

# Annual Report

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2007/2008

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# ▶ Letter to the Minister

The Hon. David Campbell MP  
Minister for Transport  
Minister for the Illawarra  
Level 35  
Governor Macquarie Tower  
1 Farrer Place  
Sydney NSW 2000

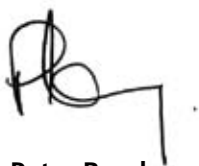
31 October 2008

Dear Mr Campbell

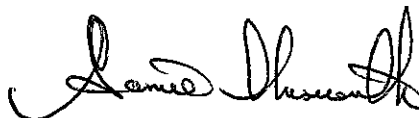
On behalf of the State Transit Authority of New South Wales, it is our pleasure to present to you the Annual Report for the year ended 30 June 2008. This report has been prepared in accordance with the Annual Reports (Statutory Bodies) Act 1984 and the Public Finance and Audit Act 1983. The financial 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 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



**Peter Rowley**  
Chief Executive



**Barrie Unsworth**  
Chairman



# ► CEO's & Chairman's Foreword

State Transit recorded a successful year in 2007/08, with strong patronage growth across the network and the continual delivery of programs to ensure a high service standard is maintained in the event of predicted increases in bus use.

State Transit recorded strong growth in patronage across all major corridors with around 4.3 million additional passenger trips across the network, an increase of 2.3% on the previous year.

To ensure high standards are maintained in service delivery and passenger comfort, State Transit continued its fleet replacement program, taking delivery of 73 new buses during the year. In addition, a tender was released for the supply of 150 new high-capacity articulated buses, which when delivered, will bring the Sydney Buses fleet to more than 2000 buses for the first time.

Work on the highly anticipated Metrobus trial is well underway with five ultra high-capacity buses, and an additional eight standard buses, to operate high frequency services along the popular Anzac Parade and Parramatta Road corridors. The introduction of Metrobus services will provide increased capacity along these corridors, with the five buses being trialed each capable of carrying up to twice as many passengers as a standard bus.

Construction on the redevelopment of Leichhardt and Brookvale depots commenced during the year, with proposals for the old Tempe Depot site and a new Greenfield site in the Western Region also being considered to ensure capacity for the future growth of Sydney Buses.



**Peter Rowley**

Chief Executive



**Barrie Unsworth**

Chairman



## About State Transit

Boasting the biggest bus fleet in Australia and also one of the most modern, State Transit manages one of the largest bus operations of anywhere in the world.

Operating three businesses: Sydney Buses, Newcastle Buses and Ferries and Western Sydney Buses (the Liverpool-Parramatta Transitway), State Transit services around 206 million passengers every year.

### Bus Fleet

At 30 June 2008, State Transit's bus fleet totalled 2,027 buses:

- 1,173 buses are air-conditioned (58% of fleet)
- 1,010 buses are low floor design (50% of fleet)
- 913 buses are fully wheelchair accessible (45% of fleet)
- 724 buses are Euro 3 compliant (CNG or Euro 3 diesel) (36% of the fleet)
- 113 buses are Euro4/5 compliant (CNG or Euro 3 diesel) (6% of the fleet)
- 94 buses are high capacity articulated buses (5% of the fleet).

# ▶ About State Transit

## Patronage

- State Transit carried 206 million passengers in 2007/08.
- Every working day, State Transit operates more than 15,000 services carrying more than 600,000 passengers to their destinations.

## Turnover

- \$571.9 million in 2007/08

## Employees

- Over 4,800 employees

## Routes

- Sydney Buses operates approximately 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. Newcastle Ferries operates a service across Newcastle Harbour to Stockton.
- Every year the Sydney Buses fleet travels around 84 million kilometres, the Newcastle Buses fleet travels around 8 million kilometres and the Newcastle Ferries fleet travels around 24,000 kilometres.
- Around 107,000 timetabled services are operated every week, 99,000 by Sydney Buses, 7,000 services by Newcastle Buses and 1,000 services by Western Sydney Buses.
- Sydney Buses operates 5,400 school services a week on 708 bus routes. Newcastle Buses operates 1,400 school services a week on 149 bus routes.

## Safety

The highest priority is placed on safety and security. All buses are fitted with state-of-the-art digital CCTV systems, driver protection screens and shatter proof film for windows. Buses also feature door safety systems and special school bus warning systems. All buses are in radio contact with the State Transit control room in the Sydney Traffic Management Centre.

## Passenger Information

- Individual timetables for every bus service are available from TransitShops at central points in the Sydney CBD, selected ticket agents and at

[www.131500.info](http://www.131500.info) or by accessing the 131500 mobile service. 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.info](http://www.sydneybuses.info)  
[www.newcastlebuses.info](http://www.newcastlebuses.info)

## Tourism Services

The Tourism Services arm of State Transit manages the sales and marketing of the Sydney and Bondi Explorer hop-on hop-off bus services as well as the SydneyPass combined (Explorer, regular bus, train, ferry, AirportLink) transport product.

SydneyPass and Explorer are premium priced transport sightseeing tickets specially designed to provide easy access to key tourist precincts and attractions in Sydney. Both products are promoted within international and domestic markets and are deemed important to the positioning of the Sydney Buses brand overseas, playing a vital part in Sydney's tourism transport infrastructure.

## Legislation

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

## How We Design Our Services

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

## ► Network Maps

### Sydney Service Area

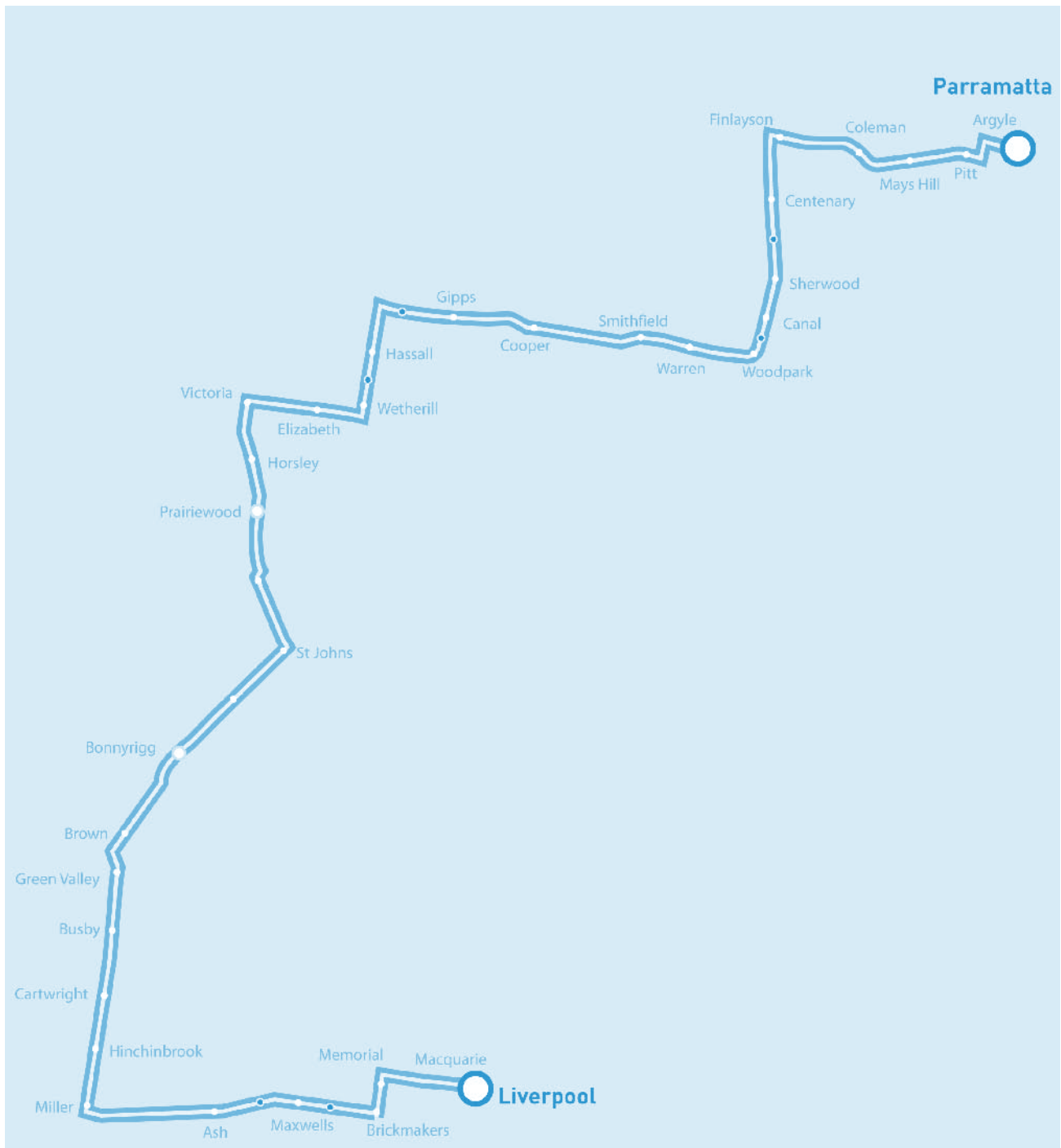


### Newcastle Service Area



# ► Network Maps

## Liverpool – Parramatta T-Way Route Map







# Performance Highlights

## **75<sup>th</sup> Anniversary of Government Buses in NSW**

On 25 December 2007, State Transit celebrated the 75th Anniversary of Government buses in NSW with the first bus operating a Route 144 service from Cremorne Junction to Manly in 1932.

Past and current employees, together with their families and the general public celebrated with a family fun day at Luna Park.

## **PrePay Services**

Expanding on the success of the PrePay campaign, an additional 16 bus routes were converted to PrePay-only bringing the total number of PrePay-only services to 25 routes and six bus stops.

An increasing number of passengers are now recognising the benefits of PrePay, with pre-purchased tickets being used for 72% of all core passenger trips, an increase of 5.9% over the previous financial year.

State Transit will continue to build on the success of PrePay by further expanding the PrePay network to include major bus stops during 2008/09.

## **Metrobus Trial**

The NSW Government has committed \$12 million to a trial of metro-style buses to increase capacity on some of Sydney's busiest routes.

The 12 month trial, to be launched in the second half of 2008, will include five ultra high-capacity buses,

which can carry twice as many passengers as a normal bus, and will service the highly popular Parramatta Road and Anzac Parade corridors between Leichhardt and Kingsford.

## **New Buses for the State Transit Fleet**

State Transit continued to take delivery of the 505 new buses as part of the \$250 million investment in new buses to the fleet.

In 2007/08 State Transit took delivery of 60 new Euro 5 Volvo diesel and 13 new Euro 4 Mercedes CNG buses. These buses are in addition to the 40 Euro 5 buses delivered in the last financial year.

These new environmentally friendly buses will continue to be progressively delivered to ensure that the average age of the bus fleet continues to fall.

# ► Performance Highlights

## Tender for 150 New Articulated Buses

The NSW government announced a \$112 million commitment to fund 150 new articulated buses. The tender period for the buses closes on September 23, 2008.

These high-capacity, environmentally friendly buses will help meet the growing demands on the bus network, with each bus capable of carrying up to 85 passengers.

The buses will be delivered over three years and will take the Sydney Buses fleet to over 2,000 buses for the first time.

## Patronage Growth

State Transit experienced a surge in patronage over the 2007/08 financial year with more than 4.5 million additional passengers using State Transit services.

Patronage on Sydney Buses services increased by 2.3% with strong growth on all major corridors.

Newcastle Buses and Ferries recorded a 0.4% increase in patronage, with Western Sydney Buses recording an increase of 10.7% with 2.522 million passengers travelling on Transitway services.

## Additional Buses to Meet Peak Growth

From March 2008 an additional 80 trips were added to service during the AM and PM peaks, enhancing capacity on school, university and 30 normal route services.

These additional trips support the growth during peak periods on strategic bus corridors including Epping Road, Military Road, the Pittwater corridor, Eastern Valley Way, Glebe Point Road, Anzac Parade and Victoria Road.

## Leichhardt Depot Redevelopment

Following the approval of the Development Application for Leichhardt Depot in the 2006/07 financial year, remediation of the site was completed and construction commenced in June 2008.

The contract for construction was awarded to A. W. Edwards.

The \$34 million redevelopment of the depot will make way for Australia's largest environmentally friendly bus fleet, supporting more than 200 buses.

## Brookvale Depot Redevelopment

The redevelopment of Brookvale Depot has commenced following the approval of the Development Application in August 2007.

The contract for construction was awarded to Donnelley Constructions.

The upgrade will increase capacity of the depot, providing parking for up to 47 additional buses and will deliver efficient and modern facilities for staff and updated fuelling and cleaning facilities.

## APEC

State Transit played a key role in the preparations and execution of public transport during the APEC summit, hosted by Sydney between 2 September and 9 September 2007.

As a result of security arrangements and road closures throughout the CBD and Sydney metropolitan area, temporary terminal arrangements and route diversions were in place for a large number of Sydney Buses services.

Despite continual movements by APEC motorcades, Sydney Buses services continued to keep passengers moving with easy to understand signage and wayfinding staff helping passengers find the services they needed despite alterations to normal conditions.

## World Youth Day

State Transit is currently in preparation for World Youth Day, to be held from 15 July to 20 July 2008.

More than 16,500 additional services have been scheduled to operate during the week of events with road closures and special event clearways in the CBD and Eastern Suburbs resulting in significant diversions for Sydney Buses services.



Get on board.



## Year In Review

Review of Operations



## Celebrating 75 years of Government Bus Service in NSW

On Christmas Day 1932 the first Government bus service rolled out – the Route 144 which operated between Manly Wharf and Cremorne Junction. A number of events were held in December 2007 to mark the 75<sup>th</sup> anniversary of this occasion.

# ► Celebrating 75 years...

Past and current employees along with members of the public joined in the celebrations at a Family Fun Day held at Luna Park. This family day also incorporated State Transit's Annual Awards ceremony, with Transport Minister John Watkins in attendance and an exhibition showcasing the past, present and future of State Transit bus services. The exhibition included an historic bus display, photos, memorabilia and interactive displays. Other highlights of the day included novelty races and vintage bus rides.

In addition to the Luna Park Family Fun Day, anniversary celebrations included a free Christmas Shopper service in Sydney's CBD and a Christmas Bus Competition. The Christmas Shopper Service ran for eight days from 17-24 December. Operating as a loop service, vintage double decker buses and a new Euro 5 bus were used to transport passengers between city-based shopping precincts.

The Christmas Bus Competition saw depots compete against each other for the title of "Best Decorated Bus" and a State Transit funded \$500 donation for the winning depot's chosen charity. The Best Decorated Bus and other finalists operated the Christmas Shopper Service on Christmas Eve.

## Milestones

### 1932

- Introduction of first bus route – Route 144 from Cremorne Junction to Manly (25 December).
- Introduction of second bus route – Route 142 from Manly Wharf to Palm Beach (31 December).

### 1933

- First CBD service to the east – Route 230 from Central Railway Station to Rose Bay North (21 March).
- First city CBD service – Route 59 from Concord to York Street (27 January).
- First new double-decker bus added to fleet.

### 1935

- Bus services begin in Newcastle (22 January).
- First Sydney Harbour Bridge service – Route 2 from Sydney Harbour Bridge to Northbridge (1 August).
- External advertising begins on buses.

### 1942

- First female conductors.

### 1952

- Start of one-person-operated buses without conductors collecting fares.





# ► Celebrating 75 years...

## 1958

- New repair workshop at Chullora.

## 1961

- Last Sydney trams replaced by buses to Maroubra and La Perouse, completing phase-out of trams across Sydney and Newcastle.

## 1969

- First blue and white buses replace the old green and cream vehicles.

## 1970

- First female bus drivers.

## 1977

- First Mercedes Benz bus unveiled at Sydney Opera House. More than 2,000 have since been purchased.

## 1979

- Eastern Suburbs Railway opens, causing major review of eastern-area bus services.

## 1981

- Last conductors on regular bus services.
- Prototype articulated "bendy" bus purchased – a further 29 purchased between 1983 and 1984 for northern beaches services.

## 1986

- Last double-decker from Wynyard to Taylors Point taken out of service – double-deckers were used for 53 years.

## 1988

- Phase out of one and two cent coins for cash payments of tickets.
- MetroTen machines installed.

## 1989

- Trial of Mercedes-Benz buses using compressed natural-gas engines, the first of their kind to be used in Australia.

## 1994

- First low-floor, wheelchair-accessible bus in service.

## 1997

- Time-based fares introduced in Newcastle.

## 2004

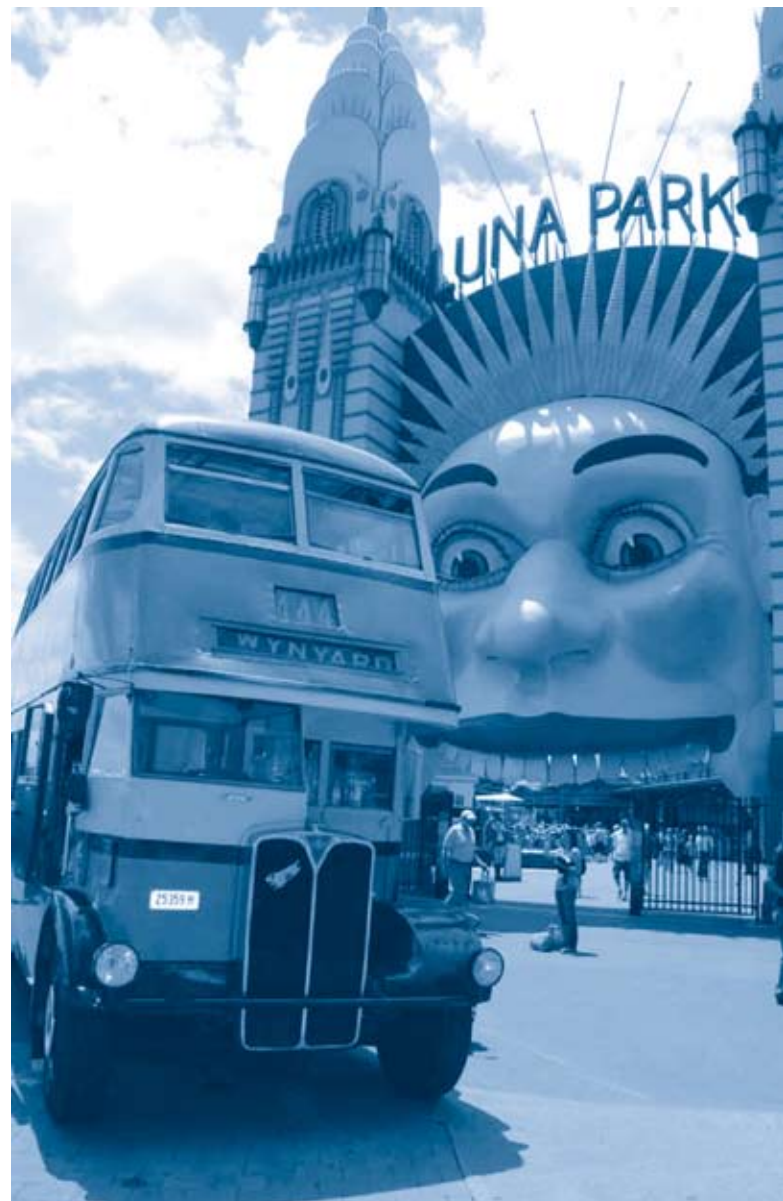
- Introduction of Transitway, with route T80 from Parramatta to Liverpool.

## 2006

- Introduction of 333 Bondi Bendy, the first PrePay-only service – followed by more than 27 other PrePay-only services.

## 2007

- 75<sup>th</sup> Anniversary of Government bus services in NSW.



# ► Celebrating 75 years...







# Customer Service

## Purpose

- To serve our customers in a friendly manner

## Key Benefit

- Delivering a positive customer experience.

## Key Performance Indicators

- Increased customer satisfaction
- Increased community advocates/supporters
- Increase patronage

## Performance

Good customer service is central to delivering what the community expects of our bus services. In order to meet good customer service, State Transit employees need to have expertise 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 its service standards for reliability, convenience, efficiency, customer service, comfort, security and safety.

## PrePay

State Transit's PrePay campaign was launched in October 2006 and has been well received by passengers.

An increasing number of passengers are now recognising the benefits of PrePay, with pre-purchased tickets being used for 72% of all core passenger trips, an increase of 5.9% over the previous financial year.

This increase has continued an upward trend in prepaid ticket sales, confirming the move by State Transit toward providing cashless services on major transport corridors.

Building on the initial success of the PrePay campaign, an additional 16 bus routes were converted to PrePay-only during 2007/08. These routes included:

- 891/895 UNSW to Central
- X00 Ryde to City
- X06 East Ryde to City
- X73/X74 Coogee to City
- X77 Maroubra Beach to City
- L23 Kingsgrove to City
- L28 Canterbury Station to City
- L09 Matraville to Redfern
- X09 Banksmeadow to City
- X10 Eastgardens to City
- 448 QVB to Pyrmont
- 205 Willoughby to Wynyard
- 272 Chatswood to Wynyard via Freeway
- X18 City to Denistone East.

The continuing success of the PrePay campaign has also been due to the increasing number of newsagents and convenience stores selling bus tickets.

To date, there are more than 870 ticket resellers across the network compared to about 720 last financial year.

More recently, State Transit has focused its attention on the conversion of major bus stops and interchanges to PrePay-only.

On 19 May 2008, bus stops on the western side of Chatswood Interchange were converted to PrePay-only on weekdays between 7am and 7pm. This will be closely followed by the conversion of bus stops on the eastern side of Epping Interchange to PrePay-only in August 2008.

State Transit currently operates 25 PrePay-only routes and six PrePay-only bus stops across the network.

## Expanding the Ticket Reseller Network

With the continuing rollout of the PrePay-only services, State Transit is expanding the ticket reseller network to make purchasing a prepaid ticket more convenient. The negotiations to include the 7-Eleven outlets in the ticket reseller network came to fruition in 2007.

In 2007/08, more than 140 additional ticket resellers, including the 7-Eleven stores, were established bringing the total number of ticket resellers to more than 870.

Sales to ticket resellers in 2007/08 exceeded \$147million, an increase of 14% on the 2006/07 turnover.

State Transit will continue to look at expanding the ticket reseller network in 2008/09 to further encourage its customers to pre-purchase their tickets.

## Metrobus Trial

The NSW Government has committed \$12 million to a trial of metro-style buses to increase capacity on some of Sydney's busiest routes.

The 12 month trial, to be launched in the second half of 2008, will include five ultra high-capacity buses, which can carry twice as many passengers as a normal bus, and will service the highly popular Parramatta Road and Anzac Parade corridors between Leichhardt and Kingsford.

Each bus will feature varying seating arrangements, capacity and environmental features, to determine which style best suits the needs of Sydneysiders. The buses will also feature audio and visual 'next stop' information.

The high-capacity buses will be supplemented with eight standard sized CNG buses to further increase frequency.

Commuters can expect a bus every 10 minutes in the peak and every 15 minutes during off-peak times during the trial.

## Additional Services

From March 2008 an additional 80 trips were added to services during the AM and PM peaks covering school and university trips and 30 route services.

These additional trips support the growth during peak periods on strategic bus corridors including Epping Road, Military Road, the Pittwater corridor, Eastern Valley Way, Glebe Point Road, Anzac Parade and Victoria Road.

## Tender for 150 New Articulated Buses

The NSW government has announced a \$112 million commitment to fund 150 new articulated buses. The tender period for the buses closes on September 23, 2008.

The high-capacity, environmentally friendly buses will help meet the growing demands on the bus network with each bus capable of carrying up to 85 passengers.

The buses will be delivered over three years and will take the Sydney Buses fleet to over 2,000 buses for the first time.

## Bus Fleet

An additional 73 new buses were delivered in the 2007/08 financial year.

State Transit's operating contracts with the Ministry of Transport issued under the Passenger Transport Act 1990 require an average fleet age of not more than 12

years. State Transit's average fleet age was 12.96 years at 30 June 2008.

In the 2007/08 financial year, State Transit took delivery of 60 new Euro 5 Volvo diesel and 13 new Euro 4 Mercedes CNG buses as part of \$250 million investment towards 505 new buses. These new buses will continue to be progressively delivered to ensure that the average age of the bus fleet continues to fall.

State Transit continues its program to purchase only wheelchair accessible buses, which now total 913 (45% of fleet). At the end of June 2008 there were timetabled accessible trips on more than 166 routes. This places State Transit well ahead of the targets in the Commonwealth Disability Standards for Accessible Public Transport.

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 extended wheelchair ramp and accommodation for two wheelchairs
- Additional priority seating for less mobile passengers
- High visibility handrails
- Increased interior lighting
- Improved destination signs
- Air conditioning

Timetabled wheelchair bus services now operate on all main corridors and cross-regional routes. Many of these services provide rail links to accessible CityRail stations to increase opportunities for multi-modal travel. A full list of wheelchair accessible services can be found by visiting [www.sydneybuses.info](http://www.sydneybuses.info)

## Bus Refurbishment

State Transit bus tenders require a 20-year minimum design life with a 15-year warranty. Manufacturers supply buses to State Transit on that basis. Manufacturers do not stipulate maximum kilometres for the vehicle.

State Transit refurbishes the buses at 14-17 years of age which is well within the minimum design life and which gives the buses a further 10 years of life. State Transit therefore operates buses up to 25 years old. All buses are regularly assessed by qualified persons to confirm they can remain in service.



As buses average about 40,000-60,000km per annum, these buses are designed as heavy-duty vehicles. Many of the important components are replaced during the life of the bus such as the engine, gearboxes, suspension components and brakes. For example, a diesel engine will last for around 600,000-700,000km before being rebuilt. Although the bus may be 25 years old, many of the components will have been replaced in recent years.

## Patronage Results

Total patronage for State Transit in 2007/08 was 206.34 million trips, an increase of 2.3% on the previous financial year.

Sydney Buses' patronage was 191.312 million trips, up 4.3 million trips (2.3%) on the previous year. Newcastle Buses and Ferry Services had 12.506 million trips, a slight increase from the previous year.

Patronage on the new Liverpool to Parramatta Transitway continued to show strong growth since beginning services in February 2003. Patronage on the Transitway reached 2.522 million trips, an increase of 10.7% on 2006/07.

The Metropolitan Bus System Contracts (MBSC), signed by State Transit on 1 July 2005 introduced incentives for State Transit to generate patronage growth on its services.

The MBSC provides a Patronage Change (Incentive) Payment for operators to 'grow' patronage. In 2007/08 State Transit achieved an incentive payment of \$4.4 million for the amount by which actual farebox revenue exceeded benchmark expectations.

## Passenger Information

Passenger information is available through a number of channels to cater to a wide range of people.

In February 2008, State Transit launched a new email alerts service to further improve the way we communicate with our customers. The service allows customers to subscribe to email notifications of enhancements to services, altered terminal arrangements or planned temporary diversions, particularly for major events. The email alerts system complements existing forms of passenger information to ensure service information reaches the largest

possible target audience. Other channels of passenger information include:

- **131500 Transport Infoline:** The Transport Infoline is part of the Integrated Transport Information Service (ITIS) that State Transit participates in along with other public transport providers. It provides three information channels for customers to find out information about buses, trains and ferries in the Greater Sydney area bounded by Newcastle, the Blue Mountains and Wollongong. Services include Trip Planning, timetables, news and special events. Features of the 131500 Transport Infoline include:
  - Website – [www.131500.info](http://www.131500.info) - available 24 hours a day and receiving an average 420,000 visitors per month in 2007/08.
  - Mobile Website – [www.mobile.131500.info](http://www.mobile.131500.info) available on web-enabled mobile phones and receiving over 2000 visitors a month in 2007/08.
  - Infoline – This incorporates the 131500 Infoline (call centre) for timetables, travel plans, ticket and fare information and "Your Say Line" (YSL) which encourages passengers to register their feedback over the phone (131500) or online. State Transit relies on this information to take corrective action to improve those aspects of its service quality that attract complaints and to congratulate exceptional staff. Customers can call the Transport Infoline between 6am and 10pm seven days a week or access the interactive voice response (IVR) 24 hours a day. The Infoline handled an average of 172,000 calls per month in 2007/08.
- **Bus stop signage:** Stop specific timetables are available at many bus stops with additional information on display at major stops.
- **Printed timetables:** Printed timetable booklets can be picked up from a TransitShop or selected newsagent along routes and are also available to download from the Sydney Buses website.
- **TransitShops** – Customers can visit one of four Sydney city-based TransitShops for face-to-face contact with State Transit staff. Each store carries the full range of timetables and maps and can answer queries about Sydney Buses services. Three of the four TransitShops sell tickets as well.
- **Website** – State Transit manages a number of websites that guide the public in the best way to use the services it operates. These sites provide comprehensive information for passengers such as route information and timetables for both standard and tourist services, information on fares and

# ▶ Customer Service

ticketing, updates on service changes, route and terminal maps and fleet details. There are also links to the Transport InfoLine website at [www.131500.info](http://www.131500.info)

In the 2007/08 financial year more than 3.9 million people visited the State Transit or associated websites, downloading more than 1.5 million regular route timetables and over 1.2 million maps from the Sydney Buses and Newcastle Buses sites.

## Infoline

Of the total calls answered by the Infoline, 21.8% related to State Transit operated services (19.9% Sydney Buses, 1.6% Newcastle Buses & Ferries and 0.3% Western Sydney Buses). The remainder (78.2%) of calls were for RailCorp, Sydney Ferries or Private bus information.

State Transit calls related to next service, timetable or trip planning information (70%), fares (7%) and general information and customer service (23%).

## Passenger Feedback

The top five complaint issues for our customers were late buses, staff being rude/unhelpful, buses failing to stop, bad driving and early buses.

## Bus Stop Information

Improved bus stop signage and information continues to be rolled out across the Sydney Buses network.

The signs feature large display panels, allowing more information to be included at stops. These panels are easily changeable, ensuring that passengers have accurate information when service changes occur.

Additionally, the signs have improved vandal-resistant features, including an anti-graffiti coating.

The signs are being installed along several major corridors, and are part of a New South Wales Government initiative to improve the quality of passenger information along strategic bus corridors.



## Service Delivery

Traffic conditions in Sydney are a major challenge in providing reliable bus services. State Transit pursues a number of strategies to maintain and improve reliability of services under all operating conditions.

Traffic congestion can be experienced in most areas within our operating environment and along strategic arterial corridors such as Military Road, Victoria Road and Epping Road.

Within the Central Business District a number of changes have been introduced along Park, William,

# ▶ Customer Service

George and Elizabeth Streets to offset the congestion bus services often encounter. These changes involve the extension of bus lanes and their hours of operation.

Sydney Buses recorded an improvement in reliability in 2007/08 with 95.6% of services running to time and 99.4% of timetabled services operating across its network over the year. Newcastle Buses continued its excellent record on reliability with 98.3% of services running on-time and 99.94% of timetabled services operating over the year.

## Ways to Improve travel times on arterial corridors

Many of the arterial road corridors continue to experience patronage growth, particularly during the peak periods. State Transit continues to work with a number of agencies including the Roads and Traffic Authority, Transport NSW and local councils to improve travel times on arterial corridors.

A number of bus priority projects are currently being implemented or planned including further work along Epping Road, Victoria Road, Spit Road and Military Road.

The section of bus lane provided along Epping Road between Mowbray and Longueville Roads (around 3.5km in length) typifies the commitment of these agencies to ensure public transport is a viable alternative to the private car, with travel times being very reliable in this section of road.

Proposals for improving travel times along Victoria Road include the introduction of an AM bus lane, and State Transit continues to negotiate the feasibility of providing an inbound PM bus lane through Drummoyne shopping area. These changes, in turn, should improve the reliability of travel times similar to those achieved through the Epping Road corridor.

In the east, traffic congestion along Bondi Road continues to be a source of concern and State Transit is working to improve travel times along Bondi Road, particularly during the summer weekend periods. This corridor is just one of a number of arteries experiencing difficulties during the summer months, and it is one of the roads that would benefit from an expansion of bus priority beyond the Monday to Friday peak periods.

State Transit is working to further reduce the number of collisions with other road users and fixed objects. Sydney service routes have now been assessed to identify areas that are difficult to operate our buses along, and work will be prioritised to ensure the service continues in more difficult areas.

A number of letters have been forwarded to Councils seeking adjustments. Many of the issues have been agreed to and discussions will continue to ensure adequate bus infrastructure and safe areas for bus drivers and customers are provided.

## Service Network

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.

Service change proposals are based on regional research and analysis of internal and external data including transport data, demographic data, ticket data, market research, local and regional land use planning strategies and service performance data.

Consultation with a range of stakeholders and the community is a key element of State Transit's service development strategy. Considerable care is taken to ensure that the final structure reflects the needs and wishes of the greatest number of passengers and residents.

## Integrated Network Reviews

As part of the Ministry of Transport's program of bus reforms and in accordance with the Metropolitan and Outer Metropolitan Bus System Contracts, State Transit is required to review its regional networks to ensure services best reflect the needs of the travelling public.

