

State Transit

2013/14 Annual Report



Transport
State Transit

Letter to the Minister

The Hon. Gladys Berejiklian MP
Minister for Transport
Level 17, 52 Martin Place
Sydney NSW 2000

Dear Minister,

I am pleased to submit for presentation to Parliament the Annual Report for the State Transit Authority of NSW for the financial year ended 30 June 2014.

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 for the people of New South Wales.

Yours sincerely,

A handwritten signature in blue ink, appearing to be 'P. Rowley', with a stylized, elongated horizontal stroke at the end.

Peter Rowley
Chief Executive
State Transit

Contents

Chief Executive's Foreword.....	5
About State Transit.....	7
Network Maps	9
Performance Highlights	11
Year in Review	12
Customer Experience.....	12
Safety	19
Competitive Business Performance	26
Growth.....	30
People and Organisational Sustainability.....	32
Environment	36
Financial Statements	38
Appendices.....	78
Appendix 1: Legislation	78
Appendix 2: Management and Structure.....	79
Appendix 3: Senior Service Contracts and Remuneration	82
Appendix 4: Human Resource Statistics	83
Appendix 5: Workforce Diversity	84
Appendix 6: Multicultural Policies and Services Plan.....	85
Appendix 7: Agreements with the Community Relations Commission	86
Appendix 8: Summary of Land	87
Appendix 9: Disposal of Property	87
Appendix 10: Consolidated Income and Expenditure	88
Appendix 11: Government Funding and Social Program	89
Appendix 12: Funds Granted to Non-Government Community Organisations ...	89
Appendix 13: Liability Management Performance.....	90
Appendix 14: Investment Management Performance	90
Appendix 15: Performance in Paying Accounts	91
Appendix 16: Consultancy and Professional Fees.....	93
Appendix 17: Mobile Phones	93
Appendix 18: Credit Card Certification	93
Appendix 19: Response to Matters Raised by the Auditor General.....	94
Appendix 20: Overseas Travel	94
Appendix 21: Environment and WRAPP Report	94
Appendix 22: Digital Recordkeeping	98
Appendix 23: Digital Information Security Annual Attestation Statement.....	98
Appendix 24: Government Information (Public Access) Applications	99
Appendix 25: Corruption Prevention and Ethics	104
Appendix 26: Privacy Management	105
Appendix 27: Internal Audit	106
Appendix 28: Risk Management and Insurance Activities	106
Appendix 29: Internal Audit and Risk Management Attestation	108
Appendix 30: Customer Response	109
Appendix 31: Disability Plan.....	109
Appendix 32: Service Changes	110
Appendix 33: Annual Report Publication Details.....	111

Index	113
Contact Details	116

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Chief Executive's Foreword

Throughout the 2013/14 financial year, State Transit continued its strong focus on customer service, service delivery and improving the efficiency of its operations. The Four Disciplines of Execution (4DX) program – a collaborative project from State Transit, Transport for NSW, the Transport Management Centre and Roads and Maritime Services – has seen a consistent improvement of around 5 per cent to on-time departures of State Transit buses since it was rolled out across the network in April 2014.

Examining every aspect of bus service operation, the program engages all bus depot staff including drivers, mechanics, cleaners and administration staff, to ensure everyone is working together to get buses out on the road, on time. GPS technology is then used to track buses and measure how they are performing against the timetable.

To date, this collaborative approach has achieved impressive results, with further improvement expected as staff develop a greater awareness of the program and further initiatives are implemented to reduce delays to buses while on the road.

I am pleased to say, after signing new contracts for its four Sydney Metropolitan Bus Service Contract regions in June 2013, State Transit signed a contract with Transport for NSW in June 2014 for the delivery of bus services in Newcastle. These new contracts allow State Transit to continue to provide efficient and reliable bus services to the people of Sydney and Newcastle and I am excited to have the opportunity to work with Transport for NSW to further strive to improve the overall travel experience of our customers.

State Transit has continued its efficiency review throughout the reporting year, implementing a number of reforms to ensure State Transit can operate within the funding model agreed in the new contracts. Implementation of the reforms is well advanced and is delivering significant structural, workplace and procedural changes which are eliminating inefficiencies and delivering significant savings and customer improvements throughout the organisation.

Having successfully completed the first two rounds of efficiency reforms, I am pleased to report State Transit is on track to deliver on all remaining initiatives and associated savings by its target delivery dates. It is expected, as a result of this extensive and rigorous efficiency review, State Transit will continue to deliver significant savings over the coming financial years.

One of the key components of State Transit's efficiency review was its Depot and Route Optimisation which was implemented in May 2013. The initiative – which involved the strategic reallocation of routes between depots, significant reductions in non-revenue kilometres travelled and a range of scheduling efficiencies – culminated in a reduction in State Transit's environmental footprint and was delivered without any impact on service delivery for customers.

During the reporting period, State Transit worked collaboratively with Transport for NSW and other agencies within the transport cluster, to roll out the first integrated public transport timetable delivered by Transport for NSW. The review, touted as the biggest in a generation, better aligned State Transit services to meet ferry and train trips, improving the travel experience for the customer.

As a result of the review, timetable changes were made to more than 80 routes within the Sydney Buses and Newcastle Buses networks and also included the implementation of a new standard design for bus timetable booklets created by Transport for NSW.

The 2013/14 financial year has been a busy but productive one for State Transit, with many targets for service delivery and efficiency savings achieved. Looking forward, State Transit's focus in 2014/15 will be on the continual improvement of customer service within the organisation by focusing attention on the improvement of key areas identified in the Transport for NSW Customer Satisfaction Surveys. At State Transit, the customer is at the centre of everything we do, and we look forward to continuing to work closely with Transport for NSW and other operating agencies to ensure we provide the best possible public transport system for the people of NSW.

A handwritten signature in blue ink, appearing to be 'P. Rowley', with a stylized 'R' and a horizontal line extending to the right.

Peter Rowley
Chief Executive

About State Transit

State Transit operates as a service provider in the transport cluster managed by Transport for NSW.

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

Operating two businesses – Sydney Buses and Newcastle Buses and Ferries – State Transit carries more than 200 million customers every year.

Operating Regions

State Transit holds four Sydney Metropolitan Bus Service Contracts (SMBSC) and one Outer Sydney Metropolitan Bus Service Contract (OSMBSC) with Transport for NSW. The four SMBSC regions include:

- Region 6 – Inner-western and south-western suburbs
- Region 7 – Northern and western suburbs
- Region 8 – Northern Beaches and Lower North Shore
- Region 9 – Eastern and south-eastern suburbs

The OSMBSC is for the operation of bus services in Region 5 in Newcastle.

Bus Fleet

At 30 June 2014, State Transit's bus fleet totalled 2,162 buses:

- 2,038 buses are air-conditioned (94 per cent of the fleet)
- 1,785 buses are wheelchair-accessible (83 per cent of the fleet)
- 577 buses are Euro 3 compliant (CNG or Euro 3 diesel) (27 per cent of the fleet)
- 634 buses are Euro 5 diesel or Euro 4 CNG compliant (29 per cent of the fleet)
- 371 buses are Environmentally Enhanced Vehicles (EEV) (17 per cent of the fleet)
- 234 buses are high-capacity articulated buses (11 per cent of the fleet)

Patronage

- State Transit carried 203.1 million customers in 2013/14.
- Every working day, State Transit operates more than 17,000 services carrying more than 640,000 customers to their destinations.

Turnover

- \$672.7 million in 2013/14

Employees

- More than 4,600 employees

Routes

- Sydney Buses operates 294 routes in the Sydney metropolitan area.
- Newcastle Buses operates 26 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 over 86 million kilometres, the Newcastle Buses fleet travels around 8.5 million kilometres and the Newcastle Ferries fleet travels around 24,000 kilometres.
- Around 107,138 timetabled services are operated every week – 100,559 by Sydney Buses and 6,579 services by Newcastle Buses.
- Sydney Buses operates 6,735 school trips a week on 758 bus routes. Newcastle Buses operates 1,395 school trips a week on 138 bus routes.

Safety

The highest priority is placed on safety and security. All buses are fitted with state-of-the-art digital closed-circuit television (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 Network Control Centre in Sydney's Traffic Management Centre and Newcastle's Control Room.

Customer Information

- Individual timetables for every bus service are available online and from Transport Shops at central points in the Sydney CBD, selected ticket agents and at www.transportnsw.info. Handy route information is also available at bus stops and ferry wharves.
- Check out our website www.statetransit.info which is linked to:
 - www.sydneybuses.info
 - www.newcastlebuses.info

Legislation

The State Transit Authority of NSW 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.

Subsidiaries

In October 2013, Western Sydney Buses ceased to operate as a subsidiary of State Transit. The operations of the Liverpool to Parramatta Transitway were transferred to Sydney Metropolitan Bus Service Contract Region 3, operated by Transit Systems Australia. As a result, State Transit's operating entity, Western Sydney Buses, was dissolved.

Network Maps

Sydney Service Area



Newcastle Service Area



Performance Highlights

New Contract for Newcastle Buses and Ferries

On Thursday, 26 June 2014, State Transit signed a new contract for its Newcastle Region – Outer Sydney Metropolitan Bus Service Contract Region 5. This new contract came into effect on 1 July 2014.

Improving on-time running

The Four Disciplines of Execution (4DX) program, initially trialled at Kingsgrove Depot before being rolled out across the network in April 2014, has seen consistent improvements of around 5 per cent to the on-time departures of State Transit buses thanks to a collaborative approach from State Transit, Transport for NSW, the Transport Management Centre and Roads and Maritime Services.

Examining every aspect of bus service operation, the program engages all bus depot staff including drivers, mechanics, cleaners, and administration staff, to ensure everyone is working together to get buses out on the road, on time. GPS technology is then used to track buses and measure how they are performing against the timetable.

Better value for money

State Transit continued its efficiency work throughout the reporting year, implementing a number of reforms to ensure State Transit can operate within the funding model agreed in the new contracts.

Having successfully completed the first two rounds of efficiency reforms to eliminate inefficiencies and deliver significant savings throughout the organisation, State Transit is on track to deliver on all remaining initiatives and associated savings by its target delivery dates.

Depot and Route Optimisation

State Transit's Depot and Route Optimisation, implemented in May 2013, has realised significant improvements throughout the 2013/14 financial year.

The initiative – which involved the strategic reallocation of routes between depots, significant reductions in non-revenue kilometres travelled and a range of scheduling efficiencies – culminated in a reduction in State Transit's environmental footprint and was delivered without any impact on service delivery for customers.

Delivery of new integrated public transport timetable

State Transit worked collaboratively with Transport for NSW and other agencies within the transport cluster, to roll out the first integrated public transport timetable delivered by Transport for NSW. The review, touted as the biggest in a generation, better aligned State Transit services to meet ferry and train trips, improving the travel experience for the customer.

Improving the fleet emissions profile

With the retirement of older early model pre-Euro buses, and with the acquisition of the latest Euro 5 buses and Environmentally Enhanced Vehicles (EEV), 74 per cent of the State Transit fleet is now of a Euro 3 standard or higher and 37 per cent are of the Euro 5 or the latest EEV standard. This compares with 63.2 per cent and 26.5 per cent respectively in the previous financial year.

Year in Review

Customer Experience

Key Objectives

- To make it easier for customers to use our services

Key Benefit

- Delivering a positive experience in all of our touch points with customers

Key Performance Indicators

- Increased customer satisfaction
- Improved customer information
- Improved reliability

Performance

Good customer service is at the core of State Transit's strategies to ensure that the community's expectations of bus services are met.

State Transit works with Transport for NSW in designing and implementing programs to ensure the customer is the core focus when delivering its services and providing customer information.

State Transit staff are trained to ensure customer service is an integral part of its culture. State Transit 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.

Customer Information

State Transit provides a range of bus service information options to customers that are readily available, easy to understand and accessible.

State Transit achieves this by providing information to customers through a variety of channels – online, in print, at bus stops and on board buses.

Real-time Information

State Transit uses a sophisticated bus scheduling system (HASTUS) to create detailed service operation plans. This system also provides service and location times that enable real-time customer information through mobile apps and trip planners, developed in collaboration with Transport for NSW and third party mobile app developers.

Service disruption messages are provided for customers when bus stops are affected by planned service changes and special events or through online, phone and customer contact points when unplanned incidents are delaying buses on their timetabled services.

Timetable Information - bus stops and printed booklets

State Transit provides bus stop timetables showing the specific bus services that are due at that location, with additional information displayed at major stops and along major corridors.

State Transit produces current timetables for all routes across its Sydney and Newcastle operating regions.

Printed timetable booklets can be picked up from Transport Shops, the Customer Information Centre or from ticket resellers and train stations. Electronic versions of each timetable and route map are available online from the Sydney Buses and Newcastle Buses and Ferries websites. Region Guides showing all the routes are also available on the websites.

In 2013/14, State Transit continued to roll out improved signage and information across the Sydney Buses and Newcastle Buses networks.

October 2013 Timetable Changes

In October 2013, State Transit helped implement the public transport timetable changes and service connections across the network. Touted as the biggest timetable change in a generation, this was the first integrated timetable developed by Transport for NSW, which included improved connections between buses and other transport modes for customers.

State Transit implemented timetable changes on over 80 routes within the Sydney Buses and Newcastle Buses networks and these timetable changes included updating over 3,000 bus stop timetables and over 40 timetable booklets.

This change also included the implementation of a new standard design for bus timetable booklets created by Transport for NSW. The new design has clear text, customer information, a revised map design and service times in a 24 hour time format which is now consistent for all new timetables across the transport network. Each timetable includes standardised pictogram logos, which are used on maps to show connection information for bus, train, ferry and light rail services.

New Services and Timetables

Throughout the year, bus stop information was updated for the implementation of the new route services:

- 425 – Dulwich Hill to Tempe;
- E32 – Balgowlah Heights to Manly Wharf via Balgowlah;
- E35 – Manly Vale to Manly Wharf via Balgowlah Shops;
- E36 – North Curl Curl to Manly Wharf via Freshwater;
- E41 – North Balgowlah to Manly Wharf via Seaforth; and
- E85 – Mona Vale to Wynyard via Warriewood Valley.

State Transit also worked closely with Transport for NSW as late night bus services were increased at Kings Cross and Sydney CBD.

Further information on these service changes can be found in Appendix 32.

Websites

State Transit's websites offer comprehensive information for customers using Sydney Buses and Newcastle Buses and Ferries services such as route information and timetables, ticketing options, and service and timetable alterations.

More than 5.7 million people visited the State Transit, Sydney Buses and Newcastle Buses and Ferries websites in 2013/14.

The Sydney Buses and Newcastle Buses and Ferries websites provide links to the Transportnsw.info website and Trip Planner function.

Email updates allow customers to subscribe to receive email notifications of enhancements to services, altered terminal arrangements or planned temporary diversions, particularly for major events. The email updates have continued to play an important role in communicating timetable changes and network reviews.

Collaboration with the Transport Management Centre

State Transit continues to work with the Transport Management Centre to provide information to the public via radio announcements and social media platforms.

The announcements, which were aired on major radio stations, provided updates on peak-hour transport conditions. As part of those announcements, the Transport Management Centre also aired messages for State Transit, Sydney Trains, Sydney Ferries and other transport agencies.

Transport Shops

Transport Shops, located at Railway Square, Circular Quay, Wynyard and the Queen Victoria Building, carry a full range of timetables and maps, and can support customers with ticketing and journey planning information.

From 1 July 2013, responsibility for Transport Shops was passed to Transport for NSW in line with all ticketing functions moving to Transport for NSW.

Transportnsw.info Services

Transportnsw.info provides information for customers to plan their trip using 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.

Transportnsw.info includes web-based information (which is available by visiting www.transportnsw.info), mobile website information (available on smart phones by accessing the website m.transportnsw.info), or by phoning 131500.

There is a range of apps available to customers to download onto their smart device that provide real-time transport information such as Arrivo Sydney, NextThere, TransitTimes+, TripGo, Triptastic and TripView. Transport for NSW has reported that 40 million trip plans are being searched on these new apps every month.

State Transit provides customer information through the Transportnsw.info service. The self-service automated information channels, including smart phone apps (number of trip plans) or automated Interactive Voice Response phone service, continue to be the most popular method for customers seeking bus service information.

Customer Feedback

State Transit is committed to promptly responding to feedback from customers. All cases received are recorded, investigated appropriately and statistics from feedback are analysed to generate customer insight and identify trends. These customer insights are used to enhance the overall performance of services for the benefit of all customers.

In 2013/14, customer feedback topics ranged from reliability of bus services to interactions with staff, including compliments for excellent service provided by bus drivers.

On-time Running

On-time running is important to everyone and State Transit is working with Transport for NSW, the Transport Management Centre and the Roads and Maritime Services to address factors that can delay timetabled bus services.

Following a successful pilot program at Kingsgrove Depot, which has seen considerable improvements to the on-time departures of Kingsgrove bus services of between 5 and 10 per cent, State Transit began rolling out the 4DX methodologies across its organisation in April 2014. Since the implementation of the program across the network, State Transit has seen an average improvement to on-time departures of around 5 per cent.

The 4DX program focuses on a number of factors within State Transit's control that can improve on-time running including:

- Bus drivers departing the depot and terminus on time;
- Improving bus availability with a focus on refining maintenance processes;
- Improving berthing and despatch; and
- Reviewing on-time running performance to improve bus schedules.

There are however, many factors outside of State Transit's control that can affect the reliable performance of bus services including traffic accidents, special events, wet weather conditions and road work. Bus services are also delayed by motorists who park in bus stops, illegally use bus-only lanes, park in clearways and those who refuse to give way to buses when pulling out from bus stops, all of which are driving infringements that are enforced by NSW Police.

State Transit's on-time running is measured by Transport for NSW as part of its operating contracts. On-time running data is collected in the morning peak only, between 6am and 10am, over three separate days each month, across 11 different locations within State Transit's operating areas.

A bus service is deemed as having operated on-time if it starts its trip between one minute before and five minutes after its scheduled departure time.

The quarterly on-time running figures for Sydney Buses regions during the 2013/14 financial year are shown below.

Table: Sydney Buses on-time running performance July – September quarter

Sydney Buses	July 2013	August 2013	September 2013
Region 6	94.28%	91.17%	91.43%
Region 7	93.07%	88.94%	89.78%
Region 8	96.73%	92.23%	94.89%
Region 9	94.61%	93.89%	91.38%

Table: Sydney Buses on-time running performance October – December quarter

Sydney Buses	October 2013	November 2013	December 2013
Region 6	93.44%	92.02%	90.77%
Region 7	92.74%	88.61%	88.89%
Region 8	93.71%	89.92%	92.23%
Region 9	94.84%	89.35%	92.07%

Table: Sydney Buses on-time running performance January – March quarter

Sydney Buses	January 2014*	February 2014	March 2014
Region 6	N/A	91.24%	91.01%
Region 7	N/A	88.24%	91.05%
Region 8	N/A	88.44%	92.10%
Region 9	N/A	88.48%	87.44%

* Data is not collected in January by Transport for NSW

Table: Sydney Buses on-time running performance April – June quarter

Sydney Buses	April 2014	May 2014	June 2014
Region 6	90.32%	95.85%	94.01%
Region 7	93.77%	93.43%	95.25%
Region 8	93.31%	93.51%	94.73%
Region 9	91.16%	90.13%	93.77%

Unlike the Sydney Metropolitan Bus Service Contract regions, Transport for NSW does not monitor the on-time running for Outer Sydney Metropolitan Bus Service Contract regions. Therefore, the on-time running statistics for Newcastle Buses were prepared by State Transit.

In 2013/14, State Transit began to measure on-time running for Newcastle Buses using the Public Transport Information and Priority System (PTIPS) which uses GPS to monitor the on-time running of every bus, for every trip operated. Newcastle Buses' average on-time running for 2013/14 was 90.56 per cent with significant improvements recorded in the latter part of the reporting period following the introduction of 4DX in April 2014.

Reliability

The reliability of State Transit services is measured by the number of timetabled services that are operated. State Transit's reliability target across all its services is 98 per cent.

In 2013/14, both Sydney Buses and Newcastle Buses met or exceeded this target with 99.53 per cent and 99.97 per cent of timetabled services operating, respectively.

Network Control Centre

State Transit's Network Control Centre (NCC) is structured to provide regional support for each of State Transit's four Sydney Metropolitan Bus Service Contract regions, and is a proactive part of each region's on-road operational management.

The NCC uses PTIPS to monitor services in real-time, identifying buses that are running early or late, and intervening where necessary to improve on-time running.

Real-time data regarding bus locations is also used to resolve and respond to emergency and 'in service' problems and situations, and assist in managing bus driver fatigue issues which may arise from late running.

