

# SYDNEY FERRIES







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## LETTER TO SHAREHOLDING MINISTERS

31 October 2007

The Hon. Michael Costa MLC  
Treasurer  
Minister for Infrastructure  
Minister for the Hunter  
Deputy Leader of the Government in the Legislative Council

The Hon. John Watkins MP  
Deputy Premier  
Minister for Finance  
Minister for Transport

Governor Macquarie Tower  
1 Farrer Place  
Sydney NSW 2000

Dear Ministers

We have pleasure in submitting for your information and presentation to Parliament the Sydney Ferries Annual Report for the year ended 30 June 2007.

The report has been prepared in accordance with the *Annual Reports (Statutory Bodies) Act 1989* (NSW), the *Annual Reports (Statutory Bodies) Regulation 2005* and the *Public Finance and Audit Act 1983* (NSW).

Yours sincerely

**Beth Laughton**  
Acting Chair

**Geoff Smith AO**  
CEO



# OVERVIEW

SYDNEY FERRIES  
IS AT THE HEART  
OF SYDNEY AND  
ITS TRANSPORT  
NETWORK,  
CONNECTING PEOPLE  
AND SUPPORTING  
THE ECONOMIC  
PROSPERITY OF NEW  
SOUTH WALES.



## ABOUT SYDNEY FERRIES

### SYDNEY FERRIES—A HARBOUR ICON

The first recorded ferry on Sydney Harbour was launched in 1789. It took three to four days to travel by oar and sail from the Port of Sydney to Parramatta.

As the city of Sydney developed, so the ferry system evolved. Today the network stretches approximately 37 kilometres from Parramatta in the west, to Manly in the north-east and Watsons Bay in the east.

Sydney Ferries is a vital part of Sydney's public transport network, connecting people and making an important contribution to the city's commercial prosperity.

### WHO WE ARE

Sydney Ferries was established as a state-owned corporation on 1 July 2004, following amendments to the *Transport Administration Act 1988* (NSW), passed by the NSW Parliament in December 2003.

### VISION

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

### VALUES

Sydney Ferries conducts its business according to the following values:

- safety first
- excellent customer service
- efficiency
- maintaining a commercial focus
- integrity
- trust
- commitment
- mutual respect and teamwork.

### OUR MISSION

To deliver a quality ferry service for Sydney by:

- providing safe and reliable transportation
- maintaining an affordable and sustainable service by being efficient and effective
- delivering excellent customer service
- providing a rewarding and safe working environment.

# COLLARDY SYDNEY

## WHAT WE DO

Sydney Ferries services operate 18 hours a day, seven days a week, along eight routes from the Circular Quay hub and terminal:

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

Sydney Ferries undertakes cruises and charters on a commercial basis. During 2006–07 these included scheduled morning, afternoon and evening cruises until their temporary suspension from 1 April 2007. Sydney Ferries continued to operate special event cruises and remained available for 'whole-of-boat' charters.

## OUR CUSTOMERS

Our customers comprise commuters and leisure travellers. Commuters travel for the purposes of work and/or education and account for approximately 51% of total patronage. Leisure travellers, who travel for recreation, tourism or other purposes account for approximately 49% of passengers.

Commuters using ferry services for education or work purposes tend to travel during peak periods. Visitors to Sydney comprise an estimated 41% of leisure passengers, 23% of whom come from overseas. Leisure travellers tend to travel outside commuter peak periods and visit popular destinations such as Manly, Taronga Zoo and Darling Harbour, or take a trip to enjoy the ferry ride and the harbour.

The busiest day of the 2006–07 year was 20 February 2007, when the Cunard ocean liners *Queen Mary 2* and *Queen Elizabeth 2* visited Sydney. Sydney Ferries experienced an unprecedented demand for its services, carrying approximately 94,000 passengers in one day and setting a new post-Sydney 2000 Olympic Games record.

## OUR PEOPLE

As at 30 June 2007, Sydney Ferries employed 723 people in customer service, ferry operations, maintenance, ticketing, management and administration.

Sydney Ferries has five workplaces:

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



## THE SYDNEY FERRIES FLEET

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



### FRESHWATER CLASS

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

*Freshwater*  
*Collaroy*  
*Narrabeen*  
*Queenscliff*



### JETCAT CLASS

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

*Blue Fin*  
*Sea Eagle*  
*Sir David Martin*



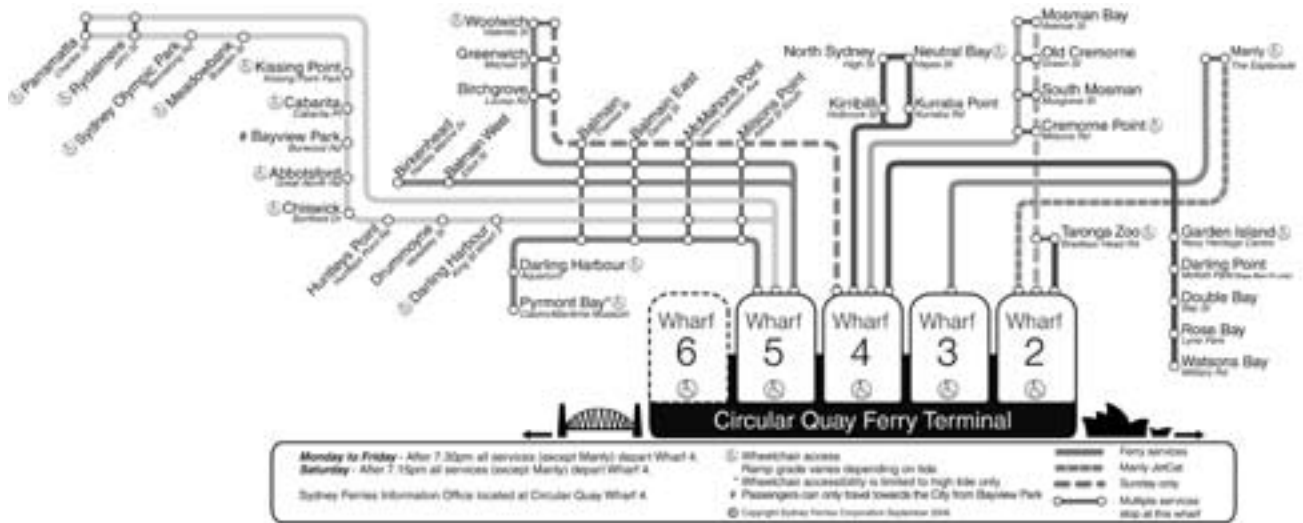
### FIRST FLEET CLASS

The nine First Fleet Class ferries are named after nine of the 11 vessels in the First Fleet that sailed to New South Wales to establish a settlement in 1788. They primarily operate on inner harbour routes.

<i>Alexander</i>	<i>Borrowdale</i>	<i>Charlotte</i>
<i>Fishburn</i>	<i>Friendship</i>	<i>Golden Grove</i>
<i>Scarborough</i>	<i>Sirius</i>	<i>Supply</i>



## THE SYDNEY FERRIES NETWORK



### LADY CLASS

The two Lady Class ferries are primarily used for leisure cruises and services to Taronga Zoo.

*Lady Herron*  
*Lady Northcott*



### RIVERCAT CLASS

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

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



### SUPERCAT CLASS

Four high-speed catamarans primarily service the Eastern Suburbs.

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



### HARBOURCAT CLASS

Two HarbourCats, the smallest vessels in the fleet, provide fast and frequent back-up services on all inner harbour routes.

*Anne Sargeant*  
*Pam Burridge*



## CEO AND ACTING CHAIRPERSON'S REPORT

For Sydney Ferries, its third year as a state-owned corporation in 2006–07, has been its most challenging with two tragic accidents and a Special Commission of Inquiry, amid a period of significant change.

The accidents in January and March 2007 remind us of the constant vigilance required of all harbour users—including Sydney Ferries—and regulatory authorities to ensure safety on Sydney Harbour.

The Special Commission of Inquiry into Sydney Ferries was established by the NSW Government in April 2007 to recommend actions that should be taken to provide safe, efficient and customer-focused ferry services in the future. Sydney Ferries committed substantial resources in support of the inquiry, which is due to report on 31 October 2007.

Against that background, Sydney Ferries made notable progress against its corporate objectives in 2006–07, although still more progress is required to achieve all the key performance indicators set. Vessel availability, service reliability and patronage growth all increased compared to 2005–06 and additional services were added on four of our seven routes. Conversely, the number of reportable vessel incidents, environmental incidents and sick days per employee all decreased in 2006–07 compared with the previous year.

The Board of Directors and staff welcomed a new CEO, a corporate restructure was completed and all key management positions were filled by December 2006. A new performance management program was established to provide professional development and accountability for staff and to engender a more customer-focused culture.

Facilities across the corporation were also improved in 2006–07. For the first time, all corporate office staff co-located to an office that meets business needs. Work began on upgrades to staff amenities at Circular Quay and Balmain Shipyard, training facilities at Balmain and a technical services workshop and revenue office at Circular Quay. Planning also began for an upgrade of the operations control room and offices at Circular Quay.

An information and communications technology strategic plan was launched and a new computer network was installed with improved user support. This has enabled projects that will establish new information systems to improve efficiency and customer service to be commenced.

A risk management framework was further developed and improved safe work practices and procedures were implemented.

Financially, the corporation benefited from a \$2.7 million increase in farebox revenue and an injection of an additional \$27 million from the NSW Government to enhance safety, vessel availability and service reliability.

The lessons and achievements of 2006–07 prepare Sydney Ferries to embrace the recommendations of the Special Commission of Inquiry to provide a safer, more efficient and customer-focused ferry service for our customers in 2007–08.

Finally, we express our gratitude to the staff of Sydney Ferries for the dedication and professionalism shown in the service of our customers during 2006–07.

**Geoff Smith AO**  
CEO

**Beth Laughton**  
Acting Chair

# HIGHLIGHTS 2006–07

## SAFETY IS SYDNEY FERRIES' FIRST PRIORITY.

### SAFETY

Safety is Sydney Ferries' first priority.

In support of this commitment, vessel operating procedures were updated and a new risk management framework was developed to more easily and effectively identify, assess and control safety risks.

Vessel data recording systems ('black boxes'), which record data required for incident investigations, were installed in four more vessels during scheduled maintenance. Eight vessels now have these systems.

A security manager was appointed and a range of security enhancements implemented. Installation of new closed circuit television cameras across the network began and a series of security and counterterrorism exercises were carried out in conjunction with the NSW Police and the Australian Defence Force.

Despite efforts to improve safety, Sydney Ferries was unfortunately involved in two tragic accidents, on 5 January and 28 March 2007.

The Office of Transport Safety Investigations completed its investigation into the incident of 5 January 2007 involving the RiverCat *Dawn Fraser*. Its report was tabled in NSW Parliament on 22 June 2007. Sydney Ferries accepted the recommendations of the report and had already begun implementing some recommendations prior to the report's release. The majority of the recommendations had been implemented by the end of 2006–07. The Office of Transport Safety Investigations' investigation into the incident of 28 March 2007 involving the HarbourCat *Pam Burridge* was still in progress at the close of the 2006–07 financial year.

### VESSEL AVAILABILITY

Average vessel availability for 2006–07 was 77%, 6% higher than in 2005–06.

New crew structures and rosters for tradespersons were introduced to enhance productivity. Technical maintenance plans, developed to improve planned maintenance and enhance vessel reliability, were also implemented.

A Fleet Replacement Strategy was developed and work began on a project to modernise and extend the life of First Fleet and RiverCat Class vessels.

### SERVICE RELIABILITY AND CUSTOMER SERVICE

98% of services ran on time, down just 0.4% on 2005–06 and service reliability was 99.3%, a 0.4% improvement on 2005–06.

In response to increased customer demand, Sydney Ferries introduced additional services on the Watsons Bay, Parramatta River, Neutral Bay and Woolwich routes and undertook a trial of limited services between Circular Quay and Cockatoo Island.

New rostering and scheduling software was trialed and a system was selected for implementation in 2007–08. The software will allow more effective and efficient placement of staff.

Customer safety and comfort was improved via upgrades to Manly and Rose Bay wharves and public address systems across the network.

### ORGANISATIONAL VIABILITY AND SUSTAINABILITY

Some 14,133,027 passengers travelled with Sydney Ferries during the year, an increase of 0.8% from the previous year.

More than 477,000 people travelled with Sydney Ferries between Boxing Day and 3 January, the highest number for this period since the corporation was formed.

Sydney Ferries' new Chief Executive Officer, appointed in August 2006, revised the corporate structure to make the Corporation more efficient and effective. All newly formed positions were filled by December 2006.

Sydney Ferries moved into a new corporate head office at 37 Pitt Street to co-locate corporate staff in a facility that meets the needs of the business. Projects also began to upgrade Circular Quay operations offices and staff amenities as well as staff amenities, training and office facilities at Balmain Shipyard.

The Special Commission of Inquiry into Sydney Ferries was tasked with inquiring into all aspects of the corporation's operation. Sydney Ferries has provided full and open cooperation with this inquiry, which was still progressing at the close of the 2006–07 financial year.



## FINANCIAL OVERVIEW

### OPERATING PERFORMANCE

Sydney Ferries' operating deficit before tax of \$2.9 million was \$19.4 million better than budget due largely to \$27 million of additional government funding for services.

### REVENUE

Total revenue for the year was \$119.9 million. Farebox revenue contributed \$48 million and government funding, \$71.2 million. Other income of \$0.70 million was achieved from commission on sale of tickets and other sundry revenue. Farebox revenue was \$2.7 million more than in 2005–06.

During the year, the NSW Government contributed an additional \$27 million in funding to enable Sydney Ferries to implement measures aimed at enhancing safety, vessel availability and service reliability and reduce its short term debt accumulated over two financial years.

### EXPENSES

Expenses of \$122.8 million were \$6.6 million above the budget, due mainly to increased labour costs.

Employee expenses of \$62.2 million were \$4.3 million above budget, primarily due to the delayed implementation of rosters designed to effect enterprise bargaining agreement outcomes. The Fleet Re-engineering Project also contributed to increased overtime at the Balmain Shipyard. Mitigating these cost increases was a reduction of \$2.2 million in superannuation expense after the year-end actuarial reassessment of liabilities.

Fuel costs of \$9.2 million were \$1.4 million below budget as a result of fuel prices being lower than anticipated during the year.

### FINANCIAL POSITION

As at 30 June 2007, total equity was \$36.2 million and total assets were \$116.2 million. Total liabilities were \$80.0 million, including new borrowings of \$11.5 million. From 1 July 2007, Sydney Ferries will be required to fund its capital program from borrowings rather than by capital grants.



# KEY MEASURES, PERFORMANCE AND RESULTS

NON-FINANCIAL PERFORMANCE INDICATOR	2006-07 Target	2006-07 Result	2005-06 Result
<b>1 Safety</b>			
Number of significant incidents <sup>1</sup>	Nil	2	2
Number of reportable vessel incidents <sup>2</sup>	60	68	69
Number of passenger injuries <sup>3</sup>	16	35	17
Number of reportable incidents of environmental damage <sup>4</sup>	7	6	12
Lost time injury <sup>5</sup> incidence rate (injuries per 100 employees)	4.0	8.1	6.0
Lost time injury frequency rate (injuries per million hours worked)	25	55	40
<b>2 Vessel Availability</b>			
Fleet availability <sup>6</sup>	80%	77%	71%
Vessel reliability <sup>7</sup>	95%	93%	91%
<b>3 Service Reliability and Customer Service</b>			
Percentage of scheduled services that actually run <sup>8</sup>	99.5%	99.3%	98.9%
Percentage of services that run on time <sup>9</sup>	99.5%	98.0%	98.4%
Number of customer complaints	800	1808	1243
Customer Satisfaction Index <sup>10</sup>	78%	75%	76%
<b>4 Organisational Viability and Sustainability</b>			
Number of days sick leave taken per employee	7	8	9.6
Percentage patronage growth	1%	0.8%	-0.2%

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

FINANCIAL PERFORMANCE INDICATOR	2006-07 Target	2006-07 Result	2005-06 Result
Earnings before interest, taxes and depreciation and amortisation (\$m) <sup>1</sup>	(3.4)	16.8	(35.0)
Operating result before tax (\$m) <sup>1</sup>	(22.3)	(2.9)	(53.5)
Return on average assets <sup>2</sup>	(16.1%)	1.9%	(39.4%)
Return on average equity <sup>3</sup>	(79.9%)	(7.7%)	(88.7%)
Recurrent funding (\$m) <sup>4</sup>	44.3	71.2	42.9

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

The background of the page is a deep teal color. The top half features a pattern of light-colored, concentric ripples, resembling water. A thin, white, curved line sweeps across the middle of the page, separating the rippled area from the solid teal area below. The text 'YEAR IN REVIEW' is centered in the lower teal section.