State Transit has a number of network reviews currently underway. These will lead to changes designed to strengthen the bus network. These include:

- First stage of the Region 7 Western network review – implemented following extensive consultation with the community on 4 November 2007.



# ▶ Customer Service

- Region 5 Newcastle network review – proposal put forward for public comment from 19 November 2007 until 28 December 2007.
- Region 9 Eastern Suburbs network review – proposal put forward for public comment from 16 June 2008 until 25 July 2008.

These Integrated Network Reviews will continue throughout 2008/09.

## Special Events

State Transit, on behalf of the Ministry of Transport does the scheduling for the regional route network for sporting events at Sydney Olympic Park (SOP). This includes the Royal Easter Show, Rugby Union, State of Origin Rugby League, NRL Grand Final and Swans Fixtures.

State Transit also provides the contracted services via Route 4 Maroubra to SOP and Route 1a Warriewood to SOP.

## APEC

State Transit played a key role in the preparations and execution of public transport during the APEC summit, hosted by Sydney between 2 September and 9 September 2007.

As a result of security arrangements and road closures throughout the CBD and Sydney metropolitan area, temporary terminal arrangements and route diversions were in place for a large number of Sydney Buses services.

Despite continual movements by APEC motorcades, Sydney Buses services continued to keep passengers moving with easy to understand signage and wayfinding staff helping passengers find the services they needed despite alterations to normal conditions.

## World Youth Day

State Transit is currently in preparation for World Youth Day, to be held from 15 July to 20 July 2008.

More than 16,500 additional services have been scheduled to operate during the week of events with road closures and special event clearways in the Central Business District and Eastern Suburbs resulting in significant diversions for Sydney Buses services.





# Environment

## Breathe Easy TravelTen Pilot

In November 2007, State Transit announced the concept of a pilot scheme offering bus travel as a 'green' alternative for short trips within the Sydney central business district.

The concept involves a 'green ticket' called the Breathe Easy TravelTen, designed to save companies money while at the same time, reducing their environmental footprint.

Companies purchasing the new tickets will be able to invest in the inherent environmental benefits of increasing public transport usage.

As the Breathe Easy TravelTen tickets include a small premium on the price as a carbon credit, companies will also be able to reduce their carbon footprint by trading their credits on the new forthcoming carbon market.

The scheme is currently being developed with the plan of being rolled out in the 2008/09 financial year.





## Leichhardt Depot Redevelopment

Following the completion of the environmental remediation of the Leichhardt Depot site, construction is currently underway for the \$34 million redevelopment of the depot to make way for Australia's largest environmentally friendly bus fleet.

The upgrade will allow the depot to support a fleet of up to 200 buses, the vast majority of which will be environmentally friendly, low-emission, gas powered buses with the balance being environmentally friendly diesel buses.

Key features of the depot upgrade include:

- More than 95 per cent of the buses will run on compressed natural gas with the remainder using clean diesel
- Improved services for passengers in the inner-west
- A safer working environment for staff
- Heritage buildings will be protected
- Recycled water will be used on site
- A purpose built maintenance facility and workshop
- New regional administrative offices
- Underground car-parking.

## Improving Bus Fleet Emission Standards

With the progressive deliveries of the new Euro 5 Volvo diesel and Euro 4 Mercedes compressed natural gas buses as part of the \$250 million investment in 505 new environmentally friendly buses, State Transit's overall fleet emissions standards profile is steadily improving as these new low emission buses, displace older Euro 2 diesel buses, being retired from the fleet.

## Greenhouse Challenge Plus

State Transit's membership of the Greenhouse Challenge Plus program commenced in November 2007.

As part of this program State Transit has been maintaining an emissions inventory and working on its action plan to reduce its greenhouse gas emissions through such initiatives as the RTA Clean Fleet Program, Total Waste Management Contract and Green Purchasing Guidelines.

## Pledge Signatory to the UITP Sustainability Charter

State Transit was accepted as a pledge signatory to the International Association of Public Transport (UITP) Sustainability Charter in April 2008.

As a pledge signatory, State Transit commits to having sustainability as a key business objective in its management and business decision-making processes.



## Community

### Bus Painting Competition

In an initiative to improve relations between local young people and State Transit, a competition was organised for school children to design the artwork to be featured on two State Transit buses operating in the south east of Sydney.

The winning entries were incorporated into the final design for a general art bus and an Indigenous bus which were painted by local youths during the July school holiday period.

The project, aimed at tackling anti-social behaviour on buses, was a joint initiative of State Transit, a number of Government agencies and community groups.

These buses currently operate out of Port Botany Depot.

### Souths Buses

In an extension of the Bus Painting Project, Sydney Buses and the philanthropic arm of the South Sydney Rabbitohs, Souths Cares, joined together in a community partnership to work towards strengthening relationships between Sydney Buses and the Eastern Suburbs community.

Two buses, operating out of Port Botany Depot, were wrapped in a South Sydney Rabbitohs livery to appeal



to the large Souths Sydney Rabbitohs fan base in the local area.

The project aimed to increase awareness of the importance of bus services to the public, reduce instances of anti-social behaviour towards buses and drivers and help create relationships based on respect between community members and public transport operators.

State Transit and Souths Cares also provide free transport and game entry to South Sydney home games for local youths.

## State Transit donates bus to TAFE

In August 2007, State Transit donated a bus to Wetherill Park TAFE to be used as a teaching tool for apprentices.

The donation of the bus is an important way that State Transit and TAFE are working together to ensure training is targeted at specific business needs.

The donated bus will be an invaluable resource for both State Transit and other apprentices in subject areas such as brakes, steering and engine work.

All State Transit apprentices spend three years at TAFE gaining the skills and knowledge needed to maintain the State Transit fleet.

## Christmas Buses

Each year a number of State Transit bus operators decorate their buses with Christmas decorations to generate Christmas cheer among passengers and staff over the festive season.

In December 2006, State Transit built on this existing Christmas tradition by holding a Christmas Bus Competition whereby staff could decorate a bus for Christmas, with the finalists from each region on display for the public at an official judging in Sydney and Newcastle.

Building on the success of the 2006 debut event, this tradition was carried on in December 2007 with the Christmas Bus Competition running in conjunction with State Transit's 75th Anniversary celebrations.

Seven-year-old burns survivor Sophie Delezio and brother Mitchell were special guest judges for the competition with Christmas Bus finalists operating as part of the free Christmas Shopper Service.

The winner of the competition in 2007 was Randwick Depot, which nominated the Sydney Children's Hospital for the \$500 prize sponsored by State Transit.





# Safety

## Key Objectives

- To provide a safe and healthy environment for our employees, passengers, visitors, contractors and other parties affected by our operations.

## Key Benefits

- A safe and healthy workplace for all.

## Key Performance Indicators

- Reduced staff incidents
- Reduced customer incidents
- Increased safety culture

## Performance

### Employee Incidents

State Transit's Lost Time Injury Frequency Rate has continued on a downward trend over the past five years, although experienced a slight increase in the period 2007/08, from 22.2 to 23.9. Employee assaults have fallen by 36%.

### Customer Safety

State Transit's increased focus on customer safety has resulted in a reduction of 28% in overall customer incidents in 2007/08.

### Drug and Alcohol Policy

#### Random & Reasonable Cause Testing

State Transit conducted more than 2,000 random breath alcohol tests and in excess of 500 random drug tests during 2007/08. Of these, the majority were drug and alcohol free and compliant with the regulation.

There were no positive breath alcohol tests recorded in the period, however eight employees returned a positive result for drugs.

State Transit also conducted reasonable cause and incident testing which resulted in no positive breath alcohol tests. There were five positive drug tests recorded as a result of a reasonable cause and incident test.

Those employees who returned positive tests were immediately removed from safety duties pending the outcome of a formal investigation. In addition, State Transit offered counselling and/or rehabilitation for those employees.

#### Pre-employment Testing

State Transit introduced pre-employment drug and alcohol testing, with two applicants returning positive test results. Those without a medical reason for returning a positive test were culled from the recruitment process.

## Programs

### Safety Management System

State Transit commenced a comprehensive review of its Safety Management System (SMS) during the period. Aligned with the State Transit Strategic Plan, this major initiative will ensure State Transit continues to provide a safe environment for all its stakeholders well into the future.

### Shed Driver Training

State Transit commenced a new Shed Driver Training program during 2007/08. Designed to develop Shed Driver skills by formalising standard processes, the training has improved the safety performance and culture during trials.

The program will be rolled out across the entire organisation during 2008/09.

### Cardiac Risk Assessment

Cardiovascular disease may affect the ability to perform safety critical work due to sudden incapacity such as heart attack.

State Transit has introduced the cardiac risk score to the current pre-employment assessment.

Cardiac risk score is a tool for predicting risk of a cardiovascular event, and in particular, heart attack. It considerably enhances the power of the assessment to identify candidates at risk of sudden incapacity, and to guide their health management.







## Transport Safety

### CCTV

State Transit has continued its upgrade of bus CCTV systems throughout 2007/08 to improve driver and public safety.

During the period, a total of 1,793 digital systems were fitted in State Transit buses, including retrofitting 1,711 of the existing fleet.

The final stage of the CCTV upgrade has commenced and includes fitting security monitors into 1,000 low floor buses.

### Coroner's Inquest

There were no coronial inquests conducted into State Transit incidents occurring in 2007/08.

As a direct result of recommendations made by Deputy State Coroner Dorelle Pinch on 30 June 2006, the interior layout of buses has been reviewed to reduce the risk of passenger falls. All commissioned buses conform to these recommendations.





## People

### Key Objective

- To Inspire, develop and support each other

### Key Benefit

- Developing productive and motivated staff

### Key Performance Indicators

- Improved staff retention
- Improved staff job satisfaction
- Improved staff learning
- Improved willingness to make tough decisions



## Performance

### Registered Training Organisation

State Transit is accredited as a Registered Training Organisation (RTO) by the NSW Vocational Education and Training Accreditation Board (VETAB) to deliver nationally recognised training and qualifications, as part of the National Training Framework.

The State Transit RTO currently has the following qualifications in scope:

- Certificate III in Transport & Distribution (Road Transport)
- Certificate III in Transport and Logistics (Road Transport)
- Certificate IV in Frontline Management
- Ten units from the Certificate IV in Training and Assessment.

### Driver Training

State Transit aims for excellence in training our bus drivers. Our comprehensive Driver Training Program comprises:

- Nationally accredited Traineeship Program for all new drivers
- Annual two-day Skills Development Program for experienced drivers
- Tailored, specific ongoing training and assessment for identified training needs.

### Traineeships

To ensure our drivers have benchmarked competency levels to national industry standards, all new drivers achieve a Certificate III in Transport and Distribution (Road Transport) through our two-year Traineeship Program. State Transit also offers longer-term drivers the opportunity to become qualified through the Existing Worker Traineeship Program.

As a Registered Training Organisation, State Transit is able to provide in-house accredited, job-based training and assessment throughout the Traineeship Program. In the last financial year State Transit put in place a comprehensive feedback process to ensure the quality and continuous improvement of the Traineeship Program.

There are 713 new trainees and 96 existing workers enrolled in the program. In the past year a total of 318 bus drivers successfully completed the full two years of the traineeship.

### Driver Skills Maintenance Program

This industry-leading program continued in 2007/08 to maintain and update the skills and knowledge of bus drivers. The components of the program this year included:

- Road rules and driving skills
- Safe driving
- Customer service
- Radio communication
- Driver health and wellbeing
- Personal safety.

A highly innovative approach is taken to improve driving skills, using a state-of-the-art computer-based driver diagnosis and assessment system. The VIGIL Vanguard system monitors and visually records the driver's traffic decisions and positioning, acceleration, braking and cornering activity whilst driving. The system is also aligned to international and RTA competency standards. Drivers receive a comprehensive debriefing and analysis of their driving, and are supported with further training where required.

At the end of the 2007/08 financial year, 91% of experienced bus drivers had attended Driver Skills Maintenance training.

### Leadership Development Programs

State Transit continues to invest in developing the capability of managers and leaders at all levels. State Transit's Management Development Program offers a variety of developmental opportunities including formal training, workshops, work-based projects, coaching, mentoring, and leadership forums. The program provides managers with the opportunity to gain a nationally recognised graduate certificate level qualification.

A key component of the programs are the work-based projects, focusing on business improvement and change. In total 86 managers have graduated from the program, comprising the majority of middle managers in State Transit.

The priority for the coming year will be for a Supervisor Development Program, to be made available to all supervisors in State Transit.

## Graduate Program

State Transit has a long-term objective of fostering quality candidates from university graduates for management roles, and continues to expand the graduate program to achieve this goal. In 2007/08 the graduate intake included graduates in Transport Operations, Finance, Contracts and Procurement, and Operational Support disciplines. The graduate program provides for wide exposure to all aspects of the organisation through structured placements and rotation and project work.

## Apprenticeships

Apprenticeships are an essential element of State Transit's maintenance operations. This year State Transit recruited 25 heavy vehicle mechanic and body-building apprentices.

Apprentices continued to reflect the diverse State Transit workforce, including women and mature-aged apprentices.

In addition to on the job training and TAFE, industry outplacements provide a valuable supplement to apprentices' training. Several State Transit apprentices

gained industry experience and training at external businesses specialising in areas such as repair and overhaul of air brakes, transmission repair and rebuilding, bus, coach and truck body refurbishment, and overhaul and repair of injector pumps.

Six apprentices gained permanent employment with State Transit as Engineering Repair Tradespersons, bringing established knowledge and understanding of our customers and business objectives.

Over 50 maintenance supervisory staff attended an internal workshop on Apprentice Management. This one-day program covered legal obligations of employers and apprentices, contractual obligations, provision of a safe working environment, structured training, support and supervision, the probation process and managing performance.

In 2007, two apprentices were recognised at the Annual Presentation of Awards for South Western Institute of TAFE. The awards, given to the best performing students, were received for Second Place – Stage II Automotive Mechanics Heavy Vehicle and Best Work Practice – Stage II Automotive Mechanics Heavy Vehicle.



## Maintenance Technical Training

To support State Transit's extensive fleet replacement project and the requirements of the Metropolitan Bus Service Contracts, comprehensive training was delivered to bus maintenance staff.

This training ensured State Transit's workforce has current, critical technical knowledge and skills to maintain fleet reliability and safety. The suite of technical training included air systems, electronic braking systems, engine basics, electronic control systems, servicing, bus body maintenance, familiarisation, natural gas service and repairs and parts and advanced diagnostics.

## Workforce Change, Culture and Equity Unit

The Workforce Change, Culture and Equity Unit provides leadership, expert advice and targeted programs in these three areas. In particular, it drives the planning and implementation of the Equity and Diversity Program. The Unit is responsible for the effective management of internal complaints and the development and implementation of Equity and Diversity Training.

## Equity and Diversity Training

Equity and Diversity Training continued to be a key initiative for the organisation. Emphasis was placed on training employees in employment and customer service equity and diversity issues. This ensures our employees have a high level of awareness and ensures compliance with anti-discrimination legislation and the Metropolitan Bus System Contract. During the 2007/08 financial year, a total of 111 Equity and Diversity Training sessions were conducted and attended by 1,163 employees. Equity and Diversity Training sessions have been integrated into various mainstream training programs.

## Strategic Plan for Women

Women represent 11% of State Transit's total workforce. Whilst this is below the public sector benchmark, it is representative of similar industries which are non-traditional occupations for women. Women represent 9% of all bus operators, 49% of corporate staff and 24% of the top four salary bands.

Strategies in the Strategic Plan for Women include:

- Targeted recruitment campaigns which were conducted with the aim of attracting women to apply for bus operator positions.
- An Annual Women's Conference held in October 2007 with an attendance of 60 women. The conference provided the opportunity for women to workshop issues and develop strategies for attraction, retention, learning and development and the participation of women in State Transit. This approach was based on a model that was developed by the Department of Premier and Cabinet.
- The Spokeswomen Program which is a targeted program for women bus operators and provides career development and networking opportunities. The Spokeswomen also take an active part in co-ordinating International Women's Day and Harmony Day celebrations at depots.

State Transit plans to increase the representation of women in the organisation by 1% per annum over the next four years. This will be achieved by developing a four year Strategic Plan for Women with the focus on attraction, development and retention. The plan will be closely aligned with the Department of Premier and Cabinet's Plan "Making the Public Sector Work Better for Women".

## Aboriginal and Torres Strait Islander Employment

The representation of Aboriginal and Torres Strait Islander people in State Transit remained at 0.9% despite targeted recruitment through the NSW Government's Cadetship Program for Aboriginal and Torres Strait Islander People and State Transit's Graduate and Apprenticeship programs.

State Transit aims to increase representation of Aboriginal and Torres Strait Islander staff to reach the NSW Government Benchmark of 2% through targeted recruitment programs.

## Respect at Work Program

State Transit aims to foster a workplace that is free from harassment and where all employees feel valued by raising awareness of our human resource policies through improved communication and training of all employees in equity and diversity issues.

## **Development of a Reasonable Adjustment Policy**

The development of a Reasonable Adjustment Policy is planned for 2009 and will assist the organisation in responding to individual adjustment needs of current and future employees who have a disability or acquire a disability.

## **Improving Productivity, Safety and Service Quality through our People**

State Transit aims to attract, develop and retain a diverse, skilled workforce, build our workforce capability to support the State Plan and meet State Transit's current and future needs. This will be achieved by developing targeted recruitment campaigns, addressing shortages resulting from the ageing workforce, and developing the capabilities of employees through on the job training, learning and development programs and succession planning.

## **Retreat Spaces**

State Transit demonstrates its commitment to ensuring employees from culturally diverse backgrounds can meet their religious obligations whilst at work. With 10 established retreat spaces across the organisation, employees can utilise these spaces for religious, spiritual or contemplative purposes.

## **Internal Complaints**

Through our Grievance Resolution Policy and Procedures, employee grievances are resolved at the local level in the first instance. When this is not achieved, or if the grievance is of a serious nature, matters can be referred to the Workforce Change, Culture and Equity Unit for management of the grievance.

The Grievance Resolution Policy and Procedures were developed in 2005 and has resulted in a downward trend of matters being referred onto the Unit. The two key factors that have resulted in the downward trend are the increased awareness of employee responsibilities through training and an increased emphasis on grievances being resolved at the local level.

## **FISH**

FISH is a cultural change program that originated at the Pike Fish Market in Seattle, USA and has gained momentum worldwide.

The FISH Program was piloted at Burwood Depot during 2007/08 with approximately 240 employees attending the pilot program.

For cost effectiveness, the program will be integrated into the Driver Skills Maintenance Program for bus drivers and into Induction Training for all new employees in 2009.

State Transit also developed a CD to demonstrate how FISH can be implemented in our organisation.

## **Fit For Work, Fit For Life Program**

With the aim of improving employee health and wellness, various programs were available to staff including flu vaccinations, health fairs, fitness sessions, back and neck care, team sports and the Weight Watchers at Work Program.

Improvements to the pre-employment and reasonable cause health assessments were made to the Health Risk Management Program following on from the 2006/07 Fitness for Work Project. In addition, a number of tools and procedures are being developed to support further implementation of Fit for Work, Fit for Life strategies.

## **Workers Comp, Rehabilitation and Injury Management**

The costs of claims remained at a historically low rate throughout 2007/08. This represents a 40% reduction in costs since 2005. This has been due to the dedication of both the injury management and claims staff in the Workers Compensation Unit who are working in close partnership with the depot management to ensure that injured workers are assisted in rehabilitation and return to pre-injury duties as soon as practicable.

The early intervention strategy helps to reduce the social and economic cost of injury. The health service officers in each depot have played a key role in meeting our targets in regards to return to work and the management of injury.



## Bus Operator Recruitment

### Sydney Depots

In 2007/08, 554 new bus drivers were appointed to Sydney depots.

The establishment increased by 96 drivers and the actual number of drivers increased by 107 during the year.

### Newcastle Depots

There were no new bus drivers employed in Newcastle during the 2007/08 financial year.

The establishment fell by four positions and the actual number of drivers decreased by 17 during the year.

## Recruitment Project

A research project was commissioned during 2007/08 to:

- Review recent research literature on the mental aptitudes and personality factors related to bus driving and customer service.
- Identify and assess selection tools currently in use by similar transport organisations in Australia and internationally.
- Conduct a validity study to help determine the validity of several instruments under consideration for use in the selection of new bus drivers. The study was designed and implemented to assess if a number of selection tools used in the transport industry for employee selection were predictive of work outcomes in relation to accidents/incidents and customer complaints. 102 bus operators participated in the study.

The results are being analysed by researchers from the Faculty of Safety Science, University of New South Wales. A report is expected by the end of August 2008.

## Enterprise Agreements

During the 2007/08 financial year, wage negotiations for bus drivers and related classifications of employees were settled with the ratification of a new Consent Award by the NSW Industrial Relations Commission.

The new Award included a number of new and innovative productivity and service related efficiencies, which allowed State Transit to provide for a fully funded two-year agreement delivering a 4% per annum increase in wages and allowances. New productivity and service related provisions included the following:

1. Introduction of a new and comprehensive absence management procedure designed to reduce unplanned illness related absence to industry best practice. A central feature of the new absence management scheme is the ability for State Transit Health Services Officers to contact employees calling in sick and discuss any health related issues, including the reason for the absence. Where the Health Services Officer has any concern about an employee's absence or general health, the new provisions allow managers to require the employee to report for medical examination by a State Transit nominated doctor.

Following ratification of the Award in late 2007, State Transit began to progressively implement the new scheme in early 2008. This included the appointment of two additional Regional Health Services Officers to make daily contact with employees. Early indications from the latter half of the reporting period are that the new scheme is leading to a downward trend in sick leave across all locations.

2. Provisions allowing for rear and centre door loading of buses designed to improve loading times, reduce congestion and deliver improved on time running.
3. The introduction of job share arrangements for bus drivers which are intended to provide greater flexibility for employees with carers' and family responsibilities and improve employee retention rates for female bus drivers.
4. Greater flexibility in rostering in the event of major incidents affecting services such as rail emergencies and major breakdowns.

## Performance Agreements for Senior Officers

In order to strengthen performance management, career enhancement and professional development, State Transit's Performance Agreements program for Senior Officers commenced in March 2008.

The program includes cyclical 12-month performance agreements discussed and agreed between Senior Officers and their manager. It also includes formal progress reviews at six months and 12 months, with salary/increment results linked to assessment outcomes.

## Depot Operational Supervision and Support Review (DOSSR)

In 2007/08, significant progress was made to finalise key stages of the Depot Operational Supervision and Support Review. The purposes of the review relate to:

- Customer service – to improve management, co-ordination and delivery of day-to-day services to meet Bus Service Contract requirements.
- Safety – to support the safety program, by providing an improved supervision framework that promotes safe-driving and incident management.
- People – to bolster the supervision, communication, feedback and support for bus drivers.
- Competitive Business – to make better use of our resources and increase flexibility in front-line support roles.

The review involves significant job redesign affecting around 150 depot-based positions, steered by a Joint Consultative Committee involving management and union representatives. Implementation planning included extensive staff briefings and communication, and the development of a structured training strategy for new appointees. The implementation of the changes will occur in 2008/09.



## Staff Recognition Scheme

The Recognition Program for State Transit employees commenced in 2005, to celebrate success and achievement, and to support State Transit's business directions.

The program is based on three 'tiers' of recognition:

- An annual organisation-wide program, culminating in a formal annual awards function
- Regular Regional/Depot and Divisional activities conducted on a quarterly or monthly basis
- Day-to-day praise and feedback in the workplace to employees from managers and supervisors.

The Annual Awards function was held on 2 December 2007 in the Ted Hopkins Room, Luna Park, and was incorporated as part of State Transit's 75th Anniversary Celebrations. The Annual Awards function recognised the outstanding contributions of 12 work teams and 30 individuals. Kingsgrove Depot was awarded most improved depot of the year, and the Burwood Maintenance Workshop won the most improved maintenance workshop award.

## 2007 Annual Award Recipients

The following work teams and individuals received a Recognition Award for their outstanding contributions to State Transit. These included awards presented to staff for contributions to State Transit's four foundations of success: Safety, Customer Service, People and Competitive Business.

- Safety – David Thomas
- Safety – Kevin Howard
- Safety – Mark Campbell, Shannan Jans, and Delia Williamson
- Safety – John Vizer
- Safety – Gerry Neal
- Safety – Phil Ivey and Warren Singleton
- Customer Service – Rick Burns
- Customer Service – Paul McCabe
- Customer Service – Steven Tulenheimo
- Customer Service – Alfred Chiu, Mandy Rogers and Matthew Thompson
- Customer Service – Helen Paterson
- Customer Service – Tony Assaf
- Customer Service – Stan Griffey
- Competitive Business – David Brown, Brett Roseworn and Peter Torrisi
- Competitive Business – Jacqui Ritchard
- Competitive Business – Steve Bolton and Russell Ong
- Competitive Business – Robert Tarabay
- Competitive Business – Simon O'Callaghan
- Competitive Business – Juliet Payne
- Inspiring and Developing Others – Peggy Whitely
- Inspiring and Developing Others – Shirley Leven-Pester
- Inspiring and Developing Others – Ralf Otto
- Inspiring and Developing Others – Stuart Fraser
- Innovation – David Tonkin
- Innovation – Vera Atkinson and Sarah Young
- Innovation – John Crow
- Innovation – Paul Raynes
- Innovation – David Namoa, Chris Papas, Ray Tupou, David Zaher, Sergio Fiorenza and Paul Truscott
- Traineeship Excellence – Glen Carr
- Traineeship Excellence – Rebecca Brown
- Traineeship Excellence – Yana Zeman
- Traineeship Excellence – Tahkeikapa Vaokakala
- Traineeship Excellence – Courtney Goss
- Apprenticeship Excellence – Angus Irving
- Apprenticeship Excellence – Adrian Budge
- Apprenticeship Excellence – Brad Slater
- Apprenticeship Excellence – Ken Pillay
- Chief Executive Special Award – Newcastle Buses and Ferries
- Chief Executive Special Award – Glen Williams, Chad Bradfield, Michelle Cini, Keith Hodges, Darrell Lock, Karl Lofhjelm, Robert Matthies, Catherine Norman, Margaret Pannell and Greg Uhlhorn
- Chief Executive Special Award – Edward Osioy, Christine McDavitt, Peter Wells and Warren Finnan
- Chief Executive Special Award – Michelle Hamberger and Klaus Major
- Transport Minister's Award for Excellence – Marketing and Ticketing of PrePay Services – Eric Priestley, Sonny Cabalag, Christine Maher, Arthur Theodoropoulos, Melina Rookes, Peter Bannon and Annie Toovey
- Depot Maintenance Workshop Award – Burwood Depot
- Depot Award – Kingsgrove Depot





# Competitive Business

## Purpose

- To build our competitiveness as a business
- To win the Metropolitan Bus System Contract when it is offered for renewal

## Key Benefit

- Clearly demonstrating improved 'value for money'

## Key Performance Indicators

- Increasing profitability
- Increasing investment to meet our future obligations
- Maximising asset utilisation

# ► Competitive Business

## Performance

### Financial Review 2007/08

State Transit's 2007/08 financial result was a net profit of \$2.5 million.

Total revenue increased by \$30.9 million (5.7%) from the previous year to \$571.9 million. This increase can be attributed to higher operational revenue received from the Outer/Metropolitan Bus Systems Contracts (O/MBSC) of \$17.4 million, which includes:

- An increase in fixed payments of \$5.6 million
- An increase in fuel payments of \$3.3 million
- An increase in patronage benchmark payments of \$6.3 million
- An increase in service kilometre payments of \$1.3 million
- A payment of \$1 million for the trial of Metrobus.

Outside the O/MBSC regime, revenue increased by \$5 million on the last financial year as a result of higher bus charter income.

State Transit's total expenditure increased by \$61.1 million (12%) from the previous year to \$569.4 million. This result can be attributed to three main factors: superannuation, labour and fuel expenses.

The superannuation expense for 2007/08 was subject to an unfavourable actuarial adjustment of \$22.2 million. By contrast, the superannuation expense for 2006/07 contained a favourable adjustment of \$10 million.

Fuel expenditure has increased by \$8.4 million in 2007/08 as a result of higher prices for diesel and Compressed Natural Gas. The average price of diesel per litre increased by 14.8%, resulting in an estimated increase of \$6.1 million towards the overall fleet running costs.

### Capital Expenditure

State Transit's capital expenditure in 2007/08 increased by \$14.1 million (21.4%) from the previous year to \$79.9 million. Of this expenditure, \$52.6 million was spent on the acquisition of 73 new buses with \$19.6 million spent on the purchase of CCTV and other onboard equipment and enhancements.

The bus acquisition and replacement program will ensure the average fleet age continues to fall to meet the requirements of State Transit's operating contracts with the Ministry of Transport issued under the Passenger Transport Act 1990. These contracts require an average fleet age of not more than 12 years by 2009/10. State Transit's average fleet age was 12.96 as at 30 June 2008.

State Transit has also embarked on its depot redevelopment program to meet new fleet requirements and patronage growth. The development of Leichhardt, Ryde and Brookvale depots will require capital expenditure for the following 15 months of \$44.3 million.

### Payment received from the NSW Government

State Transit's net payment received from the NSW Government, including those under the O/MBSC, increased by \$8 million (3%) from the previous year to \$272.1 million. This increase is mainly due to the escalation of contract O/MBSC payments.

### Financial Debt Position

State Transit's financial debt increased by \$2.2 million (2.9%) to \$78 million. This marginal increase was due to a positive net cash inflow from operating activities of \$56.8 million and lower than planned capital expenditure.

### Equity

State Transit's net worth increased by \$2.5 million (0.9%) from the previous year to \$276.8 million.

### 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 which is now delivered by the Integrated Transport Information Service (ITIS) - 131500 Transport Infoline.
- State Transit's website which guides the public in the best way to use the services it operates. The site 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.

# ► Competitive Business

- Over 98% of the values of all payments to suppliers are made by electronic means, or over 82% of the number of invoices received.
- Online ticket ordering and online payment for registered ticket re-sellers makes it easier for them to order and pay for ticket stock and can improve availability of tickets from these outlets.
- 'Depot Online' facilities at each depot enable all State Transit employees' access to the Internet and to email facilities. This is particularly important for bus drivers, maintenance and cleaning staff who need good communication facilities to help their working lives as shift workers.
- The new information kiosk and staff intranet homepage will provide bus drivers, maintenance and cleaning staff, through the Depot Online facilities or through the Internet, the ability to access information currently available on the Information Kiosk as well as policy and procedures.

## ISO 9001:2000 Certification

The continuous improvement of State Transit's Quality Program during 2007/08 has ensured that State Transit remains a Quality Endorsed Company. The independent auditor, SAI Global, carried out the triennial recertification audit in compliance with the ISO 9001:2000 standard and recommended State Transit maintain its quality certification.

State Transit is enhancing its Business Management System to prepare for integration of the Safety Management System. This additional functionality will provide safe, standardised work practices for all staff. New technology will be introduced to allow for bus drivers, mechanics and cleaners access from State Transit's Internet cafés.

## Risk Management and Insurance

State Transit's Risk Management Framework covers all areas of business activities and statutory compliance through the governance and risk structure overseen by the State Transit Board and its Audit Committee and Safety Committee. Continuous improvement under the ISO 9001:2000 Quality Management System has enhanced compliance and therefore the control of risk exposures.

State Transit's mature insurance program provided financial protection for the organisation during the year. The program spans general property, personal injury, consequential loss, motor, professional risks,

general and marine liability. State Transit's risk profile has ensured lower premiums than experienced over recent years by the insured community.

The State Transit contract for insurance brokerage and claims management services has resulted in similar premiums to the previous year although the assets have increased by over 15%. The Compulsory Third Party insurance for the bus fleet is insured by Zurich Australian Insurance under Motor Accident Authority rating 6c.

## Bus Depot Strategy

State Transit's Depot Strategy is updated annually to investigate the adequacy of existing bus depot capacities, given the anticipated patronage growth, the increase in actual bus length and the ability of the facilities to cater for future needs.

State Transit's 2007/08 Depot Strategy assessed the current depot capacity situation and outlined the timeframe of when capacity will be reached for each region.

To ensure State Transit can continue to cater for future patronage growth, a number of strategies have been identified to increase capacity.

## Leichhardt Depot Redevelopment

Following the approval of the Development Application of Leichhardt Depot in the 2006/07 financial year, remediation of the site was completed and construction commenced in June 2008.

The contract for construction was awarded to A. W. Edwards.

The \$34 million redevelopment of the depot will make way for Australia's largest environmentally friendly bus fleet, supporting more than 200 buses and resulting in an additional 96 bus parking spaces.

The state-of-the-art redevelopment of the historic transport hub will cater to increased demand from passengers for bus services in one of Sydney's population hot spots.

The "clean green" depot will:

- Improve bus services for passengers in the inner west
- Support the largest gas fleet in Australia
- Protect the heritage buildings on the site



# ► Competitive Business

- Minimise the impact of noise and light on its neighbours
- Clean up residual site contamination
- Use recycled water.

The redevelopment is due to be complete by the end of 2009.