The NCC also provides a representative to the Transport Coordination Branch at the Transport Management Centre which convenes during the AM and PM peak period, Monday to Friday, providing an integrated/cross-agency approach to the management of incidents which cause disruption to services. The Transport Coordination Branch also provides input into various transport planning projects.

Special Events

State Transit, on behalf of Transport for NSW, does the scheduling for the regional route network for sporting events at Sydney Olympic Park. State Transit also provides the contracted services operating via Route 4 – Maroubra to Sydney Olympic Park – and Route 1a – Warriewood to Sydney Olympic Park.

In addition, State Transit operates express special event buses to the Moore Park Precinct, operating Route 1 – Central to Moore Park – and Route 3 – Circular Quay to Moore Park.

For major events such as City2Surf, New Year's Eve, Sydney Festival, Vivid and Sculpture by the Sea, State Transit schedules additional buses along major corridors to help customers get to where they need to go, on time and hassle free.

During the reporting period, State Transit also provided additional services, including dedicated special event services, for the International Fleet Review in Sydney and the Special Olympics 2013 Asia Pacific Games held in Newcastle.

Supporting the Community

Christmas Buses

For the eighth year running, State Transit buses in Sydney and Newcastle were decked out with tinsel and ornaments as part of State Transit's Christmas Bus Competition.

The competition, which aims to spread some cheer to passengers, motorists and staff over the festive season, came about after bus drivers began informally decorating their buses for their customers. It has now grown into a healthy competition, with the driver of the best decorated bus awarded \$500 to donate to the charity of their choice.

In 2011, State Transit developed a partnership with the Sydney Children's Hospital at Randwick which meant the honour of judging the competition each December would go to a patient at the hospital.

The guest judge for the 2013 Christmas Bus Competition was 10-year-old Robert Davey, who awarded the title of best decorated bus to Mona Vale Depot.

Safety

Key Objectives

- The safety of State Transit's customers and workers is the organisation's key priority in the provision of service and workplace management
- State Transit's ultimate aim is that no injuries to staff, customers or the public will occur as a result of State Transit operations or activities

Key Benefit

- A safe and healthy workplace for all workers and a safe journey for customers and other road users

Key Performance Indicators

- Improved workplace safety
- Improved on-board safety
- Improved road safety

Performance

There has been a consistent improvement on State Transit's key performance indicators over the past five years with large improvements in the area of employee injuries.

State Transit employs a risk management approach to identifying and minimising safety risks and continues to drive improvements across the business for all areas relating to safety.

Lost Time Injury Frequency Rate

State Transit achieved a reduction in total workplace injuries, in 2013/14 decreasing by 2 per cent.

State Transit's Lost Time Injury Frequency Rate in 2013/14 was 5.3. This is part of an ongoing trend with an overall rate reduction of 68 per cent over the past five years. This can be attributed to improved processes in injury management and further implementation of risk management programs.

Customer Incidents

In 2013/14, the number of customer incidents per million boardings was relatively stable across State Transit, decreasing marginally from 2.27 to 2.17 customer incidents per million boardings.

At Fault Accident Rate

State Transit's at fault accident rate per 100,000 kilometres reduced by 12 per cent in 2013/14 from 1.20 to 1.06 claims per 100,000 kilometres. Over the past five years, there has been a 65 per cent reduction in the at fault accident rate at State Transit.

Employee Assaults

In 2013/14, the number of employee assaults decreased by 4 per cent.

Drug and Alcohol Testing

State Transit is committed to a strict drug and alcohol policy, which involves random, reasonable cause and incident drug and alcohol testing.

In 2013/14, State Transit conducted 1,980 alcohol tests and 632 drug tests. One positive alcohol test and seven positive drug tests were returned during the reporting period.

Employees who have returned positive tests are subjected to disciplinary proceedings involving counselling and/or rehabilitation, suspension with a first and final warning, or immediate dismissal.

Table: Drug and Alcohol Testing

	Alcohol	Drugs
Number of Tests	1,980	632
Number of Positives	1	7

Leading Performance Indicators and Safety Activities

State Transit utilises leading performance indicators to assist with the measurement of proactive safety activities.

During 2013/14, there were 95 Health and Safety Committee meetings held across the business, 184 safety corrective actions completed, 120 risk assessments conducted and 200 hazards proactively identified. These activities promote:

- identification of workplace hazards and development of risk-based control measures.
- ranking of safety risks as the basis of risk-based decision making.
- monitoring and review of risk control measures to evaluate their ongoing effectiveness in light of workplace changes, legislative reform and contemporary standards.

Examples of safety activities to address high risk areas in the last 12 months include:

- Yard safety: traffic management
 - All depots/yards have had their risk potential re-assessed, with new traffic operating plans developed and control measures implemented to reduce the risk of collision between vehicles and pedestrians. Some solutions included increased yard lighting, implementation of exclusion zones and separation of on site pedestrians from traffic.
- Workshop safety: managing falls and electrical hazards
 - The risk of falling into maintenance pits in workshops has been addressed by developing a pit barrier in high pedestrian traffic areas.
 - The risk of falling from a height has been addressed by designing a new engineering controls platform with a prototype version installed at Brookvale Depot. The platform provides a safe working environment with a noted productivity efficiency saving of up to 30 minutes on each job.
 - The risk of electrical hazards in workshop pits was addressed by upgrading to water-resistant IP66 pit lighting and power outlets. This has resulted in a less hazardous pit cleaning process.

Safety Systems

The Safety Management System

The Safety Management System has been in place for five years and outlines what must be done in order for State Transit to work safely, meet its regulatory requirements, and ensure a safe workplace for all. Its purpose is to assist the business in creating a safer workplace for all State Transit workers and all other people affected by State Transit's operations and activities.

The Safety Management System includes policies, procedures, risk management guidelines, safe work instructions and forms. Further development of the Safety Management System has incorporated recent changes to legislation including Work Health and Safety Legislation 2011 and Model Codes of Practice.

Staff have received widespread support through training, workshops, coaching and regular communication to assist the continual implementation of the Safety Management System in the business. Ongoing consultation with staff and review of the system ensures our safety performance across the business is always improving.

Audit Program

State Transit is committed to a robust and thorough audit program to regularly assess the implementation and compliance of our Safety Management System to both internal and external requirements.

State Transit completed a number of external audits during 2013/14 to ensure continuous improvement of the Safety Management System including:

- Gap Analysis of the Safety Management System against:
 - Work Health and Safety Legislation 2011
 - National Self-Insurer OHS Audit Tool v2
- Audit of the Safety Management System against:
 - Maritime NSW Safety Management System Guidelines
 - Advanced Fatigue Management Standards as part of the National Heavy Vehicle Accreditation Scheme

A comprehensive action plan has been developed and is currently being implemented to address the findings.

State Transit is currently transitioning to the National Self-Insurers OHS Audit Tool (National Audit Tool) from the Occupational Health and Safety Model for Self-Insurers 2005.

The National Audit Tool provides organisations with a set of common criteria used to review the effectiveness of their Safety Management Systems and to help drive system and performance improvements. The National Audit Tool also helps to assess an organisation's compliance to Work Health and Safety Legislation.

Certification against the National Audit Tool allows for the assessment of all facets of a Safety Management System and looks at key elements of an organisation's Safety Management System and process, based on AS 4801 and AS 4084.

State Transit's next self-insurance audit is to be conducted against the National Self-Insurer OHS Audit Tool and is scheduled for June 2015.

Compliance Assessments

Compliance assessments are completed against State Transit's Risk Management Guidelines which have been developed to meet legislative requirements. Audits and compliance assessment activities conducted during 2013/14 focused on:

- Management responsibility;
- First aid;
- Contractor Work, Health and Safety compliance; and
- Work, Health and Safety site verification.

Safety Programs

Targeted Injury Prevention Programs

During 2013/14, State Transit introduced a range of targeted injury prevention programs to better manage key safety risks. Some measures recently introduced which are already contributing to improved safety outcomes include:

- Improved management of onsite pedestrians and vehicle traffic in depot yards through updated traffic management plans, improved yard lighting and refreshed signage and line-marking;
- Provision of actively illuminated LED safety vests to night-time yard staff to improve safety in depot yards;
- A renewed focus on contractor safety through the introduction of a dedicated safety resource to assess and monitor contractor works; and
- Introduction of a Senior Executive Workplace Inspection program to promote a top-down safety management approach.

State Transit participates in information sharing within the transport cluster by promoting safety messages to the public to help improve customer safety and reduce incidents.

Transport for NSW Workshops

State Transit participated in a workshop that brought together a variety of representatives from Transport for NSW, State Transit, Sydney Trains, NSW Trains and Roads and Maritime Services to discuss joint safety focus areas.

Four key work streams were determined and a range of resources and responsibilities will be allocated in order to achieve the improvements required. These work streams are:

1. Anti-Social Behaviour
2. Preventing Customer Falls
3. Security and Customer Behaviour
4. Interchanges and Hot Spots

State Transit will continue to participate in combined transport cluster workshops in 2014/15.

Safety Software Solution – The HUB

During 2013/14, development and extensive testing continued on the HUB – State Transit's safety reporting system. Five test sites have used a pilot version of the system for their incident and hazard reporting whilst State Transit's in-house HUB team continue to develop the software.

The latest software update was released in May 2014 with another three versions scheduled to be released over the remainder of 2014. Upon completion, the HUB will be rolled out to all State Transit depots and offices, to be used for hazard and incident reporting, investigations, and action management, including the recording and monitoring of actions.

The intended benefits of the HUB are to:

- Streamline paperwork and improve efficiency for staff;
- Interface with other key databases to reduce duplication;
- Improve visibility of incidents and investigations;
- Enable hazard tracking;
- Record and monitor actions; and
- Escalate actions through the use of reporting lines.

Safety Training

State Transit continued its Safety Training Program in 2013/14 to support the implementation of the Safety Management System. The Safety Training Program is led by the Safety Training and Competency Committee and has representatives from State Transit's Safety Division and Transport for NSW Organisational Development Division.

Safety training conducted over the past 12 months includes:

- Safe Work Instruction Training;
- Manual Handling Training;
- Getting into Gear with the Safety Management System for Employees;
- Getting into Gear with the Safety Management System for Managers;
- Work Health Safety Consultation;
- Emergency Evacuation;
- Violence Prevention;
- First Aid; and
- eLearning Office Ergonomics.

A number of eLearning programs are under development to assist State Transit to meet safety training obligations and which will allow easier and timelier access to safety training modules.

Health and Wellbeing

State Transit is committed to providing proactive and preventative health and wellbeing programs and activities to ensure the utmost care of all staff. Health and wellbeing programs and activities are separated into five categories:

1. Worker Medical Assessments
2. Health and Wellbeing Programs
3. Employee Health Surveillance
4. Workplace Monitoring Activities
5. Health and Wellbeing Promotion and Awareness Activities

State Transit ensures the health and wellbeing of all staff through consultation and communication, education and training, facilitation, promotion and flexibility. State Transit achieves this through the establishment of the Health Management Committee, which drives health and wellbeing programs and activities across the business.

The aim of the Health Management Committee is to follow a risk-based approach to managing health in the workplace, evaluate and review health monitoring and health promotion activities and develop and endorse the Health Management Plan.

During 2013/14, State Transit focused on encouraging increased awareness and promoting changing attitudes towards employee health and wellbeing.

A dedicated focus on men's health in late 2013, designed to tie in with 'Movember', saw excellent participation from staff in a range of fun activities which raised awareness of issues such as prostate cancer, mental health and drug and alcohol use.

Mental health issues were also targeted for 'R U OK? Day' in September 2013.

Other targeted communication activities during 2013/14 included quit smoking, skin and sun awareness, bowel cancer, fatigue and flu vaccination.

State Transit is an accredited operator under the 'National Heavy Vehicle Accreditation Scheme Advanced Fatigue Management' module which requires compliance to a range of Advanced Fatigue Management Standards.

State Transit is a drug and alcohol free workplace. The Drug and Alcohol Program follows a risk-based approach whilst maintaining compliance with the legislation. The Program focuses on random testing, education and information as well as emphasis on the rights and responsibilities of employees and others. The Program also offers assistance for employees who self declare drug and alcohol lifestyle issues, by the provision of education and rehabilitation services.

State Transit offers the Employee Assistance Program, designed to offer short-term solutions focused on confidential counselling and treatment for all employees and their families affected by personal or work-related issues. Critical incident counselling is an immediate counselling service delivered by qualified critical incident psychologists and is provided 24 hours a day, 7 days a week.

Consultation

Annual Regional Health and Safety Reviews

Each year, representatives of Health and Safety and the management team gather to discuss regional health and safety issues and review safety performance. The meeting provides an open and consultative forum in which safety issues can be progressed.

Health and Safety Committees

State Transit's Health and Safety Committees play an important role in ensuring a safe workplace for everyone. They provide a forum for employees to share ideas and make recommendations to assist State Transit make more informed decisions regarding health and safety issues.

The Committees meet every four to eight weeks to consult about health and safety issues and/or to conduct a workplace inspection. Health and Safety Committee minutes are posted on Work Health and Safety Noticeboards at each State Transit site for reference by workgroup members. Actions arising from meetings are recorded and tracked. During 2013/14, 95 Health and Safety Committee Meetings were held across State Transit.

Annual Health and Safety Committee Chairperson Meeting

State Transit holds a Health and Safety Committee Chairperson Meeting each year. They are designed to facilitate discussion between Health and Safety Committee Chairpersons and Senior Management about safety, in order to provide organisation-wide consultation, solution sharing and learning on safety matters.

The most recent meeting, held late 2013, included a review of safety performance, audit results, safety resources and safety programs, including the development of the HUB safety software solution.

Fleet Safety Committee

The Fleet Safety Committee is a key consultation forum that includes Work Health Safety and Union representatives. The Fleet Safety Committee has the following objectives:

- To provide a forum to discuss and consult on fleet design issues;
- To provide a forum for sharing solutions and outcomes for fleet design State Transit wide; and
- To participate in risk assessments related to fleet design projects.

Workers Compensation

State Transit continues to manage its workplace injuries to a high standard.

- There were significant decreases in new claims reported in State Transit's Western Region of 11 per cent and Newcastle of 17 per cent.
- The total number of new claims received in 2013/14 was 545.

The actuarial net liability continued to decrease, reducing to \$22.8 million as of 30 June 2014, down \$5.7 million from \$28.5 million in 2013.

Workers Compensation services are provided to State Transit by Transport for NSW Transport Shared Services. A service level agreement governs this relationship.

Throughout 2013/14, State Transit continued to review performance to ensure best practise and legislative compliance. State Transit had continued representation on the Senior Executive of the NSW Self-Insurers Association.

Competitive Business Performance

Key Objectives

- To build our competitiveness as a business
- To ensure the renewal of State Transit's Sydney Metropolitan and Outer Sydney Metropolitan Bus Service Contracts

Key Benefit

- Clearly demonstrating improved 'value for money'

Key Performance Indicators

- Increasing investment to meet our future obligations
- Maximise asset utilisation

Performance

Financial Review

In 2013/14, State Transit reported a surplus of \$32.9 million (\$37.2 million deficit in 2012/13).

The prior year amounts were restated to take into account the implementation of AASB 119. Prior year employee benefit expenses were retrospectively increased by \$10.9 million to \$414.8 million.

Income from operating activities was \$672.7 million and the cost of operating the business was \$639.9 million. Income in 2013/14 was 0.2 per cent below last year due to a reduction in bus service contract revenue that reflects agreed saving targets. Expenses were 3.1 per cent lower in 2013/14 to the restated 2012/13 total expenses due to the realisation of savings initiatives, and the reduction in depreciation and amortisation.

Capital Expenditure

State Transit spent \$40.2 million on capital works in 2013/14, including \$37.4 million on the acquisition of 80 new buses which are operated by State Transit and recognised as a finance lease with Transport for NSW; \$1.5 million on depot infrastructure upgrades; and \$1.3 million on minor works.

The bus replacement program ensures the average fleet age continues to meet the requirements of State Transit's bus service contracts with Transport for NSW. The average fleet age was 9.9 years as at 30 June 2014.

The upgrades to the depot infrastructure and facilities were necessary to meet operational requirements.

Sydney Metropolitan and Outer Sydney Metropolitan Bus Service Contracts

State Transit currently operates its bus services through five separate contracts with Transport for NSW.

- Four Sydney Metropolitan Bus Service Contracts (SMBSC)
- One Outer Sydney Metropolitan Bus Service Contract (OSMBSC)

The four SMBSC comprise:

- Contract Region 6 – Inner-western and south-western suburbs
- Contract Region 7 – Northern and western suburbs
- Contract Region 8 – Northern Beaches and Lower North Shore
- Contract Region 9 – Eastern and south-eastern suburbs

The SMBSC all commenced on 1 July 2013 for a period of five years with an option for a further two.

The single OSMBSC comprises:

- The operation of bus services in Newcastle.

The OSMBSC commenced on 1 July 2014 for a period that is planned to align with the SMBSC completion.

All contracts include the provision of additional services for specific special events such as New Year's Eve, Australia Day, ANZAC Day, VIVID, Mardi Gras and football games.

State Transit has a monthly reporting regime which is an obligation under each contract. The reporting takes the form of strict KPI bench mark comparison. The benchmarks principally cover patronage growth, on-time running, accessible services, customer satisfaction, customer complaints and resolution, revenue protection and safety.

Changes to any contract bus service is detailed by State Transit including supporting Operational Spatial Data (OSD) and submitted to Transport for NSW for assessment and approval. Once approved, the changes are invoiced and paid through the contract payment process.

Each O/SMBSC is invoiced and paid on a monthly basis, principally comprising monthly contract price, applicable price adjustments and service variations.

State Transit continues to be a major supporter of the current Transport for NSW Opal card roll-out across the O/SMBSC network.

Information Technology Management

The focus for State Transit's IT division during 2013/14 has been on maintaining and improving operational systems and supporting Transport for NSW in the development and implementation of transport cluster initiatives. Achievements for 2013/14 include:

- Successful preparation for, and implementation of key projects to support the roll-out of the Opal card across the State Transit managed Sydney regions.
- Deployment of the capability for digital recordkeeping with NSW Government standard metadata.
- Development and implementation of a mobile training solution for the rapid training of large numbers of depot-based staff. This initiative won a Transport for NSW Recognition Award.
- Modernisation of the fuel management system was successfully undertaken to ensure continued operation on modern technology and providing continued stability of the system.
- A capability was introduced for bus drivers to allow for the viewing and self-management of rosters.
- Improved internal communications have been provided with the development of a replacement for aging Intranet, procedural library and operational staff communications

systems. This system allows for better management and distribution of information, and provides staff with far greater search capability.

- Improvement of user experience and functionality of office automation tools with the upgrade from Microsoft Office 2003 to Microsoft Office 2010. This included integration with key business systems.
- Greater alignment of traditional IT and Operational Technology management processes, standards and governance.
- Significant support in the development of cluster-wide service delivery processes and a new technology operating model.
- Continued key support provided to the cluster in a number of cross-cluster IT initiatives, including Enterprise Resource Planning, Next Generation Infrastructure Services and Service Management, leading to a fundamental change in the way State Transit will manage its back-office functions and use and manage technology and related services.

Risk Management Program

State Transit uses 'ISO AS/NZS 31000: 2009 Risk Management Standard' to improve decision-making and to minimise the impact of events that may affect operational activities; State Transit's reputation; compliance with its regulators; or the safety and security of its employees, passengers or other road users.

State Transit is committed to the continual improvement of its Risk Management Program, with consideration to the changing environment in which it operates. The Risk and Assurance Unit is responsible for maintaining and implementing State Transit's Risk Management Framework, which sets out the whole of business approach to managing risk.

The Risk and Assurance Unit regularly reports to the Executive Governance and Risk Committee, which oversees the implementation and operation of the Risk Management Framework. As a further assurance, State Transit has an Audit and Risk Committee, whose overall objective is to provide independent assistance to the Chief Executive by overseeing and monitoring State Transit's governance, risk and control framework, and its external accountability requirements.

Emergency Response Plans

State Transit has trained all operational, key management and supervisory staff in Emergency and Crisis Management procedures. The Fleet Operations and Infrastructure Division facilitates the program which provides focus on the practical aspects of emergency and incident management, together with a structured approach to communications. Flexible delivery options enable the program to be delivered as required for the ongoing support of operations.

State Transit participates in Crime Prevention Partnerships across the transport cluster concentrating on those areas that present the greatest risk to its operations, customers and staff.

Security Coordination

State Transit's Security Unit provides police intelligence profiles of incidents that occur on the bus transport network. High profile areas of the network have been identified and the Police Transport Command is provided with details of incidents on the State Transit bus network every working day. The Unit provides a conduit for all NSW Police requests for on-bus CCTV footage to assist in their investigations. It facilitates the delivery of footage and provides evidence in court in relation to the continuity of the CCTV system.