# YEAR IN REVIEW

DESPITE THE  
CHALLENGES  
OF 2006-07,  
SIGNIFICANT  
ADVANCES HAVE  
BEEN MADE IN  
EACH OF SYDNEY  
FERRIES' KEY  
RESULT AREAS.





## SAFETY

The safety of customers, personnel, visitors and contractors is Sydney Ferries' first priority.

### VESSEL INCIDENTS

Despite improvements in other aspects of its safety performance, Sydney Ferries was unfortunately involved in two tragic accidents.

#### **Dawn Fraser: 5 January 2007**

On Friday 5 January 2007, Sydney Ferries' RiverCat *Dawn Fraser* was transiting from the Balmain Shipyard to Circular Quay to begin its daily scheduled services when it collided with a small aluminium dinghy approximately 300 metres west of the Sydney Harbour Bridge and 150 metres north-west of Dawes Point.

The dinghy was occupied by two recreational fishermen: one aged in his 60s and the other, his son, aged in his 30s. There were no passengers on board the *Dawn Fraser* as it was to commence operating from Circular Quay.

The First Fleet Class ferry *Charlotte* quickly attended the scene to rescue the dinghy's occupants from the water and administer first aid.

On 13 January 2007, the older recreational fisherman died as a result of his injuries.

The Office of Transport Safety Investigations' investigation report into this incident was tabled in NSW Parliament on 22 June. Sydney Ferries accepted the recommendations of the report and had already begun implementing some of them prior to the report's release.

Sydney Ferries had implemented many of them by the end of the 2006–07 financial year.

#### **Pam Burridge: 28 March 2007**

At approximately 10:50 pm on Wednesday 28 March 2007, the HarbourCat Class ferry *Pam Burridge* and a privately owned motor launch, *Merinda ZP412N*, collided in Sydney Harbour at a point approximately 100 metres east of the Sydney Harbour Bridge.

The *Pam Burridge* was travelling in a westerly direction from Circular Quay to Balmain with no passengers on board, having completed its last passenger service of the day. The 10-metre Island Gypsy timber motor cruiser *Merinda* had been travelling in an easterly direction at the time of the collision with 12 persons on board.

The First Fleet Class ferries *Fishburn* and *Golden Grove* attended the scene, with some crew members jumping into the water to rescue survivors.

Four passengers on board the *Merinda* were fatally injured in the collision. The remaining eight passengers required hospitalisation, with two seriously injured.

The Office of Transport Safety Investigations investigation into this incident was still in progress at the close of the 2006–07 financial year.

### RISK MANAGEMENT FRAMEWORK

Sydney Ferries manages risks through a quality management system that meets its regulators' requirements.



# THE SAFETY OF CUSTOMERS, PERSONNEL, VISITORS AND CONTRACTORS IS SYDNEY FERRIES' FIRST PRIORITY.

Sydney Ferries has continued to review and enhance its processes to ensure that its risk management system remains effective.

Sydney Ferries further developed its risk management framework. The framework documents, which include an organisational risk register, have been prepared. The framework will integrate with the existing systems and make it easier for Sydney Ferries to identify, assess and control safety risks.

## PROCEDURAL REVIEW

As part of Sydney Ferries' First Fleet and RiverCat Service Life Extension Programs, vessel operating procedures were reviewed and updated to ensure they remained relevant. A program of staff training in the new procedures was implemented.

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

## FLEET STANDARDS GROUP

A Fleet Standards Group was established to coach, mentor and assess operational staff. The group will foster a high standard of safety performance and customer service through regular operational and emergency exercises and reviews.

## TRAINING

### Crew resource management training

Implementation of a crew resource management training program, introduced in 2005–06, continued in 2006–07. The training improves communication between masters, engineers and other vessel crew, providing them with the knowledge and skills necessary to manage a wide range of emergency situations.

### Registered Training Organisation accreditation

In November 2006, Sydney Ferries was accredited as a Registered Training Organisation, authorising it to provide regular, nationally recognised competency-based training for a range of positions including masters, inner-harbour engineers and general purpose hands.

Sydney Ferries now independently offers the following qualifications:

- Certificate I in Transport and Distribution (Maritime Operations)
- Certificate III in Transport and Distribution (Marine Engine Driving)
- Certificate IV in Transport and Distribution (Maritime Operations).

Sydney Ferries offers the following qualification in partnership with TAFE NSW:

- Certificate II in Transport and Distribution (Marine Engine Driving).

In 2006–07, Sydney Ferries graduated five general purpose hands with a Certificate I in Transport and Distribution (Maritime Operations) and trained 60 general purpose hands for a Certificate II in Transport and Distribution (Marine Engine Driving) from TAFE NSW.

## VESSEL DATA RECORDING SYSTEMS

Vessel Data Recording Systems, 'black boxes', were installed in four more vessels during the year. Eight vessels now have the systems, which were installed during scheduled maintenance.

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

## SECURITY

A security manager was appointed in November 2006. This position is responsible for ensuring compliance with State and Commonwealth government security requirements. Additional security enhancements were implemented during the year.

### Staff training and accreditation

Key personnel were assessed and accredited for Maritime Security Identification to ensure that, if maritime security levels increase, appropriate ferry personnel will be able to access secure areas to carry out ferry refuelling or maintenance.

### Inter-agency cooperation

Sydney Ferries was represented in key security groups including the Australia-Pacific Economic Cooperation Maritime Security Working Group.

SYDNEY FERRIES IS COMMITTED TO CONTINUALLY IMPROVING ITS ENVIRONMENTAL PERFORMANCE. IT DOES THIS BY STRIVING TO REDUCE ITS CONSUMPTION OF ENERGY, BY RECYCLING THE MATERIALS IT USES AND BY MAINTAINING ITS FACILITIES IN A STATE THAT MINIMISES THE ENVIRONMENTAL RISK.

Sydney Ferries also worked closely with NSW Maritime, Sydney Ports Corporation, the Ministry of Transport, NSW Police and the City of Sydney on security issues and enhancements.

#### **Training exercises**

Sydney Ferries participated in several security and anti-terrorism exercises with the Australian Defence Force and NSW Police during the year. Staff also worked with NSW Police in the training of military explosive detection dogs undertaken aboard Manly ferries.

#### **Closed circuit television upgrade**

An upgrade and expansion of Sydney Ferries' closed circuit television network and customer help point communications system commenced. The number of cameras will be increased from 184 to approximately 264, allowing more effective monitoring of the fleet and wharves.

### **ENVIRONMENTAL PROTECTION**

Sydney Ferries is committed to continually improving its environmental performance. It does this by striving to reduce its consumption of energy, by recycling the materials it uses and by maintaining its facilities in a state that minimises the environmental risk. The Corporation's energy and waste management performance is described in the Appendices.

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

Sydney Ferries has also worked closely with its regulator and wharf owner, NSW Maritime, to improve environmental protection at its most important wharves.

At Circular Quay, the under-wharf hydraulic piping was upgraded and biodegradable hydraulic oils were introduced.

At Manly Wharf, in conjunction with the wharf upgrade, the fuel system was upgraded to include double walled piping.

#### **Balmain Shipyard improvements**

Environmental risk at the Balmain Shipyard has been reduced through extensive facility upgrades.

New equipment for sewer and bilge water pump-outs was installed. Obsolete pipe work was removed and a waste oil line was replaced. The underground fuel pipework was replaced with above ground double walled piping. The air conditioning system was upgraded and made more energy efficient and a new spill boat was commissioned for boom deployment. In addition, regular spill drills were introduced for all staff at the shipyard.

A comprehensive program of systematic upgrades is progressing to help reduce the environmental risk from engineering, vessel refuelling and liquid handling activities.

#### **Bio-diesel trial**

Sydney Ferries completed trials of an alternative, non-fossil fuel, known as bio-diesel, on a First Fleet vessel in 2005. During 2006–07, the corporation made preparations for a second phase of trials to be conducted in 2007–08 and applied to the Greenhouse Office within the NSW Department of Environment and Climate Change for funding. This second phase will compare the impact of diesel, bio-diesel and blended diesel and biodiesel fuel on spare vessel engines in a controlled environment.



## VESSEL AVAILABILITY

Vessel availability and reliability are vital to the delivery of high quality ferry services. The Balmain Shipyard Improvement Plan, begun in 2005–06, to improve sustainable availability and reliability has delivered results. Average vessel availability in 2006–07 was 6% higher than in 2005–06.

### **VESSEL MAINTENANCE AND MODIFICATION First Fleet and RiverCat Class Lifetime Extension Program**

Work began on a project to replace engines, modernise the associated control systems and make other necessary configuration changes to extend the life of the First Fleet and RiverCat class vessels. Four First Fleet and two RiverCat vessels were completed and reintroduced into service. A further five First Fleet and one RiverCat vessel will be overhauled as part of the lifetime extension program, due to be completed in 2007–08.

### **BALMAIN SHIPYARD IMPROVEMENT PROJECT**

Sydney Ferries continued to progress implementation of the Balmain Shipyard Improvement Project during 2006–07. Maintenance management roles were restructured to improve the efficiency of the shipyard, new crew structures and rosters for tradespersons were introduced to enhance productivity, and key engineering and quality control processes were assessed and improved. New technical maintenance plans, developed for all vessels to improve planned maintenance and enhance vessel reliability, were implemented and the Quality Assurance Manual for shipyard operations was revised.

### **Facility upgrades**

Work began on repairing and upgrading one of the Balmain jetties. The work included constructing a new pontoon, which will be installed when concrete works have been completed. The work will enhance safety and vessel availability.

### **TOTAL ASSET MANAGEMENT PLAN**

Work began on the development of a Total Asset Management Plan. The plan will enable the Corporation to identify future fleet requirements as customer demographics and service requirements change.

### **Fleet Replacement Strategy**

Sydney Ferries' Fleet Replacement Strategy was developed. The strategy forms part of the Total Asset Management Plan and is based on a service delivery plan completed in December 2006. The Fleet Replacement Strategy allows Sydney Ferries to establish a future fleet structure as part of an asset portfolio that most effectively and efficiently meets strategic service delivery requirements. It will also allow Sydney Ferries to develop strategies to optimise fleet performance and manage the transition from the existing fleet to a new fleet.

The NSW Government has committed approximately \$1million in 2007–08 specifically for further development of the strategy.



## SERVICE RELIABILITY & CUSTOMER SERVICE

Sydney Ferries strives to provide a reliable, quality service that is responsive to the needs of customers. Key achievements in this area during the year included:

- timetable enhancements
- vessel refurbishments
- scheduling and rostering improvements
- the development of a Customer Service Improvement Program.

### TIMETABLE ENHANCEMENTS

#### Watsons Bay route

In August 2006 an additional direct service was provided during morning peak hours between Rose Bay and Circular Quay.

#### Parramatta River route

In October 2006 extra services were introduced for both weekdays and weekends. Weekday changes included three new evening services to Meadowbank and the introduction of services to Bayview Park Wharf during peak hours. On weekends, a more frequent service to Sydney Olympic Park was introduced.

#### Cockatoo Island

In April 2007 Sydney Ferries began a three-month trial of limited ferry services between Circular Quay and Cockatoo Island, primarily using ferries with spare capacity on return trips from delivering peak hour commuters. Customer feedback will be assessed in 2007–08 to help decide whether any changes are needed before the service becomes permanent.

#### Neutral Bay route

In October 2006 Sunday services to Neutral Bay were increased from one ferry every two hours to one every hour.

#### Woolwich route

In October 2006 Sunday services to Woolwich were increased from one ferry every two hours to one every hour.

#### Manly route

From July 2006 to November 2006 a temporary timetable was introduced to accommodate the closure of one side of the Manly wharf while renovations were carried out. Three JetCat services were cancelled during this period to maintain passenger safety; however, the number of ferry services did not change.

### VESSEL REFURBISHMENTS

The passenger areas on the RiverCat vessels *Marjorie Jackson* and *Betty Cuthbert* were refurbished. New passenger seating and vessel signage were installed, and high traffic flow areas were upgraded. The refurbishments will enhance passenger comfort and safety.

### SCHEDULING AND ROSTERING EFFICIENCIES

Sydney Ferries investigated options for upgrading its existing systems for rostering and scheduling of staff, vessels and services. The HASTUS scheduling software, which provides a comprehensive set of tools for service design, operations and tracking, was trialed and found suitable.



MORE THAN 477,000  
PEOPLE TRAVELLED  
BY SYDNEY FERRIES  
BETWEEN BOXING  
DAY AND 3 JANUARY,  
THE HIGHEST  
NUMBER SINCE  
SYDNEY FERRIES  
WAS FORMED.

The HASTUS system will allow Sydney Ferries to more effectively and efficiently assign staff when and where they are needed. It will also allow scenario testing and more efficient auditing, thus assisting Sydney Ferries to improve service reliability.

The new system is expected to be operational in 2008.

#### CUSTOMER SERVICE IMPROVEMENT PROGRAM

The Customer Service Improvement Program aims to:

- improve the Customer Satisfaction Index (as measured by the annual customer satisfaction survey)
- develop a robust customer service culture
- reduce service cancellations and delays due to causes other than vessel availability and reliability
- reduce recurrent service complaints and satisfaction gaps.

Key initiatives include:

- improving the process for daily crew assignments and vessel scheduling
- delivering appropriate training to refresh and enhance customer service
- increasing service frequency in response to need
- improving passenger access to information on service changes or delays
- support for the New South Wales Government Accessible Transport Action Plan.

#### Staff training

Staff customer care refresher training was carried out for selected staff. The course focused on strategies to improve customer service and provision of information to ferry passengers.

#### Ferry Operations and Customer Information System

A public expressions of interest was conducted to establish a short-list of prospective suppliers for a new Ferry Operations and Customer Information System. This was in preparation for a select-tendering process during 2007–08. The new system will provide 'real-time' information about the running of the ferry service to controlling officers and vessel masters to improve the efficiency and reliability. It will also deliver real-time information to customers via various mediums including electronic signage at wharves and on-board vessels, automated announcements, mobile phone SMS messages and websites.

#### Annual customer satisfaction survey

The annual customer satisfaction survey was conducted in April 2007. The customer satisfaction index result was 75%, compared with 76% last year.

#### SUMMER RUNNING

Sydney Ferries had a very busy summer running period, operating more than 600 extra services to accommodate the increased demand. All four Freshwater Class vessels operated on the Manly route on the busiest days.

More than 477,000 people travelled by Sydney Ferries' services between Boxing Day and 3 January, the highest number during this period since Sydney Ferries was formed.

#### Communications and marketing campaign

As part of the Sydney Ferries' Summer Running Program, a communications and marketing campaign was conducted to inform customers, the media, government agencies and staff of summer service changes and impacts. This included a 14-page booklet on summer services, targeted advertising in metropolitan and local media and a public relations campaign across online, print, radio and television media.

#### CUSTOMER FEEDBACK

Customer feedback is highly valued by Sydney Ferries. It is received directly from customers or through the 131500 Transport Info Line and comes in the form of compliments, suggestions, queries and complaints.

Sydney Ferries received 1773 complaints, 193 suggestions, 281 queries and 170 compliments during 2006–07.

The number of complaints in 2006–07 rose compared to the previous year. The main issues were service reliability and the need for more 'real time' information about services.

Positive feedback was received following the introduction of Cockatoo Island services and the special event cruises arranged when the Cunard ocean liners *Queen Mary 2* and *Queen Elizabeth 2* visited Sydney.

#### Sydney Ferries Services Working Group

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



## ORGANISATIONAL VIABILITY & SUSTAINABILITY

The viability and sustainability of Sydney Ferries relies on its ability to provide safe and reliable ferry services in an efficient, effective and financially responsible manner. Key initiatives and achievements during the year were:

- growth in patronage compared to 2005–06
- completion of the organisation's restructure and filling of key management positions
- the development of a workforce plan
- the implementation of human resource policies, procedures and work instructions to improve workforce practices
- the replacement and upgrade of the information technology and communications network infrastructure
- progress on the development of new information technology systems such the Integrated Management System, Knowledge Management System and Business Information System
- implementation of several facility upgrade projects across the corporation aimed at improving customer service, efficiency and safety.

### PATRONAGE GROWTH

In 2006–07, Sydney Ferries operated 178,678 services and carried more than 14 million passengers on Sydney Harbour and the Parramatta River, an increase of 0.8% on the previous year.

The patronage growth achieved in 2006–07 is a significant improvement on the 2005–06 result of -0.2%.

### MANAGEMENT RESTRUCTURE

Sydney Ferries appointed a new Chief Executive Officer, Geoff Smith AO, in August 2006, who initiated changes to the corporate structure, with newly formed positions filled by December 2006. The new management structure provides an added depth of experience required to operate in a safe and efficient manner.

