claims	826	510	(604)	732
Marine hull claims	24	395	-	419
Restructuring/redundancy	-	1,402	-	1,402
<b>Total</b>	<b>930</b>	<b>2,237</b>	<b>(604)</b>	<b>2,563</b>



## -> NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2010

### 12. EMPLOYEE BENEFITS

#### (a) Employee benefits – provisions

	Notes	2010 \$000	2009 \$000
Current			
Provision for annual leave - short term		3,965	3,978
Provision for annual leave - long term		1,949	2,389
Provision for public holidays - short term		2	-
Provision for public holidays - long term		666	753
Provision for superannuation	12c(i)	11,660	1,794
Provision for long service leave - short term	12b(i)	1,264	2,125
Provision for long service leave - long term	12b(i)	4,888	4,442
<b>Total current employee benefits liabilities</b>		<b>24,394</b>	<b>15,481</b>
Non-current			
Provision for long service leave	12b(i)	1,025	960
<b>Total non-current employee benefits liabilities</b>		<b>1,025</b>	<b>960</b>

#### (b) Aggregate employee benefits and related on-costs

Current		24,394	15,481
Non-current		1,025	960
Accrued salaries, wages and on-costs	9	1,338	2,062
<b>Total employee benefits and related on-costs</b>		<b>26,757</b>	<b>18,503</b>

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

Valuation of the long service leave liability as at 30 June 2010 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.

	2010 %pa	2009 %pa
<b>Financial Assumptions</b>		
Discount rate	5.1	5.5
Expected rate of salary and 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 2010. The assumed rate of salary and wage increases of 2.5% is based upon the projected 2010/2011 budget for wage and salary increases provided as well as general economic forecasts. Similar assumptions to those that were used in the previous valuations in respect rates of usage and staff turnover were used.

## -> NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2010

### 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:

2010	SASS	SANCS	SSS
<b>Member Numbers</b>			
Contributors	106	107	1
Deferred benefits	-	-	1
Pensioners	6	-	-

	SASS \$000	SANCS \$000	SSS \$000	Total \$000
<b>Superannuation Position for AASB 119 purposes</b>				
Accrued liability - refer note 12 c(ii)	36,401	4,391	2,450	43,242
Estimated reserve account balance - refer note 12 c(iii)	(26,734)	(3,251)	(1,597)	(31,582)
	9,667	1,140	853	11,660
Future Service Liability <sup>6</sup>	(4,818)	(1,681)	(159)	(6,658)
Surplus in excess of recovery available from schemes	-	-	-	-
<b>Net (asset)/liability recognised in statement of financial position - refer Note 12(a)</b>	<b>9,667</b>	<b>1,140</b>	<b>853</b>	<b>11,660</b>

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

<sup>6</sup> 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.

## -&gt; NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2010

**12. EMPLOYEE BENEFITS (continued)****(c) Retirement benefits (continued)****(ii) Reconciliation of the present value of the defined benefit obligation**

<b>2010</b>	<b>SASS \$000</b>	<b>SANCS \$000</b>	<b>SSS \$000</b>	<b>Total \$000</b>
<b>Present value of partly funded defined benefit obligations at beginning of the year</b>	<b>30,034</b>	<b>3,434</b>	<b>2,107</b>	<b>35,575</b>
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	-	-	-	-
<b>Present value of partly funded defined benefit obligations at end of the year</b>	<b>36,401</b>	<b>4,391</b>	<b>2,450</b>	<b>43,242</b>

<b>2009</b>	<b>SASS \$000</b>	<b>SANCS \$000</b>	<b>SSS \$000</b>	<b>Total \$000</b>
<b>Present value of partly funded defined benefit obligations at beginning of the year</b>	<b>29,143</b>	<b>3,169</b>	<b>1,545</b>	<b>33,857</b>
Current service cost	835	163	12	1,010
Interest cost	1,822	195	100	2,117
Contributions by fund participants	497	-	7	504
Actuarial (gains)/losses	24	259	452	735
Benefits paid	(2,288)	(352)	(10)	(2,650)
Past service cost	-	-	-	-
Curtailments	-	-	-	-
Settlements	-	-	-	-
Business Combinations	-	-	-	-
Exchange rate changes	-	-	-	-
<b>Present value of partly funded defined benefit obligations at end of the year</b>	<b>30,033</b>	<b>3,434</b>	<b>2,106</b>	<b>35,573</b>



## -> NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2010

### 12. EMPLOYEE BENEFITS (continued)

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

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

2010	SASS \$000	SANCS \$000	SSS \$000	Total \$000
<b>Fair value of Fund assets at beginning of the year</b>	<b>28,724</b>	<b>3,611</b>	<b>1,444</b>	<b>33,779</b>
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	-	-	-	-
<b>Fair value of fund assets at end of the year</b>	<b>26,734</b>	<b>3,251</b>	<b>1,597</b>	<b>31,582</b>

2009	SASS \$000	SANCS \$000	SSS \$000	Total \$000
<b>Fair value of Fund assets at beginning of the year</b>	<b>32,303</b>	<b>4,181</b>	<b>1,581</b>	<b>38,065</b>
Expected return on fund assets	2,556	331	129	3,016
Actuarial gains/(losses)	(5,350)	(740)	(276)	(6,366)
Employer contributions	1,006	191	13	1,210
Contributions by Fund participants	497	-	7	504
Benefits paid	(2,288)	(352)	(10)	(2,650)
Settlements	-	-	-	-
Business combinations	-	-	-	-
Exchange rate changes	-	-	-	-
<b>Fair value of fund assets at end of the year</b>	<b>28,724</b>	<b>3,611</b>	<b>1,444</b>	<b>33,779</b>

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

2010	SASS \$000	SANCS \$000	SSS \$000	Total \$000
<b>Present value of partly funded defined benefit obligations at end of year - refer note 12 c(ii)</b>	<b>36,401</b>	<b>4,391</b>	<b>2,450</b>	<b>43,242</b>
Fair value of fund assets at end of year - refer note 12 c(iii)	(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	-	-	-	-
<b>Net liability/(asset) recognised in statement of financial position at end of year</b>	<b>9,667</b>	<b>1,140</b>	<b>853</b>	<b>11,660</b>

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

## -> NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2010

### 12. EMPLOYEE BENEFITS (continued)

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

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

2010	SASS \$000	SANCS \$000	SSS \$000	Total \$000
<b>Components Recognised in Income Statement</b>				
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	-	-	-	-
<b>Expense/(income) recognised</b>	<b>75</b>	<b>43</b>	<b>10</b>	<b>128</b>

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

<b>Amounts recognised in other comprehensive income {AASB 119 – paragraph 120A(h)}</b>				
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	-	-	-	-
<b>2009</b>	<b>SASS \$000</b>	<b>SANCS \$000</b>	<b>SSS \$000</b>	<b>Total \$000</b>
Actuarial (gains)/losses	5,374	999	728	7,101
Adjustment for limit on net asset	-	-	-	-

