

# annual report

## State Transit Authority 2001 - 2002

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Sydney Buses

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Sydney Ferries

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Newcastle Bus & Ferry Services

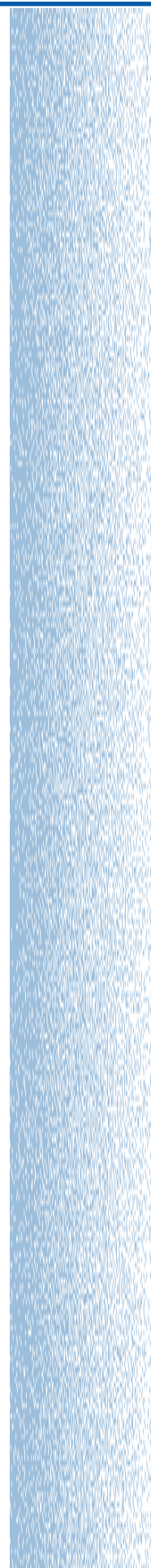
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# About State Transit - FAQ's



State Transit manages the largest bus and ferry operation in Australia.

**State Transit operates 4 businesses: Sydney Buses, Sydney Ferries, Newcastle Bus and Ferry Services and Western Sydney Buses (Liverpool-Parramatta Transitway).**

## Bus Fleet

- At year end, State Transit's bus fleet totalled 1,935 buses:
  - 750 are air-conditioned (38.8% of fleet),
  - 579 are low floor design (30% of fleet),
  - 468 buses are fully wheelchair accessible (24.2% of fleet)
  - 368 buses are CNG powered (21% of the Sydney fleet) and
  - 360 buses have Euro 2 diesel engines (18.6% of the fleet).

## Ferry Fleet

- 32 ferries operate services in Sydney Harbour and 2 ferries operate on Newcastle Harbour.
- The ferry fleet consists of four Freshwater class vessels, three Lady class, eleven First Fleeters, three JetCats, seven RiverCats, two HarbourCats and four SuperCats.
- Sydney Ferries operates across the length and breadth of Sydney Harbour and along the length of the Parramatta River into Parramatta.
- Newcastle Ferries operates services between Newcastle and Stockton.

## Patronage

- State Transit carried 212 million passengers in 2001/02.
- Every working day State Transit operates more than 15,000 services carrying more than 600,000 passengers to their destinations.

## Turnover

- \$495M in 2001/2002.

## Employees

- Over 4,800 employees.

## Routes

- Sydney Buses operates more than 300 routes in the Sydney metropolitan area, extending to Parramatta in the west.
- Newcastle Buses operates 29 routes over a large part of the cities of Newcastle and Lake Macquarie.
- Every year Sydney Buses travel more than 77 million kilometres, Sydney Ferries travel more than 1 million kilometres and Newcastle Services travel more than 8 million kilometres.
- More than 104,000 route services are operated every week, 95,000 services by Sydney Buses, 2,000 services by Sydney Ferries and 7,000 services by Newcastle Services.

## Safety

- A high priority is placed on security and safety; all buses are in radio contact with a control room in the Sydney Traffic Management Centre, are fitted with CCTV, door safety systems and special school bus warning systems.
- 44 ferry wharves are similarly equipped with CCTV and 2 way help points monitored from our ferry control room.

## Passenger Information

- Individual timetables for every bus and ferry service are available from the State Transit information kiosks at central points in the City, selected ticket agencies or off the web at [www.131500.com.au](http://www.131500.com.au) or by phoning the **Transport Infoline on 131 500**. Handy route information is also available at bus stops and ferry wharves.
- Check out our website [www.sta.nsw.gov.au](http://www.sta.nsw.gov.au) which is linked to:  
[www.sydneybuses.nsw.gov.au](http://www.sydneybuses.nsw.gov.au)  
[www.sydneyferries.nsw.gov.au](http://www.sydneyferries.nsw.gov.au)  
[www.newcastle.sta.nsw.gov.au](http://www.newcastle.sta.nsw.gov.au)

## Tourism Services

- State Transit operates the Explorer tourist buses, the Airport Express and Harbour Cruises.

## Legislation

- State Transit is established under the Transport Administration Act 1988 and operates, as do all NSW bus and ferry operators, within the regulatory framework of the Passenger Transport Act 1990.

## How we design our services

- At State Transit we design our bus and ferry routes and timetables so that they are simple to understand, frequent, direct, reliable and accessible to the majority of the community. Our experience shows that these characteristics provide the community with better bus services that match their travel demands.

Bus services are designed to serve a number of purposes. Buses take people to work, school, university and TAFE, shopping, entertainment, hospitals and to visit friends. People use buses to connect with trains, ferries and other buses as part of the transport network. Bus services that perform two or more of these functions are generally well patronised.

As a general rule, 95 percent of people in areas serviced by State Transit are within 400 metres of a bus service operating between 6.00am and 6.30pm Monday to Saturday and within 800 metres of a service at all other times.

All routes are designed to provide local communities with connections to their regional centres and district centres. These principles were derived after conducting considerable research of travel demand, customer feedback and examining other successful bus services operated by State Transit.



# Performance Highlights



- State Transit has become the first bus operator in NSW to have its business management systems certified under world best practice standards. This standard, ISO 9001:2000, is the highest standard recognised internationally by the business community for the provision of customer services. The blue and white buses are the first buses in NSW with the “5 ticks”.
- 87 new Mercedes Benz Ultra Low Floor, wheelchair accessible, Compressed Natural Gas (CNG) powered, air conditioned buses were delivered in 2001/02 bringing the State Transit bus fleet to 1,935 by June 2002. 266 of a total of 300 new Mercedes Benz buses were delivered by 30 June 2002 .
- State Transit will expand its services in Western Sydney after winning an international tender to deliver high frequency services along the Liverpool-Parramatta Transitway. In January 2002 State Transit was awarded the contract ahead of strong competition from local and multinational companies. The first services are planned for introduction in early 2003.
- The second and final stage of the changes to the network for Better Buses North West were introduced at the end of June 2001. By March 2002 boardings had risen to 138,000 per week, a 60% increase. The Better Buses review has added 29,000 boardings per week to the network. This increase is estimated to increase annual boardings by 1.3 million. This is 550,000 more than originally estimated.
- 24% of the fleet, 468 buses, is now fully accessible for people in wheelchairs. Sydney Buses now operates 97 routes with timetabled wheelchair accessible services across Sydney with more coming on stream.
- A major reform program in Sydney Ferries was begun and the majority of the recommendations have now been implemented. New safety management and quality management systems have been put in place. It is expected that these systems will lead to Sydney Ferries becoming ISM and ISO certified later in 2002.
- OH&S Performance continued to improve through intensive work by all staff. The Frequency Rate declined by 10% and the Incident Rate declined by 12%.
- State Transit was awarded the Premier’s Silver Award for its CCTV Monitoring on Ferry Wharves project in the category of ‘Best Practice in eGovernment’. 44 wharves used by Sydney Ferries have had CCTV and 2 way help points installed using the world’s largest private wireless multimedia network.
- At the beginning of 2002, State Transit donated 5 of its buses to the people of East Timor. State Transit arranged for the buses to be shipped by cargo ship to Dili in East Timor. The Minister for Transport and the Hon. Janelle Saffin MLC handed over the buses to Mr Xanana Gusmao, President of the Association of the Veterans of the Resistance.

# Year in Review

2001 - 2002

## REVIEW OF OPERATIONS

# CEO's and Chairman's Foreword



The blue and white buses are the first in NSW to carry the "5 ticks" quality logo.

State Transit drove through a year of fundamental change in 2001/02, including

- more robust management of Sydney Ferries,
- the Better Buses program in Sydney's Eastern suburbs and the Newcastle Bus Plan,
- the achievement of ISO 9001:2000 Quality certification for State Transit's bus services,
- major initiatives in the training and development program and
- the move of State Transit's Head Office to Strawberry Hills.

The Board and management of State Transit are delighted that Sydney Buses and Newcastle Buses will be the first public transport operator in New South Wales to carry the "five ticks" quality logo signifying certification under ISO 9001:2000, the highest internationally recognised service quality standard.

The independent quality auditor recommended certification "without hesitation" in view of the level of maturity of State Transit's Business Management System and the ample evidence of State Transit meeting both the requirements and intent of ISO 9001:2000 in documentation and, more importantly, in actual practice.

In 2001/02, significant challenges arose with patronage declining in Sydney Buses, Sydney Ferries and Newcastle Buses (as it has for all other New South Wales operators) and a significant increase in the operating cost of Sydney Ferries following the implementation of the Waterways Authority Report.

State Transit experienced difficult operating conditions in the report year compared with 2000/01, the year of the Olympics. A fall in revenue in 2001/02, due to the decline in patronage, combined with higher labour and fleet maintenance costs resulted in an increased deficit compared with the previous year.

The end of year financial result was a deficit of \$19.6M on revenue of \$495M. Sydney Ferries recorded a deficit of \$19.4M reflecting the significant increase in expenditure in Sydney Ferries flowing from the implementation of the Waterways Authority report. This result included as revenue, a capital grant of \$22.9m received under the NSW Government's Action for Transport 2010 program.

The Board and State Transit management have wrestled with the decline in patronage which was due to a diverse range of factors including the lower cost of car ownership post-GST, the freezing of the petrol excise, a decline in the Sydney CBD workforce and a slowdown in overseas visitor numbers after September 11. All bus and rail public transport operators have been affected in both the public and private sectors.

At the beginning of 2002, State Transit donated 5 of its buses to the people of East Timor. State Transit arranged for the buses to be shipped to Dili in East Timor. The Minister for Transport and the Hon. Janelle Saffin MLC handed over the buses to the Mr Xanana Gusmao, President of the Association of the Veterans of the Resistance.

The 5 buses were in sound mechanical order and a set of additional spare parts such as engines and gear boxes was also donated by State Transit to keep the buses going in years to come. A State Transit officer also travelled to East Timor to provide training and maintenance support for the East Timorese.

State Transit was awarded the Premier's Silver Award for its CCTV Monitoring on Ferry Wharves project in the category of 'Best Practice in eGovernment'.

The buses will enable people in East Timor to travel freely and easily for the first time for 25 years. The buses are being used to transport children to the newly established schools around Dili.

State Transit will expand its services in Western Sydney after winning an international tender to deliver high frequency services along the Liverpool-Parramatta Transitway. In January 2002 State Transit was awarded the contract ahead of strong competition from local and multinational companies. The first services are planned for introduction in early 2003.

In 2001, a review into the operations of Sydney Ferries was conducted by the Waterways Authority with the full support of the Board and management of State Transit. The Board established a Ferries Committee with a focus on the implementation of the recommendations of the Waterways Authority report. A major reform program in Sydney Ferries was begun and the majority of the recommendations of the report have been implemented. New safety management and quality management systems have been put in place. It is expected that these systems will lead to Sydney Ferries becoming International Safety Management and ISO certified later in 2002.

The Board again made considerable efforts this year to ensure a sustainable funding future for State Transit. This is necessary because the prices for services are set at levels that do not recover operating costs, nor do they enable assets to be replaced. The Board supported the development of a Capital Structure Study in conjunction with the Treasury and TransportNSW.

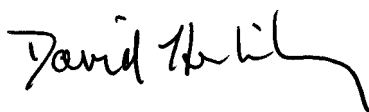
The Capital Structure Study defines a viable long-term financial position (debt/equity mix) for State Transit. The study addresses flaws in the existing funding model applied to State Transit and identifies the additional funding required by State Transit to ensure its future viability.

Passenger and staff safety remain the highest priority for State Transit. The significant efforts made in this area were recognised during the report year when State Transit was awarded the Premier's Silver Award for its CCTV Monitoring on Ferry Wharves project in the category of 'Best Practice in eGovernment'. 44 wharves used by Sydney Ferry services have had CCTV and 2 way help points installed using the world's largest private wireless multimedia network.

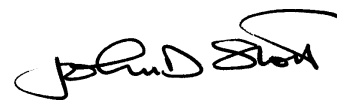
The Board continued to strive for improvements in Occupational Health and Safety performance during the year. By end of the year the Lost Time Injury Frequency Rate was down by 9% and the Lost Time Injury Incident Rate down by 12%. Great progress was made in implementing the new OH&S Quality System in all State Transit work locations in compliance with the new legislative requirements for workplace safety.

The Board considered that the challenges for the year ahead were the need to resolve State Transit's funding arrangements, the ongoing application of business improvement programs to contain costs, the need to achieve improvements in patronage, and the need to expand bus depot capacity in future.

We would like to thank staff and management for their commitment and professional attitude in a complex and challenging year. We would also like to thank our passengers for their continued support and to assure them that we will not waiver in our commitment to quality services – if we can do better, we will do it better.



**David Herlihy**  
Chairman



**John Stott, PSM**  
Chief Executive



We are in the business of taking people where they want to go. Our experience is that people will use public transport if it is:

- reliable
- convenient
- safe
- efficient
- courteous
- comfortable

These six requirements form our corporate objectives to ensure that services meet passengers needs.

We offer services that are easy to get to and easy to board, that run to time, that are mechanically reliable, that are comfortable and that are affordable.

Sydney Buses recorded 96.2% on time running.

Sydney Ferries maintained its exceptional performance of 99.4% on time running.

Newcastle Buses improved again, recording 96.6% on time running.



### *Objective*

The reliability of services is a critical component in State Transit's programs designed to meet its corporate objective of contributing to the development of a sustainable urban environment by attracting travelers on to public transport.

Traffic conditions in Sydney can be a major challenge to reliability. State Transit aims to maintain and improve the reliability of its services in traffic.

### *Targets*

- We set our timetables so that we run to time in normal traffic conditions.
- We aim to never leave the depot late.
- We aim never to start a trip early.
- We aim to refine our maintenance programs and practices so there will be no mechanical failures that can be prevented by regular maintenance.
- We work with the Roads and Traffic Authority on expanding bus priority measures in our operating area to support the reliability of our services in heavy or unpredictable traffic conditions.

### *Performance*

#### **On time running**

In 2001/02, State Transit continued its good record for service reliability with Sydney Buses recording a 96.2% on time service performance against its benchmark requirement of 95% of services running on time.

Sydney Ferries maintained its exceptional performance recording 99.4% of services running on time over the year. The Manly high-speed ferry and regular Freshwater class services both achieved 99.7% on time running.

Newcastle Services continued to improve its on time running performance in 2001/02 recording 96.6% of services running to time, up from 95.5% in the previous year.

There was a 14% improvement in fleet mechanical reliability in 2001/02.



State Transit is investing in new technology to further enhance its management systems for on time running with trials of Automatic Vehicle Location Systems using Global Positioning Systems technology planned for the next 12 months.

## Patronage results

All mass public transport modes, both government and private sector, experienced a decline in patronage in 2001/02. Sydney Buses, Sydney Ferries and Newcastle Buses were not immune from the overall decline in patronage.

Total patronage in 2001/02 was 212 million trips, a 4.4% decline compared to the previous year. Sydney Buses declined by 4.1%, Sydney Ferries declined by 7.8% and Newcastle Buses declined by 4.7%.

The decline in patronage in 2001/02 is partly explained by the exceptional patronage results in 2000/01 during the Olympic period, particularly for Sydney Ferries. In 2000/01 Sydney Ferries broke all its patronage records. During the Olympics, Sydney Ferries tripled the number of passengers normally carried in one month.

It is therefore useful to set aside the extraordinary patronage results of the Olympic year to get a more accurate picture of current patronage trends. Sydney Ferries patronage for 2001/02 was 3.5% higher than 1999/2000, the year before the Olympics and this follows the historic trend for patronage on the ferries of about 1.5% growth per annum for the last two years.

The decline in patronage occurred while there was a 3% increase in bus services, measured by scheduled vehicle kms. However, the decline in bus patronage is consistent with external data showing a decline in overall travel by all modes and a decline in use of other public transport modes.

A wide range of factors influence bus and ferry patronage overall. Contributing factors to the recent decline in patronage include:

- Introduction of the GST by the Federal Government on 1 July 2000. The new taxation system changed the relative price of cars and public transport by reducing sales taxes on new vehicles and imposing GST on public transport fares. Later the Federal Government also froze petrol excise.



- Decline in the CBD workforce. Employment in the Sydney CBD is estimated to have fallen by 3.5 to 4% in the last year. The workforce composition in the CBD has changed, with the more senior managerial category growing in ascendancy and lower-skilled white-collar jobs declining. Senior managers are more likely to have cars, lower paid workers are the public transport users. The relative public transport mode shares are 50% vs. 85%. Law firms now occupy more CBD floor space than retail.
- Cheaper petrol and cheaper cars. Petrol prices were high in 2000/01. Petrol prices and the cost of car ownership have since declined which is reflected in lower patronage since then.
- Impact of 11 September 2001 on tourism travel. The impact of world events on the aviation industry and tourism travel may reduce the number of tourists including long-stay backpackers. Patronage on State Transit's premium tourism services has declined more significantly than on route services, indicative of the impact of world events on tourism which has flowed through to other services in the East.

## Bus priority measures

Sydney's traffic can affect the reliability of State Transit's services. State Transit continues to work with the Roads and Traffic Authority on expanding the bus priority measures in its operating area to support the reliability of bus movements in heavy or unpredictable traffic conditions.

State Transit has benefited from numerous bus priority initiatives.

- The Better Bus program areas are a focus, with "B" signals in Newcastle and improved turning geometry in Sydney being sought.
- The RTA has recently installed some of the traffic improvements committed to Better Buses including new traffic signals at Lane Cove Road and Fontenoy and median changes at Rutledge Street, Eastwood.
- Additional red lanes have been marked on the approach to the Harbour Bridge and Oxford Street, Paddington.
- A trial was held of automatic detection systems for the bus lanes in York and Oxford Streets with the ORC's (optical recognition cameras).
- A "B"-signal has been installed at the intersection of Eastern Valley Way and Victoria Avenue.
- A third location for a bus lane camera is being designed for the southbound Harbour Bridge approach lane.
- Agreement has been reached with the Airport Motorway and RTA about increased E-toll readers on STA buses from Eastern depots to improve operations of the morning peak services at toll booths.

- There was a high level of activity with the implementation of the Spit Bridge tidal flow amendments and removal of the scramble intersection at Manly.
- State Transit and the RTA Technology section will test traffic signal pre-emption system for late running buses in the Eastern Suburbs.

### ***New Motorway Express Services***

In June 2002, Randwick Depot began operating its am peak express services via the Airport Motorway (Eastern Distributor). This arrangement had several potential benefits as it relieves the peak direction lanes in Liverpool and Elizabeth Streets, gives a faster service to those working at the northern end of the City, and has buses ending close to where they can commence University shuttle services.

### ***Summer Strategy for Eastern Beaches***

To try a new approach to the congestion problems experienced by buses around beaches during the summer, State Transit is drafting a traffic management plan for the RTA and Waverley Council to treat the summer weekends as special events. Over half the weekly patronage on Bondi Beach services is carried on Saturdays and Sundays during the summer.

### **Maintenance programs**

In 2001/02, the maintenance project team continued to review and refine all aspects of the vehicle maintenance program to ensure greater mechanical reliability in the bus fleet.

There was a significant improvement in fleet mechanical reliability during the year – the 12 month rolling average in changeovers fell by 14% during 2001/02.

It is also important to note that at the end of 2001/02 failures of buses in service (which are inevitable even in the best-maintained fleet) were at a five year low.

### ***Audit Office Report on Maintenance***

The Audit Office conducted a desktop performance audit of State Transit's maintenance practices in the report year. State Transit was disappointed by the tenor of the report and the misreporting in the media of its maintenance record. State Transit's full response to the audit findings can be found in the report published by the Audit Office.

State Transit stresses that its inspection and maintenance standards are sound, its maintenance staff are qualified and competent, and that its fleet is safe and comfortable.

State Transit inspects each bus every six weeks and makes an assessment of all work that is either necessary or desirable. This is the most comprehensive inspection program in Australia; there are few operators worldwide who can match it.

Work identified may be safety or environment-related, in which case it is fixed on the spot. Other work may be cosmetic or indicative of wear and tear and may not have reached a point where immediate intervention is required. In such cases, the work is scheduled for later attention. Every 6 and 12 months, buses undergo a planned maintenance program, at which time programmed repair work is carried out.



There was an increase in workload in the calendar year 2001. This was not due to poor management but to an overall increase in bus utilisation during and after the Sydney Olympics (it will be recalled that over 20% of the State Transit fleet had to be diverted to Olympic services at very short notice).

State Transit acknowledged that some workshops needed to improve their attention to administration and took action to ensure that this occurs. To ensure that administration, reporting and audit systems are improved, State Transit upgraded the status of its Engineering Policy and Standards group to ensure that it has the authority to drive the necessary changes and to improve auditing and reporting. A senior executive was assigned to ensure compliance with all records procedures and to ensure consistency of process across all depots.

As a result, Quality Inspectors were placed at depots to review and work with maintenance staff to reconcile computer based maintenance records with jobs completed. Since January 2002, reports have been made monthly to the State Transit Executive which show the amount of planned work outstanding, and the amount of open and closed work orders in that month.

A 57% improvement was made during the report year to the backlog in outstanding work orders and the level of defects per bus was reduced by 20%.

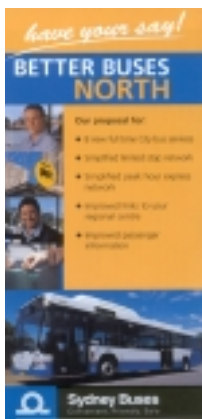
### ***ISO 9001:2000 Certification Audit Findings on Maintenance***

State Transit has become the first bus operator in NSW to have its business management systems certified to world best practice standards. This standard - ISO 9001:2000 - is based on the international requirements for quality management systems and provides a model for organisations to assure the reliability and effectiveness of customer service delivery.

The independent certification auditor, Quality Assurance Services, noted that the recommendation for certification was made "without hesitation" and its audit report includes the following findings on State Transit's maintenance systems and practices:

- a well established and effective maintenance planning and provision system is in place.
- scheduling of maintenance is done well to fit in with the complex arrangements for work planning and vehicle availability to ensure minimisation of time off-the-road.
- bus servicing and repairs are carried out effectively by competent personnel, in fact, the auditor commented that Sydney Buses' workshops were some of the best heavy vehicle workshops that he had seen.
- records of maintenance were all well documented, identified and verified.

In June 2002, the blue and white buses were the only buses in New South Wales with the "5 ticks".



## Objective

We need to run our services when our passengers want to travel and we need to take them to where they live, work and play.

## Targets

- Better Buses reviews of routes in Sydney and Newcastle will ensure services are designed to meet the changing needs of the majority of passengers.
- We connect with all major urban centres in our operating area.
- Our services connect with trains, ferries and buses to ensure a workable transport network in Sydney and Newcastle.
- We continue to build capacity in the bus fleet to meet increases in demand.
- Our fares are logical, affordable and tickets are easy to get.
- We aim to fill off-peak seats through innovative service design and ticketing packages and tapping latent demand for off-peak services such as recreational and leisure markets.

## Performance

Our services connect with trains, ferries and buses to ensure a workable transport network in Sydney and Newcastle.

As a general rule, 95 percent of people in areas serviced by State Transit are within 400 meters of a bus service operating between 6.00am and 6.30pm Monday to Saturday and within 800 meters of a service at all other times. All routes are designed to connect local communities with their regional centres and district centres.