## Brookvale Redevelopment

The redevelopment of Brookvale Depot has commenced following the approval of the Development Application in August 2007.

The contract for construction has been awarded to Donnelley Constructions.

The upgrade will increase capacity of the depot, providing parking for up to 47 additional buses and will deliver:

- The construction of efficient and modern, fit-for-purpose facilities (including staff car parking and an administration building)
- Repositioning and updating of fuelling and cleaning facilities
- Altering the bus parking and bus movement plan to provide increased capacity and increased efficiency
- Accommodation for longer bus fleet replacement.

The redevelopment is due to be complete by mid 2009.

## Randwick Depot

The relocation of Randwick Depot's staff car park to a new site adjacent to the depot will allow for an additional 16 buses to be parked on the site.

Work is currently underway to ensure the suitability of both sites for their new purposes.

Work is expected to be complete early in the 2008/09 financial year.

## Tempe Depot Site

State Transit is investigating the use of the old Tempe depot site as a possible site for expansion.

Possibilities for the use of Tempe Depot include:

- Utilising the depot for parking only, providing parking for an additional 50 to 60 buses
- Operating Tempe as a satellite depot, which would reduce operating costs and provide parking for 30 to 40 buses

- Reinstating Tempe as a fully operation depot, without affecting the site's heritage significance and tenancy obligations, to house up to 130 buses.

## Western Region Greenfield Site

Growth in Western Sydney has led to the need to establish a Greenfield site to house a new depot in the Western Region.

An expression of interest will be released in the 2008/2009 financial year to identify sites for consideration.

## Revenue Protection Unit

There has been a further improvement in the level of revenue enforcement activities on the State Transit bus network.

In the 2007/08 financial year, Revenue Protection Officers checked nearly 840,000 passengers, an increase of 20% from the previous year. As a result, the number of fines issued by State Transit Revenue Protection Officers also increased with 9,580 fines issued, an increase of 15.7%.

Across the network, the level of fare evasion has reduced with the number of fines issued down by 0.06% and cautions issued down by 0.31%. In 2007/08, 1.14% of passengers checked were issued with a fine and 0.69% issued with a caution. This is a pleasing result, given the increase in patronage that has occurred over recent years.





# ▶ Competitive Business

This reduction in the level of fare evasion reflects the improved management of revenue protection and better deployment of resources.

The number of State Transit revenue protection officers has increased from 26 to 30 with the deployment of an additional four Revenue Protection Officers as part of a continuing review of the performance and staffing level of the Revenue Protection Unit.

Additional measures aimed at reducing fare evasion include:

- Attendance by Revenue Protection Officers at universities and colleges during admission periods, to better inform students of the correct tickets and passes to use on State Transit services
- Attendance by Revenue Protection Officers at schools to educate students about tickets, passes and the Ministry of Transport code of conduct, aimed at reducing anti-social behaviour, vandalism and fare evasion on buses by school students
- Revenue Protection Officers and police continue to conduct special operations targeting commuter crime hot spots where there is more likely to be fare evasion occurring. Combined operations with RailCorp transit officers are also being conducted to further reduce fare evasion and anti-social behaviour on public transport.

## Metropolitan Bus System Contract (MBSC)

State Transit provided its services for the third year under the new Metropolitan Bus System Contracts issued by the Ministry of Transport.

State Transit has four contracts for the Sydney region covering Regions 6,7,8 and 9. These contracts commenced on the 1 July 2005 for a term of seven years. State Transit also has one Outer Metropolitan Bus System Contract for the operations of Newcastle Buses in Newcastle. This contract commenced on 30 June 2006 also for a period of seven years.

Under the contracts each Region stands alone with State Transit paying fare revenue, a proportion of advertising (25%) and charter revenue (5.5%) for each region to the Ministry of Transport.

The Ministry of Transport makes monthly payments to State Transit representing fixed costs, depreciation change payment, fuel cost payment, service payment,

patronage benchmark, patronage change and new fleet periodic payments.

In June 2008, the Ministry of Transport advised State Transit of the successful completion of the Transitional Phase Performance Assessment of State Transit's four Sydney Regions, and that no Transitional Phase Non-Compliance Events had occurred.

## Emergency Response Plans

State Transit is reviewing its Emergency Response Plan (EMP) in context with the Crisis Management Plan (CMP) and the suite of Business Continuity Plans (BCP) to provide a scalable system of response to any incident. These integrated plans will allow a seamless escalation of response, and will comply with the Federal Government standard for BCP.

In addition, State Transit has developed a Security Management Plan that provides a holistic framework for all State Transit security related systems. This will further enhance State Transit's position with regards to ISO ongoing compliance and accreditation.

To test the business's knowledge of EMP, CMP, BCP and response to escalating incidents, State Transit has launched a framework of depot, regional and corporate desktop exercises including:

- Engaging more closely with District Emergency Management Committees to further refine its response to the Sydney Emergency Plan
- Continued engagement with other agencies, at a State, Command, and Operational level in desktop exercises to test agency response to an emergency incident
- Further contributions to Crime Prevention Partnerships (CPP) in the Eastern Beaches Local Area Command (LAC) and a combined Kings Cross, City Central and Surry Hills LAC's CPP
- Engaging at the local level at the Manly Davidson LAC by providing additional public transport for the exit surge due to closure of hotels.



## Western Sydney Buses

### Objective

Transitway services in Western Sydney provide:

- High speed services between Liverpool and Parramatta, the fastest growing CBD in Australia.
- Comfortable Euro 3 diesel powered, air-conditioned, fully accessible Volvo Buses.
- Real time information to passengers.

### Targets

- Compliance with all contract targets set by the Ministry of Transport's Transitway group.

# ► Western Sydney Buses

## Performance

The 2007/08 financial year recorded a 10.7% increase in patronage on the Liverpool to Parramatta Transitway with 2.522 million passengers travelling on transitway services.

Since the Liverpool to Parramatta Transitway began operations on 16 February 2003, more than 10 million passengers have used the service. Steady patronage growth has been recorded with patronage increasing from 10,000 passengers per week to more than 52,000.

To accommodate growing demand, a new timetable was introduced in May 2008, adding four new bus services to the timetable, offering commuters greater convenience, flexibility and reliability when they travel.

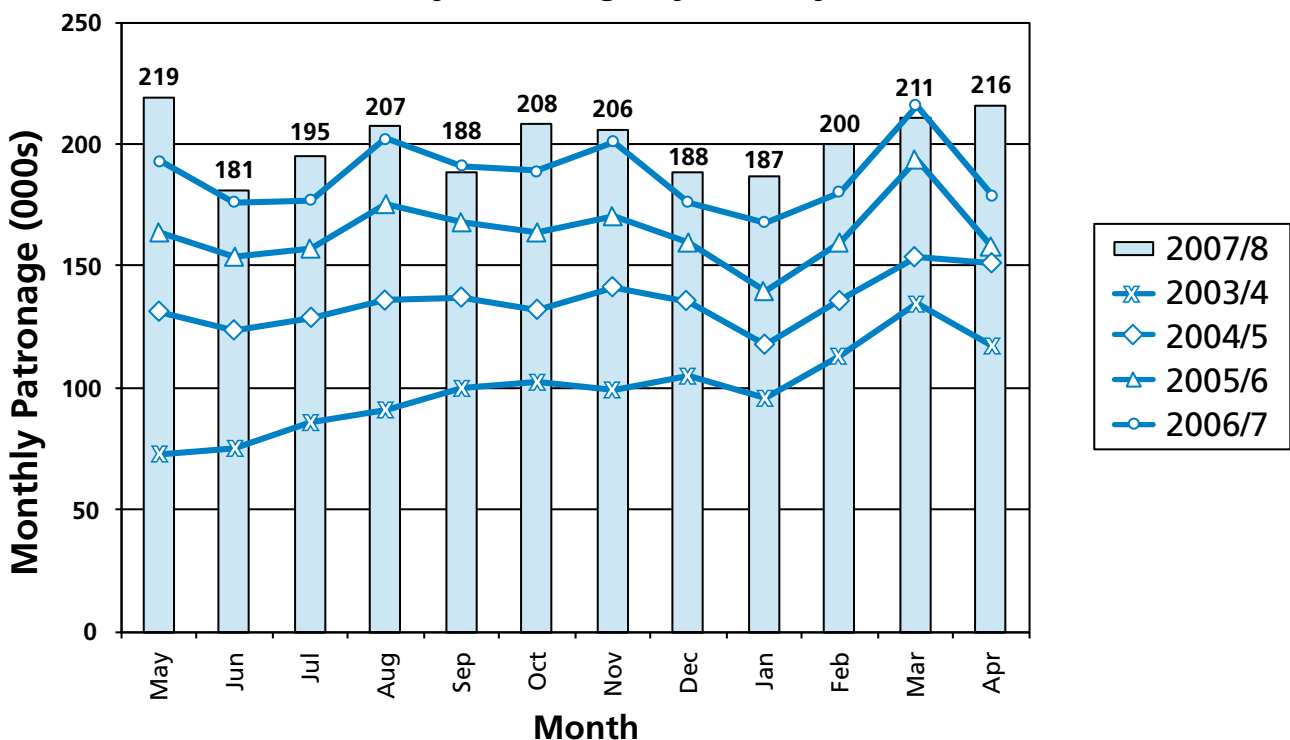
Services are provided from 4.28am to 12.15am on weekdays, operating at a 7-10 minute frequency during peak periods. On weekends and public holidays, services are provided from 5.18am to 12.15am, operating at a 20 minute frequency. Services operate for an extra hour on Friday and Saturday evenings.



The popularity of the Liverpool to Parramatta Transitway grows every day with more passengers joining these services each week.

This is a ringing endorsement for the bus-only Transitway with more and more families and commuters across Western Sydney jumping on board every day.

**LPT Monthly Patronage - year on year**







# Annual Financial Statements

Audited Financial Statements

For the year ended 30 June 2008



# ▶ Annual Financial Statements

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## Independent Auditor's Report

For the year ended 30 June 2008



GPO BOX 12  
Sydney NSW 2001

### INDEPENDENT AUDITOR'S REPORT

#### STATE TRANSIT AUTHORITY OF NEW SOUTH WALES

To Members of the New South Wales Parliament

I have audited the accompanying financial report of the State Transit Authority of New South Wales (the Authority), which comprises the balance sheet as at 30 June 2008, the income statement, statement of changes in equity and cash flow statement for the year then ended, a summary of significant accounting policies and other explanatory notes for both the Authority, and the Authority and its controlled entities (the consolidated entity). The consolidated entity comprises the Authority and the entities it controlled at the year's end or from time to time during the financial year.

#### Auditor's Opinion

In my opinion, the financial report:

- presents fairly, in all material respects, the financial position of the Authority and the consolidated entity as at 30 June 2008, and of their financial performance and their cash flows for the year then ended in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations)
- is in accordance with section 41B of the *Public Finance and Audit Act 1983* (the PF&A Act) and the Public Finance and Audit Regulation 2005.

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

#### Board's Responsibility for the Financial Report

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

#### Auditor's Responsibility

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

## Independent Auditor's Report

For the year ended 30 June 2008

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

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

My opinion does *not* provide assurance:

- about the future viability of the Authority or consolidated entity,
- that they have carried out their activities effectively, efficiently and economically, or
- about the effectiveness of their internal controls.

### Independence

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

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



S R Stanton  
Director, Financial Audit Services

SYDNEY  
27 October 2008



# ▶ Annual Financial Statements

## Start of Audited Financial Statements

### Income Statement

For the year ended 30 June 2008

	Notes	Parent 2008 \$'000	Economic entity 2008 \$'000	Parent 2007 \$'000	Economic entity 2007 \$'000
<b>Income</b>					
Operational revenue	2(a,b)	541,056	541,056	513,250	513,250
Other income	2(c)	30,872	30,872	27,778	27,778
<b>Total income</b>		<b>571,928</b>	<b>571,928</b>	<b>541,028</b>	<b>541,028</b>
<b>Expenses</b>					
Fleet running expenses	2(d)	89,916	89,916	80,204	80,204
Employee benefits	2(e)	-	340,662	-	291,996
Personnel services	2(f)	365,237	-	314,613	-
Finance costs	2(g)	5,652	5,652	5,545	5,545
General operating expenses	2(h)	108,604	133,179	108,000	130,617
<b>Total expenses</b>		<b>569,409</b>	<b>569,409</b>	<b>508,362</b>	<b>508,362</b>
<b>Gross profit from continuing activities before income tax</b>		<b>2,519</b>	<b>2,519</b>	<b>32,666</b>	<b>32,666</b>
Income tax expense	3	-	-	-	-
<b>Net profit from continuing activities</b>		<b>2,519</b>	<b>2,519</b>	<b>32,666</b>	<b>32,666</b>
<b>Net profit attributable to owners</b>		<b>2,519</b>	<b>2,519</b>	<b>32,666</b>	<b>32,666</b>

# ▶ Annual Financial Statements

## Balance Sheet

As at 30 June 2008

	Notes	Parent 2008 \$'000	Economic entity 2008 \$'000	Parent 2007 \$'000	Economic entity 2007 \$'000
<b>Current assets</b>					
Cash and cash equivalents	4(b)	2,693	2,693	19,554	19,554
Trade and other receivables	5	17,926	17,926	17,253	17,253
Inventories	6	9,583	9,583	8,218	8,218
Non-current assets held for sale	7	116	116	150	150
Other	8	717	1,020	872	2,300
<b>Total current assets</b>		<b>31,035</b>	<b>31,338</b>	<b>46,047</b>	<b>47,475</b>
<b>Non-current assets</b>					
Receivables	5	93,599	93,599	72,859	72,859
Property, plant and equipment	9	464,864	464,864	437,717	437,717
Intangibles	11	1,738	1,738	975	975
Deferred tax assets	12	61,425	61,425	62,477	62,477
<b>Total non-current assets</b>		<b>621,626</b>	<b>621,626</b>	<b>574,028</b>	<b>574,028</b>
<b>Total assets</b>		<b>652,661</b>	<b>652,964</b>	<b>620,075</b>	<b>621,503</b>
<b>Current liabilities</b>					
Trade and other payables	13	126,723	53,497	112,471	42,726
Financial liabilities	14	16,868	16,868	21,247	21,247
Provisions	15	2,704	76,233	2,489	73,662
Other	17	5,943	5,943	10,279	10,279
<b>Total current liabilities</b>		<b>152,238</b>	<b>152,541</b>	<b>146,486</b>	<b>147,914</b>
<b>Non-current liabilities</b>					
Trade and other payables	13	89,517	-	70,852	-
Financial liabilities	14	61,093	61,093	54,565	54,565
Provisions	15	355	89,872	182	71,034
Deferred tax liabilities	16	72,637	72,637	73,367	73,367
<b>Total non-current liabilities</b>		<b>223,602</b>	<b>223,602</b>	<b>198,966</b>	<b>198,966</b>
<b>Total liabilities</b>		<b>375,840</b>	<b>376,143</b>	<b>345,452</b>	<b>346,880</b>
<b>Net assets</b>		<b>276,821</b>	<b>276,821</b>	<b>274,623</b>	<b>274,623</b>
<b>Equity</b>					
Reserves	24	126,986	126,986	127,662	127,662
Accumulated funds	24	149,835	149,835	146,961	146,961
<b>Total equity</b>		<b>276,821</b>	<b>276,821</b>	<b>274,623</b>	<b>274,623</b>

# ▶ Annual Financial Statements

## Statement of Changes in Equity

For the year ended 30 June 2008

	Notes	Parent 2008 \$'000	Economic entity 2008 \$'000	Parent 2007 \$'000	Economic entity 2007 \$'000
Total equity at the beginning of the year		274,623	274,623	227,386	227,386
<b>Restated total equity at the beginning of the year</b>		<b>274,623</b>	<b>274,623</b>	<b>227,386</b>	<b>227,386</b>
Increase in revaluation of property, plant and equipment	24	-	-	36,849	36,849
Recognition of deferred tax liability on the asset revaluation reserve	24	289	289	(10,762)	(10,762)
<b>Total income and expenses recognised directly in equity</b>		<b>289</b>	<b>289</b>	<b>26,087</b>	<b>26,087</b>
Net profit for the year	24	2,519	2,519	32,666	32,666
Impact of tax liability on current year operations	24	(610)	(610)	(11,516)	(11,516)
<b>Total income and expenses recognised for the year</b>		<b>1,909</b>	<b>1,909</b>	<b>21,150</b>	<b>21,150</b>
<b>Total equity at the end of the year</b>		<b>276,821</b>	<b>276,821</b>	<b>274,623</b>	<b>274,623</b>



# ▶ Annual Financial Statements

## Cash Flow Statement

For the year ended 30 June 2008

	Notes	Parent 2008 Inflows (outflows) \$'000	Economic entity 2008 Inflows (outflows) \$'000	Parent 2007 Inflows (outflows) \$'000	Economic entity 2007 Inflows (outflows) \$'000
<b>Cash flows from operating activities</b>					
Receipts from customers		552,268	552,268	518,017	518,017
Reimbursements from NSW Government		1,580	1,580	2,132	2,132
Other income		37,970	37,970	36,249	36,249
Interest received		7,317	7,317	4,974	4,974
Payments to suppliers		(536,454)	(216,918)	(492,890)	(192,753)
Payments to employees		-	(319,536)	-	(300,137)
Interest and other finance costs		(5,879)	(5,879)	(5,772)	(5,772)
<b>Net cash provided by (used in) operating activities</b>	<b>4(a)</b>	<b>56,802</b>	<b>56,802</b>	<b>62,710</b>	<b>62,710</b>
<b>Cash flows from investing activities</b>					
Purchases of property, plant and equipment		(79,893)	(79,893)	(65,807)	(65,807)
Proceeds from sale of property, plant and equipment		278	278	345	345
<b>Net cash provided by (used in) investing activities</b>		<b>(79,615)</b>	<b>(79,615)</b>	<b>(65,462)</b>	<b>(65,462)</b>
<b>Cash flows from financing activities</b>					
Proceeds from/(repayment of) borrowings		1,999	1,999	(305)	(305)
Proceeds from finance leases		3,953	3,953	2,208	2,208
<b>Net cash provided by (used in) financing activities</b>		<b>5,952</b>	<b>5,952</b>	<b>1,903</b>	<b>1,903</b>
Net increase/(decrease) in cash and cash equivalents		(16,861)	(16,861)	(849)	(849)
Cash and cash equivalents at the beginning of the year		19,554	19,554	20,403	20,403
<b>Cash and cash equivalents at the end of the year</b>	<b>4(b)</b>	<b>2,693</b>	<b>2,693</b>	<b>19,554</b>	<b>19,554</b>

## Notes to and forming part of the Financial Statements

For the year ended 30 June 2008

---

### 1. Summary of Significant Accounting Policies

#### (a) Reporting entity

The State Transit Authority of New South Wales ("Authority") is established by section 20 of the Transport Administration Act 1988. It is domiciled in New South Wales, Australia. The Authority is owned by the State of New South Wales.

Western Sydney Buses ("WSB") was incorporated on 12 July 2002 under the Transport Administration Act 1988 as a fully owned public subsidiary corporation of the Authority. It provides bus transport services in the western Sydney region.

State Transit Authority Division ("STA Division") and Western Sydney Buses Division ("WSB Division"), being special purpose entities, are Divisions of the NSW Government Service which commenced operations on 17 March 2006 pursuant to Part 2 of Schedule 1 to the Public Sector Employment and Management Act 2002. They assumed responsibility for the employees and employee-related liabilities of the former employers, the Authority and WSB, respectively. Their operations are controlled by the Authority. The assumed liabilities were recognised on 17 March 2006 together with offsetting receivables representing the related funding due from the Authority and WSB.

The economic entity comprises the Authority, WSB, STA Division and WSB Division.

In complying with the NSW Treasury's accounting policy for distinguishing for-profit from not-for-profit entities, the Authority has self-assessed its objectives and activities and determined that it is a for-profit public entity from 1 July 2005.

The Authority's principal activities are the provision of bus services in metropolitan Sydney and bus and ferry services in Newcastle.

The financial report was authorised for issue by the Board on 24 October 2008. The report will not be amended and reissued as it has been audited.

#### (b) Statement of compliance

The financial statements of the Authority, including the notes, comply with Australian Accounting Standards and Interpretations, which include the Australian Equivalents to International Financial Reporting Standard ("AEIFRS").

The Authority has assessed the Australian Accounting Standards that have recently been issued or amended but are not yet effective or applied. It has been determined that these new accounting standards will have no material impact on the financial statements in the period of initial application.

## Notes to and forming part of the Financial Statements

For the year ended 30 June 2008

---

### 1. Summary of Significant Accounting Policies (continued)

#### (c) Basis of preparation

The financial statements 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 2005, Australian Accounting Standards, Interpretations, 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 are recorded at fair value. For some classes of non-current assets, the fair value is the historical cost. Other classes use market value or depreciated replacement cost.

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

#### (d) Basis of consolidation

The consolidated financial statements of the economic entity comprise the Authority and its controlled entities. Controlled entities include special purpose entities where the Authority has control over their financial and operating policies.

The financial statements include the information and results of each controlled entity from the date on which the Authority obtains control and until such time as the Authority ceases to control the entity.

In preparing the consolidated financial statements, the effects of all transactions between entities of the economic entity have been eliminated.

The financial statements of controlled entities have been prepared for the same reporting period as the parent entity, using consistent accounting policies.

For clarity of presentation, on some pages where the notes of the parent entity and the economic entity are the same, only the notes of the economic entity are reported.

# ▶ Annual Financial Statements

## Notes to and forming part of the Financial Statements

For the year ended 30 June 2008

---

### 1. Summary of Significant Accounting Policies (continued)

#### (e) Revenue recognition

Revenue is recognised when the Authority has transferred to the buyer the significant risks and rewards of ownership of the assets or when services are provided. It must also be probable that the economic benefits will flow to the Authority and that any costs incurred, or amount of revenue gained in respect of the transaction can be measured reliably. The following specific measurement criteria also apply:

##### (i) Operational revenue

Operational revenue is recognised as revenue when it can be reliably measured, based on passengers travelled or services provided. Refer note 2(i) for more details.

##### (ii) Government grants

Grants are recognised as revenues when the Authority obtains control over the assets. Usually control is obtained upon the receipt of cash. Unspent grants are accounted for as liabilities if there is an in-substance contractual obligation to refund the unspent amounts.

##### (iii) Investment income

Interest income is recognised on a time proportion basis using the effective interest method

Operating lease income derived from commercial properties is recognised on a straight-line basis over the lease term.

#### (f) Cash and cash equivalents

Cash and cash equivalents are carried at principal amount and is subject to an insignificant risk of changes in value. They include cash-on-hand, in the 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.

#### (g) Receivables

Receivables are recognised initially at fair value and subsequently measured at amortised cost less a provision for impairment. Prepayments represent amounts paid in advance for services where the benefit will be realised in a subsequent period.

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 New South Wales 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.

The collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off as bad debts.



## Notes to and forming part of the Financial Statements

For the year ended 30 June 2008

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### 1. Summary of Significant Accounting Policies (continued)

#### (h) Inventories

Inventories are stated at the lower of the weighted average cost or net realisable value.

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

These assets are recognised at the lower of carrying amounts and fair values less selling costs and are no longer being depreciated.

#### (j) Property, plant and equipment

The following policies apply to property, plant and equipment:

##### (i) Basis of valuation

The Authority has applied AASB 116 Property, Plant and Equipment in accordance with NSW Treasury Policy and Guidelines which require that non-current assets be measured at fair value.

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

Each non-current physical asset is revalued at least every five years to ensure that the carrying amount of each asset in the class does not differ materially from its fair value at reporting date. Non-specialised assets with short useful lives are measured at depreciated historical cost, as a surrogate for fair value. When revaluing non-current physical assets, the gross amount and the related accumulated depreciation are separately restated.

Where an asset's carrying amount is increased as a result of a revaluation, the increase is credited directly to the asset revaluation reserve. However, the increase is recognised in the income statement to the extent that it reverses a revaluation decrease of the same asset previously recognised in the income statement.

Where an asset's carrying amount is decreased as a result of a revaluation, the decrease is recognised in the income statement. However, the decrease is debited directly to the asset revaluation reserve to the extent of any credit balance existing in the asset revaluations reserve in respect of that asset.

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

# ▶ Annual Financial Statements

## Notes to and forming part of the Financial Statements

For the year ended 30 June 2008

### 1. Summary of Significant Accounting Policies (continued)

#### (j) Property, plant and equipment (continued)

##### (ii) Depreciation/Amortisation

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

Asset class	Useful life	Method
Freehold buildings and wharves	40 years	Straight line
Plant and equipment	3 to 20 years	Straight line
Intangibles	2 to 3 years	Straight line
Buses	15 to 20 years	In line with the pattern of consumption of economic benefits
Ferries	45 years	Straight line

The assets' residual values, useful lives, amortisation and depreciation methods are reviewed, and adjusted if appropriate, at the end of each reporting period. Where some buses operate for a period exceeding 20 years, their depreciation rates are adjusted accordingly.

##### (iii) 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 \$5,000 or more individually is capitalised.

##### (iv) Work-in-progress

Costs relating to property, plant and equipment, including buses, under construction are shown in the financial statements as capital work-in-progress and are not depreciated.

##### (v) 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.

##### (vi) Repairs & maintenance

The costs 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(j)(ii).

## Notes to and forming part of the Financial Statements

For the year ended 30 June 2008

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### 1. Summary of Significant Accounting Policies (continued)

#### (k) Intangibles

Intangible assets, comprising computer software, which have finite lives, are recognised at cost and are amortised as amortisation of intangible assets expense, on a straight-line basis over the period during which the benefits are expected to arise.

#### (l) Impairment

The carrying values of assets are reviewed annually for impairment where objective evidence, or changes in circumstances, indicate the carrying values may not be recoverable or the assets previously impaired may be reversible.

If any such indication exists and where the carrying values exceed the estimated recoverable amounts, the impaired assets would be written down to their recoverable amounts. Where the recoverable amounts exceed the values of the impaired assets, a reversal is made to the extent of the previous write downs.

#### (m) Payables

Liabilities for trade creditors are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method.

#### (n) Financial liabilities

Borrowings are recognised initially at fair value. After initial recognition, borrowings are measured at amortised cost using the effective interest rate method.

Gains and losses are recognised in the income statement when the liabilities are derecognised or through the amortisation process.

#### (o) Provisions

Provisions are recognised when the Authority has a present legal, equitable or constructive obligation to make a future sacrifice of economic benefits to other entities as a result of past transactions or events and a reliable estimate of the amount of the obligation can be made.

# ▶ Annual Financial Statements

## Notes to and forming part of the Financial Statements

For the year ended 30 June 2008

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### 1. Summary of Significant Accounting Policies (continued)

#### (p) Employee benefits

- (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' service up to that date.

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 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.

Annual leave entitlements, that are recognised as current liabilities, are measured at their nominal amounts based on remuneration rates expected to be paid when the entitlements are settled. Long service leave obligations that are not expected to be settled within twelve months are assessed at present value by independent actuaries. The unconditional component of the long service leave entitlements, for those employees currently employed for nine or more years at the reporting date, are classified as current liabilities.

- (iii) Superannuation

The employees' retirement benefits liability in respect of three defined benefit superannuation funds is recognised in full. The liability for employees' retirement benefits is based on an actuarial assessment (refer note 15(b)). Actuarial gains and losses are recognised in the income statement in the year in which they occur. Contributions to the defined contribution plans are expensed when incurred.

#### (q) Reserves

The asset revaluation reserve comprises revaluation increments/decrements recognised upon the revaluation of non-current physical assets. Upon disposal or retirement, any remaining revaluation increment of the asset at the time of disposal is transferred to accumulated funds.

#### (r) Insurance

Appropriate insurances are purchased to cover material 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. Broker advice is maintained to ensure a proactive response to changes in the operating environment.

Provisions are made for future costs associated with liability claims occurring in the financial year. These provisions are assessed at their present value by independent actuaries. Recoveries due under insurance arrangements are treated as receivables.



# ▶ Annual Financial Statements

## Notes to and forming part of the Financial Statements

For the year ended 30 June 2008

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### 1. Summary of Significant Accounting Policies (continued)

#### (s) Income tax

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

Tax-effect accounting is applied using the balance sheet method. The income tax expense, or benefit, for the period is the tax payable on the current period's taxable income adjusted by changes in deferred tax assets and liabilities attributable to amounts recognised as assets or liabilities and any unused tax losses.

Deferred tax assets and liabilities are recognised for temporary differences between the assets and liabilities for accounting purposes and the tax bases of those assets and liabilities.

A deferred tax asset is recognised for the carry forward of unused tax losses to the extent that it is probable that future taxable profit will be available against which the unused tax losses can be utilised.

Income taxes relating to items recognised directly in equity are recognised in equity, not in the income statement.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax laws that have been enacted, or substantively enacted, at the reporting date.

The parent and its wholly owned/controlled entities elected to enter into tax consolidation effective 1 July 2002, with the Authority as the head entity of the tax-consolidated group.

The tax expense/benefit, deferred tax liabilities and deferred tax assets arising from temporary differences of the members of the tax-consolidated group are recognised in the financial statements of the head entity, using the 'single taxpayer' approach.

#### (t) 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 the 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 balance sheet as an asset or liability.

Cash flows are reported in the cash flow statement on a gross basis. The GST components of cash flows arising from investing and financing activities are classified as operating cash flows.

#### (u) Finance costs

Borrowing costs are expensed in the period in which they are incurred.

## Notes to and forming part of the Financial Statements

For the year ended 30 June 2008

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### 1. Summary of Significant Accounting Policies (continued)

#### (v) Segment reporting

##### **Primary reporting: geographical segment: Sydney & Newcastle**

The Authority's operational risks and returns are affected predominantly by the geographical areas in which it operates the bus and ferry services. The Authority operates mainly in the Sydney metropolitan areas; with a smaller service in the Newcastle area. It is considered the Authority has one geographical segment, comprising the Sydney metropolitan and Newcastle locations.

##### **Secondary reporting: business segment**

The Authority's one business segment is the provision of bus and ferry services. Due to its relative small size, the ferry service is not considered a separate business segment.

##### **Segment accounting policies**

The assets, liabilities, revenue and expenses that are directly attributable, or can be reasonably allocated, to the segment are reported as segment information. The segment accounting policies are the same as the Authority's accounting policies.

#### (w) Finance leases

Where the Authority, as the lessor, transfers substantially all the risks and rewards of the buses to another entity, the leased assets are recognised as current and non-current receivables at amounts equal to the net investment in the leases.

The lease receipt is recognised in two components, one as a reduction of the lease receivable and the other as finance income. The finance income is calculated according to the interest rate implicit in the leases.

#### (x) Comparatives

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

#### (y) Rounding

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

# ▶ Annual Financial Statements

## Notes to and forming part of the Financial Statements

For the year ended 30 June 2008

### 2. Income and Expenses

	Notes	Parent 2008 \$'000	Economic entity 2008 \$'000	Parent 2007 \$'000	Economic entity 2007 \$'000
<b>(a) Operational revenue</b>	2(i)	539,387	539,387	511,770	511,770
<b>(b) Reimbursements from NSW Government:</b>					
- free travel by school students	2(j)(i)	436	436	544	544
- concessional travel	2(j)(i)	256	256	(17)	(17)
- community service obligations	2(j)(ii)	977	977	953	953
<b>Total operational income</b>		<b>541,056</b>	<b>541,056</b>	<b>513,250</b>	<b>513,250</b>
<b>(c) Other income</b>					
Interest	2(k)	7,145	7,145	4,776	4,776
Other (includes rents, fines, advertising, training and management fees)		23,727	23,727	23,002	23,002
<b>Total other income</b>		<b>30,872</b>	<b>30,872</b>	<b>27,778</b>	<b>27,778</b>
<b>Total income</b>		<b>571,928</b>	<b>571,928</b>	<b>541,028</b>	<b>541,028</b>

# ▶ Annual Financial Statements

## Notes to and forming part of the Financial Statements

For the year ended 30 June 2008

### 2. Income and Expenses (continued)

	Notes	Parent 2008 \$'000	Economic entity 2008 \$'000	Parent 2007 \$'000	Economic entity 2007 \$'000
<b>(d) Fleet running expenses</b>					
Fuel, spare parts and other inventory consumed		68,101	68,101	60,105	60,105
Inventory write-down		4	4	11	11
Equipment maintenance		6,218	6,218	6,847	6,847
Other		15,593	15,593	13,241	13,241
<b>Total fleet running expenses</b>		<b>89,916</b>	<b>89,916</b>	<b>80,204</b>	<b>80,204</b>
<b>(e) Employee benefits</b>					
Salaries and wages		-	264,601	-	249,554
Annual leave		-	24,267	-	23,972
Long service leave		-	7,354	-	8,156
Retirement benefits - defined benefits income	15(b)(iv)	-	28,603	-	(4,105)
Retirement benefits - defined contributions		-	15,837	-	14,419
<b>Total employee benefits</b>		<b>-</b>	<b>340,662</b>	<b>-</b>	<b>291,996</b>
<b>(f) Personnel services</b>					
Services from STA Division & WSB Division		365,237	-	314,613	-
<b>Total personnel services</b>		<b>365,237</b>	<b>-</b>	<b>314,613</b>	<b>-</b>
<b>(g) Finance costs</b>					
Interest		5,652	5,652	5,545	5,545
<b>Total finance costs</b>		<b>5,652</b>	<b>5,652</b>	<b>5,545</b>	<b>5,545</b>
<b>(h) General operating expenses</b>					
Workers' compensation		-	7,016	-	5,904
Payroll tax		-	17,180	-	16,271
Insurances		14,296	14,296	14,455	14,455
Depreciation	9(d)	32,157	32,157	33,570	33,570
Amortisation of intangible assets	11	827	827	641	641
Losses on disposal of assets	10	256	256	57	57
Minimum lease payments		3,192	3,192	2,980	2,980
Consultancy/professional services		4,079	4,079	3,538	3,538
Impairment		(118)	(118)	(11)	(11)
Revaluation expense		-	-	580	580
Other		53,915	54,294	52,190	52,632
<b>Total general operating expenses</b>		<b>108,604</b>	<b>133,179</b>	<b>108,000</b>	<b>130,617</b>
<b>Total expenses</b>		<b>569,409</b>	<b>569,409</b>	<b>508,362</b>	<b>508,362</b>



# ▶ Annual Financial Statements

## Notes to and forming part of the Financial Statements

For the year ended 30 June 2008

### 2. Income and Expenses (continued)

(i) Operational revenue consists of revenue derived from fares, charters, tourist services and from the operations of the Metropolitan Bus System Contracts and an Outer Metropolitan Bus System Contract.