The Security Unit participates in the Police Transport Command Crime Prevention Committee on a monthly basis and attends operational planning and coordination meetings on a weekly basis.

Revenue Protection

In July 2013, the State Transit Revenue Protection Unit was reduced to 10 officers and the function was progressively taken over by Transport for NSW. Between 1 July and 31 December 2013, the remaining 10 Revenue Protection Officers checked 2,669 buses along with 34,181 customers. This resulted in the issue of 2,411 penalty notices and 387 caution notices. The Revenue Protection Unit finished up on 31 December 2013 with all officers taking up redeployment or redundancy offers.

All complaints regarding fare evasion are now forwarded to Transport for NSW who is responsible for revenue protection on all buses.

All other revenue protection activities, including the attendance at the major universities for their student orientation days, have also been taken over by Transport for NSW.

The Manager, Revenue Protection position has been extended to 31 December 2014. Current responsibilities include managing the Automatic Fare Collection (AFC) ticket tracing and hot listing function as well as the investigation of fraud and criminal offences committed against State Transit.

Once all State Transit buses are provided with Opal ticketing equipment, the responsibility for hot listing lost and stolen tickets, and liaising with the NSW Police in respect of ticketing fraud will be transferred to Transport for NSW.

Growth

Key Objective

- To ensure that our business supports the achievements of the priorities and targets for transport as specified in the State Plan – NSW 2021

Key Benefit

- Assisting in the delivery of an integrated customer focused transport system

Key Performance Indicators

- Growth in public transport journeys
- Growth in State Transit's fleet to match demand
- Growth in infrastructure to support bus services

Performance

In 2013/14, State Transit worked collaboratively with Transport for NSW to achieve the following priorities and targets as specified in the State Plan – NSW 2021:

- Minimise public transport waiting times for customers;
- Consistently meet public transport reliability targets;
- Grow patronage on public transport by making it a more attractive choice;
- Improve customer satisfaction with transport services; and
- Increase real-time travel information to customers.

Patronage

In October 2013, State Transit handed over the Liverpool to Parramatta Transitway to Transit Systems Australia following the transfer of the Transitway to Sydney Metropolitan Bus Service Contract Region 3.

As a result, patronage for State Transit declined marginally as patronage for Western Sydney Buses was only recorded for the first three months of the reporting period.

Total patronage for State Transit in 2013/14 was 203.1 million customer trips.

Sydney Buses recorded 190.8 million customer trips in 2013/14 with Newcastle Buses and Ferries carrying 11.6 million customers.

Metrobus Patronage

Metrobuses continued to be popular among customers with patronage on State Transit-operated Metrobuses continuing to grow, recording a 3.6 per cent increase during 2013/14.

Metrobus M50 services – operating between Drummoyne and Coogee – experienced a 7.7 per cent increase in patronage, carrying more than 2,600 extra customers a week compared to the previous year.

Strong growth was also experienced on Metrobus routes M20 – operating between Gore Hill and Mascot – and M10 – operating between Leichhardt and Maroubra Junction – recording patronage increases of 5.2 per cent and 4.3 per cent respectively.

Other Metrobus routes that experienced growth during the year include:

- M41, up 4.1 per cent;
- M54, up 3.7 per cent;
- M30, up 3.0 per cent;
- M52, up 1.4 per cent; and
- M40, up 0.6 per cent.

Bus Fleet

In 2013/14, 80 new buses were delivered to State Transit. These buses were Scania K280UB buses with Bustech bodies and EEV emission levels.

State Transit's operating contracts with Transport for NSW, issued under the Passenger Transport Act 1990, require an average fleet age of not more than 12 years. The delivery of these new buses and subsequent retirement of older ones has further reduced the average age of State Transit's fleet to 9.9 years.

State Transit continues to purchase only wheelchair-accessible buses, which now total 1,785 (82.6 per cent) of the fleet. This places State Transit above target toward achieving the next Commonwealth Disability Standards for Accessible Public Transport milestone date in 2017.

Wheelchair-accessible buses operate on 67 per cent of services on routes throughout Sydney and Newcastle with wheelchair-accessible trips operating on more than 95 per cent of trips on the weekend.

Timetabled wheelchair-accessible bus services now operate on all main corridors and cross-regional routes. Many of these services provide links to accessible train stations to increase opportunities for multi-modal travel. Wheelchair-accessible services are identified by the wheelchair icon in bus timetables located on the Sydney Buses website – www.sydneybuses.info

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; and
- Air-conditioning.

Following consultation with Vision Australia, all buses delivered in 2013/14 featured new LED destination signs, chosen for their strong contrast between the large white writing on black background, making for easier readability for customers with vision impairment.

Opal

During 2013/14, State Transit continued its role in implementing the new Opal system.

A dedicated State Transit project team, working closely with the Electronic Ticketing System branch of Transport for NSW, supervised the installation of depot and bus modifications and infrastructure. By the end of the reporting period, all State Transit depots had their Opal back office systems installed and 2,150 buses were fitted with the necessary wiring and bracketry to accommodate the electronic ticketing system. During the reporting year Waverley and Randwick depots went 'live' with Opal.

People and Organisational Sustainability

Key Objective

- To inspire, develop and support all employees

Key Benefit

- Skilled, productive and motivated staff

Key Performance Indicators

- Operational staffing levels maintained
- Staff Development Plans agreed
- Stakeholder engagement

Performance

Recruitment

During 2013/14, recruitment was undertaken by Transport Shared Services, part of Transport for NSW. The majority of recruitment activity was for bus drivers, with applicants assessed by a revised process including on-line pre-screening and testing, interview and driver evaluation. During 2013/14, 327 bus drivers were recruited.

Transport Senior Service

As part of the reforms in Transport for NSW, former Senior Executive Service (SES) positions and some Senior Officer positions were transferred to a contract-based Transport Senior Service classification. The majority of these transfers occurred on 1 July 2013. State Transit has 36 Transport Senior Service positions.

Organisational Development

State Transit is committed to developing a capable workforce by investing in its people. During 2013, State Transit commenced working in partnership with Transport for NSW to deliver training and other interventions to ensure organisational capability to meet current and future needs, including a significant online learning capability.

Over 4,000 employees have completed workplace diversity and respect training as part of transport-wide initiative.

Bus Driver Training

State Transit utilises the Vocational Education and Training Quality Framework to promote excellence in training bus drivers. State Transit's comprehensive Bus Driver Training Program includes:

- a nationally recognised Traineeship Program for all new bus drivers.
- tailored, specific one-on-one training and assessment for identified training needs.

The Traineeship Program ensures that all new bus drivers receive training that has been benchmarked against national competency standards, and results in a nationally recognised Certificate III in Driving Operations (Bus). This qualification is also available to existing bus drivers to have their current skills and experience formally recognised.

Registered Training Organisation

State Transit's Registered Training Organisation (RTO) ceased in 2013/14 and Transport for NSW introduced an RTO, which now delivers nationally recognised training and qualifications for bus drivers.

Achievements in 2013/14 included:

- 221 bus drivers achieved Certificate III in Driving Operations (Bus).
- 289 trainees were enrolled in the Certificate III in Driving Operations (Bus) Traineeship Program.

Apprenticeships

Apprenticeships are an essential element of State Transit's fleet operations. State Transit recruits heavy vehicle mechanic and body-building apprentices annually and recruitment continues to reflect the diverse State Transit workforce.

Apprentices undertake on-the-job training in the workshops, technical training and assessment on the State Transit fleet and trade qualifications from TAFE.

Several apprentices are currently completing post-trade qualifications including Certificate IV in Automotive Mechanical Diagnosis.

Phil Cooksey (Certificate III in Heavy Commercial Vehicle Mechanical Technology) received a TAFE award for his achievement while undertaking his trade qualifications.

State Transit apprentices continued to gain permanent employment with State Transit as engineering repair tradespersons, bringing established knowledge and understanding of our customers and business objectives.

Fleet Operations Training

To help support State Transit's extensive fleet replacement program, 60 training courses were delivered to fleet operations staff during the year. Training covered full chassis, body and auxiliary systems on Volvo B7RLE and Scania buses.

As part of the Fleet Operation and Infrastructure Division's commitment to ensure the safety and competency of maintenance staff, over 1,700 competency-based assessments were conducted on the operation of workshop plant and equipment.

Performance Agreements for Transport Senior Service, Senior Officers and Salaried Officers

The Performance Agreement Program for Transport Senior Service employees and Senior Officers continued, using an online system. The online system provided:

- fully electronic records and sign-offs.
- tools to support the development of appropriate performance objectives and personal development plans.
- reporting functions which summarise progress in meeting objectives and alignment of objectives to the Corporate Plan.

During the latter part of 2013/14, planning and implementation occurred to extend the Performance Agreement Program to all Salaried Officers. These Performance Agreements also utilise the online system, and became operational from 1 July 2014.

Succession Planning

The Transport for NSW Succession Planning framework was applied in State Transit to develop succession plans for key and critical positions including Depot Managers and Scheduling employees. Personal development plans for the pool of high potential staff were developed to support State Transit in meeting future needs.

Enterprise Agreements and Awards

During 2013/14, the only wage negotiations for employee groups within State Transit were for those groups covered under the State Transit Authority Division of the New South Wales Government Service Bus Engineering and Maintenance Enterprise (State) Award 2014. This award covers all trades, trades assistant and related classifications.

All wage negotiations were conducted under the NSW Government's 2013 Wages Policy, which provides for a 2.5 per cent cost of living adjustment, including the superannuation guarantee with any increase above the 2.5 per cent cost of living adjustment to be funded through employee-related cost savings.

Workplace Diversity

Equity and Diversity Training

Equity and Diversity Training continues to be a key component of training within State Transit. During 2013/14, a component of new employee induction training sessions was dedicated to Equity and Diversity Training and information.

Emphasis is placed on training employees in employment and customer service equity and diversity issues. This ensures employees have a high level of awareness and ensures compliance with anti-discrimination legislation and the Outer/Sydney Metropolitan Bus Service Contracts. The training aims to ensure that employees are valued, respected and the workplace is free from all forms of unlawful discrimination, harassment and bullying. It also ensures respect for the social and cultural backgrounds of all employees and customers.

During 2013/14, State Transit commenced an e-learning program for wages staff, using iPads. The first training program undertaken was 'Preventing Bullying and Harassment'. State Transit trained over 3,700 bus drivers between December 2013 and March 2014.

Retreat Spaces

State Transit demonstrates its commitment to ensuring employees from culturally diverse backgrounds can meet their religious obligations whilst at work. With 11 established retreat spaces across the organisation, employees can utilise these spaces for religious, spiritual or contemplative purposes.

Representation of Women in State Transit

Currently women represent 8.4 per cent of State Transit's total workforce. Bus drivers make up 80.4 per cent of the overall State Transit workforce, and women represent 6.3 per cent of all bus drivers. At State Transit depots, women also work as Depot Managers, Duty Managers, Duty Officers, Yard Supervisors, Senior Staff Supervisors, Bus Operator Trainers, tradespersons and apprentices.

Aboriginal and Torres Strait Islander Employment

The representation of Aboriginal and Torres Strait Islander people in State Transit was 0.5 per cent. State Transit will review its strategies for increasing the representation of Aboriginal and Torres Strait Islander people, including increased stakeholder consultation.

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:

1. An annual organisation-wide program, culminating in a formal annual awards function.
2. Annual allocation of movie vouchers to regions and corporate divisions to reward exceptional performance in the workplace.
3. Day-to-day praise and feedback in the workplace to employees from managers and supervisors.

The Annual Awards function and Service Awards presentations were held in a combined event on Wednesday, 5 March 2014 at the Australian Technology Park, Eveleigh.

This Annual Awards function recognised the outstanding contributions of staff during 2013 and reflected the values that are embedded in the Corporate Plan 2012 – 2017.

The categories and recipients for these awards were:

- Safety – Nigel Wood
- Collaboration – June Song
- Customer Focus – Amar Abdal Wahid
- Solutions – Courtney Goss
- Integrity – John Mentis
- Apprentice of the Year – Andrew Lim
- Special CEO Award – Newcastle Buses and Ferries for the Special Olympics 2013 Asia Pacific Games

Environment

Key Objective

- To meet our environmental obligations

Key Benefit

- Protection of the environment through compliance with the Protection of the Environment Operations Act
- A healthy and sustainable environment for the community by fostering growth in using public transport

Key Performance Indicators

- Improved fuel efficiency in the bus fleet
- Reduced electricity consumption in State Transit facilities
- Increased rates of recycling of renewable resources

Environmental Initiatives

Tank and Line Replacement Program

In 2013/14, State Transit installed and commissioned new self-bunded above ground diesel fuel storage systems at Burwood and Kingsgrove depots, and commenced the installation of a third above ground tank at Brookvale Depot.

These new above ground tank and line installations provide for an improved level of environmental protection and inventory control afforded by self-bunded tanks, with alarms and gauging for continuous monitoring of stored fuel inventories. Works are in progress for the installation and commissioning of similar above ground facilities at Willoughby and Ryde depots.

Fuel Storage Tank Removal

Works were performed to remove and dispose of decommissioned underground diesel fuel storage tanks at Port Botany and Mona Vale depots. Four 90kL tanks were removed and disposed from Port Botany and a validation report was prepared. Mona Vale tank removals entailed the removal of both a 35kL above ground vertical tank and a 35kL underground diesel storage tank.

Removal of these tanks in accordance with Australian standards and regulations permitted State Transit to renew concrete hardstand, and in the case of Mona Vale Depot, to create additional parking space for its bus fleet.

Fleet Emissions Profile

With the retirement of older early model pre-Euro buses, and with the acquisition of the latest Euro 5 and EEV buses, 74 per cent of the State Transit fleet is of a Euro 3 standard or higher and 37 per cent are of the Euro 5 or the latest EEV standard. This compares with 63.2 per cent and 26.5 per cent respectively in the previous financial year.

Electricity and Water Consumption

State Transit continued on its path of energy savings with a 3 per cent reduction in depot electricity consumption in 2013/14, which built upon the 2 per cent reduction achieved in the previous financial year. State Transit's total potable water consumption reduced by 15 per cent in 2013/14 to 107,423kL.

Greenhouse Emissions Footprint

State Transit's greenhouse gas footprint for the bus fleet, based upon diesel and CNG combustion, decreased by 3 per cent to 151,532 tonnes CO₂(e) in 2013/14. This reverses a previous trend of increasing greenhouse emissions. When combining stationary energy greenhouse emissions, the total State Transit greenhouse footprint for transport and stationary energy has decreased by 3.6 per cent over the reporting period to 160,499 tonnes CO₂(e).

Financial Statements

Table of Contents

Statement of comprehensive income.....	41
Statement of financial position	42
Statement of changes in equity	43
Statement of cash flows	44
Summary of significant accounting policies	45
Income and expenses	55
Income tax.....	57
Cash and cash equivalents	57
Trade and other receivables.....	58
Inventories	59
Non-current assets held for sale	59
Other assets	59
Property, plant and equipment	60
Losses on disposal of assets	62
Intangibles	62
Trade and other payables.....	63
Financial liabilities	63
Provisions	63
Other liabilities	69
Commitments	69
Western Sydney Buses.....	70
Financial instruments	71
Related parties.....	75
Contingent liability	75
Impact of revised employee benefits (AASB 119).....	76
Events after the reporting period.....	76
Statement by Chief Executive Officer	77



INDEPENDENT AUDITOR'S REPORT

State Transit Authority of New South Wales and Controlled Entities

To Members of the New South Wales Parliament

I have audited the accompanying financial statements of State Transit Authority of New South Wales (the Authority), which comprise the statement of financial position as at 30 June 2014, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information of the Authority and 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.

Opinion

In my opinion, the financial statements:

- give a true and fair view of the financial position of the Authority and the consolidated entity as at 30 June 2014, and of their financial performance and cash flows for the year then ended in accordance with Australian Accounting Standards
- are in accordance with section 41B of *Public Finance and Audit Act 1983* (the PF&A Act) and the Public Finance and Audit Regulation 2010.

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

The Chief Executive Office's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

I believe 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
- about the effectiveness of internal control
- about the security and controls over the electronic publication of the audited financial statements on any website where they may be presented
- about any other information, that may have been hyperlinked to/from the financial statements.

Independence

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

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



Peter Barnes
Director, Financial Audit Services

18 September 2014
SYDNEY

STATE TRANSIT AUTHORITY OF NEW SOUTH WALES

START OF AUDITED FINANCIAL STATEMENTS

STATEMENT OF COMPREHENSIVE INCOME
For the year ended 30 June 2014

	Notes	Economic entity 2014 \$'000	Economic entity 2013 \$'000	Parent 2014 \$'000	Parent 2013 \$'000
INCOME					
Operational revenue	2(a,b)	607,648	618,522	607,648	618,522
Other income	2(c)	65,089	55,745	65,089	55,745
Total income		672,737	674,267	672,737	674,267
EXPENSES					
Fleet running expenses	2(g)	104,443	102,034	104,443	102,034
Employee benefits	2(h)	248,104	414,831	-	-
Personnel services	2(i)	149,894	-	416,456	398,498
Finance costs	2(j)	24,540	18,880	24,540	18,880
General operating expenses	2(k)	112,870	124,778	94,412	105,270
Total expenses		639,851	660,523	639,851	624,682
Gross profit/(loss) from continuing activities before income tax		32,886	13,744	32,886	49,585
Income tax (expense)/benefit	3	-	(50,966)	-	(50,966)
Net profit/(loss) from continuing activities		32,886	(37,222)	32,886	(1,381)
Other comprehensive income/(loss)					
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods:</i>					
Increment/(decrement) on revaluation of property, plant and equipment		14,230	-	14,230	-
Actuarial gains/(losses) on defined benefit plans	14(b)(v)	-	16,118	-	-
Actual return on Fund assets less Interest income	14(b)(v)	-	19,723	-	-
Impact of derecognition of deferred tax assets and liabilities		-	21,341	-	21,341
Other comprehensive income (loss), net of income tax		14,230	57,182	14,230	21,341
Total comprehensive income (loss) for the year		47,116	19,960	47,116	19,960

The above statement should be read in conjunction with the accompanying notes

STATE TRANSIT AUTHORITY OF NEW SOUTH WALES

STATEMENT OF FINANCIAL POSITION
As at 30 June 2014

	Notes	Economic entity 2014 \$'000	Economic entity 2013 As restated \$'000	Economic entity 2012 As restated \$'000	Parent 2014 \$'000	Parent 2013 As restated \$'000	Parent 2012 As restated \$'000
ASSETS							
CURRENT ASSETS							
Cash and cash equivalents	4(b)	4,068	36,980	18,237	4,068	36,980	18,237
Trade and other receivables	5	74,845	50,190	38,880	74,845	50,190	38,880
Inventories	6	8,654	7,699	8,152	8,654	7,699	8,152
Non-current assets held for sale	7	131	4,998	406	131	4,998	406
Other assets	8	658	179	646	658	179	646
Total current assets		88,356	100,046	66,321	88,356	100,046	66,321
NON-CURRENT ASSETS							
Receivables	5	450,707	451,040	423,596	450,707	451,040	423,596
Property, plant and equipment	9	382,302	387,005	424,091	382,302	387,005	424,091
Intangibles	11	810	1,374	2,383	810	1,374	2,383
Deferred tax assets	12	-	-	97,417	-	-	97,417
Other assets	8	-	135	-	-	135	-
Total non-current assets		833,819	839,554	947,487	833,819	839,554	947,487
Total assets		922,175	939,600	1,013,808	922,175	939,600	1,013,808
LIABILITIES							
CURRENT LIABILITIES							
Trade and other payables	12	150,049	64,603	66,711	150,049	171,882	165,698
Financial liabilities	13	34,691	2,000	13,207	34,691	2,000	13,207
Provisions	14	1,223	109,321	100,841	1,223	2,042	1,850
Other liabilities	15	4,119	4,060	3,652	4,119	4,060	3,652
Total current liabilities		190,082	179,984	184,411	190,082	179,984	184,407
NON-CURRENT LIABILITIES							
Trade and other payables	12	212,512	-	-	212,512	214,852	245,684
Financial liabilities	13	250,845	323,523	314,710	250,845	323,523	314,710
Provisions	14	606	215,079	245,841	606	227	161
Deferred tax liabilities		-	-	67,792	-	-	67,792
Total non-current liabilities		463,963	538,602	628,343	463,963	538,602	628,347
Total liabilities		654,045	718,586	812,754	654,045	718,586	812,754
Net assets		268,130	221,014	201,054	268,130	221,014	201,054
EQUITY							
Reserves		198,850	189,796	137,768	198,850	189,796	137,768
Accumulated funds		69,280	31,218	63,286	69,280	31,218	63,286
Total equity		268,130	221,014	201,054	268,130	221,014	201,054