## BETTER BUSES PROGRAM

Travel patterns and needs change over time – work patterns and shopping habits have changed considerably in recent years. Demographic changes also require bus route and network design to be periodically reviewed.

Better Buses reviews of routes in Sydney and Newcastle in 2001/02 have put new transport networks in place to meet the travel needs of the majority of our passengers in 2002 and not those of 1988. Better Buses applies service design principles and tests them through community consultation.



### ***Service Design***

State Transit designs its bus routes and timetables so that they are simple to understand, frequent, direct, reliable and accessible to the majority of the community.

The Better Buses proposals are based on regional research and analysis of transport data, demographic data, ticket data, market research, local and regional land use planning strategies and service performance data.

### ***Community Consultation***

Consultation with a range of stakeholders and the community is a key element of the Better Buses strategy.

The community consultation commences with delivery of a Better Buses brochure detailing the proposed changes by suburb together with a regional map. A 'Have Your Say' survey form encourages readers to respond to the proposal. Comments are received by mail, fax, phone, email and via State Transit's website. A Better Buses hotline is established to receive calls and record feedback and comments.

After reviewing each submission, individual comments and suggestions are fed back into the final service structure. It is critical to achieve a balance between the multiple, and often competing, objectives within the community of a range of interested parties and passengers. Considerable care is taken to ensure that the final structure reflects the needs and wishes of the greatest number of passengers and residents.

### ***Program Management***

The Better Buses program involves a team with skills from all areas of State Transit. Team members include experts in business development, scheduling, marketing, depot management, passenger information as well as employee representatives.

Major changes involve a large number of buses, staff and depots. Not only are individual bus operators required to learn new routes, but all the associated infrastructure from schedules and rosters to route pointers and new timetable displays have to be coordinated. A mammoth effort by many hands is required to achieve this with minimum inconvenience to our customers.



**Bus Rodeo at Olympic Park**

▶ **NORTH WEST**

We now have the first full year's results of the Better Buses program in the North West operating area.

Patronage compared to the previous North and Western and Riverside services continues to grow. When these companies were acquired by State Transit in 1999 weekly (non school) patronage was averaging 85,000 per week.

By November 2000, boardings had risen to 109,000 per week. State Transit was still operating the former operator's routes and timetables at that time. The 24,000 boardings per week increase is attributed to State Transit's quality of service.

The final stage of the changes to the network for Better Buses North West was introduced at the end of June 2001. These changes related mostly to services east of West Ryde, centred on Victoria Road.

By November 2001, boardings had risen to 126,000 per week.

By March 2002 this had risen to 138,000 per week, a 60% increase in total.

The Better Buses review has added 29,000 boardings per week to the network. This increase is estimated to increase annual boardings by 1.3 million. This is 550,000 more than originally estimated. The target bottom line improvement of \$1.2 million in the first year was met. It should also be noted that this has been achieved while there has been a general decline in patronage in all mass transit public transport modes over the past twelve months.

## ▶ **NEWCASTLE BUS PLAN**

The Newcastle Bus Plan was introduced in March 2002 after an exhaustive 12 month consultation period throughout the Newcastle area that included two major surveys. More than 3000 submissions were received from individuals, organisations, commercial centres, councils and unions.

This was the first major review of the Newcastle bus network in more than 10 years. During the last decade there have been significant changes to the region's residential employment retail and medical centres which have changed the transport needs of the community.

The new network increases access to the major shopping centres, commercial centres and the John Hunter Hospital and the University of Newcastle. It also takes into account the needs of people in new and existing residential areas, and also the changes in patronage due to major issues such as the closure of the Newcastle steelworks several years ago.

To make travel by bus in Newcastle even easier, there is no longer a separate night network. The same routes operate during the day and evening, making the network less confusing, as passengers don't need to remember which number/timetable to use.

Since the introduction of the new bus network in Newcastle, State Transit has been monitoring and reviewing the services. Several routes have been altered and additional services provided where necessary, to better suit the community's needs.

In response to community feedback, a revised network and timetables was introduced from 15 September, 2002 providing new and altered routes and improved timetables for schools and Newcastle University.

## ▶ **BETTER BUSES EAST**

Better Buses East was introduced in June 2002.

This was the first major review of the Eastern Suburbs bus network in more than 10 years. Community consultation began in August 2001. More than 3,500 submissions were received from individuals and groups.

The new network increases access to the major shopping centres, commercial centres and educational institutions. It also takes into account the needs of people in new and existing residential areas, and also the changes in traffic as a result of the opening of the Eastern Distributor.

Implementation of the new eastern services in June 2002 was one of the largest roll-outs of network changes undertaken by State Transit. The revised network and timetable changes involved 40% of Sydney Buses' business.

Marketing of the new network was extremely effective in advising passengers of the changes, including snap frame advertising on buses, local and ethnic press advertising, mail outs to respondents to the Better Buses community consultation, local letterbox drops in selected areas affected by change and wayfinding on City streets and selected suburban locations.

State Transit has committed to monitor and review the new bus routes over the next six months and make the necessary changes where possible. As part of the Better Buses review, State Transit made it clear that it would be responding to demographic changes and reallocating services from poorly patronised routes to those with higher demand. Where monitoring has indicated that services are inadequate to meet demand following the implementation of new services and changes to travel patterns, additional services have been scheduled.

## ▶ **BETTER BUSES NORTH**

Community consultation for the Better Buses North program was beginning at the end of the report year. Information on the proposed new network was distributed to 99,000 households in the area from Kirribilli to Palm Beach by Australia Post in September 2002. The proposed network is designed to strengthen existing travel patterns and provide improved integration of services between the City and Palm Beach.

The main features of the proposal are:

- Direct City Services.
- Direct services to Warringah Mall and Dee Why.
- Improved Frequencies on the Military Road corridor from Spit Junction and on the Limited Stops Network between Dee Why and the City. Improved frequencies will be provided to Cromer Heights, Dee Why Beach and Wingala.
- Simplified Express and Limited Stop Network to make it easier to understand, especially to newcomers and occasional travellers.

## **Liverpool Parramatta Transitway**

State Transit will expand its services in Western Sydney after winning an international tender to deliver high frequency services along the Liverpool-Parramatta Transitway.

In September 2001, Transport NSW issued an Expression of Interest for the operation of trunk services on the Liverpool to Parramatta Transitway. The Transitway is 31 kilometres in length, including 20 kilometres on a dedicated corridor. There will be extensive bus priority measures in place along the length of the Transitway. All vehicles will be fitted with tracking devices to enable real time information to be displayed at the 35 stations on the route.

In January 2002, State Transit was awarded the contract ahead of strong competition from local and multinational companies. The first services are planned for introduction in early 2003.

State Transit has established a subsidiary corporation to operate the Transitway. The main purpose of creating a separate entity for the Transitway contract was to enable State Transit to demonstrate competitive neutrality with the private sector and to enable an industrial agreement appropriate to the operation.

15 new Mercedes CNG buses have been assigned to the Transitway operation. The Transitway will require 32 (full-time equivalent) drivers. Operations will be monitored from our facilities at the Transport Management Centre.





## **Objective**

Personal security is high on our passengers' priorities. Everyone should feel safe using public transport. Many more people would catch public transport if they felt that their personal security was ensured while waiting for the bus or ferry.

## **Targets**

- To deter misbehaviour on-board all buses are equipped with CCTV and direct radio to base.
- CCTV on all ferry wharves serviced by Sydney Ferries.
- All buses are routinely patrolled by uniformed and plain clothes Police.
- All entry and exit doors are built to avoid passenger entrapment.
- All school buses have flashing warning lights and 40 km/hr speed limit signs.
- All interiors of buses and ferries have non-slip floors and convenient hand grips
- All drivers trained in personal protection.
- All staff trained for appropriate roles in the Emergency Response Plan.
- We continually strive for improvement in workplace safety.

## **Performance**

Travel on State Transit's bus and ferry services is very safe for our passengers.

The incidence of safety and security issues is very low.

The occurrence of safety incidents on Sydney Buses is less than 1.4 incidents for every 1 million passenger trips. The incidence of personal security incidents on Sydney Buses is even lower; less than 0.4 incidents for every 1 million passenger trips.

Unfortunately sometimes anti-social behaviour does occur and people can feel insecure when using public transport. To deter misbehaviour on-board all buses are equipped with CCTV and direct radio to base. CCTV and help points are now installed on 44 ferry wharves serviced by Sydney Ferries.

## **CCTV On Buses**

CCTV is installed on all 1,935 State Transit buses. All new buses acquired by State Transit are fitted with CCTV before entering service.

The STA Safety Unit provides the Police Assistance Line with information on non-identifiable, malicious damage, graffiti and theft incidents for input onto the COPS database system. This information is then available to all Police Intelligence Officers for tasking Police operations. In each case there is now the benefit of a security video to assist in Police investigations.



## Testing skills at the Bus Rodeo and the winner Andrew Masterson.

Safety is a key priority for State Transit and these measures have not only enhanced the security of State Transit's passengers but also State Transit drivers and supervisory staff.

### CCTV on Ferry Wharves

At end of 2001, State Transit was awarded the Premier's Silver Award in the category of 'Best Practice in eGovernment' for its CCTV on Ferry Wharves project.

An extensive security network is enhancing passenger safety on Sydney's commuter ferry wharves by creating the world's largest private cable free multimedia network. The network, implemented by State Transit, monitors 44 ferry wharves over an area of 600 square kilometres throughout Sydney Harbour and the Parramatta River System and is the first in Australia to combine data, interactive voice and closed circuit television.

The project involving the installation of a CCTV surveillance monitoring system on the wharves is an initiative included in the NSW Government's "Action for Transport 2010 - an Integrated Transport Plan for Sydney". The Plan identifies passenger security and safety on public transport as a major priority.

The security system installed by State Transit is designed to encourage people to use public transport by instilling a sense of security in commuters travelling on Sydney's waterways with:

- CCTV monitoring and recording as a deterrent
- Duress "Help Points" for emergency assistance
- Lifebuoy tamper alarms and monitoring
- Passenger information (InfoLine) facilities

A wireless solution was selected for its cost competitiveness, capacity to handle large volumes of data simultaneously, its robustness and integrity and its high level of security from interference. With the main repeater site located on the south west pylon of Sydney Harbour Bridge, the wireless solution allows security and ferry operators to assist in safety and security of passengers, 24 hours a day.



## Future Enhancements

The system has in-built designed capability to permit additional new wharves to be connected into the system. It also has in-built capability to provide future enhancement for vessel tracking, automatic travel planning, smart card interfaces for e-ticketing and management of wharf access by ferries.

The New South Wales Police Force is a regular user of the system frequently asking to review and obtain copies of camera footage from the system in its investigation of incidents occurring on the wharves or tracking suspects attending wharves.

Additional equipment was installed at Darling Harbour, Watsons Bay, Rose Bay, Cabarita, Kissing Point and King St wharves in 2001/02.

## School student safety

Flashing warning lights and 40km speed limit signage are installed on all STA buses as part of the Government's School Bus Safety program and these are employed on all school special services and on other services when school children board or alight. At such times, traffic is required to slow to 40km/hr.

## Door safety

All buses purchased after July 1999 are required to be fitted with a door safety system which automatically opens should an object be trapped by the closing door. RTA Specification 146 defines a standard test procedure for these door systems. Buses purchased prior to the above date do not have an automatic opening system, relying instead on wide, deformable rubber door seals to allow entrapped passengers to pull free of the doors and automatic brake application if the doors are not fully closed. This door system is compliant with the recommendations contained in the NSW Department of Transport report 'Bus Door Safety Inquiry - Final Report' January 1995. All State Transit buses are compliant with their relevant standards.

## Occupational Health, Safety and Rehabilitation

Continuing with the improvements of the previous year, further reductions in workplace injuries were demonstrated for the period 2001/02. Notably:

- The Frequency Rate fell by 9.9%
- The Incident Rate fell by 11.6%
- The total number of incidents fell by 6.9%, from 1644 to 1532

Initiatives for 2001/02 include:

- Integration of the OH&S system within the Quality System. This approach represents best practice ensuring consistency in implementation of policy and procedures.
- The development of electronic data bases . This includes Plant, Chemicals and Hazardous Substances. Hyperlinks have been established from the registers to relevant Risk Assessments, Safe Work Procedures and Training requirements. Mechanisms enacted in these linked registers ensure continual review and improvement.
- Statistical analysis of injuries incurred in the last three years in order to develop specific injury reduction projects in work locations.
- Management and staff training in the OH&S System and new legislative requirements for Hazard Identification and Risk Management.
- Development and implementation of a new comprehensive internal OH&S System audit process

## **Project Bus Safe**

The Risk Management Group continued to develop and implement its Project Bus Safe during 2001/02. The primary objective of the project is to implement an integrated best practice fleet safety program with a continuous improvement focus. The expected benefits include:

- improved care of passengers and affected public
- market impact - demonstrate preferred safety standards for bus fleet
- improved synergy - linkage to existing programs (and good practices) such as bus changeover project, learning and development, engineering policy and standards, occupational health, safety and rehabilitation, business management systems and risk management.
- cost effectiveness - reduced premiums and lower "hidden costs".

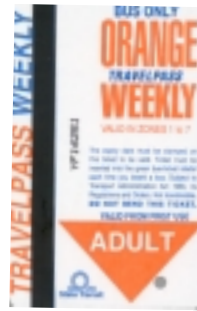
## **"Wave Rider" Buoys**

A number of initiatives for enhancing Sydney Ferries operating safety have recently been implemented, including the deployment of wave height monitoring buoys at Quarantine Head and at Dobroyd Point. Information from these "wave rider" buoys is fed into a data logging computer at the Circular Quay control room and provides up to date information on current and predicted wave heights through Sydney Heads. This information is used by operations management to make determinations as to when services on the Circular Quay – Manly route should be discontinued due to wave conditions through the Heads.

## **Other Safety Initiatives**

Other initiatives included:

- Operation Bus Stop, in which buses are routinely patrolled by NSW Police officers, continued within 10,946 police boardings in 2001/02.
- The Business Management System includes a Business Improvement Notice program to ensure that corrective action is rapidly taken on all safety and security issues.



## Objective

State Transit works to keep fares down and cost recovery up by ensuring that it operates as efficiently as possible.

## Targets

- We aim to keep our expenditures within the “efficient costs” limits set by the Independent Pricing and Regulatory Tribunal in 1998. We continually strive to offer value for money.
- We aim to operate within the revenues that we get from fares paid by passengers and those fares paid for some by the NSW Government.
- Our fleet and staffing is the optimum level for the services provided.
- We always aim to buy our fleet, our fuel and our other consumables at the best prices; when better value is available, we take advantage of it.
- Our IT systems have 100% integrity including fully tested disaster recovery plans.
- Our Risk Control plans ensure that all emergency responses are regularly tested to ensure the safety of our passengers and staff.
- We aim to maintain our ISO 9001:2000 quality management certification.

## Performance

### ISO 9001:2000 Certification

State Transit has become the first bus operator in NSW to have its business management systems certified under world best practice standards. This standard - ISO 9001:2000 - is based on the international requirements for quality systems and provides a model for organisations to assure the reliability and effectiveness of customer service delivery. State Transit has developed its Business Management System as a means of standardising our work practices and developing a culture of “continuous improvement”.

State Transit’s Business Management System features:

- electronic delivery of documentation to staff via an intranet,
- a computerised corrective and preventive action system and
- broad-based internal audits to verify compliance to documented standards.

At the end of the report year, Sydney Ferries was seeking separate certification that incorporates the International Safety Management (ISM) Code within the requirements of ISO 9001:2000.

In 1999, State Transit commenced a project for the systematic documentation of its processes. The international standard for quality systems, ISO 9001 was selected as the model for a new business management system to ensure that documentation of processes was aligned with corporate goals of providing quality services to customers. ISO 9001:2000 is the highest standard recognised internationally by the business community for the provision of customer services.





Hamilton Depot, Newcastle Buses

The independent auditor, Quality Assurance Services, noted that the recommendation for certification was made “without hesitation” in view of the level of maturity of State Transit’s Business Management System and the ample evidence of State Transit meeting both the requirements and intent of ISO 9001:2000 in documentation and, more importantly, in actual practice.

The certification audit report includes the following findings:

- there was a well-established management system, with significant strength in areas such as communication, performance measurement and process controls.
- clear understanding and ownership of corporate goals at all levels.
- the system was well designed and implemented throughout the organisation at all levels.
- an extensive and well managed system for capturing and responding to customer feedback.
- tight controls over contracts and tendering.
- a well established and effective maintenance planning and provision system is in place.
- planning, rostering and scheduling of bus services are well managed.

This represents a significant step forward by State Transit in meeting the government’s goals for quality services for all public transport users.

The blue and white buses are the first buses in NSW with the “5 ticks”.

## Financial Review 2001/2002

This year the cost of operations per passenger was:

	2001/02	2000/01
Sydney Buses	\$2.05	\$1.93
Sydney Ferries	\$6.41	\$4.97
Newcastle Services	\$3.19	\$2.87

The cost recovered per passenger was:

	2001/02	2000/01
Sydney Buses	\$1.99	\$1.91
Sydney Ferries	\$4.88	\$4.64
Newcastle Services	\$2.61	\$2.22



Cost recovery is a combination of farebox revenue and fares paid by the Government in accordance with its social policy programs. The shortfall between the cost recovered and the cost of operation means that we have to borrow to cover the costs of our capital works program.

State Transit experienced difficult operating conditions in 2001/02 compared with 2000/01, the year of the Olympics. The 2000 Olympic Games produced a significant lift in patronage, particularly for Sydney Ferries. The fall in revenue in 2001/02, due to a decline in patronage as experienced by all bus and rail public transport operators, combined with higher labour and fleet maintenance costs resulted in a significantly increased deficit compared with the previous year. An unavoidable increase in the capital works program of \$8.6m (14%), arising from the implementation of the Sydney Ferries Reform program, added to the level of debt and resulted in marginally higher interest costs.

State Transit's consolidated financial result for the year ended 30 June 2002 was a deficit of \$19.6m on revenue of \$495m. This result included as revenue, a capital grant of \$22.9m received under the NSW Government's Action for Transport 2010 program.

Passenger revenue for the year was 0.6% lower than last year (after excluding Olympics effects), the downturn being reflected across almost all ticket sales.

Patronage of 212.8m was 4.4% lower than last year (Sydney Buses 4.1% lower, Sydney Ferries 7.8% lower and Newcastle services 4.7% lower). The decline in patronage was due to a number of factors including the lower cost of car ownership post-GST, better road infrastructure, a decline in the CBD workforce and a slowdown in overseas visitor numbers. An across the board decline in patronage was experienced in 2001/02 by bus and rail service providers in both the public and private sectors.

Total expenditure increased by \$27.6m (5.7%) compared to the same period last year.

Labour costs increased 5.3% on last year primarily due to EBA pay increases awarded during the year.

A saving in overall fuel cost of \$5.3m (14%) compared with the previous year was due mainly to lower diesel prices and increased usage of CNG buses; CNG being more cost effective than diesel. Fuel rebates reduced the overall fuel cost by \$6.1m in 2001/02 and fuel hedging policies resulted in an effective cost reduction of \$1.2m.

Maintenance expense for Sydney Ferries increased by \$8.5m (53%) over the previous year. This was due to a significant program of major periodic maintenance undertaken on the Manly Ferries, JetCats, and Lady Class vessels.

Maintenance on the Sydney bus fleet increased by \$3.3m (15%) over the previous year due mainly to the higher proportion of air-conditioned CNG buses in the fleet. State Transit has also undertaken a number of maintenance projects to directly improve the fleet standard. Bus air-conditioning and body refurbishment are two such projects.

The high level of capital expenditure required for the bus replacement program, increased the level of debt by \$15.9m to \$142.4m.

Interest expense increased by just under 1% due to the higher level of debt. However this was partially offset by lower interest rates.

## **Capital Expenditure**

Capital expenditure in 2001/02 was \$69.1m compared with \$60.5 million in 2000/01. The capital works program for the year largely comprised the upgrade of the bus and ferry fleet. \$39.5m was spent on the bus replacement program for the purchase of 87 low floor, air conditioned buses powered by natural gas and fitted with CCTV, whilst \$23.4m was spent on the refit of the Manly Ferries, the Lady Class vessels and the re-engining of the JetCats and RiverCats. \$1m was spent on maintaining wharves.

## **Government Reimbursements, CSOs and Grants**

Total Government reimbursements in 2001/02 was \$208.9m of which \$143.2m was payment of fares by Government for pensioners, school children and other groups who qualify for support. These payments are social policy payments to support passengers. They are not operating subsidies and are not related to efficiency.

The balance of \$65.7m was for two general reimbursements. The Pricing Community Service Obligation (CSO) provides reimbursement for the gap between State Transit's fares and those generally prevailing in the private bus sector operations and constitutes a general concession to the whole of the community. The Service CSO is a payment to cover losses on non-commercial services.

A capital grant of \$22.9m was received under the NSW Government's Action for Transport 2010 program.

A further \$2.6m was received from the Government in November 2002 as compensation for the four 'fare free' days in April and June 2001; called by transport unions at the time in support of an industrial campaign against proposed changes to the workers' compensation legislation.

## **IPART Cost Efficiencies**

With the completion of the current round of Enterprise Bargaining Agreements, State Transit finalised the process of realising all achievable efficiency gains for Sydney Buses, consistent with the reforms identified in the 1998 IPART efficiency review. Given that the IPART cost efficiency was conducted with reference to 1996/97 conditions, it is difficult to estimate the precise monetary impact of implementing the IPART reforms. Since the review, Sydney Buses' patronage has increased by 8.0% and bus kilometres on standard route services have increased by over 20%. However, the efficiency gains realised are clearly reflected in improved productivity. Bus kilometres per employee have increased by 6.1% since 1996/97, staff being the main resource used in the supply of bus services.

## Risk Management and Insurance

State Transit manages risk through a strategic framework of corporate governance, policies, procedures and work instructions and through an Integrated Insurance Program.

The Integrated Insurance Program provides catastrophe level financial protection for the organisation. The program spans: General property, personal injury, consequential loss, general and marine liability.

The insurance market is continuing to go through a period of significant change. State Transit's insurance programs, premiums and terms and conditions were impacted by the hardening market, due to the aftershock of the September 11 and the demise of HIH Insurance and the Independent Insurance Company (UK). Major industry rationalisation in Australia has also reduced competition. These events have increased pressure upon reinsurers and Insurers to underwrite all risks with rate increases, and has placed greater emphasis upon appraising insured risks.

Expenditure for the year ended 30 June 2002 for insurance policies was \$0.9m (30%) higher than last year.

Compulsory Third Party insurance costs decreased marginally (0.1%) on the previous year.

During the past year, responses to major bus and ferry incidents demonstrated the robust capability of State Transit's Emergency Notification and Response System. This resulted in a smooth transition to routine operations.

## IT Systems – Disaster Recovery Plans

The IT Disaster Recovery Plan (DRP) was successfully tested in 2001/02. The key objectives of the IT Disaster Recovery Plan is to test the integrity of the backup procedures by accurately restoring critical programs and data within 24 hours of a failure from the Central Applications to a back up computer located off-site.

The plan has been enhanced since the last live test to allow for the Disaster Recovery Plan machine's day-to-day processing of Lotus Notes, EIS and Records Management to be maintained during the Disaster Recovery. Previously these applications were suspended during the Recovery due to limited processing capacity. The live test was successful as we were able to;

- accurately restore programs and data within 24 hours.
- access the various applications on the DRP machine from remote locations.
- produced reports from the DRP machine showing exactly the same results as obtained from the live machines prior to the DRP live test.
- carry out a live test whilst still using the DRP's systems for day-to-day operational applications such as EIS, Lotus Notes and Records Management.

