Financial Statements

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Roads And Traffic Authority of New South Wales

Roads And Traffic Authority Division of the Government Services of New South Wales

AUDITOR-GENERAL
NEW SOUTH WALES

INDEPENDENT AUDITOR'S REPORT

Roads and Traffic Authority of New South Wales

To Members of the New South Wales Parliament

I have audited the accompanying financial statements of the Roads and Traffic Authority of New South Wales (the Authority), which comprises the statement of financial position as at 31 October 2011, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the period 1 July to 31 October 2011, 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 period's end or from time to time during the financial period.

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 31 October 2011, and of their financial performance and their cash flows for the period 1 July to 31 October 2011 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.

Chief Executive's Responsibility for the Financial Statements

The Chief Executive 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 determines is necessary to enable the preparation of the financial statements 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 controls 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 controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Chief Executive, as well as evaluating the overall presentation of the financial statements.

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:

- 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, which 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 Achterstraat
Auditor-General

2 April 2012
SYDNEY

Statement by the Chief Executive and the Director, Finance and Corporate Services

ROADS AND TRAFFIC AUTHORITY

FOUR MONTH PERIOD ENDED 31 OCTOBER 2011

Pursuant to Section 41C (1B) and (1C) of the Public Finance and Audit Act 1983, we declare that in our opinion:

1. The accompanying financial statements and notes thereto exhibit a true and fair view of the Authority's financial position as at 31 October 2011 and financial performance for the four month period then ended

2. The statements have been prepared in accordance with the provisions of applicable Accounting Standards (which include Australian Accounting Interpretations), the Public Finance and Audit Act 1983, the Public Finance and Audit Regulation 2010, and the Treasurer's Directions.

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

Peter Duncan	Paul Hesford
Chief Executive	Director, Corporate
30 March 2012	30 March 2012

Statement of comprehensive income for the four months ended 31 October 2011

	Notes	Consolidated October 2011 $'000	Consolidated June 2011 $'000	Parent October 2011 $'000	Parent June 2011 $'000
Revenue					
Sale of Goods and Services	2(a)	168,311	465,852	168,311	465,852
Investment Revenue	2(b)	6,594	14,794	6,594	14,794
Grants and Contributions	2(c)	10,710	141,645	10,710	141,645
Other Revenue	2(d)	61,858	172,277	61,858	172,277
Total Revenue		**247,473**	**794,568**	**247,473**	**794,568**
Less Expenses Excluding Losses					
Operating Expenses					
– Employee Related Expenses	3(a)	226,512	587,397	393,931	589,079
– Other Operating Expenses	3(b)	194,563	487,988	194,563	487,988
Maintenance	3(b)	175,816	621,308	175,816	621,308
Depreciation and Amortisation	3(c)	286,899	849,156	286,899	849,156
Grants and Subsidies	3(d)	125,788	373,538	125,788	373,538
Finance Costs	3(e)	27,397	89,131	27,397	89,131
Total Expenses Excluding Losses		**1,036,975**	**3,008,518**	**1,204,394**	**3,010,200**
Gains on Disposal of Property, Plant and Equipment	4(a)	4,994	6,887	4,994	6,887
Other (Losses)	4(b)	(709,977)	(111,659)	(709,977)	(111,659)
Deficit from operations before Recurrent Grants		**(1,494,485)**	**(2,318,722)**	**(1,661,904)**	**(2,320,404)**
Recurrent grant from Transport for NSW	5	627,604	1,693,334	627,604	1,693,334
Deficit from operations before Capital Grants		**(866,881)**	**(625,388)**	**(1,034,300)**	**(627,070)**
Capital grant from Transport for NSW	5	880,761	2,547,457	880,761	2,547,457
Surplus/(deficit) for the period/year from continuing operations		**13,880**	**1,922,069**	**(153,539)**	**1,920,387**
Other Comprehensive Income					
Net Decrease in Asset Revaluation Reserve		(2,625,239)	(591,677)	(2,625,239)	(591,677)
Superannuation Actuarial Gains/(Losses)	15	(167,419)	(1,682)	–	–
Total Other Comprehensive Income		**(2,792,658)**	**(593,359)**	**(2,625,239)**	**(591,677)**
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD/YEAR		**(2,778,778)**	**1,328,710**	**(2,778,778)**	**1,328,710**

The accompanying notes form part of these financial statements.

Statement of financial position as at 31 October 2011

		Consolidated		Parent	
	Notes	October 2011 $'000	June 2011 $'000	October 2011 $'000	June 2011 $'000
ASSETS					
Current Assets					
Cash and Cash Equivalents	7	201,423	296,649	201,423	296,649
Receivables	8(a)	209,561	181,889	209,561	181,889
Inventories		11,313	12,498	11,313	12,498
		422,297	**491,036**	**422,297**	**491,036**
Non-Current Assets classified as Held for Sale	11	40,786	44,469	40,786	44,469
Total Current Assets		**463,083**	**535,505**	**463,083**	**535,505**
Non-Current Assets					
Other Financial Assets	8(b)	129,344	121,419	129,344	121,419
Property, Plant and Equipment					
– Land and Buildings	9(a)	2,513,250	3,254,377	2,513,250	3,254,377
– Plant and Equipment	9(b)	119,784	186,534	119,784	186,534
– Infrastructure Systems	9(c)	57,192,036	59,245,724	57,192,036	59,245,724
Total Property, Plant and Equipment		**59,825,070**	**62,686,635**	**59,825,070**	**62,686,635**
Private Sector Provided Infrastructure	10(a)	716,380	665,242	716,380	665,242
Intangible Assets	10(b)	104,886	45,876	104,886	45,876
Total Non-Current Assets		**60,775,680**	**63,519,172**	**60,775,680**	**63,519,172**
Total Assets		**61,238,763**	**64,054,677**	**61,238,763**	**64,054,677**
LIABILITIES					
Current Liabilities					
Payables	12	571,439	766,480	1,668,920	1,680,603
Borrowings	13	103,173	136,121	103,173	136,121
Provisions	15	291,495	279,908	–	–
Other	16	128,981	138,502	125,431	136,292
Total Current Liabilities		**1,095,088**	**1,321,011**	**1,897,524**	**1,953,016**
Non-Current Liabilities					
Borrowings	13	1,089,410	1,067,029	1,089,410	1,067,029
Provisions	15	802,436	632,005	–	–
Other	16	350,433	354,458	350,433	354,458
Total Non-Current Liabilities		**2,242,279**	**2,053,492**	**1,439,843**	**1,421,487**
Total Liabilities		**3,337,367**	**3,374,503**	**3,337,367**	**3,374,503**
Net Assets		**57,901,396**	**60,680,174**	**57,901,396**	**60,680,174**
EQUITY					
Reserves		28,315,596	30,960,340	28,315,596	30,960,340
Accumulated Funds		29,585,800	29,719,834	29,585,800	29,719,834
Total Equity		**57,901,396**	**60,680,174**	**57,901,396**	**60,680,174**

The accompanying notes form part of these financial statements.