## -> NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2010

### 12. EMPLOYEE BENEFITS (continued)

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

##### (vi) Fund assets

The percentage invested in each asset class at the end of the reporting period:

	2010 % pa	2009 % pa
Australian equities	31.00	32.10
Overseas equities	26.80	26.00
Australian fixed interest securities	6.10	6.20
Overseas fixed interest securities	4.30	4.70
Property	9.50	10.00
Cash	9.60	8.00
Other	12.70	13.00

##### Fair value of Fund assets

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

##### Expected rate of return on assets

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

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

	SASS \$000	SANCS \$000	SSS \$000	Total \$000
<b>2010</b>				
Actual return on Fund assets	2,591	308	132	3,031
<b>2009</b>				
Actual return on Fund assets	(3,148)	(408)	(156)	(3,712)

##### (viii) Valuation method and principal actuarial assumptions at the end of reporting period

###### (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

	2010 % pa	2009 % 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	8.13
Expected rate of return on assets backing current pension liabilities	-	-
Expected rate of return on assets backing other liabilities	-	-
Discount rate	5.17	5.59

###### (c) Demographic assumptions

The demographic assumptions at 30 June 2010 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 2010

### 12. EMPLOYEE BENEFITS (continued)

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

##### (ix) Historical information

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
<b>2009</b>	<b>SASS \$000</b>	<b>SANCS \$000</b>	<b>SSS \$000</b>	<b>Total \$000</b>
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
<b>2008</b>	<b>SASS \$000</b>	<b>SANCS \$000</b>	<b>SSS \$000</b>	<b>Total \$000</b>
Present value of defined benefit obligation	29,143	3,169	1,544	33,856
Fair value of Fund assets	(32,303)	(4,181)	(1,581)	(38,065)
(Surplus)/Deficit in Fund	(3,160)	(1,012)	(37)	(4,209)
Experience adjustments – Fund liabilities	(920)	(25)	(22)	(967)
Experience adjustments – Fund assets	4,273	646	517	5,436
<b>2007</b>	<b>SASS \$000</b>	<b>SANCS \$000</b>	<b>SSS \$000</b>	<b>Total \$000</b>
Present value of defined benefit obligation	30,280	3,144	1,436	34,860
Fair value of Fund assets	(35,800)	(4,585)	(1,920)	(42,305)
(Surplus)/Deficit in Fund	(5,520)	(1,441)	(484)	(7,445)
Experience adjustments – Fund liabilities	979	(43)	(192)	744
Experience adjustments – Fund assets	(2,411)	(276)	(221)	(2,908)
<b>2006</b>	<b>SASS \$000</b>	<b>SANCS \$000</b>	<b>SSS \$000</b>	<b>Total \$000</b>
Present value of defined benefit obligation	28,287	3,020	1,061	32,368
Fair value of Fund assets	(31,604)	(4,003)	(1,116)	(36,723)
(Surplus)/Deficit in Fund	(3,317)	(983)	(55)	(4,355)
Experience adjustments – Fund liabilities	(185)	(329)	(265)	(779)
Experience adjustments – Fund assets	(2,771)	(294)	(84)	(3,149)

## -> NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2010

### 12. EMPLOYEE BENEFITS (continued)

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

##### (x) Expected contributions

	SASS \$000	SANCS \$000	SSS \$000	Total \$000
<b>2010</b>				
Expected employer contributions to be paid in the next reporting period	973	188	15	1,176
<b>2009</b>				
Expected employer contributions to be paid in the next reporting period	945	192	11	1,148

##### (xi) Funding arrangements for Employer Contributions

###### (a) Surplus/deficit

The following is a summary of the 30 June 2010 financial position of the Fund calculated in accordance with AAS 25 "Financial Reporting by Superannuation Plans":

	SASS \$000	SANCS \$000	SSS \$000	Total \$000
<b>2010</b>				
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>2009</b>				
Accrued benefits	27,641	3,107	1,384	32,132
Net market value of Fund assets	(28,724)	(3,611)	(1,445)	(33,780)
Net (surplus)/deficit	(1,083)	(504)	(61)	(1,648)

###### (b) Contribution recommendations

Recommended contribution rates for the entity are:

	SASS Multiple of member contributions	SANCS % member salary	SSS Multiple of member contributions
<b>2010</b>	1.90	2.50	1.60
2009	1.90	2.50	1.60

###### (c) Funding method

The method used to determine the employer contribution recommendations in the 2006 triennial actuarial review was the Aggregate Funding method. The method adopted affects the timing of the cost to the employer.

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

###### (d) Economic assumptions

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

Weighted-average assumptions	2010 % pa	2009 % 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 2010

### 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. Sydney Ferries and NSW Maritime have agreed in principle to the terms of the lease and negotiations are continuing to finalise the lease document. Manly Wharf has a 50 year sub-lease term which commenced on 25 May 1991. The rent was reviewed to market on 25 May 2006 and the next market rent review will be on 25 May 2011.

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	2010 \$000	2009 \$000
<b>Non cancellable operating lease commitments are payable as follows:</b>		
Not later than 1 year	1,548	1,681
Later than 1 year and not later than 5 years	7,027	6,512
Later than 5 years	39,822	42,284
<b>Total operating lease commitments (including GST)</b>	<b>48,397</b>	<b>50,477</b>

#### (b) Capital expenditure commitments

	2010 \$000	2009 \$000
Not later than 1 year	14,481	16,544
Later than 1 year and not later than 5 years	-	-
<b>Total capital expenditure commitments (including GST)</b>	<b>14,481</b>	<b>16,544</b>

#### (c) Other expenditure commitments

	2010 \$000	2009 \$000
Aggregate other expenditure for the acquisition of goods and services at balance date and not provided for:		
Not later than 1 year	5,127	6,018
Later than 1 year and not later than 5 years	-	-
Later than 5 years	-	-
<b>Total other expenditure commitments (including GST)</b>	<b>5,127</b>	<b>6,018</b>

The commitment totals as shown above in (a) to (c) include Goods and Services Tax (GST) of \$6.182 million (2009 : \$6.64 million), which is recoverable from the Australian Taxation Office.



## -> NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2010

### 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	Carrying Amount
Class			2010 \$000	2009 \$000
Cash and cash equivalents	3	N/A	7,392	1,888
Receivables	4	Trade and other receivables <sup>7</sup>	100	1,054
Financial Liabilities	Note	Category	Carrying Amount	Carrying Amount
Class			2010 \$000	2009 \$000
Trade Creditors	9	Financial liabilities measured at amortised cost <sup>8</sup>	7,001	8,886
Borrowings	10	Financial liabilities measured at amortised cost	-	85,795

#### (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.

<sup>7</sup> Excludes statutory receivables and prepayments which are not within the scope of AASB 7.