## Integrated Ticketing

State Transit continued its major contribution to the NSW Government's Integrated Ticketing project. The purpose of the Integrated Ticketing Project is to introduce a smartcard ticketing system within the greater Sydney metropolitan area across rail, bus, ferry, light rail and monorail transport services. The system will provide a common fare medium to enhance passenger convenience and use of public transport.

## Bus Depot Strategy

The Depot Strategy developed during the year reviews depot location and capacity and focuses on Sydney, as there are no depot capacity issues in Newcastle.

Assessment of the current location and capacity of State Transit's 11 depots in Sydney shows that depots are generally well-located relative to the services provided. However capacity for bus parking at individual depots is a problem. The fleet replacement strategy in which the older 10.8 m long buses are being replaced with 12.5 m buses means at least 15% more space at depots is required to park buses.

With the Fleet Strategy adopting fleet growth of 1% a year (17-20 buses per annum), the fleet will increase by 200 buses in 10 years, requiring depot space equivalent to 2.6 hectares.

There are long lead times involved in the establishment of a new depot, or in the expansion, or redevelopment of an existing depot. A range of initiatives to increase capacity is being pursued in the short term to ensure operational needs are met in the medium term (2-5 years) and long term (5-10 years).

## Electronic Service Delivery

In its pursuit of improved business processes, State Transit continues to realise the many opportunities that are available from electronic business systems, including:

- The passenger information service is now delivered by the Integrated Transport Information Service (ITIS).
- State Transit's website provides comprehensive information about routes, timetables and fares.
- Annual reports, corporate plans, information about contracts awarded to tenderers amongst other matters of interest to stakeholders are also available on the website.
- Over 90% of the value of all payments to suppliers are made by electronic means (Electronic Funds Transfer). This equates to over 80% of the number of invoices received by State Transit.
- The ordering and payment of diesel to depots has been automated. This process will be further enhanced when the supplier installs special measuring devices for storage tanks which will record the level of fuel and automatically trigger a delivery. This is currently being trialled at Mona Vale depot.
- State Transit has direct access to the on-line purchasing systems of its bus suppliers.
- An electronic process has been developed for the procurement of uniforms.
- Currently 16.1% of the total ticket agency accounts pay by E.F.T.
- SSTS information is available on the State Transit web site. Application forms for free passes and for State Transit's term pass are also available for download from the site. SSTS ticket production information is delivered to the contracted ticket supplier by electronic means.
- A network of information kiosks was introduced to provide a wide range of pay, leave and operational information to staff at depots, especially for those who work on shifts outside office hours.

# Courtesy - Customer Service



## **Objective**

Passengers rightly expect service with a smile on State Transit buses and ferries. State Transit bus operators and ferry crews are trained in customer service but there is always room for improvement and as a Registered Training Organisation, we are developing new standards and techniques for customer service training.

State Transit values its staff as its most important resource.

State Transit aims to attract travellers on to public transport by developing the customer skills and courtesy standards of our employees.

## **Targets**

- We always try to meet passengers' needs willingly and courteously.
- We offer help to those who don't understand the transport system or who need physical assistance.
- We are always willing to explain our decisions.
- New customer service training introduced for bus drivers.
- All bus stops in our operating areas carry regularly updated timetable information.
- Improved criteria for new staff to ensure customer focus.
- Improve women's participation rate in the workforce.
- Increase aboriginal participation in the workforce.

## **Performance**

In the Olympics we were reminded that there is just no substitute for a committed, expert workforce. Dedicated public sector transport professionals who know their business and know their passengers are the key to high service standards in public transport.

We were also reminded that passengers are much more tolerant of transport problems if they know what's going on. Comprehensive pre-travel information and announcements in transit do a lot to prevent irritation and conflict.

## **Passenger Information**

Pioneered some 10 years ago by State Transit, the passenger information service is now delivered by the Integrated Transport Information Service (ITIS). Accessed mainly through the 131 500 telephone number (and also through the internet) passengers can inquire about the most important aspects of bus and ferry services such as bus routes, timetables, special events and many others. Importantly, passengers are also encouraged to register their complaints through this service via the "Your Say Line".

# Courtesy - Customer Service



State Transit relies on this information to take corrective action to continually improve its service quality.

A web site is also provided by State Transit to guide the public in the best way to use the services it operates. The site provides a link to the "trip finder" facility; comprehensive information about routes and timetables for both regular and tourist services; information on fares and ticketing; updates on the Better Buses program; route maps; fleet details and more that may be of use to passengers. To satisfy a number of regulatory requirements, a range of other information is also provided through the website including annual reports, corporate plans, information about contracts awarded to tenderers amongst other matters of interest to stakeholders.

The provision of real time information at bus stops about the arrival time of the next bus is being trialled in conjunction with the RTA. Further, roadside electronic infrastructure to provide bus priority at traffic lights is also to be trialled shortly.

The implementation of the Smartcard Integrated Ticketing program announced by the Government will provide the opportunity to realise a number of other information services.

## **Infoline**

Of the total calls answered by the Infoline, 39.3% were related to Sydney Buses, Sydney Ferries or Newcastle matters. Of these, 93% of calls related to next service, timetable or trip planning requests. The remainder of calls concerned fares, ticketing and general information.

The average call duration is lower at 116.8 seconds, resulting in a cost to State Transit of about \$2.75 per call.

## **Infoline Website**

In June, a new 131500.com.au website was launched featuring a new look, easier navigation and a new trip planner that provides a more superior customer experience.



Service Presentation at Brookvale Depot celebrating 50 years of service.

## Passenger Feedback

The top five issues for our customers were late buses, staff behaviour, bad driving, buses not stopping and ticket dispute.

### *State Transit Websites*

During June 2002 the total number of hits to the State Transit web domains totaled 2.3 million – 74% [www.sydneybuses.nsw.gov.au](http://www.sydneybuses.nsw.gov.au), 22% [www.sta.nsw.gov.au](http://www.sta.nsw.gov.au), and 4% [www.sydneyferries.nsw.gov.au](http://www.sydneyferries.nsw.gov.au).

## Customer Service

Customer service is the key component which allows State Transit to deliver what the community wants. In order to deliver services to meet these desires, State Transit employees need to have skills in the areas of interpersonal skills, cultural awareness, communication, conflict resolution, service awareness and negotiation.

State Transit, as a Registered Training Organisation is committed to ensuring that it appropriately identifies, trains and assesses all staff in line with State Transit's service standards for reliability, convenience, efficiency, customer service, comfort, and security and safety.

## Customer Service Training

25% of our employees have completed the new 'Customer Service Workshop' begun in 2001/02. This workshop is aligned to a National Training Package, which has been designed for the transport industry.

### *Certificate IV in Assessment & Workplace Training*

Certificate IV in Assessment & Workplace Training has been delivered to a number of employees. It is the intention of State Transit that employees that have a role in training other employees will possess this nationally recognised qualification.

### *Traineeships*

State Transit continues to offer nationally accredited training under its scope of registration as a Registered Training Organisation. This includes Certificate IV in Assessment and Workplace Training, Certificate III in Transport & Distribution (Road Transport) and Certificate II in Business. Two of these qualifications are delivered in the context of a Traineeship.

### *Reframing the Future*

State Transit was successful in gaining funding through the Australian National Training Authority to pursue organisational and professional development opportunities through projects in Staff Development and Strategic Management & Change Management.

## *2002 NSW Training Awards*

The NSW Department of Education presented Paul McCabe (Operations Administrator at Willoughby Bus Depot) with the award of *Australian Business Trainee of the Year*.

## *Australian Institute of Training & Development Awards*

At the Australian Institute of Training and Development National awards, State Transit was recognised as a national finalist in the area of Excellence in Learning Design for the customisation and development of Certificate III Transport and Distribution (Road Transport).

## *Workplace English Language & Literacy (WELL)*

State Transit was awarded funding from the Department of Education Science and Training to support employees in the area of Workplace English Language & Literacy. State Transit entered into an arrangement with TAFE NSW to provide this assistance for employees undertaking Certificate IV in Assessment and Workplace Training.

## *On My Way Home Video*

State Transit, in conjunction with the NSW Police Service, developed a training video about Dementia, entitled 'On My Way Home'. The video will be used for educating State Transit and NSW Police in encouraging dementia awareness and the techniques for assisting passengers who may present with dementia. The video was funded by the Department of Ageing, Disability & Home Care.

## **Enterprise Agreements**

During the year Enterprise Agreements were concluded for bus operations, maintenance, managerial, professional, technical, administration and clerical employees. In Sydney Ferries, the AMOU and AIMPE Enterprise Agreements were still in negotiation for ferry masters and engineers at years end. A draft Enterprise Agreement for the Liverpool Parramatta Transitway operations was in preparation.

The Agreements will help lay the foundation for improved operational and financial performance and enhanced customer service.

## **Equal Employment Opportunity**

Achievements in State Transit's commitment to the principles of equity and diversity were:

- the development and implementation of induction modules for all employees to promote the benefits of cultural diversity and appropriate workplace behaviour
- development of course content for a new unit of competency for trainee Bus Operators titled "Work in a Socially Diverse Environment"
- the NSW Anti-Discrimination Board provided training to twenty senior managers in the area of harassment and discrimination prevention and grievance handling
- resolution of internal grievances and successful conciliation of all complaints in external jurisdictions
- establishment of a Diversity/EEO Strategic Framework to promote Diversity/EEO at all levels within the organization.

During 2001/02 State Transit continued to strengthen its contribution to the NSW Premier's Department Spokewomen's program.

## Action Plan for Women Initiatives

The principles of equity, access, rights, and participation underpin the action plan to recognise that in some areas of social life, different genders have different experiences. Gender equity benefits both men and women and builds stronger families and communities through supporting everyone's capacity to develop, participate and contribute.

### *Women on Wheels 2002*

State Transit was a major supporter of the Department for Women's 'Women On Wheels 2002' project. We provided a customised bus, drivers and mechanics.

State Transit assisted in the transport of the printed material, supporting this initiative, and the transport of women to information sessions, workshops, community forums and other events in rural and regional NSW.

## Employee Hotline

The Employee Hotline provides employees with a channel to contribute to decision making. During the year, 75% of issues raised were positive suggestions for service improvements and 25% related to complaints management.

## Graduate Trainees

State Transit has a long-term objective of fostering high quality candidates for management in State Transit. The Graduate Trainee program continued into its third intake with ten new graduates selected. The program is project based with participants gaining wide experience in different environments in State Transit.

## Apprenticeships and Traineeships

### **Apprentices (53 total)**

Cert III Heavy Vehicle Motor Mechanic (Transport)	34
Cert III Heavy Vehicle Body Repairers (Transport)	7
Cert III Painting and Decorating	1
Cert III Mechanical Engineering (Boilermaker)	2
Cert III Electrical / Fitter Mechanic	6
Cert III Shipwright	1
Cert III Plumbing, Gasfitting and Draining	2

## *Traineeships*

State Transit also provides clerical, operations, marine and bus operator traineeships.

At the end of the year total trainees were:

## *Clerical Trainees*

Certificate II in Business - 9 trainees

## *Maritime Trainees*

Certificate II in Maritime Services - presently recruiting 2 trainees

## *Graduates*

(10 total)

AFC	1
Business Development	1
Business Support	1
Finance	1
HR	1
IT	2
Marketing	1
Operations	2

## *Bus Operator Trainees*

Certificate III in Transport and Distribution (Road Transport) - 611 trainees



## **Objective**

The expectations of passengers are clear - they want clean, well presented and comfortable buses.

## **Targets**

- All of our buses and ferries are cleaned daily, and between trips when necessary.
- Our ferries are washed daily and our buses at least every three days.
- We aimed to have timetabled accessible services on 60 routes in 2002 and on all routes by 2010.
- All new buses are air-conditioned, accessible for people with disabilities and have quality seating.
- We aim to buy only environmentally friendly buses and ferries in future.
- For comfort and safety we limit the number of people standing on our buses.

## **Performance**

### **Bus Fleet**

State Transit continues to lead the nation in terms of the quality and presentation of its bus fleet and in the operation of dedicated wheelchair accessible bus services which are now timetabled on 97 bus routes across Sydney, exceeding the target set by 61%. State Transit is 5 years ahead of the targets under the Commonwealth Disability Discrimination Act.

87 new Mercedes Benz buses were delivered in 2001/02.

At year end, State Transit's bus fleet totalled 1,935 buses:

- 750 are air-conditioned (38.8% of fleet),
- 579 are low floor design (30% of fleet),
- 468 buses are fully wheelchair accessible (24.2% of fleet) and
- 368 buses are CNG powered (21% of the Sydney fleet) and
- 360 buses have Euro 2 diesel engines (18.6% of the fleet).

State Transit's operating contracts with the TransportNSW issued under the Passenger Transport Act 1990 require an average fleet age of not more than 12 years. State Transit's fleet age is currently 11.97 years. Maintaining the average fleet age requires State Transit to acquire 80 - 100 new buses and dispose of 80 older buses every year.

The anticipated fleet growth for the next 5 years is 1% per annum or 20 buses per year in addition to the 80 per annum to maintain the average fleet age. This estimated growth of 1% in the Sydney fleet was determined by considering a number of factors such as current growth experience, projected population increases, car traffic demand management initiatives, the success of the current bus priority activities and planned improvements to services.

## **Newcastle Bus Tender**

Following the issue of a tender in 2001/02, a contract for the supply of 30 new Volvo buses for Newcastle was issued in August 2002. The buses are to be low floor, two door, air-conditioned with front door manual wheelchair ramp and roll top bench type seating and powered by environmentally friendly Euro 3 diesel engines. The buses will incorporate the same levels of passenger and driver safety offered in the new Mercedes Benz CNG buses.

## **Ferry Fleet**

\$23.4m was spent on the refit of the Manly Ferries, the Lady Class vessels and the re-engining of the JetCats and RiverCats.

The Narrabeen and Queenscliff ferries were refurbished in 2001/02. Work on refurbishing the Freshwater was due to begin in July 2002. Refurbishment of the Manly fleet commenced with the first vessel, Collaroy, recommissioned in September 2000. The refurbishments have included redesigned interiors, new passenger seating, extended open deck areas, larger windows, new floors and ceilings, wooden hand rails on outer decks, improved lighting in passenger areas, modernised toilets and baby change facilities and storage areas for bikes and luggage.

The re-engining of the JetCat, Sir David Martin, was completed and returned to service in March 2002. The JetCat re-engining project has been extended to include the Sea Eagle and Blue Fin with work expected to be completed by the end of 2002.

The refit of the Lady Herron was completed and the ferry is back in service. Work on the refit of the Lady Northcott commenced in June 2002. The refit of the Lady Street is forecast to be undertaken in 2002/03.

Four new SuperCats are now fully deployed on inner Harbour services where they have proved to be very popular with passengers since their introduction to the fleet.

## **Accessibility**

State Transit leads the bus industry in NSW in introducing wheelchair accessible buses and is 5 years ahead of target to meet the implementation timetable of the Draft Disability Standards for Accessible Public Transport.

State Transit currently has 97 scheduled accessible bus routes with more coming on-line as new buses are delivered.

All new buses acquired by State Transit feature kneeling suspension for level entry and a flat no-step floor to make it easier for the elderly and less mobile; an extending wheelchair ramp and accommodation for two wheelchairs; additional priority seating for less mobile passengers; high visibility handrails, increased interior lighting and improved destination signs and air conditioning.



## State Transit now has 468 wheelchair accessible buses



State Transit has been liaising with community representatives and has developed priorities for introducing fully accessible timetabled bus services in the network. Local councils are being involved so that roadside infrastructure can be improved to assist with access.

Timetabled wheelchair bus services now operate on almost all main corridors and include services around the City centre and in the Northern Beaches to Avalon, in the North Shore to Chatswood and East Lindfield, to West Ryde and Parramatta in the North West, in the Inner Western Suburbs to Balmain, Five Dock, Enfield, Lidcombe and Olympic Park, in the Eastern Suburbs to Bondi, Bronte, Maroubra, La Perouse and Watsons Bay, to the Airport, and in the Southern Suburbs of San Souci, Kogarah, Rockdale and Miranda. Wheelchair scheduled services also operate on cross regional routes between Bondi Junction, the Airport and Burwood, Chatswood and Parramatta, and Manly and Chatswood. Many of these services provide links to accessible CityRail stations for increased opportunities for multi-modal travel.

### Environment

State Transit's new Mercedes-Benz CNG powered buses produce 50% lower exhaust emissions than the current diesel Euro 2 specifications and are 50% quieter than diesel buses. State Transit is following the development of alternative propulsion technologies such as fuel cells and hybrid buses and will consider these when they reach regular production status.

The CNG buses provide significant savings in total operating costs. CNG is significantly cheaper to run than diesel. State Transit currently saves 30c/km using CNG compared to diesel (equivalent to savings of \$20,000 per day). CNG is also characterised by certainty of supply and stability in price because it is not imported. When the current Mercedes Benz contract is complete there will be over 400 CNG buses in Sydney comprising around 25% of the fleet.

# Sydney Ferries Reform



Early in 2001, Sydney Ferries experienced four safety-related incidents, fortunately none of which involved serious injury. Initial investigation of these incidents by State Transit did not reveal a common causal pattern but pointed to some systemic problems with safety management at Sydney Ferries. Subsequently, the Minister for Transport ordered an independent review into Sydney Ferries Operations by the Chief Executive of the Waterways Authority.

The Waterways Authority Report stated that the series of incidents were out of keeping with Sydney Ferries' excellent service and safety record. Service reliability at Sydney Ferries had been maintained in recent years at 98.5% and its operational safety record was also found to be strong. However, the report found that there was room to improve systems and procedures in training, work management and OH&S management and recommended the development of a safety management system under the International Safety Management (ISM) Code.

In addition, a wide range of specific supporting recommendations were made in relation to:

- quality management systems for all shore-based operations;
- vessel operating safety;
- safety of high speed services;
- occupational health and safety systems;
- vessel maintenance planning and practices;
- staffing practices;
- staff training; and
- customer service.

State Transit commenced the immediate implementation of the review and in August 2001, the Minister for Transport announced the appointment of a reform taskforce to oversee the implementation of the 61 recommendations. The appointed members of the Taskforce were Mr Michael Deegan, Director General Transport NSW (Chair), Mr Matthew Taylor, Chief Executive Waterways Authority, and Mr John Stott, Chief Executive, State Transit Authority.



The Board of the State Transit Authority also resolved to form a new Committee to be known as the Sydney Ferries Committee with a focus on the implementation of the recommendations of the Waterways Authority report.

The majority of the recommendations of the report have been implemented with the remainder expected to be complete early in 2003. The necessary safety management and quality management systems required to effectively address the systemic issues set out in the Waterways Authority Review have been, or are being put in place. It is expected that these systems will be examined by external auditors later in 2002 to seek certification for Sydney Ferries under the International Safety Management (ISM) and International Standards Organisation (ISO) codes.

### **Safety Management System for vessel operations**

The development of a safety management system under the ISM Code for Sydney Ferries' vessel operations has been a cornerstone of the reform process. It has involved:

- a comprehensive review and audit of pre-existing policies, procedures and work instructions relating to Sydney Ferries' vessel operations;
- the conduct of a gap analysis to identify the shortcomings with an ISM compliant safety management system;
- development and review of policies, procedures and work instructions to address the documentation and documentation control gaps;
- familiarisation training for all vessel operations staff regarding ISM requirements;
- ISM lead auditor training for key vessel operations staff;
- production, review, audit and deployment of consolidated policies, procedures and work instruction manuals relating to all aspects of vessel operations; and,
- on-vessel ISM familiarisation training for relevant staff.

In response to a specific recommendation, Sydney Ferries has recently appointed a Manager, Safety and Training whose responsibilities include ongoing day to day oversight of the safety management system which has been deployed in Sydney Ferries' vessel operations.

## **Quality management systems for all shore-based operations**

Quality management systems in Sydney Ferries' shore-based operations, including Balmain Shipyard have also been developed based on the ISO 9001:2000 quality system standard. Policies, procedures and work instructions for all shore-based operations and the Balmain Shipyard have been developed, reviewed and made subject to a document control process. The systems are presently being implemented, along with familiarisation training for all relevant staff and will be the subject of an ISO external audit later in 2002, which will lead to ISO 9001:2000 certification for the Balmain Shipyard and all shore-based operations.

## **Vessel operating safety**

To enhance vessel operating safety and to support the safety management system, Sydney Ferries is in the process of acquiring a vessel management system for all 32 vessels in the Sydney Ferries fleet.

Key proposed features of the VMS are:

- On-vessel electronic data storage and email communication to support the increased data storage and communication requirements associated with a safety management system under the ISM Code;
- Capture and storage of vessel operating information required for incident analysis, through deployment of sensors relating to engine activity, manoeuvring position, GPS location, radar scan images, speed, control demand and response, and through deployment of closed circuit TV over gangways;
- Vessel speed/location safety alert indicators for masters, remote data transfer capability from vessel to base via a Wireless LAN data link;
- On-vessel crew attendance validation technology enabling a reliable link with the HASTUS rostering system and the AURION human resource management system.

Other initiatives for enhancing vessel operating safety have recently been implemented, including the deployment of wave height monitoring buoys at Quarantine Head and at Dobroyd Point. Information from these "wave rider" buoys is fed into a data logging computer at the Circular Quay control room and provides up to date information on current and predicted wave heights through Sydney Heads. This information is used by operations management to make determinations as to when services on the Circular Quay – Manly route should be discontinued due to wave conditions through the Heads.

As a service to the community and recreational boat users in particular, Sydney Ferries now posts regularly updated information from the two wave buoys onto its web site, which is linked, for the convenience of users, to the Waterways Authority and Sydney Ports web sites.

## **Safety of high speed services**

As a precautionary measure, Sydney Ferries took an operational decision at an early stage in the Taskforce process not to run SuperCats on the Circular Quay – Manly route, and to upgrade the existing JetCat fleet to more effectively and safely meet the requirements for high speed services on the route. Presently, one JetCat has been completely re-engined and refurbished. The other two JetCats were scheduled to be re-engined and refurbished in 2002/03. With improved reliability and safety systems in place, it is intended that limited night services be restored.

Another key initiative in relation to the safety of high speed services has been the decision to engage the Australian Maritime College (AMC) in Launceston to review the competencies required for high speed vessel operation on Sydney Harbour, and to design and deliver an appropriate training course for Sydney Ferries masters. This training has now been delivered to all permanent masters employed by Sydney Ferries.

## **Occupational Health and Safety Systems**

The Sydney Ferries Occupational Health and Safety system has been internally audited using the Victorian Safety Map standard, with the process being overseen by an accredited independent lead auditor. Non-conformances arising from the audit have been addressed and the system is now considered to be working effectively.

Relevant OH&S system requirements have been identified and integrated into the Sydney Ferries' safety management system manuals and into the quality management system manuals.

## **Vessel maintenance planning and practices**

All technical maintenance plans for Sydney Ferries vessels have now been reviewed and updated where required, with associated work instructions incorporated into the Sydney Ferries computerised maintenance management system (MIMS).

## **Staffing practices**

The Sydney Ferries organisation structure has been reviewed and, where necessary, revised to ensure that duty statements and competencies align where applicable with the requirements of the safety management system and/or the quality management system.