Statement of changes in equity
for the four months ended 31 October 2011

	Accumulated Funds		Asset Revaluation Reserve		Total Equity	
	Consolidated	Parent	Consolidated	Parent	Consolidated	Parent
	October 2011 $'000	October 2011 $'000	October 2011 $'000	October 2011 $'000	October 2011 $'000	October 2011 $'000
Balance at 1 July 2011	**29,719,834**	**29,719,834**	**30,960,340**	**30,960,340**	**60,680,174**	**60,680,174**
Surplus/(deficit) for the period	**13,880**	**(153,539)**	**–**	**–**	**13,880**	**(153,539)**
Other Comprehensive Income						
Net (Decrease) in Asset Revaluation Reserves	–	–	(2,625,239)	(2,625,239)	(2,625,239)	(2,625,239)
Superannuation Actuarial (Losses)	(167,419)	–	–	–	(167,419)	–
Other Comprehensive Income for the period	**(167,419)**	**–**	**(2,625,239)**	**(2,625,239)**	**(2,792,658)**	**(2,625,239)**
Total Comprehensive Income for the period	**(153,539)**	**(153,539)**	**(2,625,239)**	**(2,625,239)**	**(2,778,778)**	**(2,778,778)**
Transfers Within Equity						
Asset Revaluation Reserve Balance Transferred to Accumulated Funds on Disposal of Asset	19,505	19,505	(19,505)	(19,505)	–	–
Transactions with owners in their capacity as owners						
Increase/(Decrease) in Net Assets from Equity Transfers	–	–	–	–	–	–
Balance as at 31 October 2011	**29,585,800**	**29,585,800**	**28,315,596**	**28,315,596**	**57,901,396**	**57,901,396**

The accompanying notes form part of these financial statements.

Statement of changes in equity for the year ended 30 June 2011

	Accumulated Funds		Asset Revaluation Reserve		Total Equity	
	Consolidated	Parent	Consolidated	Parent	Consolidated	Parent
	June 2011 $'000	June 2011 $'000	June 2011 $'000	June 2011 $'000	June 2011 $'000	June 2011 $'000
Balance at 1 July 2010	**27,518,476**	**27,518,476**	**31,639,207**	**31,639,207**	**59,157,683**	**59,157,683**
Surplus for the year	**1,922,069**	**1,920,387**	**–**	**–**	**1,922,069**	**1,920,387**
Other Comprehensive Income						
Net (Decrease) in Asset Revaluation Reserves	–	–	(591,677)	(591,677)	(591,677)	(591,677)
Superannuation Actuarial (Losses)	(1,682)	–	–	–	(1,682)	–
Other Comprehensive Income for the year	**(1,682)**	**–**	**(591,677)**	**(591,677)**	**(593,359)**	**(591,677)**
Total Comprehensive Income for the year	**1,920,387**	**1,920,387**	**(591,677)**	**(591,677)**	**1,328,710**	**1,328,710**
Transfers Within Equity						
Asset Revaluation Reserve Balance Transferred to Accumulated Funds on Disposal of Asset	87,190	87,190	(87,190)	(87,190)	–	–
Transactions with Owners in their Capacity as Owners						
Increase in Net Assets from Equity Transfers	193,781	193,781	–	–	193,781	193,781
Balance as at 30 June 2011	**29,719,834**	**29,719,834**	**30,960,340**	**30,960,340**	**60,680,174**	**60,680,174**

The accompanying notes form part of these financial statements.

Statement of cash flows
for the four months ended 31 October 2011

	Notes	Consolidated October 2011 $'000	Consolidated June 2011 $'000	Parent October 2011 $'000	Parent June 2011 $'000
CASH FLOWS FROM OPERATING ACTIVITIES					
Payments					
Employee Related		(210,679)	(573,497)	(210,679)	(573,497)
Grants and Subsidies		(125,788)	(328,159)	(125,788)	(328,159)
Finance Costs		(30,605)	(87,651)	(30,605)	(87,651)
Other		(663,973)	(1,442,760)	(663,973)	(1,442,760)
Total Payments		**(1,031,045)**	**(2,432,067)**	**(1,031,045)**	**(2,432,067)**
Receipts					
Sale of Goods and Services		173,706	488,893	173,706	488,893
Interest Received		4,382	14,679	4,382	14,679
Other		189,929	390,193	189,929	390,193
Total Receipts		**368,017**	**893,765**	**368,017**	**893,765**
Cash Flows from Government					
Recurrent Grant from Transport for NSW		627,604	1,693,334	627,604	1,693,334
Capital Grant from Transport for NSW		880,761	2,547,457	880,761	2,547,457
Net Cash Flows from Government		**1,508,365**	**4,240,791**	**1,508,365**	**4,240,791**
NET CASH FLOWS FROM OPERATING ACTIVITIES	23	**845,337**	**2,702,489**	**845,337**	**2,702,489**
CASH FLOWS USED IN INVESTING ACTIVITIES					
Proceeds from Sale of Land and Buildings, Plant and Equipment and Infrastructure Systems		12,704	31,580	12,704	31,580
Purchases of Land and Buildings, Plant and Equipment and Infrastructure Systems		(934,220)	(2,479,533)	(934,220)	(2,479,533)
NET CASH FLOWS USED IN INVESTING ACTIVITIES		**(921,516)**	**(2,447,953)**	**(921,516)**	**(2,447,953)**
CASH FLOWS USED IN FINANCING ACTIVITIES					
Payment of Finance Lease Liabilities		(11,708)	(29,852)	(11,708)	(29,852)
Repayment of Borrowings and Advances		(7,339)	(91,061)	(7,339)	(91,061)
NET CASH FLOWS USED IN FINANCING ACTIVITIES		**(19,047)**	**(120,913)**	**(19,047)**	**(120,913)**
NET (DECREASE)/INCREASE IN CASH		(95,226)	133,623	(95,226)	133,623
Opening Cash and Cash Equivalents		296,649	163,026	296,649	163,026
CLOSING CASH AND CASH EQUIVALENTS	7	**201,423**	**296,649**	**201,423**	**296,649**

The accompanying notes form part of these financial statements.