#### (j) (i) Free & concessional travel

Free and concessional travel is provided by Western Sydney Buses and Newcastle Ferries 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 by Government is provided for free school travel on the basis of percentage of the number of passes on issue in the current year. Pensioners pay an all-day concession ticket price of \$2.50 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.

#### (ii) Community service obligations (CSO)

Reimbursements were received from the NSW Government in accordance with the NSW 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 in respect of the Newcastle ferry services.

**Service level CSO** – Represents payments by the NSW Government to recover the industry benchmark operating cost of ferry services in Newcastle.

	Parent 2008 \$'000	Economic entity 2008 \$'000	Parent 2007 \$'000	Economic entity 2007 \$'000
<b>(k) Interest income</b>				
Hour-Glass Cash facility (distribution income)	867	867	981	981
Other Interest	6,278	6,278	3,795	3,795
<b>Total interest income</b>	<b>7,145</b>	<b>7,145</b>	<b>4,776</b>	<b>4,776</b>
<b>(l) Audit fees</b>				
Payable to the Audit Office of NSW for the audit of financial reports	199	229	192	222
<b>Total audit fees</b>	<b>199</b>	<b>229</b>	<b>192</b>	<b>222</b>

#### (m) Board members' remuneration

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 \$126,677 (2007: \$126,676). There were no other benefits paid to the members of the Board.

# ▶ Annual Financial Statements

## Notes to and forming part of the Financial Statements

For the year ended 30 June 2008

### 3. Income Tax

	Parent 2008 \$'000	Economic entity 2008 \$'000	Parent 2007 \$'000	Economic entity 2007 \$'000
<b>(a) Income tax expense</b>				
Current tax expense/(benefit)	7,226	7,226	8,887	8,887
Deferred tax expense/(benefit)	(7,226)	(7,226)	(8,887)	(8,887)
<b>Total income tax expense/(benefit)</b>	-	-	-	-
<b>(b) Reconciliation between tax expense and accounting profit</b>				
Prima facie tax on operating profit at 30% (2007: 30%)	756	756	9,800	9,800
Tax effect of expenses that are not deductible in determining taxable income	(145)	(145)	1,501	1,501
Partial recognition of tax losses	(611)	(611)	(11,301)	(11,301)
<b>Income tax attributable to tax profit</b>	-	-	-	-

# ▶ Annual Financial Statements

## Notes to and forming part of the Financial Statements

For the year ended 30 June 2008

### 4. Cash and Cash Equivalents

	Parent 2008 \$'000	Economic entity 2008 \$'000	Parent 2007 \$'000	Economic entity 2007 \$'000
<b>(a) Reconciliation of operating results after tax to net cash from operating activities</b>				
Net profit after income tax	2,519	2,519	32,666	32,666
<b>Non-cash adjustments to reconcile net operating result to net cash from operating activities</b>				
Amortisation of intangible assets	827	827	641	641
Depreciation	32,157	32,157	33,570	33,570
Net loss on disposal of non-current assets	256	256	57	57
Revaluation expense	-	-	580	580
Other non-cash items	1,365	1,365	2,717	2,717
<b>Changes in assets and liabilities</b>				
(Increase)/decrease in receivables	1,569	1,569	(4,845)	(4,845)
(Increase)/decrease in inventory	(1,367)	(1,367)	361	361
(Increase)/decrease in Goods and Services Tax	(762)	(762)	(807)	(807)
(Increase)/decrease in other assets	1,130	1,130	(1,710)	(1,710)
Increase/(decrease) in payables	21,907	2,033	(889)	9,323
Increase/(decrease) in employee benefits	-	19,874	-	(10,212)
Increase/(decrease) in revenue received in advance	(4,337)	(4,337)	(501)	(501)
Increase/(decrease) in other provisions	1,538	1,538	870	870
<b>Net cash flows from operating activities</b>	<b>56,802</b>	<b>56,802</b>	<b>62,710</b>	<b>62,710</b>

# ▶ Annual Financial Statements

## Notes to and forming part of the Financial Statements

For the year ended 30 June 2008

### 4. Cash and Cash Equivalents (continued)

	Economic entity 2008 \$'000	Economic entity 2007 \$'000
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#### (b) Reconciliation of cash and cash equivalents

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

Cash at the end of the year, as shown in the cash flow statement, is reconciled to the related items in the balance sheet as follows:

Cash and cash equivalents	2,693	19,554
<b>Total cash and cash equivalents</b>	<b>2,693</b>	<b>19,554</b>

#### (c) Financing facility available

Facility used at balance date	2,500	-
Facility unused at balance date	42,500	45,000
<b>Short-term standby credit facility</b>	<b>45,000</b>	<b>45,000</b>

The short-term standby credit facility is to meet daily cash flow requirements that may arise from time to time. This facility is no longer restricted to a one-year term and its continuation is now at the discretion of NSW Treasury, in consultation with the Authority.

### 5. Receivables

#### Current

Trade debtors	5,892	4,397
Allowance for impairment	(8)	(63)
<b>Total trade debtors</b>	<b>5,884</b>	<b>4,334</b>
Sundry debtors	5,337	8,422
Allowance for impairment	(2,177)	(2,242)
<b>Total sundry debtors</b>	<b>3,160</b>	<b>6,180</b>
Goods and services tax	1,805	1,042
Finance leases	4,533	3,302
Prepayments	2,544	2,395
<b>Total other debtors</b>	<b>8,882</b>	<b>6,739</b>
<b>Total current receivables</b>	<b>17,926</b>	<b>17,253</b>

#### Non-current

Finance leases	93,599	72,859
<b>Total non-current receivables</b>	<b>93,599</b>	<b>72,859</b>



# ▶ Annual Financial Statements

## Notes to and forming part of the Financial Statements

For the year ended 30 June 2008

### 5. Receivables (continued)

	Economic entity 2008 \$'000	Economic entity 2007 \$'000
<b>Finance leases as the lessor</b>		
Receipts for new buses acquired under the Metropolitan Bus System Contracts from 1 July 2005, and the Outer Metropolitan Bus System Contract from 1 July 2006, are recognised as finance lease receipts from the Ministry of Transport for terms of 15 years.		
<b>Gross investment in the leases</b>		
Not later than one year	11,310	8,398
Later than one year and not later than five years	45,242	33,592
Later than five years	96,161	77,183
<b>Total gross investment</b>	<b>152,713</b>	<b>119,173</b>
<b>Present value of minimum lease receipts</b>		
Not later than one year	4,533	3,302
Later than one year and not later than five years	21,660	15,699
Later than five years	71,939	57,160
<b>Total present value of minimum lease receipts</b>	<b>98,132</b>	<b>76,161</b>
<b>Reconciliation</b>		
Total gross investment	152,713	119,173
Unearned finance income	(54,581)	(43,012)
<b>Total present value of minimum lease receipts</b>	<b>98,132</b>	<b>76,161</b>

### 6. Inventories

Mechanical and electrical spares	6,705	5,544
Distillate	1,571	1,409
Tyres and tubes	245	332
Other	1,062	933
<b>Total inventories</b>	<b>9,583</b>	<b>8,218</b>

# ▶ Annual Financial Statements

## Notes to and forming part of the Financial Statements

For the year ended 30 June 2008

### 7. Non-current Assets Held For Sale

Buses	96	130
Land	20	20
<b>Total non-current assets held for sale</b>	<b>116</b>	<b>150</b>

The buses and land held for sale are surplus to requirements. They are to be disposed by way of auctions and trade sales.

### 8. Other Assets

#### Current

Retirement benefits	15(b)(i)	303	1,428
Other		717	872
<b>Total current other assets</b>		<b>1,020</b>	<b>2,300</b>

### 9. Property, Plant and Equipment

(a) 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:

Economic entity	2008			2007		
	Capital value	Accumulated depreciation/ remediation	Fair value	Capital value	Accumulated depreciation/ remediation	Fair value
Class of property, plant and equipment	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Land	126,382	(510)	<b>125,872</b>	126,382	(3,530)	<b>122,852</b>
Buildings	120,340	(63,889)	<b>56,451</b>	116,909	(60,810)	<b>56,099</b>
Wharves	670	(186)	<b>484</b>	670	(167)	<b>503</b>
Plant and equipment	76,132	(48,104)	<b>28,028</b>	63,779	(52,869)	<b>10,910</b>
Motor vehicles (other than buses)	964	(619)	<b>345</b>	940	(598)	<b>342</b>
Buses	723,014	(526,931)	<b>196,083</b>	740,015	(519,654)	<b>220,361</b>
Ferries	5,000	(3,412)	<b>1,588</b>	5,000	(3,303)	<b>1,697</b>
Work-in-progress	56,013	-	<b>56,013</b>	24,953	-	<b>24,953</b>
<b>Total</b>	<b>1,108,515</b>	<b>(643,651)</b>	<b>464,864</b>	<b>1,078,648</b>	<b>(640,931)</b>	<b>437,717</b>

# ▶ Annual Financial Statements

## Notes to and forming part of the Financial Statements

For the year ended 30 June 2008

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### 9. Property, Plant and Equipment (continued)

#### Valuations

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

Class of assets	Basis of valuation	Date of valuation	Registered valuers
Buses	Market-based	30 June 2006	Rodney Hyman Asset Services
Ferries	Depreciated replacement cost	30 June 2004	Rodney Hyman Asset Services
Freehold commercial land and buildings	Market-based	30 June 2007	Aon Valuation Services
Operating land and buildings	Market-based, Depreciated replacement cost	30 June 2007	Aon Valuation Services
Wharves	Depreciated replacement cost	30 June 2007	Aon Valuation Services

# ▶ Annual Financial Statements

## Notes to and forming part of the Financial Statements

For the year ended 30 June 2008

### 9. Property, Plant and Equipment (continued)

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

Economic entity		2008						
Class of property, plant and equipment	Opening balance	Disposals/ transfers	Additions	Other	Held for sale	Revaluation	Depreciation	Closing balance
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Freehold operating land	122,240	-	-	-	-	-	-	122,240
Freehold commercial land	612	-	-	3,020	-	-	-	3,632
Total land	122,852	-	-	3,020	-	-	-	125,872
Buildings	56,099	(18)	3,451	-	-	-	(3,081)	56,451
Wharves	503	-	-	-	-	-	(19)	484
Plant and equipment	10,910	(944)	22,889	1	-	-	(4,828)	28,028
Motor vehicles	342	-	86	-	-	-	(83)	345
Owned buses	220,361	(275)	-	-	34	-	(24,037)	196,083
Owned ferries	1,697	-	-	-	-	-	(109)	1,588
Work-in-progress	24,953	(55,978)	87,038	-	-	-	-	56,013
<b>Total</b>	<b>437,717</b>	<b>(57,215)</b>	<b>113,464</b>	<b>3,021</b>	<b>34</b>	<b>-</b>	<b>(32,157)</b>	<b>464,864</b>

Economic entity		2007						
Class of property, plant and equipment	Opening balance	Disposals/ transfers	Additions	Other	Held for sale	Revaluation	Depreciation	Closing balance
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Freehold operating land	101,882	(9)	-	-	-	20,367	-	122,240
Freehold commercial land	660	-	-	(1,146)	(20)	1,118	-	612
Total land	102,542	(9)	-	(1,146)	(20)	21,485	-	122,852
Buildings	42,769	-	1,140	-	-	14,437	(2,247)	56,099
Wharves	164	-	-	-	-	347	(8)	503
Plant and equipment	10,784	(31)	3,248	-	-	-	(3,091)	10,910
Motor vehicles	289	-	124	-	-	-	(71)	342
Owned buses	248,685	(353)	-	-	73	-	(28,044)	220,361
Owned ferries	1,806	-	-	-	-	-	(109)	1,697
Work-in-progress	12,968	(55,236)	67,221	-	-	-	-	24,953
<b>Total</b>	<b>420,007</b>	<b>(55,629)</b>	<b>71,733</b>	<b>(1,146)</b>	<b>53</b>	<b>36,269</b>	<b>(33,570)</b>	<b>437,717</b>



# ▶ Annual Financial Statements

## Notes to and forming part of the Financial Statements

For the year ended 30 June 2008

### 9. Property, Plant and Equipment (continued)

- (e) The historical costs of each revalued class of property, plant and equipment at the beginning and at the end of the reporting period are set out below:

Economic entity	2008			2007		
	Capital value	Accumulated depreciation/ remediation	Carrying amount	Capital value	Accumulated depreciation/ remediation	Carrying amount
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Land	24,816	(510)	<b>24,306</b>	24,816	(3,530)	<b>21,286</b>
Buildings	56,512	(22,763)	<b>33,749</b>	56,512	(22,763)	<b>33,749</b>
Wharves	180	(45)	<b>135</b>	180	(45)	<b>135</b>
Buses	492,390	(291,082)	<b>201,308</b>	495,539	(294,054)	<b>201,485</b>
Ferries	2,400	(1,586)	<b>814</b>	2,400	(1,586)	<b>814</b>
<b>Total</b>	<b>576,298</b>	<b>(315,986)</b>	<b>260,312</b>	<b>579,447</b>	<b>(321,978)</b>	<b>257,469</b>

### 10. Losses on Disposal of Assets

	Economic entity	
	2008 \$'000	2007 \$'000
Proceeds from disposal	278	345
Carrying amount of assets disposed	534	402
<b>Total losses on disposal of assets</b>	<b>(256)</b>	<b>(57)</b>

### 11. Intangibles

Economic entity	Capital value	Disposals	Additions	Accumulated amortisation	Amortisation	Carrying amount
2008	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Software	2,333	-	1,590	(2,185)	(827)	<b>1,738</b>
<b>Total</b>	<b>2,333</b>	<b>-</b>	<b>1,590</b>	<b>(2,185)</b>	<b>(827)</b>	<b>1,738</b>

Economic entity	Capital value	Disposals	Additions	Accumulated amortisation	Amortisation	Carrying amount
2007	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Software	2,238	-	95	(1,358)	(641)	<b>975</b>
<b>Total</b>	<b>2,238</b>	<b>-</b>	<b>95</b>	<b>(1,358)</b>	<b>(641)</b>	<b>975</b>

# ▶ Annual Financial Statements

## Notes to and forming part of the Financial Statements

For the year ended 30 June 2008

### 12. Deferred Tax Assets

	Parent 2008 \$'000	Economic entity 2008 \$'000	Parent 2007 \$'000	Economic entity 2007 \$'000
Provision for employee benefits	41,428	41,428	35,466	35,466
Provision for insurances	8,091	8,091	7,599	7,599
Tax losses	10,099	10,099	17,325	17,325
Other	1,807	1,807	2,087	2,087
<b>Total deferred tax assets</b>	<b>61,425</b>	<b>61,425</b>	<b>62,477</b>	<b>62,477</b>

### 13. Trade and Other Payables

<b>Current</b>				
Trade creditors	11,682	11,682	16,938	16,938
Payables - STA & WSB Divisions	86,931	-	82,192	-
Other creditors and accruals	26,587	26,549	11,592	11,716
Accrued salaries, wages and on-costs	-	13,743	-	12,323
Accrued interest payable	1,523	1,523	1,749	1,749
<b>Total trade and other payables</b>	<b>126,723</b>	<b>53,497</b>	<b>112,471</b>	<b>42,726</b>

<b>Non-current</b>				
Payables - STA & WSB Divisions	89,517	-	70,852	-
<b>Total non-current payables</b>	<b>89,517</b>	<b>-</b>	<b>70,852</b>	<b>-</b>

# ▶ Annual Financial Statements

## Notes to and forming part of the Financial Statements

For the year ended 30 June 2008

### 14. Financial Liabilities

	Parent 2008 \$'000	Economic entity 2008 \$'000	Parent 2007 \$'000	Economic entity 2007 \$'000
<b>Current</b>				
Borrowings secured by NSW Government guarantee	16,868	16,868	21,247	21,247
<b>Total current interest-bearing liabilities</b>	<b>16,868</b>	<b>16,868</b>	<b>21,247</b>	<b>21,247</b>
<b>Non-current</b>				
Borrowings secured by NSW Government guarantee	61,093	61,093	54,565	54,565
<b>Total non-current interest-bearing liabilities</b>	<b>61,093</b>	<b>61,093</b>	<b>54,565</b>	<b>54,565</b>
<b>(a) Payable</b>				
Not later than 1 year	16,868	16,868	21,247	21,247
Later than 1 year and not later than 5 years	28,906	28,906	29,043	29,043
Later than 5 years	32,187	32,187	25,522	25,522
<b>Total interest-bearing liabilities</b>	<b>77,961</b>	<b>77,961</b>	<b>75,812</b>	<b>75,812</b>

# ▶ Annual Financial Statements

## Notes to and forming part of the Financial Statements

For the year ended 30 June 2008

### 15. Provisions

	Notes	Parent 2008 \$'000	Economic entity 2008 \$'000	Parent 2007 \$'000	Economic entity 2007 \$'000
<b>Current</b>					
Employee benefits		-	68,927	-	66,738
Workers' compensation	15(a)	-	4,602	-	4,435
Others	15(a)	2,704	2,704	2,489	2,489
<b>Total current provisions</b>		<b>2,704</b>	<b>76,233</b>	<b>2,489</b>	<b>73,662</b>
<b>Non-current</b>					
Employee benefits		-	5,094	-	4,927
Retirement benefits	15(b)(i)	-	64,073	-	46,557
Workers' compensation	15(a)	-	20,350	-	19,368
Others	15(a)	355	355	182	182
<b>Total non-current provisions</b>		<b>355</b>	<b>89,872</b>	<b>182</b>	<b>71,034</b>



# ▶ Annual Financial Statements

## Notes to and forming part of the Financial Statements

For the year ended 30 June 2008

### 15. Provisions (continued)

- (a) Movements in each class of provisions during the year, other than employee benefits, are set out below:

<b>Economic entity - 2008</b>	<b>Workers' comp</b>	<b>CTP</b>	<b>Others</b>
Carrying amount at the beginning of the year	23,803	-	2,671
Additions/(reduction) to provisions recognised, including increases/(decreases) to existing provisions	6,900	180	2,272
Amounts used during the year	(5,751)	-	(2,064)
<b>Carrying amount at the end of the year</b>	<b>24,952</b>	<b>180</b>	<b>2,879</b>
Current	4,602	180	2,524
Non-current	20,350	-	355
	<b>24,952</b>	<b>180</b>	<b>2,879</b>

<b>Economic entity - 2007</b>	<b>Workers' comp</b>	<b>CTP</b>	<b>Others</b>
Carrying amount at the beginning of the year	23,543	-	2,056
Additions/(reduction) to provisions recognised, including increases/(decreases) to existing provisions	5,684	-	3,004
Amounts used during the year	(5,424)	-	(2,389)
<b>Carrying amount at the end of the year</b>	<b>23,803</b>	<b>-</b>	<b>2,671</b>
Current	4,435	-	2,489
Non-current	19,368	-	182
	<b>23,803</b>	<b>-</b>	<b>2,671</b>

# ▶ Annual Financial Statements

## Notes to and forming part of the Financial Statements

For the year ended 30 June 2008

### 15. Provisions (continued)

#### (b) Retirement benefits

The defined benefit schemes relating to employees of the Economic entity 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 Resource Consulting Pty Ltd, appointed by the Trustee, has calculated the financial liability. At least a component of the final benefit is derived from a multiple of a member's salary and years of membership.

All of the above schemes were closed to new employees since 1992.

All the funds are invested by the Trustee at arm's length through independent fund managers.

**The economic assumptions that have been used in the calculation are:**

	2008 % pa	2007 % pa
Discount rate	6.6	6.4
Expected return on fund assets as at 30 June	8.3	7.6
Expected rate of salary increases	3.5	4.0 to 2008 and 3.5 thereafter
Expected rate of increase in consumer price index	2.5	2.5

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

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

# ▶ Annual Financial Statements

## Notes to and forming part of the Financial Statements

For the year ended 30 June 2008

### 15. Provisions (continued)

(b) Retirement benefits (continued)

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

Economic entity	SASS \$'000	SANCS \$'000	SSS \$'000	Total \$'000
<b>As at 30 June 2008</b>				
Gross liability	264,153	25,324	11,743	<b>301,220</b>
Reserve balance	(213,432)	(11,971)	(12,046)	<b>(237,449)</b>
<b>Total unfunded liability</b>	<b>50,721</b>	<b>13,353</b>	<b>(303)</b>	<b>63,771</b>
<b>Economic entity</b>				
<b>As at 30 June 2007</b>				
Gross liability	281,088	25,115	10,887	<b>317,090</b>
Reserve balance	(245,528)	(14,118)	(12,315)	<b>(271,961)</b>
<b>Total unfunded liability</b>	<b>35,560</b>	<b>10,997</b>	<b>(1,428)</b>	<b>45,129</b>

# ▶ Annual Financial Statements

## Notes to and forming part of the Financial Statements

For the year ended 30 June 2008

### 15. Provisions (continued)

#### (b) Retirement benefits (continued)

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

Economic entity	SASS \$'000	SANCS \$'000	SSS \$'000	Total \$'000
<b>As at 30 June 2008</b>				
Present value of partly funded defined benefit obligations at beginning of the year	281,088	25,115	10,887	<b>317,090</b>
Current service cost	5,656	1,339	82	<b>7,077</b>
Interest cost	17,136	1,512	683	<b>19,331</b>
Contributions by fund participants	3,576	-	92	<b>3,668</b>
Actuarial (gains)/losses	(14,432)	172	(36)	<b>(14,296)</b>
Benefits paid	(28,871)	(2,814)	35	<b>(31,650)</b>
<b>Present value of partly funded defined benefit obligations at end of the year</b>	<b>264,153</b>	<b>25,324</b>	<b>11,743</b>	<b>301,220</b>
<b>Economic entity</b>				
<b>As at 30 June 2007</b>				
Present value of partly funded defined benefit obligations at beginning of the year	272,090	25,149	11,158	<b>308,397</b>
Current service cost	6,116	1,438	97	<b>7,651</b>
Interest cost	15,486	1,407	651	<b>17,544</b>
Contributions by fund participants	3,592	-	89	<b>3,681</b>
Actuarial (gains)/losses	5,952	(535)	(1,230)	<b>4,187</b>
Benefits paid	(22,148)	(2,344)	122	<b>(24,370)</b>
<b>Present value of partly funded defined benefit obligations at end of the year</b>	<b>281,088</b>	<b>25,115</b>	<b>10,887</b>	<b>317,090</b>

# ▶ Annual Financial Statements

## Notes to and forming part of the Financial Statements

For the year ended 30 June 2008

### 15. Provisions (continued)

#### (b) Retirement benefits (continued)

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

Economic entity	SASS \$'000	SANCS \$'000	SSS \$'000	Total \$'000
<b>As at 30 June 2008</b>				
Fair value of fund assets at beginning of the year	245,528	14,118	12,315	<b>271,961</b>
Expected return on fund assets	18,003	1,062	956	<b>20,021</b>
Actuarial gains/(losses)	(33,084)	(1,909)	(1,521)	<b>(36,514)</b>
Employer contributions	8,280	1,514	169	<b>9,963</b>
Contributions by fund participants	3,576	-	92	<b>3,668</b>
Benefits paid	(28,871)	(2,814)	35	<b>(31,650)</b>
<b>Fair value of fund assets at end of the year</b>	<b>213,432</b>	<b>11,971</b>	<b>12,046</b>	<b>237,449</b>
<b>Economic entity</b>				
<b>As at 30 June 2007</b>				
Fair value of fund assets at beginning of the year	225,272	13,124	10,648	<b>249,044</b>
Expected return on fund assets	16,683	956	805	<b>18,444</b>
Actuarial gains/(losses)	13,716	817	508	<b>15,041</b>
Employer contributions	8,413	1,565	143	<b>10,121</b>
Contributions by fund participants	3,592	-	89	<b>3,681</b>
Benefits paid	(22,148)	(2,344)	122	<b>(24,370)</b>
<b>Fair value of fund assets at end of the year</b>	<b>245,528</b>	<b>14,118</b>	<b>12,315</b>	<b>271,961</b>



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## Notes to and forming part of the Financial Statements

For the year ended 30 June 2008

### 15. Provisions (continued)

(b) Retirement benefits (continued)

(iv) Defined benefits fund expense/(income) for the year:

Economic entity	SASS \$'000	SANCS \$'000	SSS \$'000	Total \$'000
<b>Ending 30 June 2008</b>				
Current service cost	5,656	1,339	82	<b>7,077</b>
Interest cost	17,136	1,512	683	<b>19,331</b>
Expected return on fund assets	(18,003)	(1,062)	(956)	<b>(20,021)</b>
Net actuarial losses/(gains) recognised	18,652	2,080	1,484	<b>22,216</b>
<b>Total included in retirement benefits expense</b>	<b>23,441</b>	<b>3,869</b>	<b>1,293</b>	<b>28,603</b>

Economic entity	SASS \$'000	SANCS \$'000	SSS \$'000	Total \$'000
<b>Ending 30 June 2007</b>				
Current service cost	6,116	1,438	97	<b>7,651</b>
Interest cost	15,486	1,407	651	<b>17,544</b>
Expected return on fund assets	(16,683)	(956)	(805)	<b>(18,444)</b>
Net actuarial losses/(gains) recognised	(7,765)	(1,352)	(1,739)	<b>(10,856)</b>
<b>Total included in retirement benefits expense</b>	<b>(2,846)</b>	<b>537</b>	<b>(1,796)</b>	<b>(4,105)</b>

(v) Actual return on fund assets for the year ended:

Economic entity	SASS \$'000	SANCS \$'000	SSS \$'000	Total \$'000
<b>30 June 2008</b>	(15,231)	(847)	(835)	<b>(16,913)</b>

Economic entity	SASS \$'000	SANCS \$'000	SSS \$'000	Total \$'000
<b>30 June 2007</b>	31,992	1,773	1,558	<b>35,323</b>

# ▶ Annual Financial Statements

## Notes to and forming part of the Financial Statements

For the year ended 30 June 2008

### 15. Provisions (continued)

(b) Retirement benefits (continued)

(vi) Historical information:

Economic entity	SASS \$'000	SANCS \$'000	SSS \$'000	Total \$'000
<b>As at 30 June 2008</b>				
Present value of defined benefit obligation	264,153	25,324	11,743	<b>301,220</b>
Fair value of fund assets	(213,432)	(11,971)	(12,046)	<b>(237,449)</b>
Total unfunded liability	50,721	13,353	(303)	<b>63,771</b>
Experience adjustments – fund liabilities	(14,432)	172	(36)	<b>(14,296)</b>
Experience adjustments – fund assets	33,084	1,909	1,521	<b>36,514</b>

Economic entity				
<b>As at 30 June 2007</b>				
Present value of defined benefit obligation	281,088	25,115	10,887	<b>317,090</b>
Fair value of fund assets	(245,528)	(14,118)	(12,315)	<b>(271,961)</b>
Total unfunded liability	35,560	10,997	(1,428)	<b>45,129</b>
Experience adjustments – fund liabilities	5,952	(535)	(1,230)	<b>4,187</b>
Experience adjustments – fund assets	(13,716)	(817)	(508)	<b>(15,041)</b>

(vii) Expected employer contribution to be paid during the annual reporting period beginning after the reporting date:

Economic entity	SASS \$'000	SANCS \$'000	SSS \$'000	Total \$'000
<b>As at 30 June 2008</b>				
	7,867	1,514	150	<b>9,531</b>
Economic entity				
<b>As at 30 June 2007</b>				
	7,901	1,561	142	<b>9,604</b>

# ▶ Annual Financial Statements

## Notes to and forming part of the Financial Statements

For the year ended 30 June 2008

### 15. Provisions (continued)

#### (b) Retirement benefits (continued)

(viii) The percentage invested in each asset class at the reporting date:

Economic entity	2008 %	2007 %
Australian equities	31.6	33.6
Overseas equities	25.4	26.5
Australian fixed interest securities	7.4	6.8
Overseas fixed interest securities	7.5	6.4
Property	11.0	10.1
Cash	6.1	9.8
Other	11.0	6.8

(ix) A summary of the financial position of the fund calculated in accordance with AAS 25 Financial Reporting by Superannuation Plans as supplied by the Trustee:

Economic entity	SASS \$'000	SANCS \$'000	SSS \$'000	Total \$'000
<b>As at 30 June 2008</b>				
Accrued benefits	262,173	25,409	10,869	<b>298,451</b>
Net market value of the fund assets	(213,432)	(11,971)	(12,046)	<b>(237,449)</b>
<b>Net (surplus)/deficit</b>	<b>48,741</b>	<b>13,438</b>	<b>(1,177)</b>	<b>61,002</b>
<b>Economic entity</b>				
<b>As at 30 June 2007</b>				
Accrued benefits	276,875	24,842	9,835	<b>311,552</b>
Net market value of the fund assets	(245,528)	(14,118)	(12,315)	<b>(271,961)</b>
<b>Net (surplus)/deficit</b>	<b>31,347</b>	<b>10,724</b>	<b>(2,480)</b>	<b>39,591</b>

# ▶ Annual Financial Statements

## Notes to and forming part of the Financial Statements

For the year ended 30 June 2008

### 15. Provisions (continued)

(b) Retirement benefits (continued)

Recommended contribution rates for the year ending	SASS	SANCS	SSS
	Multiple of member contributions	% member salary	Multiple of member contributions
30 June 2008	2.2	2.5	1.6
30 June 2007	2.2	2.5	1.6

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

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

(xi) The economic assumptions adopted for the last actuarial review of the fund were:

Economic entity	2008 % pa	2007 % pa
<b>Weighted-average assumptions</b>		
Expected rate of return on fund assets backing current defined benefit liabilities	7.7	7.7
Expected rate of return on fund assets backing other liabilities	7.0	7.0
Expected salary increase rate	4.0	4.0
Expected rate of CPI increase	2.5	2.5

(xii) If a surplus exists in the employer's interest in the fund, the employer may be able to reduce the required contribution rate, subject to the fund's actuarial advice.

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

# ▶ Annual Financial Statements

## Notes to and forming part of the Financial Statements

For the year ended 30 June 2008

### 15. Provisions (continued)

#### (b) Retirement benefits (continued)

##### (xiii) Demographic assumptions - as at 30 June 2008

The demographic assumptions as at 30 June 2008 are those being used for the (current) 2008 triennial actuarial valuation. A selection of the most financially significant assumptions is shown below.