A new structure has been implemented, resulting in a significant expansion of skilled staff. A project group is presently managing the introduction of the STA's HASTUS electronic rostering system to create a more seamless and effective interface between the rostering, payroll and training records systems.

## **Staff training**

As part of the review of position descriptions throughout Sydney Ferries, requisite competencies and training needs have been identified and are presently being consolidated within the personnel training records module of State Transit's computer-based human resource management system.

A Sydney Ferries training strategy has been developed for all staff. The strategy contemplates three phases of training. The first phase is general induction training for all staff. The second phase is classification specific training. The third phase is type-rating/task specific training.

For vessel operations staff, the training strategy also specifies periodic competency revalidation requirements. Competency revalidation requirements are also specified for certain shore-based and Shipyard competencies, which relate to use of safety critical equipment.

In addition, all vessel operating staff are required under the training strategy to be trained and assessed as being competent in the exercise of emergency procedures, which are conducted as part of a regular schedule of vessel drills.

## **Customer Service**

Sydney Ferries customer service benchmarks are now set out in a "customer service charter". The charter sets out the customer service standards Sydney Ferries aims to achieve, the avenues available to customers for notifying management of any failure of the organization in meeting its customer service charter, the procedures that will be adopted by management for investigating individual customer complaints and advising customers of corrective action taken in response to individual complaints.

# Financial Statements

FOR THE YEAR ENDED 30 JUNE 2002

**STATE TRANSIT AUTHORITY  
OF NEW SOUTH WALES**

State Transit

# Financial Statements

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# Statement of Financial Performance

STATE TRANSIT AUTHORITY OF NEW SOUTH WALES

FOR THE YEAR ENDED 30 JUNE 2002

	Note	2002 \$000	2001 \$000
Revenue from ordinary activities	2(i)	495,394	483,013
Expenses from ordinary activities(excluding employee entitlements)	2(ii)	443,182	425,119
Employee entitlements	2(iii)	62,035	52,538
Borrowing costs	2(iv)	9,757	9,669
<b>Loss from ordinary activities before income tax</b>		<b>(19,580)</b>	<b>(4,313)</b>
Income tax relating to ordinary activities	3	-	-
<b>Net loss</b>		<b>(19,580)</b>	<b>(4,313)</b>
Increase/(decrease) in asset revaluation reserve	13	(666)	(396)
<b>Total adjustments recognised directly in equity</b>		<b>(666)</b>	<b>(396)</b>
<b>Total changes in equity other than those resulting from transactions with owners as owners</b>		<b>(18,914)</b>	<b>(3,917)</b>

The accompanying notes form an integral part of the Statement of Financial Performance.

# Statement of Financial Position

STATE TRANSIT AUTHORITY OF NEW SOUTH WALES

AS AT 30 JUNE 2002

	Note	2002 \$000	2001 \$000
<b>CURRENT ASSETS</b>			
Cash		3,740	4,704
Receivables	4	9,563	8,511
Inventories	5	8,473	7,635
Property, plant and equipment	7	14,037	15,229
Other	6	5,947	4,134
<b>TOTAL CURRENT ASSETS</b>		<b>41,760</b>	<b>40,213</b>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	7	419,932	392,759
Intangibles	8	2,960	4,988
Other	6	185	814
<b>TOTAL NON-CURRENT ASSETS</b>		<b>423,077</b>	<b>398,561</b>
<b>TOTAL ASSETS</b>		<b>464,837</b>	<b>438,774</b>
<b>CURRENT LIABILITIES</b>			
Payables	9	49,563	38,265
Interest bearing liabilities	10	44,424	6,984
Provisions	11	34,330	33,852
Other	12	8,558	10,921
<b>TOTAL CURRENT LIABILITIES</b>		<b>136,875</b>	<b>90,022</b>
<b>NON-CURRENT LIABILITIES</b>			
Interest bearing liabilities	10	92,875	119,540
Provisions	11	114,845	89,514
Other	12	124	-
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>207,844</b>	<b>209,054</b>
<b>TOTAL LIABILITIES</b>		<b>344,719</b>	<b>299,076</b>
<b>NET ASSETS</b>		<b>120,118</b>	<b>139,698</b>
<b>EQUITY</b>			
Reserves	13	75,661	76,327
Retained profits	14	44,457	63,371
<b>TOTAL EQUITY</b>		<b>120,118</b>	<b>139,698</b>

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

# Statement of Cash Flows

STATE TRANSIT AUTHORITY OF NEW SOUTH WALES

FOR THE YEAR ENDED 30 JUNE 2002

	2002 Inflows (Outflows) \$000	2001 Inflows (Outflows) \$000
Note		
<b>Cash flows from operating activities</b>		
Passenger revenue:		
- Fares, charters and tourist services	233,933	252,709
- Reimbursement for:		
- Free travel by school students	36,080	37,064
- Concessional travel by pensioners	78,349	76,475
- Concessional travel by others	28,299	26,352
- Community service obligations	65,659	56,002
Total passenger revenue	442,320	448,602
Other income	24,391	14,033
Interest received	101	988
Government grants	22,902	15,511
Payments to suppliers	(141,068)	(133,749)
Good and services tax paid	(6,054)	(10,200)
Payments to employees	(285,285)	(281,691)
Interest and other finance costs	(9,355)	(8,619)
<b>Net cash flows from operating activities</b>	(i) 47,952	44,875
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(67,735)	(57,613)
Proceeds from sale of property, plant and equipment	2,219	3,304
<b>Net cash flows used in investing activities</b>	(65,516)	(54,309)
<b>Cash flows from financing activities</b>		
Proceeds from borrowings	18,829	4,800
Repayment of lease principal	(2,229)	(2,076)
<b>Net cash flows from financing activities</b>	16,600	2,724
Net increase/(decrease) in cash held	(964)	(6,710)
Cash at the beginning of the financial year	4,704	11,414
<b>Cash at the end of the financial year</b>	(ii) 3,740	4,704

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

# Statement of Cash Flows

STATE TRANSIT AUTHORITY OF NEW SOUTH WALES

FOR THE YEAR ENDED 30 JUNE 2002

	Note	2002 Inflows (Outflows) \$000	2001 Inflows (Outflows) \$000
<b>(i) Reconciliation of operating results after tax to net cash from operating activities</b>			
Net loss after income tax		(19,580)	(4,313)
Adjustments to reconcile net operating result to net cash from operating activities:			
Amortisation of service contract rights		2,028	2,930
Depreciation and amortisation of non-current assets		35,975	35,653
Net loss on sale of non-current assets		2,379	977
Bad and doubtful debts		952	1,019
Equipment write-off		176	108
Provision for employee entitlements		16,120	8,417
Other provisions		10,056	(1,443)
Other non cash items		(735)	(34)
Changes in assets and liabilities:			
(increase)/decrease in receivables		(871)	1,394
(increase)/decrease in inventory		(838)	(75)
(increase)/decrease in prepayments		(440)	2,768
(increase)/decrease in other assets		(1,687)	(414)
increase/(decrease) in trade and other creditors		7,369	(1,536)
increase/(decrease) in goods and services tax		(1,496)	1,315
increase/(decrease) in revenue received in advance		(1,456)	(1,891)
<b>Net cash flows from operating activities</b>		<u>47,952</u>	<u>44,875</u>

## (ii) Reconciliation of cash

For the purpose of the statement of cash flows, cash includes cash on hand and in the bank and short term deposits.

Cash at the end of the financial year, as shown in the statement of cash flows, is reconciled to the related items in the Statement of Financial Position as follows:

Cash on hand and in the bank	1(d)	3,500	3,066
Short-term deposits	1(d)	240	1,638
<b>Total cash</b>		<u>3,740</u>	<u>4,704</u>

# Statement of Cash Flows

STATE TRANSIT AUTHORITY OF NEW SOUTH WALES

FOR THE YEAR ENDED 30 JUNE 2002

	Note	2002 Inflows (Outflows) \$000	2001 Inflows (Outflows) \$000
<b>(iii) Financing facility available</b>			
Short-term standby credit facility		30,000	30,000
Drawn down at balance date		(17,700)	(4,800)
<b>Facility unused at balance date</b>		<b>12,300</b>	<b>25,200</b>

The short term standby credit facility is to meet daily cash flow requirements which may arise from time to time. This facility expires on 30 June 2003.

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### (a) Basis of Accounting

The financial statements of State Transit Authority of New South Wales ("Authority") have been prepared as a general purpose financial report in accordance with the requirements of the *Public Finance and Audit Act 1983*, the *Public Finance and Audit Regulation 2000*, Australian Accounting Standards, Urgent Issues Group Consensus Views, other authoritative pronouncements of the Australian Accounting Standards Board and applicable Treasurer's Directions and Treasury Circulars. Where there are inconsistencies between the requirements, the legislative provision prevailed.

The financial statements have been prepared on an accrual accounting basis using historical costs except for certain non-current assets which, as noted, are recorded at valuation.

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 or otherwise wind up operations.

Total current assets of \$41.760M (2001: \$40.213M) was lower than the total current liabilities of \$136.875M (2001: \$90.022M). However, after including expected government contributions, the positive cash flow from operations is projected to continue in the year ending 30 June 2003 and subsequent years. These cash flows, together with the establishment of additional financing arrangements, are expected to be sufficient to meet the financial obligations.

The accounting policies adopted are consistent with those of the previous year.

### (b) Consolidation of financial statements

The Authority had prepared a consolidated financial report for the year ended 30 June 2001 which included the following controlled entities:

- ACN 090 845 097 Pty Limited (in liquidation)
- North & Western Coaches Pty Limited (in liquidation)
- Riverside Bus & Coach Services Pty Limited (in liquidation)
- Riverside Bus & Coach Services Unit Trust (terminated)

The controlled entities were placed on voluntary liquidation on 29 June 2001 after transferring the assets and liabilities to the Authority on 31 May 2001. Since the controlled entities have not traded during the year and they are in the process of being deregistered, a consolidated financial report is deemed not necessary.

### (c) Revenue Recognition

Revenue is recognised when the Authority has control of the goods or right to receive, it is probable that the economic benefits will flow to the Authority and the amount of revenue can be measured reliably.

#### (i) Passenger Revenue

Passenger Revenue is recognised as revenue when the associated income can be reliably measured, based on passengers travelled or services provided. Refer note 2(v) for the revenue recognition policy of Free & Concessional Travel and payments in respect of Community Service Obligations.

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### (c) Revenue Recognition (cont'd)

#### (ii) Government Grants

Grants are generally recognised as revenues when the Authority obtains control over the assets comprising the contributions. Control over contributions is normally obtained upon the receipt of cash. Unspent grants are accounted as liabilities if there is a contractual obligation to refund them.

#### (iii) Investment Income

Interest revenue is recognised as it accrues. Rent is recognised in accordance with AAS17 'Accounting for Leases'.

### (d) Cash

Cash is carried at 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.

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.

### (e) Receivables

Receivables are recognised and carried at cost, based on the original invoice amount less a provision for any uncollectable debts.

In relation to trade receivables, the Authority minimises concentrations of credit risk by undertaking transactions with a large number of customers. The majority of customers are concentrated in Australia in the newsagency business.

All prospective trade debtors are assessed for credit risks in granting appropriate credit limits. In general, the settlement term is set at no more than 21 days.

An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off as incurred.

### (f) Inventories

Inventories are stated at the lower of cost or net realisable value. Costs are assigned to individual items of stock on the basis of weighted average.

### (g) Property, Plant and Equipment

The following policies apply to property, plant and equipment:

#### (i) Basis of Valuation

The Authority has applied AASB1041 "Revaluation of Non-Current Assets" transitional provisions for the public sector in accordance with the NSW Treasury policy, by continuing to apply the existing revaluation basis. In most instances the current valuation methodology will approximate fair value.

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### (g) Property, Plant and Equipment (cont'd)

#### (i) Basis of Valuation (cont'd)

Property, buses and ferries are revalued at least once every five years. The last such revaluation was carried out for the financial year ended on 30 June 1999. Except for freehold land and works in progress, the valuations are at estimated written down replacement cost of the most appropriate modern equivalent replacement facility having a similar service potential to the existing asset. Written down replacement cost is based on the ratio of remaining useful life to total useful life to the entity, except for buses where the ratio of remaining service potential to total service potential has been applied.

Freehold commercial land is valued at market selling value and freehold operating land is valued at market value for the existing use. These land values, and the written down replacement values of buildings and wharves, are determined in accordance with independent valuation. Works in progress are stated at cost.

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

Conversely, where assets are revalued to market value, and not by reference to current prices for assets newer than those being revalued, any balances of accumulated depreciation existing at revaluation date in respect of those assets are credited to the asset accounts to which they relate. The net asset accounts are increased or decreased by the revaluation increments or decrements.

Where the value of total non-current assets exceeds the total recoverable amount, the assets are written down to their recoverable amount. Recoverable amount is determined by the net present value of the cash flows expected to be generated from the continued use and eventual disposal of the assets. The expected net cash flows are discounted to present value using the real weighted average cost of capital after tax of 4.7%(2001:4.7%)

Revaluation increments are credited directly to the asset revaluation reserve, unless they are reversing a previous decrement charged to the statement of financial performance, in which case the increment is credited to the statement of financial performance.

Revaluation decrements are debited directly to the statement of financial performance, unless they are reversing a previous increment credited to the asset revaluation reserve account, in which case the decrement is debited to the asset revaluation reserve.

Where assets have been revalued, the potential effect of the capital gains tax on disposal has not been taken into account in the determination of the revalued carrying amount.

The carrying value of other plant and equipment is considered to be a fair approximation of market value.

#### (ii) Leased Assets

A distinction is made between finance leases, where the ownership is likely to be obtained on expiration of the lease, and operating leases under which the lessor effectively retains the risks and benefits incidental to ownership of the lease assets.

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### (g) Property, Plant and Equipment (cont'd)

#### (ii) Leased Assets (cont'd)

Where property, plant and equipment are acquired by means of a finance lease, the asset is capitalised at the present value of the minimum lease payments and disclosed as leased property, plant and equipment. A corresponding liability is also established and each lease payment is allocated between the principal component and the interest expense.

Capitalised leased assets are amortised on a straight line basis over the term of the lease except:

- where at the inception of the lease there is a reasonable assurance that ownership is likely to be obtained on expiration of the lease asset. In such circumstances amortisation is calculated on the estimated useful life.
- for buses, consistent with the basis of valuation as stated in 1(g)(i), amortisation is calculated using a ratio of remaining service potential to total service potential.

Operating lease payments are charged as expenses in the period in which they are incurred.

In accordance with UIG Abstract 3, lease incentives are recognised as liabilities and amortised over the period of the lease.

#### (iii) Depreciation

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

	<b>Life</b>	<b>Method</b>
Freehold buildings and wharves	40 Yrs	Straight Line
Plant and equipment	3 to 20 Yrs	Straight Line
Buses	20 Yrs	In line with the pattern of expiry of service potential
Ferries	10 to 25 Yrs	Straight Line

#### (iv) Capitalisation Policy

Property, plant and equipment are recorded at the cost of acquisition. Cost is determined as the fair value of the assets given up at the date of acquisition plus costs incidental to the acquisition. Property, plant and equipment costing \$1,000 or more individually and having a minimum expected working life of three years are capitalised.

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

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### (g) Property, Plant and Equipment (cont'd)

#### (v) Work in Progress

Costs relating to acquisition of property, plant and equipment, which have not been completed, are shown in the financial statements as capital works in progress and are not depreciated until the assets are brought into service.

#### (vi) Leasehold Improvements

The cost of leasehold improvements, is amortised over the unexpired period of the lease or the estimated useful life of the improvement, whichever is the shorter.

#### (vii) Maintenance & Repairs

Plant & Equipment are maintained and repaired on a regular basis. The cost of routine maintenance and repairs are charged as expenses 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 in accordance with note 1(g)(iii).

### (h) Intangibles - Service Contract Rights

Service contract rights are licenses issued by the Department of Transport to operate bus 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 method over the period during which benefits are expected to arise.

### (i) Payables

Represents liabilities for goods and services acquired prior to the end of the financial year and which are unpaid, whether billed or not. The amounts are unsecured and are usually paid within 30 days of recognition. The carrying amount approximates fair value.

### (j) Interest Bearing Liabilities

#### (i) Borrowings

Borrowings are recognised at current capital value. Current capital value is the face value of the debt less unamortised discounts or plus unamortised premiums. The discounts or premiums are treated as interest expense or income, respectively, and amortised over the term of the borrowing on a straight-line basis. Interest is charged as it accrues.

The fair value of long-term borrowings has been derived utilising accepted financial market methodologies and using quoted market rates at balance date.

#### (ii) Finance Leases

Any increase or decrease in lease payments resulting from changes in the factors on which lease payments are based, which occur subsequent to the inception of the lease, are recognised as contingent rentals in the statement of financial performance.

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### (k) Employee Entitlements

#### (i) Salaries and Wages, Sick Leave and On-costs

Liability for salaries and wages is recognised and measured as the amount unpaid at the reporting date at current pay rates in respect of employees services up to that date.

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

The outstanding amounts of payroll tax, workers' compensation and fringe benefits tax, which are consequential to employment, are recognised as liabilities and expenses where employee entitlements to which they relate have been recognised.

#### (ii) Annual Leave and Long Service Leave

Provision has been made in the financial statements for benefits accruing to employees in relation to annual leave and long service leave estimated to be payable to employees on the basis of statutory and contractual requirements. The provision for long service leave includes the current legal obligations and the expected future payments where no legal entitlement has arisen. Expected future payments are assessed at present value by independent actuaries.

#### (iii) Superannuation

The employees' retirement benefits liability in respect of three defined benefit superannuation schemes administered by Pillar Administration on behalf of SAS Trustee Corporation is fully provided for in the financial statements. The liability for employees' retirement benefits is based on an actuarial assessment (refer Note 11(i)).

### (l) Reserves

The asset revaluation reserve comprises revaluation increments recognised upon the revaluation of non current assets. Upon disposal or retirement, any related revaluation increment/ (decrement) remaining in the reserve in respect of the asset at the time of disposal is transferred to retained profits.

### (m) Insurance

Appropriate insurances are purchased to cover the liability, physical damage, business interruption, and other exposures arising out of normal business operations. The Authority is a licensed self-insurer for workers' compensation claims under the *New South Wales Workers Compensation Act*. Financial responsibilities for minor and predictable losses, which are not cost effective to insure, are retained. Broker advice is maintained to ensure a proactive response to changes in the operating environment.

Provisions are made for future costs associated with workers' compensation and other liability claims occurring in the financial year. Provisions are also made for future insurance premium adjustments, payable under the terms of the insurance contracts. These provisions are assessed at present value by independent actuaries. Recoveries due under insurance arrangements are treated as receivables.

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### (n) Derivatives

#### (i) Foreign Exchange Specific hedges

Hedge contracts are taken out for specific commitments at the time the foreign currency exposure arises. Each hedge contract endeavours to match the profile of the exposure in terms of the amount and timing of anticipated future cash flows. Where a purchase commitment is specifically hedged, realised and unrealised exchange gains or losses on the hedging transaction are treated as deferred costs or revenues until the terms of delivery or the physical purchase commitments have been satisfied. Gains or losses are then brought to account in determining the capital cost of the asset purchased.

#### (ii) Swaps

Gasoil swap contracts are in United States dollars taken out to reduce the risk of unfavourable distillate price movements.

The face value of gasoil swaps is not recognised in the financial statements. Net receipts and payments are recognised as an adjustment to the distillate purchase price.

The fair value of gasoil swap contracts is determined as the unrecognised gain or loss at balance date.

#### (iii) Options

Options in foreign currency and commodity prices are taken out to reduce the risk of unfavourable distillate price movements. These options provide the right, but not the obligation, to transact in fixed rate prices. Depending on the market rates, the holder has the choice of exercising the option, or allowing it to lapse.

Premiums paid to purchase options are recognised with any realised gains or losses in the statement of financial performance at maturity date of each contract.

The fair value of the options is determined as the unrecognised gain or loss at balance date.

#### (iv) Forward Exchange Contracts

Forward exchange contracts are undertaken to manage the foreign currency price risk relating to purchase of capital equipment.

Forward exchange contracts in United States dollars are undertaken to reduce the risk of unfavourable distillate price movements.

The market value of the forward exchange contracts is determined as the unrecognised value at balance date.

### (o) Income Tax

The Authority is subjected to the National Tax Equivalent Regime under which it is required to pay a taxation equivalent to the NSW Government.

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### (o) Income Tax (cont'd)

Tax effect accounting is adopted whereby the income tax expense in the statement of financial performance is matched with the accounting profit after allowing for permanent differences. The future income tax benefit relating to tax losses is not carried forward as an asset unless the benefit is virtually certain of realisation. Income tax on cumulative timing differences is set aside to the deferred income tax or the future income tax benefit accounts at the rates which are expected to apply when those timing differences reverse.

### (p) Prepayments

Prepayments represent amounts paid in advance for services that have been expended in the current period and where the benefit will be realised in a subsequent period. Prepayments are reported at cost.

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

Revenues, expenses and assets are recognised net of the amount of GST, except:

- the amount of GST incurred that is not recoverable from Australian Taxation Office 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.

The net amount of GST receivable or payable from or to the Australian Taxation Office is included in the statement of financial position as an asset or liability.

### (r) Borrowing Costs

Borrowing costs are recognised as expenses in the period in which they are incurred and comprise:

- interest on bank overdrafts and short term and long term borrowing;
- amortisation of discounts or premiums relating to borrowings; and
- finance lease charges

### (s) Comparatives

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

### (t) Rounding

All amounts shown in the financial reports are expressed by reference to the nearest thousand dollars unless otherwise specified.

# Notes to and Forming Part of the Financial Statements

STATETRANSIT AUTHORITY OF NEW SOUTH WALES

FOR THE YEAR ENDED 30 JUNE 2002

	Note	2002 \$000	2001 \$000
<b>2. REVENUE AND EXPENDITURE</b>			
<b>(i) Revenue from ordinary activities</b>			
Passenger revenue:			
- Fares, charters and tourists services		233,933	255,488
- Reimbursement for:			
- free travel by school students	2(v)(a)	36,553	34,846
- concessional travel by:			
pensioners	2(v)(a)	78,349	76,475
other community groups	2(v)(a)	28,299	26,352
- community service obligations (CSO):			
pricing CSO	2(v)(b)	35,585	36,694
service level CSO	2(v)(b)	30,074	19,308
Total passenger revenue		442,793	449,163
Interest from third parties	2(vi)	439	988
Grants	2(vii)	22,902	15,511
Proceeds from sale of assets		2,219	3,304
Other		27,041	14,047
Total revenue from ordinary activities		495,394	483,013
<b>(ii) Expenditure from ordinary activities (excluding employee entitlements)</b>			
Wages and salaries		222,872	220,920
Workers' compensation		11,130	6,632
Payroll tax		16,499	16,650
Fleet running expenses		75,624	66,727
General operating expenses		65,609	62,421
Depreciation:			
- Plant and equipment		32,315	31,585
- Buildings		1,341	1,317
Amortisation of non-current assets:			
- Leased plant and equipment		2,126	2,582
- Leasehold improvements		193	169
- Service contract rights		2,028	2,930
Fixed assets sold or written off		4,773	4,390
Operating leases		3,955	4,655
Consultancy/Professional services		3,567	2,910
Audit fee	2(viii)	198	212
Provision for doubtful debts		952	930
Bad debts written off		-	89
Total expenses from ordinary activities		443,182	425,119
<b>(iii) Employee entitlements</b>			
Annual leave		20,227	19,678
Long service leave		5,897	5,968
Retirement benefits		35,911	26,892
Total employee entitlements		62,035	52,538

# Notes to and Forming Part of the Financial Statements

STATETRANSIT AUTHORITY OF NEW SOUTH WALES

FOR THE YEAR ENDED 30 JUNE 2002

	Note	2002 \$000	2001 \$000
<b>2. REVENUE AND EXPENDITURE (cont'd)</b>			
<b>(iv) Borrowing costs</b>			
Interest		9,757	8,808
Finance lease interest charges		-	861
Total borrowing costs		<u>9,757</u>	<u>9,669</u>

**(v) New South Wales Government reimbursements**

**(a) Free & 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 government policy. Reimbursement is provided for free school travel on the basis of percentage of the number of passes on issue in the current year. In the case of pensioners, the passenger pays for an all-day concession ticket (\$1, \$2 or \$3 excluding GST) and the Government pays the balance of the full fare for all estimated travel consumed. Other free and concessional travel is reimbursed on the basis of the Government paying the balance between the full fare applicable for each journey and the fare paid by the passenger.