<sup>8</sup> 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 2010

### 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.

2010	Gouvernement \$000	Other \$000	Total \$000
Receivables	95	5	100
<b>Total receivables</b>	<b>95</b>	<b>5</b>	<b>100</b>

2009	Gouvernement \$000	Other \$000	Total \$000
Receivables	-	1,054	1,054
<b>Total receivables</b>	<b>-</b>	<b>1,054</b>	<b>1,054</b>

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

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	-

2009	Total \$000	Past due but not impaired \$000	Considered impaired \$000
< 3 months overdue	947	947	-
3 months – 6 months overdue	-	-	-
> 6 months overdue	107	107	-

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 2010

### 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	Contractual cash flows	Financial instruments maturing in				Non-interest bearing	Total
			1 year or less	Over 1 to 5 years	More than 5 years			
2010	\$000	\$000	\$000	Carrying amount	Carrying amount	Carrying amount	Carrying amount	
Financial liabilities								
Payables	7,001	-	-	-	-	7,001	7,001	
Short term borrowings (excluding derivatives)	-	-	-	-	-	-	-	
Fixed rate term borrowings (excluding derivatives)	-	-	-	-	-	-	-	
Total financial liabilities	7,001	-	-	-	-	7,001	7,001	

#### 2009

<b>Financial liabilities</b>								
Payables	8,886	-	-	-	-	8,886		8,886
Short term borrowings (excluding derivatives)	540	544	544	-	-	-		544
Fixed rate term borrowings (excluding derivatives)	86,154	109,272	10,651	61,188	37,433	-		109,272
<b>Total financial liabilities</b>	<b>95,580</b>	<b>109,816</b>	<b>11,195</b>	<b>61,188</b>	<b>37,433</b>	<b>8,886</b>		<b>118,702</b>

#### (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	
	2010 \$000	2009 \$000	2010 \$000	2009 \$000
<b>Financial liabilities</b>				
Borrowings	-	85,795	-	88,326
<b>Total financial liabilities</b>	<b>-</b>	<b>85,795</b>	<b>-</b>	<b>88,326</b>

## -> NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2010

### 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 2009. 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%	Equity	1%	Equity
		Deficit		Deficit	
<b>2010</b>					
<b>Financial assets</b>		increased	(decreased)	(decreased)	increased
Cash and cash equivalents	7,382	74	(74)	(74)	74
<b>Financial liabilities</b>		decreased	increased	increased	decreased
Borrowings	-	-	-	-	-
<b>2009</b>					
<b>Financial assets</b>		increased	(decreased)	(decreased)	increased
Cash and cash equivalents	1,888	19	(19)	(19)	19
<b>Financial liabilities</b>		decreased	increased	increased	decreased
Borrowings	85,795	(858)	858	(858)	858

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 (2009: \$85.795 million).

#### (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	Level 4 \$000
<b>2010</b>				
Hour Glass Investment - Cash facility	-	6,858	-	6,858



## -> NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2010

### 14. FINANCIAL INSTRUMENTS (continued)

#### (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	2010 \$000	2009 \$000
Cash Facility	Cash, money market instruments	Up to 1.5 years (pre-June 2008 - up to 2 years)	35	5
Cash Facility	Cash, money market instruments	Up to 1.5 years (pre-June 2008 - up to 2 years)	1,200	-

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 unit holders 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 deficit

	Change in unit price	2010 \$000	2009 \$000
Hour Glass Investment - Cash facility	+/-1%	-/+ 0.35	0.05
Hour Glass Invest - Cash facility - Trust Account	+/-1%	-/+ 12.00	-

## -> NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2010

### 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

	2010 \$000	2009 \$000
(Deficit)	(7,064)	(14,540)
<b>Adjustments to reconcile net operating result to net cash from operating activities:</b>		
Amortisation	207	191
Gain/Loss on disposal of PPE	(9)	3
Asset impairment loss on vessels & impairment for WIP	1,901	4,200
Revaluation decrement	3,386	-
Depreciation of non-current assets	20,395	18,861
Other non cash items	211	184
Bad and doubtful debts	115	-
<b>Changes in assets and liabilities:</b>		
(increase)/decrease in receivables	1,082	(1,200)
(increase)/decrease in inventory	(758)	(411)
(increase)/decrease in other assets	344	4,206
increase/(decrease) in trade and other creditors	(3,585)	3,034
increase/(decrease) in employee entitlements	(1,995)	(4,225)
increase/(decrease) in other provisions	(1,218)	1,633
(increase)/decrease in goods and services tax	69	(229)
increase/(decrease) in revenue received in advance	(220)	17
<b>Net cash flows from operating activities</b>	<b>12,861</b>	<b>11,724</b>

### (b) Financing facility available

Short-term standby credit facility	10,000	30,000
Drawn down at balance date	-	-
<b>Facility unused at balance date</b>	<b>10,000</b>	<b>30,000</b>

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

## -> NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2010

### 17. EQUITY TRANSFER

As part of Sydney Ferries' successful bid for the Ferry System Contract, which commenced on 1 April 2010, the Treasurer approved the transfer of all legacy debt amounting to \$94.882 million which was transferred to the Crown Finance Entity on 31 March 2010.

### 18. EVENTS OCCURRING AFTER THE END OF THE REPORTING PERIOD

#### Governance

The *Transport Administration Act 1988* (NSW) was amended to allow for a change in governance of Sydney Ferries. With effect from 1 July 2010 Sydney Ferries Board has been abolished. The amendments allow the Director General of Transport NSW to give directions to Sydney Ferries and transfers from the Minister to the Director General (DG) the corporate plans of Sydney Ferries. It also makes specific provision to enable the DG to transfer staff between various transport entities. The Chief Executive of Sydney Ferries has the authority to manage and control the affairs of Sydney Ferries in accordance with any directions of the Director General of Transport NSW. For the year end 30 June 2011 Sydney Ferries will be a controlled entity of Transport NSW for consolidation purposes.

These amendments are not expected to have any material impact on Sydney Ferries' Income Statement, Statement of Comprehensive Income, Statement of Financial Position or Statement of Cash Flows.

*End of financial statements*

# -> Appendices

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## Customers and Stakeholders

### Customer Service Charter

As a passenger travelling with Sydney Ferries you are entitled to:

- 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](http://www.131500.com.au) or [www.sydneyferries.info](http://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](http://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](http://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](http://www.sydneyferries.info)

### Electronic service delivery

Sydney Ferries provides service information to its customers through its internet site [www.sydneyferries.info](http://www.sydneyferries.info) and the Transport Info website [www.131500.com.au](http://www.131500.com.au)

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

### 131500 Transport Info

Sydney Ferries supported several improvements to [www.131500.info](http://www.131500.info) during 2009-10, including its useability, trip planning facility and maps.

### Accessibility

In accordance with the *Disability Standards for Accessible Public Transport*, Sydney Ferries' fleet is wheelchair accessible via one of the 23 wheelchair accessible ferry wharves (pending tidal and safety conditions). Wheelchair accessible wharves are clearly marked on the Sydney Ferries' network map and a list of wheelchair-accessible wharves is available on Sydney Ferries' website.

In addition, service information is accessible in audible, visual and assisted information formats through Transport Info 131500, the websites [www.131500.com.au](http://www.131500.com.au) and [www.sydneyferries.info](http://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 \$8,105 + GST.