The above statement should be read in conjunction with the accompanying notes

STATE TRANSIT AUTHORITY OF NEW SOUTH WALES

STATEMENT OF CHANGES IN EQUITY
For the year ended 30 June 2014

	Accumulated funds		Reserves		Total equity	
	2014	2013	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Economic entity						
Balance at the beginning of the year as previously reported	56,948	93,584	189,796	137,768	246,744	231,352
Changes in accounting policy - AASB 119	(25,730)	(30,298)			(25,730)	(30,298)
Restated balance at the beginning of the year	31,218	63,286	189,796	137,768	221,014	201,054
Net profit/(loss) for the year	32,886	(37,222)	-	-	32,886	(37,222)
Asset revaluation reserve balance transferred to accumulated funds on disposal/transfer of assets	5,176	7,015	(5,176)	(7,015)	-	-
Increment/(decrement) on revaluation of property, plant and equipment	-	-	14,230	-	14,230	-
Actuarial gains/(losses)	-	16,118	-	-	-	16,118
Actual return on Fund assets less Interest income	-	19,723	-	-	-	19,723
Impact of derecognition of deferred tax assets and liabilities	-	(37,702)	-	59,043	-	21,341
Balance at the end of the year	69,280	31,218	198,850	189,796	268,130	221,014

The above statement should be read in conjunction with the accompanying notes

STATE TRANSIT AUTHORITY OF NEW SOUTH WALES

STATEMENT OF CASH FLOWS
For the year ended 30 June 2014

	Notes	Economic entity 2014 Inflows (Outflows) \$'000	Economic entity 2013 Inflows (Outflows) \$'000	Parent 2014 Inflows (Outflows) \$'000	Parent 2013 Inflows (Outflows) \$'000
Cash flows from operating activities					
Receipts from operations		584,603	632,190	584,603	632,190
Reimbursements from NSW Government		1,480	4,112	1,480	4,112
Other income		61,573	40,499	61,573	40,499
Interest received		30,029	31,811	30,029	31,811
Payments to suppliers		(354,869)	(227,302)	(636,323)	(622,302)
Payments to employees		(281,454)	(395,000)	-	-
Interest paid and other finance costs		(25,504)	(24,537)	(25,504)	(24,537)
Net cash flows from operating activities	4(a)	15,858	61,773	15,858	61,773
Cash flows from investing activities					
Purchases of property, plant and equipment		(51,884)	(65,536)	(51,884)	(65,536)
Proceeds from sale of property, plant and equipment		14,699	405	14,699	405
Net cash flows from investing activities		(37,185)	(65,131)	(37,185)	(65,131)
Cash flows from financing activities					
Proceeds from/(repayment of) borrowings		(39,925)	(5,330)	(39,925)	(5,330)
Proceeds from finance leases		28,340	27,431	28,340	27,431
Net cash flows from financing activities		(11,585)	22,101	(11,585)	22,101
Net increase/(decrease) in cash and cash equivalents		(32,912)	18,743	(32,912)	18,743
Cash and cash equivalents at 01 July		36,980	18,237	36,980	18,237
Closing cash and cash equivalents	4(b)	4,068	36,980	4,068	36,980

The above statement should be read in conjunction with the accompanying notes

STATE TRANSIT AUTHORITY OF NEW SOUTH WALES

Notes to and forming part of the financial statements
For the year ended 30 June 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Reporting entity

The State Transit Authority of New South Wales ("Authority") was 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. For the year ended 30 June 2014, the Authority is a controlled entity of the Department of Transport.

Western Sydney Buses ("WSB") which was incorporated on 12 July 2002 under the Transport Administration Act 1988 as a fully owned public subsidiary corporation of the Authority ceased operation from 12 October 2013.

State Transit Authority Division ("STA Division") and Western Sydney Buses Division ("WSB Division"), being special purpose entities, were 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. These Divisions were abolished on 23 February 2014 pursuant to Administrative Arrangements Order 2014 ("the Order"). The Divisions which had responsibility for the employees and employee-related liabilities of the Authority and WSB, were transferred to Transport Service (TS).

The Order indicated that separate financial reports for STA & WSB Division are not required to be prepared for the financial year ending 30 June 2014, but that the financial information relating to the operations of those former Divisions during the relevant period prior to their abolition is to be included in a Note to the financial report of Transport Service.

The parent entity comprises the Authority and WSB. The economic entity comprises the Authority, WSB, STA Division and WSB Division and is consolidated as part of the NSW Total State Sector Accounts until those entities were abolished or stopped trading.

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 not-for-profit public entity from 1 July 2012 for accounting purposes.

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

The financial statements were authorised for issue by the Chief Executive Officer on 17 September 2014. The statement 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 which includes Australian Accounting Interpretations.

At reporting date all new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to the Authority's operations and effective for the current annual reporting period have been adopted including AASB 119. In complying with AASB 119, the actuarial gain is recognised in other comprehensive income and the defined benefit cost is recognised as an expense in the statement of comprehensive income and has been restated.

Early adoption of new or revised Accounting Standards/Interpretations: Australian Accounting Standards and Interpretations that have recently been issued or amended relevant to the Authority but are not yet effective have not been adopted for the financial reporting period ended 30 June 2014. The Authority's assessment of the impact of these new standards and interpretations is set out below:

STATE TRANSIT AUTHORITY OF NEW SOUTH WALES

Notes to and forming part of the financial statements
For the year ended 30 June 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(b) Statement of compliance (continued)

Standard	Summary of key requirements/changes	Applicable to annual reporting periods beginning on or after	Impact on Reporting Entity's Financial Statements
AASB 1031 Materiality	This standard is an interim Standard pending the amendment of all other Standards (including Interpretations) to remove any reference to AASB 1031. Removal of those references will facilitate the withdrawal of this standard.	1 January 2014	The Authority does not anticipate any material impact arising from the application of this standard.
AASB 1055 Budgetary Reporting	This standard specifies the nature of budgetary disclosures and the circumstances in which they are to be included in the general purpose financial statements of not-for-profit entities within the General Government Sector.	1 July 2014	The Authority does not anticipate any material impact arising from the application of this standard.
AASB 2010-7 and AASB 2014-1	It incorporates relevant amendments made up to and including 20 December 2013. This compilation is not a separate standard. It incorporates amendments to Australian Accounting Standards as a consequences of the issuance of AASB 9 <i>Financial Instruments</i> in December 2010.	1 January 2018	The Authority does not anticipate any material impact arising from the application of this standard.
AASB 2011-7 (NFP)	It incorporates relevant amendments made up to and including 18 December 2012. This compilation is not a separate standard. It incorporates amendments to Australian Accounting Standards as a consequences of the issuance of AASB 10 <i>Consolidated Financial Statements</i> , AASB 11 <i>Joint Arrangements</i> , AASB 12 <i>Disclosure of Interests in Other Entities</i> , AASB 127 <i>Separate Financial Statements</i> and AASB 128 <i>Investments in Associates and Joint Venture</i> in August 2011.	1 January 2014	The Authority does not anticipate any material impact arising from the application of this standard.
AASB 2012-3	This standard make amendments to AASB 132 <i>Financial Instruments: Presentation</i> . It address inconsistencies identified in applying some of the offsetting criteria.	1 January 2014	The Authority does not anticipate any material impact arising from the application of this standard.
AASB 2013-1	This standard removes the requirements relating to the disclosure of budgetary information from AASB 1049. All budgetary reporting requirements applicable to public sector entities are located in AASB 1055 <i>Budgetary Reporting</i> .	1 July 2014	The Authority does not anticipate any material impact arising from the application of this standard.
AASB 2013-3	This standard amends the disclosure requirements in AASB 136 <i>Impairment of Assets</i> . The amendments include the requirement to disclose additional information about the fair value measurement when the recoverable amount of impaired assets is based on fair value less cost of disposal and discount rate used in previous measurement using a present value techniques.	1 January 2014	The Authority does not anticipate any material impact arising from the application of this standard.

STATE TRANSIT AUTHORITY OF NEW SOUTH WALES

Notes to and forming part of the financial statements
For the year ended 30 June 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(b) Statement of compliance (continued)

Standard	Summary of key requirements/changes	Applicable to annual reporting periods beginning on or after	Impact on Reporting Entity's Financial Statements
AASB 2013-8	This standard add authoritative implementation guidance to Accounting Standards AASB 10 <i>Consolidated Financial Statements</i> and AASB 12 <i>Disclosure of Interests in Other Entities</i> and to make related amendments to AASB 1049 <i>Whole of Government and General Government Sector Financial Reporting</i> .	1 January 2014	The Authority does not anticipate any material impact arising from the application of this standard.
AASB 2013-9	This standard makes amendments to Part A - Conceptual Framework, Part B - Materiality and Part C - Financial Instruments.	Part A - Annual Reporting Period ending on or after 20 December 2013 Part B - 1 January 2014 Part C - 1 January 2015	The Authority does not anticipate any material impact arising from the application of this standard.

STATE TRANSIT AUTHORITY OF NEW SOUTH WALES

Notes to and forming part of the financial statements
For the year ended 30 June 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Basis of preparation

The financial statements have been prepared as general purpose financial statements in accordance with the requirements of the Public Finance and Audit Act 1983, the Public Finance and Audit Regulation 2010, Australian Accounting Standards which include Australian Accounting Interpretations, applicable Treasurer's Directions and Treasury Circulars. Where there are inconsistencies between the requirements, the legislative provisions prevail.

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.

The Sydney Metropolitan Bus System Contracts (SMBSC) for the provision of bus services by the Authority in the Sydney metropolitan area came into effect from 01 July 2013 for a period of 5 years. Outer Metropolitan Bus System Contract (OMBSC) to operate bus services in Newcastle came into effect from 01 July 2014 for a period of 3 years.

The Trunk Transitway Services Contract (Liverpool-Parramatta Transitway corridor) operated by WSB terminated on 12 October 2013 and thereafter services are provided by the operator of Contract Region 3.

The financial statements have been prepared on a going concern basis which assumes that repayment of debts will be met as and when they fall due, without any intention or necessity to liquidate assets or otherwise wind up the operations. The operations and ability of the Authority to pay its debts are assured despite current liabilities exceeding current assets at year end due to monthly payments for bus services contract from TfNSW.

All amounts are expressed in Australian currency.

(d) Basis of consolidation

The consolidated financial statements of the Authority comprises the parent entity and its controlled entities.

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

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

(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. Revenue is measured at the fair value of the consideration received or receivable. The following specific measurement criteria also apply:

STATE TRANSIT AUTHORITY OF NEW SOUTH WALES

Notes to and forming part of the financial statements For the year ended 30 June 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) Revenue recognition (continued)

(i) Operational revenue

Operational revenue is recognised as revenue when it can be reliably measured, based on passengers travelled or services provided.

(ii) Reimbursement from NSW Government

Represents grants which 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) Other income

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

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

Advertising income with regard to advertising rights on buses is recognised and accounted for on a monthly basis over the term of the contract.

(f) Cash and cash equivalents

Cash and cash equivalents are carried at principal amount and are 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.

Bank Overdrafts are shown within borrowings in current liabilities in the statement of financial position.

(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 trade debtors 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.

(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 value and fair values less costs to sell and are not depreciated or amortised while they are classified as held for sale.

STATE TRANSIT AUTHORITY OF NEW SOUTH WALES

Notes to and forming part of the financial statements For the year ended 30 June 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(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 (TPP14-01) which requires that non-current assets be measured at fair value; except for Plant & Equipment, Motor Vehicles (other than buses) & Work-in-progress. These assets are measured at historical cost less any accumulated depreciation which is surrogate for fair value and do not require fair value hierarchy disclosures under AASB 13 Fair Value measurement.

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.

For 2014/15 and subsequent financial years, TPP14-01 requires land and buildings to be revalued at least every three years and at least 5 years for all classes of property, plant and equipment 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 specific asset class carrying amount is increased as a result of a revaluation, the net increase is credited directly to the asset revaluation reserve through other comprehensive income. However, the net increase is recognised as income in the statement of comprehensive income to the extent that it reverses a net revaluation decrease of the same asset class previously recognised as expense in the statement of comprehensive income.

Where specific asset class carrying amount is decreased as a result of a revaluation, the net decrease is recognised as expense in the statement of comprehensive income. However, the net decrease is debited directly to the asset revaluation reserve through other comprehensive income to the extent of any credit balance existing in the asset revaluation reserve in respect of that specific asset class.

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.

(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	41 to 42 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.

STATE TRANSIT AUTHORITY OF NEW SOUTH WALES

Notes to and forming part of the financial statements
For the year ended 30 June 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(j) Property, plant and equipment (continued)

(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. The capitalisation threshold for a network of property, plant and equipment items or for an individual (non-networked) item is \$5,000.

(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).

(vii) Disposal policy

The gain or loss arising on disposal or retirement of an item of property, plant and equipment is determined as the difference between the sale proceeds and the carrying amount of the asset and is recognised in the statement of comprehensive income.

(k) Intangibles

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

The estimated useful life and amortisation method is reviewed on an annual basis with any changes in these accounting estimates being accounted for on a prospective basis.

(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.

An impairment loss is recognised immediately as expense in the statement of comprehensive income unless the relevant asset is carried at a revalued amount in which case the impairment loss is treated as a revaluation decrease.

(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 as income or expense respectively in the statement of comprehensive income when the liabilities are derecognised as well as through the amortisation process.

(o) Provisions

Provisions are recognised when it is probable that 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.

STATE TRANSIT AUTHORITY OF NEW SOUTH WALES

Notes to and forming part of the financial statements
For the period ended 30 June 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(p) Employee benefits

All employee benefits are reported as Personnel Services Expenses from 24 February 2014. Personnel Services Liabilities are payable to Transport Service (TS). This is in accordance with Government Sector Employment Act 2013. The employee benefits are computed as below:

(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 14(b)). Actuarial gains and losses are recognised directly in other comprehensive income in the year in which they occur.

The superannuation expense on defined benefit plans is recognised in the statement of comprehensive income and is made up of current service cost and net interest cost.

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.

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.

STATE TRANSIT AUTHORITY OF NEW SOUTH WALES

Notes to and forming part of the financial statements
For the year ended 30 June 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(s) Income tax

The Authority is exempt from National Tax Equivalent Regime (NTER) from 1 July 2012 and is not required to pay Income Tax.

(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 recoverable from or payable to the Australian Taxation Office is included in the statement of financial position 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

All borrowing costs are expensed in the period in which they are incurred.

(v) Finance leases

Where the Authority, as the lessor, transfers substantially all the risks and rewards of the ownership 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.

STATE TRANSIT AUTHORITY OF NEW SOUTH WALES

Notes to and forming part of the financial statements
For the year ended 30 June 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(w) Rounding

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

(x) Judgement, key assumptions and estimations

In the application of accounting standards, management is required to make judgements, estimates and assumptions about the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and various factors that are believed to be reasonable under the circumstance, the result of which form the basis to make judgements.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that year or in the year of revision and previous years if the revision affects both.

Information about assumptions and estimation uncertainties are included in the following notes:

- Note 1(j) Property, plant and equipment
- Note 1(o) Provisions
- Note 1(p) Employee benefits
- Note 14(b) Retirement benefits

(y) Fair value hierarchy

The Authority uses market observable data as far as possible when measuring the fair value of an asset or a liability. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

Level 1

Where the assets or liabilities are measured using quoted prices in active markets.

Level 2

Where the assets or liabilities are measured using other than quoted prices that are observable, either directly or indirectly.

Level 3

Where the assets or liabilities are measured using non-market prices.

STATE TRANSIT AUTHORITY OF NEW SOUTH WALES

Notes to and forming part of the financial statements
For the year ended 30 June 2014

	Notes	Economic entity 2014 \$'000	Economic entity 2013 \$'000	Parent 2014 \$'000	Parent 2013 \$'000
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2. INCOME AND EXPENSES

(a) Operational revenue 2(d) 606,229 617,131 606,229 617,131

(b) Reimbursements from NSW Government:

- free travel by school students 2(e)(i) 62 66 62 66
- concessional travel 2(e)(i) 228 224 228 224
- community service obligations 2(e)(ii) 1,129 1,101 1,129 1,101

Total operational income 607,648 618,522 607,648 618,522

(c) Other income

Interest (includes finance lease) 30,029 29,752 35,682 29,752

Gains on disposal of assets 10 8,581 - 8,581 -

Other (includes rents, fines, advertising, training and management fees) 26,479 25,993 20,826 25,993

Total other income 65,089 55,745 65,089 55,745

Total income 672,737 674,267 672,737 674,267

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

(e) (i) Free & concessional travel

Free and concessional travel was provided by Western Sydney Buses up to 12 October 2013 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.

(f) Interest income

Hour-Glass Cash facility (distribution income) 328 473 328 473

Other Interest (includes finance lease) 29,701 29,279 35,354 29,279

Total interest income 30,029 29,752 35,682 29,752

STATE TRANSIT AUTHORITY OF NEW SOUTH WALES

Notes to and forming part of the financial statements
For the year ended 30 June 2014

	Notes	Economic entity 2014 \$'000	Economic entity 2013 \$'000	Parent 2014 \$'000	Parent 2013 \$'000
2. INCOME AND EXPENSES (continued)					
(g) Fleet running expenses					
Fuel, spare parts and other inventory consumed		88,547	75,463	88,547	75,463
Inventory write-down		2	306	2	306
Equipment maintenance		5,514	8,124	5,514	8,124
Other		10,380	18,141	10,380	18,141
Total fleet running expenses		104,443	102,034	104,443	102,034
(h) Employee benefits					
Salaries and wages		203,886	322,159	-	-
Annual leave		19,207	30,330	-	-
Long service leave		5,492	26,220	-	-
Retirement benefits - defined benefits expense	14(b)(iv)	8,195	13,057	-	-
Retirement benefits - defined contributions		11,324	23,065	-	-
Total employee benefits		248,104	414,831	-	-
(i) Personnel services					
Personnel services to Authority		149,894	-	416,456	398,498
Total personnel services		149,894	-	416,456	398,498
(j) Finance costs					
Interest*		24,540	18,880	24,540	18,880
Total finance costs		24,540	18,880	24,540	18,880
(k) General operating expenses					
Workers' compensation		5,415	(301)	-	-
Payroll tax		12,864	19,600	-	-
Insurances		22,664	23,471	22,664	23,471
Depreciation	9(c)	24,286	26,258	24,286	26,258
Amortisation of intangible assets	11	459	1,007	459	1,007
Losses on disposal of assets	10	-	802	-	802
Minimum lease payments		670	2,205	670	2,205
Consultancy/professional services		1,701	1,606	1,701	1,606
Other operating expenses		44,811	50,130	44,632	49,921
Total general operating expenses		112,870	124,778	94,412	105,270
Total expenses		639,851	660,523	639,851	624,682
(l) Audit fees					
Payable to the Audit Office of NSW for the audit of financial statements		258	252	258	222
Total audit fees		258	252	258	222

*The restructure of the debt portfolio and the early retirement of debts has resulted in increased interest expense for the year ended 30 June 2014.