**(b) Community Service Obligations (CSO)**

Reimbursements were received from NSW Government in accordance with the Government's social policy programs designed to promote the accessibility and availability of public transport services. CSO payments comprise Pricing CSO and Service Level CSO.

Pricing CSO – The Authority's fares are determined by the Independent Pricing and Regulatory Tribunal (IPART). In line with Government's social policy programs, the Authority's fares have historically been kept below the equivalent commercial fares charged by the private sector bus operators. Consequently, the Authority is reimbursed the difference between the two sets of fares in form of a Pricing CSO.

Service Level CSO – Represents payment by NSW Government to cover the operation of a number of services provided by Sydney Buses, Sydney Ferries and Newcastle which are not commercially justifiable by normal industry benchmarks.

**(vi) Interest income**

Interest received or due and receivable comprise:

Interest from Hour Glass-Cash facility (unitised Investment)	69	913
Other Interest	370	75
Total Interest income	<u>439</u>	<u>988</u>

# Notes to and Forming Part of the Financial Statements

STATETRANSIT AUTHORITY OF NEW SOUTH WALES

FOR THE YEAR ENDED 30 JUNE 2002

	Note	2002 \$000	2001 \$000
<b>2. REVENUE AND EXPENDITURE (cont'd)</b>			
<b>(vii) Grants</b>			
Grants for:			
Capital works*		22,902	10,912
Alternative Fuel Program**		-	4,599
Total grants		<u>22,902</u>	<u>15,511</u>
<p>* This grant was received from the NSW Government Action for Transport 2010 program for the acquisition of new vessels, refurbishment of Manly ferries and the installation of CCTV cameras on wharves.</p> <p>** This grant was received from the Federal Government's Alternative Fuel Conversion Program for compressed natural gas buses acquired under existing contract.</p>			
<b>(viii) Audit fee</b>			
Audit fees payable to NSW Audit Office for the audit of financial reports		198	212
Total audit fees		<u>198</u>	<u>212</u>
<b>(ix) Board members' remuneration</b>			
The amount of remuneration, including superannuation contributions, received or due and receivable by the non executive members of the State Transit Authority Board for services in respect of all entities was \$153,054 (2001: \$114,395). There were no other benefits paid to the members of the Board.			
<b>3. INCOME TAX</b>			
<b>(i) Income tax expense</b>			
The prima facie tax on operating (loss)/profit differs from the income tax provided in the accounts as follows:			
(Loss)/Profit from ordinary activities		(19,580)	(4,313)
Prima facie tax on operating (loss)/profit at 30% (2001 at 34%)		(5,874)	(1,467)
Tax effect of permanent differences		(5,837)	(4,230)
(Offset of)/transferred to operating (loss)/profit		11,711	5,697
Income tax attributable to operating (loss)/profit		<u>-</u>	<u>-</u>
<b>(ii) Benefit of tax losses and timing differences not brought to account</b>			
Future income tax benefit arising from tax losses and timing differences have not been recognised as an asset because realisation of the benefit is not regarded as virtually certain.			
Balance not brought to account being tax losses of \$48.584M (2001: \$41.793M) and net timing differences of \$23M		71,584	41,793

# Notes to and Forming Part of the Financial Statements

STATETRANSIT AUTHORITY OF NEW SOUTH WALES

FOR THE YEAR ENDED 30 JUNE 2002

	Note	2002 \$000	2001 \$000
<b>3. INCOME TAX (cont'd)</b>			
<b>(iii) Future Income Tax Benefit (FITB)</b>			
These benefits will only be derived if:			
(a) the Authority derives sufficient future assessable income to enable the benefits to be realised;			
(b) the Authority continues to comply with the conditions for deductibility imposed by tax legislation; and			
(c) there is no adverse change in tax legislation affecting the Authority in realising the benefit.			
<b>4. RECEIVABLES (CURRENT)</b>			
Trade Debtors		7,738	7,285
Provision for doubtful debts		(64)	(85)
		<u>7,674</u>	<u>7,200</u>
Sundry Debtors		2,728	2,276
Provision for doubtful debts		(1,939)	(965)
		<u>789</u>	<u>1,311</u>
Goods and Services Tax		1,100	-
Total receivables		<u>9,563</u>	<u>8,511</u>
<b>5. INVENTORIES (AT COST)</b>			
Mechanical and electrical spares		6,675	5,625
Distillate		1,055	1,238
Tyres and tubes		176	252
Other		567	520
Total inventories		<u>8,473</u>	<u>7,635</u>
<b>6. OTHER ASSETS</b>			
<b>Current</b>			
Prepayments		2,061	1,621
Retirement benefits		-	366
Other		3,886	2,147
Total current other assets		<u>5,947</u>	<u>4,134</u>
<b>Non-current</b>			
Other		185	814
Total non-current other assets		<u>185</u>	<u>814</u>

# Notes to and Forming Part of the Financial Statements

STATETRANSIT AUTHORITY OF NEW SOUTH WALES

FOR THE YEAR ENDED 30 JUNE 2002

	Note	2002 \$000	2001 \$000
<b>7. PROPERTY PLANT AND EQUIPMENT</b>			
<b>Current</b>			
<b>Assets held for sale:</b>			
Freehold commercial land		11,602	11,602
Buildings	7(ii)	1,465	1,517
Buses	7(ii)	970	2,110
Total current property, plant and equipment		<u>14,037</u>	<u>15,229</u>
<b>Non-current</b>			
<b>Land, buildings and wharves</b>			
<b>Land</b>			
Freehold operating land - at valuation		51,371	51,371
Freehold operating land - at cost		1,884	1,884
Total freehold operating land	7(ii)	<u>53,255</u>	<u>53,255</u>
Freehold commercial land - at valuation	7(ii)	927	927
Total land		<u>54,182</u>	<u>54,182</u>
<b>Buildings</b>			
At valuation		49,635	49,577
Accumulated depreciation		<u>(22,616)</u>	<u>(21,367)</u>
		27,019	28,210
At cost		1,651	995
Accumulated depreciation		<u>(60)</u>	<u>(20)</u>
		1,591	975
Total buildings	7(ii)	<u>28,610</u>	<u>29,185</u>
<b>Wharves</b>			
At valuation		10,473	10,473
Accumulated depreciation		<u>(9,743)</u>	<u>(9,499)</u>
		730	974
At cost		1,049	944
Accumulated depreciation		<u>(91)</u>	<u>(43)</u>
		958	901
Total wharves	7(ii)	<u>1,688</u>	<u>1,875</u>
Total land, buildings and wharves		<u>84,480</u>	<u>85,242</u>

# Notes to and Forming Part of the Financial Statements

STATE TRANSIT AUTHORITY OF NEW SOUTH WALES

FOR THE YEAR ENDED 30 JUNE 2002

	Note	2002 \$000	2001 \$000
<b>7. PROPERTY PLANT AND EQUIPMENT (cont'd)</b>			
<b>Plant and equipment</b>			
At cost		79,678	76,773
Accumulated depreciation		(55,694)	(50,885)
Total plant and equipment	7(ii)	<u>23,984</u>	<u>25,888</u>
<b>Buses</b>			
<b>Owned buses</b>			
At valuation		350,780	369,865
Accumulated depreciation		(237,968)	(240,457)
		<u>112,812</u>	<u>129,408</u>
At cost		132,501	95,068
Accumulated depreciation		(13,556)	(6,190)
		<u>118,945</u>	<u>88,878</u>
Total owned buses	7(ii)	<u>231,757</u>	<u>218,286</u>
<b>Leased buses</b>			
At valuation		55,895	55,895
Accumulated amortisation		(47,795)	(45,783)
Total leased buses	7(ii)	<u>8,100</u>	<u>10,112</u>
Total buses		<u>239,857</u>	<u>228,398</u>
<b>Motor vehicles (other than buses)</b>			
At cost		650	637
Accumulated depreciation		(528)	(512)
Total motor vehicles	7(ii)	<u>122</u>	<u>125</u>
<b>Ferries</b>			
<b>Owned ferries</b>			
At valuation		98,200	98,200
Accumulated depreciation		(76,422)	(73,514)
		<u>21,778</u>	<u>24,686</u>
At cost		41,251	20,095
Accumulated depreciation		(2,211)	(825)
		<u>39,040</u>	<u>19,270</u>
Total owned ferries	7(ii)	<u>60,818</u>	<u>43,956</u>

# Notes to and Forming Part of the Financial Statements

STATE TRANSIT AUTHORITY OF NEW SOUTH WALES

FOR THE YEAR ENDED 30 JUNE 2002

	Note	2002 \$000	2001 \$000
<b>7. PROPERTY PLANT AND EQUIPMENT (cont'd)</b>			
<b>Leased ferries</b>			
At valuation		24,500	24,500
Accumulated amortisation		(21,771)	(21,657)
Total leased ferries	7(ii)	<u>2,729</u>	<u>2,843</u>
Total ferries		<u>63,547</u>	<u>46,799</u>
Work in progress (at cost)	7(ii)	<u>7,942</u>	<u>6,307</u>
Total non-current property, plant and equipment		<u>419,932</u>	<u>392,759</u>

**(i) Valuations**

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

<b>Class of assets</b>	<b>Date of valuation</b>	<b>Registered valuers</b>
Freehold commercial land and buildings	30 June 1999	Edward Rushton Australia Pty Ltd
Operating land and buildings	30 June 1999	Edward Rushton Australia Pty Ltd
Wharves	30 June 1999	Edward Rushton Australia Pty Ltd
Wharf improvements	30 June 1999	Edward Rushton Australia Pty Ltd
Ferries	30 June 1999	Rodney Hyman Asset Services Pty Ltd

- (c) Buses were valued as at 30 June 1999 by the Board.

All valuations are estimates of the amounts for which the assets could be exchanged between a knowledgeable willing buyer and a knowledgeable willing seller in an arms length transaction at the valuation date.

- (d) Major items of works in progress include buses \$3.257M and ferries \$4.272M.

# Notes to and Forming Part of the Financial Statements

STATETRANSIT AUTHORITY OF NEW SOUTH WALES

FOR THE YEAR ENDED 30 JUNE 2002

	Note	2002 \$000	2001 \$000
<b>7. PROPERTY PLANT AND EQUIPMENT (cont'd)</b>			
(ii) Reconciliation of the carrying amounts of each class of property, plant and equipment at the beginning and at the end of the reporting period are set out below:			
<b>Buses held for sale</b>			
Opening balance		2,110	-
Disposals		(4,331)	-
Transfer from non-current		3,191	2,110
Closing balance		<u>970</u>	<u>2,110</u>
<b>Buildings held for sale</b>			
Opening balance		1,517	-
Transfer from non-current		-	1,569
Depreciation		(52)	(52)
Closing balance		<u>1,465</u>	<u>1,517</u>
<b>Freehold operating land</b>			
Opening balance		53,255	64,326
Disposals		-	(25)
Transfer to other asset type		-	(59)
Transfer to commercial land		-	(10,987)
Closing balance		<u>53,255</u>	<u>53,255</u>
<b>Freehold commercial land</b>			
Opening balance		927	1,560
Disposals		-	(18)
Transfer from operating land		-	10,987
Transfer to assets held for sale		-	(11,602)
Closing balance		<u>927</u>	<u>927</u>
<b>Buildings</b>			
Opening balance		29,185	31,446
Additions		716	523
Disposals		(3)	(69)
Transfer from other asset class		-	119
Transfer to assets held for sale		-	(1,517)
Depreciation		(1,288)	(1,317)
Closing balance		<u>28,610</u>	<u>29,185</u>
<b>Wharves</b>			
Opening balance		1,875	1,281
Additions		105	944
Depreciation		(292)	(350)
Closing balance		<u>1,688</u>	<u>1,875</u>

# Notes to and Forming Part of the Financial Statements

STATETRANSIT AUTHORITY OF NEW SOUTH WALES

FOR THE YEAR ENDED 30 JUNE 2002

	Note	2002 \$000	2001 \$000
<b>7. PROPERTY PLANT AND EQUIPMENT (cont'd)</b>			
<b>(ii) Reconciliation of carrying amounts (cont'd)</b>			
<b>Plant and equipment</b>			
Opening balance		25,888	22,632
Additions		5,646	10,561
Disposals		(253)	(160)
Transfer to buildings		-	(59)
Depreciation		(7,297)	(7,086)
Closing balance		<u>23,984</u>	<u>25,888</u>
<b>Buses</b>			
<b>Owned buses</b>			
Opening balance		218,286	204,007
Additions		37,483	38,603
Disposals		(240)	(2,717)
Transfer to assets held for sale		(3,191)	(2,110)
Depreciation		(20,581)	(19,497)
Closing balance		<u>231,757</u>	<u>218,286</u>
<b>Leased buses</b>			
Opening balance		10,112	12,423
Amortisation		(2,012)	(2,311)
Closing balance		<u>8,100</u>	<u>10,112</u>
<b>Motor vehicles (other than buses)</b>			
Opening balance		125	155
Additions		48	35
Disposals		(8)	(27)
Depreciation		(43)	(38)
Closing balance		<u>122</u>	<u>125</u>
<b>Ferries</b>			
<b>Owned ferries</b>			
Opening balance		43,956	28,642
Additions		21,156	20,095
Disposals		-	-
Depreciation		(4,294)	(4,781)
Closing balance		<u>60,818</u>	<u>43,956</u>
<b>Leased ferries</b>			
Opening balance		2,843	3,114
Amortisation		(114)	(271)
Closing balance		<u>2,729</u>	<u>2,843</u>

# Notes to and Forming Part of the Financial Statements

STATE TRANSIT AUTHORITY OF NEW SOUTH WALES

FOR THE YEAR ENDED 30 JUNE 2002

	Note	2002 \$000	2001 \$000
<b>7. PROPERTY PLANT AND EQUIPMENT (cont'd)</b>			
<b>(ii) Reconciliation of carrying amounts (cont'd)</b>			
<b>Work in progress</b>			
Opening balance		6,307	17,500
Additions		69,285	59,401
Transferred to other asset class		(65,056)	(69,960)
Transferred to expense		(2,594)	(634)
Closing balance		<u>7,942</u>	<u>6,307</u>
<b>(iii) As at balance date, the gross value of fully depreciated non current assets was \$172.282M, mainly made up of passenger buses, computer software and hardware.</b>			
<b>8. INTANGIBLES</b>			
Service contract rights		9,355	9,355
Accumulated amortisation		(6,395)	(4,367)
Total intangibles		<u>2,960</u>	<u>4,988</u>
<b>9. PAYABLES</b>			
Trade creditors	9(i)	15,674	12,873
Other creditors and accruals		25,509	21,069
Accrued interest payable		3,280	3,008
Interest free loan		5,100	-
Goods and services tax		-	1,315
Total payables		<u>49,563</u>	<u>38,265</u>
<b>(i) Trade creditors are non-interest bearing and are normally settled on 30 day terms.</b>			
<b>10. INTEREST BEARING LIABILITIES</b>			
<b>Current</b>			
Borrowings secured by NSW Government guarantee		26,759	4,817
Finance lease		17,665	2,167
Total current interest bearing liabilities		<u>44,424</u>	<u>6,984</u>
<b>Non-current</b>			
Borrowings secured by NSW Government guarantee		92,875	101,813
Finance lease		-	17,727
Total non-current interest bearing liabilities		<u>92,875</u>	<u>119,540</u>
<b>11. PROVISIONS</b>			
<b>Current</b>			
Employee leave entitlements		25,583	23,902
Workers' compensation		6,824	6,672
Public risk		880	915
Others		1,043	2,363
Total current provisions		<u>34,330</u>	<u>33,852</u>

# Notes to and Forming Part of the Financial Statements

STATETRANSIT AUTHORITY OF NEW SOUTH WALES

FOR THE YEAR ENDED 30 JUNE 2002

	Note	2002 \$000	2001 \$000
<b>11. PROVISIONS (cont'd)</b>			
<b>Non-current</b>			
Employee leave entitlements		30,878	29,847
Retirement benefits		50,482	37,441
Workers' compensation		21,847	18,150
Public risk		1,265	140
Others		10,373	3,936
Total non-current provisions		<u>114,845</u>	<u>89,514</u>

**(i) Retirement benefits**

The defined benefits schemes relating to employees of State Transit Authority are as follows:

- (a) SASS State Authorities Superannuation Scheme
- (b) SANCS State Authorities Non-Contributory Superannuation Scheme
- (c) SSS State Superannuation Scheme

These schemes are part of the pooled fund, the trustee of which is SAS Trustee Corporation (Trustee). The funds actuary, Mercer Human Resources Consulting Pty Ltd, appointed by the Trustee, has calculated the financial liability.

The financial assumptions that have been used in the calculation are:

	2002-2003 % pa	2003-2004 % pa	Thereafter % pa
Rate of investment return	7.0	7.0	7.0
Rate of salary increase	6.5	4.0	4.0
Rate of increase in Consumer Price Index	2.5	2.5	2.5

The assessed liability as at 30 June 2002 and funds held in Reserve Account with the Trustee is as follows:

	SASS \$000	SANC \$000	SSS \$000	Total \$000
Gross liability	140,620	21,194	5,157	166,971
Reserve balance	99,174	12,533	4,782	116,489
Unfunded liability	<u>41,446</u>	<u>8,661</u>	<u>375</u>	<u>50,482</u>

	Note	2002 \$000	2001 \$000
<b>Non-current liability</b>			
Retirement benefits		<u>50,482</u>	<u>37,441</u>

# Notes to and Forming Part of the Financial Statements

STATETRANSIT AUTHORITY OF NEW SOUTH WALES

FOR THE YEAR ENDED 30 JUNE 2002

	Note	2002 \$000	2001 \$000
<b>11. PROVISIONS (cont'd)</b>			
<b>(ii) Components of retirement benefits expenditure:</b>			
Increase in balance of provision*		22,709	19,992
Interest received		2,568	(4,990)
Superannuation guarantee charge		9,423	8,810
Tax expense - 2001		-	3,080
Tax expense - 2002		1,211	-
Expenditure for the year		<u>35,911</u>	<u>26,892</u>
<p>* Calculation of 30 June 2002 retirement benefit liability is based on actuarial assumptions stated in 11(i) above, revised from assumptions used in previous years.</p>			
<b>12. OTHER LIABILITIES</b>			
<b>Current</b>			
Revenue received in advance		8,149	9,605
Gain on foreign exchange contracts		370	1,316
Other		39	-
Total current other liabilities		<u>8,558</u>	<u>10,921</u>
<b>Non-Current</b>			
Other		124	-
Total non-current other liabilities		<u>124</u>	<u>-</u>
<b>13. RESERVES</b>			
<b>Asset revaluation reserve:</b>			
Opening balance		76,327	76,723
Realised increment on property, plant and equipment sold during the year transferred to retained profits		(666)	(396)
Closing balance		<u>75,661</u>	<u>76,327</u>
<b>14. RETAINED PROFITS</b>			
Retained profits at the beginning of the financial year		63,371	67,288
Transfer from reserves		666	396
Net (loss)/profit for the year		(19,580)	(4,313)
Retained profits at the end of the financial year		<u>44,457</u>	<u>63,371</u>

# Notes to and Forming Part of the Financial Statements

STATETRANSIT AUTHORITY OF NEW SOUTH WALES

FOR THE YEAR ENDED 30 JUNE 2002

	Note	2002 \$000	2001 \$000
<b>15. COMMITMENTS</b>			
<b>(i) Interest bearing borrowings</b>			
<b>Payable:</b>			
Not later than 1 year		26,256	4,800
Later than 1 year and not later than 5 years		53,722	71,384
Later than 5 years		37,812	29,561
Total interest bearing borrowings (face value)		117,790	105,745
Unamortised discount		(402)	(560)
Unamortised premium		2,246	1,445
Total interest bearing borrowings (capital value)		119,634	106,630
Current liability		26,759	4,817
Non-current liability		92,875	101,813
		119,634	106,630
<b>(ii) Finance lease commitments</b>			
<b>Payable:</b>			
Not later than 1 year		19,561	2,550
Later than 1 year and not later than 5 years		-	19,561
		19,561	22,111
Future finance charges		(1,896)	(2,217)
Total finance lease commitments (including GST)		17,665	19,894
Current liability		17,665	2,167
Non-current liability		-	17,727
		17,665	19,894
<b>(iii) Operating lease commitments</b>			
<b>Payable:</b>			
Not later than 1 year		3,549	2,179
Later than 1 year and not later than 5 years		7,486	3,873
Later than 5 years		49,359	37,329
Total operating lease commitments (including GST)		60,394	43,381
Operating leases exist in respect of office accommodation, motor vehicles and office equipments.			
<b>(iv) Capital expenditure commitments*</b>			
<b>Payable:</b>			
Not later than 1 year		33,230	46,066
Later than 1 year and not later than 5 years		1,650	9,796
Total capital expenditure commitments (including GST)		34,880	55,862

\* These capital expenditure commitments relate primarily to a contract for the purchase of buses and ferry refurbishments.

# Notes to and Forming Part of the Financial Statements

STATETRANSIT AUTHORITY OF NEW SOUTH WALES

FOR THE YEAR ENDED 30 JUNE 2002

## 15. COMMITMENTS (cont'd)

### (v) Contingent asset

The operating lease commitments, capital expenditure commitments and finance lease commitments total as shown in 15(ii), (iii) & (iv) above include Goods and Services Tax (GST) of \$10.44M, which is recoverable from the Australian Tax Office.