### HUMAN RESOURCE MANAGEMENT

#### Workforce plan

During 2006–07 the Corporation developed a draft Workforce Plan. The plan will provide a framework for ongoing analysis of the Corporation's staffing needs and key staff competencies.

#### Performance Management System

Sydney Ferries is committed to promoting a partnership between its employees and management through the implementation of a new Performance Management System.

In 2006–07, Sydney Ferries employees agreed to the introduction of a performance management system, as negotiated in employee enterprise agreements.

By the end of the reporting period, employee representatives were being consulted about the proposed system and training was being developed. The performance management system is scheduled for introduction in 2007–08.

IN 2006–07 SYDNEY  
FERRIES OPERATED  
178,678 SERVICES  
AND CARRIED OVER 14  
MILLION PASSENGERS  
ON SYDNEY HARBOUR  
AND THE PARRAMATTA  
RIVER, AN INCREASE  
OF 0.8% ON THE  
PREVIOUS YEAR.

#### **Fatigue management plan**

A fatigue management plan was introduced during the year to ensure the safety of staff and passengers. The plan ensures that all roster lines are tested for fatigue in accordance with the FaidSafe® fatigue system. In addition, software was introduced to enable the rostering and scheduling team to check whether additional overtime shifts for employees would put them at risk of fatigue.

#### **Health and wellbeing program**

In 2006–07 Sydney Ferries held a Health and Safety Week as the centrepiece of its Health and Wellbeing program. The week focused on employee's diet, skin protection, physical fitness and health initiatives. In addition, employees were offered free influenza immunisation and lung x-ray scanning. In 2006–07 a program of ergonomic reviews of employees' workstations commenced.

In 2006–07 Sydney Ferries completed a review of its medical retirement and return to work procedures for injured employees. The corporation also reviewed its induction program to incorporate additional information on fatigue, drug and alcohol use and occupational health and safety.

#### **Employee Assistance Program**

A new provider, Access Programs, was appointed in November 2006 to operate Sydney Ferries' Employee Assistance Program. The program assists employees with personal or job-related problems through counselling and other services.

#### **Employee Excellence Awards**

In December 2006, Sydney Ferries presented ten awards as part of the second Annual Employee Excellence Awards. The awards were introduced in 2005 to acknowledge the performance achievements of our staff.

The awards presentation function was held aboard the South Steyne ferry at Darling Harbour. The then Minister assisting the Minister for Transport, Eric Roozendaal and the Chief Executive Officer presented the awards.

#### **INFORMATION AND COMMUNICATIONS TECHNOLOGY STRATEGY**

Sydney Ferries' Information and Communications Technology Strategy aims to:

- provide a reliable and effective information technology infrastructure
- use appropriate sourcing from cost effective, flexible suppliers
- align business applications to organisational priorities
- further develop the Corporation's information and communications technology management capabilities.

#### **Information and Communications Technology Refresh Program**

A major program of work was undertaken to replace the Corporation's aging computers and network and improve the support services provided. Datacom Systems Pty Ltd was appointed as the primary supplier for the communications technology infrastructure. All computers in the organisation and most of the networks were upgraded, with only network connections to remote wharves and the ferries themselves remaining to be done at the end of the reporting period. Datacom is also providing helpdesk services and on-site technicians as required.

#### **Integrated Management System**

Sydney Ferries' most significant business alignment project is the Integrated Management System, which will replace the aging, unreliable and un-integrated mix of existing business applications with a modern, fully integrated application capable of delivering systems support across the corporate business area. The design for finance, human resources, payroll and incident management was developed in 2006–07 to 'go live' in early 2007–08, followed by the shipyard work management module shortly afterwards.

A \$15 MILLION UPGRADE TO MANLY WHARF, WHICH BEGAN IN FEBRUARY 2006, WAS LARGELY COMPLETED BY THE END OF 2006–07. THE UPGRADE, FUNDED BY NSW MARITIME, PROVIDES PASSENGERS WITH A MORE MODERN AND COMFORTABLE FACILITY OFFERING EASIER ACCESS TO VESSELS, PARTICULARLY FOR MOBILITY-IMPAIRED PASSENGERS.

## FACILITIES UPGRADES

### Corporate office

In April 2007, all corporate office staff co-located to new offices at 37 Pitt Street. The offices have been designed to meet the corporation's business needs.

### Circular Quay

Work began on upgrading staff amenities and preparing for the relocation of the revenue office at Circular Quay. The upgrade will provide more comfortable working conditions and allow staff to work more effectively.

### Manly Wharf

A \$15 million upgrade to Manly Wharf, which began in February 2006, was largely completed by the end of 2006–07. The upgrade, funded by NSW Maritime, provides passengers with a more modern and comfortable facility offering easier access to vessels, particularly for mobility-impaired passengers.

Ticket boxes, office space, crew rooms, change rooms and other staff amenities were also upgraded.

The project was managed by the Department of Commerce on behalf of the owner, NSW Maritime.

### Balmain Shipyard

As part of the Balmain Shipyard Improvement Project, specifications were finalised for an upgrade of the Balmain office facilities. The main staff amenities, including the meal room, lockers and toilets, will be upgraded and an additional office constructed. The new facilities will provide more comfortable and productive staff working conditions.

## BUSINESS PLANNING

### Business planning and performance

Sydney Ferries established a corporate performance 'dashboard' to provide more effective executive monitoring and reporting of performance against key indicators.

### Business continuity management plans

Business continuity management plans were developed and tested by key personnel using a mock scenario. Planning was developed for further consultation and testing prior to the manual's finalisation in 2007–08.

### Internal audit plan

Continual development of business processes and systems is supported by an Internal Audit Plan to assess and recommend areas of improvement. Key audits that were completed and actioned during the year include:

- inventory management
- taxi usage
- records management
- depreciation and asset valuation
- accrual accounting
- fare evasion
- procurement and contract management
- recruitment.

## PROCESS IMPROVEMENTS

### Quality Management System

Sydney Ferries has continued to review its Quality Management System to ensure that it remains relevant and effective and meets the organisation's present and future needs.

### Project Management Office

Plans were finalised for the establishment of a Project Management Office which will focus on improving management of project risks, standardising processes, ensuring adequate quality planning and improving stakeholder communication and involvement. The Project Management Office will develop Sydney Ferries' project management capability and assist in achieving the corporation's major capital works projects.



## REVENUE PROTECTION

There was an increased focus on revenue protection during 2006–07. A revenue policy and a revenue protection procedure were developed and incorporated into the Quality Management System. The revenue protection procedure was developed in consultation with State Transit, who perform this task for Sydney Ferries. The service level agreement between the two organisations was re-drafted to support the new procedure.

Work began on assessing methods of providing automatic ticket machines on outer wharves. Options will be further investigated in 2007–08.

Monthly planning meetings involving Sydney Ferries' staff and frontline State Transit Authority revenue protection staff were introduced to better coordinate operations and identify emerging problem areas.

## SPECIAL COMMISSION OF INQUIRY INTO SYDNEY FERRIES

The Special Commission of Inquiry into Sydney Ferries, announced on 2 April 2007 by the Premier of New South Wales, was established to inquire into and report on the present state of Sydney Ferries' provision of ferry services and any action which should be taken to improve the ability of Sydney Ferries to provide safe, efficient and customer focused ferry services. Such action may include but is not limited to:

- changes to management structures and practices
- changes to operations
- changes to industrial practices
- measures to achieve cultural changes; and
- changes in regulatory and governance arrangements.

Sydney Ferries has provided full and open cooperation with the inquiry through the provision of documents, interviews, site visits and answering questions. As at the end of 2006–07, the inquiry was still continuing, with a report due to the NSW Governor by 31 October 2007.



# CORPORATE GOVERNANCE

SYDNEY FERRIES'  
PRINCIPAL OBJECTIVE  
IS TO DELIVER SAFE  
AND RELIABLE FERRY  
SERVICES IN AN  
EFFICIENT, EFFECTIVE  
AND FINANCIALLY  
RESPONSIBLE  
MANNER.





## OVERVIEW

### STATUTORY FRAMEWORK

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

### CHARTER

Sydney Ferries' principal objective is to deliver safe and reliable ferry services in an efficient, effective and financially responsible manner. The other objectives, of equal priority, are to:

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

### QUALITY MANAGEMENT SYSTEM

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

### BUSINESS PLANNING AND PERFORMANCE REPORTING

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

Sydney Ferries has a Performance Agreement with the Minister for Transport for the purpose of section 350(2)(a) of the *Transport Administration Act 1988* (NSW). The corporation's funding arrangements are negotiated with the Director-General of the Ministry of Transport. The Director-General has exempted Sydney Ferries from the provisions of section 16(1) of the *Passenger Transport Act 1990* (NSW) which requires ferry operators to operate ferry services pursuant to service contracts between themselves and the Director-General. Sydney Ferries also has an annual Statement of Corporate Intent which is agreed between the corporation and the shareholding ministers.

Sydney Ferries reports to the Minister for Transport, the Director-General and Shareholding Ministers on the corporation's performance and management activity under these agreements and arrangements.

A business continuity management plan guides actions in the event of serious disruptions caused by foreseeable crises.



# ORGANISATION STRUCTURE





## BOARD OF DIRECTORS

### ROLE OF THE BOARD

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

- oversee the implementation of strategies and initiatives to meet the Corporation's objectives
- set the Corporation's strategic direction, values and cultural standards
- liaise with stakeholders
- ensure compliance with statutory requirements
- monitor organisational performance against the Statement of Corporate Intent
- appoint the Chief Executive Officer
- establish performance standards for the Chief Executive Officer and monitor performance against those standards
- manage risk
- monitor the integrity of internal control and management information systems
- determine policies governing Sydney Ferries.

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

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

### BOARD APPOINTMENTS

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

In August 2006, Terry Snee's term expired.

In September 2006 Joanne Rees resigned as a Director.

In March 2007, Geoff Ashton retired as Chair and the position was filled by Beth Laughton as Acting Chair.

In June 2007 Rodney Cavalier's term expired.

Helen Conway was appointed to the Board in February 2007 for a period of three years.

### CHIEF EXECUTIVE OFFICER

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

The Chief Executive Officer's employment contract clearly defines his roles and responsibilities, conditions of employment and entitlements.

The Board sets in place an annual performance agreement for the Chief Executive Officer.

## DISCLOSURE OF INTERESTS

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

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

A register of directors' interests is maintained.

## INDEPENDENT PROFESSIONAL ADVICE

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

## BOARD MEMBERS

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

Acting Chair, Board of Directors  
Chair of the Board Audit Committee  
Appointed Director 1 July 2004

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

### Clayton Frederick

Director  
Chair of the Board Human Resources and Remuneration Committee  
Appointed Director 1 July 2004

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

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

### Rodney Cavalier AO

Director  
Member of the Board Audit Committee  
Member of the Board Human Resources and Remuneration Committee  
Appointed Director 1 July 2004

Term expired 30 June 2007.

Mr Cavalier was a member of the NSW Parliament from 1978 to 1988. During his parliamentary career, he was NSW Minister for Education (1984–1988), Minister for Energy and Minister for Finance (1984). Mr Cavalier is the Chairman of the Sydney Cricket and Sports

Ground Trust, the Chairman of the Committee for the Sesquicentenary of Responsible Government and a director of the CEW Bean Foundation.

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

Director  
Member of the Board Audit Committee  
Appointed 14 February 2007

As Company Secretary and General Counsel of Caltex Australia Limited, Ms Helen Conway is responsible for company secretarial, corporate governance and legal services and also serves as a Director of the Caltex Australia Superannuation Plan.

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, Helen 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.

Helen has Bachelor of Arts and Bachelor of Laws degrees from Sydney University and is a Fellow of Chartered Secretaries Australia. She has previously been a director of Catholic Healthcare Limited and Hawkesbury District Health Service Limited. Helen received the award of Corporate Lawyer of the Year in 2005.

### Geoff Ashton *AM, FAICD, FAIM*

Previous Chairman  
Appointed Acting Chairman on 22 September 2005 and appointed Chairman from 22 December 2005  
Retired from the Board on 21 March 2007

Mr Ashton was an independent non-executive director of Leighton Holdings Ltd from 1996 and was elected Chairman of Leighton Holdings in March 2004, retiring on 31 May 2007. He was Chairman of Australian Super until 30 June 2007. Mr Ashton was the former Managing Director of Clyde Industries Ltd and Monier Ltd, the past National President of the Australian Industry Group, and a non-executive director of the State Transit Authority of NSW.

### Joanne Rees *BA, LLB*

Director  
Member of the Board Audit Committee  
Appointed Director 1 July 2004  
Resigned as a Director in September 2006

Ms Rees was a consultant with Slater & Gordon Lawyers, and prior to that was previously a consultant with the Australian Securities and Investment Commission, managing major litigation following the corporate collapses that occurred in Australia earlier this decade. She has been a partner at several law firms, including managing partner of the Canberra office of Phillips Fox for seven years.

Ms Rees was formerly a member of the Department of Lands LPI Advisory Group, chairs the Department of Land's Audit Committee and is a deputy member of the NSW Casino Control Authority.

## Terry Snee

Director  
Member of the Board Human Resources and Remuneration Committee

Appointed Director 11 August 2004  
Appointment expired on 10 August 2006

Mr Snee commenced his career in 1974 as a marine engineer. He was a member of the Shipping Industry Reform Authority from 1993–94 and a Maritime Group of Unions Representative in the ACTU Executive from 1997–2000. Mr Snee was a member of the Independent Review of Australian Shipping during 2002–03 and is currently a member of the Fair Practices Committee and the International Transport Workers Federation. He has been the Federal President of the Australian Institute of Marine and Power Engineers since 1992.

### BOARD COMMITTEES

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

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

#### Board Audit Committee

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

- financial reporting
- accounting processes
- business ethics and corporate conduct
- internal controls

- compliance with legal and regulatory obligations
- providing a forum for communication between the Board, senior management and internal and external auditors.

The Chief Executive Officer, General Manager Finance and Corporate Services, representatives from Walter Turnbull (Sydney Ferries internal auditors) and the Audit Office of NSW have a standing invitation to attend meetings but are not members of the committee.

The committee met five times during 2006–07. Attendance of members is shown below.

#### The Board Human Resources and Remuneration Committee

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

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

The Chief Executive Officer and General Manager Human Resources and Industrial Relations have a standing invitation to attend meetings but are not members of the committee.

The committee met four times during 2006–07. Attendance of members is shown below.