STATE TRANSIT AUTHORITY OF NEW SOUTH WALES

Notes to and forming part of the financial statements
For the year ended 30 June 2014

	Economic entity 2014 \$'000	Economic entity 2013 \$'000	Parent 2014 \$'000	Parent 2013 \$'000
3. INCOME TAX				
(a) Income tax expense				
Impact of derecognition of deferred tax assets and liabilities*	-	50,966	-	50,966
Total income tax expense/(benefit)	-	50,966	-	50,966
(b) Reconciliation between tax expense and accounting profit				
Prima facie tax on operating profit at 30%	-	-	-	-
Impact of derecognition of deferred tax assets and liabilities*	-	50,966	-	50,966
Income tax attributable to tax profit	-	50,966	-	50,966
* This amount is the result of applying Interpretation 125 Income Taxes – Changes in the Tax Status of an Entity or its Shareholders to the derecognition of deferred tax assets and liabilities upon the Authority having been exempted from the National Tax Equivalent Regime since 01 July 2012.				
4. CASH AND CASH EQUIVALENTS				
(a) Reconciliation of operating results after tax to net cash from operating activities				
Net profit/(loss) after income tax	32,886	(26,307)	32,886	(5,949)
Non-cash adjustments to reconcile net operating result to net cash from operating activities				
Amortisation of intangible assets	459	1,007	459	1,007
Depreciation	24,286	26,258	24,286	26,258
Net loss/(gain) on disposal of non-current assets	(8,581)	802	(8,581)	802
Income tax expense/(benefit)	-	50,966	-	50,966
Other non-cash items	26	4,568	26	4,568
Changes in assets and liabilities				
(Increase)/decrease in receivables	(19,289)	(9,060)	(19,289)	(9,060)
(Increase)/decrease in inventory	(957)	148	(957)	148
(Increase)/decrease in Goods and Services Tax	(631)	1,446	(631)	1,446
(Increase)/decrease in other assets	(632)	3,503	(632)	3,503
Increase/(decrease) in payables	310,668	(1,935)	(11,463)	(12,518)
Increase/(decrease) in employee benefits	(322,131)	9,775	-	-
Increase/(decrease) in revenue received in advance	194	146	194	146
Increase/(decrease) in other provisions	(440)	456	(440)	456
Net cash flows from operating activities	15,858	61,773	15,858	61,773

STATE TRANSIT AUTHORITY OF NEW SOUTH WALES

Notes to and forming part of the financial statements
For the year ended 30 June 2014

	Notes	Economic entity 2014 \$'000	2013 \$'000
4. CASH AND CASH EQUIVALENTS (continued)			
(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 statement of financial position as follows:			
Cash and cash equivalents		4,068	36,980
Total cash and cash equivalents		4,068	36,980
(c) Financing facility available			
Facility used at balance date		3,000	-
Facility unused at balance date		42,000	45,000
Short-term standby credit facility		45,000	45,000
The short-term standby credit facility is to meet daily cash flow requirements that may arise from time to time. This facility is subject to annual renewal and its continuation is at the discretion of the NSW Treasurer, in consultation with the Authority.			
5. RECEIVABLES			
Current			
Trade debtors		30,688	5,978
Allowance for impairment	18(b)(i)	-	-
Total trade debtors		30,688	5,978
Sundry debtors		7,982	12,178
Allowance for impairment	18(b)(i)	(23)	-
Total sundry debtors		7,959	12,178
Goods and services tax		745	115
Finance leases		33,403	30,157
Prepayments		2,050	1,762
Total other debtors		36,198	32,034
Total current receivables		74,845	50,190
Non-current			
Sundry debtors		-	1,225
Finance leases		450,707	449,815
Total non-current receivables		450,707	451,040

STATE TRANSIT AUTHORITY OF NEW SOUTH WALES

Notes to and forming part of the financial statements
For the year ended 30 June 2014

	Economic entity	
	2014 13	As restated
	\$'000	\$'000
5. RECEIVABLES (continued)		
Finance leases as the lessor		
Buses acquired under the Sydney Metropolitan Bus System Contracts from 1 July 2005, and the Outer Metropolitan Bus System Contract from 1 July 2006, are recognised as finance lease receivables from Transport for NSW (TfNSW) for terms of 15 years.		
Gross investment in the leases		
Not later than one year	61,679	58,429
Later than one year and not later than five years	246,717	233,714
Later than five years	353,567	377,042
Total gross investment	661,963	669,185
Present value of minimum lease receipts		
Not later than one year (current)	33,403	30,157
Later than one year and not later than five years (non-current)	156,088	141,000
Later than five years (non-current)	294,619	308,815
Total present value of minimum lease receipts	484,110	479,972
Reconciliation		
Total gross investment	661,963	669,185
Unearned finance income	(177,853)	(189,213)
Total present value of minimum lease receipts	484,110	479,972
6. INVENTORIES		
Mechanical and electrical spares	6,355	5,689
Distillate	827	595
Tyres and tubes	454	380
Other	1,018	1,035
Total inventories	8,654	7,699
7. NON-CURRENT ASSETS HELD FOR SALE		
Owned buses	131	4,998
Total non-current assets held for sale	131	4,998
The buses held for sale are withdrawn from service and are to be disposed by way of auctions and trade sales.		
8. OTHER ASSETS		
Current		
Other	658	179
Total current other assets	658	179
Non-current		
Other	-	135
Total non-current other assets	-	135

STATE TRANSIT AUTHORITY OF NEW SOUTH WALES

Notes to and forming part of the financial statements
For the year ended 30 June 2014

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 & parent entity	2014			2013 As restated		
	Gross value	Accumulated depreciation/ remediation	Fair value	Gross value	Accumulated depreciation/ remediation	Fair value
Class of property, plant and equipment	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Land*	159,716	(613)	159,103	147,229	(154)	147,075
Buildings	213,674	(99,216)	114,458	213,330	(93,702)	119,628
Wharves	767	(268)	499	767	(249)	518
Plant and equipment	78,435	(65,258)	13,177	77,761	(63,730)	14,031
Motor vehicles (other than buses)	1,676	(1,041)	635	1,187	(955)	232
Owned buses	395,954	(315,156)	80,798	429,397	(333,954)	95,443
Ferries	9,968	(8,184)	1,784	5,887	(4,709)	1,178
Work-in-progress	11,848	-	11,848	8,900	-	8,900
Total	872,038	(489,736)	382,302	884,458	(497,453)	387,005

* A provision for remediation is made for land

Valuations

- (b) The following non-current assets were independently valued by registered valuers:

Class of assets	Basis of valuation	Date of valuation	Valuation Inputs	Registered valuers
Owned buses	Market-based	31 March 2011	Level 3	Rodney Hyman Asset Services
Ferries	Depreciated replacement cost	31 March 2014	Level 3	Rodney Hyman Asset Services
Land	Market-based	30 June 2014	Level 3	AssetVal Pty. Ltd.
Buildings	Depreciated replacement cost	30 June 2012	Level 3	Aon Valuation Services
Wharves	Depreciated replacement cost	30 June 2012	Level 3	Aon Valuation Services

- (c) The reconciliation of fair value hierarchy at Level 3 is as below:

	2014 \$'000	2013 \$'000
Fair value as at 1 July	363,842	379,247
Additions	438	10,611
Revaluation increments/decrements recognised in OCI	14,230	-
Disposals	(6,045)	(888)
Depreciation	(20,232)	(20,382)
Movement in buses held for sale	4,867	(4,592)
Others	(459)	(154)
Fair value as at 30 June	356,641	363,842

- (d) Sensitivity analysis

Class of assets	Significant unobservable inputs	Range
Owned buses	Useful life	15-25 years
	Residual value	\$0 - \$10K
Ferries	Useful life	35 - 45 years
	Residual value	\$0 - \$20K
Land	Discount factor on comparable property sale	0 - 90%
	Useful life	40 years or above
Buildings	Residual value	\$0 - \$1M
	Useful life	20 - 50 years
Wharves	Residual value	\$0 - 20K

Significant increases (decreases) in estimated replacement cost, residual value, or useful life would result in a significantly higher (lower) fair value of the asset.

STATE TRANSIT AUTHORITY OF NEW SOUTH WALES

Notes to and forming part of the financial statements
For the year ended 30 June 2014

9. PROPERTY, PLANT AND EQUIPMENT (continued)

(e) 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	2014								
Class of property, plant and equipment	Opening balance	Additions	Transfer to finance lease	Disposals/ transfers	Other	Held for sale	Revaluation	Depreciation	Closing balance
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Freehold operating land	143,787	-	-	-	(459)	-	7,347	-	150,675
Freehold commercial land	3,288	-	-	(1,000)	-	-	6,140	-	8,428
Total land	147,075	-	-	(1,000)	(459)	-	13,487	-	159,103
Buildings	119,628	438	-	(20)	-	-	-	(5,588)	114,458
Wharves	518	-	-	-	-	-	-	(19)	499
Plant and equipment	14,031	3,118	-	(67)	9	-	-	(3,914)	13,177
Motor vehicles	232	558	-	(15)	-	-	-	(140)	635
Owned buses	95,443	-	-	(5,025)	1	4,867	-	(14,488)	80,798
Owned ferries	1,178	-	-	-	-	-	743	(137)	1,784
Work-in-progress	8,900	33,352	(32,478)	2,074	-	-	-	-	11,848
Total	387,005	37,466	(32,478)	(4,053)	(449)	4,867	14,230	(24,286)	382,302

Economic entity	2013								
Class of property, plant and equipment	Opening balance	Additions	Transfer to finance lease	Disposals/ transfers	Other	Held for sale	Revaluation	Depreciation	Closing balance
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Freehold operating land	143,941	-	-	-	(154)	-	-	-	143,787
Freehold commercial land	3,288	-	-	-	-	-	-	-	3,288
Total land	147,229	-	-	-	(154)	-	-	-	147,075
Buildings	114,450	10,611	-	(16)	-	-	-	(5,417)	119,628
Wharves	537	-	-	-	-	-	-	(19)	518
Plant and equipment	15,364	4,748	(242)	(98)	-	-	-	(5,741)	14,031
Motor vehicles	338	60	-	(31)	-	-	-	(135)	232
Owned buses	115,712	-	-	(872)	-	(4,592)	-	(14,805)	95,443
Owned ferries	1,319	-	-	-	-	-	-	(141)	1,178
Work-in-progress	29,142	59,883	(58,113)	(22,012)	-	-	-	-	8,900
Total	424,091	75,302	(58,355)	(23,029)	(154)	(4,592)	-	(26,258)	387,005

STATE TRANSIT AUTHORITY OF NEW SOUTH WALES

Notes to and forming part of the financial statements
For the year ended 30 June 2014

	Economic entity	
	2014	2013
	\$'000	\$'000
10. GAIN (LOSS) ON DISPOSAL OF ASSETS		
Proceeds from disposal	14,699	405
Carrying amount of assets disposed	(6,118)	(1,207)
Total gain (loss) on disposal of assets	8,581	(802)

11. INTANGIBLES

Carrying amounts of each class of intangibles at the beginning and at the end of the reporting period are set out below:

Economic & parent entity	2014			2013		
	Gross value	Accumulated amortisation	Carrying value	Gross value	Accumulated amortisation	Carrying value
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Software	8,053	(7,370)	683	7,386	(6,911)	475
Work-in-progress	127	-	127	899	-	899
Total	8,180	(7,370)	810	8,285	(6,911)	1,374

Reconciliation of carrying amounts of each class of intangibles at the beginning and at the end of the reporting period are set out below:

Economic entity	Opening balance	Additions	Disposals/ transfers	Other	Amortisation	Closing balance
2014	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Software	475	667	-	-	(459)	683
Work-in-progress	899	446	(1,218)	-	-	127
Total	1,374	1,113	(1,218)	-	(459)	810

Economic entity	Opening balance	Additions	Disposals/ transfers	Other	Amortisation	Closing balance
2013	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Software	772	710	-	-	(1,007)	475
Work-in-progress	1,611	892	(1,604)	-	-	899
Total	2,383	1,602	(1,604)	-	(1,007)	1,374

STATE TRANSIT AUTHORITY OF NEW SOUTH WALES

Notes to and forming part of the financial statements
For the year ended 30 June 2014

	Notes	Economic entity 2014 \$'000	Economic entity 2013 \$'000	Parent 2014 \$'000	Parent 2013 \$'000
12. TRADE AND OTHER PAYABLES					
Current					
Trade creditors		19,316	14,590	19,316	14,594
Personnel service payables		116,976	-	116,976	121,257
Other creditors and accruals		9,530	30,776	9,530	30,463
Accrued salaries, wages and on-costs		-	13,669	-	-
Accrued interest payable		4,227	5,568	4,227	5,568
Total trade and other payables		150,049	64,603	150,049	171,882
Non-current					
Personnel service payables		212,512	-	212,512	214,852
Total non-current payables		212,512	-	212,512	214,852
13. FINANCIAL LIABILITIES					
Current					
Borrowings secured by Government guarantee		34,691	2,000	34,691	2,000
Total current interest-bearing liabilities		34,691	2,000	34,691	2,000
Non-current					
Borrowings secured by Government guarantee		250,845	323,523	250,845	323,523
Total non-current interest-bearing liabilities		250,845	323,523	250,845	323,523
(a) Payable					
Not later than 1 year		34,691	2,000	34,691	2,000
Later than 1 year and not later than 5 years		133,400	194,455	133,400	194,455
Later than 5 years		117,445	129,068	117,445	129,068
Total interest-bearing liabilities		285,536	325,523	285,536	325,523
14. PROVISIONS					
(a) Current					
Employee benefits		-	101,418	-	-
Workers' compensation		-	5,861	-	-
Others		1,223	2,042	1,223	2,042
Total current provisions		1,223	109,321	1,223	2,042
Non-current					
Employee benefits		-	14,370	-	-
Retirement benefits	14(b)(i)	-	178,492	-	-
Workers' compensation		-	21,990	-	-
Others		606	227	606	227
Total non-current provisions		606	215,079	606	227

STATE TRANSIT AUTHORITY OF NEW SOUTH WALES

Notes to and forming part of the financial statements
For the year ended 30 June 2014

14. PROVISIONS (continued)

(b) Retirement benefits

The defined benefit schemes relating to employees of the Transport Services 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:

	2014 % pa	2013 % pa
Discount rate	-	3.80
Expected return on fund assets as at 30 June	-	8.30
Expected rate of salary increases	-	2.25
Expected rate of increase in consumer price index	-	2.50

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.

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

	SASS \$'000	SANCS \$'000	SSS \$'000	Total \$'000
Economic entity				
As at 30 June 2014				
Gross liability	-	-	-	-
Reserve balance	-	-	-	-
Total unfunded liability	-	-	-	-
Economic entity				
As at 30 June 2013				
Gross liability	311,509	29,045	20,787	361,341
Reserve balance	(166,111)	(4,455)	(12,283)	(182,849)
Total unfunded liability	145,398	24,590	8,504	178,492

STATE TRANSIT AUTHORITY OF NEW SOUTH WALES

Notes to and forming part of the financial statements
For the year ended 30 June 2014

14. 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
As at 30 June 2014				
Present value of partly funded defined benefit obligations at beginning of the year	311,509	29,045	20,787	361,341
Current service cost	2,935	757	65	3,757
Interest cost	7,543	703	518	8,764
Contribution by participants	1,681	-	50	1,731
Benefits paid	(21,736)	(3,304)	(435)	(25,475)
Taxes, premiums & expenses paid	6,039	(593)	24	5,471
Transfer to Transport Service	(307,972)	(26,608)	(21,008)	(355,588)
Present value of partly funded defined benefit obligations at end of the year	-	-	-	-

Economic entity

As at 30 June 2013

Present value of partly funded defined benefit obligations at beginning of the year	327,053	33,386	22,742	383,181
Current service cost	5,208	1,386	186	6,780
Interest cost	9,554	961	686	11,201
Contribution by participants	2,763	-	105	2,868
Actuarial (gains)/losses arising from changes in demographic assumptions	7,423	41	812	8,276
Actuarial (gains)/losses arising from changes in financial assumptions	(23,464)	(2,280)	(2,648)	(28,392)
Actuarial (gains)/losses arising from liability experience	5,905	(1,356)	(551)	3,998
Benefits paid	(29,250)	(4,254)	(612)	(34,116)
Taxes, premiums & expenses paid	6,317	1,161	67	7,545
Present value of partly funded defined benefit obligations at end of the year	311,509	29,045	20,787	361,341

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

Economic entity	SASS \$'000	SANCS \$'000	SSS \$'000	Total \$'000
As at 30 June 2014				
Fair value of fund assets at beginning of the year	166,111	4,455	12,283	182,849
Interest income	3,929	93	304	4,326
Employer contributions	3,685	635	61	4,381
Contributions by fund participants	1,681	-	50	1,731
Benefits paid	(21,736)	(3,304)	(435)	(25,475)
Taxes, premiums & expenses paid	6,039	(593)	24	5,471
Transfer to Transport Service	(159,709)	(1,286)	(12,287)	(173,282)
Fair value of fund assets at end of the year	-	-	-	-

Economic entity

As at 30 June 2013

Fair value of fund assets at beginning of the year	157,844	5,557	10,791	174,192
Interest income	4,474	127	323	4,924
Actual return on Fund assets less Interest income	17,563	709	1,451	19,723
Employer contributions	6,399	1,155	158	7,712
Contributions by fund participants	2,763	-	105	2,868
Benefits paid	(29,249)	(4,254)	(612)	(34,115)
Taxes, premiums & expenses paid	6,317	1,161	67	7,545
Fair value of fund assets at end of the year	166,111	4,455	12,283	182,849

STATE TRANSIT AUTHORITY OF NEW SOUTH WALES

Notes to and forming part of the financial statements
For the year ended 30 June 2014

14. 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
Ending 30 June 2014				
Current service cost	2,935	757	65	3,757
Net Interest	3,613	611	214	4,438
Total included in retirement benefits expense	6,549	1,367	279	8,195
Economic entity				
Ending 30 June 2013				
Current service cost	5,208	1,386	186	6,780
Net Interest	5,080	834	363	6,277
Total included in retirement benefits expense	10,288	2,220	549	13,057

(v) Amounts recognised in the statement of comprehensive income

Economic entity	SASS \$'000	SANCS \$'000	SSS \$'000	Total \$'000
Ending 30 June 2014				
Actuarial (gains) losses on liabilities	-	-	-	-
Actual return on Fund assets less Interest income	-	-	-	-
Total remeasurement in Other Comprehensive Income	-	-	-	-
Economic entity				
Ending 30 June 2013				
Actuarial (gains) losses on liabilities	(10,136)	(3,595)	(2,387)	(16,118)
Actual return on Fund assets less Interest income	(17,563)	(709)	(1,451)	(19,723)
Total remeasurement in Other Comprehensive Income	(27,699)	(4,304)	(3,838)	(35,841)

STATE TRANSIT AUTHORITY OF NEW SOUTH WALES

Notes to and forming part of the financial statements
For the year ended 30 June 2014

14. PROVISIONS (continued)

(b) Retirement benefits (continued)

(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
Economic entity				
As at 30 June 2014	-	-	-	-
Economic entity				
As at 30 June 2013	6,060	1,158	168	7,386

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

	2014 %	2013 %
Economic entity		
Australian equities	-	30.4
Overseas equities	-	26.1
Australian fixed interest securities	-	6.9
Overseas fixed interest securities	-	2.2
Property	-	8.3
Cash	-	13.1
Other	-	13.0

STATE TRANSIT AUTHORITY OF NEW SOUTH WALES

Notes to and forming part of the financial statements
For the year ended 30 June 2014

14. PROVISIONS (continued)

(b) Retirement benefits (continued)

(viii) 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
As at 30 June 2014				
Accrued benefits	-	-	-	-
Net market value of the fund assets	-	-	-	-
Net (surplus)/deficit	-	-	-	-
Economic entity				
As at 30 June 2013				
Accrued benefits	234,769	21,690	11,693	268,152
Net market value of the fund assets	(166,110)	(4,455)	(12,283)	(182,848)
Net (surplus)/deficit	68,659	17,235	(590)	85,304

The AAS 25 deficit reflects the long term funding position for the Authority.

The AAS 25 deficit (or surplus) will be lower (or the surplus higher) than the AASB 119 net defined benefit liability (or asset) recognised in the Statement of Financial Position, because the expected after-tax rate of return on plan assets is typically higher than the long-term government bond rate.

	SASS Multiple of member contributions	SANCS % member salary	SSS Multiple of member contributions
(ix) Recommended contribution rates for the year ending			
30 June 2014	2.20	2.50	1.60
30 June 2013	2.20	2.50	1.60

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.

(x) The economic assumptions adopted for last actuarial review of the fund and pertaining to Note 14(b)(x) were:

Economic entity	2014 % pa	2013 % pa
Weighted-average assumptions		
Expected rate of return on fund assets backing current defined benefit liabilities	-	8.30
Expected rate of return on fund assets backing other liabilities	-	7.30
Expected salary increase rate	-	4.00
Expected rate of CPI increase	-	2.50

(xi) 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 obligations.

STATE TRANSIT AUTHORITY OF NEW SOUTH WALES

Notes to and forming part of the financial statements
For the year ended 30 June 2014

	Economic entity	
	2014	2013
	\$'000	\$'000
15. OTHER LIABILITIES		
Current		
Revenue received in advance	3,997	3,803
Other	122	257
Total current other liabilities	4,119	4,060
16. COMMITMENTS		
(a) Operating lease commitments		
Payable		
Not later than 1 year	999	1,027
Later than 1 year and not later than 5 years	799	1,485
Later than 5 years	12	12
Total operating lease commitments (including GST)	1,810	2,524
Operating leases exist in respect of office accommodation, motor vehicles and office equipment.		
(b) Capital expenditure commitments		
Payable		
Not later than 1 year	4,052	49,381
Later than 1 year and not later than 5 years	3,765	-
Total capital expenditure commitments (including GST)	7,817	49,381

* The commitment totals as shown above include Goods and Services Tax (GST) of \$0.875M, which is recoverable from the Australian Taxation Office.

STATE TRANSIT AUTHORITY OF NEW SOUTH WALES

Notes to and forming part of the financial statements
For the year ended 30 June 2014

17. 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 ceased operation from 12 October 2013 and thereafter services are provided by Transit (NSW) Liverpool Pty Ltd as required by T80 Services Contract.

The 22 buses which were leased to WSB from State Transit Authority (STA) were sold to Transit (NSW) Liverpool Pty Ltd. In winding up of the operations of WSB, there was debt forgiveness of \$17M by the Authority, however the financial impact to the economic entity is nil.