## 16. FINANCIAL INSTRUMENTS

### (i) 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, is as follows:

	Fixed interest rate maturing in				Non-Interest bearing \$000	Total carrying amount \$000	Weighted average effective interest rate	
	Floating interest rate \$000	1 year or less \$000	Over 1 to 5 years \$000	More than 5 years \$000			Floating %	fixed %
<b>2002</b>								
<b>Financial Assets</b>								
Cash	1,183	-	-	-	2,557	3,740	3.99	-
Receivables - Trade	-	-	-	-	9,563	9,563	N/A	N/A
Options: *								
Commodity	-	-	-	-	118	118	N/A	N/A
Currency	-	-	-	-	468	468	N/A	N/A
Total financial assets	1,183	-	-	-	12,706	13,889		
<b>Financial Liabilities</b>								
Trade creditors & accruals	-	-	-	-	49,563	49,563	N/A	N/A
Borrowings **	17,700	8,556	53,722	37,812	-	117,790	4.64	8.04
Finance lease	17,665	-	-	-	-	17,665	0.69	-
Total financial liabilities	35,365	8,556	53,722	37,812	49,563	185,018		
<b>2001</b>								
<b>Financial Assets</b>								
Cash	2,666	-	-	-	2,038	4,704	6.07	-
Receivables - Trade	-	-	-	-	8,511	8,511	N/A	N/A
Options: *								
Commodity	-	-	-	-	547	547	N/A	N/A
Currency	-	-	-	-	441	441	N/A	N/A
Total financial assets	2,666	-	-	-	11,537	14,203		
<b>Financial Liabilities</b>								
Trade creditors & accruals	-	-	-	-	38,265	38,265	N/A	N/A
Borrowings **	4,800	-	83,599	17,346	-	105,745	5.10	7.70
Finance lease	19,894	-	-	-	-	19,894	3.72	-
Total financial liabilities	24,694	-	83,599	17,346	38,265	163,904		

\* Amounts included as prepayments within Other Assets in the Statement of Financial Position.

\*\* At face value (refer note 15(i)).

# Notes to and Forming Part of the Financial Statements

STATETRANSIT AUTHORITY OF NEW SOUTH WALES

FOR THE YEAR ENDED 30 JUNE 2002

## 16. FINANCIAL INSTRUMENTS (cont'd)

### (ii) Net fair values

The aggregate net fair values of financial assets and liabilities, both recognised and unrecognised, at balance date are as follows:

	Total carrying amount		Aggregate net fair value	
	2002 \$000	2001 \$000	2002 \$000	2001 \$000
<b>Financial Assets</b>				
Cash	3,740	4,704	3,740	4,704
Receivables - Trade	9,563	8,511	9,563	8,511
Options: *				
Currency	468	547	241	1,577
Commodity	118	441	42	742
Forward exchange contracts	-	-	2,251	-
Swaps				
Commodity	-	-	1,154	1,512
Total financial assets	13,889	14,203	16,991	17,046
<b>Financial liabilities</b>				
Trade creditors & accruals	49,563	38,265	49,563	38,265
Borrowings **	117,790	105,745	121,907	109,450
Finance lease	17,665	19,894	18,823	20,309
Total financial liabilities	185,018	163,904	190,293	168,024

\* Amounts included as prepayments within Other Assets in the Statement of Financial Position.

\*\* At face value (refer note 15(i)).

### (iii) Credit risk exposures

The credit risk exposures at balance date represents the extent of credit related losses in relation to derivative financial instruments.

Credit related losses arise from the non-performance of counterparties to meet the obligations under the derivative financial instruments. It is not expected that any counterparties will fail to meet the obligations given the Authority's credit policy.

The following tables summarise the credit exposures on derivative financial instruments held at balance date.

	2002		2001	
	Face Value \$000	Market Value \$000	Face Value \$000	Market Value \$000
<b>Forward exchange contracts:</b>				
Not later than 1 year	1,283	1,217	-	-
Later than 1 year but not later than 2 years	1,052	1,034	-	-
	2,335	2,251	-	-

# Notes to and Forming Part of the Financial Statements

STATETRANSIT AUTHORITY OF NEW SOUTH WALES

FOR THE YEAR ENDED 30 JUNE 2002

**16. FINANCIAL INSTRUMENTS (cont'd)**  
**(iii) Credit risk exposures (cont'd)**

	<b>2002</b>	<b>2001</b>
	<b>Net Fair Value</b>	<b>Net Fair Value</b>
	<b>\$000</b>	<b>\$000</b>
<b>Currency options:</b>		
Not later than 1 year	163	957
Later than 1 year but not later than 2 years	78	462
Later than 2 year but not later than 3 years	-	158
	<u>241</u>	<u>1,577</u>
<b>Commodity swaps:</b>		
Not later than 1 year	912	1,220
Later than 1 year but not later than 2 years	242	530
Later than 2 year but not later than 3 years	-	(238)
	<u>1,154</u>	<u>1,512</u>
<b>Commodity options:</b>		
Not later than 1 year	42	659
Later than 1 year but not later than 2 years	-	83
	<u>42</u>	<u>742</u>

# Notes to and Forming Part of the Financial Statements

STATE TRANSIT AUTHORITY OF NEW SOUTH WALES

FOR THE YEAR ENDED 30 JUNE 2002

## 17. SEGMENT INFORMATION - PRIMARY SEGMENT

Segment information is prepared in conformity with the Authority's stated accounting policies and the revised segment reporting accounting standard, AASB 1005 Segment Reporting. Segment information is reported on the basis of business segments, as the Authority's risk and returns are affected predominantly by differences in the services provided through those segments. Segment revenues, expenses, assets and liabilities are those that are directly attributable to a segment. Segment assets include all assets used by a segment and consist primarily of operating cash, receivables, inventories, property, plant and equipment and other intangible assets, net of related provisions. Segment liabilities consist primarily of trade and other creditors, and employee entitlements. Segment assets and liabilities do not include income taxes.

Segment revenues, expenses and results include transfers between segments. These transfers are priced at cost recovery basis and are eliminated on consolidation.

	Buses		Ferries		Other		Consolidated	
	2002	2001	2002	2001	2002	2001	2002	2001
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
<b>Revenue</b>								
Passenger revenue	196,076	213,384	37,858	42,104	-	-	233,934	255,488
Reimbursement for:								
Concessional travel	134,420	129,042	8,780	8,631	-	-	143,200	137,673
Community services	44,832	36,598	20,826	19,405	-	-	65,658	56,003
Other	26,419	19,775	23,927	11,421	2,256	2,653	52,602	33,849
<b>Total segment revenue</b>	<b>401,747</b>	<b>398,799</b>	<b>91,391</b>	<b>81,561</b>	<b>2,256</b>	<b>2,653</b>	<b>495,394</b>	<b>483,013</b>
<b>Results</b>								
Segment result	(18,284)	(12,552)	1,920	5,800	(3,216)	2,439	(19,580)	(4,313)
<b>Assets</b>								
Segment assets	347,872	343,705	92,401	73,891	24,564	21,178	464,837	438,774
<b>Liabilities</b>								
Segment liabilities	248,907	220,468	79,547	63,039	16,265	15,569	344,719	299,076
<b>Other Segment information:</b>								
Acquisition of property, plant and equipment and other non-current assets	39,564	43,969	23,387	26,259	2,203	523	65,154	70,751
Depreciation	25,526	25,176	7,269	6,848	861	878	33,656	32,902
Amortisation	4,139	5,321	114	271	94	89	4,347	5,681

# Notes to and Forming Part of the Financial Statements

STATE TRANSIT AUTHORITY OF NEW SOUTH WALES

FOR THE YEAR ENDED 30 JUNE 2002

## 17. SEGMENT INFORMATION - SECONDARY SEGMENT

	Sydney		Newcastle		Consolidated	
	2002 \$000	2001 \$000	2002 \$000	2001 \$000	2002 \$000	2001 \$000
<b>Segment revenue</b>	464,830	455,750	30,564	27,263	495,394	483,013
<b>Segment assets</b>	447,122	419,130	17,715	19,644	464,837	438,774
<b>Other segment information:</b>						
Acquisition of property, plant and equipment and other non-current assets	65,086	70,301	68	450	65,154	70,751

## 18. CONTINGENT LIABILITIES

No significant contingent liabilities are anticipated, except for potential property and personal injury claims formerly managed by HIH Casualty & General Insurance Ltd.

## 19. SUBSEQUENT EVENTS

Western Sydney Buses was constituted as a fully owned subsidiary of the Authority on 12 July 2002 under the Transport Administration Act 1988 in order to operate the public bus service along Liverpool-Parramatta Transitway. Western Sydney Buses is expected to commence operation in 2002/03.

END OF AUDITED FINANCIAL STATEMENTS



Paul Dunn BComm MBA CA  
GENERAL MANAGER, FINANCE & BUSINESS SERVICES

SYDNEY - 2 October 2002

# Statement by Members of the Board

STATE TRANSIT AUTHORITY OF NEW SOUTH WALES

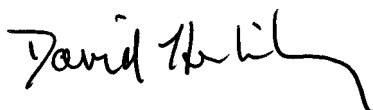
FOR THE YEAR ENDED 30 JUNE 2002

Pursuant to section 41(C)(1B) of the Public Finance and Audit Act 1983 and, in accordance with a resolution of the members of the Board of the State Transit Authority of New South Wales, we declare on behalf of State Transit Authority that in our opinion:

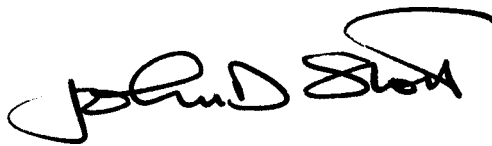
1. The accompanying financial statements exhibit a true and fair view of the financial position and transactions of the State Transit Authority of New South Wales as at 30 June 2002; and
2. The financial statements have been prepared in accordance with the provisions of the Public Finance and Audit Act 1983, Public Finance and Audit Regulation 2000 and the Treasurer's Directions.

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

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



David Herlihy  
CHAIRMAN



John Stott PSM  
CHIEF EXECUTIVE

SYDNEY - 2 October 2002



GPO BOX 12  
SYDNEY NSW 2001

## INDEPENDENT AUDIT REPORT

### STATE TRANSIT AUTHORITY OF NEW SOUTH WALES

**To Members of the New South Wales Parliament**

#### Scope

I have audited the accounts of the State Transit Authority of New South Wales for the year ended 30 June 2002. The members of the board of the authority are responsible for the financial report consisting of the accompanying statement of financial position, statement of financial performance and statement of cash flows, together with the notes thereto, and the information contained therein. My responsibility is to express an opinion on the financial report to Members of the New South Wales Parliament based on my audit as required by the *Public Finance and Audit Act 1983* (the Act).

My audit has been conducted in accordance with the provisions of the Act and Australian Auditing Standards to provide reasonable assurance whether the financial report is free of material misstatement. My procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial report, and the evaluation of accounting policies and significant accounting estimates.

These procedures have been undertaken to form an opinion whether, in all material respects, the financial report is presented fairly in accordance with the requirements of the Act, Accounting Standards and other mandatory professional reporting requirements, in Australia, so as to present a view which is consistent with my understanding of the Authority's financial position, the results of its operations and its cash flows.

The audit opinion expressed in this report has been formed on the above basis.

#### Audit Opinion

In my opinion, the financial report of the State Transit Authority of New South Wales complies with section 41B of the Act and presents fairly in accordance with applicable Accounting Standards and other mandatory professional reporting requirements the financial position of the Authority as at 30 June 2002 and the results of its operations and its cash flows for the year then ended.

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

Peter Carr FCPA  
Director of Audit

SYDNEY  
2 October 2002

# Appendices

FOR THE YEAR ENDED  
30 JUNE 2002

**STATE TRANSIT AUTHORITY  
OF NEW SOUTH WALES**

State Transit

# Appendices

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## 1 Summary of Land

In accordance with Section 41B(1)(d) of the Public Finance and Audit Act, 1983, stated below is a summary of the Authority's land holding as at 30 June 2002 classified according to actual use of the land.

Land use Classification	\$000
Bus depots	49,579
Shipyards	4,000
Minor operational and infrastructure assets	10,662
Commercial properties	1,543
<b>Total</b>	<b>65,784</b>

### Disposal of property

There were no property disposals during the 2001/02 financial year.

## 2 Capital Works Expenditure

### Capital Works Expenditure

Major Works	Completion Date	\$000
Bus Replacement Program:		
150 Mercedes CNG Buses	December 2002	39,500
Vessels Refit:		
Manly Ferries		
- Queenscliff	December 2001	8,720
- Narrabeen	June 2002	6,000
- Freshwater	September 2002	1,815
Lady Class Ferry	December 2002	3,250
JetCat engine upgrade and refit	December 2002	2,302

### Consolidated Income and Expenditure Statement

#### COMPARISON BETWEEN ACTUAL AND BUDGET

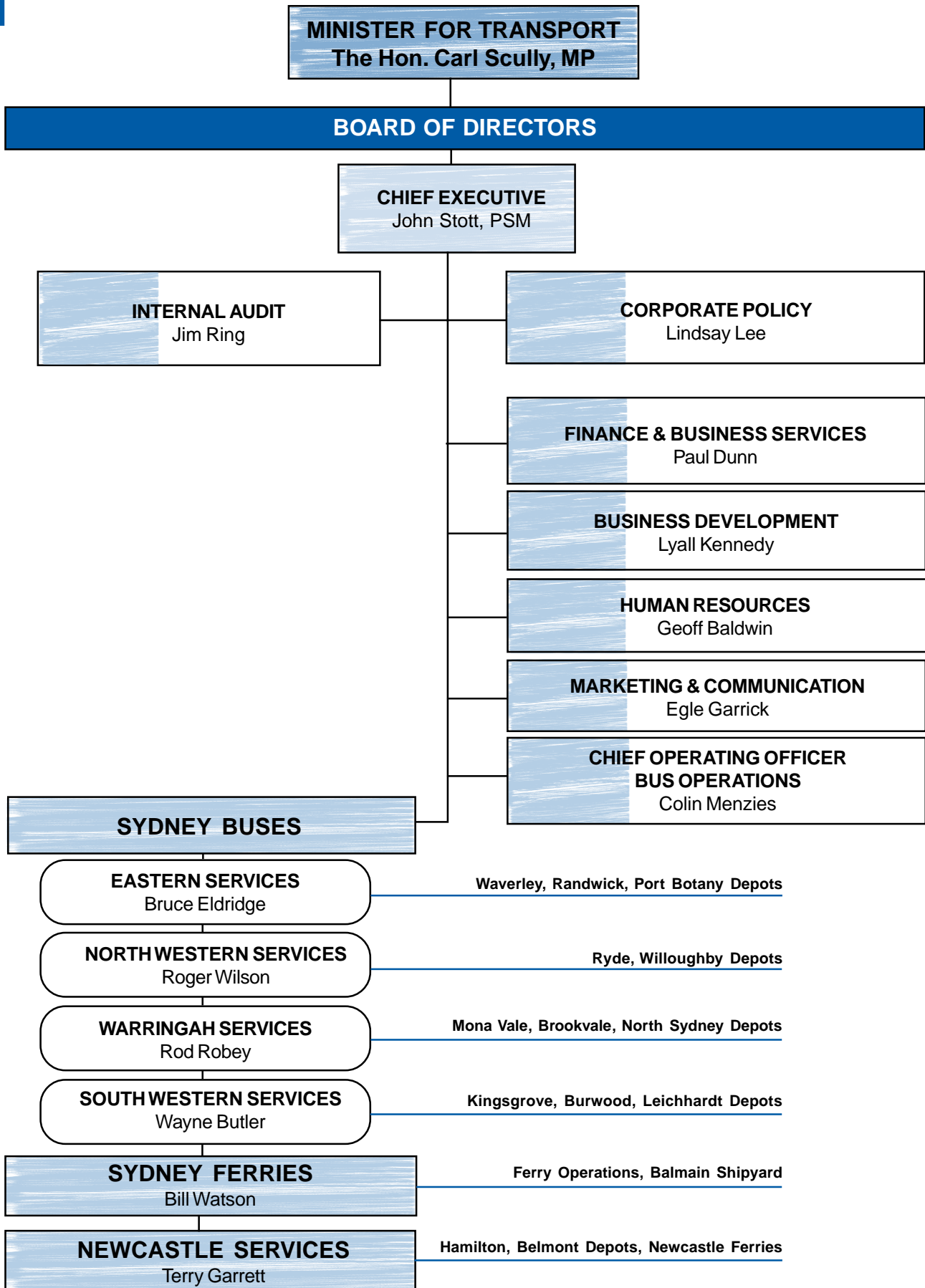
	2000/01 Actual \$000	2001/02 Actual \$000	2001/02 Budget \$000	Variance		2002/03 Budget \$000
				\$000	%	
<b>INCOME:</b>						
Passenger revenue	255,488	233,933	249,383	(15,450)	(6.2%)	237,447
Social program funding	193,676	208,860	198,479	10,381	5.2%	214,401
Capital and other government grants	15,511	22,902	10,802	12,100	112.0%	3,632
Interest	988	439	410	29	7.1%	170
Other revenue	17,350	29,260	32,694	(3,434)	(10.5%)	54,511
<b>Total Income</b>	<b>483,013</b>	<b>495,394</b>	<b>491,768</b>	<b>3,626</b>	<b>0.7%</b>	<b>510,161</b>
<b>Expenditure:</b>						
Payroll and related costs	296,740	312,536	290,253	(22,283)	(7.7%)	316,887
Depreciation and amortisation	38,583	38,003	41,397	3,394	8.2%	41,861
Fleet running expenses	66,727	75,624	68,657	(6,967)	(10.1%)	72,704
Borrowing costs	9,669	9,757	9,750	(7)	(0.1%)	11,556
Other operating costs	75,607	79,054	80,931	1,877	2.3%	88,086
<b>Total Expenditure</b>	<b>487,326</b>	<b>514,974</b>	<b>490,988</b>	<b>(23,986)</b>	<b>(4.9%)</b>	<b>531,094</b>
<b>Profit/(loss) before tax</b>	<b>(4,313)</b>	<b>(19,580)</b>	<b>780</b>	<b>(20,360)</b>	<b>(2,610.3%)</b>	<b>(20,933)</b>

1. Passenger revenue for the year of \$233.9m was \$15.5m (6.2%) below budget, the downturn being reflected across all ticket sales. Patronage in 2001/02 was targeted to increase by around 1% on the previous year. The decline in patronage was due to a number of factors including the lower cost of car ownership post-GST, a decline in the CBD workforce and a slowdown in overseas visitor numbers. An across the board decline in patronage was experienced by bus and rail service providers in both the public and private sector.
2. The Government's social program funding in the form of free and concession fares paid by Government and CSOs had a favourable impact of \$10.4m (5.2%). An additional \$10.6m Service CSO was allocated to State Transit in 2001/02.

## STATUTORY INFORMATION

3. A capital grant of \$22.9m was received under the NSW Government's Action for Transport 2010 program. State Transit put forward a number of ferry projects under the NSW Government's Action for Transport 2010 program with a total value of \$12.1 million. This included the refit of the "Freshwater" and the re-engining of a JetCat.
4. Payroll and related costs were \$22.3m above budget. The 1% increase in employment compared with target is largely due to an increase in ferries personnel arising from the recommendations of the Waterways report targeting the areas of safety and training. A bigger intake of trainees and a slower decline in the attrition rate of bus operators following the Olympic Games also added to staff numbers.
5. Fleet running expenses were \$7m (10%) above budget. Maintenance expense for Sydney Ferries increased by \$4.6m (25%) over budget. This was due to a significant program of major periodic maintenance undertaken on the Manly Ferries, JetCats, and Lady Class vessels. Maintenance on the Sydney bus fleet increased by \$2.7m (14%) over the previous year due mainly to the higher proportion of air-conditioned CNG buses in the fleet. State Transit has also undertaken a number of maintenance projects to directly improve the fleet standard.

### Structure



## 5 Board Of Directors

The Board's role in the corporate governance of State Transit, includes setting the overall strategic direction, monitoring the performance of management, and overseeing significant financial matters. State Transit's corporate governance practices ensure a high standard of accountability and independent monitoring throughout the Authority.

### **Corporate Governance**

State Transit Board members are appointed by the Minister for Transport for terms of up to three years. There can be up to eight members of the Board, one of whom is the Chief Executive of the Authority.

The Board meets monthly and is responsible for setting State Transit's major policies and overall strategic direction. The Board also monitors the performance of management, major capital expenditure and significant financial matters.

### **BOARD MEMBERS**

#### **David Herlihy - Chairman**

Mr Herlihy has a wide-ranging background in banking and finance. He held senior positions with Capel Court Corporation over a ten year period. For five years until 1997, Mr Herlihy was principal finance advisor for the Paul Ramsay Group.

Mr Herlihy is Chairman of Lafarge Aluminates Australia, a subsidiary of Lafarge France. He is also a life member of the Australian Institute of Political Science. Mr Herlihy was first appointed to the Board of State Transit in January 1996 and became Chairman in January 1997.

#### **John Stott - Chief Executive**

Mr Stott has a wide-ranging background in the transport industry, both in the public and private sectors and in all modes - land, marine and aviation. He has been closely involved in many aspects of transport reforms over the past 20 years and has extensive experience in the management of Government Trading Enterprises. Since his appointment as Chief Executive in May 1996, Mr Stott has committed the organisation to continued growth, improved service quality and commercial practices.

#### **Geoff Ashton**

Mr Ashton was formerly Managing Director of Monier Limited and later Clyde Industries Limited. He is currently a Non Executive Director of Leighton Holdings Limited and Chairman of the Superannuation Trust of Australia. He is also Chairman of Bridgeport Advisers and Asset Managers Pty Ltd. He is National President of the Australian Industry Group.

#### **Mark Lennon**

Mr Lennon is the Assistant Secretary of the Labor Council of NSW and is responsible for the Council's activities in superannuation, electricity distribution and generation, industry development and the environment. He has experience in industrial relations and policy formulation in the public transport industry. Other Board memberships include Asset Ltd, the Trades and Industrial Hall and Literary Institute of Sydney Ltd, the Industrial Supplies Office, and Chifley Financial Services.

# ORGANISATIONAL ITEMS

## Julie Walton

Ms Walton is a lawyer and urban planner and has wide experience in public policy and government. Ms Walton was a Sydney City Councillor until September 1999 and chaired the Sydney City Traffic Committee. She is a former Chairman of the Fair Trading Advisory Council and the Property Services Council. Ms Walton is currently Harbour Projects Manager at the Sydney Harbour Foreshores Authority and a Trustee of the Australian Museum.

## Susan Gray

Ms Gray is an Associate Director, Project and Structured Finance for Macquarie Bank Limited. She is a lawyer and economist. Ms Gray was responsible for the establishment of Macquarie Bank's Project and Structured Finance business in Indonesia. Since returning to Sydney she has focused on infrastructure financing in the transport and telecommunications sector.

## Tony Shepherd

Mr. Shepherd was Chief Executive of Transfield Project Development, a specialist division dedicated to the development of major projects and, particularly projects financed by the private sector. Successes included the Melbourne City Link Project, the Walsh Bay Urban Development and the acquisition of ADI. Mr Shepherd oversaw the public listing of Transfield Services Limited. He then left his position as CEO of Transfield Project Development to take the position of Deputy Chairman of Transfield Services. Mr Shepherd was appointed to the Board in August 2001.

## Paul Zammit

Paul Zammit has over 30 years experience in the private and public sectors being a State Member of Parliament for 12 years and subsequently a Federal Member of Parliament for 2½ years. He is a Fellow of the Institute of Directors of Australia and Foundation Fellow of the Australian Institute of Company Directors. He is currently Managing Director of Zammit Sales Marketing and Management Pty Ltd. He is also a director of the Board of the Home Purchase Assistance Authority. Mr Zammit was appointed to the Board of State Transit in December 2001.

## ATTENDANCE AT BOARD MEETINGS

The Board met on 14 occasions during 2001/2002 and attendance was as follows:

Name	Meetings Attended
D J Herlihy	12
J D Stott	14
G J Ashton	12
M R R Lennon	12
J Walton	12
S Gray	11
AF Shepherd	6
P Zammit	5

## Audit Committee

The Board has an Audit Committee to support it in fulfilling its responsibilities under the Transport Administration Act 1988.