Notes to and forming part of the financial statements of the Roads and Traffic Authority for the four months ended 31 October 2011

1. Summary of significant accounting policies

(a) Reporting entity

The Roads and Traffic Authority (the RTA) was established in 1989 under the *Transport Administration Act 1988* and is a Statutory Body pursuant to Schedule 2 of the *Public Finance and Audit Act 1983 (PF&AA)*. The Authority comprises the RTA and all the entities under its control and it reports on the following transactions:

Roads and Traffic Authority

- Testing and licensing drivers;
- Registering and inspecting vehicles;
- Managing road usage to achieve consistent travel times, particularly during peak periods, by reducing congestion delays and helping the community use the road system more effectively;
- Improving road safety by encouraging better road user behaviour, ensuring compliance with regulations, improving roads and enhancing vehicle standards;
- Arterial road development, construction and maintenance, to meet community, environmental, regulatory and economic needs; and
- Administration of the M5 Cashback Scheme.

Roads and Traffic Authority Division (The Division)

- Provision of personnel services to the RTA.

The Division was established on 17 March 2006 pursuant to Part 2 of Schedule 1 of the *Public Sector Employment and Management Act 2002*. The Division has been the only controlled entity of the RTA during the reporting period.

The Transport Legislation Amendment Act 2011 abolished the Roads and Traffic Authority and Roads and Traffic Authority Division on 31 October 2011. It required transfer of net assets to new entities created under that Act. The new entities are Roads and Maritime Services (RMS) and Roads and Maritime Services Division (RMS Division).

These financial statements have been prepared as per the requirements of s.43A, PF&AA, which requires abolished entities to prepare final financial statements as at the abolishment date. The Roads and Traffic Authority final financial statements are for the period 1 July 2011 to 31 October 2011.

The RTA has been assessed as a not-for-profit entity for accounting purposes.

These consolidated financial statements for the period 1 July to 31 October 2011 have been authorised for issue by the Chief Executive of Roads and Maritime Services on the date that the accompanying statement under s.41C(1C) of the *Public Finance and Audit Act 1983* was signed.

(b) Basis of preparation

The RTA's consolidated financial statements are general purpose financial statements which have been prepared in accordance with:

- Applicable Australian Accounting Standards (including Australian Accounting Interpretations);
- The requirements of the *Public Finance and Audit Act 1983;*
- The *Public Finance and Audit Regulation 2010*; and
- Specific directions issued by the Treasurer.

In the event of any inconsistency between accounting standards and legislative requirements, the latter prevails.

As part of the restructure, all existing liabilities and obligations of the RTA will be settled or transferred to another Transport for NSW entity (predominantly RMS).

Despite current liabilities exceeding current assets at period end, the operation and ability of the RTA to pay its debts are assured because the NSW Government funds the majority of the RTA's (and its successor entity RMS') operations. The 2011/12 Budget Papers include a budget for Grants and Contributions of $4,737 million payable to RTA in the 2011/12 financial year.

Property, plant and equipment, assets (or disposal groups) held for sale and financial assets at 'fair value through profit or loss' and available for sale are measured at fair value. Other financial statement items are prepared in accordance with the historical cost convention.

Cost is based on the fair value of the consideration given in exchange for assets.

Judgements, estimates and associated assumptions made by management about carrying values of assets and liabilities are disclosed in the relevant notes to the financial statements. Refer to note 1(x) for a summary of critical accounting estimates judgements and assumptions determined when preparing the financial statements.

Unless otherwise stated, all amounts are rounded to the nearest one thousand dollars ($'000) and are expressed in Australian currency.

The accounting policies set out below have, except where stated, been applied consistently to all periods presented in these consolidated financial statements, and have been applied consistently by the consolidated and parent entities.

(c) Principles of consolidation

These financial statements have been consolidated in accordance with Australian Accounting Standard AASB 127 *Consolidated and Separate Financial Statements* and include the assets, liabilities, equities, revenues and expenses of the Authority including those entities controlled by the RTA.

The Division is a controlled entity of the RTA. Control is achieved when one entity has the power to govern the financial and operating policies of another entity.

In the process of preparing the consolidated financial statements for the economic entity consisting of the controlling and controlled entities, all inter-entity transactions and balances have been eliminated.

(d) New and revised Australian Accounting Standards and Interpretations

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective have not been adopted for the financial reporting period ended 31 October 2011. Management's assessment of the impact of these new standards and interpretations is set out below:

Standard	Summary of key requirements/changes	Applicable to Financial year commencing on	Impact on Reporting Entity's Financial Statements
AASB 1053 Application of Tiers of Australian Accounting Standards and AASB 2010-2 Amendments to Australian Accounting Standards arising from reduced disclosure requirements	Establishes a differential financial reporting framework: "Tier 1" entities are to be fully compliant with AAS whilst "Tier 2" entities have reduced disclosure requirements.	1 July 2013	No impact as the RTA is expected to maintain current full compliance practice with AAS.
AASB 2009-11 Amendments to AASB 9 Financial Instruments, and AASB 2010-7 Amendments to AASB 9 Financial Instruments	Amendments address the classification, measurement and derecognition of financial assets and liabilities and use a single approach to determine whether a financial asset is measured at amortised cost or fair value replacing the previous 4 classifications in AASB 139. Financial liabilities are measured at amortised cost or fair value through profit or loss.	1 July 2013	Preliminary assessment is that classification and measurement for cash and cash equivalents and most receivables currently held by the RTA is not likely to change under the new requirements.
AASB 2011-3 Amendments to Australian Accounting Standards – Orderly Adoption of Changes to the ABS GFS Manual and Related Amendments [AASB 1049].	This Standard makes amendment to AASB 1049 Whole of Government and General Government Sector Financial Reporting, including clarifying the definition of the ABS GFS Manual, facilitating the orderly adoption of changes to the ABS GFS Manual and related disclosures.	1 July 2012	The amendments have no major impact on reporting requirements.
AASB 2011-4 Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements	This Standard makes amendment to AASB 124 Related Party Disclosures to remove individual key management personnel disclosure requirements.	1 July 2013	The amendments have no major impact on reporting requirements.
AASB 13 Fair Value Measurement	This Standard: (a) defines fair value; (b) sets out in a single Standard a framework for measuring fair value; and (c) requires disclosures about fair value measurements.	1 July 2013	The amendments have no major impact on reporting requirements.
AASB 2011-8 Amendments to Australian Accounting Standards arising from AASB 13	This Standard provides guidance for amendments to Australian Accounting Standards arising from AASB 13.	1 July 2013	The amendments have no major impact on reporting requirements.

AASB 2011-9 Amendments to Australian Accounting Standards Presentation of items of Other Comprehensive Income	Consequential amendments arising from the issuance of IASB 1.	1 July 2012	The amendments will have no material impact on the financial statements.
AASB 119 Employee Benefits	Requires gains and losses arising from defined benefit plans to be reported in the period in which those gains or losses arise.	1 July 2013	The amendments will have no material impact on the financial statements.
2011-10 Amendments to Australian Accounting Standards arising from AASB 119	Consequential amendments arising from the revision of AASB 119.	1 July 2013	The amendments will have no material impact on the financial statements.

The RTA has also reviewed the following accounting standards and interpretations and concluded that they are not applicable to the RTA consolidated financial statements:

- AASB 2010-6 Amendments to Australian Accounting Standards – Disclosures on Transfers of Financial Assets.
- AASB 2010-8 Amendments to Australian Accounting Standards – Deferred Tax: Recovery of Underlying Assets.
- AASB 2010-9 Amendments to Australian Accounting Standards – Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters.
- AASB 2010-10 Further Amendments to Australian Accounting Standards – Removal of Fixed Dates for First-time Adopters.
- AASB 2011-5 Amendments to Australian Accounting Standards – Extending Relief from Consolidation, the Equity Method and Proportionate Consolidation.
- AASB 2011-6 Amendments to Australian Accounting Standards – Extending Relief from Consolidation, the Equity Method and Proportionate Consolidation – Reduced Disclosure Requirements.
- AASB 2011-7 Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards.
- AASB 10 Consolidated Financial Statements.
- AASB 11 Joint Arrangements.
- AASB 12 Disclosure of Interests in Other Entities.
- AASB 127 Separate Financial Statements.
- AASB 128 Investments in Associates and Joint Ventures.

(e) Administered activities

The RTA administers, but does not control, the collection of various fees, fines and levies on behalf of the Crown Entity. Monies collected are not recognised as the RTA's revenue but are separately disclosed in the Administered Income and Expenses note (refer to note 21). The RTA is accountable for the transactions relating to these administered activities but does not have the discretion, for example, to deploy the resources for the achievement of its own objectives.

Transactions and balances relating to the administered activities are not recognised as the Authority's income, expenses, assets and liabilities, but are disclosed as "Administered Income and Expenses" (refer to note 21), and "Administered Assets and Liabilities" (refer to note 22) in accordance with AASB 1050 *Administered Items*.

Expenses incurred in collecting monies on behalf of the Crown Entity are recognised as the RTA's expenses.

The accrual basis of accounting and all applicable accounting standards have been adopted for the reporting of administered income in notes 21 and 22.

(f) Income recognition

Income is recognised in accordance with AASB 118 Revenue when the Authority has control of the good or right to receive, it is probable that the economic benefits will flow to the Authority and the amount of the income can be measured reliably. Income is measured at the fair value of the consideration or contribution received or receivable. The accounting policies for the recognition of income are discussed below:

(i) Grants from Transport for NSW

Following the passing on 9 June 2010 of the *Transport Administration Amendment Act 2010*, the RTA is now effectively controlled by Transport for NSW. As a result the RTA receives capital and recurrent grants from Transport for NSW instead of receiving budget appropriations directly from NSW Treasury.

These grants are generally recognised as income when the Authority obtains control over the assets comprising the grants. Control over grants is normally obtained upon the receipt of cash.

(ii) Sale of Goods and Rendering of Services

Revenue from the sale of goods is recognised when the RTA transfers the significant risks and rewards of ownership of the assets. User charges are recognised as revenue when the RTA obtains control of the assets that result from them.

Revenue from the rendering of services is recognised when the service is provided or by reference to the stage of completion.

(iii) Rental Income

Rental income is recognised as revenue on an accrual basis, in accordance with AASB117 *Leases* on a straight-line basis over the lease term.

(iv) Investment Revenue

Interest revenue is recognised using the effective interest method as set out in AASB 139 *Financial Instruments: Recognition and Measurement.*

(v) Gains and Losses

Gains and losses generally arise from adjustments to the measurement of assets and liabilities. They include gains and losses on asset disposals and fair value adjustments to physical and financial assets.

(vi) Emerging Interests in Private Sector Provided Infrastructure (PSPI) projects

The value of the emerging right to receive a PSPI asset is treated as the compound value of an annuity that accumulates as a series of receipts together with a calculated notional compound interest. The discount rate used is the NSW Treasury Corporation 10-year government bond rate at the commencement of the concession period.

The revenue recognition is on a progressive basis relative to the concession period.

(vii) Amortisation of Deferred Revenue on PSPI Projects

Reimbursement of development costs in the form of up front cash payments are treated as deferred revenue with an annual amortisation amount recognised on a straight-line basis over the life of the concession period.