WSB's income statement is summarised as follows:

	2014 \$'000	2013 \$'000
Revenue		
Operational revenue	2,393	8,610
Reimbursements for concessional travel	(250)	-
Other	4	28
Total revenue	2,147	8,638
Expenses		
Personnel services	1,403	4,516
Fleet running expenses	566	1,919
Other	535	2,085
Total expenses	2,504	8,520
Gross profit/(loss) from continuing activities	(357)	118

WSB's statement of financial position is summarised as follows:

ASSETS		
Current assets		
Cash and cash equivalents	-	37
Trade and other receivables	-	259
Other	-	6
Total current assets	-	302
Non-current assets		
Other	-	-
Total non-current assets	-	-
Total assets ¹	-	302
LIABILITIES		
Current liabilities		
Trade and other payables	-	1,246
Borrowings from parent entity	-	14,801
Payables - WSB Division	-	872
Provisions	-	42
Total current liabilities	-	16,961
Non-current liabilities		
Payables - WSB Division	-	-
Total non-current liabilities	-	-
Total liabilities	-	16,961
Net assets	-	(16,659)

¹ All buses are leased from the Authority under an operating lease.

STATE TRANSIT AUTHORITY OF NEW SOUTH WALES

Notes to and forming part of the financial statements
For the year ended 30 June 2014

18. FINANCIAL INSTRUMENTS

(a) Fair value

The fair value of the remaining finance leases was determined using the 10-year Commonwealth government bond rate at the reporting date. The fair value of the Hour-Glass Investment Facility is calculated using redemption unit price quoted by TCorp.

2014	Level 1	Level 2	Level 3	Total
Economic entity	\$'000	\$'000	\$'000	\$'000
Financial assets				
Hour-Glass Investment Facility	-	-	-	-
Finance leases	-	484,110	-	484,110
Total	-	484,110	-	484,110
Financial liabilities				
Financial liabilities	-	285,536	-	285,536
Total	-	285,536	-	285,536
2013	Level 1	Level 2	Level 3	Total
Economic entity	\$'000	\$'000	\$'000	\$'000
Financial assets				
Hour-Glass Investment Facility	-	34,063	-	34,063
Finance leases	-	479,972	-	479,972
Total	-	514,035	-	514,035
Financial liabilities				
Financial liabilities	-	325,523	-	325,523
Total	-	325,523	-	325,523

(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. The aging analysis detailed below, represents financial assets that have not been impaired. Financial assets impaired are stated separately.

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

Economic entity	2014					
Class of financial asset	Current or not yet due	30 days	60 days	90 days plus	Maximum exposure	Impaired
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Trade debtors	30,387	205	33	63	30,688	-
Sundry debtors	3,865	-	-	4,117	7,982	23
Finance leases	484,110	-	-	-	484,110	-
Total	518,362	205	33	4,180	522,780	23
Economic entity	2013					
Class of financial asset	Current or not yet due	30 days	60 days	90 days plus	Maximum exposure	Impaired
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Trade debtors	5,111	753	34	80	5,978	-
Sundry debtors	9,626	787	2,734	256	13,403	-
Finance leases	479,972	-	-	-	479,972	-
Total	494,709	1,540	2,768	336	499,353	-

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.

STATE TRANSIT AUTHORITY OF NEW SOUTH WALES

Notes to and forming part of the financial statements
For the year ended 30 June 2014

18. FINANCIAL INSTRUMENTS (continued)

(b) Risk exposures (continued)

(i) Credit risk (continued)

At the reporting date, in absence of any objective evidence of impairment, the Authority considered the financial assets were current or not yet due as and when they fall due except for the following:

Movements in the allowance for impairment during the year were:

	2014 \$'000	2013 \$'000
Opening balance	-	-
Amount written off	-	-
Amount recovered	-	-
Amount recognised	23	-
Closing balance	23	-

(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 counterparties to the forward exchange contracts are reputable, well-established, financial institutions and accordingly it is anticipated that they will meet their obligations.

Where the buy fair value exceeds 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 Authority is not exposed to any currency risk at balance date.

STATE TRANSIT AUTHORITY OF NEW SOUTH WALES

Notes to and forming part of the financial statements
For the year ended 30 June 2014

18. 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	
		Less than 1 year	1 to 5 years	More than 5 years			Floating %	Fixed %
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000		
Economic entity	2014							
Financial assets								
Cash and cash equivalents	2,859	-	-	-	1,209	4,068	3.35	N/A
Receivables	-	33,403	156,088	294,619	40,697	524,807	N/A	5.11
Total financial assets	2,859	33,403	156,088	294,619	41,906	528,875		
Financial liabilities								
Trade creditors	-	-	-	-	33,073	33,073	N/A	N/A
Borrowings	3,000	31,691	133,400	117,445	-	285,536	2.73	5.01
Total financial liabilities	3,000	31,691	133,400	117,445	33,073	318,609		
Economic entity	2013							
Financial assets								
Cash and cash equivalents	35,490	-	-	-	1,490	36,980	3.69	N/A
Receivables	-	30,157	141,000	308,815	21,143	501,115	N/A	5.10
Total financial assets	35,490	30,157	141,000	308,815	22,633	538,095		
Financial liabilities								
Trade creditors	-	-	-	-	50,934	50,934	N/A	N/A
Borrowings	-	2,000	194,455	129,068	-	325,523	N/A	5.59
Total financial liabilities	-	2,000	194,455	129,068	50,934	376,457		

STATE TRANSIT AUTHORITY OF NEW SOUTH WALES

Notes to and forming part of the financial statements
For the year ended 30 June 2014

18. 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:

	2014 \$'000	2013 \$'000
Economic entity		
Financial liabilities		
Not later than 1 year	82,098	71,491
Later than 1 year and not later than 5 years	174,590	247,022
Greater than 5 years	131,570	149,393
Total financial liabilities	388,258	467,906

(v) Sensitivity analysis

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

		Interest rate risk	
		-100 basis Profit/(loss) \$'000	+100 basis points Profit/(loss) \$'000
Economic entity - 2014	Carrying \$'000		
Hour-Glass			
Investment Facility	-	-	-
Short-term borrowings	-	-	-
Total increase/(decrease)		-	-

		Interest rate risk	
		-100 basis Profit/(loss) \$'000	+100 basis points Profit/(loss) \$'000
Economic entity - 2013	Carrying \$'000		
Hour-Glass			
Investment Facility	34,063	(341)	341
Short-term borrowings	-	-	-
Total increase/(decrease)		(341)	341

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.

At the reporting date, there was nil balance invested in Hour Glass Investment Facility.

STATE TRANSIT AUTHORITY OF NEW SOUTH WALES

Notes to and forming part of the financial statements
For the year ended 30 June 2014

19. RELATED PARTIES

The Authority is a controlled entity of the Department of Transport (DoT). The significant transactions with the TfNSW which is also controlled by DoT mainly relate to the Outer and Sydney Metropolitan Bus Systems Contracts (refer note 2(a)) and Finance Leases (refer note 5).

The Parent 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 2014:

	Parent \$'000	Transport Service \$'000
Personnel service income/(expense)	(149,894)	149,894
Receivables/(payables) - current	(116,976)	116,976
Receivables/(payables) - non-current	(212,512)	212,512

(b) Related party transactions and balances as at 30 June 2013:

	Parent \$'000	STA Division \$'000	WSB Division \$'000	
Personnel service income/(expense)	(398,498)	394,000	4,498	
Receivables/(payables) - current	(121,257)	120,391	866	
Receivables/(payables) - non-current	(214,852)	214,852	-	
	Economic entity 2014 \$'000	Economic entity 2013 \$'000	Parent 2014 \$'000	Parent 2013 \$'000
(a) Key management personnel compensation				
Short-term employee benefits	2,679	3,161	2,679	3,161
Post-employment benefits	161	-	161	-
Other long-term benefits	3	-	3	-
Termination benefits	-	-	-	-
Total	2,843	3,161	2,843	3,161

20. CONTINGENT LIABILITIES

The Authority by virtue of its operations may have possible contamination in land. The Authority is engaged in an ongoing process of identifying necessary remediation of land, the final amount of which is contingent on further investigation and cannot be accurately calculated at the date of preparation of these financial statements.

STATE TRANSIT AUTHORITY OF NEW SOUTH WALES

Notes to and forming part of the financial statements
For the year ended 30 June 2014

21. IMPACT OF REVISED EMPLOYEE BENEFITS (AASB 119)

(a) Impact on liabilities and equity as at 30 June 2012:

The Authority has applied revised AASB 119 Employee Benefits retrospectively and restated the statement of financial position as at 30 June 2012. The impact on each financial statements line item is disclosed below:

	30/6/2012 previously reported		Adjustments	30/6/2012 as restated	
	Economic entity \$'000	Parent \$'000	\$'000	Economic entity \$'000	Parent \$'000
Trade and other payables	-	(215,386)	(30,298)	-	(245,684)
Provisions	(215,543)	-	(30,298)	(245,841)	-
Accumulated funds	(93,584)	(93,584)	30,298	(63,286)	(63,286)

(b) Impact on total comprehensive income/financial position for the year ended 30 June 2013:

	30/06/2013 previously reported		Adjustments	30/06/2013 as restated	
	Economic entity \$'000	Parent \$'000	\$'000	Economic entity \$'000	Parent \$'000
Actuarial gains/(losses) on defined benefit plans	(20,358)	-	(15,483)	(35,841)	-
Retirement benefits - defined benefits expense	2,142	-	10,915	13,057	-
Retirement benefits provision	(152,762)	-	(25,730)	(178,492)	-
Personnel service payables	-	(189,128)	(25,724)	-	(214,852)
Accumulated funds	(56,948)	(56,948)	25,730	(31,218)	(31,218)

(c) Impact on total comprehensive income/financial position for the year ended 30 June 2014:

	Financial Year to 30 June 2014	
	Previous AASB 119	Current AASB 119
	Total	Total
	\$'000	\$'000
Service cost	3,215	3,756
Net Interest (current AASB119 only)	n/a	4,439
Interest Expense (previous AASB119 only)	8,121	n/a
Expected return on assets (previous AASB119 only)	(9,811)	n/a
Superannuation expense/(income) in P&L	1,525	8,195

	As at 30 June 2014	
	Previous AASB 119	Current AASB 119
	Total	Total
	\$'000	\$'000
Personnel Services Payables	(186,196)	(212,512)

Superannuation Position Statements originally issued by Pillar Administration measured the defined benefit obligation using a zero tax assumption. However, the revised standard, AASB 119 'Employee Benefits' (applied retrospectively for the first time during the 2014 financial year), requires measurement of the defined benefit obligation to include superannuation contributions tax payable on employer contributions.

This understatement impacted the defined benefit obligation recognised in non current liabilities, net interest cost recognised in profit and loss and the re measurement of the net defined liability recognised in other comprehensive income.

22. EVENTS AFTER THE REPORTING PERIOD

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

END OF AUDITED FINANCIAL STATEMENTS



Paul Dunn

GENERAL MANAGER - FINANCE & ADMINISTRATIVE SERVICES

STATE TRANSIT AUTHORITY OF NEW SOUTH WALES

STATEMENT BY CHIEF EXECUTIVE OFFICER

For the year ended 30 June 2014

Pursuant to section 41(C)(1B) and 41(C)(1C) 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 of New South Wales as at 30 June 2014; and
2. The financial statements have been prepared in accordance with the provisions of the Australian Accounting Standards which includes Australian Accounting Interpretations, the Public Finance and Audit Act 1983, Public Finance and Audit Regulation 2010 and the Treasurer's Directions.

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



Peter Rowley
CHIEF EXECUTIVE OFFICER

DATED - 17 September 2014

Appendices

Appendix 1: Legislation

The State Transit Authority of NSW is constituted as an operating body without policy or regulatory functions and is not charged with the administration of legislation. However, set out below is an overview of the legislation directly relevant to the State Transit Authority of NSW during 2013/14.

Transport Administration Act

The State Transit Authority of NSW 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 of NSW and were in force during the year under review:

- Transport Administration (Staff) Regulation 2012
- Transport Administration (General) Regulation 2013

Orders

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

Passenger Transport Act

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

Appendix 2: Management and Structure (as at 30 June 2014)

Chief Executive

Peter Rowley

Qualifications: Certificate of Transport Management, Master of Transport Management

Corporate Counsel

Mary Macken

Reports to the Chief Executive

Qualifications: Master of Laws University of Sydney, Accredited Specialist Property Law, Master of Arts (French)

General Manager, Fleet Operations and Infrastructure Division

Michael Reardon

Reports to the Chief Executive

Qualifications: Certificate of Transport Management

Key responsibilities:

- Asset Security
- Operational Infrastructure
- Fleet Operations
- Bus Maintenance
- Revenue Protection

General Manager, Safety, Assurance and Communications

Lindsay Lee

Reports to the Chief Executive

Qualifications: Bachelor of Arts (First Class Honours)

Key responsibilities:

- Customer Information and Communications
- Internal Audit
- Risk and Assurance
- Electronic Ticketing System
- Environment
- Safety Management System

General Manager, People and Bus Systems

Bruce Eldridge

Reports to the Chief Executive

Qualifications: Certificate of Transport Management, Master of Transport Management

Key responsibilities:

- Learning and Development
- Employee Relations and Equity
- Human Resources Development
- Bus Operations

General Manager, Finance and Administrative Services

Paul Dunn

Reports to the Chief Executive

Qualifications: Bachelor of Commerce, Master of Business Administration, Graduate Diploma in Applied Finance

- Finance
- Treasury and Revenue
- Contracts and Procurement
- Insurance
- ICT

General Manager, Northern Region

Craig Webster

Reports to the Chief Executive

Qualifications: Bachelor of Economics, Master of Business Administration

Key responsibilities:

- Management of Northern Region bus depots (Mona Vale, Brookvale and North Sydney) which operate services in Sydney's lower North Shore, the Northern Beaches and the CBD
- Network Control Centre

General Manager, Southern Region

Mark Peters

Reports to the Chief Executive

Qualifications: Certificate of Transport Management, Graduate Certificate in Business Management

Key responsibilities:

- Management of the Southern Region bus depots (Leichhardt, Kingsgrove, Burwood and Tempe) which operate services in Sydney's inner-western, south-western suburbs and the CBD
- 4DX / On-time running
- Metrobus routes

General Manager, Eastern Region

Martin Byatt

Reports to the Chief Executive

Qualifications: Certificate of Transport Management

Key responsibilities:

- Management of the Eastern Region bus depots (Waverley, Port Botany and Randwick) which operate services in Sydney's eastern beaches, inner south-eastern suburbs and the CBD
- Special Event Coordination

General Manager, Western Region

Jamie Sinclair

Reports to the Chief Executive

Qualifications: Advanced Management Certificate, Business Management Certificate, Certificate of Transport Management

Key responsibilities:

- Management of the Western Region bus depots (Ryde and Willoughby) which operate services in Sydney's north-western, northern harbour and riverside suburbs
- Scheduling (HASTUS) across all Sydney regions

General Manager, Newcastle Buses and Ferries

Darren Carey

Reports to the Chief Executive

Qualifications: Graduate Australian Institute of Company Directors, Certificate of Transport Management, Certificate of Business Management, Graduate Certificate in Retail Management

Key responsibilities:

- Management of the Newcastle bus depots (Hamilton and Belmont) which operate services across a large part of Newcastle and Lake Macquarie
- Management and operation of the Newcastle to Stockton Ferry

Appendix 3: Senior Service Contracts and Remuneration

Table: Senior Service Contracts and Remuneration

Transport Senior Service Level	Female	Male	Total	Average of TRP
Senior Service Level 2	2	6	8	\$216,283
Senior Service Level 3	-	8	8	\$254,889
Senior Service Level 4	-	1	1	\$281,632
Senior Service Level 5	-	-	-	-
Senior Service Level 6	-	1	1	\$422,505
Total	2	16	18	

The table above reflects the Transport Senior Service population Level 2 to Level 6 identified for transition to Executive Service following introduction of the proposed Government Sector Employment Alignment Legislation. Eighteen Senior Service Level 1 staff are not included in this profile.

Appendix 4: Human Resource Statistics

The below table shows a comparison of State Transit's staff by classification (and full-time equivalent) over the five-year period from July 2009 to June 2014.

Table: Human Resource Statistics

Head count	2009/10	2010/11	2011/12	2012/13	2013/14
Operations	4,029	4,209	4,294	4,191	3,856
Maintenance	383	419	416	348	370
Administration	679	700	611	510	436
SES	11	11	11	10	0*
Transport Senior Service	N/A	N/A	N/A	N/A	36*
Total	5,102	5,339	5,332	5,049	4,662
Full-time equivalent	4,947	5,182	5,174	4,847	4,543
Casuals (included above)	94	113	113	162	116

Note: The figures are converted to full-time equivalents for part-time staff, and represent the average staffing levels for the year (they do not include overtime hours). Administration figures for 2011/12 to 2013/14 exclude positions assigned to Transport for NSW and Transport Shared Services.

*SES classification discontinued during 2013/14. Former SES and various Senior Officers transferred to Transport Senior Service classification.

Appendix 5: Workforce Diversity

Table: Trends in the representation of diversity groups

Diversity group	Benchmark/ target	% of total staff - 2012	% of total staff - 2013	% of total staff - 2014
Women	50.0%	9.4%	9.5%	8.4%
Aboriginal people and Torres Strait Islanders	2.6%	0.8%	0.6%	0.5%
People whose first language was not English	19.0%	26.1%	21.4%	21.9%
People with a disability	N/A	2.7%	2.08%	1.85%
People with a disability requiring work- related adjustment	1.5%	2.7%	2.08%	1.85%

Table: Trends in the distribution of diversity groups

Diversity group	Benchmark/ target	Span of total staff - 2012	Span of total staff - 2013	Span of total staff - 2014
Women	100	124	126	120
Aboriginal people and Torres Strait Islanders	100	94	89	82
People whose first language was not English	100	92	92	94
People with a disability	100	113	112	108
People with a disability requiring work- related adjustment	100	113	112	108

Note 1: A Distribution Index of 100 indicates that the centre of the distribution of the diversity group across salary levels is equivalent to that of staff. Values less than 100 mean that diversity groups tend 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 diversity group is less concentrated at lower salary levels.

Note 2: The Distribution Index is not calculated where diversity group or non-diversity group numbers are less than 20.

Appendix 6: Multicultural Policies and Services Plan

State Transit is a service provider within the transport cluster managed by Transport for NSW. Network service planning and community stakeholder engagement for service change programs are now the principal responsibility of Transport for NSW. State Transit's role is to assist and support Transport for NSW in service change management programs.

State Transit, in collaboration with Transport for NSW, engages in consultation with ethnic communities regarding the introduction of new or changed bus services, using interpreters when required. In areas with a high level of ethnic diversity, brochures are produced in the predominant languages of the area where the service changes are to be implemented.

The first cluster-wide Multicultural Policies and Services Plan was delivered in 2012/13. This was a significant step in demonstrating the cluster's commitment to the Principles of Multiculturalism.

The Plan outlines how Transport for NSW and State Transit will respond to the NSW Government's multicultural objectives and incorporate multicultural principles into our processes and systems.

Under the Community Relations Commission and Principles of Multiculturalism Act 2000, State Transit is required to deliver and report against a current Multicultural Policies and Services Plan. These address the Community Relations Commission's Multicultural Planning Framework.

State Transit, in collaboration with Transport for NSW, continued to work towards meeting the five objectives identified for multicultural customers:

1. Able to confidently use transport services.
2. Able to equitably access transport services and information.
3. Satisfied with the quality of communications and cultural sensitivity of transport service and program delivery.
4. Able to have their views and concerns heard on policy and program development and service delivery.
5. Embedding multicultural activity as a core function of the transport agencies.

Achievements in the Community Relations Commission's outcome areas in 2013/14 have included:

Planning

The plan has been integrated into State Transit's strategic and corporate planning. The Multicultural Policies and Services Plan has been integrated in to State Transit's Corporate Plan with the key aim of developing equitable, inclusive and high performance services for all passengers and a service culture that is trained, resourced and managed to achieve this target.

All business areas within State Transit recognise the need to use a variety of cultural and linguistic data (CALD) data to inform business planning.

State Transit's Senior Executive Committee meets monthly to monitor and review performance against the targets for Customer Experience and also for our People/Human Resources Program.

Human Resources

A cluster-wide Diversity and Inclusion Plan was developed with several initiatives that include input to human resources policies.

The cluster's Talent Pipeline Program for scholars, cadets and graduates includes targeted recruitment to increase representation of diverse and/or disadvantaged community groups.

Diversity and Inclusion (specifically CALD training) is incorporated in induction programs for all staff. Recruited customer-facing staff such as bus drivers receive diversity and/or multicultural training.

Communication

Following publication of the Plan on the Transport for NSW Intranet, it was further promoted through State Transit's internal communications channels, encouraging staff to read, contribute to and include the Plan in their everyday work.