##### (i) SASS contributors

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

Age nearest Birthday	Number of members expected in any one year, out of 10,000 members at the age shown, to leave the fund as a result of:					Additional promotional salary increase rate %
	Death	Total & Permanent Disability	Retirement	Resignation	Redundancy	
<b>Males</b>						
30	4	8	-	280	150	2.90
40	6	10	-	150	150	1.80
50	11	30	-	112	150	0.00
60	30	-	1,400	-	150	0.00
<b>Females</b>						
30	2	2	-	372	150	2.90
40	3	6	-	175	150	1.80
50	7	28	-	144	150	0.00
60	18	-	1,500	-	150	0.00



# ▶ Annual Financial Statements

## Notes to and forming part of the Financial Statements

For the year ended 30 June 2008

### 15. Provisions (continued)

#### (b) (xiii) Demographic assumptions - as at 30 June 2008 (continued)

##### (ii) SSS contributors

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

Age nearest Birthday	Number of members expected in any one year, out of 10,000 members at the age shown, to leave the fund as a result of:					Additional promotional salary increase rate %
	Death	Ill-Health Retirement	Retirement (R60 for females)	Cash Resignation (R60 for females)	Preservation (R60 for females)	
<b>Males</b>						
30	4	42	-	178	95	2.90
40	6	54	-	80	140	1.80
50	11	144	-	20	50	0.00
60	30	-	6,500	-	-	0.00
<b>Females</b>						
30	2	6	-	204	124	2.90
40	3	21	-	72	105	1.80
50	7	103	-	30	90	0.00
60	18	-	6,300	-	-	0.00

##### (iii) SSS commutation

The proportion of SSS members assumed to commute their pension to a lump sum in any one year:

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

# ▶ Annual Financial Statements

## Notes to and forming part of the Financial Statements

For the year ended 30 June 2008

### 15. Provisions (continued)

#### (b) (xiii) Demographic assumptions - as at 30 June 2008 (continued)

##### (iv) SSS pensioner mortality

The assumed mortality rates (in 2008/2009) for SSS pensioners (separately for normal retirement/spouses and invalidity):

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

##### (v) SSS pensioner mortality improvements

The assumed rates of mortality improvement for SSS pensioners per year:

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

# ▶ Annual Financial Statements

## Notes to and forming part of the Financial Statements

For the year ended 30 June 2008

### 15. Provisions (continued)

#### (b) Retirement benefits (continued)

##### (xiii) Demographic assumptions - as at 30 June 2007

The demographic assumptions as at 30 June 2007 are those being used for the (current) 2007 triennial actuarial valuation. A selection of the most financially significant assumptions is shown below.

##### (i) SASS contributors

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

Age nearest Birthday	Number of members expected in any one year, out of 10,000 members at the age shown, to leave the fund as a result of:								Additional promotional salary increase rate %	
	Death	Total & Permanent Disability	Retirement		Resignation		Redundancy			
			Part 1	Part 3	Part 1	Part 3	Part 1	Part 3		
<b>Males</b>										
30	4	8	-	-	280	395	150	-	-	2.90
40	6	10	-	-	150	285	150	-	-	1.80
50	11	30	-	-	112	172	150	-	-	0.00
60	30	-	1,400	950	-	-	150	-	-	0.00
<b>Females</b>										
30	2	2	-	-	372	700	150	-	-	2.90
40	3	6	-	-	175	320	150	-	-	1.80
50	7	28	-	-	144	270	150	-	-	0.00
60	18	-	1,500	1,500	-	-	150	-	-	0.00

# ▶ Annual Financial Statements

## Notes to and forming part of the Financial Statements

For the year ended 30 June 2008

### 15. Provisions (continued)

#### (b) Retirement benefits (continued)

##### (xiii) Demographic assumptions - as at 30 June 2007 (continued)

###### (ii) SSS contributors

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

Age nearest Birthday	Number of members expected in any one year, out of 10,000 members at the age shown, to leave the fund as a result of:					Additional promotional salary increase rate %
	Death	Ill-Health Retirement	Retirement (R60 for females)	Cash Resignation (R60 for females)	Preservation (R60 for females)	
<b>Males</b>						
30	4	42	-	178	95	2.90
40	6	54	-	80	140	1.80
50	11	144	-	20	50	0.00
60	30	-	6,500	-	-	0.00
<b>Females</b>						
30	2	6	-	204	124	2.90
40	3	21	-	72	105	1.80
50	7	103	-	30	90	0.00
60	18	-	6,300	-	-	0.00

###### (iii) SSS commutation

The proportion of SSS members assumed to commute their pension to a lump sum in any one year:

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

# ▶ Annual Financial Statements

## Notes to and forming part of the Financial Statements

For the year ended 30 June 2008

### 15. Provisions (continued)

#### (b) Retirement benefits (continued)

##### (xiii) Demographic assumptions - as at 30 June 2007 (continued)

##### (iv) SSS pensioner mortality

The assumed mortality rates (in 2007/2008) for SSS pensioners (separately for normal retirement/spouses and invalidity):

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

##### (v) SSS pensioner mortality improvements

The assumed rates of mortality improvement for SSS pensioners per year:

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



# ▶ Annual Financial Statements

## Notes to and forming part of the Financial Statements

For the year ended 30 June 2008

	Economic entity	
	2008 \$'000	2007 \$'000

### 16. Deferred Tax Liabilities

Assets held for sale	15	30
Retirement benefits	91	428
Depreciation and revaluations	72,531	72,909
<b>Total deferred tax liabilities</b>	<b>72,637</b>	<b>73,367</b>

### 17. Other Liabilities

Current		
Revenue received in advance	5,943	10,279
<b>Total current other liabilities</b>	<b>5,943</b>	<b>10,279</b>

### 18. Commitments

#### (a) Operating lease commitments

##### Payable

Not later than 1 year	724	1,295
Later than 1 year and not later than 5 years	1,113	1,435
Later than 5 years	247	26
<b>Total operating lease commitments (including GST)</b>	<b>2,084</b>	<b>2,756</b>

Operating leases exist in respect of office accommodation, motor vehicles, office equipment and wharves.

#### (b) Capital expenditure commitments\*

##### Payable

Not later than 1 year	141,944	97,395
Later than 1 year and not later than 5 years	122,563	190,123
<b>Total capital expenditure commitments (including GST)</b>	<b>264,507</b>	<b>287,518</b>

\* These capital expenditure commitments relate primarily to bus procurement contracts.

# ▶ Annual Financial Statements

## Notes to and forming part of the Financial Statements

For the year ended 30 June 2008

	Economic entity	
	2008 \$'000	2007 \$'000

### 18. Commitments (continued)

#### (c) Other expenditure commitments

Aggregate other expenditure for the acquisition of goods and services at balance date and not provided for:

Not later than 1 year	5,108	4,740
<b>Total other expenditure commitments (including GST)</b>	<b>5,108</b>	<b>4,740</b>

The commitment totals as shown above include Goods and Services Tax (GST) of \$24.7M, which is recoverable from the Australian Taxation Office.

### 19. Western Sydney Buses

Western Sydney Buses ("WSB") was incorporated on 12 July 2002 under the Transport Administration Act 1988 as a public subsidiary corporation of the State Transit Authority. WSB commenced operation from February 2003.

WSB operates bus services along the corridor known as the Liverpool-Parramatta Transitway. Its operations have been incorporated into the Authority's financial result. However, a separate account for WSB is maintained by the Authority, which recognised loans advanced and repayments. The Authority also levies management fees.

WSB's income statements are summarised as follows:

	2008 \$'000	2007 \$'000
<b>Revenue</b>		
Passenger revenue	4,818	4,190
Reimbursements for concessional travel	474	173
Other	5	1
<b>Total revenue</b>	<b>5,297</b>	<b>4,364</b>
<b>Expenses</b>		
Wages, salaries and on-costs	3,329	3,189
Fleet running expenses	1,612	1,213
Other	1,920	1,697
<b>Total expenses</b>	<b>6,861</b>	<b>6,099</b>
<b>Gross loss from continuing activities</b>	<b>(1,564)</b>	<b>(1,735)</b>

# ▶ Annual Financial Statements

## Notes to and forming part of the Financial Statements

For the year ended 30 June 2008

### 19. Western Sydney Buses (continued)

WSB's balance sheets are summarised as follows:

	2008 \$'000	2007 \$'000
<b>Current assets</b>		
Cash and cash equivalents	41	60
Trade and other receivables	450	364
Other	40	37
<b>Total current assets</b>	<b>531</b>	<b>461</b>
<b>Non-current assets</b>		
Other	38	50
<b>Total non-current assets</b>	<b>38</b>	<b>50</b>
<b>Total assets<sup>1</sup></b>	<b>569</b>	<b>511</b>
<b>Current liabilities</b>		
Trade and other payables	1,020	692
Borrowings from parent entity	12,344	11,066
Provisions	258	259
<b>Total current liabilities</b>	<b>13,622</b>	<b>12,017</b>
<b>Non-current liabilities</b>		
Provisions	72	55
<b>Total non-current liabilities</b>	<b>72</b>	<b>55</b>
<b>Total liabilities</b>	<b>13,694</b>	<b>12,072</b>
<b>Net assets</b>	<b>(13,125)</b>	<b>(11,561)</b>

<sup>1</sup> All property, plant and equipment is leased from the Authority under an operating lease.

# ▶ Annual Financial Statements

## Notes to and forming part of the Financial Statements

For the year ended 30 June 2008

### 20. Financial Instruments

#### (a) Fair value

The financial assets and financial liabilities disclosed in the balance sheet are at fair value, except as shown below:

Economic entity	2008 \$'000	2007 \$'000
<b>Financial assets</b>		
Finance leases	98,470	76,284
<b>Total</b>	<b>98,470</b>	<b>76,284</b>
<b>Financial liabilities</b>		
Financial liabilities	76,312	74,858
<b>Total</b>	<b>76,312</b>	<b>74,858</b>

The fair value of the finance leases was determined using the 10-year Commonwealth government bond rate at the reporting date.

The fair value of the financial liabilities was based on the market prices at the reporting date.

#### (b) Risk exposures

The risks to which the Authority was exposed by holding the financial instruments are summarised below:

##### (i) Credit risk

Credit risk arises from the potential failure of counterparties to meet their obligations under the contract. The risk is mitigated by strict adherence to the Authority's credit policy and ongoing assessment of potential default. Except for the amounts previously impaired, it is not expected that any other material counterparties will fail to meet their obligations.

# ▶ Annual Financial Statements

## Notes to and forming part of the Financial Statements

For the year ended 30 June 2008

### 20. Financial Instruments (continued)

#### (b) Risk exposures (continued)

##### (i) Credit risk

The Authority's exposure to credit risk is summarised below:

Economic entity	2008					
	Current or not yet due	30 days	60 days	90 days plus	Maximum exposure	Impaired
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Trade debtors	4,908	434	49	493	5,884	8
Sundry debtors	3,053	70	-	37	3,160	2,177
Finance leases	98,132	-	-	-	98,132	-
<b>Total</b>	<b>106,093</b>	<b>504</b>	<b>49</b>	<b>530</b>	<b>107,176</b>	<b>2,185</b>

Economic entity	2007					
	Current or not yet due	30 days	60 days	90 days plus	Maximum exposure	Impaired
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Trade debtors	3,180	499	96	559	4,334	63
Sundry debtors	6,051	82	17	30	6,180	2,242
Finance leases	76,161	-	-	-	76,161	-
<b>Total</b>	<b>85,392</b>	<b>581</b>	<b>113</b>	<b>589</b>	<b>86,675</b>	<b>2,305</b>

No collateral or credit enhancements are held over these amounts. Objective factors considered when determining impairment would include the size, age of the amounts, the credit worthiness, ability and willingness of the debtors to meet their obligations.

At the reporting date, in absence of any objective evidence of impairment, the Authority considered the financial assets that were current or not yet due to be fully collectible as and when they fall due.

Movements in the allowance for impairment during the year were:

Economic entity	2008 \$'000	2007 \$'000
Opening balance	2,305	2,316
Amount written off	-	(9)
Amount recovered	(128)	(56)
Amount recognised	7	54
<b>Closing balance</b>	<b>2,184</b>	<b>2,305</b>



# ▶ Annual Financial Statements

## Notes to and forming part of the Financial Statements

For the year ended 30 June 2008

### 20. Financial Instruments (continued)

#### (b) Risk exposures (continued)

##### (ii) Currency risk

Currency risk arises where commitments are denominated in currencies other than the Authority's functional currency.

Any currency risk is mitigated by the Authority's policy of using forward exchange contracts to effectively cover for such commitments. The forward exchange contracts are only entered into when the timing and quantum of the commitments are reasonably known.

The counterparty to the forward exchange contracts is the New South Wales Treasury Corporation and accordingly it is anticipated that the counterparty will meet its obligations.

Where the buy fair value is greater than the sell fair value, the maximum amount to which the Authority would be exposed in the unlikely event of the counterparty defaulting is represented by the difference between the buy and sell fair values.

The forward exchange contract obligations are summarised below:

	Fair value - buy \$'000	Fair value - sell \$'000	Face value \$'000
<b>Economic entity - 2008</b>			
<b>Forward exchange contracts</b>			
Not later than 1 year	15,467	16,999	17,544
Later than 1 year but not later than 5 years	18,334	19,947	22,966
<b>Total</b>	<b>33,801</b>	<b>36,946</b>	<b>40,510</b>

	Fair value - buy \$'000	Fair value - sell \$'000	Face value \$'000
<b>Economic entity - 2007</b>			
<b>Forward exchange contracts</b>			
Not later than 1 year	23,182	25,720	26,406
Later than 1 year but not later than 5 years	25,893	28,756	33,798
<b>Total</b>	<b>49,075</b>	<b>54,476</b>	<b>60,204</b>

# ▶ Annual Financial Statements

## Notes to and forming part of the Financial Statements

For the year ended 30 June 2008

### 20. Financial Instruments (continued)

#### (b) Risk exposures (continued)

##### (iii) Interest rate risk

Interest rate risk occurs where the value of the financial liabilities fluctuates due to changes in interest rates.

The Authority's interest rate risk policy seeks to minimise the effects of interest rate movements through active management of the exposures by converting between floating short-term and long-term fixed-interest loans.

Exposure to interest rate risk and the effective interest rates of financial assets and financial liabilities are disclosed below:

	Floating interest rate	Fixed interest rate maturing in			Non-interest bearing	Total	Weighted average effective interest rate	
		1 year or less	Over 1 to 5 years	More than 5 years			Floating %	Fixed %
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	%	%
<b>Economic entity</b>						<b>2008</b>		
<b>Financial assets</b>								
Cash and cash equivalents	707	-	-	-	1,986	2,693	6.82	N/A
Receivables	-	2,728	21,660	71,939	13,392	109,719	N/A	7.27
<b>Total financial assets</b>	<b>707</b>	<b>2,728</b>	<b>21,660</b>	<b>71,939</b>	<b>15,378</b>	<b>112,412</b>		
<b>Financial liabilities</b>								
Trade creditors	-	-	-	-	39,754	39,754	N/A	N/A
Borrowings	-	16,868	28,906	32,187	-	77,961	7.84	6.36
<b>Total financial liabilities</b>	<b>-</b>	<b>16,868</b>	<b>28,906</b>	<b>32,187</b>	<b>39,754</b>	<b>117,715</b>		



## Notes to and forming part of the Financial Statements

For the year ended 30 June 2008

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### 20. Financial Instruments (continued)

#### (b) Risk exposures (continued)

##### (iv) Liquidity risk

The risk arises where the Authority will encounter difficulty in meeting its financial liability obligations.

The Authority mitigates liquidity risk through matching the maturity profiles of its assets with liabilities, converting short-term to long-term loans, accessing a short-term standby credit facility, with capacity to secure higher borrowing limits and strict enforcement of its credit terms.

A maturity analysis of the undiscounted financial liabilities is shown below:

Economic entity	2008 \$'000	2007 \$'000
<b>Financial liabilities</b>		
Not later than 1 year	60,950	56,004
Later than 1 year and not later than 5 years	39,958	40,185
Greater than 5 years	38,746	31,066
<b>Total financial liabilities</b>	<b>139,654</b>	<b>127,255</b>

# ▶ Annual Financial Statements

## Notes to and forming part of the Financial Statements

For the year ended 30 June 2008

### 20. Financial Instruments (continued)

#### (b) Risk exposures (continued)

##### (v) Sensitivity analysis

The sensitivity of the market risk to which the Authority was exposed is summarised as follows:

Economic entity - 2008	Carrying amount \$'000	Interest rate risk	
		-100 basis points Profit/(loss) \$'000	+100 basis points Profit/(loss) \$'000
Hour-Glass			
Investment Facility	5	-	-
Short-term borrowings	14,800	9	(9)
<b>Total increase/(decrease)</b>		<b>9</b>	<b>(9)</b>

Economic entity - 2007	Carrying amount \$'000	Interest rate risk	
		-100 basis points Profit/(loss) \$'000	+100 basis points Profit/(loss) \$'000
Hour-Glass			
Investment Facility	15,522	155	(155)
Short-term borrowings	21,247	111	(111)
<b>Total increase/(decrease)</b>		<b>266</b>	<b>(266)</b>

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

The 100 basis points assumption for the facility is derived from historically-based volatility information calculated over a ten-year period, quoted at two standard deviations. It is considered that the 100 basis points assumption is also applicable to the short-term loans.

The change in the value of the facility at the reporting date is derived from multiplying the carrying amount by 100 basis points in both directions.

The interest payable on the short-term borrowings at the reporting date is recalculated by adjusting the coupon rates by 100 basis points in both directions.

The methods and assumptions used have not changed from the previous reporting period date.



# ▶ Annual Financial Statements

## Notes to and forming part of the Financial Statements

For the year ended 30 June 2008

### 21. Related Parties

The Authority and its controlled entities engage in a variety of related party transactions in the ordinary course of business. These transactions are conducted on normal terms and conditions.

#### (a) Related party transactions and balances as at 30 June 2008:

	The Authority \$'000	STA Division \$'000	WSB \$'000	WSB Division \$'000
Personnel service income/(expense)	(365,237)	361,907	-	3,330
Management fees/(expense)	138	-	(138)	-
Receivables/(payables) - current	(74,587)	86,520	(12,344)	411
Receivables/(payables) - non-current	(89,517)	89,483	-	34
Operating lease income/(expense)	546	-	(546)	-
<b>Total</b>	<b>(528,657)</b>	<b>537,910</b>	<b>(13,028)</b>	<b>3,775</b>

#### (b) Related party transactions and balances as at 30 June 2007:

	The Authority \$'000	STA Division \$'000	WSB \$'000	WSB Division \$'000
Personnel service income/(expense)	(314,613)	311,421	-	3,192
Management fees/(expense)	138	-	(138)	-
Receivables/(payables) - current	(71,126)	81,853	(11,066)	339
Receivables/(payables) - non-current	(70,852)	70,847	-	5
Operating lease income/(expense)	542	-	(542)	-
<b>Total</b>	<b>(455,911)</b>	<b>464,121</b>	<b>(11,746)</b>	<b>3,536</b>

#### (c) Key management personnel compensation

	Parent 2008 \$'000	Economic entity 2008 \$'000	Parent 2007 \$'000	Economic entity 2007 \$'000
Short-term employee benefits	2,906	2,906	2,490	2,490
Post-employment benefits	10	10	10	10
Termination benefits	24	24	187	187
<b>Total</b>	<b>2,940</b>	<b>2,940</b>	<b>2,687</b>	<b>2,687</b>

### 22. Contingent Liabilities

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

# ▶ Annual Financial Statements

## Notes to and forming part of the Financial Statements

For the year ended 30 June 2008

### 23. Segment Information

	Economic entity	
	2008 \$'000	2007 \$'000
Primary reporting: geographical segment: Sydney & Newcastle		
<b>Segment income</b>		
Operational revenue	560,134	512,009
Other income	3,218	20,481
<b>Total segment income</b>	<b>563,352</b>	<b>532,490</b>
Non-segment income	8,576	8,538
<b>Total income</b>	<b>571,928</b>	<b>541,028</b>
<b>Segment expenses</b>		
Amortisation & depreciation	32,307	33,423
Others	519,750	462,658
<b>Total segment expenses</b>	<b>552,057</b>	<b>496,081</b>
Non-segment expenses	17,352	12,281
<b>Total expenses</b>	<b>569,409</b>	<b>508,362</b>
<b>Profit/(loss)</b>		
Segment result	11,295	36,409
Non-segment result	(8,776)	(3,743)
Income tax expense	-	-
<b>Net profit from continuing activities</b>	<b>2,519</b>	<b>32,666</b>
<b>Assets</b>		
Segment assets	566,009	471,125
Non-segment assets	86,955	150,378
<b>Total assets</b>	<b>652,964</b>	<b>621,503</b>
<b>Liabilities</b>		
Segment liabilities	272,997	189,088
Non-segment liabilities	103,146	157,792
<b>Total liabilities</b>	<b>376,143</b>	<b>346,880</b>
<b>Capital additions</b>		
Acquisitions of property, plant & equipment	112,682	70,951

# ▶ Annual Financial Statements

## Notes to and forming part of the Financial Statements

For the year ended 30 June 2008

### 24. Equity

Economic entity	Accumulated funds		Reserves		Total equity	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
Balance at the beginning of the year	146,961	124,836	127,662	102,550	<b>274,623</b>	<b>227,386</b>
Increment/(decrement) on revaluation of property, plant and equipment	-	-	-	36,849	-	<b>36,849</b>
Asset revaluation reserve balance transferred to accumulated funds on disposal/transfer of assets	965	975	(965)	(975)	-	-
Recognition of deferred tax liability on the asset revaluation reserve for fixed assets	-	-	289	(10,762)	<b>289</b>	<b>(10,762)</b>
Impact of tax liability on current year operations	(610)	(11,516)	-	-	<b>(610)</b>	<b>(11,516)</b>
Net profit for the year	2,519	32,666	-	-	<b>2,519</b>	<b>32,666</b>
<b>Balance at the end of the year</b>	<b>149,835</b>	<b>146,961</b>	<b>126,986</b>	<b>127,662</b>	<b>276,821</b>	<b>274,623</b>

# ▶ Annual Financial Statements

## Notes to and forming part of the Financial Statements

For the year ended 30 June 2008

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### 25. Events After the Balance Sheet Date

There were no material events occurring after the balance sheet date.

End of Audited Financial Statements



Paul Dunn BCom, MBA, ACA

**GENERAL MANAGER - FINANCE & ADMINISTRATIVE SERVICES**

SYDNEY

## Statement by Members of the Board

For the year ended 30 June 2008

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### STATE TRANSIT AUTHORITY OF NEW SOUTH WALES

#### STATEMENT BY MEMBERS OF THE BOARD

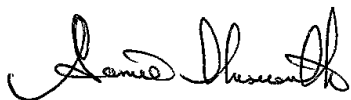
For the year ended 30 June 2008

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 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 2008; and
2. The financial statements have been prepared in accordance with the provisions of the Australian Accounting Standards and Interpretations, the Public Finance and Audit Act 1983, Public Finance and Audit Regulation 2005 and the Treasurer's Directions.

Further, at the date of this statement, we are not aware of any circumstances that would render the particulars included in the financial statements to be misleading or inaccurate.

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



Barrie Unsworth  
CHAIRMAN



Peter Rowley  
CHIEF EXECUTIVE OFFICER

SYDNEY - 24 October 2008



# Annual Financial Statements

State Transit Authority Division

For the year ended 30 June 2008



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## Independent Auditor's Report

For the year ended 30 June 2008



GPO BOX 12  
Sydney NSW 2001

### INDEPENDENT AUDITOR'S REPORT STATE TRANSIT AUTHORITY DIVISION

To Members of the New South Wales Parliament

I have audited the accompanying financial report of the State Transit Authority Division (the Division), which comprises the balance sheet as at 30 June 2008, the income statement, statement of changes in equity and cash flow statement for the year then ended, a summary of significant accounting policies and other explanatory notes.

#### Auditor's Opinion

In my opinion, the financial report:

- presents fairly, in all material respects, the financial position of the Division as at 30 June 2008, and its financial performance and cash flows for the year then ended in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations)
- is in accordance with section 41B of the *Public Finance and Audit Act 1983* (the PF&A Act) and the Public Finance and Audit Regulation 2005.

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

#### The Division Head's Responsibility for the Financial Report

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

#### Auditor's Responsibility

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

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

## Independent Auditor's Report

For the year ended 30 June 2008

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

My opinion does *not* provide assurance:

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

### Independence

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

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



S R Stanton  
Director, Financial Audit Services

27 October 2008  
SYDNEY

# ▶ Annual Financial Statements – STA Division

Start of Audited Financial Statements

## Income Statement

For the year ended 30 June 2008

	Notes	2008 \$'000	2007 \$'000
<b>Income</b>			
Personnel services		361,907	311,421
Others		30	30
<b>Total income</b>		<b>361,937</b>	<b>311,451</b>
<b>Expenses</b>			
Annual leave		24,106	23,808
Audit		30	30
Fringe benefits tax		377	439
Long service leave		7,330	8,141
Payroll tax		17,045	16,145
Retirement benefits - defined benefits	5(b)(vii)	28,586	(4,097)
Retirement benefits - defined contributions		15,650	14,236
Salaries and wages		261,913	247,065
Workers compensation		6,900	5,684
<b>Total expenses</b>		<b>361,937</b>	<b>311,451</b>
<b>Surplus/(deficit) from continuing activities before income tax</b>		-	-
<b>Total surplus/(deficit) attributable to owners</b>		-	-

## Balance Sheet

For the year ended 30 June 2008

	Notes	2008 \$'000	2007 \$'000
<b>Current assets</b>			
Receivables	2	86,520	81,853
<b>Total current assets</b>		<b>86,520</b>	<b>81,853</b>
<b>Non-current assets</b>			
Receivables	2	89,483	70,847
<b>Total non-current assets</b>		<b>89,483</b>	<b>70,847</b>
<b>Total assets</b>		<b>176,003</b>	<b>152,700</b>
<b>Current liabilities</b>			
Payables	3	13,511	12,327
Provisions	4	73,009	69,526
<b>Total current liabilities</b>		<b>86,520</b>	<b>81,853</b>
<b>Non-current liabilities</b>			
Provisions	4	89,483	70,847
<b>Total non-current liabilities</b>		<b>89,483</b>	<b>70,847</b>
<b>Total liabilities</b>		<b>176,003</b>	<b>152,700</b>
<b>Net assets</b>		-	-
<b>Equity</b>			
Accumulated funds		-	-
<b>Total equity</b>		-	-

## Statement of Changes in Equity

For the year ended 30 June 2008

---

	2008 \$'000	2007 \$'000
Total equity at the beginning of the year	-	-
Total surplus/(deficit) for the year	-	-
<b>Total equity at the end of the year</b>	<b>-</b>	<b>-</b>



## Cash Flow Statement

For the year ended 30 June 2008

---

	2008 \$'000	2007 \$'000
Net cash flows from operating activities	-	-
Net cash flows from investing activities	-	-
Net cash flows from financing activities	-	-
Net increase/(decrease) in cash and cash equivalents	-	-
Cash and cash equivalents at the beginning of the year	-	-
<b>Cash and cash equivalents at the end of the year</b>	-	-

## Notes to and forming part of the Financial Statements

For the year ended 30 June 2008

---

### 1. Summary of Significant Accounting Policies

#### (a) Reporting entity

State Transit Authority Division (“STA Division”) is a Division of the NSW Government Service, established pursuant to Part 2 of Schedule 1 to the Public Sector Employment and Management Act 2002. It is a not-for-profit entity as profit is not its principal objective. It is consolidated as part of the NSW Total State Sector Accounts. It is domiciled in Australia and its principal office is at Level 1, 219-241 Cleveland Street, Strawberry Hills NSW 2010.

STA Division’s objective is to provide personnel services to the State Transit Authority of New South Wales.

STA Division commenced operations on 17 March 2006 when it assumed responsibility for the employees and employee-related liabilities of the former employer, the State Transit Authority of New South Wales. The assumed liabilities were recognised on 17 March 2006 together with an offsetting receivable representing the related funding due from the former employer.

The financial report was authorised for issue by Mr Peter Rowley, Division Head, on 24 October 2008. The report will not be amended and reissued as it has been audited.

#### (b) Basis of preparation

This is a general purpose financial report prepared in accordance with the requirements of Australian Accounting Standards and Interpretations, the Public Finance and Audit Act 1983, the Public Finance and Audit Regulation 2005, and specific directions issued by the Treasurer.

Generally, the historical cost basis of accounting has been adopted and the financial report does not take into account changing money values or current valuations. However, certain provisions are measured at fair value. See note 1(g).

The accrual basis of accounting has been adopted in the preparation of the financial report, except for cash flow information.

Management’s judgements, key assumptions and estimates are disclosed in the relevant notes to the financial report.

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

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

#### (c) Comparative information

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

#### (d) Income

Income is measured at the fair value of the consideration received or receivable. Revenue from the rendering of personnel services is recognised when the service is provided and only to the extent that the associated recoverable expenses are recognised.

## Notes to and forming part of the Financial Statements

For the year ended 30 June 2008

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### 1. Summary of Significant Accounting Policies (continued)

#### (e) Receivables

A receivable is recognised when it is probable that the future cash inflows associated with it will be realised and it has a value that can be measured reliably. It is derecognised when the contractual or other rights to future cash flows from it expire or are transferred.

A receivable is measured initially at fair value and subsequently at amortised cost using the effective interest rate method, less any allowance for impairment. A short-term receivable with no stated interest rate is measured at the original invoice amount where the effect of discounting is immaterial. An invoiced receivable is due for settlement within thirty days of invoicing.

If there is objective evidence at year end that a receivable may not be collectable, its carrying amount is reduced by means of an allowance for impairment and the resulting loss is recognised in the income statement. Receivables are monitored during the year and bad debts are written off against the allowance when they are determined to be irrecoverable. Any other loss or gain arising when a receivable is derecognised is also recognised in the income statement.

#### (f) Payables

Payables include accrued wages, salaries, and related on costs (such as payroll tax, fringe benefits tax and workers' compensation insurance) where there is certainty as to the amount and timing of settlement.

A payable is recognised when a present obligation arises under a contract or otherwise. It is derecognised when the obligation expires or is discharged, cancelled or substituted.

A short-term payable with no stated interest rate is measured at historical cost if the effect of discounting is immaterial.

#### (g) Employee benefit provisions and expenses

Provisions are made for liabilities of uncertain amount or uncertain timing of settlement.

Employee benefit provisions represent expected amounts payable in the future in respect of unused entitlements accumulated as at the reporting date. Liabilities associated with, but that are not, employee benefits (such as payroll tax) are recognised separately.

Superannuation and leave liabilities are recognised as expenses and provisions when the obligations arise, which is usually through the rendering of service by employees.

Long-term annual leave (ie that is not expected to be taken within twelve months) is measured at present value using a discount rate equal to the market yield on government bonds

Superannuation and long service leave provisions are actuarially assessed prior to each reporting date and are measured at the present value of the estimated future payments.

The unconditional component of the long service leave entitlements, for those employees currently employed for nine or more years at the reporting date, are classified as current liabilities.

## Notes to and forming part of the Financial Statements

For the year ended 30 June 2008

---

### 1. Summary of Significant Accounting Policies (continued)

All other employee benefit liabilities (ie for benefits falling due wholly within twelve months after reporting date) are assessed by management and are measured at the undiscounted amount of the estimated future payments.

The amount recognised for defined superannuation provisions is the net total of the present value of the defined benefit obligation at the reporting date, minus the fair value at that date of any plan assets out of which the obligations are to be settled directly.

The amount recognised in the income statement for defined superannuation is the net total of current service cost, interest cost, the expected return on any plan assets, and actuarial gains and losses. Actuarial gains or losses are recognised as income or expense in the year they occur.

The actuarial assessment of defined superannuation provisions uses the Projected Unit Credit Method and reflects estimated future salary increases and the benefits set out in the terms of the plan. The liabilities are discounted using the market yield rate on government bonds of similar maturity to those obligations. Actuarial assumptions are unbiased and mutually compatible and financial assumptions are based on market expectations for the period over which the obligations are to be settled.

Contributions to defined contribution superannuation plans are expensed when employees have rendered service entitling them to the contributions.

#### (h) Accounting standards issued but not yet effective

The Authority has assessed the new Australian Accounting Standards that have recently been issued or amended but are not yet effective or applied. It has been determined that these new accounting standards will have no material impact on the financial statements in the period of initial application.

# ▶ Annual Financial Statements – STA Division

## Notes to and forming part of the Financial Statements

For the year ended 30 June 2008

	Notes	2008 \$'000	2007 \$'000
<b>2. Receivables</b>			
<i>Current</i>			
Receivables from State Transit Authority		86,520	81,853
<b>Total current receivables</b>		<b>86,520</b>	<b>81,853</b>
<i>Non-current</i>			
Receivables from State Transit Authority		89,179	69,419
Retirement benefits	5(b)(i)	304	1,428
<b>Total non-current receivables</b>		<b>89,483</b>	<b>70,847</b>
<b>3. Payables</b>			
Accrued salaries, wages and on-costs		13,511	12,327
<b>Total payables</b>		<b>13,511</b>	<b>12,327</b>
<b>4. Provisions</b>			
<i>Current</i>			
Employee benefits		68,408	65,092
Workers' compensation		4,601	4,434
<b>Total current provisions</b>		<b>73,009</b>	<b>69,526</b>
<i>Non-current</i>			
Employee benefits		5,022	4,872
Retirement benefits	5(b)(i)	64,111	46,607
Workers' compensation		20,350	19,368
<b>Total non-current provisions</b>		<b>89,483</b>	<b>70,847</b>

## Notes to and forming part of the Financial Statements

For the year ended 30 June 2008

### 5. Retirement Benefits

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

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

These schemes are all defined benefit schemes – at least a component of the final benefit is derived from a multiple of member salary and years of membership.

All the schemes are closed to new members.