(g) Employee benefits and other provisions

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

Liabilities for salaries and wages (including non-monetary benefits), annual leave and paid sick leave that fall due wholly within 12 months of the reporting date are recognised and measured in respect of employees' services up to the reporting date where it is probable that settlement will be required and where they are capable of being measured reliably on an undiscounted basis based on the amounts expected to be paid when the liabilities are settled.

Long term annual leave that is not expected to be taken within twelve months is measured at present value in accordance with AASB 119 *Employee Benefits*. Market yields on 10 year government bonds are used to discount long-term annual leave.

Sick leave accrued by employees of the RTA is all non-vesting and does not give rise to a liability as it is not considered probable that sick leave taken in the future will be greater than the benefits accrued in the future.

The outstanding amounts of payroll tax and fringe benefits tax, which are consequential to employment, are recognised as liabilities and expenses where the employee benefits to which they relate have been recognised. Workers compensation that may be applicable to leave entitlements has not been recognised as this expense is based on actual premiums paid, determined from past claims history, and not as a general percentage increase on salaries and wages.

(ii) Long Service Leave and Superannuation

RTA assumes the long service leave liability for all employees and all superannuation liabilities. These liabilities are recognised in the Statement of Financial Position. Long service leave is measured at its present value in accordance with AASB 119 *Employee Benefits*. This is based on the application of the valuation ratio at the 10 year Commonwealth government bond rate at the reporting date, using current rates of pay. This ratio is determined based on an actuarial review to approximate present value.

In accordance with AASB 101 *Presentation of Financial Statements*, all annual leave and unconditional long service leave are classified as current liabilities, even where the authority does not expect to settle the liability within 12 months. This does not necessarily align with the distinction between short-term and long-term employee benefits under AASB 119 *Employee Benefits*.

Defined Contribution Plans

Contributions to defined contribution superannuation plans are expensed when incurred.

Defined Benefit Plans

For defined benefit plans, actuarial valuations are carried out at each reporting date by Pillar Administration and the actuarial superannuation gains and losses are recognised outside operating surplus in the Statement of Changes in Equity in the period in which they occur.

The defined benefit position recognised in the Statement of Financial Position represents the present value of the defined benefit obligation, adjusted for unrecognised past service costs, net of the fair value of the plan assets.

(iii) Other Provisions

Other provisions exist when, the RTA has a present legal or constructive obligation as a result of a past event; it is probable that an outflow of resources will be required to settle the obligation; and a reliable estimate can be made of the amount of the obligation.

Any provisions for restructuring are recognised only when the Authority has a detailed formal plan and has raised a valid expectation in those affected by the restructuring that it will carry out the restructuring by starting to implement the plan or announcing its main features to those affected.

If the effect of the time value of money is material, provisions are discounted at a pre-tax rate that reflects the current market assessments of the time value of money and the risks specific to the liability.

(iv) Personnel Services and Shared Services Expense

Personal Services Income represents the provision of RTA staff to Transport for NSW to undertake work on behalf of Transport Shared Services.

Shared Service Expenses represent services provided by Transport for NSW Shared Services to the RTA.

(h) Borrowing costs

Borrowing costs are recognised as expenses in the period in which they are incurred, in accordance with Treasury's Mandate to not-for-profit general government sector agencies.

(i) Insurance

The RTA's insurance activities are conducted through the NSW Treasury Managed Fund Scheme of self insurance for government agencies. The expense (premium) is determined by the Fund Manager based on past claims experience. Compulsory third party insurance is with a private sector provider arranged by NSW Treasury.

The RTA also arranges Principal Arranged Insurance (PAI) which provides cover for all parties involved in its construction projects. The premium cost is amortised on a straight-line basis over the term of the contract for all insurance policies.

(j) Accounting for the Goods and Services Tax (GST)

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

- The amount of GST incurred by the RTA as a purchaser that is not recoverable from the Australian Taxation Office (ATO) is recognised as part of the cost of acquisition of an asset or as part of an item of expense.
- Receivables, payables, accruals and commitments are stated with the amount of GST included.
- Cash flows are included in the Statement of Cash Flows on a gross basis. However, the GST components of cash flows arising from investing and financing activities which is recoverable from, or payable to, the ATO are classified as operating cash flows.

(k) Asset management policy

Acquisition of Assets

The cost method of accounting is used for the initial recording of all acquisitions of assets controlled by the RTA. Cost is the amount of cash or cash equivalents paid or the fair value of the other consideration given to acquire the asset at the time of its acquisition or construction or, where applicable, the amount attributed to that asset when initially recognised in accordance with the requirements of other Australian Accounting Standards.

The cost of assets constructed for own use includes the cost of materials, direct labour and foreign exchange gains and losses arising during construction as well as an appropriate proportion of variable and fixed overhead costs that can be reliably attributed to the assets.

Assets acquired at no cost, or for nominal consideration, are initially recognised at their fair value at the date of acquisition.

Fair value is the amount for which an asset could be exchanged between knowledgeable, willing parties in an arm's length transaction.

Capitalisation Thresholds

Property, plant and equipment and intangible assets costing above $10,000 individually or forming part of a network costing more than $10,000 are capitalised. Some computer equipment and intangible assets costing above $1,000 are capitalised. Items below these amounts are expensed in the period in which they are incurred.

Valuation and Depreciation

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

Property, plant and equipment is measured on an existing use basis, where there are no feasible alternative uses in the existing natural, legal, financial and socio-political environment. However, in circumstances where there are feasible alternative uses, assets are valued at their highest and best use.

Fair value of property, plant and equipment is determined based on the best available market evidence, including current market selling prices for the same or similar assets. Where there is no available market evidence, the asset's fair value is measured at its market buying price, the best indicator of which is depreciated replacement cost.

The RTA revalues each class of property, plant and equipment with sufficient regularity to ensure the carrying amount of each asset in the class does not differ materially from its fair value at reporting date. Further details on asset revaluations can be found in note 9.

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

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

Otherwise, any balances of accumulated depreciation at the revaluation date in respect of those assets are credited to the asset accounts to which they relate. The net asset accounts are then increased or decreased by the revaluation increments or decrements.

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

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

As a not-for-profit entity, revaluation increments and decrements are offset against one another within a class of non-current assets, but not otherwise.