### Availability

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

## Financial and Asset Management

### Budgets

Sydney Ferries' budgets for 2009-10 and 2010-11 are set out in the tables below.

#### Operating Budget 2009-10 and 2010-11

Revenue and expenditure	Budget 2009-10 \$000	Budget 2010-11 \$000
<b>Revenue from ordinary activities</b>		
Passenger revenue:		
Fares, charters and tourists services	47,344	42,031
Reimbursement for:		
Free travel by school students	292	-
Concessions to pensioners	9,749	-
Concessions to other community groups	2,582	-
Government funding	66,423	86,491
<b>Total passenger revenue</b>	<b>126,390</b>	<b>128,522</b>
Interest received from third parties	96	-
Other	1,120	555
<b>Total revenue from ordinary activities</b>	<b>127,606</b>	<b>129,077</b>
<b>Expenses from ordinary activities</b>		
Wages and salaries	72,182	68,251
Fleet running expenses	16,009	14,897
General operating expenses	24,084	24,998
Interest	7,565	1,438
Depreciation	18,288	20,628
<b>Total expenses from ordinary activities</b>	<b>138,128</b>	<b>130,212</b>
<b>Other Gains / Losses</b>	<b>-</b>	<b>-</b>
<b>Surplus/(Deficit)</b>	<b>(10,522)</b>	<b>(1,134)</b>

#### Capital Budget 2009-10 and 2010-11

Capital expenditure and major periodic maintenance expenditure	Budget 2009-10 \$000	Budget 2010-11 \$000
Vessel upgrades	3,190	2,316
Information technology	1,358	3,475
Facility and wharves upgrade	4,267	5,788
Environmental projects	1,284	1,876
Other	8,607	-
<b>Total capital expenditure</b>	<b>18,706</b>	<b>13,455</b>
Major periodic maintenance expenditure	13,424	12,115
<b>Total capital and major periodic maintenance expenditure</b>	<b>32,130</b>	<b>25,570</b>

## Major Projects

Two major projects have been progressed during the financial year. The first concerns the Balmain Shipyard jetties refurbishment project involving timber repairs and upgrades to the concrete hardstands for Jetties 1 and 2, upgrades to under-jetty piping for Jetties 1, 2 and 3, and an upgrade and extension of the First Flush System. The total project budget cost is \$8.53 million, with \$1.46 million spent as at 30 June 2010. The last of five construction milestones is due for completion by December 2010.

The second project concerns the Ferry Operations and Customer Information System (**FOCIS**) project. This project has experienced delays, however cable and mounting works on both vessels and wharves which commenced in December 2009 are complete and totem installation works on remote wharves is also complete. The total project budget cost is \$13.40 million, with \$7.49 million spent as at 30 June 2010.

## 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 2010, Sydney Ferries' weighted average rate of return on the investment was 4.46% after fees for the financial year, out-performing the UBS Bank Bill Index return of 3.89% by 0.57%. 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 with 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 yield in excess of the cash rate. The RMBS, 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.

## Liability management performance

At year end 30 June 2010 Sydney Ferries did not have any debt.

## Disclosure of controlled entities

Sydney Ferries does not own any controlled entities.

## Disclosure of subsidiaries

Sydney Ferries does not have any subsidiaries.

## IPART Determinations

The following statements are provided in accordance with section 18(4)(a) of the *Independent Pricing and Regulatory Tribunal Act 1992*.

By making orders to amend the *Transport Administration (Sydney Ferries-Fares) Order 2004* Sydney Ferries implemented the *Sydney Metropolitan and Outer Metropolitan Bus Services Determination No.7 2008*, *Sydney Metropolitan and Outer Metropolitan Bus Services Determination No.7 2009* and *CityRail Final Determination No. 4, 2008* in respect of the value of fares charged for regular ferry services for the period from 1 July 2009 to 17 April 2010 (both dates inclusive).

By making the *Transport Administration (Sydney Ferries-Fares) Order 2010* Sydney Ferries implemented *CityRail Final Determination No. 4, 2008*, *Sydney Metropolitan and Outer Metropolitan Bus Services Determination No.7, 2009*, and, to the extent still in force, *Sydney Metropolitan and Outer Metropolitan Bus Services Determination No.7, 2008* in respect of the value of MyMulti 1, MyMulti 2 and MyMulti 3 fares charged since 18 April 2010.

## Taxes and other payments to Government

Sydney Ferries, as a statutory corporation from 1 January 2009, is subject to a full range of State and Federal taxes and other Government charges.

The following taxes and charges were applied during 2009–10:

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

Classification	\$000
Payroll tax	3,536
Land tax	42
<b>Total</b>	<b>3,578</b>

### (b) Federal taxes and charges

Classification	\$000
Fringe benefits tax	23

## 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 2010, according to actual use of the land, is provided below.

Land use classification	Land value \$000
Balmain Shipyard	5,737
<b>Total</b>	<b>5,737</b>

## 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 2009–2010.

## Credit card certification

The following certification was provided in accordance with Treasurer's Direction 205.01 and was given on 7 October 2010 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 one (1) credit card had been issued under the *Procedures* (**Approved Credit Card**).

## -> Appendices (Continued)

3. That the Approved Credit Card was issued on the account of Sydney Ferries to an officer of Sydney Ferries (**Authorised Cardholder**) by a credit card provider under contract with the Treasury.
4. That the Authorised Cardholder had signed a statement of cardholder's responsibilities in accordance with the Procedures.
5. That, as at the date of the certification, the Approved Credit Card was the only credit card 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 Approved Cardholder in respect of such expenditure (**Reviewed Expenditure**) and was satisfied that the Reviewed Expenditure had been incurred by the Authorised Cardholder 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).

### Events occurring after balance date

Amendments to the *Transport Administration Act 1988* (NSW) commenced on 1 July 2010, establishing Transport NSW and abolishing the Sydney Ferries Board. The Chief Executive of Sydney Ferries has the authority to manage and control the affairs of Sydney Ferries in accordance with any directions of the Director General of Transport NSW. For the year end 30 June 2011 Sydney Ferries will be a controlled entity of Transport NSW for consolidation purposes.

### Insurance activities

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

### Internal Audit and Risk Management Attestation

The following attestation was provided on 5 August 2010 to the NSW Treasury in accordance with Policy & Guidelines Paper TPP 09-5:

I, David Callahan, Chief Executive of Sydney Ferries 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.

On the basis of difficulty in attracting suitably experienced and qualified Internal Audit staff, and as a result of some uncertainty regarding the future structure of Sydney Ferries, an outsourced delivery of the Internal Audit function has been established.