### MEETINGS OF THE BOARD AND BOARD COMMITTEES

Director	Board meeting		Audit Committee meeting		Human Resources and Remuneration Committee meeting	
	Eligible*	Attended	Eligible*	Attended	Eligible*	Attended
Beth Laughton	11	11	5	5	3	3**
Clayton Frederick	11	11	–	3**	4	4
Rodney Cavalier AO	11	10	5	5	4	4
Helen Conway	2	1	1	1+1**	–	2**
Geoffrey Ashton AM	8	8	–	4**	–	3**
Terry Snee	1	1	–	–	–	1**
Joanne Rees	2	1	2	2	–	–

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

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





## SYDNEY FERRIES SERVICES WORKING GROUP

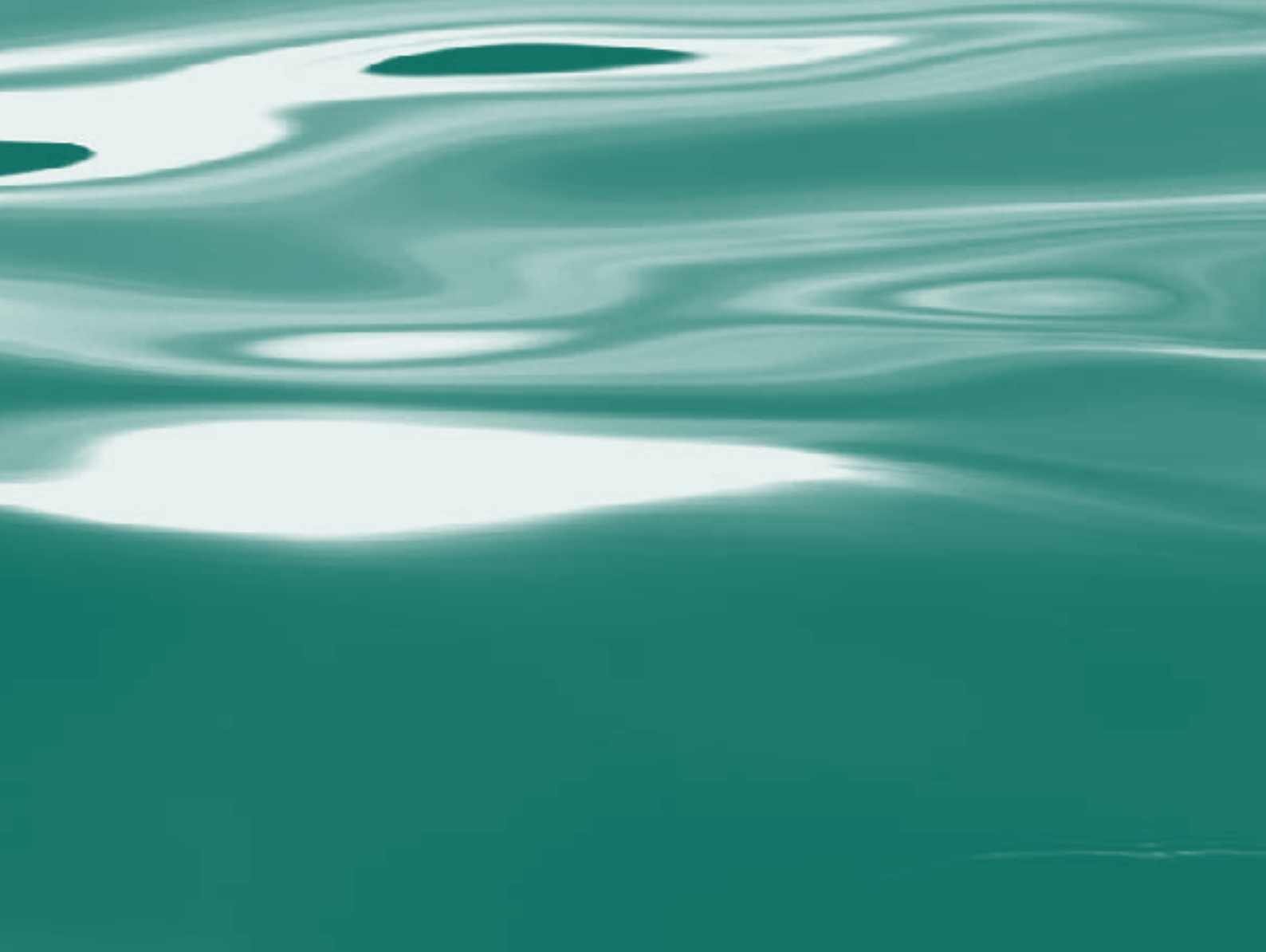
The Sydney Ferries Services Working Group was established in 2004 at the request of the Minister for Transport to consider ferry service issues. The working group advises the minister on issues such as community requirements for the operation of services and provides a mechanism by which consumers and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

The Sydney Ferries facilitates the quarterly meetings of the working group.

### MEMBERSHIP

The individual members of the working group and the organisation and/or community element each represents are show below.

Member	Representing
Geoff Smith (Chair)	Sydney Ferries Corporation
Graeme Taylor	Action for Public Transport
Br John Thompson FMS	Ferry commuters
Councillor Patricia Harvey OAM	A local government area serviced by Sydney Ferries
Digby Hughes, People with Disabilities	Ferry users with disabilities
Andrew Nicholls	Ministry of Transport
John Dikkenberg	NSW Maritime Authority
Simon Foster	Independent Transport Safety and Reliability Regulator





# FINANCIAL STATEMENTS

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# FINANCIAL STATEMENTS



GPO BOX 12  
Sydney NSW 2001

## INDEPENDENT AUDITOR'S REPORT SYDNEY FERRIES CORPORATION

To Members of the New South Wales Parliament

I have audited the accompanying financial report of Sydney Ferries Corporation (the Corporation), which comprises the balance sheet as at 30 June 2007, and the income statement, statement of recognised income and expense and cash flow statement for the year then ended, a summary of significant accounting policies and other explanatory notes.

### **Auditor's Opinion**

In my opinion, the financial report:

- presents fairly, in all material respects, the financial position of the Corporation as of 30 June 2007, and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations)
- is in accordance with section 41B of the Public Finance and Audit Act 1983 (the PF&A Act) and the Public Finance and Audit Regulation 2005.

### **The Directors' Responsibility for the Financial Report**

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

### **Auditor's Responsibility**

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

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

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



*My opinion does not provide assurance:*

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

**Independence**

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

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



Peter Carr FCPA  
Director, Financial Audit Services

22 October 2007  
SYDNEY

# FINANCIAL STATEMENTS

## Statement by members of the Board (for year ending 30 June 2007)

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

1. The accompanying Financial Statements, read in conjunction with the notes thereto, exhibit a true and fair view of the financial position and performance of Sydney Ferries as at 30 June 2007; and
2. The financial statements have been prepared in accordance with the provisions of the NSW Public Finance and Audit Act 1983, the NSW Public Finance and Audit Regulation 2006, the NSW State Owned Corporations Act 1989, Australian Accounting Standards, authoritative pronouncements of the Australian Accounting Standards Board and Interpretations and the Treasurer's directions.
3. At the date of this statement, there are reasonable grounds to believe that the Corporation will be able to pay its debts as and when they become due and payable.

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

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

  
Beth Laughton  
ACTING CHAIRMAN

  
Geoff Smith AO  
CHIEF EXECUTIVE OFFICER

SYDNEY - 19 October 2007

## INCOME STATEMENT

FOR THE YEAR ENDED 30 JUNE 2007

	Notes	2007 \$000	2006 \$000
<b>REVENUE</b>			
Operational revenue	2(a)	119,214	88,251
Other revenue	2(b)	728	5,923
<b>Total revenue</b>		<b>119,942</b>	<b>94,174</b>
<b>EXPENSES</b>			
Fleet running expenses	2(c)	19,491	17,388
Employee benefits	2(d)	62,172	50,411
Depreciation & amortisation	2(e)	14,678	14,651
General operating expenses	2(f)	21,145	19,980
Valuation adjustments	2(g)	–	36,504
Net loss on disposal of assets	2(h)	384	18
Finance costs	2(i)	4,952	3,903
<b>Total expenses</b>		<b>122,822</b>	<b>142,855</b>
<b>(Deficit) for the year attributable to owners</b>		<b>(2,880)</b>	<b>(48,681)</b>

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

# FINANCIAL STATEMENTS

## STATEMENT OF RECOGNISED INCOME AND EXPENSE FOR THE YEAR ENDED 30 JUNE 2007

	Notes	2007 \$000	2006 \$000
Increase on revaluation of property, plant and equipment asset reserve	7(e)	–	6,125
<b>Income and expense recognised directly in equity</b>		<b>–</b>	<b>6,125</b>
Surplus/(deficit) for the year	17	(2,880)	(48,681)
<b>Total recognised income and expense for the year</b>		<b>(2,880)</b>	<b>(42,556)</b>
<b>Attributable to:</b>			
Equity holders		(2,880)	(42,556)
<b>Total recognised income and expense for the year</b>	17	<b>(2,880)</b>	<b>(42,556)</b>

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



## BALANCE SHEET

AS AT 30 JUNE 2007

	Notes	2007 \$000	2006 \$000
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	3	639	790
Trade and other receivables	4	3,627	1,547
Inventories	5	5,003	4,367
Other assets	6	6,959	4,994
<b>Total current assets</b>		<b>16,228</b>	<b>11,698</b>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	7	99,920	95,152
Intangibles	8	22	24
<b>Total non-current assets</b>		<b>99,942</b>	<b>95,176</b>
<b>Total assets</b>		<b>116,170</b>	<b>106,874</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	9	11,893	9,034
Borrowings	10	12,574	13,223
Employee benefits	12	13,110	9,962
Provisions	11	566	311
<b>Total current liabilities</b>		<b>38,143</b>	<b>32,530</b>
<b>NON-CURRENT LIABILITIES</b>			
Borrowings	10	40,723	34,513
Employee benefits	12	837	725
Provisions	11	281	40
<b>Total non-current liabilities</b>		<b>41,841</b>	<b>35,278</b>
<b>Total liabilities</b>		<b>79,984</b>	<b>67,808</b>
<b>Net Assets</b>		<b>36,186</b>	<b>39,066</b>
<b>EQUITY</b>			
Accumulated funds	17	30,061	32,941
Reserves	17	6,125	6,125
<b>Total Equity</b>		<b>36,186</b>	<b>39,066</b>

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

# FINANCIAL STATEMENTS

## CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2007

	Notes	2007 Inflows (Outflows) \$000	2006 Inflows (Outflows) \$000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Passenger fares receipts		52,026	50,799
NSW government receipts		71,175	47,757
Other receipts		758	1,049
Interest received		40	69
Payments to suppliers		(49,963)	(48,918)
Payments to employees		(55,302)	(48,865)
Interest paid		(4,584)	(4,208)
<b>Net cash flows from operating activities</b>	16	<b>14,150</b>	<b>(2,317)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of property, plant and equipment		(19,860)	(8,333)
<b>Net cash flows from investing activities</b>		<b>(19,860)</b>	<b>(8,333)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from/(repayments of) borrowings		5,559	5,900
<b>Net cash flows from financing activities</b>		<b>5,559</b>	<b>5,900</b>
Net increase/(decrease) in cash and cash equivalents		(151)	(4,750)
Cash and cash equivalents at the beginning of the year		790	5,540
<b>Cash and cash equivalents at the end of the year</b>	3	<b>639</b>	<b>790</b>

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

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2007

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### (a) Reporting entity

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

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

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

These financial statements have been authorised for issue by the Board on 19 October 2007.

#### (b) Basis of preparation

##### Statement of compliance

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

- applicable Australian Accounting Standards (which include Australian Equivalents to International Financial Reporting Standards (AIFRS));
- other authoritative pronouncements of the Australian Accounting Standards Boards and Interpretations;
- the requirements of the *NSW Public Finance and Audit Act 1983*;
- the *NSW Public Finance and Audit Regulation 2005*;
- the *NSW State Owned Corporations Act 1989*, and
- applicable Treasurer's Directions and Treasury Circulars.

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

##### Basis of measurement

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

##### Use of estimates and judgements

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

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

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

- Note 7 – Property, Plant & Equipment
- Note 11 – Provisions
- Note 12 – Employee Benefits – Provisions
- Note 13 – Commitments (includes leases)

Critical judgements in applying the accounting policies:

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

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

##### *Going concern*

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

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

- Sydney Ferries debt is guaranteed by the NSW Government.
- Sydney Ferries is NSW Government owned.

NSW Treasury, on behalf of the NSW Government, has issued a letter of Financial Support to Sydney Ferries to ensure the on-going financial viability of Sydney Ferries.

# FINANCIAL STATEMENTS

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

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

#### (c) Revenue

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

##### **Passenger revenue**

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

##### **New South Wales Government reimbursements**

###### *Free and concessional travel*

Free and concessional travel is provided to a range of community groups. The extent to which these groups are entitled to free and concessional travel is determined by the NSW Government policy.

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

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

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

###### *Government funding for services*

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

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

##### **Grants**

Income from grants is recognised when all of the following conditions are satisfied: the entity obtains control of the grant or the right to receive the grant;

it is probable that the economic benefits comprising the grant will flow to the entity, and the amount of the grant can be measured reliably. Income from grants is measured at the fair value of the grant received or receivable. Unspent grants are accounted for as liabilities if there is a contractual obligation to refund the unspent amounts.

##### **Investment revenue**

Interest revenue is recognised in the income statement as it accrues, using the effective interest method.

##### **Rental revenue**

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

#### (d) Leases

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

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

Payments made under operating leases (net of any incentives received from the lessor) are recognised in the income statement on a straight-line basis over the term of the lease.

#### (e) Finance costs

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

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

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

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

Liabilities for wages & salaries (including non monetary benefits) and annual leave that are expected to be settled wholly within 12 months of the reporting date are recognised and measured in respect of employees'



services up to the reporting date at undiscounted amounts based on the amounts expected to be paid when the liabilities are settled.

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

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

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

#### **Long service leave**

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

#### **Superannuation**

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

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

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

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

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

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

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

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

#### **(g) Insurance**

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

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

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

In such cases, the GST incurred is recognised as part of the cost of acquisition of an asset or as part of an item of expense.

Receivables and payables are stated with the amount of GST included. Cash flows are included in the Cash Flow Statement on a gross basis and are classified as operating activities.

#### **(i) Income Tax**

For the 2006–07 (and 2005–06) Financial Year, NSW Treasury has advised that Sydney Ferries is exempt from the Tax Equivalent Regime under the *NSW State Owned Corporation Act 1989* or the National Tax Equivalent Regime administered by the ATO. Accordingly, tax effect accounting is not prepared.

#### **(j) Cash**

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

# FINANCIAL STATEMENTS

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

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

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

#### (k) Trade and other receivables

Trade and other receivables are recognised initially at fair value, usually based on the transaction cost or face value. Subsequent measurement is at amortised cost less impairment losses. Short-term receivables with no stated interest rate are measured at the original invoice amount where the effect of discounting is immaterial. An allowance for impairment of receivables is established when there is objective evidence that the entity will not be able to collect all amounts due. 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. Bad debts are written off as incurred.

#### (l) 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.

#### (m) Other Assets

Other assets are recognised on a cost basis.

#### (n) Property, Plant and Equipment

##### **Acquisition of assets and capitalisation threshold**

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

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

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

##### **Revaluation of Property, Plant and Equipment**

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

Each class of physical non-current asset is revalued at least every five years or with sufficient regularity to ensure that the carrying amount of each asset in the class does not differ materially from its fair value at reporting date. The last revaluation for ferries and freehold land and buildings was completed on 30 June 2006 and wharf improvements on 30 June 2003 and was based on an independent assessment.

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

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

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

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

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

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

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

#### **Work in progress**

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

#### **Impairment of Property, Plant and Equipment**

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

#### **Depreciation of Property, Plant and Equipment**

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

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

#### **Dry docking**

As part of the long-term maintenance program for the fleet, all vessels undergo a major refit (or "Dry docking") on a regular basis (every 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 costs are capitalised and depreciated.

#### **(o) Intangible assets**

Service contract rights are classified as intangibles. They are licenses issued by the Ministry of Transport to operate ferry services in specific regions. Service contract rights, representing the consideration for

service rights purchased, are recognised at cost and are amortised on a straight-line basis over the period during which benefits are expected to arise (between 20 to 25 years). They are reviewed for impairment at each reporting date. When an indicator of impairment exists they will be tested for impairment.

#### **(p) Trade and other payables**

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.

#### **(q) Borrowings**

Borrowings are not held for trading 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.

#### **(r) Provisions**

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

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

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

#### **Restoration provisions**

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

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

# FINANCIAL STATEMENTS

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

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

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.

#### (s) New accounting standards and interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2007 reporting periods. The following new Accounting Standards and Interpretations have not yet been adopted and are not yet effective:

AASB 7 Financial Instruments: Disclosures and AASB 2005-10 Amendments to Australian Accounting Standards (AASB 132, AASB 101, AASB 114, AASB 117, AASB 133, AASB 139, AASB 1, AASB 4, AASB 1023 and AASB 1038) (1 January 2007).

AASB 2007-4 Amendments to Australian Accounting Standards arising from ED 151 and other amendments (1 July 2007).

AASB 101 Presentation of Financial Statements (1 January 2007),

AASB 123 (Borrowing Cost) and AASB 2007-6 (Amendments to Australian Accounting Standards arising from AASB 123) (1 January 2009),

AASB 2007-5 Amendments to Australian Accounting Standard – Inventories held for distribution by not-for-profit entities (1 July 2007),

Interpretation 4 Determining whether an arrangement contains a Lease (1 January 2008).

Except for AASB 123 (*Borrowing Cost*) where the financial impact has not yet been determined it is considered that the adoption of these Standards and Interpretations in future periods will have no material financial impact on the financial statements of Sydney Ferries.

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

Non-current assets are classified as those held for sale and stated at the lower end of their carrying amount and fair value less costs to sell if their carrying amount will be recovered principally through a sale transaction, rather than through continuing use.