The Audit Committee's role, set out in the Audit Committee Charter, is to have regard to assuring the independence of the Audit function, monitoring of corporate risk assessment and internal controls, reviewing financial and other practices, reviewing the quality and integrity of financial reports and overseeing the duties and responsibilities of the Manager Internal Audit.

The Committee met on 6 occasions during the year under review.

## Committee Members:

### July to October 2001

Mr GJ Ashton (Chairman)

Mr JD Stott

Mr MRR Lennon

### November 2001 to June 2002

Mr GJ Ashton (Chairman)

Mr JD Stott

Ms S Gray

Ms J Walton

## Ferries Committee

The Board established a Ferries Committee in August 2001 following the release of the Waterways Report into Sydney Ferries.

The Ferries Committee has all Board Directors as members. Mr. Geoff Ashton is the Chairman of the Ferries Committee. The Ferries Committee met on 8 occasions in 2001/02.

<b>Name</b>	<b>Meetings Attended</b>
D J Herlihy	5
J D Stott	8
G J Ashton	7
M R R Lennon	3
J Walton	5
S Gray	6
AF Shepherd	6
P Zammit	4

## Legislation

The State Transit Authority is constituted as an operating body without policy or regulatory functions and is not charged with the administration of legislation. However, set out under is an overview of the legislation directly relevant to State Transit during the year under review:

### Transport Administration Act

The State Transit Authority is created as a corporation by the Transport Administration Act 1988 and operates pursuant to that Act and the regulations made under the Act.

### Regulations

The following regulations made under the Transport Administration Act 1988 had direct application to the State Transit Authority and were in force during the year under review;

- Transport Administration (Bus Offences) Regulation 2000
- Transport Administration (Ferry Offences) Regulation 2000
- Transport Administration (Staff) Regulation 2000
- Transport Administration (General) Regulation 2000

### Orders

Section 85 of the Transport Administration Act 1988 provides that the charges to be demanded by the State Transit Authority in respect of its bus or ferry services and/or any other purpose shall be as from time to time determined by order made by the State Transit Authority.

During the year under review, the Transport Administration (State Transit Authority - Fares) Order 1991 was amended on one (1) occasion, as follows:

- Gazette No. 106 of 28.6.02

### Passenger Transport Act 1990

State Transit, in common with other operators of public passenger services in New South Wales, is directly bound by the provisions of the Passenger Transport Act 1990 and relevant regulations made under the Act.

## 7 Government Funding and Social Program

### Government Funding and Social Program

Total government funding for 2001/02 at \$208.8m was \$15.1m higher than 2000/01.

This increase was mainly due to:

- increases in both patronage and the Metropolitan Standard Bus Scale which forms the basis of the calculation for both Concession and Pricing CSO reimbursements.
- the reintroduction of the payment to State Transit for operating bus services in Sydney which are not commercially justified under normal industry benchmarks. This payment was last made in 1995/96.

Government funding consists of the following:

### Concessional and Free Travel

Concession reimbursements are payments from Government which make up the balance of fares where a concession has been allowed as a result of Government's social policies. For example, in the case of pensioners, the traveller pays \$1.10 and the Government pays the difference between the fare paid and the equivalent full private bus fare.

Concessions are paid both to State Transit and private operators. State Transit's reimbursement is based on projected patronage levels for the year, while private operators claim the loss for providing half fares, based on the actual sales each quarter.

The relevant categories included under State Transit's concession program are:

- blind civilians
- school students
- tertiary students
- unemployed
- other welfare recipients
- pensioner and retired senior citizens

In 2001/02 the reimbursement under this program amounted to \$143.2m compared to \$137.7m in 2000/01.

### Service Level Community Service Obligation

The social program payment for non commercial services is a payment made by Government to reimburse State Transit for operating a number of services that are not commercially justifiable by normal industry benchmarks. As part of this payment, State Transit's Parramatta River service and the Stockton ferry in Newcastle are deficit funded to a level of \$7.3m. For the first time since 1995/96, State Transit received a payment from Government for operating non-commercial bus services in Sydney. Funding for non commercial services amounted to \$30.1m in 2001/02 compared to \$19.3m in 2000/01.

### Pricing Community Service Obligation

The social program payment for non commercial fares is a payment made by Government in recognition of the fact that State Transit's fares (which are regulated by the Independent Pricing and Regulatory Tribunal) are held below commercial fare levels charged by most private sector operators. Funding for this area amounted to \$35.6m in 2001/02 compared to \$36.7m in 2000/01.

## 8 Implementation of 2001/02 Fares Determination

Under section 18(4) of the Independent Pricing and Regulatory Tribunal Act, State Transit is required, where there has been a determination by the Independent Pricing and Regulatory Tribunal, to include in its Annual Report particulars of how any such determination has been implemented.

A change in State Transit's fare scale, in accordance with the determination of the Independent Pricing and Regulatory Tribunal made on 26 June 2001, was made by order published in Government Gazette No 103 of 29 June 2001 effective 1 July 2001.

The following table summarises the determination made by the Independent Pricing and Regulatory Tribunal and the fare changes implemented by State Transit.

TICKET	IPART Determination	Implementation
Single ride bus and ferry tickets	Adult single journey bus fares will increase by between 10 and 20 cents per journey. Inner Zone and Parramatta adult single ferry fares will increase by 20 cents per journey. Rydalmere, Manly ferry and JetCat fares will increase by 30 cents per journey.	All changes to Single Ride bus & ferry fares were within the Tribunal's guidelines.
TravelTens and FerryTens	Adult TravelTen tickets will increase by between 60cents and \$2.00 Adult FerryTens tickets will increase by between \$1.00 and \$2.70.	All changes to TravelTen and FerryTen fares were within the Tribunal's guidelines.
TravelPasses	Adult TravelPass tickets will increase by between \$1 and \$2.	All changes to TravelPass fares were within the Tribunal's guidelines.
BusTripper	The maximum price of the adult BusTripper ticket will increase to \$9.50.	The price of the adult BusTripper ticket increased to \$9.50.
DayTripper	The price of the adult DayTripper will remain at \$13.00.	The price of the DayTripper did not change
Time-based tickets - Newcastle	The adult 1 hour time-based fare will increase by 10 cents. The adult 4 hour and Daily fares will increase by 20 and 40 cents respectively. The adult TimeTen fare will increase by \$1.60. The adult Stockton ferry single fare will increase by 10 cents.	All changes to bus and ferry fares in Newcastle were within the Tribunal's guidelines.
School Term Pass	The price of the School Term Pass will increase by \$1 to \$37	The price of the School Term Pass increased to \$37

## 9 Taxes and Other Payments to Government

State Transit, as a Government Trading Enterprise, is subject to a full range of state and federal taxes and other government charges that apply to private sector businesses. Some of these charges are levied under the New South Wales Government's Tax Equivalent Regime.

The following taxes and charges were applied during 2001/2002:

### (a) New South Wales State Taxes and Charges

Classification	\$000
Payroll Tax	16,499
Land Tax	1,178
Registration charges and stamp duty for the bus fleet and commercial vehicles	2,087
<b>Total</b>	<b>19,764</b>

### (b) Federal Taxes and Charges

Classification	\$000
Excise Duty on Distillate	16,755
Fringe Benefits tax	358
Bank Debit tax	7
<b>Total</b>	<b>17,120</b>

## 10 Funds Granted to Non-Government Community Organisations

The following payments were made by State Transit to non-government community organisations.

Organisation	\$000
Retired Tram and Bus Workers Association	3
Vietnam Veterans Association	10

## 11 Liability Management Performance

In the year ended 30 June 2002, the generalised cost of funds of State Transit's long-term debt portfolio was 5.9%. During the same period the generalised cost of funds of the risk neutral benchmark portfolio was 5.89%.

## 12 Investment Management Performance

State Transit invests its surplus short-term funds in NSW Treasury Corporation 'Hour Glass' Investment - Cash Facility. In the year ended 30 June 2002, State Transit's rate of return on the investment was 4.66%. As a comparable benchmark NSW Treasury Corporation 'Hour Glass' Investment - Cash Facility rate of return was 4.61%.

## 13 Performance in Paying Accounts

### Performance in Paying Accounts

State Transit's performance in paying trade creditor accounts during the year is set out below, in accordance with the requirements of the Annual Reports (Statutory Bodies) Regulation 2000:

Quarter	Total Accounts Paid on Time			Total Amount Paid
	Target %	Actual %	\$000	\$000
September 2001	85	83	143,006	150,266
December 2001	85	86	152,660	162,416
March 2002	85	79	136,111	168,624
June 2002	85	81	161,221	171,621

Of the number of accounts processed during the year, 82% were paid within the trading terms. To enhance performance in paying accounts, State Transit has entered into an arrangement with major regular suppliers to adopt Recipient Created Tax Invoices. There were no penalty interest payments made under clause 18 of the Public Finance and Audit Regulation 2000.

Quarter	Aged Transactions by Quarter			Total Amount
	Current	30-60	60-90+	\$000
September 2001	9,527	22	125	9,674
December 2001	9,292	34	136	9,462
March 2002	5,675	58	148	5,881
June 2002	10,288	144	204	10,636

## 14 Risk Management and Insurance

State Transit manages risk through a strategic framework of corporate governance, policies, procedures and work instructions and through an Integrated Insurance Program. This has been enhanced with development of the ISO 9001:2000 Quality Management System compliance through the year.

An Integrated Insurance Program has provided financial protection for the organisation. The program spans: general property, personal injury, consequential loss, general and marine liability. As with the general community, the turbulent insurance market has caused considerable volatility to this program resulting from the event of September 11.

The Bus Safe Project initiated by Risk Management in 2001, has delivered new initiatives and improvements over the past year. This has been achieved with a focus on continuous improvement and integrating best practice fleet safety including:

- Enhanced procedures for pre-departure checks and accountability for drivers in charge of buses with focus particularly on bus operator safety
- Conducted Focus Groups with drivers, managers and maintenance staff to better understand key issues of importance to staff from a risk perspective
- Enhanced new intake Driver Training to place stronger focus on low risk driving techniques
- Improved process of accident follow-up, especially in bringing behavioural interventions to drivers
- Improved linking of accident data for coordinated information analysis
- Developed links with various Universities in Sydney to establish mutually beneficial research programs focussed on bus operator safety.

During the year, State Transit reviewed and improved its Emergency Response Plans for Bus Operations. An enhanced Depot Based Plan and an abridged pocket book version were also developed for Bus Operations and Customer Service Co-ordinators.

Emergency Response simulation exercises were conducted for Bus and Ferry Operations, testing the preparedness of staff and organisational ability to regain business service continuity. The simulations test both the context and robustness of operational recovery plans under critical conditions.

A number of major project risk studies have been undertaken and implementation of new risk based OH&S regulations has focussed staff on workplace hazards and appropriate risk treatments rather than a reliance on risk financing.

## 15 Response to matters raised by Auditor General in outgoing reports

There were no significant issues in the 2001/02 Outgoing Audit Report that required the Authority's attention.

## 16 Overseas Travel

During the year, State Transit officers undertook the following overseas trips:

**1. Mr. David Yates, Maintenance Manager**

**Date:** 2 January 2002 to 12 January 2002

**Destination:** East Timor

**Purpose:** To deliver five State Transit Buses to East Timor

**2. Ms Meg Nicholas, Tourism Brand Manager**

**Date:** 11 March 2002 to 22 March 2002

**Destination:** New Zealand

**Purpose:** To attend the OZTALK 2002 Annual Tourism Trade Show.

## 17 Freedom of Information

During the financial year 2001/02, State Transit received twenty-three (23) applications for information under the Freedom of Information Act 1989, (twenty-three (23) were received in 2000/01).

### Section A - FOI Applications

	Personal	Other	Total
New (including transferred in)	8	15	23
Brought forward (incomplete requests from previous year)	0	1	1
<b>Total to process</b>	<b>8</b>	<b>16</b>	<b>24</b>
Complete	7	14	21
Transferred out	0	0	0
Withdrawn	0	0	0
<b>Total processed</b>	<b>7</b>	<b>14</b>	<b>21</b>
Unfinished (carried forward)	1	2	3

## Section B - Result of FOI Applications

	Personal	Other	Total
Granted in full	6	9	15
Granted in part	0	4	4
Refused	1	1	2
Deferred	0	0	0
Completed	7	14	21

## Section C - Reason for not providing access

	Personal	Other
S25(1)(a) - exempt	1	0
S28(1)(b) - documents not held	0	1
<b>Total</b>	<b>1</b>	<b>1</b>

## Section D - Ministerial Certificates

Nil

## Section E - Formal Consultations

Nil

## Section F - Amendment of Personal Records

Nil

## Section G - Notation of Personal Records

Nil

## Section H - Costs

Assessed Costs	Fees Received
\$ 2,079.00	\$270.00

## Section I - Discount allowed on Fee Charged

	Personal	Other
Financial Hardship - pensioner/child	0	0
Financial Hardship - non profit organisation	0	0
Other - Personnel records etc	2	0
<b>Total</b>	<b>2</b>	<b>0</b>

## Section J - Days to process

Elapsed Time	Personal	Other
0-21 days	6	13

## Section K - Hours to process

Processing hours	Personal	Other
0-10 hours	7	14

## Section L - Reviews and Appeals

Personal	Other
0	3

## 18 Consultancy and Professional Fees

The following table is a summary of consultants and professional services fees incurred during the year. Expenditure of the nature of providing a high level specialist or professional advice to assist decision-making by management is classified as Consultancy Fee. Generally it is the advisory nature of the work that differentiates a consultancy fee from other professional services.

### 1. Consultancy Fees \$'000

#### (a) Where Consultancy fees exceeded \$30,000

*Category: Finance and accounting/tax*

Arthur Andersen – Advise on financial modelling	47
Deloitte Touche Tohmatsu – Evaluation of the advertising contract	71

#### (b) Where consultancy fees paid were less than \$30,000 Nil

### 2. Professional Services 3,449

## 19 Committees (Internal and External)

### INTERNAL COMMITTEES

#### Audit Committee

The Audit Committee established by the Board operates to support it in fulfilling its responsibilities under the Transport Administration Act 1988.

#### Ferries Committee

The Ferries Committee, established by the Board in August 2001, oversees the reform program in Sydney Ferries.

## **Executive Committee**

The Executive Committee is the senior management committee for State Transit. It considers all policy and operational matters in the 4 businesses of State Transit.

## **Tender Review Committee**

The Tender Review Committee considers tenders in respect of projects which will result in a contract with a value of \$100,000 or more. The endorsement of the Tender Review Committee is required at two stages of the tendering process. Firstly, prior to the advertising of a tender and secondly, prior to acceptance of a tender. The primary role of the Tender Review Committee is to ensure that State Transit tendering guidelines are complied with and that probity is maintained throughout the tendering process. The Tender Review Committee met on 16 occasions during the year under review and approved the advertising of 12 tenders during this period.

## **Environment Committee**

This management committee ensures that strategic planning by State Transit gives adequate prominence to environmental management issues. It monitors State Transit's environmental performance and ensures that any required corrective measures are carried out. The committee reviews each site's environmental management program to ensure that it conforms with the overall policy and philosophy of State Transit.

## **Information Technology Committee**

This management committee commissions and approves development of Information Technology (IT) strategies for State Transit. It oversees management of the strategic plan for the control, development, acquisition and implementation of IT facilities and computer systems throughout State Transit and establishes priorities. The committee ensures that the application of IT and systems is in accordance with State Transit's Business Unit and Corporate requirements.

## **Capital Works Committee**

This management committee is responsible for ensuring that capital works initiatives undertaken by State Transit are appropriate to the organisation's objectives. The committee also takes into account State Transit's statutory, environmental and community obligations in relation to each project and ensures adherence to government guidelines. The committee monitors each project from inception through to completion and post-implementation review.

## **Occupational Health and Safety Committee**

This management committee reviews compliance with State Transit's OHS&R policies, procedures and systems. The committee plays a strategic role in improving State Transit's overall OHS&R performance by managing the development of strategic programs to drive the improvement of workplace safety based on performance targets developed in consultation with the workforce and endorsed by the Board of State Transit.

## **EXTERNAL COMMITTEES**

- Public Transport Authority
- Transport Co-ordination Committee
- UITP Australia and New Zealand
- Centennial Park/Moore Park Transport Committee
- City of Sydney Transport Committee
- City of Sydney Development Committee
- Police Service Transit Police Working Committee
- Department of Transport Major Events Coordination Unit
- Public Transport Authority Integrated Ticketing Working Group
- ITIS Committee
- RTA Bus Priority Committees
- Local Council Traffic Committees
- Hunter Region Transport Forum
- Hunter Regional Development Organisation
- Inner Metropolitan Transport forum

## 20 Annual Environmental and WRAPP Report 2001/2002

### **Environmental Policy Review**

State Transit's Environmental Policy, published in 1999, commits State Transit to the objectives of continuous improvement, environmental best practice, legislative compliance and Ecological Sustainable Development. The Policy is to be reviewed in the forthcoming financial year to be compliant with ISO 14001 standards.

### **Environmental Management System Review**

The Environmental Management System is currently being revised in line with ISO 14001 standards.

### **Executive Management Review**

Four meetings of the Executive Environmental Committee were held during the financial year in which State Transit Environmental Management System and key environmental issues were reviewed and addressed.

### **Environmental Resources**

State Transit Environmental Resources comprise a Corporate Safety & Environment Manager, with joint responsibilities for Safety & Environment, working through nominated Environmental Coordinators in the operational areas to ensure environmental due diligence. The Safety & Environment Manager reports to the General Manager, Bus Operations.

All staff have a responsibility to prevent pollution and protect the environment. The Nominated Environmental Coordinators are responsible for the coordination of Environmental Management programs within their particular site or location.

For specialist advice on environmental project management and monitoring State Transit engages the services of external contractors, using both tender and contract management processes.

### **Environmental Notices**

During 2001/2002 State Transit received two Environmental Penalty Notices for visible smoke emissions. State Transit's fleet in 2001/02 was 1,935 buses.

### **Environmental Incidents**

Key significant environmental incidents reported and managed according to accepted environmental standards, during 2001/2002 included:

- Hamilton underground storage tank failure
- Burwood Contaminated Site notification

Some forty-three minor environmental incidents such as minor spills in garages, were reported to the Safety & Environment Office, using internal management reporting systems. These incidents were investigated and appropriately managed by the responsible Depot or site.

### **Environmental Complaints Handling**

The customer complaints handling system accessed through the 131 500 telephone number was enhanced to include Environmental Complaints. In 2001/2002 there were six complaints recorded on this system, all of which have been investigated and addressed.

Two environmental complaints were also referred from the EPA Pollution Line. Both of these were actioned and closed.

### **Significant Environmental Capital Works**

Notable capital works commenced or completed during the last financial year include:

- Balmain Shipyards Trade Waste Plant
- Manly Wharf Fuel Line Upgrade.

## Licenses

All STA Bus Depots, with the exception of Belmont Depot are EPA licensed for the storage & handling of class A, industrial or hazardous wastes.

A number of these licenses are currently subject to EPA review.

A copy of each license, and their particular conditions, is available on the EPA public register, accessible on <http://www.epa.nsw.gov.au>

## Balmain Shipyards

Significant and ongoing works have been conducted over the last financial year aimed at minimising environmental risk of Shipyard operations including environmental risk assessments, new and revised operating procedures for fluid transfers, and staff environmental awareness and procedural training.

## Media Based Reporting – Air, Water, Land, Waste

### Air

State Transit is an actively engaged with the RTA in a program of testing its diesel fleet for emissions as part of the Diesel National Environmental Protection Measure, to determine the effectiveness of servicing measures on decreasing emissions.

To 30 June 2002, 4.5% of diesel buses were tested to a standard known as the DT80 test. On the first pass of testing 53% of buses passed without any remedial action.

Approximately 20% of State Transit's Bus Fleet is comprised of Compressed Natural Gas (CNG) Buses. Using CNG is calculated to save some 6,000 tonnes of Greenhouse Gas Emissions per annum when compared with their diesel equivalents.

### Water

State Transit holds industrial and some commercial licenses with Sydney and Hunter Water Authorities for the discharge of treated wastewater to sewer. There has been compliance with the Authorities acceptance standards for pollutant discharges.

### Lands

State Transit were required to report under s60 of the Contaminated Lands Management Act, 1997 of contaminated land at Burwood Bus Depot to the EPA in February, 2002. Detailed investigation and remediation plans are being implemented to address the contamination issue. A program of regular sampling and testing of existing groundwater monitoring wells, and the establishment of new monitoring wells, is being implemented at all Depots.

### Waste

State Transit continues to actively recycle or reuse materials such as oil, batteries, steel drums, used filters, metals, paper and toner cartridges. The accumulated quantities of waste reduction and purchasing activities is reported elsewhere in this Annual Report as required by the Waste Avoidance and Resource Recovery Act, 2001.

## WRAPP Report

A brief summary of State Transit's progress in implementing its Waste Reduction and Purchasing Plan is outlined as follows:

### (a) Reduction in the generation of waste (waste avoidance and minimization)

STA works to avoid paper and toner waste by purchasing environmentally friendly printers/photocopiers that:

- minimise the use of consumable items such as toner,
- have duplex (double sided) printing capabilities,
- can utilise recycled paper and,
- are energy efficient (power down cycle).

# COMMERCIAL ITEMS

Staff are encouraged to utilise electronic forms of communication, such as e-mail and file sharing, and limit hardcopy printouts of documents to those that require signatures, review or are subject to audit.

Network software (Adobe Acrobat Reader) is also made available to staff for onscreen reading of documents. Investigation of electronic signature capabilities on e-mail are proceeding to further encourage electronic, and paperless forms of communication.

It is conservatively estimated that these measures contribute to a saving of some 1000 reams of A4 paper and 25 toner cartridges each year.

## **(b) Resource recovery (waste reuse and recycling)**

State Transit Business Units are encouraged to set up resource recovery schemes for paper and toner waste wherever possible.

State Transit will use Forward Purchase Agreements and Contracts for the supply of products and services to include clauses and requirements for Product Stewardship and Resource recovery wherever practicable.

Depot Gardening contractors are also required to dispose of green waste in an approved manner.

It is estimated that some 10 tonnes of paper waste, 2 tonnes of packaging waste and 70 toner cartridges per annum are recovered due to these and other initiatives.

State Transit recycles significant quantities of waste materials from its garage activities including 100 tonnes of metals, 180,000 litres of waste oil, 3000 batteries, 300 two hundred and five litre drums and 5000 used oil filters.

## **(c) The use of recycled material (purchase of recycled-content materials)**

It is estimated that some 500 reams of A4 paper with recycled content is being purchased by State Transit each year. This comprises 3.5% of total paper purchased.

Purchasing officers are encouraged to offset the occasional increased costs of recycled paper against the environmental benefits to be gained.

Increasingly forward purchasing agreements with suppliers of paper and office products will be used to ensure that such products and services have a recycled or reuse component.

Plans for the future include:

- tickets with a recycled paper content,
- waste audits of STA facilities to identify and develop waste initiatives.

## 21 Mobile Phones. Credit Card Certification

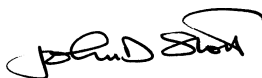
### ***Mobile Phones***

Issue of mobile telephones to staff is outlined in State Transit's Telephone and Mobile Telephones Policy and Procedures Manual. The Chief Executive, General Managers and Depot Managers are responsible for the issuing of mobile telephones as and when a business need is demonstrated. In 2001/02 there were 199 (173 in 2000/01) mobile telephones in use. The increase in usage, compared to last year, is mainly due to State Transit's policy to ensure that field officers, such as the Customer Services Co-ordinators, have a ready contact to the Radio Control Room for safety and operational reasons.