I, David Callahan, Chief Executive of Sydney Ferries 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 until 30th June 2011
- Paul Apps – Independent Member appointed until 30th June 2011
- Garry Dinnie – Independent Member appointed until 30th June 2011



**David Callahan**  
Chief Executive  
Sydney Ferries

### 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 2009	3,730	(32)	21	-
December 2009	2,528	2,547	4,784	-
March 2010	1,444	1	2,470	-
June 2010	3,005	26	8	-

### Performance in paying accounts

Quarter	Amounts paid on time		Total amount paid	
	Target %	Actual %	\$000	\$000
September 2009	90%	96.39%	53,783	55,797
December 2009	90%	95.61%	53,566	56,025
March 2010	90%	82.52%	50,374	61,044
June 2010	90%	99.28%	51,220	51,591

**Note:** the average payment performance for the year was 93.5% against a target of 90%. There were no penalty interest payments made under clause 13(5) of the *Public Finance and Audit Regulation 2010* (NSW).



## Response to Significant Matters raised by the Auditor-General

### Work-in-Progress

Sydney Ferries is implementing new governance mechanisms to improve the accounting for work-in-progress and fixed assets. Improved processes for reviewing and accounting for projects as well as changes to financial delegations are to be implemented during 2010-11. Additionally the accounting procedures for asset management will be the subject of review by Sydney Ferries Internal Audit in late 2010.

### Fleet Replacement Strategy

A Steering Committee has been established by Transport NSW to manage the procurement process for six replacement vessels for Sydney Ferries, as well as undertake a Network Review. The proposed timeframe for commencing an EO/RFT process to procure the vessels is mid-2011, subject to Government approval.

### Inventory Control

Inventory management is subject to a number of improvement initiatives around processes, documentation and systems development. A number of these initiatives flow from an Internal Audit report on Inventory Management, completed in September 2010.

### Excessive Annual Leave

Sydney Ferries takes an approach of actively managing staff with annual leave balances greater than 40 days. There is a small proportion of staff who consistently maintain large balances. These are the subject of management attention to reduce their leave balances prior to the end of the 2010-11 financial year.

## Human Resources

### Performance and number of executive officers

Sydney Ferries employed four executive officers at the end of the Reporting Period, including one female executive officer. The number is unchanged from the previous year.

#### SES Equivalent to or higher than SES Level 5 (2008-09 and 2009-10)

At 30 June 2010, three senior executives were employed on total

remuneration packages equal to or exceeding the NSW Senior Executive Service Level 5. No performance-related incentive statement payment was paid, or is due and payable, to any senior executive officer during the reporting period.

Name and title of executive officer at pay equivalent to or higher than SES level 5	2009-10 Salary Band
David Callahan, Chief Executive	SES Level 7 – range \$300,801 to \$377,250
Denis Mole, Chief Operating Officer	SES Level 5 – range \$231,951 to \$267,650
Geoffrey Drummond, Chief Financial Officer	SES Level 5 – range \$231,951 to \$267,650

### Executive Performance

The Chairman 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 safety, operational and organisational performance requirements.

As Mr Geoffrey Drummond was appointed as Chief Financial Officer on 14 June 2010, no performance review had been conducted by 30 June 2010.

### Number of officers and employees by Division

Division	2007-08 <sup>^</sup>	2008-09 <sup>#</sup>	2009-10 <sup>*</sup>
Operations	548.5	536.8	483.2
Engineering	101	92	83.0
Executive Office			
Legal, Strategy and Stakeholder Relations	6.5	5.3	10.4 <sup>^</sup>
Finance and Corporate Services	17	17.0	13.0
Human Resources	11	6.5	7.0
Strategy and Stakeholder Management	5	9.0	Division merged into Executive Office
Information Technology	Function within F&CS	1	Division merged into F&CS
<b>Total</b>	<b>689</b>	<b>668</b>	<b>596.6</b>

<sup>^</sup> Figures for 2007-08 are full time equivalents (FTE) where casuals and part-time employees were recorded as 0.5 FTE

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

<sup>\*</sup> 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 as at 30 June (2008: 55, 2009: 44, 2010: 30.6).

### **Exceptional movements in wages, salaries or allowances**

All movements in wages, salaries and allowances in 2009-10 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, implemented in the corporate area, 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 2009-10 Employee Excellence Awards attracted 341 nominations, a 35% increase from the previous year. This increase recognises the fact that Sydney Ferries' employees take pride in their work and also recognise achievement in their fellow staff members. Two staff were awarded *Employee of the Year*: Heather Napier, the Human Resources Injury Management Coordinator and Andrew Hales, an Inner Harbour Engineer.

#### **Mercer CED Job Evaluation System**

Work on the introduction of the Mercer CED job evaluation system continued through 2009-10. The majority of positions covered by the Salaried and Senior Agreement now have draft new position descriptions. These have had an initial evaluation done by a team from Human Resources, including an external independent advisor. Work has also been carried out to produce a draft *Remuneration and Job Evaluation Policy*, which is expected to be formally adopted later in 2010.

#### **Policies and Procedures**

A revised Injury Management Manual has also been produced, following union consultation through Unions NSW. Policies and procedures have been made accessible to staff on the corporate intranet. The following policies were revised in 2009 and provided to all staff:

- Secondary Employment
- Time and Attendance
- Code of Conduct
- Drug and Alcohol.

The revised Drug and Alcohol Policy and Procedure coincided with an increase in random drug testing of the workforce from 5% to 10%.

A draft policy and procedure on Job Sharing has been produced. Following review and feedback, this is scheduled to be approved in the fourth quarter of 2010. Revisions to the *Disciplinary Procedure* and the *Bullying and Harassment Policy and Procedure* are scheduled for the coming year.

#### **Reduction in days lost to injury and return to work**

Sydney Ferries has achieved significant improvements in the past year against the challenge of reducing injuries to employees, and the subsequent return to work programs.

In June 2010, 29 days were lost due to injury, against 241 days lost in June 2009; a reduction of 88% in 12 months, in line with a downward trend across the financial year; the result of initiatives introduced in 2008-09.

Reductions in the time taken for those employees who are injured to return to work, medical retirement of those employees whose prognosis is that they will never be able to return to work, and Sydney Ferries' workforce becoming less injured, better trained and educated on the safety aspects of doing their jobs, is resulting in lower workers compensation insurance premiums.

#### **Employee Assistance Program**

Sydney Ferries continues to engage Access Programs Australia as provider of the Employee Assistance Program to assist employees with counselling on a range of work-related issues. During the past year, 25 employees accessed the program, with a total of 62 counselling sessions conducted.

#### **Equal Employment Opportunity (EEO)**

Sydney Ferries is committed to addressing the needs, representation and development of equal employment opportunity groups, including women, Aboriginal people and Torres Strait

Islanders, people with a disability, and people of a racial, ethnic and ethno-religious background. Sydney Ferries recently undertook a mail-out to all staff in an attempt to be able to have up to date statistics on which to plan initiatives to attract and retain these employees.

Preliminary discussions have been held between Sydney Ferries and the Redfern-Waterloo Authority, to investigate ways in which Sydney Ferries might increase its number of staff who wish to identify as Aboriginal or Torres Strait Islander.

The development of the new Job Share policy aims to offer options for flexible working hours, such as to improve access to work for women returning to the workforce from Maternity Leave and to assist those employees who wish to transition towards retirement, or a change in lifestyle.