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

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

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

#### (u) Comparatives

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

	Notes	2007 \$000	2006 \$000
<b>2. REVENUE AND EXPENSES</b>			
<b>Revenue</b>			
<b>(a) Operational revenue</b>			
Passenger revenue			
Fares, charters and tourists services		48,039	45,329
Reimbursement from NSW Government			
Subsidised travel by school students		307	318
Concessional travel by:			
Pensioners		8,500	8,202
Other beneficiaries		1,347	1,319
Government funding for services		61,021	33,083
<b>Total operational revenue</b>		<b>119,214</b>	<b>88,251</b>
<b>(b) Other revenue</b>			
Interest		40	69
NSW Government Grant		–	4,830
Other		688	1,024
<b>Total other revenue</b>		<b>728</b>	<b>5,923</b>
<b>Expenses</b>			
<b>(c) Fleet running expenses</b>			
Inventory expense – spare parts and consumables		19,491	17,388
<b>Total fleet running expenses</b>		<b>19,491</b>	<b>17,388</b>
<b>(d) Employee benefits</b>			
Wages and salaries		46,538	40,773
Annual leave		5,635	4,085
Long service leave		2,371	1,078
Retirement benefits <sup>1</sup>		2,552	(659)
Workers' compensation		1,425	2,071
Payroll tax		3,651	3,063
<b>Total employee benefits</b>		<b>62,172</b>	<b>50,411</b>



# FINANCIAL STATEMENTS

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

	Notes	2007 \$000	2006 \$000
<b>2. REVENUE AND EXPENSES (CONTINUED)</b>			
<b>Expenses (continued)</b>			
<b>(e) Depreciation and amortisation</b>			
Depreciation	7(e)	14,582	14,649
Amortisation – route rights	8	2	2
Amortisation – other		94	–
<b>Total depreciation and amortisation costs</b>		<b>14,678</b>	<b>14,651</b>
<b>(f) General operating expenses</b>			
Insurances		2,207	1,639
Operating leases		1,829	1,432
Consultancy fees		–	28
Audit fees – Audit Office – audit of financial report		151	120
Audit fees – Internal Audit		114	180
Hire of private ferries		1,570	1,426
Labour related costs		2,050	1,955
Temporary staff		2,172	2,873
Maintenance – facilities		1,266	810
Service fees		2,178	3,101
Marketing		865	825
IT & Communications		453	435
Professional services		2,462	2,005
Property		1,995	1,715
Printing		526	355
Travel & Accommodation		50	32
Administration		1,015	770
Board members remuneration		242	279
<b>Total general operating expenses</b>		<b>21,145</b>	<b>19,980</b>

1 Superannuation guarantee charge (SGC) expense of \$3,457K is within Retirement Benefits in Employee Benefits.

	Notes	2007 \$000	2006 \$000
<b>(g) Valuation adjustments</b>			
Valuation adjustment to fleet			
Attributable to a change in useful lives estimate		–	10,274
Attributable to a revaluation decrement		–	25,512
	7(e)	–	35,786
Valuation adjustment to buildings	7(e)	–	718
<b>Total valuation adjustments</b>		<b>–</b>	<b>36,504</b>
<b>(h) Net loss on disposal of assets</b>			
Proceeds from disposal		–	–
Written down value of assets disposed		79	–
Equipment written off		305	18
<b>Total losses on disposal of assets</b>		<b>384</b>	<b>18</b>
<b>(i) Finance costs</b>			
Interest expense		5,076	4,117
Less			
Interest income (amortisation of premiums)		124	214
<b>Total finance costs</b>		<b>4,952</b>	<b>3,903</b>

# FINANCIAL STATEMENTS

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

	Notes	2007 \$000	2006 \$000
<b>3. CASH AND CASH EQUIVALENTS</b>			
Cash		135	427
Cash in transit		420	283
Revenue room floats		75	75
Petty cash floats		4	4
TCorp – Hour-Glass cash facility		5	1
<b>Total cash and cash equivalents</b>		<b>639</b>	<b>790</b>
<b>4. TRADE AND OTHER RECEIVABLES</b>			
Sundry debtors		418	899
Allowance for impairment		–	(210)
		418	689
Prepayments		1,468	453
Trade debtors		1,339	15
Goods and services tax		402	390
<b>Total trade and other receivables</b>		<b>3,627</b>	<b>1,547</b>
<b>5. INVENTORIES</b>			
Mechanical and electrical spares		4,257	3,627
Distillate		645	651
Other		101	89
<b>Total inventories</b>		<b>5,003</b>	<b>4,367</b>
<b>6. OTHER ASSETS</b>			
Retirements benefits	12(c)	6,415	4,355
Other		544	639
<b>Total other assets</b>		<b>6,959</b>	<b>4,994</b>

## 7. PROPERTY, PLANT AND EQUIPMENT

Class of property, plant and equipment	2007			2006		
	Cost/valuation	Accumulated depreciation/amortisation	Fair value	Cost/valuation	Accumulated depreciation/amortisation	Fair value
	\$000	\$000	\$000	\$000	\$000	\$000
Land – freehold & improvements	13,710	(16)	13,694	13,710	–	13,710
Buildings – freehold	11,537	(7,807)	3,730	11,685	(7,611)	4,074
<b>Total land &amp; buildings</b>	<b>25,247</b>	<b>(7,823)</b>	<b>17,424</b>	<b>25,395</b>	<b>(7,611)</b>	<b>17,784</b>
Wharf improvements – leasehold	<b>15,707</b>	(10,161)	5,546	15,707	(9,778)	5,929
Plant and equipment	18,883	(15,462)	3,421	22,982	(19,107)	3,875
Ferries	199,491	(138,692)	60,799	201,131	(135,422)	65,709
Work in progress	12,730	–	12,730	1,855	–	1,855
<b>Total property, plant and equipment</b>	<b>272,058</b>	<b>(172,138)</b>	<b>99,920</b>	<b>267,070</b>	<b>(171,918)</b>	<b>95,152</b>

### Valuations

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

Class of assets	Date of valuation	Registered valuers
Freehold land and buildings	30-Jun-06	Rushton Valuers Pty Ltd
Wharf improvements	30-Jun-03	International Valuation Consultants Pty Ltd
Ferries	30-Jun-06	Rodney Hyman Asset Services Pty Ltd

- (c) An independent valuer, Rushton Valuers Pty Ltd conducted their valuation using the market value approach for land and the depreciated replacement cost approach for buildings.

An independent valuer, Rodney Hyman Asset Services Pty Ltd conducted their valuation on the ferries fleet utilising the depreciated replacement cost approach pursuant to NSW Treasury guidelines.

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

# FINANCIAL STATEMENTS

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

### 7. PROPERTY PLANT AND EQUIPMENT (CONTINUED)

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

2006							
Class of property, plant and equipment	Opening balance	Transfers/ adjustments	Disposals	Additions	Revaluation increments/ (decrements)	Depreciation/ amortisation	Closing balance
	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Land – freehold	7,585	–	–	–	6,125	–	13,710
Buildings – freehold	5,033	–	–	91	(718)	(332)	4,074
<b>Total land &amp; buildings</b>	<b>12,618</b>	<b>–</b>	<b>–</b>	<b>91</b>	<b>5,407</b>	<b>(332)</b>	<b>17,784</b>
Wharf improvements – leasehold	5,720	–	–	603	–	(394)	5,929
Plant and equipment	4,589	75	(18)	1,426	–	(2,197)	3,875
Ferries	107,816	–	–	5,404	(35,785)	(11,726)	65,709
Work in progress	1,045	(7,523)	–	8,333	–	–	1,855
<b>Total property, plant and equipment</b>	<b>131,788</b>	<b>(7,448)</b>	<b>(18)</b>	<b>15,857</b>	<b>(30,378)</b>	<b>(14,649)</b>	<b>95,152</b>



## 8. INTANGIBLES

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

2006	Opening balance	Disposals	Additions	Amortisation	Carrying Amount
	\$000	\$000	\$000	\$000	\$000
Route Rights	26	–	–	2	24
<b>Total</b>	<b>26</b>	<b>–</b>	<b>–</b>	<b>2</b>	<b>24</b>

	Notes	2007 \$000	2006 \$000
<b>9. TRADE &amp; OTHER PAYABLES</b>			
Trade creditors		3,476	1,620
Other creditors and accruals		3,724	3,520
Accrued salaries, wages and on-costs		2,513	1,920
Workers' compensation		–	161
Accrued interest payable		2,180	1,813
<b>Total payables</b>		<b>11,893</b>	<b>9,034</b>
<b>10. BORROWINGS</b>			
<b>Current</b>			
Borrowings secured by NSW Government guarantee		12,574	13,223
<b>Total current borrowings</b>		<b>12,574</b>	<b>13,223</b>
<b>Non-current</b>			
Borrowings secured by NSW Government guarantee		40,723	34,513
<b>Total non-current borrowings</b>		<b>40,723</b>	<b>34,513</b>
<b>Total borrowings</b>		<b>53,297</b>	<b>47,736</b>
<b>(a) Payable:</b>			
Not later than 1 year		12,574	13,223
Later than 1 year and not later than 5 years		26,473	15,679
Later than 5 years		14,250	18,834
<b>Total borrowings</b>		<b>53,297</b>	<b>47,736</b>

# FINANCIAL STATEMENTS

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

	Notes	2007 \$000	2006 \$000
<b>11. (a) PROVISIONS</b>			
Current		566	311
Non-current		281	40
<b>Total provisions</b>		<b>847</b>	<b>351</b>
<b>The balance of provisions consists of:</b>			
Provision for marine damage claims		26	26
Provision for public liability claims		679	32
Provision for marine hull damage		82	68
Provision for redundancy		–	165
Environmental compliance costs		60	60
<b>Total provisions</b>		<b>847</b>	<b>351</b>

**(i) Provision for insurance**

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

11. (CONTINUED)

(b) MOVEMENTS IN PROVISIONS

2007				
Class of provision	Opening balance	Increase/(decrease) in provision	Payments	Closing balance
	\$000	\$000	\$000	\$000
Marine damage claims	26	–	–	26
Public liability claims	32	675	(28)	679
Marine hull claims	68	14	–	82
Environmental compliance	60	–	–	60
Redundancy	165	330	(495)	–
<b>Total</b>	<b>351</b>	<b>1,019</b>	<b>(523)</b>	<b>847</b>

2006				
Class of provision	Opening balance	Increase/(decrease) in provision	Payments	Closing balance
	\$000	\$000	\$000	\$000
Marine damage claims	60	(34)	–	26
Public liability claims	474	(442)	–	32
Marine hull claims	136	(68)	–	68
Environmental compliance	–	60	–	60
Redundancy	668	240	(743)	165
<b>Total</b>	<b>1,338</b>	<b>(244)</b>	<b>(743)</b>	<b>351</b>

# FINANCIAL STATEMENTS

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

	Notes	2007 \$000	2006 \$000
<b>12. EMPLOYEE BENEFITS</b>			
<b>(a) Employee benefits – provisions</b>			
<b>Current</b>			
Provision for annual leave – short term		3,792	4,450
Provision for annual leave – long term		2,446	–
Provision for public holidays – short term		490	708
Provision for long service leave – short term		325	–
Provision for long service leave – long term	12(i)	6,057	4,804
<b>Total current employee benefits liabilities</b>		<b>13,110</b>	<b>9,962</b>
<b>Non-current</b>			
Provision for long service leave	12(i)	837	725
<b>Total non-current employee benefits liabilities</b>		<b>837</b>	<b>725</b>
<b>(b) Aggregate employee benefits and related on-costs</b>			
Current		13,110	9,962
Non-current		837	725
Accrued salaries, wages and on-costs	9	2,513	1,920
<b>Total employee benefits and related on-costs</b>		<b>16,460</b>	<b>12,607</b>

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

Valuation of the long service leave liability as at 30 June 2007 was calculated by Mercer Human Resource Consulting. The method of calculation used was a financial model which projected expected future long service leave payments arising from leave taken while in service and lump sum payments of accrued leave on termination of service.

Financial assumptions	2007 % pa	2006 % pa
Discount rate	6.25	5.79
Expected rate of salary and wage increases	4.0	4.0

The discount rate is based on the prevailing yield on long term Commonwealth Government bonds as at 30 June 2007. The assumed rate of salary and wage increases of 4% is based upon the projected 2007/2008 budget for wage and salary increases provided as well as general economic forecasts. Similar assumptions to those that were used in the previous valuations in respect of termination of employment were used.

## 12. EMPLOYEE BENEFITS (CONTINUED)

### (c) Retirement benefits (continued)

#### Fund information

The Pooled Fund holds in trust the investments of the closed NSW public sector superannuation schemes:

SASS	State Authorities Superannuation Scheme
SANCS	State Authorities Non-Contributory Superannuation Scheme
SSS	State Superannuation Scheme

All the schemes are closed to new members.

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.

#### (i) The superannuation position of Sydney Ferries is as follows:

2007	SASS	SANCS	SSS	
<b>Member Numbers</b>				
Contributors	142	144	2	
Deferred benefits	–	–	–	
Pensioners	1	–	–	
Pensions fully commuted	–	–	–	
Superannuation Position for AASB 119 purposes	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>
Accrued liability	30,280	3,144	1,436	34,860
Estimated reserve account balance	(35,800)	(4,585)	(1,920)	(42,305)
	(5,520)	(1,441)	(484)	(7,445)
Future Service Liability (Note 1)	(4,595)	(1,479)	(342)	(6,416)
Surplus in excess of recovery available from schemes	764	199	67	1,030
<b>Net (asset)/liability to be recognised in balance sheet</b>	<b>(4,756)</b>	<b>(1,242)</b>	<b>(417)</b>	<b>(6,415)</b>
<b>2006</b>				
<b>Member Numbers</b>				
Contributors	149	150	1	
Deferred benefits	–	–	–	
Pensioners	–	–	–	
Pensions fully commuted	–	–	–	
Superannuation position for AASB 119 purposes	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>
Accrued liability	28,287	3,020	1,061	32,368
Estimated reserve account balance	(31,604)	(4,003)	(1,116)	(36,723)
	(3,317)	(983)	(55)	(4,355)
Future Service Liability (Note 1)	(5,053)	(1,575)	(324)	(6,952)
Surplus in excess of recovery available from schemes	–	–	–	–
<b>Net (asset)/liability to be recognised in balance sheet</b>	<b>(3,317)</b>	<b>(983)</b>	<b>(55)</b>	<b>(4,355)</b>

**Note 1:** The Future Service Liability (FSL) does not have to be recognised by an employer. It is only used to determine if an asset ceiling limit should be imposed (AASB 119, para 58). Under AASB 119, any prepaid superannuation asset recognised cannot exceed the total of any unrecognised past service cost and the present value of any economic benefits that may be available in the form of refunds from the plan or reductions in future contributions to the plan. Where the "surplus in excess of recovery" is zero, no asset ceiling limit is imposed.



# FINANCIAL STATEMENTS

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

### 12. EMPLOYEE BENEFITS (CONTINUED)

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

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

	SASS	SANCS	SSS	Total
2007	\$000	\$000	\$000	\$000
Present value of partly funded defined benefit obligations at beginning of the year	28,287	3,020	1,061	32,368
Current service cost	854	174	38	1,066
Interest cost	1,600	169	63	1,832
Contributions by Fund participants	470	–	21	491
Actuarial (gains)/losses	979	(43)	(192)	744
Benefits paid	(1,910)	(177)	445	(1,642)
Past service cost	–	–	–	–
Curtailments	–	–	–	–
Settlements	–	–	–	–
Business combinations	–	–	–	–
Exchange rate changes	–	–	–	–
<b>Present value of partly funded defined benefit obligations at end of the year</b>	<b>30,280</b>	<b>3,143</b>	<b>1,436</b>	<b>34,859</b>

	SASS	SANCS	SSS	Total
2006	\$000	\$000	\$000	\$000
Present value of partly funded defined benefit obligations at beginning of the year	27,910	3,293	1,201	32,404
Current service cost	928	184	50	1,162
Interest cost	1,641	163	67	1,871
Contributions by Fund participants	467	–	20	487
Actuarial (gains)/losses	(185)	(329)	(265)	(779)
Benefits paid	(2,474)	(291)	(12)	(2,777)
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>28,287</b>	<b>3,020</b>	<b>1,061</b>	<b>32,368</b>

## 12. EMPLOYEE BENEFITS (CONTINUED)

### (c) Retirement benefits (continued)

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

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

	SASS	SANCS	SSS	Total
2006	\$000	\$000	\$000	\$000
Fair value of Fund assets at beginning of the year	27,824	3,759	675	32,258
Expected return on Fund assets	2,054	281	53	2,388
Actuarial gains/(losses)	2,771	294	84	3,149
Employer contributions	961	(38)	295	1,218
Contributions by Fund participants	467	–	20	487
Benefits paid	(2,474)	(291)	(12)	(2,777)
Settlements	–	–	–	–
Business combinations	–	–	–	–
Exchange rate changes	–	–	–	–
<b>Fair value of Fund assets at end of the year</b>	<b>31,603</b>	<b>4,005</b>	<b>1,115</b>	<b>36,723</b>

# FINANCIAL STATEMENTS

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

### 12. EMPLOYEE BENEFITS (CONTINUED)

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

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

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

2006	SASS \$000	SANCS \$000	SSS \$000	Total \$000
Present value of partly funded defined benefit obligations at end of year	28,287	3,020	1,061	32,368
Fair value of fund assets at end of year	(31,604)	(4,003)	(1,116)	(36,723)
Subtotal	(3,317)	(983)	(55)	(4,355)
Unrecognised past service cost	–	–	–	–
Unrecognised gain/(loss)	–	–	–	–
Adjustment for limitation on net asset	–	–	–	–
<b>Net liability/(asset) recognised in balance sheet at end of year</b>	<b>(3,317)</b>	<b>(983)</b>	<b>(55)</b>	<b>(4,355)</b>