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

Impairment of Property, Plant and Equipment

As a not-for-profit entity with no cash generating units, the Authority is effectively exempted from AASB 136 *Impairment of Assets* and impairment testing. This is because AASB 136 modifies the recoverable amount test to the higher of fair value less costs to sell and depreciated replacement cost. This means that, for an asset already measured at fair value, impairment can only arise if selling costs are material. Selling costs are regarded as immaterial.

(i) Plant and Equipment

Asset	Valuation Policy	Depreciation Policy
Plant, Equipment and Vehicles	Depreciated historical cost	Depreciated on the straight-line method over the estimated useful life between 5 and 60 years.
Computer Hardware	Depreciated historical cost	Depreciated on the straight-line method over the estimated useful life between 3 and 5 years.
Electronic Office Equipment	Depreciated historical cost	Depreciated on the straight-line method over the estimated useful life between 5 and 10 years.

The carrying amount is considered to reflect the fair value of these assets.

Depreciation and valuation policies in respect of operational assets are subject to annual review.

Estimates of useful life for depreciation and amortisation purposes have been determined with regard to a number of factors including the expected retention period by the entity and the underlying physical, technical and commercial nature of the assets as defined in AASB 116 *Property, Plant and Equipment*. In accordance with this standard the shortest alternative useful life is applied.

(ii) Land and Buildings

Asset	Valuation Policy	Depreciation Policy
Land and Buildings in Service Works Administration Properties Officers Residences	Land and buildings in service are generally valued at value in use (land) and depreciated replacement cost (buildings). Where such properties are rented externally they are valued at current market value. Land and buildings in service are revalued at least every 3 years.	Buildings – Depreciated on the straight-line basis over the estimated useful life of 40 years.
Land and Buildings Acquired for Future Roadworks (LAFFRW)	**Untenanted Land for Future Roadworks** –The average rateable value per hectare of urban and rural areas within each Local Government Area (LGA). The distinction between urban and rural areas was determined by reference to the general land classification profile within each LGA. **Rentable or Surplus Properties** – Revalued progressively over a 3 year cycle. The valuation is carried out by a registered valuer.	No depreciation is charged as buildings are not purchased to generate revenue but ultimately to be demolished for roadworks.
Vacant Land	The average rateable value per hectare of urban and rural areas within each Local Government Area (LGA). The distinction between urban and rural areas was determined by reference to the general land classification profile within each LGA.	No depreciation is charged on vacant land.
Leasehold Improvements	Depreciated historic cost/revalued amount.	Amortised over the period of the lease, or the useful life of the leasehold improvement, whichever is shorter.

Individual LAFFRW parcels required for road construction are transferred to land under roads WIP when road construction commences. The date of transfer is the construction start date as detailed in the construction contract. At time of transfer, LAFFRW parcels are deemed to have no feasible alternative use and are revalued downwards to value in use (englobo value).

Included in the value of land and buildings in service is an amount of $16.385 million (30 June 2011: $16.385 million) for buildings on Crown land. As the RTA effectively "controls" this Crown land, it has been included in the RTA's Statement of Financial Position. Should such Crown land be transferred or disposed of, associated buildings are written off in the financial year the transfer or disposal takes place.

The RTA's land and buildings are valued by registered valuers. Land and Buildings Acquired for Future Roadworks comprise Untenanted Land for Roads which is revalued annually and Rental Properties and Surplus Properties which are revalued progressively within a 3 year timeframe. The selection of assets within Land and Buildings Acquired for Future Roadworks to be revalued in each reporting period within the current progressive revaluation is made by reference to the asset's acquisition date or previous revaluation date. For details refer to note 9(a).

Commencement date of the current progressive revaluation:	1 July 2008
Completion date of the current progressive revaluation:	30 June 2011

(see note 1(w) for valuation assumptions as at 31 October 2011)

(iii) Infrastructure Systems

Asset	Valuation Policy	Depreciation Policy
Roads:		
Earthworks	Depreciated replacement cost	Indefinite life with the exception of road segments subject to: • Slope instability (25-50 years); • Mine subsidence (100 years); • Unsealed pavement surface (100 years).
Pavement	Depreciated replacement cost	Depreciated over estimated useful life dependant on pavement surface: 15 years (unsealed) 20-50 years (flush seal/asphalt) 25-50 years (asphalt/concrete) 40-50 years (concrete).
Corridor assets	Depreciated replacement cost	Depreciated over estimated useful life of 100 years.
Bridges:	Depreciated replacement cost	Depreciated over estimated useful life dependant on bridge type:
Timber structure		60 years
Concrete structures		100 years
Steel structures		100 years
X Trusses (timber and steel)		60 years
Heritage Bridges		200 years
Bridge Size Culverts/Tunnels		100 years
Traffic Signals:	Depreciated replacement cost	Depreciated over estimated useful life of 20 years.
Traffic Control Network:	Depreciated replacement cost	Depreciated over estimated useful life of:
Traffic Systems		5-20 years
Transport Management Centre		5-20 years
Variable Message Signs		30 years
Land under roads and within road reserves	The urban Average Rateable Value per hectare within each Local Government Area (LGA) adjusted by an "open spaces ratio". The "open spaces ratio" is derived from open spaces data provided by the Valuer-General and is used to adjust average rateable value to approximate englobo value (unimproved and pre-subdivision land).	No depreciation applied as land does not have a limited useful life.
Sydney Harbour Tunnel:	Depreciated replacement cost	Depreciated over estimated useful life depending on asset type:
Immersed Tube		100 years
Mechanical & Electrical		20 years
Pavement		20 years
Earthworks		Indefinite life

The determination of unit replacement rates for road, bridge and traffic control signal infrastructure valuations is carried out at least every five years by suitably qualified engineering contractors and employees of the RTA.

These assets are recorded initially at construction cost and the annual percentage increase in the Road Cost Index (RCI) is applied each year until the following unit replacement review is undertaken. Subsequent to the review, infrastructure is valued using the unit replacement rates, adjusted by the Road Cost Index as applicable.