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

(b) The principal actuarial assumptions that have been used in the calculation are:

	2008 % pa		2007 % pa
Discount rate	6.55		6.4
Expected return on fund assets as at 30 June	8.3		7.6
Expected rate of salary increases	3.5	4.0 to 2008 and 3.5 thereafter	
Expected rate of increase in consumer price index	2.5		2.5

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

(i) The assessed liability and funds held in reserve account with the Trustee are as follows:

	SASS \$'000	SANCS \$'000	SSS \$'000	Total \$'000
<b>As at 30 June 2008</b>				
Gross liability	264,033	25,306	11,743	<b>301,082</b>
Reserve balance	(213,286)	(11,942)	(12,047)	<b>(237,275)</b>
<b>Total unfunded liability</b>	<b>50,747</b>	<b>13,364</b>	<b>(304)</b>	<b>63,807</b>
<b>As at 30 June 2007</b>				
Gross liability	280,972	25,099	10,887	<b>316,958</b>
Reserve balance	(245,377)	(14,087)	(12,315)	<b>(271,779)</b>
<b>Total unfunded liability</b>	<b>35,595</b>	<b>11,012</b>	<b>(1,428)</b>	<b>45,179</b>



## Notes to and forming part of the Financial Statements

For the year ended 30 June 2008

### 5. Retirement Benefits (continued)

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

	SASS \$'000	SANCS \$'000	SSS \$'000	Total \$'000
<b>As at 30 June 2008</b>				
Present value of partly funded defined benefit obligations at beginning of the year	280,972	25,099	10,887	<b>316,958</b>
Current service cost	5,651	1,338	82	<b>7,071</b>
Interest cost	17,129	1,511	682	<b>19,322</b>
Contributions by fund participants	3,574	-	93	<b>3,667</b>
Actuarial (gains)/losses	(14,426)	172	(36)	<b>(14,290)</b>
Benefits paid	(28,867)	(2,814)	35	<b>(31,646)</b>
<b>Present value of partly funded defined benefit obligations at end of the year</b>	<b>264,033</b>	<b>25,306</b>	<b>11,743</b>	<b>301,082</b>
<b>As at 30 June 2007</b>				
Present value of partly funded defined benefit obligations at beginning of the year	271,990	25,134	11,158	<b>308,282</b>
Current service cost	6,112	1,437	97	<b>7,646</b>
Interest cost	15,480	1,406	651	<b>17,537</b>
Contributions by fund participants	3,589	-	91	<b>3,680</b>
Actuarial (gains)/losses	5,946	(535)	(1,232)	<b>4,179</b>
Benefits paid	(22,145)	(2,343)	122	<b>(24,366)</b>
<b>Present value of partly funded defined benefit obligations at end of the year</b>	<b>280,972</b>	<b>25,099</b>	<b>10,887</b>	<b>316,958</b>

# ▶ Annual Financial Statements – STA Division

## Notes to and forming part of the Financial Statements

For the year ended 30 June 2008

### 5. Retirement Benefits (continued)

(b) (iii) Reconciliation of the fair value of fund assets:

	SASS \$'000	SANCS \$'000	SSS \$'000	Total \$'000
<b>As at 30 June 2008</b>				
Fair value of fund assets at beginning of the year	245,377	14,087	12,315	<b>271,779</b>
Expected return on fund assets	17,991	1,060	956	<b>20,007</b>
Actuarial gains/(losses)	(33,065)	(1,904)	(1,521)	<b>(36,490)</b>
Employer contributions	8,276	1,513	168	<b>9,957</b>
Contributions by fund participants	3,574	-	94	<b>3,668</b>
Benefits paid	(28,867)	(2,814)	35	<b>(31,646)</b>
<b>Fair value of fund assets at end of the year</b>	<b>213,286</b>	<b>11,942</b>	<b>12,047</b>	<b>237,275</b>
<b>As at 30 June 2007</b>				
Fair value of fund assets at beginning of the year	225,146	13,097	10,648	<b>248,891</b>
Expected return on fund assets	16,673	954	805	<b>18,432</b>
Actuarial gains/(losses)	13,705	815	507	<b>15,027</b>
Employer contributions	8,409	1,564	142	<b>10,115</b>
Contributions by fund participants	3,589	-	91	<b>3,680</b>
Benefits paid	(22,145)	(2,343)	122	<b>(24,366)</b>
<b>Fair value of fund assets at end of the year</b>	<b>245,377</b>	<b>14,087</b>	<b>12,315</b>	<b>271,779</b>

# ▶ Annual Financial Statements – STA Division

## Notes to and forming part of the Financial Statements

For the year ended 30 June 2008

### 5. Retirement Benefits (continued)

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

	SASS \$'000	SANCS \$'000	SSS \$'000	Total \$'000
<b>As at 30 June 2008</b>				
Present value of partly funded defined benefit obligations at end of year	264,033	25,306	11,743	<b>301,082</b>
Fair value of fund assets at end of year	(213,286)	(11,942)	(12,047)	<b>(237,275)</b>
<b>Net liability/(asset) recognised in balance sheet at end of year</b>	<b>50,747</b>	<b>13,364</b>	<b>(304)</b>	<b>63,807</b>
<b>As at 30 June 2007</b>				
Present value of partly funded defined benefit obligations at end of year	280,972	25,099	10,887	<b>316,958</b>
Fair value of fund assets at end of year	(245,377)	(14,087)	(12,315)	<b>(271,779)</b>
<b>Net liability/(asset) recognised in balance sheet at end of year</b>	<b>35,595</b>	<b>11,012</b>	<b>(1,428)</b>	<b>45,179</b>

(v) Historical information:

	SASS \$'000	SANCS \$'000	SSS \$'000	Total \$'000
<b>As at 30 June 2008</b>				
Present value of defined benefit obligation	264,033	25,307	11,743	<b>301,083</b>
Fair value of fund assets	(213,286)	(11,942)	(12,046)	<b>(237,274)</b>
(Surplus)/deficit in fund	50,747	13,365	(303)	<b>63,809</b>
Experience adjustments – fund liabilities	(14,426)	172	(36)	<b>(14,290)</b>
Experience adjustments – fund assets	33,065	1,904	1,521	<b>36,490</b>
<b>As at 30 June 2007</b>				
Present value of defined benefit obligation	280,972	25,100	10,886	<b>316,958</b>
Fair value of fund assets	(245,378)	(14,087)	(12,314)	<b>(271,779)</b>
Total unfunded liability	35,594	11,013	(1,428)	<b>45,179</b>
Experience adjustments – fund liabilities	5,946	(534)	(1,231)	<b>4,181</b>
Experience adjustments – fund assets	(13,706)	(815)	(508)	<b>(15,029)</b>

## Notes to and forming part of the Financial Statements

For the year ended 30 June 2008

### 5. Retirement Benefits (continued)

- (b) (vi) Expected employer contribution to be paid during the annual reporting period beginning after the reporting date:

	SASS \$'000	SANCS \$'000	SSS \$'000	Total \$'000
As at 30 June 2008	7,862	1,513	150	9,525
As at 30 June 2007	7,896	1,560	142	9,598

- (vii) Defined benefits fund expense/(income) for the period:

	SASS \$'000	SANCS \$'000	SSS \$'000	Total \$'000
<b>Ending 30 June 2008</b>				
Current service cost	5,651	1,338	82	7,071
Interest cost	17,129	1,511	683	19,323
Expected return on fund assets	(17,991)	(1,060)	(956)	(20,007)
Net actuarial losses/(gains) recognised	18,639	2,076	1,484	22,199
<b>Total included in retirement benefits expense</b>	<b>23,428</b>	<b>3,865</b>	<b>1,293</b>	<b>28,586</b>
<b>Ending 30 June 2007</b>				
Current service cost	6,112	1,437	97	7,646
Interest cost	15,480	1,406	651	17,537
Expected return on fund assets	(16,673)	(954)	(805)	(18,432)
Net actuarial losses/(gains) recognised	(7,760)	(1,349)	(1,739)	(10,848)
<b>Total included in retirement benefits expense</b>	<b>(2,841)</b>	<b>540</b>	<b>(1,796)</b>	<b>(4,097)</b>

## Notes to and forming part of the Financial Statements

For the year ended 30 June 2008

### 5. Retirement Benefits (continued)

(b) (viii) Actual return on fund assets for the period ended:

	SASS \$'000	SANCS \$'000	SSS \$'000	Total \$'000
<b>30 June 2008</b>				
Actual return on fund assets	(15,221)	(845)	(835)	<b>(16,901)</b>
<b>30 June 2007</b>				
Actual return on fund assets	31,974	1,769	1,558	<b>35,301</b>

(ix) A summary of the financial position of the fund calculated in accordance with AAS 25 Financial Reporting by Superannuation Plans as supplied by the Trustee:

	SASS \$'000	SANCS \$'000	SSS \$'000	Total \$'000
<b>As at 30 June 2008</b>				
Accrued benefits	262,054	25,392	10,869	<b>298,315</b>
Net market value of the fund assets	(213,286)	(11,942)	(12,046)	<b>(237,274)</b>
<b>Net (surplus)/deficit</b>	<b>48,768</b>	<b>13,450</b>	<b>(1,177)</b>	<b>61,041</b>
<b>As at 30 June 2007</b>				
Accrued benefits	276,761	24,826	9,835	<b>311,422</b>
Net market value of the fund assets	(245,378)	(14,087)	(12,314)	<b>(271,779)</b>
<b>Net (surplus)/deficit</b>	<b>31,383</b>	<b>10,739</b>	<b>(2,479)</b>	<b>39,643</b>

## Notes to and forming part of the Financial Statements

For the year ended 30 June 2008

### 5. Retirement Benefits (continued)

(b) (x) Recommended contribution rates for the period ending:

Period ending	SASS Multiple of member contributions	SANCS % member salary	SSS Multiple of member contributions
30 June 2008	2.20	2.50	1.60
30 June 2007	2.20	2.50	1.60

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

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

(xi) The weighted-average economic assumptions adopted for the last actuarial review of the fund were:

	2008 % pa	2007 % pa
Expected rate of return on fund assets	7.7	7.7
Expected salary increase rate	4.0	4.0
Expected rate of CPI increase	2.5	2.5

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

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

	2008 %	2007 %
Australian equities	31.6	33.6
Overseas equities	25.4	26.5
Australian fixed interest securities	7.4	6.8
Overseas fixed interest securities	7.5	6.4
Property	11	10.1
Cash	6.1	9.8
Other	11	6.8



## Notes to and forming part of the Financial Statements

For the year ended 30 June 2008

### 5. Retirement Benefits (continued)

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

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

(xiv) **Demographic assumptions - as at 30 June 2008**

The demographic assumptions as at 30 June 2008 are those being used for the (current) 2008 triennial actuarial valuation. A selection of the most financially significant assumptions is shown below:

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

Age nearest Birthday	Number of members expected in any one year, out of 10,000 members at the age shown, to leave the fund as a result of:					Additional promotional salary increase rate %
	Death	Total & Permanent Disability	Retirement	Resignation	Redundancy	
<b>Males</b>						
30	4	8	-	280	150	2.90
40	6	10	-	150	150	1.80
50	11	30	-	112	150	0.00
60	30	-	1,400	-	150	0.00
<b>Females</b>						
30	2	2	-	372	150	2.90
40	3	6	-	175	150	1.80
50	7	28	-	144	150	0.00
60	18	-	1,500	-	150	0.00

## Notes to and forming part of the Financial Statements

For the year ended 30 June 2008

### 5. Retirement Benefits (continued)

#### (b) (xiv) Demographic assumptions - as at 30 June 2008 (continued)

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

Age nearest Birthday	Number of members expected in any one year, out of 10,000 members at the age shown, to leave the fund as a result of:					Additional promotional salary increase rate %
	Death	Ill-Health Retirement	Retirement (R60 for females)	Cash Resignation (R60 for females)	Preservation (R60 for females)	
<b>Males</b>						
30	4	42	-	178	95	2.90
40	6	54	-	80	140	1.80
50	11	144	-	20	50	0.00
60	30	-	6,500	-	-	0.00
<b>Females</b>						
30	2	6	-	204	124	2.90
40	3	21	-	72	105	1.80
50	7	103	-	30	90	0.00
60	18	-	6,300	-	-	0.00

Note: R60 stands for women who elected to retire at age 60 rather than age 55.

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

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

## Notes to and forming part of the Financial Statements

For the year ended 30 June 2008

### 5. Retirement Benefits (continued)

#### (b) (xiv) Demographic assumptions - as at 30 June 2008 (continued)

- (iv) **SSS Pensioner Mortality** - assumed mortality rates (in 2008/2009) for SSS pensioners (separately for normal retirement/spouses and invalidity).

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

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

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

## Notes to and forming part of the Financial Statements

For the year ended 30 June 2008

### 5. Retirement Benefits (continued)

#### (b) (xiv) Demographic assumptions - as at 30 June 2007

The demographic assumptions as at 30 June 2007 are those being used for the (current) 2007 triennial actuarial valuation. A selection of the most financially significant assumptions is shown below:

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

Age nearest Birthday	Number of members expected in any one year, out of 10,000 members at the age shown, to leave the fund as a result of:								Additional promotional salary increase rate %	
	Death	Total & Permanent Disability	Retirement		Resignation		Redundancy			
			Part 1	Part 3	Part 1	Part 3	Part 1	Part 3		
<b>Males</b>										
30	4	8	-	-	280	395	150	-	2.90	
40	6	10	-	-	150	285	150	-	1.80	
50	11	30	-	-	112	172	150	-	0.00	
60	30	-	1,400	950	-	-	150	-	0.00	
<b>Females</b>										
30	2	2	-	-	372	700	150	-	2.90	
40	3	6	-	-	175	320	150	-	1.80	
50	7	28	-	-	144	270	150	-	0.00	
60	18	-	1,500	1,500	-	-	150	-	0.00	

## Notes to and forming part of the Financial Statements

For the year ended 30 June 2008

### 5. Retirement Benefits (continued)

#### (b) (xiv) Demographic assumptions - as at 30 June 2007 (continued)

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

Age nearest Birthday	Number of members expected in any one year, out of 10,000 members at the age shown, to leave the fund as a result of:					Additional promotional salary increase rate %
	Death	Ill-Health Retirement	Retirement (R60 for females)	Cash Resignation (R60 for females)	Preservation (R60 for females)	
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30	4	42	-	178	95	2.90
40	6	54	-	80	140	1.80
50	11	144	-	20	50	0.00
60	30	-	6,500	-	-	0.00
<b>Females</b>						
30	2	6	-	204	124	2.90
40	3	21	-	72	105	1.80
50	7	103	-	30	90	0.00
60	18	-	6,300	-	-	0.00

Note: R60 stands for women who elected to retire at age 60 rather than age 55.

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

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

## Notes to and forming part of the Financial Statements

For the year ended 30 June 2008

### 5. Retirement Benefits (continued)

(b) (xiv) Demographic assumptions - as at 30 June 2007 (continued)

(iv) **SSS Pensioner Mortality** - assumed mortality rates (in 2007/2008) for SSS pensioners (separately for normal retirement/spouses and invalidity).

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

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

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

End of Audited Financial Statements



## Statement by the Division Head

**For the year ended 30 June 2008**

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Pursuant to section 41(C)(1B) of the Public Finance and Audit Act 1983, I declare that in my opinion:

1. The accompanying financial statements exhibit a true and fair view of the financial position and transactions of the State Transit Authority Division as at 30 June 2008; and
2. The financial statements have been prepared in accordance with the provisions of the Australian Accounting Standards and Interpretations, Public Finance and Audit Act 1983, Public Finance and Audit Regulation 2005 and the Treasurer's Directions.

Further, at the date of this statement, I am not aware of any circumstances which would render the particulars included in the financial statements to be misleading or inaccurate.



**Peter Rowley**  
DIVISION HEAD

SYDNEY - 24 October 2008



# Annual Financial Statements

Western Sydney Buses Division

For the year ended 30 June 2008

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## Independent Auditor's Report

For the year ended 30 June 2008



GPO BOX 12  
Sydney NSW 2001

### INDEPENDENT AUDITOR'S REPORT WESTERN SYDNEY BUSES DIVISION

To Members of the New South Wales Parliament

I have audited the accompanying financial report of the Western Sydney Buses Division (the Division), which comprises the balance sheet as at 30 June 2008, the income statement, statement of changes in equity and cash flow statement for the year then ended, a summary of significant accounting policies and other explanatory notes.

#### Auditor's Opinion

In my opinion, the financial report:

- presents fairly, in all material respects, the financial position of the Division as at 30 June 2008, and its financial performance and cash flows for the year then ended in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations)
- is in accordance with section 41B of the *Public Finance and Audit Act 1983* (the PF&A Act) and the Public Finance and Audit Regulation 2005.

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

#### The Division Head's Responsibility for the Financial Report

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

#### Auditor's Responsibility

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

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

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

## Independent Auditor's Report

For the year ended 30 June 2008

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My opinion does *not* provide assurance:

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

### Independence

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

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



S R Stanton  
Director, Financial Audit Services

27 October 2008  
SYDNEY

# ▶ Annual Financial Statements – WSB Division

Start of Audited Financial Statements

## Income Statement

For the year ended 30 June 2008

	Notes	2008 \$'000	2007 \$'000
<b>Income</b>			
Personnel services		3,330	3,192
<b>Total income</b>		<b>3,330</b>	<b>3,192</b>
<b>Expenses</b>			
Annual leave		162	164
Fringe benefits tax		1	3
Long service leave		24	15
Payroll tax		135	126
Retirement benefits - defined benefits	5(b)(vii)	16	(7)
Retirement benefits - defined contributions		188	181
Salaries and wages		2,688	2,490
Workers compensation		116	220
<b>Total expenses</b>		<b>3,330</b>	<b>3,192</b>
<b>Surplus/(deficit) from continuing activities before income tax</b>		-	-
<b>Total surplus/(deficit) attributable to owners</b>		-	-



## Balance Sheet

For the year ended 30 June 2008

	Notes	2008 \$'000	2007 \$'000
<b>Current assets</b>			
Receivables	2	411	339
<b>Total current assets</b>		<b>411</b>	<b>339</b>
<b>Non-current assets</b>			
Receivables	2	72	55
<b>Total non-current assets</b>		<b>72</b>	<b>55</b>
<b>Total assets</b>		<b>483</b>	<b>394</b>
<b>Current liabilities</b>			
Payables	3	195	122
Provisions	4	216	217
<b>Total current liabilities</b>		<b>411</b>	<b>339</b>
<b>Non-current liabilities</b>			
Provisions	4	72	55
<b>Total non-current liabilities</b>		<b>72</b>	<b>55</b>
<b>Total liabilities</b>		<b>483</b>	<b>394</b>
<b>Net assets</b>			
<b>Equity</b>			
Accumulated funds		-	-
<b>Total equity</b>		<b>-</b>	<b>-</b>

## Statement of Changes in Equity

For the year ended 30 June 2008

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	2008 \$'000	2007 \$'000
Total equity at the beginning of the year	-	-
Total surplus/(deficit) for the year	-	-
<b>Total equity at the end of the year</b>	<b>-</b>	<b>-</b>

## Cash Flow Statement

For the year ended 30 June 2008

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	2008 \$'000	2007 \$'000
Net cash flows from operating activities	-	-
Net cash flows from investing activities	-	-
Net cash flows from financing activities	-	-
<b>Net increase/(decrease) in cash and cash equivalents</b>	-	-
Cash and cash equivalents at the beginning of the year	-	-
<b>Cash and cash equivalents at the end of the year</b>	-	-

## Notes to and forming part of the Financial Statements

For the year ended 30 June 2008

---

### 1. Summary of Significant Accounting Policies

#### (a) Reporting entity

Western Sydney Buses Division (“WSB Division”) is a Division of the NSW Government Service, established pursuant to Part 2 of Schedule 1 to the Public Sector Employment and Management Act 2002. It is a not-for-profit entity as profit is not its principal objective. It is consolidated as part of the NSW Total State Sector Accounts. It is domiciled in Australia and its principal office is at Level 1, 219-241 Cleveland Street, Strawberry Hills NSW 2010.

WSB Division’s objective is to provide personnel services to the State Transit Authority of New South Wales.

WSB Division commenced operations on 17 March 2006 when it assumed responsibility for the employees and employee-related liabilities of the former employer, the State Transit Authority of New South Wales. The assumed liabilities were recognised on 17 March 2006 together with an offsetting receivable representing the related funding due from the former employer.

The financial report was authorised for issue by Mr Peter Rowley, Division Head, on 24 October 2008. The report will not be amended and reissued as it has been audited.

#### (b) Basis of preparation

This is a general purpose financial report prepared in accordance with the requirements of Australian Accounting Standards and Interpretations, the Public Finance and Audit Act 1983, the Public Finance and Audit Regulation 2005, and specific directions issued by the Treasurer.

Generally, the historical cost basis of accounting has been adopted and the financial report does not take into account changing money values or current valuations. However, certain provisions are measured at fair value. See note 1(g).

The accrual basis of accounting has been adopted in the preparation of the financial report, except for cash flow information.

Management’s judgements, key assumptions and estimates are disclosed in the relevant notes to the financial report.

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

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

#### (c) Comparative information

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

#### (d) Income

Income is measured at the fair value of the consideration received or receivable. Revenue from the rendering of personnel services is recognised when the service is provided and only to the extent that the associated recoverable expenses are recognised.

## Notes to and forming part of the Financial Statements

For the year ended 30 June 2008

---

### 1. Summary of Significant Accounting Policies (continued)

#### (e) Receivables

A receivable is recognised when it is probable that the future cash inflows associated with it will be realised and it has a value that can be measured reliably. It is derecognised when the contractual or other rights to future cash flows from it expire or are transferred.

A receivable is measured initially at fair value and subsequently at amortised cost using the effective interest rate method, less any allowance for impairment. A short-term receivable with no stated interest rate is measured at the original invoice amount where the effect of discounting is immaterial. An invoiced receivable is due for settlement within thirty days of invoicing.

If there is objective evidence at year end that a receivable may not be collectable, its carrying amount is reduced by means of an allowance for impairment and the resulting loss is recognised in the income statement. Receivables are monitored during the year and bad debts are written off against the allowance when they are determined to be irrecoverable. Any other loss or gain arising when a receivable is derecognised is also recognised in the income statement.

#### (f) Payables

Payables include accrued wages, salaries, and related on costs (such as payroll tax, fringe benefits tax and workers' compensation insurance) where there is certainty as to the amount and timing of settlement.

A payable is recognised when a present obligation arises under a contract or otherwise. It is derecognised when the obligation expires or is discharged, cancelled or substituted.

A short-term payable with no stated interest rate is measured at historical cost if the effect of discounting is immaterial.

#### (g) Employee benefit provisions and expenses

Provisions are made for liabilities of uncertain amount or uncertain timing of settlement.

Employee benefit provisions represent expected amounts payable in the future in respect of unused entitlements accumulated as at the reporting date. Liabilities associated with, but that are not, employee benefits (such as payroll tax) are recognised separately.

Superannuation and leave liabilities are recognised as expenses and provisions when the obligations arise, which is usually through the rendering of service by employees.

Long-term annual leave (i.e. that is not expected to be taken within twelve months) is measured at present value using a discount rate equal to the market yield on government bonds.

Superannuation and long service leave provisions are actuarially assessed prior to each reporting date and are measured at the present value of the estimated future payments.

The unconditional component of the long service leave entitlements is classified as a current liability. It relates to staff currently employed for nine or more years at the reporting date.

## Notes to and forming part of the Financial Statements

For the year ended 30 June 2008

---

### 1. Summary of Significant Accounting Policies (continued)

All other employee benefit liabilities (i.e. for benefits falling due wholly within twelve months after reporting date) are assessed by management and are measured at the undiscounted amount of the estimated future payments.

The amount recognised for defined superannuation provisions is the net total of the present value of the defined benefit obligation at the reporting date, minus the fair value at that date of any plan assets out of which the obligations are to be settled directly.

The amount recognised in the income statement for defined superannuation is the net total of current service cost, interest cost, the expected return on any plan assets, and actuarial gains and losses. Actuarial gains or losses are recognised as income or expense in the year they occur.

The actuarial assessment of defined superannuation provisions uses the Projected Unit Credit Method and reflects estimated future salary increases and the benefits set out in the terms of the plan. The liabilities are discounted using the market yield rate on government bonds of similar maturity to those obligations. Actuarial assumptions are unbiased and mutually compatible and financial assumptions are based on market expectations for the period over which the obligations are to be settled.

Contributions to defined contribution superannuation plans are expensed when employees have rendered service entitling them to the contributions.

#### (h) Accounting standards issued but not yet effective

The Authority has assessed the new Australian Accounting Standards that have recently been issued or amended but are not yet effective or applied. It has been determined that these new accounting standards will have no material impact on the financial statements in the period of initial application.



# ▶ Annual Financial Statements – WSB Division

## Notes to and forming part of the Financial Statements

For the year ended 30 June 2008

	Notes	2008 \$'000	2007 \$'000
<b>2. Receivables</b>			
<b>Current</b>			
Receivables from State Transit Authority		411	339
<b>Total current receivables</b>		<b>411</b>	<b>339</b>
<b>Non-current</b>			
Receivables from State Transit Authority		34	5
Retirement benefits	5(b)(i)	38	50
<b>Total non-current receivables</b>		<b>72</b>	<b>55</b>
<b>3. Payables</b>			
Accrued salaries, wages and on-costs		195	122
<b>Total payables</b>		<b>195</b>	<b>122</b>
<b>4. Provisions</b>			
<b>Current</b>			
Employee benefits		216	217
<b>Total current provisions</b>		<b>216</b>	<b>217</b>
<b>Non-current</b>			
Employee benefits		72	55
<b>Total non-current provisions</b>		<b>72</b>	<b>55</b>

## Notes to and forming part of the Financial Statements

For the year ended 30 June 2008

### 5. Retirement Benefits

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

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

These schemes are all defined benefit schemes – at least a component of the final benefit is derived from a multiple of member salary and years of membership.

All the schemes are closed to new members.

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

(b) The principal actuarial assumptions that have been used in the calculation are:

	2008 % pa	2007 % pa
Discount rate	6.55	6.4
Expected return on fund assets as at 30 June	8.3	7.6
Expected rate of salary increases	3.5	4.0 to 2008 and 3.5 thereafter
Expected rate of increase in consumer price index	2.5	2.5

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

(i) The assessed liability and funds held in reserve account with the Trustee are as follows:

	SASS \$'000	SANCS \$'000	SSS \$'000	Total \$'000
<b>As at 30 June 2008</b>				
Gross liability	121	18	-	139
Reserve balance	(147)	(30)	-	(177)
<b>Total over funded liability</b>	<b>(26)</b>	<b>(12)</b>	-	<b>(38)</b>
<b>As at 30 June 2007</b>				
Gross liability	116	16	-	132
Reserve balance	(151)	(31)	-	(182)
<b>Total over funded liability</b>	<b>(35)</b>	<b>(15)</b>	-	<b>(50)</b>

## Notes to and forming part of the Financial Statements

For the year ended 30 June 2008

### 5. Retirement Benefits (continued)

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

	SASS \$'000	SANCS \$'000	SSS \$'000	Total \$'000
<b>As at 30 June 2008</b>				
Present value of partly funded defined benefit obligations at beginning of the year	116	16	-	<b>132</b>
Current service cost	4	1	-	<b>5</b>
Interest cost	8	1	-	<b>9</b>
Contributions by fund participants	3	-	-	<b>3</b>
Actuarial (gains)/losses	(6)	-	-	<b>(6)</b>
Benefits paid	(4)	-	-	<b>(4)</b>
<b>Present value of partly funded defined benefit obligations at end of the year</b>	<b>121</b>	<b>18</b>	<b>-</b>	<b>139</b>
<b>As at 30 June 2007</b>				
Present value of partly funded defined benefit obligations at beginning of the year	100	14	-	<b>114</b>
Current service cost	4	1	-	<b>5</b>
Interest cost	6	1	-	<b>7</b>
Contributions by fund participants	2	-	-	<b>2</b>
Actuarial (gains)/losses	6	-	-	<b>6</b>
Benefits paid	(2)	-	-	<b>(2)</b>
<b>Present value of partly funded defined benefit obligations at end of the year</b>	<b>116</b>	<b>16</b>	<b>-</b>	<b>132</b>

## Notes to and forming part of the Financial Statements

For the year ended 30 June 2008

### 5. Retirement Benefits (continued)

(b) (iii) Reconciliation of the fair value of fund assets:

	SASS \$'000	SANCS \$'000	SSS \$'000	Total \$'000
<b>As at 30 June 2008</b>				
Fair value of fund assets at beginning of the year	151	31	-	<b>182</b>
Expected return on fund assets	12	3	-	<b>15</b>
Actuarial gains/(losses)	(19)	(4)	-	<b>(23)</b>
Employer contributions	4	-	-	<b>4</b>
Contributions by fund participants	3	-	-	<b>3</b>
Benefits paid	(4)	-	-	<b>(4)</b>
<b>Fair value of fund assets at end of the year</b>	<b>147</b>	<b>30</b>	<b>-</b>	<b>177</b>
<b>As at 30 June 2007</b>				
Fair value of fund assets at beginning of the year	126	26	-	<b>152</b>
Expected return on fund assets	10	2	-	<b>12</b>
Actuarial gains/(losses)	10	2	-	<b>12</b>
Employer contributions	5	1	-	<b>6</b>
Contributions by fund participants	2	-	-	<b>2</b>
Benefits paid	(2)	-	-	<b>(2)</b>
<b>Fair value of fund assets at end of the year</b>	<b>151</b>	<b>31</b>	<b>-</b>	<b>182</b>

## Notes to and forming part of the Financial Statements

For the year ended 30 June 2008

### 5. Retirement Benefits (continued)

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

	SASS \$'000	SANCS \$'000	SSS \$'000	Total \$'000
<b>As at 30 June 2008</b>				
Present value of partly funded defined benefit obligations at end of year	121	18	-	<b>139</b>
Fair value of fund assets at end of year	(147)	(30)	-	<b>(177)</b>
<b>Net liability/(asset) recognised in balance sheet at end of year</b>	<b>(26)</b>	<b>(12)</b>	<b>-</b>	<b>(38)</b>
<b>As at 30 June 2007</b>				
Present value of partly funded defined benefit obligations at end of year	116	16	-	<b>132</b>
Fair value of fund assets at end of year	(151)	(31)	-	<b>(182)</b>
<b>Net liability/(asset) recognised in balance sheet at end of year</b>	<b>(35)</b>	<b>(15)</b>	<b>-</b>	<b>(50)</b>

(v) Historical information:

	SASS \$'000	SANCS \$'000	SSS \$'000	Total \$'000
<b>As at 30 June 2008</b>				
Present value of defined benefit obligation	120	17	-	<b>137</b>
Fair value of fund assets	(146)	(29)	-	<b>(175)</b>
(Surplus)/deficit in fund	(26)	(12)	-	<b>(38)</b>
Experience adjustments – fund liabilities	(6)	-	-	<b>(6)</b>
Experience adjustments – fund assets	19	5	-	<b>24</b>
<b>As at 30 June 2007</b>				
Present value of defined benefit obligation	116	16	-	<b>132</b>
Fair value of fund assets	(151)	(31)	-	<b>(182)</b>
Total unfunded liability	(35)	(15)	-	<b>(50)</b>
Experience adjustments – fund liabilities	6	-	-	<b>6</b>
Experience adjustments – fund assets	(10)	(2)	-	<b>(12)</b>

## Notes to and forming part of the Financial Statements

For the year ended 30 June 2008

### 5. Retirement Benefits (continued)

- (b) (vi) Expected employer contribution to be paid during the annual reporting period beginning after the reporting date:

	SASS \$'000	SANCS \$'000	SSS \$'000	Total \$'000
As at 30 June 2008	5	1	-	6
As at 30 June 2007	5	1	-	6

- (vii) Defined benefits fund expense/(income) for the period:

	SASS \$'000	SANCS \$'000	SSS \$'000	Total \$'000
<b>Ending 30 June 2008</b>				
Current service cost	4	1	-	5
Interest cost	8	1	-	9
Expected return on fund assets	(12)	(3)	-	(15)
Net actuarial losses/(gains) recognised	13	4	-	17
<b>Total included in retirement benefits expense</b>	<b>13</b>	<b>3</b>	<b>-</b>	<b>16</b>
<b>Ending 30 June 2007</b>				
Current service cost	4	1	-	5
Interest cost	6	1	-	7
Expected return on fund assets	(10)	(2)	-	(12)
Net actuarial losses/(gains) recognised	(5)	(2)	-	(7)
<b>Total included in retirement benefits expense</b>	<b>(5)</b>	<b>(2)</b>	<b>-</b>	<b>(7)</b>



## Notes to and forming part of the Financial Statements

For the year ended 30 June 2008

### 5. Retirement Benefits (continued)

(b) (viii) Actual return on fund assets for the period:

	SASS \$'000	SANCS \$'000	SSS \$'000	Total \$'000
<b>Ended 30 June 2008</b>				
Actual return on fund assets	(10)	(2)	-	<b>(12)</b>
<b>Ended 30 June 2007</b>				
Actual return on fund assets	19	4	-	<b>23</b>

(ix) A summary of the financial position of the fund calculated in accordance with AAS 25 Financial Reporting by Superannuation Plans as supplied by the Trustee:

	SASS \$'000	SANCS \$'000	SSS \$'000	Total \$'000
<b>As at 30 June 2008</b>				
Accrued benefits	119	17	-	<b>136</b>
Net market value of the fund assets	(146)	(29)	-	<b>(175)</b>
<b>Net (surplus)/deficit</b>	<b>(27)</b>	<b>(12)</b>	-	<b>(39)</b>
<b>As at 30 June 2007</b>				
Accrued benefits	114	16	-	<b>130</b>
Net market value of the fund assets	(151)	(31)	-	<b>(182)</b>
<b>Net (surplus)/deficit</b>	<b>(37)</b>	<b>(15)</b>	-	<b>(52)</b>

## Notes to and forming part of the Financial Statements

For the year ended 30 June 2008

### 5. Retirement Benefits (continued)

(b) (x) Recommended contribution rates for the period ending:

Period ending	SASS Multiple of member contributions	SANCS % member salary	SSS Multiple of member contributions
30 June 2008	1.90	2.50	-
30 June 2007	1.90	2.50	-

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

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

(xi) The weighted-average economic assumptions adopted for the last actuarial review of the fund were:

	2008 % pa	2007 % pa
Expected rate of return on fund assets	7.7	7.7
Expected salary increase rate	4.0	4.0
Expected rate of CPI increase	2.5	2.5

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

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

	2008 %	2007 %
Australian equities	31.6	33.6
Overseas equities	25.4	26.5
Australian fixed interest securities	7.4	6.8
Overseas fixed interest securities	7.5	6.4
Property	11.0	10.1
Cash	6.1	9.8
Other	11.0	6.8

## Notes to and forming part of the Financial Statements

For the year ended 30 June 2008

### 5. Retirement Benefits (continued)

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

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

(xiv) **Demographic assumptions - as at 30 June 2008**

The demographic assumptions as at 30 June 2008 are those being used for the (current) 2007 triennial actuarial valuation. A selection of the most financially significant assumptions is shown below:

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

Age nearest Birthday	Number of members expected in any one year, out of 10,000 members at the age shown, to leave the fund as a result of:					Additional promotional salary increase rate %
	Death	Total & Permanent Disability	Retirement	Resignation	Redundancy	
<b>Males</b>						
30	4	8	-	280	150	2.90
40	6	10	-	150	150	1.80
50	11	30	-	112	150	0.00
60	30	-	1,400	-	150	0.00
<b>Females</b>						
30	2	2	-	372	150	2.90
40	3	6	-	175	150	1.80
50	7	28	-	144	150	0.00
60	18	-	1,500	-	150	0.00

## Notes to and forming part of the Financial Statements

For the year ended 30 June 2008

### 5. Retirement Benefits (continued)

#### (b) (xiv) Demographic assumptions - as at 30 June 2008 (continued)

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

Age nearest Birthday	Number of members expected in any one year, out of 10,000 members at the age shown, to leave the fund as a result of:					Additional promotional salary increase rate %
	Death	Ill-health Retirement	Retirement (R60 for females)	Cash Resignation (R60 for females)	Preservation (R60 for females)	
<b>Males</b>						
30	4	42	-	178	95	2.90
40	6	54	-	80	140	1.80
50	11	144	-	20	50	0.00
60	30	-	6,500	-	-	0.00
<b>Females</b>						
30	2	6	-	204	124	2.90
40	3	21	-	72	105	1.80
50	7	103	-	30	90	0.00
60	18	-	6,300	-	-	0.00

Note: R60 stands for women who elected to retire at age 60 rather than age 55.