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

2007	SASS \$000	SANCS \$000	SSS \$000	Total \$000
<b>Components Recognised in Income Statement</b>				
Current service cost	854	174	38	1,066
Interest cost	1,600	169	63	1,832
Expected return on Fund assets (net of expenses)	(2,346)	(300)	(87)	(2,733)
Actuarial losses/(gains) recognised in year	(1,432)	(319)	(413)	(2,164)
Past service cost	–	–	–	–
Movement in adjustment for limitation on net asset	764	199	67	1,030
Curtailment or settlement (gain)/loss	–	–	–	–
<b>Expense/(income) recognised</b>	<b>(560)</b>	<b>(77)</b>	<b>(332)</b>	<b>(969)</b>

## 12. EMPLOYEE BENEFITS (CONTINUED)

### (c) Retirement benefits (continued)

	SASS	SANCS	SSS	Total
2006	\$000	\$000	\$000	\$000
<b>Components Recognised in Income Statement</b>				
Current service cost	928	184	50	1,162
Interest cost	1,641	163	67	1,871
Expected return on Fund assets (net of expenses)	(2,054)	(281)	(53)	(2,388)
Actuarial losses/(gains) recognised in year	(2,956)	(623)	(349)	(3,928)
Past service cost	–	–	–	–
Movement in adjustment for limitation on net asset	–	–	–	–
Curtailment or settlement (gain)/loss	–	–	–	–
<b>Expense/(income) recognised</b>	<b>(2,441)</b>	<b>(557)</b>	<b>(285)</b>	<b>(3,283)</b>

#### (vi) Fund assets

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

	2007	2006
	% pa	% pa
Australian equities	33.6	37.4
Overseas equities	26.5	27.9
Australian fixed interest securities	6.8	9.9
Overseas fixed interest securities	6.4	6.8
Property	10.1	8.6
Cash	9.8	5.0
Other	6.8	4.4

#### Fair value of Fund assets

All Fund assets are invested by STC 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	SANCS	SSS	Total
2007	\$000	\$000	\$000	\$000
Actual return on Fund assets	4,561	576	169	5,306

	SASS	SANCS	SSS	Total
2006	\$000	\$000	\$000	\$000
Actual return on Fund assets	4,214	575	128	4,917

# FINANCIAL STATEMENTS

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

### 12. EMPLOYEE BENEFITS (CONTINUED)

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

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

###### (a) Valuation method

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

###### (b) Economic assumptions

	2007 % pa	2006 % pa
Salary increase rate (excluding promotional increases)	4.0% pa to June 2008; 3.5% pa thereafter	4.0% pa to June 2008; 3.5% pa thereafter
Rate of CPI Increase	2.5	2.5
Expected rate of return on assets backing current pension liabilities	7.6	7.6
Expected rate of return on assets backing other liabilities	7.6	7.6
Discount rate	6.4	5.9

###### (c) Demographic assumptions

The demographic assumptions at 30 June 2007 are those used in the 2006 triennial actuarial valuation. A selection of the most financially significant assumptions is shown below:

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

2007 Age nearest birthday	Number of members expected any one year, out of 10,000 members at the age shown, to leave the fund as a result of:								Additional promotional salary increase rate %	
	Death	Total & permanent disability	Retirement		Resignation		Redundancy			
Part 1			Part 3	Part 1	Part 3	Part 1	Part 3			
<b>Males</b>										
30	4	8	–	–	280	395	150	–	2.90	
40	6	10	–	–	150	285	150	–	1.80	
50	11	30	–	–	112	172	150	–	–	
60	30	–	1,400	950	–	–	150	–	–	
<b>Females</b>										
30	2	2	–	–	372	700	150	–	2.90	
40	3	6	–	–	175	320	150	–	1.80	
50	7	28	–	–	144	270	150	–	–	
60	18	–	1,500	1,500	–	–	150	–	–	



## 12. EMPLOYEE BENEFITS (CONTINUED)

### (c) Retirement benefits (continued)

2006	Number of members expected any one year, out of 10,000 members at the age shown, to leave the fund as a result of:								Additional promotional salary increase rate %	
	Age nearest birthday	Death	Total & permanent disability	Retirement		Resignation		Redundancy		
				Part 1	Part 3	Part 1	Part 3	Part 1		Part 3
Males										
30	4	8	–	–	280	395	150	–	2.90	
40	6	10	–	–	150	285	150	–	1.80	
50	11	30	–	–	112	172	150	–	–	
60	30	–	1,400	950	–	–	150	–	–	
Females										
30	2	2	–	–	372	700	150	–	2.90	
40	3	6	–	–	175	320	150	–	1.80	
50	7	28	–	–	144	270	150	–	–	
60	18	–	1,500	1,500	–	–	150	–	–	

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

2007	Number of members expected any one year, out of 10,000 members at the age shown, to leave the fund as a result of:					Additional promotional salary increase rate %	
	Age nearest birthday	Death	Ill-health retirement	Retirement (R60 for females)	Cash Resignation (R60 for females)		Preservation (R60 for females)
Males							
30	4	42	–	–	178	95	2.90
40	6	54	–	–	80	140	1.80
50	11	144	–	–	20	50	–
60	30	–	–	6,500	–	–	–
Females							
30	2	6	–	–	204	124	2.90
40	3	21	–	–	72	105	1.80
50	7	103	–	–	30	90	–
60	18	–	–	6,300	–	–	–

# FINANCIAL STATEMENTS

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

### 12. EMPLOYEE BENEFITS (CONTINUED)

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

2006	Number of members expected any one year, out of 10,000 members at the age shown, to leave the fund as a result of:					Additional promotional salary increase rate %
	Age nearest birthday	Death	Ill-health retirement	Retirement (R60 for females)	Cash Resignation (R60 for females)	
Males						
30	4	42	–	178	95	2.90
40	6	54	–	80	140	1.80
50	11	144	–	20	50	–
60	30	–	6,500	–	–	–
Females						
30	2	6	–	204	124	2.90
40	3	21	–	72	105	1.80
50	7	103	–	30	90	–
60	18	–	6,300	–	–	–

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

2007	Proportion of pension commuted	
	Retirement	Breakdown
Age		
Later of commencement or age 55	0.15	0.20
	<b>Widow</b>	<b>Widower</b>
55	0.2500	0.2500
65	0.5380	0.5800
75	0.4825	0.5160
85	0.3928	0.3728

2006	Proportion of pension commuted	
	Retirement	Breakdown
Age		
Later of commencement or age 55	0.15	0.20
	<b>Widow</b>	<b>Widower</b>
55	0.2500	0.2500
65	0.5380	0.5800
75	0.4825	0.5160
85	0.3928	0.3728

## 12. EMPLOYEE BENEFITS (CONTINUED)

### (c) Retirement benefits (continued)

(iv) SSS Pensioner Mortality – assumed mortality rates (in 2006/2007) for SSS pensioners (separately for normal retirement/spouses and invalidity)

2006 Age	Retirement Pensioners and Spouses and Widows		Invalidity Pensioners	
	Males	Females	Males	Females
55	0.0025	0.0014	0.0081	0.0066
65	0.0070	0.0055	0.0112	0.0125
75	0.0194	0.0157	0.0505	0.0314
85	0.0945	0.0634	0.1134	0.1268

2006 Age	Retirement Pensioners and Spouses and Widows		Invalidity Pensioners	
	Males	Females	Males	Females
55	0.0025	0.0014	0.0081	0.0066
65	0.0070	0.0055	0.0112	0.0125
75	0.0194	0.0157	0.0505	0.0314
85	0.0945	0.0634	0.1134	0.1268

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

2007 Age	Improvement rates – (for years post 2006)	
	Males	Females
55	0.0152	0.0113
65	0.0101	0.0065
75	0.0087	0.0068
85	0.0052	0.0080

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

# FINANCIAL STATEMENTS

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

### 12. EMPLOYEE BENEFITS (CONTINUED)

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

(ix) Historical information

	SASS	SANCS	SSS	Total
2007	\$000	\$000	\$000	\$000
Present value of defined benefit obligation	30,280	3,144	1,436	34,860
Fair value of Fund assets	(35,800)	(4,585)	(1,920)	(42,305)
(Surplus)/Deficit in Fund	(5,520)	(1,442)	(483)	(7,445)
Experience adjustments – Fund liabilities	979	(43)	(192)	744
Experience adjustments – Fund assets	(2,411)	(276)	(221)	(2,908)

	SASS	SANCS	SSS	Total
2006	\$000	\$000	\$000	\$000
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)

(x) Expected contributions

	SASS	SANCS	SSS	Total
2007	\$000	\$000	\$000	\$000
Expected employer contributions	893	193	33	1,119

	SASS	SANCS	SSS	Total
2006	\$000	\$000	\$000	\$000
Expected employer contributions	888	198	32	1,118

## 12. EMPLOYEE BENEFITS (CONTINUED)

### (c) Retirement benefits (continued)

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

##### (a) Surplus/deficit

The following is a summary of the 30 June 2007 financial position of the Fund calculated in accordance with AAS 25 *Financial Reporting by Superannuation Plans*:

	SASS	SANCS	SSS	Total
2007	\$000	\$000	\$000	\$000
Accrued benefits	29,914	3,106	1,274	34,294
Net market value of Fund assets	(35,800)	(4,585)	(1,920)	(42,305)
Net (surplus)/deficit	(5,886)	(1,479)	(646)	(8,011)
2006				
Accrued benefits	27,248	2,846	839	30,933
Net market value of Fund assets	(31,604)	(4,003)	(1,116)	(36,723)
Net (surplus)/deficit	(4,356)	(1,157)	(277)	(5,790)

##### (b) Contribution recommendations

Recommended contribution rates for the entity are:

	SASS	SANCS	SSS
2007	Multiple of member contributions	% member salary	Multiple of member contributions
	1.90	2.50	1.60
2006			
	1.90	2.50	1.60

##### (c) Funding method

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

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



# FINANCIAL STATEMENTS

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

### 12. EMPLOYEE BENEFITS (CONTINUED)

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

##### (d) Economic assumptions

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

Weighted-average assumptions	2007 % pa	2006 % pa
Expected rate of return on Fund assets backing current pension liabilities	7.70	7.70
Expected rate of return on Fund assets backing other liabilities	7.00	7.00
Expected salary increase rate	4.00	4.00
Expected rate of CPI increase	2.50	2.50

##### Nature of asset/liability

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

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

### 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 is for a period of 20 years commencing on 1 February 2007. Manly Wharf has a 50 year lease term and commenced in 1991. Sydney Ferries received an independent rental valuation effective as at 25 May 2006, for the next 5 years of the agreement.

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

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

Contingent rents are payable for Motor Vehicles based upon excess km charges. Contingent rents are recorded when incurred.

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

Operating lease commitments	2007	2006
	\$000	\$000
<b>Non cancellable operating lease commitments are payable as follows:</b>		
Not later than 1 year	2,060	1,049
Later than 1 year and not later than 5 years	5,580	1,976
Later than 5 years	50,243	35,603
<b>Total operating lease commitments (including GST)</b>	<b>57,883</b>	<b>38,628</b>
(b) Capital expenditure commitments	2007	2006
	\$000	\$000
Not later than 1 year	7,377	4,430
Later than 1 year and not later than 5 years	–	2,543
<b>Total capital expenditure commitments (including GST)</b>	<b>7,377</b>	<b>6,973</b>
(c) Other expenditure commitments	2007	2006
	\$000	\$000
Aggregate other expenditure for the acquisition of goods and services at balance date and not provided for:		
Not later than 1 year	4,787	5,665
Later than 1 year and not later than 5 years	5,808	5
Later than 5 years	30	–
<b>Total other expenditure commitments (including GST)</b>	<b>10,625</b>	<b>5,670</b>
The commitment totals as shown above in (a) to (c) include Goods and Services Tax (GST) of \$6.899 million (2006:\$4.661 million), which is recoverable from the Australian Taxation Office.		
(d) Remuneration commitments	2007	2006
	\$000	\$000
Commitments for the payment of salaries and other remuneration under long-term employment contracts in existence at the reporting date but not recognised as liabilities payable:		
Not later than 1 year	1,070	358
Later than 1 year and not later than 5 years	1,963	757
<b>Total remuneration commitments</b>	<b>3,033</b>	<b>1,115</b>

# FINANCIAL STATEMENTS

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

### 14. FINANCIAL INSTRUMENTS

#### (a) Interest rate risk

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

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

	Floating interest rate	Fixed interest rate maturing in			Non- interest bearing	Total	Weighted average effective interest rate	
		1 year or less	Over 1 to 5 years	More than 5 years			Floating %	Fixed %
2007	\$000	\$000	\$000	\$000	\$000	\$000		
<b>Financial assets</b>								
Cash	140	–	–	–	499	639	6.14	N/A
Receivables	–	–	–	–	2,159	2,159	N/A	N/A
<b>Total financial assets</b>	<b>140</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>2,658</b>	<b>2,798</b>		
<b>Financial liabilities</b>								
Trade creditors	–	–	–	–	3,476	3,476	N/A	N/A
Borrowings	4,188	8,386	26,473	14,250	–	53,297	6.45	6.17
<b>Total financial liabilities</b>	<b>4,188</b>	<b>8,386</b>	<b>26,473</b>	<b>14,250</b>	<b>3,476</b>	<b>56,773</b>		
2006								
<b>Financial assets</b>								
Cash	427	–	–	–	363	790	5.42	N/A
Receivables	–	–	–	–	1,094	1,094	N/A	N/A
<b>Total financial assets</b>	<b>427</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>1,457</b>	<b>1,884</b>		
<b>Financial liabilities</b>								
Trade creditors	–	–	–	–	1,620	1,620	N/A	N/A
Borrowings	13,067	156	15,679	18,834	–	47,736	5.97	6.07
<b>Total financial liabilities</b>	<b>13,067</b>	<b>156</b>	<b>15,679</b>	<b>18,834</b>	<b>1,620</b>	<b>49,356</b>		

**(b) Credit risk**

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

2007	Govt \$000	Other \$000	Total \$000
Receivables	948	1,211	2,159
<b>Total receivables</b>	<b>948</b>	<b>1,211</b>	<b>2,159</b>

2006	Govt \$000	Other \$000	Total \$000
Receivables	670	424	1,094
<b>Total receivables</b>	<b>670</b>	<b>424</b>	<b>1,094</b>

**(c) Net fair values**

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

	Total carrying amount		Aggregate net fair value	
	2007 \$000	2006 \$000	2007 \$000	2006 \$000
<b>Financial liabilities</b>				
Borrowings	53,297	47,736	52,856	48,180
<b>Total financial liabilities</b>	<b>53,297</b>	<b>47,736</b>	<b>52,856</b>	<b>48,180</b>

# FINANCIAL STATEMENTS

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

### 15. CONTINGENT LIABILITIES

The estimated value of insurance deductibles arising from potential liability claims and other claims against Sydney Ferries at 30 June 2007 is \$0.386 million (2006: \$0.255 million).

### 16.

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

	2007	2006
	\$000	\$000
Surplus/(Deficit)	(2,880)	(48,681)
<b>Adjustments to reconcile net operating result to net cash from operating activities:</b>		
Amortisation	96	2
Revaluation decrements	–	36,504
Written down value of assets disposed	79	18
Depreciation of non-current assets	14,582	14,649
Other non cash items	336	(241)
<b>Changes in assets and liabilities:</b>		
(increase)/decrease in receivables	(2,068)	1,000
(increase)/decrease in inventory	(636)	(318)
(increase)/decrease in other assets	(1,964)	(4,228)
increase/(decrease) in trade and other creditors	2,816	(160)
increase/(decrease) in employee entitlements	3,261	(91)
increase/(decrease) in other provisions	495	(988)
(increase)/decrease in goods and services tax	(12)	(157)
increase/(decrease) in revenue received in advance	45	374
<b>Net cash flows from operating activities</b>	<b>14,150</b>	<b>(2,317)</b>
<b>(b) Financing facility available</b>		
Short-term standby credit facility	30,000	15,000
Drawn down at balance date	–	5,900
<b>Facility unused at balance date</b>	<b>30,000</b>	<b>9,100</b>

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

## 17. EQUITY

	Reserves		Accumulated Funds		Total Equity	
	2007	2006	2007	2006	2007	2006
	\$000	\$000	\$000	\$000	\$000	\$000
<b>Balance at the beginning of the financial year</b>	6,125	–	32,941	81,622	39,066	81,622
<b>Changes in equity (other than transactions with owners as owners):</b>						
<b>Asset Revaluation Reserve:</b> Increment on revaluation of property, plant and equipment (Refer note 7)	–	6,125	–	–	–	6,125
(Deficit) for the year	–	–	(2,880)	(48,681)	(2,880)	(48,681)
<b>Balance at the end of the financial year</b>	6,125	6,125	30,061	32,941	36,186	39,066

## 18. EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

(a) Sydney Ferries is making arrangements to surrender leasehold interests over nine wharves and to transfer wharf improvements, leasehold rights over wharves and adjoining freehold land to NSW Maritime to effect a determination made by Government. The property being transferred has a fair value of \$9,426 million as at 30 June 2007. Sydney Ferries will recognise the transfer of assets in accordance with TPP 06–7 Contribution by Owners Made to Wholly-Owned Public Sector Entities as a distribution to owners and the transfer in Sydney Ferries' books will be at fair value. The transfer will take effect in the 2007–08 financial year.