#### **Statistical Information on EEO target groups**

Trends in the representation and distribution of EEO groups are shown in the tables opposite. The number of women employed in 2009-10 shows a drop of 1%; however, this figure excludes casual Customer Assistance Officers hired for the Summer Runnings period.

#### **Multicultural Policies and Services Plan**

Sydney Ferries has an ethnically diverse workforce, with approximately 10.8 per cent of employees nominating that English is not their first language. In 2009-10 Sydney Ferries carried out a number of activities and identified a number of new actions and initiatives for completion in 2010-11. During 2009-10 the following actions have been undertaken:

- Revised the *Equity and Diversity Policy*.
- Surveyed employees to update workforce demographic data.
- Customer Service Training for frontline staff includes a key component relating to the diversity of our customers and their differing cultural needs.
- The Sydney Ferries *Customer Charter 2010* advises customers, whose first language is other than English who wish to provide feedback, of a free service to arrange a three-way conversation involving an interpreter.

**Table A: Trends in the representation of EEO Groups**

Equal Employment Opportunity Group	Benchmark or Target	% of Total Staff			
		2006-07	2007-08	2008-09*	2009-10^
Women	50%	15%	14%	16%	14%
Aboriginal people and Torres Strait Islanders	2.6% <sup>1</sup>	0.9%	0.8%	1.1%	1.5%
People whose first language was not English	19%	11%	11%	11%	11%
People with a disability	12%	3%	4%	4%	3%
People with a disability requiring work-related adjustment	7%	3.4%	3.6%	3.6%	2.8%

**Table B: Trends in the distribution of EEO Groups**

Equal Employment Opportunity Group	Benchmark or Target	Distribution Index			
		2006-07	2007-08	2008-09*	2009-10^
Women	100	97	94	90	91
Aboriginal people and Torres Strait Islanders	100	n/a	n/a	n/a	n/a
People whose first language was not English	100	98	99	91	103
People with a disability	100	95	93	96	n/a
People with a disability requiring work-related adjustment	100	95	93	96	n/a

**Notes**

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

^ 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.

During 2010-11, Sydney Ferries will review the existing *Multicultural Policies and Services Plan*.

**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.

**Statutory Information****Freedom of Information Act 1989 (NSW)**

During the reporting period Sydney Ferries was subject to the *Freedom of Information Act 1989* (NSW) and the *Freedom of Information Regulation 2005* (NSW). The information provided in this section is given by Sydney Ferries pursuant to Clause 10 of the *Freedom of Information Regulation 2005*.

With effect from 1 July 2010 disclosure of information by Sydney Ferries will be subject to the *Government Information (Public Access) Act 2009* and the *Government Information (Public Access) Regulation 2009*.

**Comparison with the previous reporting period**

In 2009-10, Sydney Ferries received 13 applications for access to documents under the *Freedom of Information Act*

(in addition to three applications received during the previous year and dealt with in 2009-10). This compares with 14 applications received in 2008-09 (as well as an additional four applications brought forward from the previous year and dealt with in 2008-09).

**Applications for internal review**

No applications for internal review were received in 2009-10.

**Statistical summary**

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

<sup>1</sup> Minimum target by 2015.

## -> Appendices (Continued)

### Section A – New FOI applications

How many FOI applications were received, discontinued or completed?	Number of FOI applications					
	Personal		Other		Total	
	(previous year)	(current year)	(previous year)	(current year)	(previous year)	(current year)
A1 New	0	0	14	13	14	13
A2 Brought forward	0	0	4	3	4	3
<b>A3 Total to be processed</b>	<b>0</b>	<b>0</b>	<b>18</b>	<b>16</b>	<b>18</b>	<b>16</b>
A4 Completed	0	0	13	13	13	13
A5 Discontinued	0	0	1	3	1	3
<b>A6 Total processed</b>	<b>0</b>	<b>0</b>	<b>14</b>	<b>16</b>	<b>14</b>	<b>16</b>
A7 Unfinished (carried forward)	0	0	4	0	4	0

### Section B – Discontinued applications

Why were FOI applications discontinued?	Number discontinued FOI applications					
	Personal		Other		Total	
	(previous year)	(current year)	(previous year)	(current year)	(previous year)	(current year)
B1 Request transferred out to another agency (s.20)	0	0	0	1	0	1
B2 Applicant withdrew request	0	0	1	1	1	1
B3 Applicant failed to pay advance deposit (s.22)	0	0	0	0	0	0
B4 Applicant failed to amend a request that would have been an unreasonable diversion of resources to complete (s.25(1)(a1))	0	0	0	1	0	1
<b>B5 Total discontinued</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>3</b>	<b>1</b>	<b>3</b>

### Section C – Completed Applications

What happened to completed FOI applications?	Number completed FOI applications					
	Personal		Other		Total	
	(previous year)	(current year)	(previous year)	(current year)	(previous year)	(current year)
C1 Granted or otherwise available in full	0	0	4	5	4	5
C2 Granted or otherwise available in part	0	0	5	5	5	5
C3 Refused	0	0	2	0	2	0
C4 No documents held	0	0	2	3	2	3
<b>C5 Total completed</b>	<b>0</b>	<b>0</b>	<b>13</b>	<b>13</b>	<b>13</b>	<b>13</b>



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

How were the documents made available to the applicant?	Number of FOI applications (granted or otherwise available in full)					
	Personal		Other		Total	
All documents requested were:	(previous year)	(current year)	(previous year)	(current year)	(previous year)	(current year)
D1 Provided to the applicant	0	0	4	5	4	5
D2 Provided to the applicant's medical practitioner	0	0	0	0	0	0
D3 Available for inspection	0	0	0	0	0	0
D4 Available for purchase	0	0	0	0	0	0
D5 Library material	0	0	0	0	0	0
D6 Subject to deferred access	0	0	0	0	0	0
D7 Available by a combination of the reasons listed in D1-D6 above	0	0	0	0	0	0
<b>D8 Total granted or otherwise available in full</b>	<b>0</b>	<b>0</b>	<b>4</b>	<b>5</b>	<b>4</b>	<b>5</b>

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

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

*Section F – Refused FOI applications*

Why was access to the documents refused?	Number of refused FOI applications					
	Personal		Other		Total	
	(previous year)	(current year)	(previous year)	(current year)	(previous year)	(current year)
F1 Exempt	0	0	2	0	2	0
F2 Deemed refused	0	0	0	0	0	0
<b>F3 Total refused</b>	<b>0</b>	<b>0</b>	<b>2</b>	<b>0</b>	<b>2</b>	<b>0</b>