The Transport Info website, www.transportnsw.info, jointly supported by State Transit, Sydney Trains and Transport for NSW, provides an explanation of its TripPlanner function in 10 major languages. These are Arabic, Chinese, Greek, Indonesian, Italian, Japanese, Korean, Russian, Spanish and Vietnamese.

State Transit will continue to support the transportnsw.info website during 2014/15.

Funded Services

State Transit is a client of the Department of Immigration and Citizenship, 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 onsite interpreters for non-English speakers. Through TIS, a three-way conversation can be arranged with the Transport Info call centre agent, the caller and the interpreter.

State Transit will continue to seek translating and interpreting services from the Department of Immigration and Multiculturalism Affairs in 2014/15.

Retreat Spaces

State Transit demonstrates its commitment to ensuring employees from culturally diverse backgrounds can meet their religious obligations whilst at work. With 11 established retreat spaces across the organisation, employees can utilise these spaces for religious, spiritual or contemplative purposes.

Appendix 7: Agreements with the Community Relations Commission

There has been no requirement for an agreement specified by the Community Relations Commission.

Appendix 8: 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 2014 according to actual use of the land.

Table: Summary of land

Land use classification	\$'000
Bus depots	149,276
Minor operational assets	2,048
Commercial properties	7,779
Total	159,103

Appendix 9: Disposal of Property

In 2013/14, State Transit disposed of one commercial site at 1-11 Rainbow Street, Kingsford to Transport for NSW for \$9.5 million. The land represented a surplus to operational requirements. The sale proceeds were used to retire long term debts.

Any access to documents relating to the disposal can be obtained under the Government Information (Public Access) Act 2009.

Appendix 10: Consolidated Income and Expenditure

Table: Consolidated Income

	2013/14 Actual \$'000	2013/14 Budget \$'000	2013/14 Variance \$'000	2013/14 Variance %	2012/13 Actual \$'000
Operational Revenue	607,648	597,402	10,246	1.72%	618,522
Interest	30,029	29,997	32	0.11%	29,752
Other Revenue	35,060	18,876	16,184	85.74%	25,993
Total Income	672,737	646,275	26,462	4.09%	674,267

Table: Consolidated Expenditure

	2013/14 Actual \$'000	2013/14 Budget \$'000	2013/14 Variance \$'000	2013/14 Variance %	2012/13 Actual \$'000
Employee benefits	248,104	255,935	7,831	3.06%	414,831
Personnel services	149,894	127,967	(21,927)	(17.13)	-
Depreciation and amortisation	24,745	26,161	1,416	5.41%	27,265
Fleet running expenses	104,443	103,627	(816)	(0.79%)	102,034
Borrowing costs	24,540	18,709	(5,831)	(31.17%)	18,880
Other operating costs	88,125	98,871	10,746	10.87%	97,513
Total expenditure	639,851	631,270	(8,581)	(1.36%)	660,523

Table: Profit/Loss

	2013/14 Actual \$'000	2013/14 Budget \$'000	2013/14 Variance \$'000	2013/14 Variance %	2012/13 Actual \$'000
Profit/(loss) before tax	32,886	15,005	17,881	119.17%	13,744

The operating budget for 2014/15 is a surplus of \$12.7 million comprising total revenue of \$655.2 million and total expenditure of \$642.5 million.

The financial review commentary is included as part of the Competitive Business chapter.

Appendix 11: Government Funding and Social Program

Government funding consisted of the following:

Bus Service Contracts

In 2013/14, State Transit had four separate Sydney Metropolitan Bus Service Contracts (SMBSC) and one Outer Metropolitan Bus Service Contract (OMBSC) with Transport for NSW for the provision of bus services in Sydney and Newcastle. The term of the SMBSC was five years and the OMBSC was for seven years with a one year option. The SMBSC commenced on 1 July 2013 and the OMBSC on 1 July 2006.

On 26 June 2014, State Transit entered into a contract with Transport for NSW for the provision of bus services in Newcastle. The new Outer Sydney Metropolitan Bus Service Contract commenced on the 1 July 2014 and ends on the 30 June 2017.

Other Government Payments

Newcastle Ferry Services and Western Sydney Buses continued to receive payments from the Government for providing free and concessional fares in 2013/14.

Concession reimbursements were also received from the Government in the categories of pensioner and senior citizens, school students, tertiary students, the unemployed and other welfare recipients.

Appendix 12: Funds Granted to Non-Government Community Organisations

No payment was made by State Transit to non-Government community organisations during 2013/14.

Appendix 13: Liability Management Performance

In the year ended 30 June 2014, the market cost of funds of State Transit's debt portfolio, which includes actual interest costs, accrued interest costs, the amortisation of bond premium or discount amounts and the change in market capital value of the debt portfolio, was 6.4 per cent, compared to the benchmark portfolio market cost of funds of 6.4 per cent.

Appendix 14: Investment Management Performance

State Transit invested its surplus short-term funds in NSW Treasury Corporation's HourGlass Investment Cash Facility Trust until 18 February 2014. State Transit's weighted average rate of return on the investment was 1.9 per cent (net of fees and expenses). The NSW Treasury Corporation HourGlass Investment Cash Facility Trust benchmark is the UBS Bank Bill Index and the benchmark return was 1.8 per cent with no adjustment for management fees and expenses.

Thereafter, surplus funds were retained in a Westpac Bank operating account which had a rate of return of the Reserve Bank of Australia (RBA) cash rate plus 85 basis points.

Appendix 15: Performance in Paying Accounts

Table: Performance in paying accounts for all suppliers

Measure	September 2013	December 2013	March 2014	June 2014
Number of accounts due for payment	20,072	19,901	18,037	18,966
Number of accounts paid on time	19,128	18,974	16,651	18,328
Actual percentage of accounts paid on time (based on #)	95.3%	95.3%	92.3%	96.6%
Dollar amount of accounts due for payment (\$'000)	100,951	114,722	111,639	131,315
Dollar amount of accounts paid on time (\$'000)	99,343	113,111	100,990	126,849
Actual percentage of accounts paid on time (based on \$)	98.4%	98.6%	90.5%	96.6%
Number of payments for interest on overdue accounts	NIL	NIL	NIL	NIL
Interest paid on overdue accounts	NIL	NIL	NIL	NIL

Table: Performance in paying accounts for small business suppliers

Measure	September 2013	December 2013	March 2014	June 2014
Number of accounts due for payments	1890	1950	1758	2127
Number of accounts paid on time	1784	1846	1632	1987
Actual percentage of accounts paid on time (based on #)	94.4%	94.7%	92.8%	93.4%
Dollar amount of accounts due for payment (\$'000)	2,547	2,516	2,003	2,699
Dollar amount of accounts paid on time (\$'000)	2,376	2,317	1,852	2,473

Measure	September 2013	December 2013	March 2014	June 2014
Actual percentage of accounts paid on time (based on \$)	93.3%	92.1%	92.5%	91.7%
Number of payments for interest on overdue accounts	NIL	NIL	NIL	NIL
Interest paid on overdue accounts	NIL	NIL	NIL	NIL

Table: Aged transactions by quarter for all suppliers

Quarter	Current \$'000	30-60 \$'000	60-90 \$'000	90+ \$'000	Total Amount \$'000
Sep – 2013	10,007	141	44	138	10,330
Dec – 2013	8,565	323	27	88	9,003
Mar – 2014	8,795	173	47	136	9,151
Jun – 2014	9,310	215	67	92	9,684

Table: Aged transactions by quarter for small business suppliers

Quarter	Current \$'000	30-60 \$'000	60-90 \$'000	90+ \$'000	Total Amount \$'000
Sep – 2013	1,020	15	6	3	1,044
Dec – 2013	815	25	2	1	843
Mar – 2014	941	20	5	5	971
Jun – 2014	1,033	8	6	3	1,050

Appendix 16: 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 high level specialist or professional advice to assist decision-making by management is classified as a consultancy fee. Generally it is the advisory nature of the work that differentiates a consultancy fee from other professional services.

Table: Consultancy and professional fees

Consultancy and professional fees	\$'000
Where consultancy fees exceeded \$50,000	nil
Where consultancy fees paid were less than \$50,000	nil
Professional fees	1,701

Appendix 17: Mobile Phones

Procedures for issuing mobile phones to staff are outlined in State Transit's 'Telephone and Mobile Telephones Manual'. The Chief Executive, General Managers and Depot Managers are responsible for issuing mobile phones as and when a business need is demonstrated. In 2013/14, there were 217 mobile phones in use (255 in 2012/13).

Appendix 18: 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

Appendix 19: Response to Matters Raised by the Auditor General

There were no significant matters identified in the Statutory Audit Report by the Audit Office.

Appendix 20: Overseas Travel

During 2013/14, no overseas travel was undertaken by State Transit staff.

Appendix 21: Environment and WRAPP Report

Environmental Management Policy

State Transit's Environment Policy is displayed at all depot workplaces for staff reference and is made available to the public on the State Transit website:

<http://www.statetransit.info/buses-and-the-environment/environmental-policy>

State Transit also subscribes to the Transport for NSW Transport Environment and Sustainability Policy Statement found at the Transport for NSW website:

<http://www.transport.nsw.gov.au/sites/default/files/b2b/publications/transport-environment-policy-statement-may13-web.pdf>

Environmental Notices

No Environment Protection Authority (EPA) or Local Government Association (LGA) environmental penalty notices were received during 2013/14.

Environmental Incidents

A total of four environmental incidents for 'in-service operation of the bus fleet' were reported to the Environment Office in 2013/14, compared with the three reported in the previous financial year. As these incidents were contained and cleaned up with no harm to the environment, these incidents were not deemed to be reportable to the regulator.

Bus in-service incidents primarily relate to spills or leaks resulting from accidents or mechanical failure. All such environmental incidents are reviewed to ensure their appropriate management by the responsible depot.

Environmental Complaints Handling

In 2013/14, 243 public environmental complaints were referred to the customer feedback 131500 number for Sydney Buses operations, compared with 232 for the previous year. The rate of environmental complaints for Sydney Buses is 1.27 complaints per million customer trips. The majority of these public environmental complaints related to noise or smoke from buses.

Newcastle Buses received no complaints in 2013/14, compared with 11 complaints for the previous year. Complaints are recorded in categories of noise, smoke, spillage or littering from bus and depot noise pollution. Public environmental complaints recorded on the customer feedback 131500 number are referred to the responsible depot for investigation and response.

Environment Pollution Line Referrals

Seven EPA Environmental Line Reports were referred to State Transit for investigation and resolution. Complaints varied from depot noise, PA system noise, bus start-up and idling noise, glare from unshielded lighting and reversing beepers. All referred complaints were investigated and detailed responses provided to the regulator.

Trade Waste Notices

All State Transit depots hold Trade Waste Agreements with Sydney Water or Hunter Water for the discharge of treated trade waste to sewer. Two Sydney Water Trade Waste Non-compliance Notices were referred to the relevant depots for investigation and response to Sydney Water. These non-compliances were resolved via changes in work practices and system inspection and maintenance.

Media-based Reporting – Air Quality and Emissions, Water, Noise, Lands, Energy and Waste

Air Quality

The emissions profile of State Transit's bus fleet continues to improve with the acquisition of new buses and the retirement of its older fleet. Thirty-seven per cent of the State Transit bus fleet are of the latest Euro 5 or EEV standard, while 74 per cent is of a Euro 3 or higher standard. The rated emissions performance of State Transit's bus fleet is maintained via State Transit's certification against the Roads and Maritime Services Clean Fleet Standard.

State Transit works to reduce total greenhouse emissions from its commercial/passenger fleet by leasing fuel efficient vehicles with high environmental performance scores from State Fleet Services, and through the increasing use of E10 and LPG fuel for these vehicles.

Greenhouse Gas Emissions

Transport emissions derived from fuel combustion, using National Greenhouse Accounts Factors, was calculated as follows:

Table: Greenhouse gas emissions for State Transit services

State Transit service	Tonnes CO ₂ (e)
Passenger and service vehicles under 3.5 tonnes	200 tonnes (estimate)
Newcastle Ferries Scope 1 direct emissions	191 tonnes
Diesel bus fleet Scope 1 tailpipe emissions	103,925 tonnes
CNG bus fleet Scope 1 tailpipe emissions	46,470 tonnes
WSB bus fleet Scope 1 tailpipe emissions	746 tonnes
Total transport footprint	151,532 CO₂(e)

This total transport carbon footprint equates to approximately 0.74 tonnes CO₂(e) per million customer trips.

Scope 2 Greenhouse Gas Emissions for stationary sources, mainly in the form of electricity consumption by State Transit depots, accounted for 10,022,525kWhrs or 8,820 tonnes of CO₂(e) with consumption for State Transit Headquarters equating to 167,039kWhrs (estimate) or 147 tonnes of CO₂(e).

State Transit's total carbon footprint due to stationary and mobile sources equals 160,499 tonnes of CO₂(e). This represents a 3.6 per cent decrease on the previous financial year.

Water

State Transit depot operations consumed some 107,423kL of potable water at an average of 50kL per bus. This total potable water consumption per bus has decreased by 15 per cent from the previous financial year. Reductions in annual water consumption have been achieved by the addition of extensive rainwater harvesting systems at Port Botany and Tempe depots to displace potable water use.

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, State Transit bus drivers contact the Network Control Centre for emergency assistance from the Fire Brigade and assistance from our fleet of customer service vehicles which carry portable spill kits to enable a quick response to in-service spills in the event of an accident or mechanical failure.

Noise

During 2013/14, 11 cases of depot noise-related complaints were recorded via the Customer Feedback 131500 number. A number of additional public environmental noise complaints were received from the EPA Pollution Control Line. All referred noise complaints are investigated to determine source and appropriate corrective actions. 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.

Heritage

State Transit maintains a Heritage Register of 11 items. As part of its responsibility, State Transit inspects and maintains its Heritage assets in accordance with NSW Heritage Council Guidelines.

Contaminated Lands

EPA Contaminated Site Notifications

Both Burwood and Waverley depots were notified to the EPA under s60 of the Contaminated Lands Management Act, 1997. Burwood Depot is currently being assessed by the EPA, while Waverley Depot was determined as not significant enough to warrant regulation.

Energy

Electricity Consumption

Depot Electricity Consumption totalled 10,022,525kWhrs, down 3 per cent from the previous year's consumption.

Transport Fuel Consumption

Some 38,906,975 litres of diesel fuel and 23,094,542 cubic metres of compressed natural gas were consumed by State Transit's bus fleet.

Fuel Storage Systems

State Transit is undertaking a program to replace its underground diesel storage tanks with double-walled above ground tanks. In 2013/14, new above ground storage tanks have been installed at Burwood and Kingsgrove depots, and more recently at Brookvale Depot, bringing the total number of depots with self-bunded above ground tanks to eight. For the remaining six depots with operational underground diesel storage tanks, State Transit has in place Environmental Protection Plans that describe the loss monitoring and incident management procedures for identifying potential leaks from underground storage and delivery structures. These pollution prevention procedures include annual Tank Integrity Testing, annual Cathodic Protection Survey, monthly Statistical Inventory Reconciliation Analysis and half-yearly groundwater monitoring of onsite Underground Petroleum Storage System (UPSS) wells.

Waste

SITA Australia has provided licensed total waste management solid and liquid waste collection and recycling services for all State Transit depots as part of the renewed Total Waste Management Contract since November 2012. The contract provides for the collection and recycling of paper and cardboard, batteries, waste metal (ferrous and non-ferrous), oil filters, waste oil, waste coolant, fluorescent tubes and the collection and disposal of oily water and general waste.

WRAPP Report

During 2013/14, State Transit's total waste management contractor, SITA Australia, collected the following approximate quantities of waste for recycling:

Table: Quantities of waste recycled

Waste product	Tonnes
Paper and cardboard recycled waste	67 tonnes
Recycled batteries	87 tonnes
Recycled metals	201 tonnes
Fluorescent tubes	0.3 tonnes
Liquid oily water waste	1,047 tonnes
Recycled waste oil	219 tonnes
Recycled coolant	252 tonnes
Oil filters	3.64 tonnes
Oily rags	2.22 tonnes

General waste sent to landfill approximated 777 tonnes.

State Transit's WRAPP plan for 2013/14 aimed to:

- Reduce the generation of waste via bulk purchases (to reduce packaging) and also through the procurement of goods and services from State Government supply contracts, where available. While general waste to landfill increased during the reporting year, much of the increase was due to extensive depot clean-up of historical non-recyclable waste.
- Maximise resource recovery via waste segregation and by the provision of waste collection and recycling opportunities for waste streams, such as fluorescent tubes and waste metals. Resource recovery of fluorescent tubes increased from 0.3 to 1.5 tonnes while recycled metals increased from 120 to 201 tonnes.
- Increase the use of recycled material, as demonstrated in State Transit's Mascot head office accommodation and fit-out, to conserve on embodied energy entailed in the materials used.

Appendix 22: Digital Recordkeeping

State Transit has established the capability to formally manage digital records in accordance with Government policies and standards. The use of this capability has commenced, with increasing take-up underway across the organisation.

Appendix 23: Digital Information Security Annual Attestation Statement

Digital Information Security Annual Attestation Statement for the 2013/14 Financial Year for the State Transit Authority of NSW

I, Peter Rowley, Chief Executive, State Transit, am of the opinion that State Transit had an Information Security Management System in place during the financial year being reported on, consistent with the core requirements set out in the Digital Information Security Policy for the NSW Public Sector.

I, Peter Rowley, Chief Executive, State Transit, am of the opinion that the security controls in place to mitigate identified risks to the digital information and digital information systems of State Transit are adequate for the foreseeable future.



Peter Rowley
Chief Executive
State Transit

Appendix 24: Government Information (Public Access) Applications

Review of Proactive Release Program - Clause 7(a)

Under section 7 of the GIPA Act, agencies must review their programs for the release of government information to identify the kinds of information that can be made publicly available. This review must be undertaken at least once every 12 months.

State Transit's program for the proactive release of information involves the release of information concerning State Transit's operation, functions, structure and in relation to State Transit's performance in the provision of passenger transport services.

This includes:

- Publication of State Transit's Annual Report and Corporate Plan;
- Details on State Transit's fleet of buses;
- Regular updates on timetable changes, school service changes and general travel advice;
- The production and distribution of a range of publications, including timetables, flyers and brochures, to assist passengers;
- Transport news and announcements, timetable changes and other travel information regularly publicised through the Sydney Buses and Newcastle Buses and Ferries websites; and
- The publication of customer service, reliability and safety data.

All key publications are available on the State Transit website or through the Transport Info website at www.transportnsw.info.

During the reporting period, State Transit reviewed this program by:

- examining the types of information being requested through formal and informal applications.
- assessing the type of information held by State Transit.
- analysing the types of information proactively released by other agencies.

As a result of this review, State Transit continued with the proactive release of information as outlined above.

Number of access applications received - Clause 7(b)

During the reporting period, State Transit received a total of eleven (11) formal access applications (including withdrawn applications but not invalid applications).

Number of refused applications for Schedule 1 information - Clause 7(c)

During the reporting period, State Transit refused a total of zero (0) formal access applications because the information requested was information referred to in Schedule 1 to the GIPA Act. Of those applications, zero (0) were refused in full, and zero (0) were refused in part.

Statistical information about access applications - Clause 7(d) and Schedule 2

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

	Access granted in full	Access granted in part	Access refused in full	Information not held
Media	1	2	-	2
Members of Parliament	-	-	-	-
Private sector business	-	-	-	-
Not for profit organisations or community groups	-	-	-	-
Members of the public (application by legal representative)	-	2	-	1
Members of the public (other)	-	2	-	-

Table A: Number of applications by type of applicant and outcome (continued)

	Information already available	Refuse to deal with application	Refuse to confirm/deny whether information is held	Application withdrawn
Media	-	-	-	-
Members of Parliament	-	-	-	-
Private sector business	-	-	-	-
Not for profit organisations or community groups	-	-	-	-
Members of the public (application by legal representative)	-	-	-	-
Members of the public (other)	-	-	-	-

*More than one decision can be made in respect of a particular access application. If so, a recording must be made in relation to each such decision. This also applies to Table B.

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

	Access granted in full	Access granted in part	Access refused in full	Information not held
Personal information applications*	-	1	-	-
Access applications (other than personal information applications)	1	2	-	3
Access applications that are partly personal information applications and partly other	-	3	-	-

Table B: Number of applications by type of application and outcome (continued)

	Information already available	Refusal to deal with application	Refuse to confirm/deny whether information is held	Application withdrawn
Personal information applications*	-	-	-	-
Access applications (other than personal information applications)	-	-	-	-
Access applications that are partly personal information applications and partly other	-	-	-	-

*A personal information application is an access application for personal information (as defined in clause 4 of Schedule 4 to the Act) about the applicant (the applicant being an individual). The total number of decisions in Table B should be the same as Table A.