The wharves to be transferred are listed below.

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

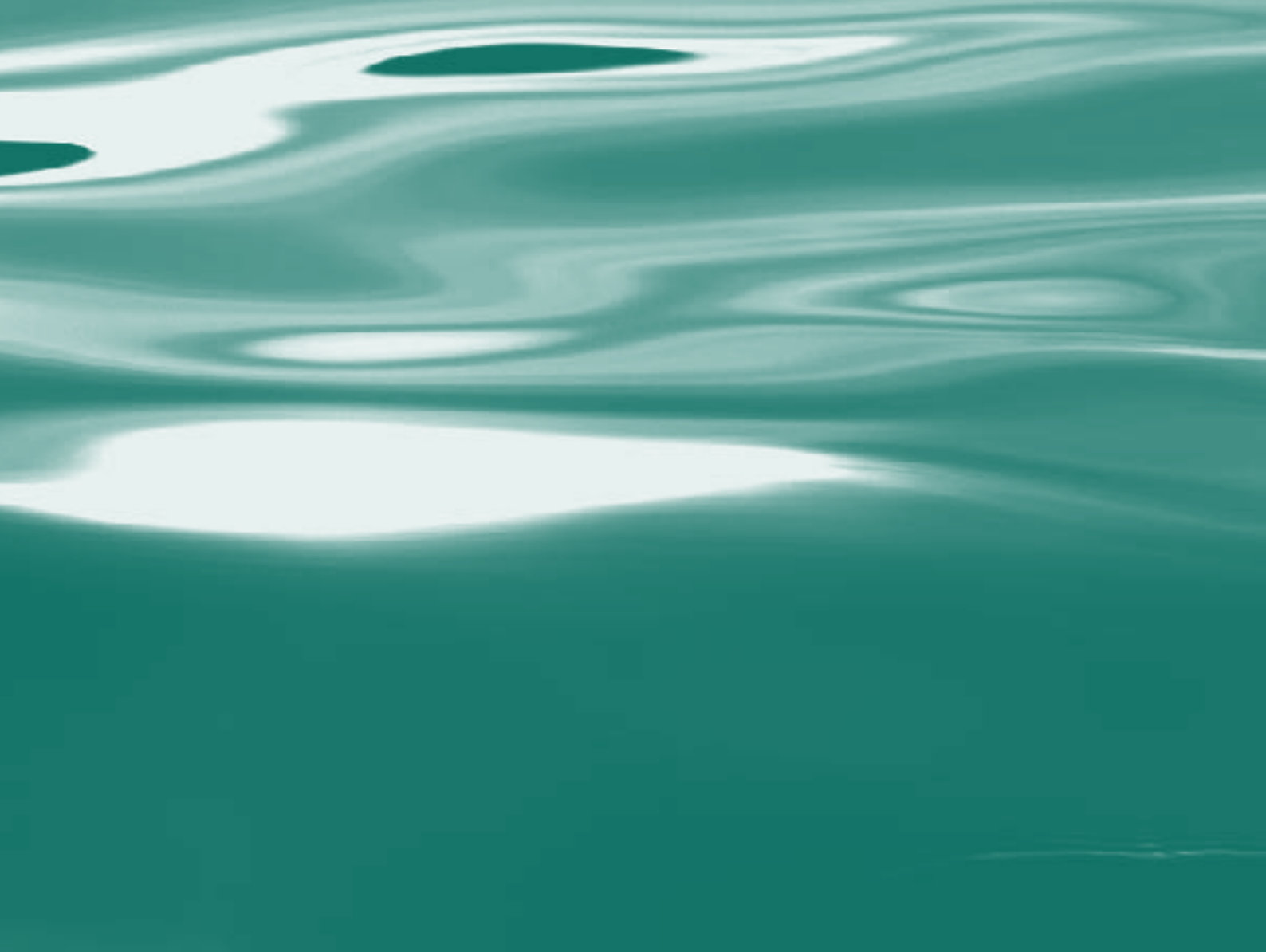
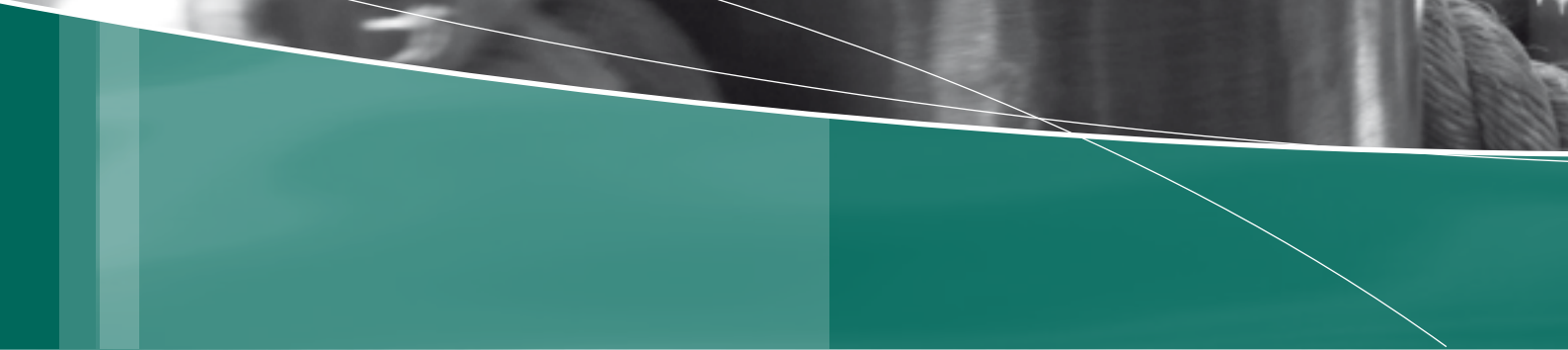
(b) A Special Commission of Inquiry into Sydney Ferries was announced on 2 April 2007 by the Premier of New South Wales. The Commission was established to inquire into and report on the present state of Sydney Ferries' provision of ferry services and any action which should be taken to provide safe, efficient and customer focused ferry services. Such action may include but is not limited to:

- changes to management structures and practices
- changes to operations
- changes to industrial practices
- measures to achieve cultural changes; and
- changes in regulatory and governance arrangements.

The inquiry is due to report on 31 October 2007.

End of Audited Financial Report







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# APPENDICES

## CUSTOMERS AND STAKEHOLDERS

### CUSTOMER SERVICE CHARTER

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

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

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

#### 1. Information

You can obtain information about our services by calling the Transport Information Line on 131 500 or visit our website: [www.sydneyferries.nsw.gov.au](http://www.sydneyferries.nsw.gov.au).

You can also obtain advice and timetables from our Information Office, No. 4 Wharf, Circular Quay. The Information Office is open between 7.00am and 5.45pm Monday to Saturday and Sundays between 8.00am and 5.45pm.

#### 2. Complaints

If you wish to make a complaint about our services or staff or wish to make a suggestion in relation to services or staff you can do this in a number of ways.

- You can call the Transport Information Line on 131 500. The Transport Information Line is open 7 days a week between 6:00am and 10:00pm.
- You can write to the Chief Executive Officer, Sydney Ferries Corporation, Level 9, 37 Pitt St, Sydney 2000. You can also fax your letter to the Chief Executive Officer on 02 8113 1900.

- You can obtain a customer feedback form from our office at No. 3 Wharf, Circular Quay or from our information office opposite No. 4 Wharf, Circular Quay.
- You can call our office on (02) 9246 8300 and you will be put through to a staff member who can assist you.
- The New South Wales Government's Independent Safety and Reliability Regulator has a Confidential Safety Information Reporting Scheme (CSIRS) which can be accessed on Tel: 1800 180 828 should you have any concerns about the safe operation of our ferry service.

#### 3. Refunds

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

### GUARANTEE OF SERVICE

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

### ACCESS

#### Operating hours

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

#### Corporate Head Office

Sydney Ferries' principal office is at:

Level 9  
37 Pitt Street  
Sydney 2000

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

#### Circular Quay Operations Office

The Circular Quay Operations Office is at:

Wharf 3  
Alfred Street  
Circular Quay  
Sydney 2000

Phone (02) 9207 3155  
Fax (02) 9207 3190

Office operating hours are 5:00 am to 1.15 am, Monday to Saturday; 6:00 am to 12.45 am on Sundays.

### Balmain Shipyard

The Balmain Shipyard maintenance facility is at:

72 Waterview Street  
Balmain NSW 2041

Phone: 02 9246 9661  
Fax: 02 9246 9689

Office operating hours are 7:00 am to 3.30 pm,  
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 own internet site [www.sydneyferries.info](http://www.sydneyferries.info) and via support for the 131500 Transport Infoline.

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

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 procured a new content management system and approved website design alterations for implementation in the first quarter of 2007–08.

### 131500 Transport Infoline

Sydney Ferries supported several improvements to [www.131500.info](http://www.131500.info) during 2006–07, including its useability, trip planning facility and maps.

### DISABILITY SERVICES

All of Sydney Ferries' vessels are wheelchair accessible and approximately half of the wharves used are also accessible by wheelchair. A list of these 18 wheelchair-accessible wharves is available on Sydney Ferries' website.

### PUBLICATIONS

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

### ANNUAL REPORT

#### Production costs

The cost of producing this year's annual report was \$35,080.

#### Availability

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

# APPENDICES

## FINANCIAL AND ASSET MANAGEMENT

### BUDGETS

Sydney Ferries' budgets for 2006–07 and 2007–08 are set out below.

Revenue and expenditure	Budget 2006–07 \$000	Budget 2007–08 \$000
<b>Revenue from ordinary activities</b>		
Passenger revenue:		
Fares, charters and tourists services	48,220	48,464
Reimbursement for:		
Free travel by school students	402	418
Concessions to pensioners	8,500	9,327
Concessions to other community groups	1,347	2,443
Government funding	34,021	47,969
<b>Total passenger revenue</b>	<b>92,490</b>	<b>108,621</b>
Interest received from third parties	48	27
Grants	–	–
Other	1,351	735
<b>Total revenue from ordinary activities</b>	<b>93,889</b>	<b>109,383</b>
<b>Expenses from ordinary activities</b>		
Wages and salaries	57,888	72,503
Fleet running expenses	19,801	17,204
General operating expenses	19,623	21,819
Interest	4,681	5,959
Depreciation	14,208	17,847
<b>Total expenses from ordinary activities</b>	<b>116,201</b>	<b>135,332</b>
<b>Surplus/(Deficit)</b>	<b>(22,312)</b>	<b>(25,949)</b>

Capital expenditure and major periodic maintenance expenditure	Budget 2006–07 \$000	Budget 2007–08 \$000
Vessel upgrades	4,996	7,576
Information technology	2,105	10,540
Facility and wharves upgrade	3,349	6,975
Environmental projects	717	770
Other	1,137	150
Total capital expenditure	12,304	26,010
Major periodic maintenance expenditure	7,152	12,451
<b>Total capital and major periodic maintenance expenditure</b>	<b>19,456</b>	<b>38,461</b>

## 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 2007, Sydney Ferries' weighted average rate of return on the investment was 6.41% (net of fees and expenses). The NSW Treasury Corporation 'Hour Glass' Investment—Cash Facility benchmark is the UBS Australian Bank Bill Index and the benchmark return was 6.42% (net of fees and expenses).

## LIABILITY MANAGEMENT PERFORMANCE

In the year ended 30 June 2007, the 'market value cost of funds' of Sydney Ferries' debt portfolio, which includes actual interest costs, accrued interest costs, and the change in market capital value of the debt portfolio, was 3.96%. The benchmark portfolio 'market value cost of funds' was 3.92%.

## DISCLOSURE OF CONTROLLED ENTITIES

Sydney Ferries does not own any controlled entities.

## DISCLOSURE OF SUBSIDIARIES

Sydney Ferries does not have any subsidiaries.

## IMPLEMENTATION OF PRICE DETERMINATION

The Independent Pricing and Regulatory Tribunal fare determination was issued for Sydney Ferries in December 2006. The determination allowed for an average increase of 3.9%. This increase was implemented from 2 January 2007.

## TAXES AND OTHER PAYMENTS TO GOVERNMENT

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

The following taxes and charges were applied during 2006–07.

(a) New South Wales taxes and charges

Classification	\$000
Payroll tax	3,557
Land tax	59
<b>Total</b>	<b>3,616</b>

(b) Federal taxes and charges

Classification	\$000
Fringe benefits tax	83

## FUNDS GRANTED TO NON-GOVERNMENT COMMUNITY ORGANISATIONS

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

## SUMMARY OF LAND

In accordance with Section 41B(1)(d) of the *Public Finance and Audit Act 1983*, a summary of Sydney Ferries' land holding as at 30 June 2007, according to actual use of the land, is provided below.

Land use classification	Land value (\$000)
Balmain Shipyard	9,815
Wharf land	3,417
<b>Total</b>	<b>13,232</b>

## DISPOSAL OF PROPERTY

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

## CONSULTANTS

Sydney Ferries did not engage any consultants in 2006–07.

## CREDIT CERTIFICATION

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



# APPENDICES

## ACCOUNT PAYMENT PERFORMANCE

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

### Performance in paying accounts

Quarter	Amounts paid on time			Total amount paid
	Target %	Actual %	\$000	\$000
September 2006	98%	94.1%	31,750	33,741
December 2006	98%	97.0%	36,407	37,540
March 2007	98%	95.8%	37,010	38,640
June 2007	98%	99.1%	63,242	63,801

Of the total number of invoices processed during the year, 96.50% were paid within the trading terms. There were no penalty interest payments made under clause 18 of the *Public Finance and Audit Regulation 2005*.

### Invoice processing record

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 2006	1,807	73	112	0
December 2006	10,377	724	245	164
March 2007	4,905	134	30	0
June 2007	3,074	463	76	0

## RISK MANAGEMENT AND INSURANCE ACTIVITIES

Sydney Ferries has been continuing to build a culture of risk management to underpin all of its activities. The Risk Management Framework, further developed in 2006–07, provides risk management tools to identify and assess hazards and manage risk in accordance with best practice. Preventative and mitigating risk controls have been developed and applied.

A cost-effective insurance program provided financial protection for the organisation during the year. The program covers industrial special risks, public liability, marine hull, charterer's liability, directors' and officers', professional indemnity and crime insurance.

## HUMAN RESOURCES

### PERFORMANCE AND NUMBER OF EXECUTIVE OFFICERS

As at 30 June 2007, there were five executives with total remuneration packages equal to, or exceeding, the NSW Senior Executive Service Level One. One of these officers was female; there was also one female executive officer at this level as at 30 June 2006.

As at 30 June 2007, there were two executives, both male, with total remuneration packages equal to or exceeding the NSW Senior Executive Service Level Five. This compares to two executives, both male, who were at or above this level in 2005–06.

Name and title of executive officer at pay equivalent to or higher than SES level 5	2005–06 Salary band \$000–\$000	2006–07 Salary band \$000–\$000
Geoff Smith, Chief Executive Officer	Was not employed in the position	\$278–\$349
Chris Oxenbould, Chief Executive Officer	\$278–\$349	Was not employed in the position
Denis Mole, General Manager, Operations	\$214–\$247	\$214–\$247

The Acting Chair of the Board confirms that the Chief Executive Officer, since joining the Corporation in August 2006, provided strong leadership, further developed Sydney Ferries' planning and effectively managed the Corporation on a day-to-day basis.

The Chief Executive Officer confirms that the General Manager, Operations, provided strong leadership for operational staff, managed all aspects of the Operations Division well and conducted safe ferry services in compliance with maritime regulatory requirements.

## HUMAN RESOURCE STATISTICS

### Number of officers and employees by category

Division	2004–05	2005–06	2006–07*
Operations	453	525	542
Engineering	88	86	98
Finance and Corporate Services	18	10	22
Human Resources and Industrial Relations	12	4	12
Executive Office	No such category at this time	4	6
Communications, Marketing and Business Development	No such category at this time	No such category at this time	6
<b>Total</b>	<b>571</b>	<b>629</b>	<b>686</b>

\* Figures for 2006–07 are fulltime equivalent.