## -> Appendices (Continued)

### Section G – Exempt documents

Why were the documents classified as exempt? (identify one reason only)	Number of FOI applications (refused or access granted or otherwise available in part only)					
	Personal		Other		Total	
	(previous year)	(current year)	(previous year)	(current year)	(previous year)	(current year)
<b>Restricted documents:</b>						
G1 Cabinet documents (Clause 1)	0	0	0	0	0	0
G2 Executive Council documents (Clause 2)	0	0	0	0	0	0
G3 Documents affecting law enforcement and public safety (Clause 4)	0	0	0	0	0	0
G4 Documents affecting counter terrorism measures (Clause 4A)	0	0	0	0	0	0
<b>Documents requiring consultation:</b>						
G5 Documents affecting intergovernmental relations (Clause 5)	0	0	0	0	0	0
G6 Documents affecting personal affairs (Clause 6)	0	0	1	1	1	1
G7 Documents affecting business affairs (Clause 7)	0	0	4	0	4	0
G8 Documents affecting the conduct of research (Clause 8)	0	0	0	0	0	0
<b>Documents otherwise exempt:</b>						
G9 Schedule 2 exempt agency	0	0	0	0	0	0
G10 Documents containing information confidential to Olympic Committees (Clause 22)	0	0	0	0	0	0
G11 Documents relating to threatened species, Aboriginal objects or Aboriginal places (Clause 23)	0	0	0	0	0	0
G12 Documents relating to threatened species conservation (Clause 24)	0	0	0	0	0	0
G13 Plans of management containing information of Aboriginal significance (Clause 25)	0	0	0	0	0	0
G14 Private documents in public library collections (Clause 19)	0	0	0	0	0	0
G15 Documents relating to judicial functions (Clause 11)	0	0	0	0	0	0
G16 Documents subject to contempt (Clause 17)	0	0	0	0	0	0
G17 Documents arising out of companies and securities legislation (Clause 18)	0	0	0	0	0	0

G18 Exempt documents under interstate FOI legislation (Clause 21)	0	0	0	0	0	0
G19 Documents subject to legal professional privilege (Clause 10)	0	0	0	0	0	0
G20 Documents containing confidential material (Clause 13)	0	0	0	0	0	0
G21 Documents subject to secrecy provisions (Clause 12)	0	0	0	0	0	0
G22 Documents affecting the economy of the State (Clause 14)	0	0	0	0	0	0
G23 Documents affecting financial or property Interests of the State or an agency (Clause 15)	0	0	0	0	0	0
G24 Documents concerning operations of agencies (Clause 16)	0	0	2	4	2	4
G25 Internal working documents (Clause 9)	0	0	0	0	0	0
G26 Other exemptions (e.g. Clauses 20, 22A and 26)	0	0	0	0	0	0
<b>G27 Total applications including exempt documents</b>	<b>0</b>	<b>0</b>	<b>7</b>	<b>5</b>	<b>7</b>	<b>5</b>

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

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

#### Section I – Formal consultations

How many formal consultations were conducted?	Number	
	(previous year)	(current year)
I1 Number of applications requiring formal consultation	2	1
I2 Number of persons formally consulted	8	1

#### Section J – Amendment of personal records

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

## -> Appendices (Continued)

### Section K – Notation of personal records

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

### Section L – Fees and costs

What fees were assessed and received for FOI applications processed (excluding applications transferred out)?	Assessed costs		Fees received	
	(previous year)	(current year)	(previous year)	(current year)
L1 All completed applications	\$420	\$2,130	\$420	\$2,130

### Section M – Fee discounts

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

### Section N – Fee refunds

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



**Section O – Days taken to complete request**

How long did it take to process completed applications? (Note: calendar days)	Number of completed FOI applications					
	Personal		Other		Total	
	(previous year)	(current year)	(previous year)	(current year)	(previous year)	(current year)
O1 0-21 days – statutory determination period	0	0	2	7	2	7
O2 22-35 days – extended statutory determination period for consultation or retrieval of archived records (s.59B)	0	0	0	1	0	1
O3 Over 21 days – deemed refusal where no extended determination period applies	0	0	2	4	2	4
O4 Over 35 days – deemed refusal where extended determination period applies	0	0	9	1	9	1
<b>O5 Total</b>	<b>0</b>	<b>0</b>	<b>13</b>	<b>13</b>	<b>13</b>	<b>13</b>

**Section P – Days taken to complete request**

How long did it take to process completed applications?	Number of completed FOI applications					
	Personal		Other		Total	
	(previous year)	(current year)	(previous year)	(current year)	(previous year)	(current year)
P1 0-10 hours	0	0	0	1	0	1
P2 11-20 hours	0	0	0	0	0	0
P3 21-40 hours	0	0	0	0	0	0
P4 Over 40 hours	0	0	14	12	14	12
<b>P5 Total</b>	<b>0</b>	<b>0</b>	<b>14</b>	<b>13</b>	<b>14</b>	<b>13</b>

**Section Q – Number of reviews**

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

## -> Appendices (Continued)

### Section R – Results of internal reviews

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

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

#### Statement of Affairs

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

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

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

#### Public participation in policy formulation

The Sydney Ferries Services Working Group had its last meeting on 3 September 2009. Under the amendments to the TA Act, a Transport Advisory Council will advise the Minister and Director-General.

#### Kinds of documents held by Sydney Ferries

The following is a list of publications accessible from Sydney Ferries' website [www.sydneyferries.info](http://www.sydneyferries.info) as at 30 June 2010, or upon request by contacting a Sydney Ferries' Customer Service Officer on (02) 9246 8363.

#### Corporate Publications

- Annual Report 2004-05
- Annual Report 2005-06
- Annual Report 2006-07
- Annual Report 2007-08
- Annual Report 2008-09
- Annual Report 2009-10

#### Performance Data

- Safety and environment statistics May 2010
- Sydney Ferries' operational performance in May 2010
- Service Reliability 2007-08
- Service Reliability 2008-09
- Service Reliability 2009-10
- On-Time Running Rate 2007-08
- On-Time Running Rate 2008-09
- On-Time Running Rate 2009-10

Fleet availability and reliability 2009-10  
Customer Complaints 2007-08, 2008-09 and 2009-10  
Patronage in 2007-08, 2008-09 and 2009-10

#### Publications for Customers

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

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

- *Travelling with Sydney Ferries* – An informative guide that provides information about ticket products and fares, accessibility, and raises awareness of safety and passenger responsibilities.

- *Guide to Sydney* – A popular guide featuring a map of Sydney Harbour and Parramatta River and all the information customers need to explore experience and escape onboard Sydney Ferries.
- *Customer Feedback Form* – This form contains information about Sydney Ferries' Refund Policy and a tear-off form so customers can submit feedback or refund requests easily.

#### *Route timetables*

Sydney Ferries publishes timetables for the eight different services, as well as a pocket timetable for Manly and Cockatoo Island customers.

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

#### **Other documents**

- Sydney Ferries' Network Map
- Sydney Ferries' Fleet Facts
- Customer Service Charter 2010
- Sydney Ferries' FOI Summary of Affairs June 2010

#### **Publication of Sydney Ferries' Summary of Affairs**

In accordance with section 14 of the *Freedom of Information Act 1989*, Sydney Ferries' Summary of Affairs is published in the *Government Gazette*. The most recent Summary of Affairs was published on 25 June 2010 in *Government Gazette* Number 85.

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

- *Statement of Business Intent*
- policies and procedures which apply to the corporate functions and operations of Sydney Ferries.