Land under roads and within road reserves are revalued annually by applying the most recent urban rateable average value per hectare provided by the Valuer-General to the land under roads and within reserves within each Local Government Area (LGA), and adjusting this value by the "open spaces ratio". The valuations are based on certain assumptions including property being vacant and therefore do not take into account costs that may be incurred in removing roads and other improvements. The Valuer-General's urban average rateable values are calculated by reference to land values only and do not include the value of any improvements.

Major works-in-progress are valued at construction cost and exclude the cost of land, which is currently disclosed as land under roads.

(iv) Intangible Assets

The RTA recognises intangible assets only if it is probable that future economic benefits will flow to the RTA and the cost of the asset can be measured reliably. Intangible assets are measured initially at cost. Where an intangible asset is acquired at no or nominal cost, the cost is its fair value as at the date of acquisition.

All research costs are expensed. Development costs are only capitalised when the following criteria are met:

i. the technical feasibility of completing the intangible asset so that it will be available for use or sale;

ii. the intention to complete the intangible asset and use or sell it;

iii. the ability to use or sell the intangible asset;

iv. the intangible asset will generate probable future economic benefits;

v. the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and

vi. the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The useful lives of intangible assets are assessed to be finite and are carried at cost less any accumulated amortisation.

Asset	Valuation Policy	Amortisation Policy
Intangible Assets	Depreciated historical cost	Amortised using the straight-line method over the estimated useful life of between 3 and 10 years.

Intangible assets are tested for impairment where an indicator of impairment exists. If the recoverable amount is less than its carrying amount the carrying amount is reduced to recoverable amount and the reduction is recognised as an impairment loss.

(v) Private Sector Provided Infrastructure (PSPI)

In respect of certain private sector provided infrastructure assets: M2, M4 Service Centre, M5 Motorways, the Eastern Distributor, the Cross City Tunnel, the Westlink M7 Motorway and the Lane Cove Tunnel, the RTA values each right to receive asset by reference to the RTA's emerging share of the written down replacement cost of each asset apportioned using an annuity approach. Under this approach, the ultimate value of the right to receive the property is treated as the compound value of an annuity that accumulates as a series of equal annual receipts together with an amount representing notional compound interest.

(vi) Cultural Collection Assets

The RTA has minor cultural collection items such as prints, drawings and artefacts that cannot be reliably valued and are considered immaterial.

(vii) Leased Assets

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

Where a non-current asset is acquired by means of a finance lease, the asset is recognised at the lower of its fair value and the present value of minimum lease payments at the commencement of the lease term. The corresponding liability is established at the same amount. Lease payments are allocated between the principal component and the interest expense. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that class of asset.

Operating lease payments are charged to the Statement of Comprehensive Income in the periods in which they are incurred.

(l) Major inspection costs

The labour cost of performing major inspections for faults is recognised in the carrying amount of an asset as a replacement of a part, if the recognition criteria are satisfied.

(m) Restoration costs

The estimated cost of dismantling and removing an asset and restoring the site is included in the cost of an asset, to the extent it is recognised as a liability.

(n) Maintenance

Day-to-day servicing costs or maintenance are charged as expenses as incurred, except where they relate to the replacement of a part or component of an asset, in which case the costs are capitalised and depreciated over the life of the asset.

(o) Inventories

Inventories are initially measured at cost. Cost is calculated using either the weighted average cost or "first in first out" method. Inventories consist mainly of raw materials and supplies used for the construction and maintenance of roads, bridges and traffic signals.

The cost of inventories acquired at no cost or for nominal consideration is the current replacement cost as at the date of acquisition. Current replacement cost is the cost the agency would incur to acquire the asset on the reporting date.

Inventories (other than those held for distribution) are stated at the lower of cost and net realisable value.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

(p) Capitalisation of expenditure

Expenditure (including employee costs and operational asset depreciation) in respect of road development and construction, bridge and tunnel replacement and some road safety and traffic management are capitalised as infrastructure systems (refer to note 3(a)).

(q) Non-current assets held for sale

The RTA has certain non-current assets classified as held for sale, where their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met when the sale is highly probable, the asset is available for immediate sale in its present condition and the sale of the asset is expected to be completed within one year from the date of classification. Non-current assets held for sale are recognised at the lower of carrying amount and fair value less costs to sell. These assets are not depreciated while they are classified as held for sale. Refer to note 11 for details.

(r) Other assets

Other assets including prepayments are recognised on a cost basis.

(s) Financial instruments

The following accounting policies were applied to accounting for financial instruments. Additional disclosures regarding carrying amount and risk management disclosures are presented in note 14.

(a) Financial Assets

(i) Cash and Cash Equivalents

Cash and cash equivalents in the Statement of Financial Position comprise cash on hand, cash at bank and short-term deposits and include deposits in the NSW Treasury Corporation (TCorp) Hour-Glass cash facility, Treasury Corporation deposits (with maturities of less than 30 days) and other at-call deposits that are not quoted in an active market. These are considered to have an insignificant risk of changes in value. Bank overdrafts are included within liabilities.

In accordance with AASB139 *Financial Instruments: Recognition and Measurement,* cash and cash equivalents are measured at fair value with interest revenue accrued as earned such that fair value is reflected at no less than the amount payable on demand.

For the purposes of the Statement of Cash Flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

(ii) Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These financial assets are recognised initially at fair value, usually based on the transaction cost or face value. Subsequent measurement is at amortised cost using the effective interest method, less an allowance for any impairment of receivables. Short-term receivables with no stated interest rate are measured at the original invoice amount where the effect of discounting is immaterial.

An allowance for impairment of receivables is established when there is objective evidence that the entity will not be able to collect all amounts due. The amount of the allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. Bad debts are written off as incurred.

(iii) Other Financial Assets

Other financial assets consist of non-derivative financial assets measured at amortised cost, using the effective interest method (refer note 8(b)).

(iv) Impairment of Financial Assets

All financial assets, except those measured at fair value through profit and loss, are subject to an annual review for impairment. An allowance for impairment is established when there is objective evidence that the entity will not be able to collect all amounts due.

For financial assets carried at amortised cost, the amount of the allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the impairment loss is recognised in the Statement of Comprehensive Income.

Any reversals of impairment losses are reversed through the Statement of Comprehensive Income, where there is objective evidence. Reversals of impairment losses of financial assets carried at amortised cost cannot result in a carrying amount that exceeds what the carrying amount would have been had there not been an impairment loss.