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

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

## Notes to and forming part of the Financial Statements

For the year ended 30 June 2008

### 5. Retirement Benefits (continued)

(b) (xiv) Demographic assumptions - as at 30 June 2008 (continued)

- (iv) **SSS Pensioner Mortality** - assumed mortality rates (in 2007/2008) for SSS pensioners (separately for normal retirement/spouses and invalidity).

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

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

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

## Notes to and forming part of the Financial Statements

For the year ended 30 June 2008

### 5. Retirement Benefits (continued)

#### (b) (xiv) Demographic assumptions - as at 30 June 2007

The demographic assumptions as at 30 June 2007 are those being used for the (current) 2006 triennial actuarial valuation. A selection of the most financially significant assumptions is shown below:

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

Age nearest Birthday	Number of members expected in any one year, out of 10,000 members at the age shown, to leave the fund as a result of:								Additional promotional salary increase rate %	
	Death	Total & Permanent Disability	Retirement		Resignation		Redundancy			
			Part 1	Part 3	Part 1	Part 3	Part 1	Part 3		
<b>Males</b>										
30	4	8	0	0	280	395	150	0	2.90	
40	6	10	0	0	150	285	150	0	1.80	
50	11	30	0	0	112	172	150	0	0.00	
60	30	0	1,400	950	0	0	150	0	0.00	
<b>Females</b>										
30	2	2	0	0	372	700	150	0	2.90	
40	3	6	0	0	175	320	150	0	1.80	
50	7	28	0	0	144	270	150	0	0.00	
60	18	0	1,500	1,500	0	0	150	0	0.00	

## Notes to and forming part of the Financial Statements

For the year ended 30 June 2008

### 5. Retirement Benefits (continued)

#### (xiv) Demographic assumptions - as at 30 June 2007 (continued)

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

Age nearest Birthday	Number of members expected in any one year, out of 10,000 members at the age shown, to leave the fund as a result of:					Additional promotional salary increase rate %
	Death	Ill-Health Retirement	Retirement (R60 for females)	Cash Resignation (R60 for females)	Preservation (R60 for females)	
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30	4	42	-	178	95	2.90
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60	30	0	6,500	0	0	0.00
<b>Females</b>						
30	2	6	-	204	124	2.90
40	3	21	-	72	105	1.80
50	7	103	-	30	90	0.00
60	18	0	6,300	0	0	0.00

Note: R60 stands for women who elected to retire at age 60 rather than age 55.

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

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



## Notes to and forming part of the Financial Statements

For the year ended 30 June 2008

### 5. Retirement Benefits (continued)

(b) (xiv) Demographic assumptions - as at 30 June 2007 (continued)

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

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

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

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

End of Audited Financial Statements

## Statement by the Division Head

**For the year ended 30 June 2008**

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Pursuant to section 41(C)(1B) of the Public Finance and Audit Act 1983, I declare that in my opinion:

1. The accompanying financial statements exhibit a true and fair view of the financial position and transactions of the Western Sydney Buses Division as at 30 June 2008; and
2. The financial statements have been prepared in accordance with the provisions of the Australian Accounting Standards and Interpretations, Public Finance and Audit Act 1983, Public Finance and Audit Regulation 2005 and the Treasurer's Directions.

Further, at the date of this statement, I am not aware of any circumstances which would render the particulars included in the financial statements to be misleading or inaccurate.



**Peter Rowley**  
DIVISION HEAD

SYDNEY - 24 October 2008



# Appendices

State Transit Authority of New South Wales

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## Statutory Information

### 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 2008 according to actual use of the land.

Land Use Classification	\$000
Bus Depots	121,800
Minor Operational assets	439
Commercial properties	4,143
<b>Total</b>	<b>126,382</b>

#### Disposal of property

During the year State Transit did not dispose of any properties.

### 2. Capital Works Expenditure

Major Works	Completion Date	\$000
<b>Bus Replacement Program</b>		
<b>5 Metro Buses</b>		
3 Chassis delivered	June 09	1,245
<b>250 Volvo Diesel Buses</b>		
100 Buses delivered	June 11	22,955
<b>255 Mercedes CNG Buses</b>		
13 Buses delivered	June 11	29,704

## Statutory Information

### 3. Consolidated Income and Expenditure Statements

#### Comparison between Actual and Budget

For the year ending 30 June 2008

Land Use Classification	2006/07 Actual \$'000	2007/08 Actual \$'000	2007/08 Budget \$'000	Variance \$'000	Variance %	2008/09 Budget \$'000
<b>Income</b>						
Operational revenue	513,250	541,056	531,022	10,034	1.9%	561,175
Interest	4,776	7,145	7,680	(535)	(7.0%)	11,394
Other revenue	23,002	23,727	22,232	1,495	6.7%	26,136
<b>Total Income</b>	<b>541,028</b>	<b>571,928</b>	<b>560,934</b>	<b>10,994</b>	<b>2.0%</b>	<b>598,705</b>
<b>Expenditure</b>						
Employee benefits	291,996	340,662	318,180	(22,482)	(7.1%)	335,536
Depreciation and amortisation	34,211	32,984	36,050	3,066	8.5%	34,465
Fleet running expenses	80,204	89,916	80,289	(9,627)	(12.0%)	104,575
Borrowing costs	5,545	5,652	8,084	2,432	30.1%	8,621
Other operating costs	96,406	100,195	91,194	(9,001)	(9.9%)	95,234
<b>Total Expenditure</b>	<b>508,362</b>	<b>569,409</b>	<b>533,797</b>	<b>(35,612)</b>	<b>(6.7%)</b>	<b>578,431</b>
<b>Profit/(Loss) Before Tax</b>	<b>32,666</b>	<b>2,519</b>	<b>27,137</b>	<b>(24,618)</b>	<b>(90.7%)</b>	<b>20,274</b>

#### 2007-08 Financial Performance compared with 2006-07

The operating result represents a decrease of \$30.1 million compared with the \$32.7 million profit from the previous year. The change was significantly influenced by an unfavourable actuarial adjustment of \$22.2 million in retirement benefits provision.

Total revenue of \$571.9 million was an increase of \$30.9 million (5.7%) from the previous year of \$541 million. This increase was mainly due to higher operational revenue received from the Outer and Metropolitan Bus System Contracts (O/MBSC) of \$20.6 million. Revenue returned to the Government through the farebox also increased by \$13.7 million, resulting in a net increase in payments of \$6.9 million.

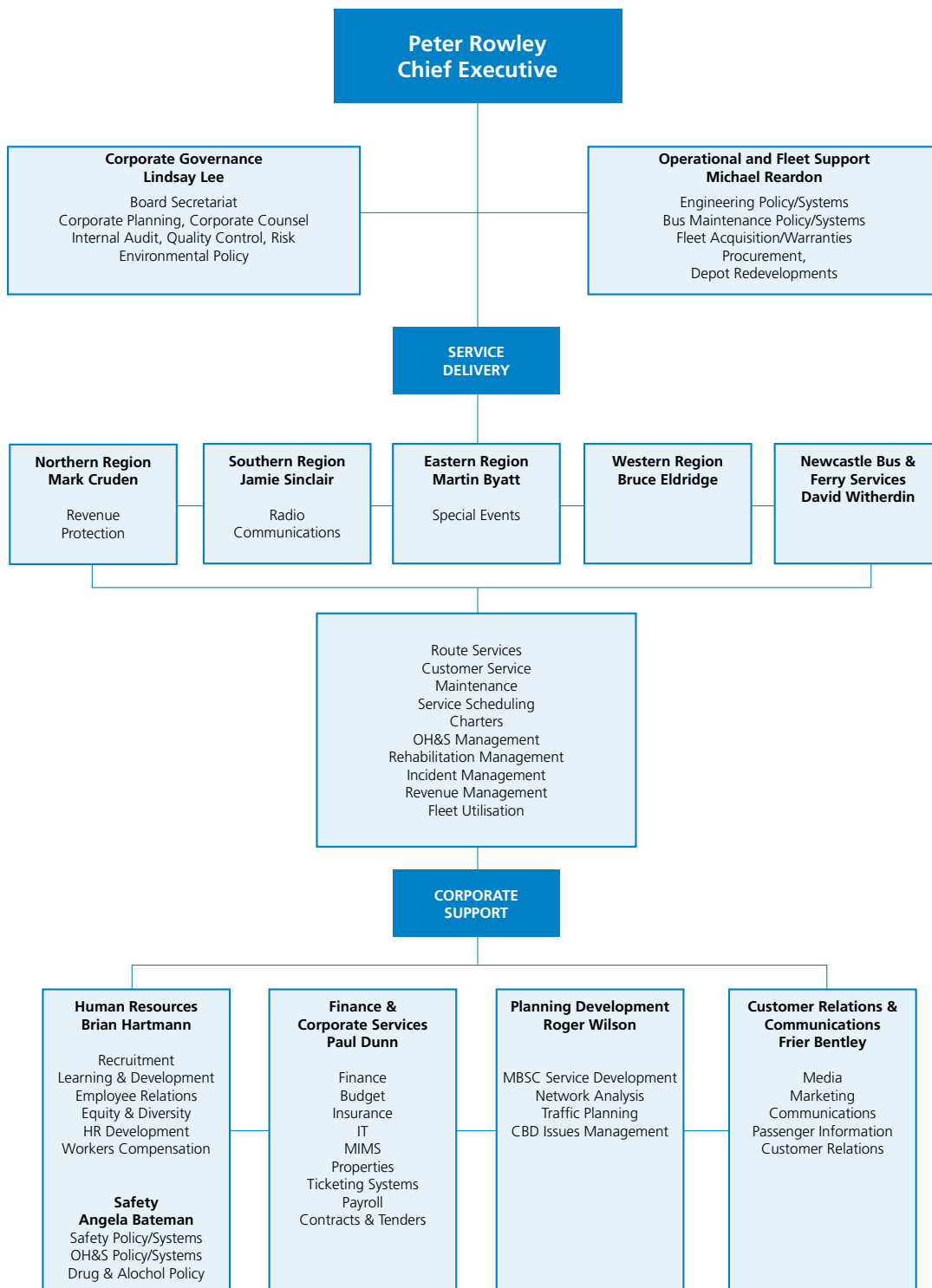
Outside the O/MBSC regime, revenue was higher than last financial year as a result of a \$4.9 million increase in bus charter income.

Excluding the adjustment for retirement benefits, payroll and related costs were \$14.5 million higher than the previous year. This was mainly due to a negotiated 4% increase in pay rates for bus drivers.

Fleet Running expenses were \$9.7 million higher than last year as a result of higher diesel fuel prices. The average diesel price per litre was 14.8% higher than the previous year, which resulted in an estimated increase of \$6.1 million in overall fleet running costs.

## Organisational Items

### 4. Structure \*



\* As at 31 October 2008



## Organisational Items

### 5. State Transit Board Members 2007/08

#### **The Hon. Barrie Unsworth – Chairman**

Mr Unsworth was appointed as Chairman of the State Transit Board in March 2004.

Mr Unsworth is the former Premier of NSW, Transport Minister in the Wran Government, Secretary of the Labor Council and Nominated Commissioner of the Public Transport Commission. He is a Director of RailCorp and Youth of the Streets Pty Ltd.

In 2003/04 Mr Unsworth carried out a major review of bus services in NSW at the request of the then Minister for Transport.

Mr Unsworth also sits as a member of the Audit Committee of the State Transit Board.

#### **Keith Todd**

Mr Todd was appointed to the Board in March 2004. He is the former Chairman of the Bus Industry Confederation and President of the Bus and Coach Association of NSW. He is also the former owner of Glenorie Bus Company. He currently chairs the Transport Management Committee of the Parramatta Rail Link. He is a Director of Parkview Leasing Pty Ltd and Chairman of the Transport Management Committee of the Transport Infrastructure Development Corporation.

Mr Todd has extensive experience in managing and operating bus companies. Mr Todd is the Chairman of the Audit Committee of the State Transit Board.

#### **Matt Thistlethwaite**

Mr Thistlethwaite is the Deputy Assistant Secretary of Unions NSW (formerly the Labor Council of NSW). He has experience in industrial relations and policy formulation in the public transport industry. Mr Thistlethwaite is a Member of the Racing Industry Advisory Council.

Mr Thistlethwaite was appointed to the Board in July 2005. Mr Thistlethwaite is a member of the Safety Committee of the State Transit Board.

#### **Jan McClelland**

Ms McClelland was appointed to the Board in March 2006. Ms McClelland is a management consultant (Managing Director, Jan McClelland and Associates Pty Ltd). Ms McClelland was previously the Director General of the Department of Education and Training and the Managing Director of the NSW TAFE Commission. Ms McClelland is the Chair of Buinesslink Pty Ltd and holds a number of directorships including the Boards of the Waste Recycling and Processing Corporation and the Festival Development Corporation. Ms McClelland is a member of the Safety Committee of the State Transit Board.

#### **Denis Fitzgerald**

Mr Fitzgerald was appointed to the Board in May 2007. Mr Fitzgerald is a senior teacher in the public education system. Mr Fitzgerald has extensive experience in industrial relations matters being previously the head of the NSW Teachers Federation and then holding a number of senior management positions in the union movement before returning to the teaching profession in recent years. Mr Fitzgerald is a member of the Executive of the NSW Teachers Federation. Mr Fitzgerald is a member of the Safety Committee of the State Transit Board.

#### **Peter Rowley – Chief Executive**

Mr Rowley was appointed as Chief Executive and as a Director of the State Transit Board in June 2008.

## Organisational Items

### Attendance At Board Meetings

In 2007/08 the Board met on 11 occasions and attendance was as follows:

<b>Name</b>	<b>Meetings attended</b>
The Hon BJ Unsworth	10
Mr D Fitzgerald	9
Ms Jan McClelland	8
Mr P Rowley	11
Mr M Thistlethwaite	9
Mr K Todd	11

### 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 its Charter is to assure the independence of the audit function, monitor corporate risk assessment and internal controls, review financial and other practices, review the quality and integrity of financial reports and oversee the responsibilities of the Internal Audit Manager.

The Audit Committee met on five occasions in 2007/08.

Committee members during 2007/08 were:

- Mr K Todd (Chairman)
- The Hon BJ Unsworth

### Safety Committee

The Safety Committee met on two occasions in 2007/08.

Committee members during 2007/08 were:

- Ms J McClelland (Chair)
- Mr D Fitzgerald
- Mr M Thistlethwaite

## Organisational Items

### 6. 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, following 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 (Staff) Regulation 2005
- Transport Administration (General) Regulation 2005

#### 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 the State Transit Authority.

See Item 8 – Implementation of 2007/08 Fares Determination for details of the Fares Orders.

#### Passenger Transport Act

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 the relevant regulations made under the Act.

## Commercial Items

### 7. Government Funding and Social Program

Government funding consisted of the following:

#### Bus Systems Contracts

State Transit has entered into four separate Metropolitan Bus Systems Contracts (MBSC) and one Outer Metropolitan Bus Systems Contract (OMBSC) with the Ministry of Transport for the provision of bus services in Sydney and Newcastle. The term of each contract is seven years with the MBSC commencing on 1 July 2005 and the OMBSC on 1 July 2006.

#### Other Government Payments

Newcastle Ferry Services and Western Sydney Buses continued to receive payments from Government for providing free and concessional fares in 2007/08.

Concession reimbursements were also received from Government in the categories of pensioner and senior citizens, school students, tertiary students, the unemployed, other welfare recipients and blind civilians.

Additionally, State Transit's Stockton ferry was deficit funded in 2007/08.

### 8. Implementation of 2007/08 Fares Determinations

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.

The following tables summarises the determinations made by the Independent Pricing and Regulatory Tribunal in relation to Sydney bus and Newcastle bus and ferry fares and the fare changes implemented by State Transit.

1. A change in State Transit's fare scale, in accordance with the determination of the Independent Pricing and Regulatory Tribunal made in October 2007, was made by order published in Government Gazette No 167 of 9 November 2007, effective 11 November, 2007.

Ticket	IPART Determination	Implementation
Bus/Rail/Ferry TravelPasses	Bus/Rail/Ferry TravelPass fares will increase by \$2.00 for adults and \$1.00 for concessions.	All changes to Bus/Rail/Ferry TravelPass fares were within the Tribunal's guidelines.
DayTripper Ticket	The price of the BusTripper ticket will increase by 60 cents for adults and 30 cents for concessions.	The change to the price of the DayTripper ticket was within the Tribunal's guidelines.

## Commercial Items

### 8. Implementation of 2007/08 Fares Determinations (continued)

2. A change in State Transit's fare scale, in accordance with the determination of the Independent Pricing and Regulatory Tribunal made in December 2007, was made by order published in Government Gazette No 186 of 28 December 2007, effective 2 January 2008.

Ticket	IPART Determination	Implementation
Sydney single ride bus fares	Price increases will apply to the following: Adult 1-2 Sections ..... \$0.10 Adult 3-5 Sections ..... \$0.10 Adult 6-9 Sections ..... \$0.10 Adult 10-15 Sections ..... \$0.20 Adult 16+ Sections ..... \$0.20 Concession 1-2 Sections ..... \$0.10 Concession 3-5 Sections ..... \$0.10 Concession 6-9 Sections ..... \$0.10 Concession 10-15 Sections ..... \$0.10 Concession 16+ Sections ..... \$0.10	All changes to single ride fares were within the Tribunal's guidelines.
Sydney TravelTens	Price increases will apply to the following: Adult 1-2 Sections ..... \$0.80 Adult 3-5 Sections ..... \$0.80 Adult 6-9 Sections ..... \$0.80 Adult 10-15 Sections ..... \$1.60 Adult 16+ Sections ..... \$1.60 Concession 1-2 Sections ..... \$0.40 Concession 3-5 Sections ..... \$0.40 Concession 6-9 Sections ..... \$0.40 Concession 10-15 Sections ..... \$0.80 Concession 16+ Sections ..... \$0.80	All changes to TravelTen fares were within the Tribunal's guidelines.
TravelPass Tickets (two-mode)	Adult Bus and Ferry TravelPasses will increase by either \$1.00 or \$2.00. Concession Bus and Ferry TravelPasses will rise by either \$0.50 or \$1.00.	All changes to TravelPass fares were within the Tribunal's guidelines.
BusTripper	The price of the BusTripper ticket will increase by \$0.40 for adults and \$0.20 for concessions.	The change to the price of the BusTripper ticket was within the Tribunal's guidelines.
Newcastle bus and ferry fares	The prices of the adult and concession 1 hour, 4 hours and All Day tickets will increase by between 10 and 30 cents. The price of the TimeTen 1 hour ticket will increase by 70 cents for the adult and by 30 cents for the concession. The price of the Stockton ferry single ride adult and concession tickets will remain unchanged.	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 \$1.20 to \$42.70.	The change to the price of the School Term Pass was within the Tribunal's guidelines.

## Commercial Items

### 9. Funds Granted to Non-Government Community Organisations

State Transit made no payment to Non Government community organisations for the year 2007/08.

### 10. Liability Management Performance

In the year ending 30 June 2008, the market value cost of funds of State Transit's debt portfolio, which includes actual interest costs, accrued interest costs and the change in market capital value of the debt portfolio, was 5.22%, compared to the benchmark portfolio market cost of funds of 5.48%.

### 11. Investment Management Performance

State Transit invests its surplus short-term funds in NSW Treasury Corporation's Hour-Glass Cash Facility Trust. In the year ending 30 June 2008, State Transit's weighted average rate of return on the investment was 6.82% (net of fees and expenses). The NSW Treasury Corporation Hour-Glass Cash Facility Trust benchmark is the UBS Bank Bill Index and the benchmark return was 7.34% with no adjustment for fees and expenses.

### 12. 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 2005:

Quarter	Amounts Paid on Time			Total Amount Paid
	Target %	Actual %	\$000	\$000
September 2007	85	95	123,638	130,528
December 2007	85	93	106,852	115,306
March 2008	85	87	116,462	133,820
June 2008	85	88	94,984	107,036

Of the total number of invoices processed during the year, 84% were paid within the trading terms. There were no penalty interest payments made under clause 18 of the Public Finance and Audit Regulation 2005.

Quarter	Aged Transactions by Quarter			Total Amount
	Current	30-60	60-90+	\$000
September 2007	18,708	2,574	224	21,506
December 2007	20,465	1,313	45	21,823
March 2008	17,715	1,617	308	19,640
June 2008	20,835	2,249	197	23,281

## Commercial Items

### 13. Risk Management and Insurance

State Transit's Risk Management Framework covers all areas of business activities and statutory compliance through the governance and risk structure overseen by the State Transit Board and its Audit Committee and Safety Committee. Continuous improvement under the ISO 9001:2000 Quality Management System has enhanced compliance and therefore the control of risk exposures.

State Transit's mature insurance program provided financial protection for the organisation during the year. The program spans general property, personal injury, consequential loss, motor, professional risks, general and marine liability. State Transit's risk profile has ensured lower premiums than experienced over recent years by the insured community.

The State Transit contract for insurance brokerage and claims management services has resulted in similar premiums to the previous year although the assets have increased by over 15%. The Compulsory Third Party insurance for the bus fleet is insured by Zurich Australian Insurance under Motor Accident Authority rating 6c.

### 14. Response to Matters Raised by the Auditor General

There were no significant issues in the 2007/08 outgoing Audit Report that required the Authority's attention.

### 15. Overseas Travel

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

#### 1. Mr Roger Wilson – General Manager Planning

**Date:** 18 November – 27 November 2007  
**Destination:** Singapore/Portugal  
**Purpose:** International Benchmarking Group

#### 2. Mr Warren Singleton – Driving Development Coordinator

**Date:** 20 October – 27 October 2007  
**Destination:** Minneapolis  
**Purpose:** Transit Trainers Workshop organised by the National Transit Institute

#### 3. Martin Byatt – Depot Manager Kingsgrove

**Date:** 19 October – 27 October 2007  
**Destination:** Berlin  
**Purpose:** UITP training program of public transport managers

#### 4. Martin Byatt – Acting General Manager Eastern Region

**Date:** 11 April – 27 April 2008  
**Destination:** Madrid  
**Purpose:** UITP training program of public transport managers



## Commercial Items

### 16. Freedom of Information

During the financial year 2007/08, State Transit received 34 applications for information under the Freedom of Information Act 1989.

#### Section A – FOI Applications

	Personal	Other	Total
New (including transferred in)	4	28	32
Brought forward (incomplete from last year)	0	2	2
<b>Total to Process</b>	<b>4</b>	<b>30</b>	<b>34</b>
Complete	4	22	26
Transferred Out	0	0	0
Withdrawn	0	0	0
<b>Total Processed</b>	<b>4</b>	<b>22</b>	<b>26</b>
<b>Unfinished (carried forward)</b>	<b>0</b>	<b>8</b>	<b>8</b>

#### Section B – Result of FOI Applications

	Personal	Other	Total
Granted in full	3	13	16
Granted in part	0	6	6
Refused	1	3	4
Deferred	0	0	0
Completed	4	22	26

#### Section C – Reason for not providing access

	Personal	Other	Total
S25(1) (a) – exempt	1	3	4
S28 (1) (b) – documents not held	0	6	6
<b>Total</b>	<b>1</b>	<b>9</b>	<b>10</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

## Commercial Items

### 16. Freedom of Information (continued)

#### Section H – Costs

Assessed Costs	Fees Received
\$63,600	\$930

#### Section I – Discount allowed on Fee Charged

	Personal	Other
Financial Hardship pensioner/child	0	0
Financial hardship – non-profit organisation	0	0
Other – Personal Records	\$90	0
<b>Total</b>	<b>\$90</b>	<b>0</b>

#### Section J – Days to process

Elapsed Time	Personal	Other
0 - 21 days	1	3
22 - 30 days	0	2
31 - 45 days	0	4
46+ days	3	13
<b>Total</b>	<b>4</b>	<b>22</b>

#### Section K – Hours to process

Processing Hours	Personal	Other
0-10 hours	1	2
11-21 hours	2	4
21-40 hours	1	3
40+ hours	0	13
<b>Total</b>	<b>4</b>	<b>22</b>

#### Section L – Reviews & Appeals

	Personal	Other
	0	3

## Commercial Items

### 17. 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.

<b>1. Consultancy Fees</b>	<b>\$'000</b>
(a) Where consultancy fees exceeded \$30,000	Nil
(b) Where consultancy fees paid were less than \$30,000 Fee paid to a consulting agency (Information Technology)	14
<b>2. Professional Services</b>	<b>4,063</b>

### 18. 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.

##### Safety Committee

The Safety Committee established by the Board oversees the safety program for workplace safety and operational safety for State Transit.

##### Direct Reports Committee

The Direct Reports Committee is the senior management committee for State Transit examining all policies and procedures for the organisation. The Direct Reports Committee has 5 sub-committees examining performance in detail against State Transit's priority areas: Safety Committee, Asset Management Committee, People Committee, Environment Committee and Quality Committee. The People Committee also oversees and directs the Ethical Affairs Priorities Statement strategies. Direct Reports conducts a monthly business review of all operations in depots against the main principal KPIs of the Corporate Plan.

### 19. Annual Environmental and WRAPP Report 2007/2008

#### Environmental Management Policy

State Transit's Environmental Management Policy was revised and reissued in 2007/08 under the Chief Executive's signature.

#### Executive Management Review

The Environmental Direct Reports Committee has met on four occasions in 2007/08 to review Environmental Management and address significant environmental issues related to State Transit operations.

## Commercial Items

### 19. Annual Environmental and WRAPP Report 2007/2008 (continued)

#### Environmental Notices

During 2007/08, State Transit received two Environmental Penalty Notices from the Department of Environment and Climate Change (DECC) for 'motor vehicle emitting excessive air impurities'. All vehicles subject to air impurity notices are referred to the responsible depot for investigation and servicing.

#### Environmental Incidents

A total of 24 environmental incidents for in-service operation of the bus fleet were reported to the Environment Office, compared with the 13 reported in the previous financial year. This increased incidence reflects a heightened awareness of State Transit officers to report all environmental incidents. Incidents reported primarily related to spills or leaks resulting from accidents or mechanical failure. All environmental incidents are reviewed to ensure their appropriate management by the responsible Depot. The environmental incident report rate for 2007/08 is 0.12 incidents per million passenger trips.

#### Environmental Complaints Handling

In the 2007/08 financial year, 177 public environmental complaints were referred to the 131 500 number for Sydney Buses operations, compared with 153 for the previous year. The Environmental Complaint rate for Sydney Buses is 0.93 complaints per million passengers. The majority of these public complaints related to noise or smoke from buses.

Newcastle Buses received 10 complaints, compared with 9 complaints for the previous year, with a rate of 0.80 complaints per million passengers. Complaints are recorded in categories of 'noise, smoke, spillage or littering from bus' and 'depot noise pollution'. Public environmental complaints recorded on the 131 500 number are referred to the responsible depot for investigation and response.

#### Environmental Licenses

Following changes to the POEO (Scheduled Activities and Waste) Regulation, 2008, and the removal of 'waste activities' licensing category from Schedule 1 of the POEO Act, all of State Transit's existing licenses with the DECC for the storage and handling of class A, industrial or hazardous wastes were rescinded, with licenses listed on the DECC public register as no longer in force.

#### Dangerous Goods Licensing and Notification

The majority of State Transit depots store notifiable quantities of dangerous goods, mainly diesel fuel storage, and therefore have notified Workcover of these and other dangerous goods related stores held on the premises. The risks of dangerous goods storage is managed via Emergency Management Plans, Dangerous Goods Manifest, placarding, MSDSs, training and specialized dangerous goods stores.

#### Trade Waste Licenses

All Sydney bus depots have one or more Trade Waste Agreements with Sydney Water for the discharge of wastewaters to sewer, from bus, chassis wash, and service pit cleaning processes. All discharges are metered, sampled and monitored according to Sydney Water's agreement and acceptance conditions.

#### Environmental Risks

BP Australia, State Transit's bulk diesel fuel contractor, conducted Fuel System Compliance audits of the new Belmont above ground fuelling facility to establish compliance with existing fuel storage and delivery standards.

## Commercial Items

### 19. Annual Environmental and WRAPP Report 2007/2008 (continued)

#### Sustainability

State Transit was accepted as a pledge signatory to the UITP Sustainability Charter in April 2008. Pledge signatory membership commits State Transit to adopting sustainability as a fundamental business objective.

#### Media Based Reporting – Air Quality and Emissions, Water, Noise, Lands, Energy and Waste

##### Air Quality

More than 60 clean Euro 5 diesel buses with SCR technology, and 13 new Euro 4 Mercedes CNG buses were delivered in 2007/08 as part of the previously announced 505 new buses contract. New fleet acquisitions helps to improve State Transit's overall fleet emissions profile and contributes to improved air quality in the Sydney region through the displacement of older Euro 2 bus emissions.

Investigation and remediation of lands for the new Leichhardt Depot Redevelopment have been completed and construction of the depot hardstand and service buildings commenced. The new depot will support some 200 clean, environmentally friendly CNG buses.

State Transit has applied for membership into the RTA Clean Fleet Program, an audited maintenance regime designed to maintain existing diesel vehicles at rated or optimal emission standards. This is achieved via adoption of stringent fault identification, scheduled maintenance, and diesel fuel quality maintenance procedures.

As a member of the NSW Cleaner Passenger Fleet Program, State Transit through State Fleet Services works to reduce total greenhouse emissions from its passenger fleet by leasing of vehicles with improved environmental performance scores and through the increasing use of E10 fuel.