### ***Corporate Credit Card Certification***

State Transit Authority certifies that the use of credit cards in the organisation has been in accordance with Premier's Memoranda and Treasurer's Directions.

Certified by



**John Stott PSM**  
Chief Executive

## Service Changes in Response to Community Consultation

### Better Buses Program

- The Better Buses program was implemented in Newcastle and in the Eastern operational area of Sydney. There is a full report in the chapter on Convenience in the first section of this Annual Report.

### Improvements to current services

- Timetabled wheelchair accessible services were added to another 27 routes throughout Sydney in 2001/02 bringing the total to 97 routes with these services.
- Route 263 from Crows Nest to Cammeray to Wynyard was redesigned to provide a more direct service via Cremorne and service frequency was increased during peak periods.
- A new Route 201 week day peak hour bus service from the Cammeray shops to Wynyard was introduced.
- Route 412 Campsie to Earlwood to the City, evening services were restored.
- Additional night services were provided on Routes L88 and 151 from the City to Warringah Peninsula on weekends during the summer season.
- Route 259 from Lane Cove Caravan Park to Chatswood Station was introduced as a permanent service.
- Route 445, Balmain Wharf to Canterbury was diverted via the Light Rail Station at Catherine St Lilyfield to ensure greater integration of the transport network.
- Maroubra district morning express services to the City, X90, X94, X96 and X97, were rerouted to travel via the Eastern Distributor saving at least 10 minutes on peak hour trips.

### Adjustment of services

- A new route and timetable was introduced for Route 305 from Railway Square to the Airport to meet changes in demand.
- A new combined route Airport Express service was introduced as a one way loop through the City, The Rocks and Kings Cross to the Airport, to meet the changes in demand for airport services.

## 23 Customer Response

	2000/2001	2001/2002
<b>Number of Complaints</b>		
· written	1,134	1,634
· phone/verbal	14,132	17,609
<b>Number of Commendations</b>		
· written	338	418
· phone/verbal	494	848

The increase in the number of commendations and complaints in 2001/02 is due to the community consultation process established in the Better Buses program which encouraged passengers to have their say on the proposed changes in the Newcastle and Eastern Suburbs bus networks.

Main features of complaints were:

- service complaints, including timetable changes, unscheduled cancellations, late running and lack of accommodation
- staff complaints, including poor driving, not stopping when signalled and rudeness
- ticket and fare evasion disputes

## 24 Guarantee of Service

State Transit has renewed its commitment to raise performance standards on buses and ferries in Sydney and Newcastle.

The commitment to customer service is supported by six main aims:

- To ensure that the service delivered reflects the travel needs of customers.
- To operate buses and ferries with excellent safety standards for the benefit of passengers, staff, the general public and their property.
- To provide bus and ferry services that meet high standards of frequency, timeliness, reliability and cleanliness.
- To provide customers with complete, easily understood and up-to-date service information.
- To develop a reputation for customer service through polite, courteous and helpful staff.
- To make services more accessible for all passengers.

State Transit's Guarantee of Service is published on its internet home page, including details of what to expect from bus and ferry services, how to use the services, contact details and how to make suggestions, commendations or complaints.

## 25 Disability Plans

State Transit has a Disability Strategic Plan under Section 9 of the Disability Services Act 1993 to ensure accessible public transport. It is also committed to implementing the requirements of the Draft Disability Standards for Accessible Public Transport under the Commonwealth Disability Discrimination Act. Progress in this area for 2001/2002 includes:

- Wheelchair accessible services have been timetabled on more than 97 routes across Sydney;
- Purchase of 87 new wheelchair accessible buses;
- Increase in the number of low floor buses in the fleet to 579 (30% of the fleet) of which 468 are fitted with a ramp for wheelchair access (24.2%);
- Circular Quay wharves have improved disability access.
- Provision of disability awareness training to Bus Operators and other front-line staff.

## 26 Human Resource Statistics

Comparison of permanent staff by classification (full time equivalent) over the four year period from June 1998 to June 2002 is outlined in the table below:

Category	June 1998	June 1999	June 2000	June 2001	June 2002
Operations (Wages)	3,380	3,496	3,745	3,767	3,781
Maintenance & Support (Wages)	381	369	373	381	429
Salaried Officers	530	548	559	593	628
SES & CES	14	14	13	13	13
<b>TOTAL</b>	<b>4,305</b>	<b>4,427</b>	<b>4,690</b>	<b>4,754</b>	<b>4,851</b>

These are actual staff figures as at 30 June 2002 converted to FTE's for part time staff.

## 27 Equal Employment Opportunity

Actual Number of Women in the Workforce by Income – as at June 2002

Salary Band Identified %	Total Staff**	Number of Women	Percentage of Women %
<\$27,606	192	56	29.1
\$27,606-\$36,258	3,385	276	8.1
\$36,259-\$40,535	748	79	10.5
\$40,356-\$51,293	385	65	16.8
\$51,294-\$66,332	124	20	16.1
\$66,333-\$82,914	58	9	15.5
>\$82,914 (non-SES)	29	2	6.8
>\$82,914 (SES)	13	1	7.6
<b>TOTAL</b>	<b>4,934</b>	<b>508</b>	<b>10.2</b>

Actual Number of Women In Workforce (1997/8-2001/02)

Year	Total Staff**	Number of Women	Percentage of Women (%)
1997/98	4355	450	10.3
1998/99	4427	460	10.4
1999/2000	4875	530	10.9
2000/2001	4840	498	10.3
<b>2001/2002</b>	<b>4934</b>	<b>508</b>	<b>10.2</b>

\* This represents base salary levels only. The actual remuneration of Shift workers is higher than that indicated in salary bands.

\*\* These are actual staff numbers, not full time equivalent.

## 28 Action Plan for Women Initiatives

### Women on Wheels 2002

State Transit was a major supporter of the Department for Women's 'Women On Wheels 2002' project. We provided a customised bus, drivers and mechanics.

State Transit assisted in the transport of the printed material, supporting this initiative, and the transport of women to information sessions, workshops, community forums and other events in rural and regional NSW.

## 29 Ethnic Affairs Statement and Agreements

Achievements in State Transit's commitment to the principles of equity and diversity were:

- the development and implementation of induction modules for all employees to promote the benefits of cultural diversity and appropriate workplace behaviour
- development of course content for a new unit of competency for trainee Bus Operators titled "Work in a Socially Diverse Environment" was developed for delivery in 2003
- the NSW Anti-Discrimination Board provided training to twenty senior managers in the area of harassment and discrimination prevention and grievance handling
- a review of all policies within the portfolio was undertaken for the purpose of negotiating amendments with relevant stakeholders
- resolution of internal grievances and successful conciliation of all complaints in external jurisdictions
- establishment of a Diversity/EEO Strategic Framework to promote Diversity/EEO at all levels within the organization.

The plans for 2001/2002 include the following initiatives:

- (a) negotiation and implementation of State Transit's Diversity/EEO Strategic Framework to improve performance and achieve stipulated outcomes
- (b) implementation of policy development initiatives
- (c) implementation of learning and development strategies for senior and middle management representatives
- (d) delivery of unit of competency 'Work in a Socially Diverse Environment'
- (e) delivery of learning and development initiatives for Non Supervisory Staff
- (f) review of Spokeswomen's Program and Contact Officer Network

## 30 EEO Target Groups

The following table outlines the number of employees falling within Equal Employment Opportunity reporting categories; based on the number of responses received from employees:

	June 2000 (No.)	June 2000 (% staff)	June 2001 (No.)	June 2001 (% staff)	June 2002 (No.)	June 2002 (% staff)
Women	530	10.9	498	10.3	508	10.2
Aboriginal People*	27	1.2	55	1.1	30	0.6
People from Non-English Speaking Background	906	36	1473	30.0	809	16.3
People with a Physical Disability	131	6	240	5.0	123	2.4

\* In previous years, the percentage of staff was calculated on the basis of total number of staff. For 1998/99 and thereafter, however, the percentage of staff figure has been calculated on the basis of the number of respondents to an EEO questionnaire (figures for 1997/98 have been recalculated on this basis), using the weighted estimate determined by the Office of the Director of Equal Opportunity in Public Employment (ODEOPE).

## 31 Occupational Health, Safety and Rehabilitation

Continuing with the improvements of the previous year, further reductions in workplace injuries were demonstrated for the period 2001/2002. Notably:

- The Frequency Rate fell by 9.9%
- The Incident Rate fell by 11.6%
- The total number of incidents fell by 6.9%, from 1644 to 1532

Initiatives for 2001/2002 include:

- Integration of the OH&S system within the Quality System. This approach represents best practice ensuring consistency in implementation of policy and procedures.
- The development of electronic databases for Plant, Chemicals and Hazardous Substances. Hyperlinks have been established from the registers to relevant Risk Assessments, Safe Work Procedures and Training requirements. Mechanisms enacted in these linked registers ensure continual review and improvement.
- Statistical analysis of injuries incurred in the last three years in order to develop specific injury reduction projects in work locations.
- Management and staff training in the OH&S System and new legislative requirements for Hazard Identification and Risk Management.
- Development and implementation of a new comprehensive internal OH&S System audit process.

## 32 Code of Conduct and Discipline Policy

The Code of Conduct is printed in the Employee Folder which is a controlled document issued to all State Transit employees. The Handbook is an authoritative source document relied on by both management and employees alike.

The Code of Conduct sets the standard of behaviour expected from employees.

The Discipline Policy has also been reviewed with the aim of ensuring that it reflects contemporary practice in the conduct of disciplinary investigations and provides fairness and consistency in disciplinary outcomes. A review of the policy will be undertaken in 2002/03.

### **Protected Disclosures**

The subject matter of any allegation made as a protected disclosure is reported to the Audit Committee.

The Protected Disclosure Reporting system was streamlined to make it more efficient and effective. All nominated disclosure officers were trained in the new enhanced system as to their responsibilities within the process in the first half of 2002.

The Protected Disclosure Reporting System procedures are included in the Employee Handbook. This is designed to ensure all staff are aware of the standards required in order to maintain a fraud and corruption free work environment and how they will be protected when reporting known or suspected corrupt behaviour.

### **Ethics**

During 2002/03 an ethical awareness program (incorporating the Code of Conduct) is to be implemented across State Transit to continue the promotion and communication of ethical conduct to all staff levels.

## 33 Privacy Management

In accordance with the Privacy and Personal Information Protection Act 1998, State Transit developed a Privacy Management Plan which was implemented during 2000 and 2001.

A copy of the Privacy Management Plan has been lodged with the Privacy Commissioner.

The Plan requires employees to keep personal information secure and ensures that the information is only used for the purposes for which it is collected.

In accordance with the plan State Transit informs all individuals at the time of collecting personal information what the information is to be used for and to whom the personal information will pass. State Transit will continue to maintain and improve its current collection and storage of personal information to ensure it continues to satisfy the guidelines provided in the Act.

## 34 CES/SES Bands

Band 1999	June 1999	Band 2000	June 2000	Band 2001	June 2001	Band 2002	June 2002
Level 6	1	Level 6	1	Level 6	1	Level 6	1
Level 5	0	Level 5	0	Level 5	0	Level 5	0
Level 4	3	Level 4	2	Level 4	2	Level 4	2
Level 3	1	Level 3	3	Level 3	3	Level 3	3
Level 2	6	Level 2	6	Level 2	6	Level 2	6
Level 1	3	Level 1	1	Level 1	1	Level 1	1
<b>Total</b>	<b>14</b>	<b>Total</b>	<b>13</b>	<b>Total</b>	<b>13</b>	<b>Total</b>	<b>13</b>

## 35 Senior Executives' Qualifications

NAME	POSITION	QUALIFICATION
John Stott	Chief Executive	BSc (Technology)
Geoff Baldwin	General Manager, Human Resources	BSc, LLB
Wayne Butler	General Manager, South West Services	MecC, CTM
Paul Dunn	General Manager, Finance & Business Services	BComm, MBA, ACA
Bruce Eldridge	General Manager, Eastern Services	MTM, Dip TM, CTM
Terry Garrett	General Manager, Newcastle Services	CTM
Egle Garrick	General Manager, Marketing & Communications	BA, DipLib, MScSoc, CTM
Lyall Kennedy	General Manager, Business Development	BEc, MTec, CTM
Colin Menzies	General Manager, Bus Operations	BE, MBA, CTM
Rod Robey	General Manager, Warringah Services	MTM, MNIA
Roger Wilson	General Manager, North West Services	BE, MEngSc, CTM MIEAust
Bill Watson	General Manager, Sydney Ferries	LLB (Melb)

## 36 SES Performance Review and Remuneration

### John Stott, Chief Executive, SES Level 6

*Period in position 1 July 2001 – 30 June 2002*

#### Responsibilities

The Chief Executive is responsible for delivering State Transit's objectives: efficient, safe and reliable bus and ferry services; sound financial performance; social responsibility; contributions to ecologically sustainable development and regional development. The Chief Executive is responsible for developing and implementing State Transit's strategies as detailed in its Corporate Plan to meet these objectives.

#### Achievements

Mr Stott maintained and improved State Transit's services in 2001/02, despite major constraints on funding and in the face of significant cost increases. Full year revenues were below budget by 6% due to declining patronage and costs were held within 3% of budget despite a number of significant costs from the implementation of the recommendations of the Waterways Authority report on Sydney Ferries. In Sydney Buses costs were held within 2% of budget despite significant increases in labour costs during the year.

# HUMAN RESOURCE ITEMS

In terms of service performance, there was significant activity with the development and implementation of the Better Buses East program in Sydney and the Newcastle Bus Plan which redesigned the bus networks for the first time in a decade to meet changes in demand to ensure optimum allocation of resources.

Enterprise agreements were concluded with almost all sectors and unions, laying the foundation for improved financial performance and enhanced customer service.

Significantly, the workplace change program was achieved with minimal industrial disruption.

## Key achievements for 2001/02 include:

- More robust management of Sydney Ferries.
- Awarded the contract to provide services on the Liverpool Parramatta Transitway against international competition.
- The Better Buses program in Sydney's Eastern suburbs and the Newcastle Bus Plan.
- The achievement of ISO 9001:2000 Quality certification for State Transit's bus services.
- Major initiatives in the training and development program.
- The move of State Transit's Head Office to Strawberry Hills.
- Significant increases in patronage in State Transit's North West area of operations following the complete implementation of the Better Buses North West program despite the overall environment of declining patronage in all public transport.
- The development of the Capital Structure Study.
- Introduced 87 low floor fully wheelchair accessible, CNG powered buses.
- Extensive improvements to safety and security on board buses and ferries for both passengers and employees.

The Board of State Transit and the Minister for Transport have indicated that they are satisfied that the performance targets specified in Mr Stott's performance contract have been achieved and exceeded.

## SES Remuneration

State Transit has two executives whose remuneration equals or exceeds the minimum for a Level 5 Senior Executive Service:

### I. **Chief Executive** **John Stott**

Total Remuneration Package	\$235,100
Performance Payment 2001/2002	No payment made in report year

### II. **General Manager, Finance & Business Services** **Paul Dunn**

Total Remuneration package	\$174,505
Performance Payment 2001/2002	No payment made in report year

## 37 List of Publications

In 2001/2002 State Transit produced and distributed:

- 2000/2001 Annual Report
- 2001/2002 Corporate Plan
- Bus and Ferry Timetables (various)
- Various brochures and flyers, including for a number of tourist products, new and special tickets, service changes, safety material and guides to Sydney Harbour, Newcastle and ferries
- Transit Time (24 editions)

## 38 Annual Report publication details

The State Transit Annual Report was designed and produced in house by the Passenger Information branch. 1000 copies of a CD and brochure were produced at a cost of \$5.90 each.

## 39 Electronic Service Delivery

In March 1999 the State Government made a commitment via the ESD program for all appropriate government services to be available via the Internet by December 2001.

State Transit completed its objective of implementing the ESD program by December 2001.

The key services provided via the Internet include:

- 1) Extensive information on our services and products, including the facility to print timetables.
- 2) Sophisticated travel planning system.
- 3) Employment opportunities.
- 4) Tender information.
- 5) Information of the School Student Transport Scheme.
- 6) Annual reports and corporate plan.
- 7) Regular reports on the height of waves.

The above services are well utilised by our customers and on average, 4,000,000 requests per month are handled via the Internet.

## 40 Letter of submission



The Hon PC Scully MP  
Minister for Transport  
Minister for Roads  
Level 36  
Governor Macquarie Tower  
1 Farrer Place  
Sydney NSW 2000

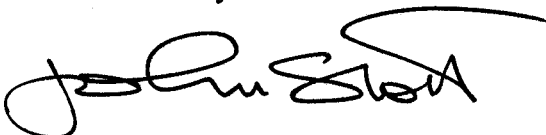
31 October 2002

Dear Mr Scully

On behalf of the State Transit Authority of New South Wales, it is my pleasure to present to you the Annual Report for the year ended 30 June 2002. This report has been prepared in accordance with the Annual Reports (Statutory Bodies) Act 1984 and the Public Finance and Audit Act 1983. The financial statements have been audited by the NSW Audit Office and the Auditor-General's report is included.

We wish to thank you for your support and guidance during the past year and we look forward to continuing to grow the business and improve our services to offer an attractive and efficient public transport service to the people of NSW.

Yours sincerely



John Stott PSM  
Chief Executive

## 41 State Transit Key Performance Indicators

In 2001/02 Dollars

	1998/99	1999/00	2000/01	2001/02
<b>Consolidated State Transit</b>				
Total revenue ('000)	\$438,680	\$461,880	\$495,968	\$495,394
Total expenses ('000)	\$455,105	\$464,639	\$500,477	\$514,974
Patronage ('000)	211,839	217,825	222,565	212,752
Kilometres ('000)	81,962	85,449	88,650	88,435
Staff	4,369	4,690	4,754	4,851
Total revenue per passenger	\$2.07	\$2.12	\$2.23	\$2.33
Total revenue per Km	\$5.35	\$5.41	\$5.59	\$5.60
Passengers per vehicle Km	2.6	2.5	2.5	2.4
Cost per passenger	\$2.15	\$2.13	\$2.25	\$2.42
Cost per vehicle Km	\$5.55	\$5.44	\$5.65	\$5.82
Passengers per employee	48,487	46,445	46,816	43,857
Vehicle Km per employee	18,760	18,219	18,647	18,230
Fleet size - buses	1,719	1,906	1,926	1,935
Fleet size - ferries	30	30	34	34
<b>Sydney Bus Services</b>				
Total revenue ('000)	\$339,322	\$362,356	\$382,578	\$372,660
Total expenses ('000)	\$339,539	\$345,498	\$387,917	\$384,101
Patronage ('000)	185,762	191,855	195,380	187,307
Kilometres ('000)	70,979	74,502	77,444	77,916
Staff	3,330	3,620	3,638	3,682
Total revenue per passenger	\$1.83	\$1.89	\$1.96	\$1.99
Total revenue per Km	\$4.78	\$4.86	\$4.94	\$4.78
Passengers per vehicle Km	2.6	2.6	2.5	2.4
Cost per passenger	\$1.83	\$1.80	\$1.99	\$2.05
Cost per vehicle Km	\$4.78	\$4.64	\$5.01	\$4.93
Passengers per employee	55,784	52,999	53,705	50,871
Vehicle Km per employee	21,315	20,581	21,288	21,161
Changeovers per 100,000 Kms				
- mechanical	20.65	20.51	20.89	17.68
- traffic	5.31	5.45	5.02	4.83
Average bus vehicle age	11.4	11.3	11.7	11.7
Bus service reliability (on time)	97.1%	97.4%	96.1%	96.2%
Fleet size - buses	1,546	1,724	1,755	1,756

## 41 State Transit Key Performance Indicators

In 2001/02 Dollars

	1998/99	1999/00	2000/01	2001/02
<b>Newcastle Bus &amp; Ferry Services</b>				
Total revenue ('000)	\$29,184	\$29,198	\$28,082	\$30,564
Total expenses ('000)	\$35,165	\$33,668	\$36,014	\$37,347
Patronage ('000)	12,997	12,712	12,273	11,712
Kilometres ('000)	9,685	9,614	9,868	9,141
Staff	377	381	376	382
Total revenue per passenger	\$2.25	\$2.30	\$2.29	\$2.61
Total revenue per Km	\$3.01	\$3.04	\$2.85	\$3.34
Passengers per vehicle Km	1.3	1.3	1.2	1.3
Cost per passenger	\$2.71	\$2.65	\$2.93	\$3.19
Cost per vehicle Km	\$3.63	\$3.50	\$3.65	\$4.09
Passengers per employee	34,475	33,365	32,641	30,660
Vehicle Km per employee	25,690	25,234	26,245	23,929
Changeovers per 100,000 Kms:				
- mechanical	15.30	15.40	16.07	12.44
- traffic	2.14	2.13	2.02	1.62
Average bus vehicle age	12.3	12.8	13.2	14.1*
Bus service reliability (on time)	97.9%	95.1%	95.5%	96.6%
Fleet size - buses	173	182	171	179
Fleet size - ferries	2	2	2	2
<b>Sydney Ferry Services</b>				
Total revenue ('000)	\$64,868	\$68,038	\$82,575	\$89,914
Total expenses ('000)	\$73,450	\$77,010	\$76,326	\$88,054
Patronage ('000)	13,080	13,258	14,912	13,733
Kilometres ('000)	1,298	1,333	1,338	1,378
Staff	433	457	489	515
Total revenue per passenger	\$4.96	\$5.13	\$5.54	\$6.55
Total revenue per Km	\$49.98	\$51.04	\$61.72	\$65.25
Passengers per vehicle Km	10.1	9.9	11.1	10.0
Cost per passenger	\$5.62	\$5.81	\$5.12	\$6.41
Cost per vehicle Km	\$56.59	\$57.77	\$57.04	\$63.90
Passengers per employee	30,208	29,011	30,495	26,666
Vessel Km per employee	2,998	2,917	2,736	2,676
Ferry service reliability (on time)	98.4%	99.5%	99.4%	99.4%
Fleet size - ferries	28	28	32	32

\* A contract has been signed to purchase 30 new buses for Newcastle Buses in 2002/03 which will reduce the average bus vehicle age to less than 12 years.

## 42 Contact Details

### Hours of service

8.30am to 5.00pm, Monday to Friday

### Sydney Bus & Ferry and Newcastle Bus & Ferry information

131 500, 6.00am to 10.00pm daily.

### Head Office

Level 1, 219-241 Cleveland Street, Strawberry Hills NSW 2010.

Telephone: (02) 9245 5777

### Sydney Bus depots

Brookvale	(02) 9941 5816
Burwood	(02) 9582 4444
Kingsgrove	(02) 9582 3015
Leichhardt	(02) 9582 5915
Mona Vale	(02) 9997 1258
North Sydney	(02) 9245 5260
Port Botany	(02) 9582 7614
Randwick	(02) 9298 6714
Ryde	(02) 9941 6814
Waverley	(02) 9298 6623
Willoughby	(02) 9941 9214

### Newcastle Bus Depots

Belmont	(02) 4945 0333
Hamilton	(02) 4974 1600

### Newcastle Ferry services

(02) 4974 1160

### Sydney Ferry services

(02) 9207 3166

### Balmain Shipyard

(02) 9246 9661

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