#### **Accessing and amending Sydney Ferries' documents**

The *Freedom of Information Act 1989* (NSW) was repealed on 30 June 2010 and replaced by the *Government Information (Public Access) Act 2009* (**GIPA Act**).

Access to Sydney Ferries' documents must be made pursuant to the provisions of GIPA Act and may be accessed through information made freely available on Sydney Ferries' website, an informal written application (including email) or a formal written application. Full details, including how to make an application, were available on Sydney Ferries' website from 1 July 2010.

Enquiries may be made to the Sydney Ferries Environmental Compliance & Information Access Officer, either:

- in writing to:  
Sydney Ferries  
PO Box R1799  
Royal Exchange NSW 1225
- by telephoning Sydney Ferries on (02) 9246 8300
- or by email to:  
[gipa@sydneyferries.nsw.gov.au](mailto:gipa@sydneyferries.nsw.gov.au)

Applications to amend or notate Sydney Ferries' documents relating to a person's own personal affairs may also be made to the above officer and must be made in writing.

#### **Circumstances and outcomes of investigations**

##### **ICAC Investigation (Misuse of Corporate Credit Card)**

On 4 November 2009 the Independent Commission Against Corruption (**ICAC**) made public its investigation report into the conduct of the former Sydney Ferries' Chief Executive Officer, Mr Geoffrey Smith. In its report the ICAC made findings of corrupt conduct against Mr Smith for misusing his corporate credit card to incur personal expenditure of more than \$237,000 and recommended consideration be given to obtaining the advice of the Director of Public Prosecutions with respect to the prosecution of Mr Smith for certain offences and for the common law offence of misconduct in public office. The ICAC also made the following four corruption prevention recommendations to Sydney Ferries:

##### *Recommendation 1*

That Sydney Ferries' annual reporting requirements in relation to credit card use be based on an actual certification of compliance with the Treasurer's Directions. This recommendation has been implemented by Sydney Ferries.

##### *Recommendation 2*

That for the purpose of internal audit responsibilities, the position of Audit Assurance Manager have an additional reporting line to Sydney Ferries' Audit Committee and/or the Board. This recommendation was implemented by Sydney Ferries.

##### *Recommendation 3*

That an Audit Assurance Manager be appointed and trained as a nominated protected disclosures officer. This recommendation was implemented.

##### *Recommendation 4*

That Sydney Ferries amend its code of conduct and protected disclosures procedures so that staff can and should report suspected misconduct to members of the Audit Committee. This recommendation was implemented by Sydney Ferries.

The full text of the ICAC report and Sydney Ferries' Implementation Plan can be accessed at [www.icac.nsw.gov.au/investigations/past-investigations/investigationdetail/157](http://www.icac.nsw.gov.au/investigations/past-investigations/investigationdetail/157)

**Recommendations from the NSW Coroner arising from the Collision between MV Merinda and HarbourCat Pam Burrige on 28 March 2007**

On 23 February 2010, His Honour Magistrate Dillon, the Deputy State Coroner, handed down findings in respect of an inquest into the deaths occasioned by the collision of the Sydney Ferries' vessel Pam Burrige with the motor cruiser Merinda. The full text of the Coroner's Report can be accessed at [www.lawlink.nsw.gov.au/Coroner's\\_Court](http://www.lawlink.nsw.gov.au/Coroner's_Court)

His Honour concluded that the cause of the collision was, in essence, a failure of seamanship, noting [see Report Paragraphs 477 and 478]:

The most direct and obvious reasons for the collision were, in order of importance, that:

- the *Merinda's* navigation lights were not illuminated
- her crew was not keeping a lookout as the *Pam Burrige* approached
- consequently, as the give-way vessel in a crossing situation she failed to take any action to avoid the collision
- the Master of the *Pam Burrige* did not expect an unlit vessel in the vicinity of Sydney Cove or the Sydney Harbour Bridge, did not specifically look out for such a hazard when changing course in a westerly direction onto a collision course with the *Merinda* and did not employ all available resources, in particular the deckhand, to keep lookout
- the *Pam Burrige* was proceeding at a speed that did not allow it to manoeuvre or stop to avoid the collision once the *Merinda* was sighted. For this reason it was an unsafe speed.

In my view, had the *Merinda's* lights been illuminated, it is highly likely that this accident would not have occurred despite the fact that the *Merinda* was not keeping a proper look-out, despite the fact that it did not give-way or manoeuvre to avoid a collision, and despite the speed at which the *Pam Burrige* was travelling [...] [I]t was that error that allowed the other causal factors to align to create what Professor Reason has called a "trajectory of accident opportunity".

In addition to his findings, His Honour made 24 recommendations under section 82 of the *Coroner's Act 2009* (NSW), six of which related to Sydney Ferries. Sydney Ferries has accepted all six recommendations.

**Recommendation 1**

That Sydney Ferries engage a specialist in "Human factors" and "Safety Culture" to review its progress in developing a high-reliability, safety culture within the organisation.

*Sydney Ferries developed the project framework and sought proposals from specialists, to perform the review in late 2010.*

**Recommendation 2**

That, if Sydney Ferries conducts a review as recommended in 1, Sydney Ferries engage both management and fleet crews in its considerations.

*Sydney Ferries incorporated this into its safety culture review brief.*

**Recommendation 3**

That Sydney Ferries consider instructing masters operating ferries to use other crew members as look-outs in the wheelhouse at night and in the transit zone and other busy parts of the Harbour unless other more urgent duties require them elsewhere on the vessel.

*This Recommendation has been implemented by Sydney Ferries.*

**Recommendation 4**

That NSW Maritime and Sydney Ports, in consultation with relevant Harbour users and representative bodies, consider how best to promote the practice of reporting unlit vessels to Harbour Control.

*Sydney Ferries has advised its willingness to support any consultation and promotion of this practice.*

**Recommendation 5**

That, if it is technically feasible and practicable, radio traffic generated by Sydney Ferries be recorded and archived for a suitable period.

*Sydney Ferries is investigating the capability options with Government Radio Network provider Motorola.*

**Recommendation 6**

That Sydney Ferries consider imposing a night speed limit on fast ferries regardless of whether NSW Maritime imposes a limit.

*This Recommendation was immediately implemented by Sydney Ferries.*

**Legal changes**

Amendments to the *Transport Administration Act 1988* (NSW) came into effect on 1 July 2010, including the removal of statutory boards. Transport NSW (formerly NSW Transport & Infrastructure) will chair a single transport advisory board.

**Privacy Management Plan**

Sydney Ferries' Privacy Management Plan approved in February 2010 was developed in accordance with the requirements of the *Privacy and Personal Information Protection Act 1998* (NSW) (**PPIP Act**), and with the requirements of the *Health Records and Information Privacy Act 2002* (NSW) (**HRIP Act**).

The Privacy Management Plan details procedures to ensure compliance with these requirements when dealing with the personal and health information it collects. The Director Human Resources is the Privacy Control Officer. To date there have been no complaints alleging breaches of privacy.