##### Greenhouse Gas Emissions

Transport emissions derived from fuel combustion, using National Greenhouse Accounts Factors, were calculated as follows:

State Transit Service	Tonnes CO <sub>2</sub> (e)
Passenger and Service vehicles under 3.5 tonnes	529
Newcastle Ferries Scope 1 direct emissions	242
Diesel Bus Fleet Scope 1 tailpipe emissions	97,575
CNG Bus Fleet Scope 1 tailpipe emissions	31,944
<b>Total Transport Footprint</b>	<b>130,290 tonnes CO<sub>2</sub>(e)</b>

This total transport carbon footprint equates to approximately 640 tonnes CO<sub>2</sub>-(e) per million passenger trips.

Scope 2 Greenhouse Gas Emissions for stationary sources, mainly in the form of electricity consumption accounted for 10,640,889 kWhrs or 9,470 tonnes of CO<sub>2</sub>-e.

State Transit's total carbon footprint due to stationary and mobile sources equals 139,760 tonnes of CO<sub>2</sub>(e). Given this exceeds the 125,000 tonne threshold for registration and reporting under the National Greenhouse and Energy Reporting Act, State Transit will be registering under this Act to measure, monitor and report its emissions annually commencing next year.

## Commercial Items

### 19. Annual Environmental and WRAPP Report 2007/2008 (continued)

#### **Water**

State Transit bus depot operations consumed some 63,150kL of potable water at an average of 33.4kL per bus per annum. This consumption decreased by 9.6% from the previous financial year's consumption.

State Transit conserves potable water by the use of up to 80% recycled waters in bus wash facilities, with a 20% freshwater makeup to maintain clean bus wash waters. To comply with water restrictions State Transit's cleaners utilise buckets and squeegee mops to clean internal and window bus surfaces.

#### **Stormwater**

The prevention of stormwater pollution within depot environments is managed by a combination of signage, yard scrubbing, spill kits and spill response, bunding of spill risk structures, stormwater containment via Penstock or stormwater isolation valves and spill risk assessment and control of diesel fuel delivery and fuelling procedures.

For in-service prevention of spills our bus drivers contact the Radio Room for emergency assistance from the Fire Brigade and our fleet of customer service vehicles carry portable spill kits to enable a response to in-service spills in the event of an accident or mechanical failure.

#### **Noise**

During 2007/08, 12 cases of depot noise related complaints were recorded via the 131 500 public information access number. Depot based noise from bus start-ups, public announcement systems and garage radios are monitored and controlled via operational measures including noise surveys, standard operating procedures, restricted hours of operation for noisy equipment, and staff education and awareness of the importance of minimising noise and potential nuisance to nearby neighbours.

#### **Contaminated and Remediated Lands**

##### **Burwood Bus Depot**

A health risk assessment and environmental management plan has been developed for the ongoing management of Burwood contained and capped contamination, with the Voluntary Remediation Agreement with the DECC nearing closure.

##### **Leichhardt Bus Depot**

Extensive contaminated site investigation and remediation of lands for the new Leichhardt Bus Depot have been completed. A final site validation and remediation report and Environmental Management Plan has been issued for sign off by the DECC accredited auditor, under a voluntary audit process.

##### **Leichhardt Tram Depot Remediation**

Remediation of lands known as Lot 11, south of the existing Leichhardt Depot have been successfully completed under a voluntary remediation agreement with the DECC.

#### **Energy – Electricity Consumption**

In 2007/08 the Headquarters of State Transit tenancy within the Strawberry Hills Australia Post building consumed 9,161,889 kWhrs of energy whilst depot electricity consumption totalled 1,479,000 kWhrs. Total State Transit electricity consumption increased by 1% from the previous year's total.

## Commercial Items

### 19. Annual Environmental and WRAPP Report 2007/2008 (continued)

#### Fuel Systems

State Transit conducts annual underground diesel fuel storage integrity tests to determine that tanks are tight. In addition, Cathodic Protection Systems are surveyed annually to ensure there is sufficient protective current to protect those assets from corrosion. Five depots have impressed current cathodic protection systems that are registered with the NSW Dept of Energy and Water, the remainder are protected by sacrificial anode systems.

#### Waste

Transpacific Industries Group commenced solid and liquid waste collection services for all of State Transit depots in September 2007, under a Total Waste Management contract. The contract provides for the collection and recycling of batteries, waste metal (ferrous and non ferrous), oil filters, waste oil, cardboard and paper and the collection and disposal of oily water and waste coolant. Additional waste collection services provided to State Transit by Transpacific include florescent tube recycling, turbo wash and parts washers liquid waste.

#### WRAPP Report

In accordance with Government requirements State Transit has reviewed and updated its WRAPP report for 2007/08.

From the commencement of the total waste management contract the following quantities of waste have been collected for recycling:

Waste Oil	1,214 tonnes
Waste Surfactants	48 tonnes
Paper	1260 cubic metres
Oil Filters	44,800 litres of oil filters crushed for scrap metal
Fluorescent Tubes	0.45 tonnes
Bus Batteries	> 35 tonnes
Steel	> 60 tonnes
Steel Drums	> 200 items



## Commercial Items

### 20. NSW Sustainability Policy Targets

#### Water Target

##### Requirement

State Transit, as a budget dependant agency, is required under the new NSW Government Sustainability Policy to reduce its year 2005/2006 potable water consumption, i.e. 73,706 kilolitres, by 15%, to 62,650 kL by 2010/11. To achieve its target, State Transit must reduce its annual water consumption at a rate of 3% or 2,211kL per year.

##### Performance

The 2007/2008 financial year water consumption of 59,607 kL already exceeds the target.

#### Building Energy Use

State Transit, as a budget dependant agency, is required under the NSW Government Sustainability Policy to contribute to the State wide target of reducing greenhouse gas emissions from building energy use to 2000 levels (1.5m tonnes) by 2019/20 with interim targets of 1.74m tonnes by 2010/11, 1.67 m tonnes by 2013/14 and 1.59m tonnes by 2016/17.

To make an equivalent contribution to State wide targets, State Transit's Strawberry Hills headquarters current electricity consumption, measured at 1,479,000kWhrs or 1,316.3 tonnes of CO<sub>2</sub>(e), in 2007/2008, must be returned to 2000 levels, which equates to 604,286kWhrs or 537.8 tonnes of CO<sub>2</sub>(e) when State Transit headquarters was located on Level 29 of the Hyundi building in North Sydney. Thus, headquarters building energy use must be reduced by 59% to return headquarters building energy use to 2000 levels by 2019/2020.

#### Green Power

Government Agencies are to continue to purchase a minimum of 6% greenpower.

Currently, State Transit purchases 6% of its total electricity consumption as greenpower.

#### Environmental Performance of Buildings

Government owned or tenanted office buildings over 1000m<sup>2</sup> to:

- Obtain a NABERS rating by 31 Dec, 2008
- Achieve a NABERS rating of 4.5 stars for energy and water by 1 July 2011
- Achieve a NABERS rating of a target to be set by 30 June 2009 for waste and indoor environments by a date to be set.

Currently, the State Transit Strawberry Hills tenancy at the Australia Post headquarters building is rated at 4.5 stars, under the ABGR rating system. This is equivalent to a 4.5 Nabers Energy Rating. No Nabers water rating for the State Transit Strawberry Hills tenancy has yet been established.

## Commercial Items

### 20. NSW Sustainability Policy Targets (continued)

#### Cleaner Government Fleet

##### Environmental Performance Score

NSW Cleaner Fleet target was to achieve an average environmental performance score of 12/20 by 2007/2008.

State Transit achieved an Environmental Performance score of 10.42/20 as of 2007/2008.

##### Greenhouse Gas Emission Reductions

NSW Cleaner Fleet target was to achieve a 20% reduction in greenhouse gas emissions by end of 2007/2008 based on 2004/2005 performance.

State Transit achieved a reduction of 24.4% of greenhouse gas emissions from 705 tonnes CO<sub>2</sub>(e) in 2004/2005 to 533 tonnes CO<sub>2</sub>(e) in 2007/2008.

### 21. Mobile Phones

Procedures for issuing mobile telephones to staff are outlined in State Transit's Telephone and Mobile Telephones 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 2007/08 there were 309 (242 in 2006/07) mobile telephones in use.

### 22. Credit Card Certification

This is to certify that Corporate Credit Cards are issued to State Transit's staff for business purposes and used in accordance with the "Credit Card use best practice Guide, (TPP05-01).



Certified by: Peter Rowley , Chief Executive Officer

## Operational Items

### 23. Service Changes in Response to Community Consultation

Service adjustments were made in all regions to realign resources to better meet changes in demand in peak and off-peak periods.

#### Integrated Network Reviews

As part of the Ministry of Transport's program of bus reforms and in accordance with the Metropolitan and Outer Metropolitan Bus System Contracts, State Transit is required to review its regional networks to ensure services best reflect the needs of the travelling public.

State Transit has a number of network reviews currently underway. These will lead to changes designed to strengthen the bus network. These include:

- First stage of the Region 7 Western network review
- Region 5 Newcastle network review
- Region 9 Eastern Suburbs network review

Please see the Customer Service chapter of this report for further information.

### 24. Customer Response

	Sydney Buses	Newcastle Buses and Ferries	T-Way	Total
Complaints	27,903	1,539	205	29,647
Compliments	2,090	55	9	2,154
Suggestion	645	44	8	697
Query	804	81	10	895
Bus Smart*	1,319	1,814	0	3,133
<b>Total</b>	<b>32,761</b>	<b>3,533</b>	<b>232</b>	<b>36,526</b>

\*Calls categorised as 'Bus Smart' include encouraged community feedback as part of State Transit's Integrated Network Reviews.

Main features of complaints were:

- Service complaints, including late running, lack of accommodation in peak periods and early running.
- Staff complaints, including poor driving, not stopping when signalled and rudeness.
- Ticket and fare evasion disputes.

## Operational Items

### 25. Guarantee of Service

State Transit has renewed its commitment to raise performance standards on buses and ferries in Sydney and Newcastle to meet the objectives and deliverables of the State Plan and the Metropolitan and Outer Metropolitan Bus Service Contracts.

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.

### 26. Disability Plans

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

- 4,287 timetabled wheelchair accessible services on more than 204 routes across Sydney and Newcastle
- Purchase of 75 new wheelchair accessible buses bringing the total of accessible buses to 913 (>45% of fleet)
- Upgrade of 131500 website to provide wheelchair access trip planning
- Began disability access audit of over 10,000 bus stops and zones in Sydney and Newcastle to inform local municipal councils of where upgrade work is required
- Provision of disability awareness training to bus operators and other front line staff

## Human Resource Items

### 27. Human Resources Statistics

Comparison of State Transit's staff by classification and full time equivalent over the five year period from July 2003 to June 2008

	2003/04	2004/05	2005/06	2006/07	2007/08
<b>Operations</b>	3,482	3,631	3,769	3,747	3,787
<b>Maintenance</b>	402	360	366	367	379
<b>Administration</b>	605	611	587	648	653
<b>SES</b>	13	13	13	14	11
<b>Total</b>	4,502	4,602	4,735	4,776	4,830
<b>Average Full Time Equivalent</b>	4,452	4,523	4,555	4,574	4,625
<b>Casuals (included above)</b>	78	82	69	54	66

Note: Figures are converted to FTEs for part time staff, and represent the average staffing levels for the year. (These figures do not include overtime hours).

### 28. Equal Employment Opportunity

Details of staff numbers by EEO group and income, as at June 2008 are set out below.

Level \$	Total Staff	Respon- dents	Men	Women	Aboriginal and Torres Strait Islanders	People from Racial, Ethnic, Ethno- Religious Minority Groups	People whose language first spoken was not English	People with a Disability	People with a Disability requiring Work related adjustment
< \$35,266	15	15	15	0	1	0	0	1	1
\$35,266 - \$46,319	3,589	2,846	3,280	309	30	683	735	83	83
\$46,320 - \$51,783	137	101	94	43	1	21	27	1	1
\$51,784 - \$65,526	561	315	492	69	2	73	72	12	12
\$65,527 - \$84,737	118	75	89	29	0	20	12	5	5
\$84,738 - \$105,923	96	71	70	26	0	12	13	2	2
>\$105,923 non SES	54	38	44	10	1	5	4	2	2
>\$105,923SES	0	0	0	0	0	0	0	0	0
<b>Total</b>	<b>4,570</b>	<b>3,461</b>	<b>4,084</b>	<b>486</b>	<b>35</b>	<b>814</b>	<b>863</b>	<b>106</b>	<b>106</b>

Headcount: Non-casual Employees at June by Remuneration Level of Substantive Position

## Human Resource Items

### 28. Equal Employment Opportunity (continued)

Percent of total staff by EEO group and income as at June 2008.

Level \$	Total Staff	Respon- dents	Men	Women	Aboriginal and Torres Strait Islanders	People from Racial, Ethnic, Religious Minority Groups	People whose language first spoken as a child was not English	People with a Disability	People with a Disability requiring Work related adjustment
<\$35,266	15	100%	100%		6.7%			7%	6.7%
\$35,266 - \$46,319	3,589	79%	91%	9%	1.1%	24%	26%	3%	2.9%
\$46,320 - \$51,783	137	74%	69%	31%	1.0%	21%	27%	1%	1.0%
\$51,784 - \$65,526	561	56%	88%	12%	0.6%	23%	23%	4%	3.8%
\$65,527 - \$84,737	118	64%	75%	25%		27%	16%	7%	6.7%
\$84,738 - \$105,923	96	74%	73%	27%		17%	18%	3%	2.8%
>\$105,923 non SES	54	70%	81%	19%	2.6%	13%	11%	5%	5.3%
>\$105,923 SES									
<b>Total</b>	<b>4,570</b>	<b>76%</b>	<b>89%</b>	<b>11%</b>	<b>1.0%</b>	<b>24%</b>	<b>25%</b>	<b>3%</b>	<b>3.1%</b>

### 29. Strategic Plan for Women

See report on Strategic Plan for Women Initiatives in the People section of this report.

### 30. Ethnic Affairs Priorities Statement and Agreements

The Corporate Plan is based on four key areas: safety, customer service, people and competitive business. The Ethnic Affairs Priority Statement strategies have been integrated in the people and customer service areas of the Corporate Plan with the key aim of developing equitable, inclusive and high performance services for all passengers and a service culture, which is trained, resourced and managed to achieve this target.

#### Program and Service Delivery

State Transit engages in consultation with ethnic communities regarding the introduction of new or changed bus services, using interpreters as required. In areas with a high level of ethnic diversity, brochures are produced in the predominant languages of the areas where the service changes are to be implemented.

During 2007/08, State Transit reviewed part of its western region between Parramatta and Epping. To cater for the predominant languages spoken in the area, brochures were produced in English, Chinese and Korean.

#### Tourism Service Information

During the year, State Transit reviewed its Tourism brochure advertising tourist tickets and Explorer services. For the first time, brochures were produced in Japanese, Chinese and Korean in addition to English. State Transit pays for advertising in major international tourism programs and features a link on the Sydney Explorer website [www.sydneyexplorer.info/globetrotter](http://www.sydneyexplorer.info/globetrotter) for a Japanese translation of information.

## Human Resource Items

### 30. Ethnic Affairs Priorities Statement and Agreements (continued)

#### Staffing

State Transit is a Registered Training Organisation. Since the implementation of the Traineeship Program in 2002, all new bus operators have been trained up to the competency of Certificate III in Transport and Distribution (Road Transport). There are modules in this program which incorporate dealing with customers from a culturally diverse background. These modules include the following:

- Working effectively with others – forms of communications
- Working in a socially diverse environment

#### All bus operators have been trained in these modules.

State Transit's Driver Skills Maintenance Program provides annual refresher training to existing bus operators to ensure that State Transit's customer service standards are consistently met for all passengers. A component of the program focuses on service requirements for customers of culturally diverse backgrounds.

State Transit's Management Development Program for managers and Certificate IV in Frontline Management for maintenance supervisory staff also provides staff with the skills and knowledge in fostering diversity and promoting equity in the workplace and delivering State Transit's services.

A significant proportion (25%) of State Transit employees come from a non-English speaking background. Because of the culturally and linguistically diverse background of the staff, the Learning and Development Unit has all training materials and guides written in plain English.

#### Retreat Spaces

State Transit demonstrates its commitment to ensuring employees from culturally diverse backgrounds can meet their religious obligations whilst at work. With 10 established retreat spaces across the organisation, employees can utilise these spaces for religious, spiritual or contemplative purposes.

#### Communications

The Transport Infoline website, [www.131500.info](http://www.131500.info), jointly supported by State Transit, RailCorp and the Ministry of Transport, has an introductory section translated into nine major languages other than English. These are Arabic, Chinese, Greek, Indonesian, Italian, Japanese, Korean, Spanish and Vietnamese. The TripPlanner on this website also gives an explanation of the facility in different languages.

#### Funded Services

State Transit supports the 131500 Transport Infoline and Your Say Line service, which are contracted out by the Ministry of Transport.

The company that runs these services has many staff who speak multiple languages, including many of the Asian languages and Spanish, to assist customers who are unable to discuss their issues or concerns in English.

State Transit is a client of the Department of Immigration and Multicultural Affairs, which runs the Translating and Interpreting Services (TIS), 131450, for people who do not speak English and for English speakers needing to communicate with them. TIS provides both telephone and on-site interpreters for non-English speakers. Through TIS, a three-way conversation can be arranged with the call centre agent, the caller and the interpreter. These interpreting services are paid for by State Transit.

Since 2006, interpreter services for the Your Say Line have been made available through the above arrangement in the following languages: Arabic, Bosnian, Chinese, Croatian, French, German, Greek, Italian, Japanese, Korean, Macedonian, Polish, Serbian, Turkish and Vietnamese.



## Human Resource Items

### 30. Ethnic Affairs Priorities Statement and Agreements (continued)

#### Recruitment

During the 2007/08 financial year, State Transit developed and implemented a high profile advertising campaign to attract a wider section of the community to bus driving positions.

The advertising material aimed to broaden the perception of the type of people within the occupation by creating a sense of identity between prospective applicants and the job of a bus driver through a series of advertisements highlighting different aspects of the job.

The promotion targeted applicants from a range of ages and backgrounds.

In support of this advertising campaign, the jobs page on the State Transit website was updated to include fresh images and relevant information on the benefits of working for State Transit as a bus driver.

Advertisements encouraging people to visit the website were placed in prime positions in local and metropolitan press and on Internet job sites including jobs.nsw, the Australian Job Network, Seek, Mycareer and Careerone.

### 31. EEO Target Groups

Table 1: Trends in the Representation of EEO Groups

EEO Target Group	Benchmark or Target %	% of Total Staff			
		2005 %	2006 %	2007 %	2008 %
Women	50	10	10	11	11
Aboriginal people and Torres Strait Islanders	2	0.9	0.8	0.9	1.0
People whose language first spoken as a child was not English	20	27	26	25	25
People with a disability	12%	4	4	3	3
People with a disability requiring work-related adjustment	7%	4	3.7	3.3	3.1

Table 2: Trends in the Distribution of EEO Groups

EEO Target Group	Benchmark or Target	2005	2006	2007	2008
Women	100	110	109	113	117
Aboriginal people and Torres Strait Islanders	100	105	98	96	93
People whose language first spoken as a child was not English	100	94	95	94	95
People with a disability	100	108	103	105	106
People with a disability requiring work-related adjustment	100	108	103	105	106

## Human Resource Items

Note 1: A distribution index of 100 indicates that the centre of the distribution of the EEO group across salary levels is equivalent to that of other staff. Values less than 100 mean that the EEO group tends to be more concentrated at lower salary levels than is the case for other staff. The more pronounced this tendency is, the lower the index will be. In some cases the index may be more than 100, indicating that the EEO group is less concentrated at lower salary levels

Note 2: Excludes Casuals

### 32. Occupational Health, Safety and Rehabilitation

As reported elsewhere in this report State Transit's increased focus on customer safety has resulted in a reduction of 28% in overall customer incidents in 2007/08.

State Transit's Lost Time Injury Frequency Rate (LTIFR) has continued on a downward trend over the past five years, although experienced a slight increase in the period 2007/08, from 22.2 to 23.9. Employee assaults have fallen by 36%, from 275 to 177.

State Transit commenced a comprehensive review of its Safety Management System (SMS) during the period. Aligned with the State Transit Strategic Plan, this major initiative will ensure State Transit continues to provide a safe environment for all its stakeholders well into the future.

The upgrade of bus CCTV systems continued throughout 2007/08 to improve driver and public safety. A total of 1,793 digital systems were fitted in State Transit buses during the reporting period, including retrofitting 1,711 of the existing fleet.

### 33. Code of Conduct and Protected Disclosures

The Code of Conduct is printed in the Employee Handbook which is a controlled document issued to all State Transit employees. The Employee 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.

#### Protected Disclosures

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

The Protected Disclosure Reporting system is working effectively and training of our senior staff has been completed.

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

The focus of ensuring high ethical standards continued during the reporting period, supported, in particular, by training on protected disclosures. In addition, refresher training on full compliance with procurement policy and procedures was undertaken across all areas of State Transit during the reporting year to ensure that the possibility of corrupt or inappropriate practices would be avoided.

## Human Resource Items

### 34. Privacy Management

In accordance with the Privacy and Personal Information Protection Act 1998, State Transit has implemented a Privacy Management Plan.

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 be passed to.

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.

### 35. CES/SES Bands

Band	Number June 2007	Number June 2008
Level 7	1	1
Level 5	1	1
Level 4	7	8
Level 3	5	4
<b>Total</b>	<b>14</b>	<b>14</b>

### 36. Senior Executives' Qualifications

#### Senior Executives at 30 June 2008

Name	Position	Qualification
Frier Bentley	Director Customer Relations & Communications	BA (Comms)
Martin Byatt	A/General Manager Eastern	CTM
Mark Cruden	A/General Manager Western	CTM, Cert Urban Tpt Mgt, Cert Fitting & Machining
Paul Dunn	General Manager Finance & Administration	MBA, B Comm, ACA
Brian Hartmann	General Manager Human Resources	M Comm, Grad Dip ER, BA, Dip Teaching, MAHRI
Tony Haven	A/General Manager Northern	CTM
Lindsay Lee	Manager Corporate Governance	BA (Hons)
Michael Reardon	A/Director Operational Support	CTM
Peter Rowley	Chief Executive	MTM, CTM
Reg Ryan	Manager Corporate Finance	B Comm, FCPA
Jamie Sinclair	General Manager Southern	Adv Mgt Cert, Bus Mgt Cert, CTM
Roger Wilson	General Manager Planning	M Eng Sc, B Eng, CTM, MIE Aust
David Witherdin	General Manager Newcastle	B Eng (Civil)

## Human Resource Items

### 37. SES Performance Review & Remuneration

John Lee, Chief Executive, SES Level 7

**Period in position** CEO 1 July 2007 – 10 August 2007

Peter Rowley, Chief Executive, SES Level 7

**Period in position** Acting CEO 11 August 2007 – 9 June 2008  
CEO 10 June 2008 – 30 June 2008

#### 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 Lee left State Transit in August 2007 to take up the position of Director General Department of Commerce.

Mr Lee and Mr Rowley managed State Transit effectively in 2007/08 maintaining Sydney and Newcastle Buses' reputation as a reliable public transport provider:

- On-time running performance improved in 2007/08 to reach a network wide result of 95.6% and reliability remained well over 99%.
- Significant ongoing improvements in mechanical reliability.

#### Key achievements for 2007/08 include:

- Exceptional growth in patronage across the Sydney Buses network with additional services introduced to meet the strong growth in peak periods.
- New network developed for Newcastle Buses following a comprehensive public consultation exercise
- State Transit played a key role in the development and operation of transport services during APEC in September 2007.
- During 2007/08 State Transit played a key role in the planning and development operation of transport services for the World Youth Day.
- Full year passenger revenues were 5.7% higher than the previous year.
- State Transit celebrated its 75th Anniversary of Government buses in New South Wales.
- The PrePay network of cashless bus services continued to expand across Sydney with significant time savings for all.
- All requirements were met for the four Metropolitan Bus System Contracts for Sydney Buses and the Outer Metropolitan Bus System Contract for Newcastle Buses.
- Security was maintained in the post-9/11 environment.
- Significant patronage growth of more than 10% by Western Sydney Buses on the Liverpool Parramatta Transitway.
- Introduced 73 low floor fully wheelchair accessible diesel Euro 5 powered buses and CNG powered buses.
- ISO 9001:2000 Quality certification maintained for State Transit's bus services.
- Significant investment made in the redevelopment of depots at Leichhardt, Brookvale and Ryde in accordance with the depot strategy of building capacity for the future.

## Human Resource Items

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

### SES Remuneration

State Transit had three executives in the report period whose remuneration equals or exceeds the minimum remuneration for Senior Executive Service, Level 5:

#### **I. Chief Executive: John Lee (to 22 August 2007)**

Total Remuneration Package: \$321,700 pa

Performance Payment 2007/08: State Transit Policy specifies that no performance payments are made.

#### **II. Chief Executive: Peter Rowley (from 23 August 2007)**

Total Remuneration Package: \$320,000 pa

Performance Payment 2007/08: State Transit Policy specifies that no performance payments are made.

#### **III. General Manager, Finance & Administration: Paul Dunn**

Total Remuneration Package: \$233,449 pa

Performance Payment 2007/08: State Transit Policy specifies that no performance payments are made.

## Other

### 38. List of Publications

In 2007/08 State Transit produced and distributed:

- 2006/07 Annual Report
- 2007/08 Corporate Plan
- Bus timetables and region guides (various)
- Various brochures and flyers, including for a number of tourist products, new and special tickets, service changes, special events and safety material.
- Transit Times (19 editions)

### 39. Annual Report Publication Details

The State Transit Annual Report was produced in house and designed by Transit Graphics. The Annual Report is designed as a website document (PDF) able to be printed if required by individual users. To access this Annual Report and previous years' Annual Reports please go to [www.sydneybuses.info/corporate/publications.htm](http://www.sydneybuses.info/corporate/publications.htm). Five hundred copies were also produced at a cost of \$21.65 each.

### 40. Electronic Service Delivery

The State Government made a commitment via the ESD program to ensure that NSW Government agencies have the systems to do business and provide customer-focused services electronically (eGovernment) by December 2001. State Transit has implemented and continues to refine and expand its EDS program.

In the 2007/08 financial year more than 3.9 million people visited State Transit or associated websites, downloading over 1.5 million regular route timetables and over 1.2 million maps from the Sydney Buses and Newcastle Buses sites.

The key customer-focused services provided electronically via the Internet include:

1. Extensive information on our services and products including the facility to print personalised timetables.
2. Sophisticated travel planning system.
3. Employment opportunities.
4. Information on the School Student Transport Scheme.
5. Performance Reports.
6. Annual reports and corporate plan.

State Transit does business electronically wherever appropriate:

1. Tenders are advertised on our website together with full documentation and disclosure of contracts awarded are posted on our website.
2. Electronic procurement processes with major suppliers are in place and are being extended wherever suppliers have the capability to do business electronically.
3. The new Intranet provides staff with payroll, leave and FAQ electronic self-service facilities.

## Other

### 41. Key Performance Indicators

In 2007/08 Dollars

	2003/04	2004/05	2005/06	2006/07	2007/08
<b>Consolidated State Transit</b>					
Total revenue ('000)	\$508,883	\$530,861	\$549,566	\$552,086	\$566,706
Total expenses ('000)	\$485,747	\$536,374	\$499,688	\$518,437	\$564,186
Patronage ('000)	200,002	200,274	200,568	201,733	206,340
Kilometres ('000)	88,915	88,962	89,038	88,358	89,443
Staff	4,470	4,533	4,564	4,568	4,682
Total revenue per passenger	\$2.54	\$2.65	\$2.74	\$2.74	\$2.75
Total revenue per Km	\$5.72	\$5.97	\$6.17	\$6.25	\$6.34
Passengers per vehicle Km	2.3	2.3	2.3	2.3	2.3
Cost per passenger	\$2.43	\$2.68	\$2.49	\$2.57	\$2.73
Cost per vehicle Km	\$5.46	\$6.03	\$5.61	\$5.87	\$6.31
Passengers per employee	44,743	44,181	43,946	44,162	44,071
Vehicle Km per employee	19,891	19,625	19,509	19,343	19,104
Fleet size - buses	1,926	1,943	1,927	1,978	2,027
Fleet size - ferries	2	2	2	2	2
<b>Sydney Bus Services</b>					
Total revenue ('000)	\$465,863	\$480,889	\$504,774	\$507,909	\$513,276
Total expenses ('000)	\$431,348	\$475,909	\$442,776	\$455,055	\$496,234
Patronage ('000)	187,223	186,486	185,987	186,999	191,312
Kilometres ('000)	78,593	78,993	79,117	78,290	79,277
Staff	3,775	3,854	3,820	3,920	4,039
Total revenue per passenger	\$2.49	\$2.58	\$2.71	\$2.72	\$2.68
Total revenue per Km	\$5.93	\$6.09	\$6.38	\$6.49	\$6.47
Passengers per vehicle Km	2.4	2.4	2.4	2.4	2.4
Cost per passenger	\$2.30	\$2.55	\$2.38	\$2.43	\$2.59
Cost per vehicle Km	\$5.49	\$6.02	\$5.60	\$5.81	\$6.26
Passengers per employee	49,595	48,393	48,688	47,704	47,366
Vehicle Km per employee	20,819	20,498	20,711	19,972	19,628
Changeovers per 100,000 Kms					
- mechanical	16.13	15.26	12.94	12.92	12.93
- traffic	4.53	3.98	4.51	4.30	4.16
Average bus vehicle age	13.0	12.8	12.7	12.6	13.2
Bus service reliability (on time)	96%	95%	95%	95%	96%
Fleet size - buses	1,729	1,745	1,733	1,790	1,832



## Other

### 41. Key Performance Indicators (continued)

	2003/04	2004/05	2005/06	2006/07	2007/08
<b>Newcastle Bus &amp; Ferry Services</b>					
Total revenue ('000)	\$34,996	\$35,230	\$35,944	\$46,346	\$46,594
Total expenses ('000)	\$46,519	\$43,600	\$42,914	\$43,738	\$44,378
Patronage ('000)	11,480	12,101	12,566	12,455	12,506
Kilometres ('000)	8,367	8,236	8,256	8,322	8,337
Staff	389	392	381	371	351
Total revenue per passenger	\$3.05	\$2.91	\$2.86	\$3.72	\$3.73
Total revenue per Km	\$4.18	\$4.28	\$4.35	\$5.57	\$5.59
Passengers per vehicle Km	1.4	1.5	1.5	1.5	1.5
Cost per passenger	\$4.05	\$3.60	\$3.42	\$3.51	\$3.55
Cost per vehicle Km	\$5.56	\$5.29	\$5.20	\$5.26	\$5.32
Passengers per employee	29,512	30,862	32,982	33,571	35,629
Vehicle Km per employee	21,509	21,005	21,669	22,431	23,752
Changeovers per 100,000 Kms					
- mechanical	10.95	12.26	8.93	9.01	5.71
- traffic	2.28	2.19	2.24	2.37	1.84
Average bus vehicle age	12.6	12.6	12.8	13.6	11.7
Bus service reliability (on time)	98%	98%	98%	98%	99%
Fleet size - buses	180	181	177	171	178
Fleet size - ferries	2	2	2	2	2
<b>Western Sydney Buses</b>					
Total revenue ('000)	\$3,316	\$3,957	\$4,402	\$4,495	\$5,297
Total expenses ('000)	\$6,931	\$6,791	\$6,320	\$6,281	\$6,860
Patronage ('000)	1,299	1,687	2,015	2,279	2,522
Kilometres ('000)	1,955	1,733	1,665	1,746	1,829
Staff	47	48	49	52	51
Total revenue per passenger	\$2.55	\$2.35	\$2.18	\$1.97	\$2.10
Total revenue per Km	\$1.70	\$2.28	\$2.64	\$2.57	\$2.90
Passengers per vehicle Km	0.7	1.0	1.2	1.3	1.4
Cost per passenger	\$5.34	\$4.03	\$3.14	\$2.76	\$2.72
Cost per vehicle Km	\$3.55	\$3.92	\$3.80	\$3.60	\$3.75
Passengers per employee	27,638	35,146	41,122	43,827	49,451
Vehicle Km per employee	41,596	36,098	33,980	33,577	35,863
Changeovers per 100,000 Kms					
- mechanical	8.18	11.72	9.37	8.93	5.52
- traffic	6.14	5.37	2.22	2.12	2.73
Average bus vehicle age	1.0	0.0	1.0	2.0	3.0
Fleet size - buses	17	17	17	17	17

## Other

### 42. Contact Details

#### Hours of Service

8.30am to 5.00pm, Monday to Friday

#### Sydney Buses and Newcastle Buses and Ferry Information

131500, 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

#### Western Sydney Bus Depot

Bonnyrigg (02) 9610 7724

#### Newcastle Bus Depots

Belmont (02) 4945 0333  
Hamilton (02) 4947 1600

#### Newcastle Ferry Services

(02) 4974 1160

#### Website Addresses

[www.sta.nsw.gov.au](http://www.sta.nsw.gov.au)  
[www.sydneybuses.info](http://www.sydneybuses.info)  
[www.newcastlebuses.info](http://www.newcastlebuses.info)



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