Table C: Invalid applications

Reason for invalidity	Number of applications
Application does not comply with formal requirements (section 41 of the Act)	0
Application is for excluded information of the agency (section 43 of the Act)	0
Application contravenes restraint order (section 110 of the Act)	0
Total number of invalid applications received	0
Invalid applications that subsequently became valid applications	0

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

	Number of times considered used*
Overriding secrecy laws	0
Cabinet information	0
Executive Council information	0
Contempt	0
Legal professional privilege	0
Excluded information	0
Documents affecting law enforcement and public safety	0
Transport safety	0
Adoption	0
Care and protection of children	0
Ministerial code of conduct	0
Aboriginal and environmental heritage	0

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

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

	Number of occasions when application not successful
Responsible and effective government	2
Law enforcement and security	0
Individual rights, judicial processes and natural justice	5
Business interests of agencies and other persons	0
Environment, culture, economy and general matters	0
Secrecy provisions	0
Exempt documents under interstate Freedom of Information legislation	0

Table F: Timeliness

	Number of applications
Decided within the statutory timeframe (20 days plus any extensions)	10
Decided after 35 days (by agreement with the applicant)	0
Not decided within the time (deemed refusal)	0
Total	10

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

	Decision varied	Decision upheld	Total
Internal review	0	0	0
Review by Information Commissioner*	0	0	0
Internal review following recommendation under section 93 of the Act	0	0	0
Review by ADT	0	0	0
Total	0	0	0

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

Table H: Applications for review under Part 5 of the Act (by type of applicant)

	Number of applications for review
Applications by access applicants	0
Applications by persons to whom information the subject of access application relates (see section 54 of the Act)	0

Appendix 25: Corruption Prevention and Ethics

Ethics

State Transit is committed to operating efficient, safe and reliable bus services and Newcastle ferry services, consistent with its legislative responsibilities. State Transit conducts its business in an ethical manner having regard to NSW Government and State Transit policies.

Staff are required to conduct their activities in accordance with State Transit's Code of Conduct and observe a high standard of probity, ethical behaviour and integrity in their business dealings. Just as State Transit expects staff to behave ethically and comply with the Code of Conduct, high standards of behaviour are also expected from organisations and individuals that do business with State Transit.

The Statement of Business Ethics, which is included on the State Transit website, provides clear guidelines on the expectations of business partners and what they can expect from State Transit, particularly in relation to procurement practices, safety, environmental management, reporting of unethical behaviour, incentives, gifts and benefits, conflicts of interest and public interest disclosures. All individuals and organisations that deal with State Transit must comply with these standards of ethical behaviour.

Public Interest Disclosures

The objective of the Public Interest Disclosures Act 1994 (the Act) is to encourage public officials to report any evidence of actual or suspected corrupt conduct, maladministration, serious and substantial waste or government information contravention.

State Transit's internal reporting procedure is consistent with the requirements of the Act, the NSW Ombudsman's model policy and better practice guidelines for public interest disclosures issued by the NSW Ombudsman.

State Transit undertook a number of activities to promote staff awareness of the protections available, and organisational responsibilities and obligations under the Act. These included policy briefings for senior managers, inclusion of information on public interest disclosures for new staff during general induction, and general information updates to all staff included in internal newsletters and on the intranet.

The Public Interest Disclosures Regulation 2011 (the Regulation) requires agencies to report the number of public interest disclosures received by it during the reporting period. In accordance with section 4 of the Regulation, and section 31 of the Act, the table below shows the number of public interest disclosures received by State Transit for the period ending 30 June 2014.

Table: Public Interest Disclosure Statistics

	Number
Public interest disclosures made by public officials in performing their day to day functions	1
Public interest disclosures (not covered by the above) that are made under a statutory or other legal obligation	0
All other public interest disclosures	0

	Number
Number of public officials who have made a public interest disclosure to State Transit	1
Total number of public interest disclosures received by State Transit	1

Table: Main concerns identified in public interest disclosures received

	Number
Corrupt conduct	1
Maladministration	0
Serious and substantial waste	0
Government information contravention	0
Local government pecuniary interest contravention	0
No. of public interest disclosures that have been finalised this reporting period	1

Fraud and Corruption Prevention

State Transit is committed to maintaining high standards of ethical conduct. State Transit does not tolerate fraudulent or corrupt behaviour and is committed to ensuring that its work environment is free of fraud and corruption. Where fraud and corrupt activity does occur, State Transit's objective is to ensure that it is rapidly detected, effectively investigated and appropriate actions are taken.

State Transit undertook a number of fraud and corruption prevention activities during the year with the objective of reducing fraud and corruption risk within the workplace. This included the provision of expertise and advice to staff and management on a wide range of corruption risks, ethical, probity and policy issues, and information included in the internal staff newsletter to raise general awareness of corruption prevention issues.

During the year, coordination of State Transit's statutory reporting obligations to the Independent Commission Against Corruption (ICAC) was undertaken by the Manager Risk, Fraud and Corruption Prevention, who is also responsible for facilitating the reporting of State Transit's obligations under the Public Interest Disclosure Act 1994 to the NSW Ombudsman.

Appendix 26: 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 staff to keep personal information secure and ensures that the information is only used for the purposes for which it is collected.

In accordance with the plan, State Transit informs all individuals at the time of collecting personal information what the information is to be used for and to whom the personal information will pass.

State Transit will continue to maintain and improve its current collection and storage of personal information to ensure it continues to satisfy the guidelines provided in the Act.

Appendix 27: Internal Audit

State Transit's Internal Audit program provides independent, objective assurance and advisory services designed to add value and improve State Transit's operations. The Internal Audit function supports management in achieving State Transit's objectives and statutory obligations by bringing a systematic, disciplined approach to evaluating and improving the effectiveness of risk management, control and governance processes.

During 2013/14, PricewaterhouseCoopers (PwC) continued to partner with State Transit in the design and delivery of its internal audit and related services. The engagement of PwC is part of an Internal Audit service delivery model, consisting of an in-house Chief Audit Executive and contracted external service provider, to meet State Transit's changing risk profile and environment. The model was selected to provide State Transit with timely access to a wide range of Internal Auditing skills.

The Audit and Risk Committee reviews the annual Internal Audit Plan, coverage and the resources of the Internal Audit function, and recommends approval by the Chief Executive. The results, progress and performance of the Internal Audit program is regularly reviewed by the Committee.

Internal Audit is authorised to have full, free and unrestricted access to all functions, property, personnel records, accounts, files and other information and documentation.

Management is responsible for ensuring that appropriate corrective actions are taken in a timely manner to address reported areas for improvement arising from audit projects. The status of management actions are monitored by the Executive Governance and Risk Committee and the Audit and Risk Committee.

Appendix 28: Risk Management and Insurance Activities

Risk Management

State Transit recognises risk is inherent in its business and that effective management of risk allows for resources to be allocated efficiently, provides greater certainty and is central to achieving business objectives.

State Transit is compliant with Internal Audit and Risk Management Policy for the NSW public sector (TPP 09-05) published by The Treasury.

State Transit uses 'ISO AS/NZS 31000: 2009 Risk Management Standard' to improve decision-making and to minimise the impact of those risks and any event that may affect operational activities, our reputation, compliance with our regulators or the safety and security of our employees, passengers or other road users.

State Transit is committed to the continual improvement of its Risk Management Program, with consideration to the changing environment in which it operates. The Risk and Assurance Unit is responsible for maintaining and implementing State Transit's Risk Management Framework, which sets out the whole of business approach to managing risk.

The Risk and Assurance Unit reports regularly to the Governance and Risk Committee, comprising of Senior Executives of State Transit, which oversees the implementation, operation and review of that framework. As a further assurance, State Transit has an Audit and Risk Committee comprised of two independent members and one non-independent member. The overall objective of the Audit and Risk Committee is to provide independent assistance to the Chief Executive by overseeing and monitoring State Transit's governance, risk and control framework, and its external accountability requirements.

Service delivery is paramount to State Transit's success. State Transit recognises that services are provided in an environment that may be affected by many factors outside of its control. State Transit has an Emergency Management Plan for effective communication and management of serious incidents. To facilitate the provision of services during recovery from unplanned adverse events, State Transit has a series of Business Continuity Plans.

Insurance

State Transit's mature insurance program provided financial protection for the authority during the year.

State Transit insures real and personal assets through an insurance broker and manages claims in conjunction with a specialist claims management service. The insurance program provides cover for physical loss or damage to insurable assets and property, consequential loss, public and products liability, personal injury, motor accidents, professional risks, plus marine hull and liability for Newcastle Ferries. State Transit's insurance program maintains competitive premiums and extensive coverage as a result of quotations from the insurance market based on State Transit's risk profile.

Compulsory Third Party Insurance for State Transit's fleet of more than 2,150 buses and operational vehicles is provided by a licensed insurer in accordance with legislation regulated by the Motor Accidents Authority of NSW.

Appendix 29: Internal Audit and Risk Management Attestation



Internal Audit and Risk Management Attestation for the 2013 - 2014 Financial Year for The State Transit Authority of New South Wales

I, Peter Rowley, Chief Executive, am of the opinion that the State Transit Authority of New South Wales has internal audit and risk management processes in operation that are, in all material respects, compliant with the core requirements set out in Treasury Circular NSW TC 09/08 *Internal Audit and Risk Management Policy*.

I, Peter Rowley, Chief Executive, am of the opinion that the Audit and Risk Committee for the State Transit Authority of New South Wales is constituted and operates in accordance with the independence and governance requirements of Treasury Circular NSW TC 09/08. The Chair and Members of the Audit and Risk Committee are:

- Brian Blood, Independent Chair (June 2013 to June 2014)
- Barry Leithhead, Independent Member (June 2012 to June 2014)
- Craig Webster, Non-independent Member (February 2013 to February 2015)

I, Peter Rowley, Chief Executive, declare that this Internal Audit and Risk Management Statement is made on behalf of the following controlled entities (or subsidiaries):

- Western Sydney Buses

These processes provide a level of assurance that enables the senior management of the State Transit Authority of New South Wales to understand, manage and satisfactorily control risk exposures.

As required by the policy, I have submitted an Attestation Statement outlining compliance with the policy to Treasury on behalf of the Treasurer.

A handwritten signature in blue ink, appearing to be 'PR', followed by a long horizontal line.

Peter Rowley
Chief Executive
State Transit

Tuesday August 12, 2014

Appendix 30: Customer Response

State Transit's Customer Relations staff – located in each depot with a coordinating group in the corporate area – provide timely and accurate responses to customer feedback. Localised staff ensure effective resolution of issues in each operational area.

Customer feedback includes queries, suggestions, compliments and complaints received via Transport Info (131500 and website), letters and from other sources, about State Transit's bus services in Sydney and bus and ferry services in Newcastle.

State Transit actively encourages customers to report all feedback via transportnsw.info and the 131500 feedback line (accessible 24 hours a day, seven days a week) by promoting these channels on printed timetables and on State Transit's websites. Feedback received is used to improve services provided by State Transit for all customers.

With more than 203 million customers boarding State Transit's services in Sydney and Newcastle (including Western Sydney Buses), State Transit received a total of 39,276 reports of feedback. This equates to a feedback rate of 1.9 feedback issues per 10,000 boardings.

Table: Breakdown of all issues received by channel

Source	2013/13	2013/14
Phone 131500	24,406	26,772
Online channels	10,381	11,821
Letters	275	185
Ministerial Correspondence	397	498
Total	35,459	39,276

The main issues identified in customer feedback during 2013/14 were related to the bus being late, the bus failing to stop, poor staff behaviour and bus service reliability.

Appendix 31: Disability Plan

State Transit maintains disability action plans for each of its bus service contracts with Transport for NSW and these also conform to the requirements of the 'NSW Disability Services Act 1993'. State Transit 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:

- More than 74,400 timetabled wheelchair-accessible services per week (69.3 per cent of services);
- Purchase of 80 new wheelchair-accessible buses during 2013/14, bringing the total number of accessible buses to 1,785 (82.6 per cent), this is currently ahead of the Commonwealth Disability Discrimination Act target; and
- Competency assessment is included in all initial and on-going training of bus operators.

Appendix 32: Service Changes

In 2013/14, State Transit made a number of service changes to realign resources and better meet customers' needs.

Introduction of Ferry Express bus services to Manly Wharf

On 29 July 2013, 320 new express bus services a week were introduced on four new routes to provide a fast and direct connection to peak ferry services from Manly Wharf.

The extra Ferry Express services run each weekday in the morning peak (connecting with ferries departing for the CBD between 6.10am and 8.50am) and the evening peak (connecting with ferries arriving in Manly between 3.30pm and 7.20pm) on the following routes:

- E32 Balgowlah Heights to Manly Wharf (no stops)
- E35 Manly Vale to Manly Wharf via Balgowlah (one stop)
- E36 North Curl Curl to Manly Wharf via Freshwater (one stop)
- E41 North Balgowlah to Manly Wharf via Seaforth (one stop)

October Timetable Changes

On 20 October 2013, State Transit implemented a number of service changes to align bus services with ferry and train timetables as part of the first integrated timetable delivered by Transport for NSW. Timetable changes were made to more than 80 routes within the Sydney and Newcastle Buses networks.

Some of the more major changes for State Transit involved:

Eastern Suburbs

- **Route 370 – Leichhardt to Coogee**
The summer timetable was implemented to operate year round, providing additional services in winter and later evening services all year.
- **Route 418 – Burwood to Bondi Junction**
Routes 418 and 357 were amalgamated to provide a new through-service via Marrickville and Mascot, with increased frequencies between Sydenham and Bondi Junction.

Inner West

- **Route 308 – City to Marrickville Metro**
The Route 308 now operates to an increased weekday and weekend frequency with extended hours of operation.
- **Route 425 – Dulwich Hill to Tempe**
Route 425 began operating weekday peak hours to provide a link between Tempe, Marrickville and Dulwich Hill formerly provided by Route 418.
- **Route 466 – Ashfield to Cabarita Wharf and Route 526 – Burwood to Sydney Olympic Park Wharf**
The Route 466 now operates over increased hours throughout the evening to connect with later night ferry services. Changes were also made to the Route 526 to connect bus services with the ferry at Sydney Olympic Park.

North Shore and Northern Suburbs

- **Route 225 – Cremorne Junction to Cremorne Wharf**
Morning and afternoon peak frequencies were increased to 15 minutes to connect with ferries. Afternoon services via Cremorne Road were discontinued.
- **Route 230 – Milsons Point to Mosman Wharf**
Additional morning and afternoon peak services were added to Route 230.
- **Route 265 – McMahons Point to North Sydney**
Additional peak services were added to Route 265 to connect with ferries.
- **Route 538 – Gladesville to Woolwich**
Route 538 was changed to operate over the entire route on Sundays.

New Route 300 (NSW Plan B Initiative)

On 13 December, the NSW Government introduced a new Friday and Saturday late night service from Kings Cross to Railway Square via Town Hall.

The Plan B Bus, operated by State Transit, runs four times an hour from Kings Cross to Town Hall and on to Central.

Northern Region Review

On 29 January 2014, a number of changes were made to services operating out of the Northern Region. These changes included a new peak hour express service – Route E85 – operating between Mona Vale and Wynyard via Warriewood Valley, as well as additional trips on a number of routes including the 136, 144, E65, L80 and L88.

Additional trips as a result of growth buses

On 27 April 2014, a number of trips were added to routes across the network, increasing the frequency and extending the hours of operation of some bus services. These additional trips were provided through the utilisation of growth buses, delivered to State Transit throughout the reporting year.

Additional trips were added to the following routes:

- Route 324 – operating from Edgecliff Station to Watsons Bay
- Route 461 – operating between Burwood and the City
- Route M20 – operating from Botany Road to the City
- Route M54 – operating from Macquarie Park to Parramatta

The Route 352 – operating between Marrickville Metro and Bondi Junction – also began operating a weekend service as well as extended weeknight services to improve access to Bondi Junction, Paddington, Surry Hills, Sydney University, Newtown and Marrickville.

Appendix 33: Annual Report Publication Details

State Transit has committed to providing the financial statements of its 2014/15 Annual Report in a format that fully complies with Web Content Accessibility Guidelines (WCAG) Level AA.

To ensure the accessibility of information published in State Transit's 2013/14 Annual Report financial statements, an officer has been nominated to deal with requests for such information. Contact: Sarah Young, Senior Customer Communications Officer on (02) 9245 5772.

To minimise environmental and financial costs, State Transit does not produce paper copies of its Annual Report. To access this Annual Report and previous years' Annual Reports, please go to www.statetransit.info/publications

Index

Aboriginal and Torres Strait Islander Employment	34
About State Transit	7
Agreements with the Community Relations Commission	86
Annual Health and Safety Committee Chairperson Meeting	24
Annual Regional Health and Safety Reviews	24
Appendices	78
Apprenticeships	33
At Fault Accident Rate	19
Audit Program	21
Auditor General	2, 94
Budget	89
Bus Fleet	7, 31, 95
Bus Service Contract	5, 8, 11, 16, 17, 26, 30, 89
Capital Expenditure	26
Chief Executive's Foreword	5
Christmas Buses	17
Competitive Business Performance	26
Compliance Assessments	22
Consolidated Income and Expenditure	88
Consultancy and Professional Fees	93
Consultation	23, 24
Contact Details	116
Corruption Prevention and Ethics	104
Credit Card Certification	93
Customer Experience	12, 86
Customer Feedback	14, 96
Customer Incidents	19
Customer Information	8, 12, 13, 79
Customer Response	109
Digital Information Security Annual Attestation Statement	98
Digital Recordkeeping	98
Disability Plan	109
Disposal of Property	87
Diversity	34, 84, 85, 86
Drug and Alcohol Testing	20
Electricity Consumption	96
Electronic Ticketing System	31, 79
Emergency Response Plans	28
Emissions Profile	11, 36, 95
Employee Assaults	19
Employees	7, 20, 23
Enterprise Agreements and Awards	34
Environment	36, 79, 94, 102
Ethics	104
Financial Review	26
Fleet Safety Committee	25
Four Disciplines of Execution	5, 11
Fraud and Corruption Prevention	105
Fuel Storage Systems	97
Funds Granted to Non-Government Community Organisations	89
Government Funding and Social Program	89
Government Information (Public Access) Applications	99
Greenhouse Emissions	37, 95
Growth	30
Health and Safety Committees	24
Health and Wellbeing	23
Heritage	96
HUB	22, 23, 25
Human Resource Statistics	83
Information Technology Management	27

Injury Prevention Programs	22
Insurance.....	80, 106, 107
Integrated Public Transport Timetable	5, 11
Internal Audit	79, 106, 108
Internal Audit and Risk Management Attestation.....	108
Investment Management Performance	90
Leading Performance Indicators	20
Legislation	8, 21, 78, 82
Letter to the Minister	2
Liability Management Performance	90
Liverpool to Parramatta Transitway.....	8, 30
Lost Time Injury Frequency Rate.....	19
Management and Structure	79
Metrobus.....	30, 31, 80
Mobile Phones	93
Multicultural Policies and Services Plan	85
Network Control Centre	8, 17, 80, 96
Network Maps.....	9
Newcastle Service Area	10
On-time Running	15
Opal	27, 29
Optimisation.....	5, 11
Organisational Development	23, 32
Overseas Travel.....	94
Patronage	7, 30
People and Organisational Sustainability.....	32
Performance Agreements	33
Performance Highlights	11
Performance in Paying Accounts.....	91
Privacy Management.....	105
Public Interest Disclosures	104
Publication Details.....	111
Real-time Information	12
Recruitment	32
Registered Training Organisation	33
Reliability.....	17
Retreat Spaces.....	34, 86
Revenue Protection.....	29, 79
Risk Management.....	22, 28, 106, 108
Routes	7, 110
Safety	8, 19, 20, 21, 22, 23, 24, 25, 35, 79
Safety Management System	21, 23, 79
Safety Programs	22
Safety Software Solution	22
Safety Systems	21
Safety Training.....	23
Security Coordination.....	28
Service Changes.....	110
Special Events.....	17
Staff Recognition Scheme	35
Subsidiaries	8
Succession Planning	34
Summary of Land	87
Supporting the Community.....	17
Sydney Service Area	9
Tank and Line Replacement Program.....	36
Timetable Changes.....	5, 13, 14, 99
Timetable Information	13
Training	23, 32, 33, 34
Transport for NSW Workshops	22
Transport Management Centre.....	5, 11, 14, 15, 17
Transport Senior Service	32, 33, 82, 83
Transport Shops	8, 13, 14
Transportnsw.info	14

Turnover.....	7
Waste	95, 97
Water	95, 96
Websites.....	13
Western Sydney Buses	8, 30, 89, 108, 109
Women.....	34, 84
Workers Compensation.....	25
WRAPP Report.....	94, 97
Year in Review	12

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