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

### Exceptional movements in wages, salaries or allowances

In 2006–07 additional monies were provided to 22 outer harbour masters in the context of establishing a career path for the corporation's masters.

All other movements in wages, salaries and allowances in 2006–07 were in accordance with enterprise agreements.

# APPENDICES

## HUMAN RESOURCES AND INDUSTRIAL RELATIONS POLICIES AND PRACTICES

In July 2006 Sydney Ferries released a new Human Resources Manual comprising current policies procedures and working instructions. This manual forms part of the Corporation's quality management system.

During the year Sydney Ferries also undertook a major review of its recruiting practices.

In 2006–07 Sydney Ferries completed negotiations and finalised enterprise agreements covering the majority of its employees.

### Code of Conduct

There were no amendments to the Sydney Ferries Code of Conduct during 2006–07.

## OCCUPATIONAL HEALTH AND SAFETY Occupational health and safety performance

In 2006–07, Sydney Ferries amended its safety plan with regard to reducing workplace injuries in line with the NSW Government's Working Together Plan. Sydney Ferries' Working Together targets and performance are reported below.

### Injury prevention

Two targets were set: an interim 20% reduction in workplace injuries by June 2007 and a 40% reduction by June 2012. Baseline data was taken from 2001–02, when there were 191 workplace injuries. In 2006–07 there were 167 injuries, a 12.5% reduction. This is below the 20% target for June 2007.

### Injury management

There are two injury management targets. The first is a 10% reduction by 2007–08 in the proportion of injured workers still out of work at eight, 12 and 26 weeks after their being injured.

Sydney Ferries set itself an interim goal of a 5% reduction for 2006–07.

The baseline data was taken from 2004–05, when four employees were still off work eight weeks after their injury, and none remained off work at 12 or 26 weeks after their injury occurred.

In 2006–07 there were three employees still off work after eight weeks had passed since their injury and none after 12 or 26 weeks. This was a 25% reduction, which exceeded the 5% interim target set by the corporation.

The second target was a 10% increase by 2007–08 in the percentage of injured workers placed on suitable duties within one week of becoming fit for these duties as specified on a medical certificate. The baseline data for this goal was taken from 2004–05, when 55% of injured workers (16 of 29) were placed accordingly.

Sydney Ferries set itself a target of 5% increase for 2006–07. In 2006–07, 78% of injured employees (43 of 55) were placed on suitable duties within one week of being certified fit for these duties. This exceeds the target for 2007–08 of 65%.

### Cost of claims

The Working Together target was to reduce the average cost of claims by 15% by 2007–08. Baseline data was taken from 2004–05, when the average cost of a workers compensation claim was \$4,754.96. In 2006–07 the average cost was \$6,805.69.

### Organisational capacity

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

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

## INJURIES AND PROSECUTIONS

No prosecutions were instituted during 2006–07 against Sydney Ferries Corporation as a result of any injuries arising at the workplace. Sydney Ferries was not prosecuted by WorkCover NSW under the *Occupational Health and Safety Act 2000* (NSW).

## EQUAL EMPLOYMENT OPPORTUNITY

Sydney Ferries is committed to applying the principles of equal employment opportunity through its recruitment policies and procedures.

### Major equal employment opportunity outcomes

A major initiative in 2006–07 was the development of an Equal Opportunity Management Plan to be introduced into the Sydney Ferries' Workforce Plan. The objectives of the plan are to:

- improve access to information relating to employee policies, procedures and practices
- create and nurture a diverse and skilled workforce
- promote employment access for equal employment opportunity groups
- promote a workplace culture that displays fair practices and behaviour.

Another initiative involved advertising for women and indigenous persons to take up apprenticeships at the Balmain Shipyard and maritime traineeships in the Operations Division. One indigenous person was recruited as an apprentice at the shipyard and two indigenous people, one of whom was female, together with a non-indigenous female, were recruited as maritime trainees.

## Planned equal employment opportunity outcomes

Major planned equal employment opportunity outcomes for the following year include building on the initiatives commenced in this reporting year. In particular Sydney Ferries intends to reinforce the new recruitment and training opportunities for indigenous persons and females at the Balmain Shipyard and amongst the afloat staff.

Sydney Ferries also intends to focus on employment access for equal employment opportunity groups amongst its current workforce.

## Equal employment opportunity trends

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

Equal employment opportunity group	Benchmark or target	% of total staff		
		2004–05 <sup>1</sup>	2005–06 <sup>2</sup>	2006–07 <sup>3</sup>
Women	50%	15%	28%	15.55%
Aboriginal people and Torres Strait Islanders	2%	1%	2%	0.42%
People whose first language was not English	19%	26%	13%	10.78%
People with a disability	12%	4%	11%	1.4%
People with a disability requiring work-related adjustment	7%	N/A	1%	0.14%

1. 2004–05 figures were provided by State Transit Authority.

2. 2005–06 figures were based on results of a survey distributed to employees on 23 January 2006. The response rate was 19.1% of total employees.

3. 2006–07 figures based on information from 714 employees.

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

Trends in the distribution of equal employment opportunity groups are shown below.

Equal employment opportunity group	Benchmark or target distribution index*	Distribution index*		
		2004–05 <sup>†</sup>	2005–06	2006–07
Women	100	96	97	97
Aboriginal people and Torres Strait Islanders	100	N/A	N/A	N/A
People whose first language was not English	100	100	96	98
People with a disability	100	101	98	95
People with a disability requiring work-related adjustment	100	101	98	95

\* Distribution Index figures for each year above were provided to Sydney Ferries by the State Transit Authority.

† 2004–05 was the first year of operation for Sydney Ferries

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

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

## NSW GOVERNMENT ACTION PLAN FOR WOMEN

Sydney Ferries is committed to developing and implementing strategies aimed at improving the experience of female employees. As part of this commitment, the corporation introduced a policy for pregnant employees which includes part-time working conditions for women who become pregnant or adopt children. At the end of the reporting period, 10% of female employees were taking advantage of these arrangements.

In another initiative, Sydney Ferries advertised for females to take up apprenticeships at the Balmain Shipyard and maritime traineeships in the Operations Division. Unfortunately no female applicants responded to the advertisement for apprenticeships. However, two females were recruited for, and successfully completed, maritime traineeships.

## ETHNIC AFFAIRS PRIORITIES STATEMENT

All NSW Government agencies must include an Ethnic Affairs Priorities Statement in their annual report to Parliament. The statement contains the agency's strategies and plans for future action to meet the principles of multiculturalism.

Sydney Ferries has begun a review of the areas that need addressing as the first step in developing its Ethnic Affairs Priorities Statement. The corporation's strategies and plans for future action to meet the principles of multiculturalism will be included in detail in the statement.

In keeping with its commitment to social justice, Sydney Ferries provides its employees with access to the Community Language Allowance Scheme. This scheme trains employees in providing improved communication and customer service to its culturally diverse customers.

Sydney Ferries has an ethnically diverse workforce, with approximately 11% of employees nominating their first language as other than English.

## OVERSEAS TRAVEL

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

## STATUTORY INFORMATION

### FREEDOM OF INFORMATION

Sydney Ferries recognises its duty to provide information under the *Freedom of Information Act 1989* and strives to provide this information in an efficient manner.

#### Comparison with previous years

In 2006–07, Sydney Ferries received 11 applications for access to documents under the *Freedom of Information Act 1989* (in addition to 13 applications received during the previous year and processed in 2006–07). This compared with 26 applications received in 2005–06 (and three applications brought forward from 2004–05).

#### Applications for internal review

Three applications for internal review were received. In one application, the applicant disagreed with Sydney Ferries' determination that the documents were exempt and should not be disclosed. The internal review upheld the original determination. The applicant then made a complaint to the NSW Ombudsman regarding the determination of the application. As a result, the ombudsman conducted preliminary inquiries pursuant to the *Ombudsman Act 1974* and made a written suggestion to Sydney Ferries to review its determination and disclose the relevant documents, with certain exempt matter deleted. Sydney Ferries issued a reviewed determination to the applicant pursuant to the ombudsman's suggestion.

Two other internal review applications were received. Both applicants sought internal reviews on the basis that the requested documents had not actually been provided; instead, documents summarising the relevant data had been provided. In both cases, the original determinations were varied and further documents were provided.

#### Statistical summary

This statistical summary is set out in accordance with the provisions of the *Freedom of Information Act 1989* (NSW), the *Freedom of Information Regulation 2005* (NSW) and the Premier's Department Freedom of Information Procedure Manual.

#### Section A: Number of new FOI requests

FOI Requests		Personal	Other	Total
A1	New (including transferred in)	0	11	11
A2	Brought forward	1	13	14
A3	Total to be processed	1	24	25
A4	Completed	1	17	18
A5	Transferred out	0	1	1
A6	Withdrawn	0	2	2
A7	Total processed	1	20	21
A8	Unfinished (carried forward)	0	4	4

#### Section B: Results of FOI requests

Results of FOI Request		Personal	Other	Total
B1	Granted in full	0	4	4
B2	Granted in part	1	11	12
B3	Refused	0	2	2
B4	Deferred	0	0	0
B5	Completed	1	17	18

#### Section C: Ministerial Certificates

		Personal	Other	Total
C1	Ministerial Certificates issued	0	0	0

#### Section D: Formal consultations

		Personal	Other	Total
D1	Number of requests requiring formal consultations	0	1	1

#### Section E: Amendment of personal records

Results of amended request			Total
E1	Granted in full	0	0
E2	Granted in part	0	0
E3	Refused	0	0

#### Section F: Notation of personal records

			Total
F1	Number of requests for notation	0	0



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## Section G: FOI request granted in part or refused

Basis of disallowing or restricting access		Personal	Other	Total
G1	Section 19 (application incomplete, wrongly directed)	0	0	0
G2	Section 22 (deposit not paid)	0	2	2
G3	Section 25(1)(a1) (diversion of resources)	0	1	1
G4	Section 25(1)(a) (exempt)	1	10	11
G5	Section 25(1)(b),(c),(d) (otherwise available)	0	0	0
G6	Section 28(1)(b) (documents not held)	0	0	0
G7	Section 24(2) (deemed refused, over 21 days)	0	0	0
G8	Section 31(4) (released to medical practitioner)	0	0	0
G9	Totals	1	13	14

## Section H: Costs and fees of requests processed

		Assessed costs	FOI fees received
H1	All completed requests	\$1,380	\$630

## Section I: Discounts allowed

Type of discount allowed		Personal	Other
I1	Public interest	0	0
I2	Financial hardship – pensioner/child	0	0
I3	Financial hardship – non-profit organisation	0	0
I4	Totals	0	0
I5	Significant correction of personal records	0	0

## Section J: Days to process

Elapsed time		Personal	Other
J1	0-21 days	0	4
J2	22-35 days	1	3
J3	Over 35 days	0	13
J4	Totals	1	20

## Section K: Processing time

Processing hours		Personal	Other
K1	0-10 hours	1	0
K2	11-20 hours	0	10
K3	21-40 hours	0	7
K4	Over 40 hours	0	3
K5	Totals	1	20

## Section L: Reviews and appeals

Number finalised		Total
L1	Number of internal reviews finalised	3
L2	Number of ombudsman reviews finalised	0
L3	Number of district court appeals finalised	0

## Details of internal reviews

Grounds upon which internal review requested		Personal		Other	
		Upheld	Varied	Upheld	Varied
L4	Access refused	0	0	1	2
L5	Deferred	0	0	0	0
L6	Exempt matter	0	0	0	0
L7	Unreasonable charges	0	0	0	0
L8	Charge unreasonably incurred	0	0	0	0
L9	Amendment refused	0	0	0	0
L10	Totals	0	0	1	2

## Statement of Affairs

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

### Agency structure and functions

The structure and functions of Sydney Ferries are outlined in the Corporate Governance section of this annual report.

### Public participation in policy formulation

The public participate in policy formulation through the Sydney Ferries Services Working Group, which is outlined in the Corporate Governance section of this annual report.

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

## Kinds of documents held by Sydney Ferries

The Sydney Ferries Summary of Affairs is published in the Government Gazette, pursuant to section 14 of the *Freedom of Information Act 1989*. A copy of the most recent Summary of Affairs can be found in Government Gazette Number 84, 29 June 2007.

The types of documents held by Sydney Ferries include:

- Sydney Ferries annual reports
- Sydney Ferries' Statements of Corporate Intent
- policy documents
- procedures covering the corporate functions and operations of Sydney Ferries.

### Accessing and amending Sydney Ferries' documents

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

Company Secretary, Corporate Counsel and FOI Officer  
Sydney Ferries Corporation  
Level 9, 37 Pitt Street  
SYDNEY NSW 2000

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

## Circumstances and outcomes of investigations

An individual who made an application pursuant to the *Freedom of Information Act 1989* (NSW), made an application for an internal review of the determination of

the application, and subsequently made a complaint to the NSW Ombudsman regarding the determination, pursuant to the FOI Act. In compliance with a written suggestion from the ombudsman pursuant to section 52A of the FOI Act, Sydney Ferries issued a reviewed determination and disclosed two documents it had previously determined to be exempt and to which access had been refused. The documents were disclosed with certain exempt matter deleted.

## LEGAL CHANGES

Date	Legislation amended	Amendment
28 September 2006	<i>Transport Administration Act 1988</i> (NSW)	The Act was amended to provide that full fee-paying overseas students are not entitled to be issued with a concessional travel pass.
27 October 2006	<i>Passenger Transport Act 1990</i>	The Act was amended to make further provision with respect to the accreditation of operators of public passenger services; and for other purposes.
4 December 2006	<i>Transport Administration Act 1988</i> (NSW)	The definition of 'authorised person' in section 45DA of the Act was amended. This section provides for the delegation of functions of Chief Investigator of the Office of Transport Safety Investigations to an authorised person.
6 June 2007	<i>Transport Administration Act 1988</i> (NSW)	The Act was amended to remove the prohibition on the portfolio Minister being a shareholder in a state owned corporation constituted under the <i>State Owned Corporations Act 1989</i> (NSW).

## DEPARTURES FROM SUBORDINATE LEGISLATION ACT

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

## PRIVACY MANAGEMENT PLAN

Although not subject to the *Privacy and Personal Information Protection Act 1998* (NSW), Sydney Ferries has adopted a Privacy Management Plan. No complaints were received in 2006–07 alleging breaches of privacy.

## RESEARCH AND DEVELOPMENT

As reported in the Year in Review section of this annual report, Sydney Ferries has made preparations for further trials of bio-diesel fuel. The trials will assess the impact of this non-fossil fuel source on fuel efficiency and gas particulate air emissions. The trials are planned for 2007–08 and follow on from trials conducted in 2005–06. No trials were carried out during 2006–07.

## GOVERNMENT ENERGY MANAGEMENT POLICY

In accordance with the government's energy management policy, Sydney Ferries introduced a range of initiatives to reduce its energy consumption.

At the Balmain Shipyard, energy efficiency initiatives include installation of timers on the air-conditioning in the main offices and upgrading the compressed air lines to reduce leaks.

In the new corporate head office premises in Pitt Street, utilisation of natural light has been maximised and energy saving lighting technologies have been installed.

At Circular Quay, a study of energy consumption was completed in preparation for installation of more energy efficient equipment and light fittings.

## GREENHOUSE CHALLENGE PLUS PROGRAM

The Greenhouse Challenge Plus Program is a Commonwealth initiative that enables Australian companies to form working partnerships with the Australian Government to improve energy efficiency and reduce greenhouse gas emissions. Sydney Ferries is a signatory to the program.

## WASTE

Comprehensive waste recycling programs were put in place throughout the organisation.

During the year the corporation recycled all waste oil from its vessels, as well as more than 30 tonnes of metal, 20 tonnes of concrete and approximately 90% of office-generated paper waste. It also recycled, where possible, its cardboard boxes, its plastic, glass and aluminium containers, and its toner and ink cartridges.

Obsolete mobile phones were returned to Telstra. Obsolete office equipment from the recent upgrades was auctioned for recycling and re-use.

In support of the principles of the NSW Waste Reduction and Purchasing Policy, a program of 'desktop refurbishment' was carried out at the corporation's new head office at 37 Pitt Street. A new, fully networked computer system was installed that allows greater use of two-sided printing, email, electronic faxing, and scanning to electronic filing systems, thus reducing paper use and paper filing systems.

Sydney Ferries continued to follow a policy of purchasing, wherever possible, items containing recycled content. These items included envelopes, office paper, pens, pencils, highlighters, desk trays and whiteboards.



**Sydney Ferries  
Corporation**