(v) Derecognition of Financial Assets

A financial asset is derecognised in the following circumstances:

- when the contractual rights to the cash flows from the financial assets expire; or if the RTA transfers the financial asset:
- where substantially all the risks and rewards have been transferred; or
- where the RTA has not transferred substantially all the risks and rewards, if the entity has not retained control.

Where the RTA has neither transferred nor retained substantially all the risks and rewards or transferred control, the asset is recognised to the extent of the Authority's continuing involvement in the asset.

(b) Financial Liabilities

(i) Payables

These amounts represent liabilities for goods and services provided to the RTA and other amounts, including interest. Payables are recognised initially at fair value, usually based on the transaction cost or face value. Subsequent measurement is at amortised cost using the effective interest method. Short-term payables with no stated interest rate are measured at the original invoice amount where the effect of discounting is immaterial.

(ii) Borrowings

Borrowings are recorded initially at fair value, net of transaction costs. Loans are not held for trading and are recognised at amortised cost using the effective interest method.

Amortised cost is the face value of the debt less unamortised premiums. The discount or premiums are treated as finance charges and amortised over the term of the debt.

Finance lease liabilities are recognised in accordance with AASB117 Leases. Minimum lease payments made under finance leases are apportioned between the interest expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a consistent periodic rate of interest on the remaining balance of the liability.

(iii) Derecognition of Financial Liabilities

A financial liability is derecognised when the obligation specified in the contract is discharged or cancelled or expires.

When a lender replaces an existing financial liability with one on significantly different or modified terms, the Authority derecognises the original liability and recognises the new liability. It then recognises the difference in their carrying amounts in the Statement of Comprehensive Income.

(iv) Financial Guarantees

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a contract arrangement.

Under AASB 139, financial guarantee contracts are recognised as a liability at the time the guarantee is issued and initially measured at fair value, where material. After initial recognition, the liability is measured at the higher of the amount determined in accordance with AASB 137 *Provisions, Contingent Liabilities and Contingent Assets* and the amount initially recognised, less accumulated amortisation.

The RTA carries out minor works contracts for entities outside of the NSW public sector. In order to tender for the contracts and remain on an equal footing the RTA is required to lodge a security deposit in the form of bank guarantee. Under the *Public Authorities and (Financial Arrangements) Act 1987*, the RTA has an approved limit of $3 million until 31 October 2011 from TCorp.

The RTA has reviewed its financial guarantees and determined that there is no material liability to be recognised for financial guarantee contracts as at 31 October 2011 and as at 30 June 2011. Refer to note 19 regarding disclosures on contingent liabilities.

(t) Equity transfers

The transfer of net assets between agencies as a result of an administrative restructure, transfers of programs/functions and parts thereof between NSW public sector agencies are designated as contributions by owners and recognised as an adjustment to "Accumulated Funds". This treatment is consistent with AASB 1004 *Contributions and Australian Interpretation 1038 Contributions by Owners Made to Wholly Owned Public Sector Entities*.

Transfers arising from an administrative restructure between not-for-profit entities and for-profit government departments are recognised at the amount at which the asset was recognised by the transferor immediately prior to the restructure. In most instances this will approximate fair value.

All other equity transfers are recognised at fair value, except for intangibles. Where an intangible has been recognised at amortised cost by the transferor because there is no active market, the Authority recognises the asset at the transferor's carrying amount. Where the transferor is prohibited from recognising internally generated intangibles, the Authority does not recognise that asset.

(u) Comparative information

Except when an Australian Accounting Standard permits or requires otherwise, comparative information is disclosed in respect of the previous period for all amounts reported in the financial statements. This previous period is the 12 months ended 30 June 2011 whereas the financial statements are for the 4 months ended 31 October 2011.

For the October 2011 Financial Statements, certain comparative amounts have been restated to match the current period presentation.

These restatements relate to the provision of assigned staff providing personnel services to Transport for NSW and the provision of services to the RTA by Transport for NSW.

The financial effect of the reclassification in the June 2011 comparative amounts is an increase in Sales of Good and Services Revenue of $36.104m, an increase in Other Operating Expenses of $36.104m, and an increase in Receivables of $36.104m and an increase in Payables of $36.104m.

There has also been a recognition of a related party payable and receivable to/from Transport for NSW for $57.744m (October 2011) and $36.104m (June 2011).

(v) Changes in accounting policies & accounting estimates

The value of Land Acquired for Future Road Works (LAFFRW) and Land Under Roads (LUR) is estimated by reference to data relating to the physical areas and rateable values of NSW Local Government Areas (LGA) provided by the NSW Valuer-General. This data was used to estimate an average rateable value for each LGA and then combined with the relevant area to determine an aggregate value.

The RTA reviewed its model for estimating the value in the current period. The review resulted in significant decreases in ARV across all LGAs with a consequent decrease in the value of Land Acquired for Future Road Works (LAFFRW) of $731m and Land Under Roads (LUR) of $2.6 billion. The decrease in LAFFRW value has been accounted for through its asset revaluation reserve. $1.9 billion of the LUR value decrease has been accounted for through its asset revaluation reserve with the balance of $681 million expensed in the Statement of Comprehensive Income.

The valuation decrease is a result of a change in accounting estimates and recognised prospectively in accordance with AASB108: *Accounting Policies, Changes in Accounting Estimates and Errors*.

(w) Equity and reserves

(i) Asset Revaluation Reserve

The asset revaluation reserve is used to record increments and decrements on the revaluation of non-current assets. This accords with the agency's policy on the revaluation of property, plant and equipment as discussed in note 1(k).

(ii) Accumulated Funds

The category of accumulated funds includes all current and prior period retained funds.

(x) Critical accounting estimates, judgements and assumptions

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 current set of circumstances. Actual results may differ from these estimates.

Management evaluates these judgements, estimates and assumptions on an ongoing basis. Revisions to estimates are recognised in the period in which the estimate is revised if the revision effects only that period or in the period of the revision and future periods if the revision effects both current and future periods.

Significant judgements, estimates and assumptions made by management in the preparation of the consolidated financial statements are outlined below:

Property, plant and equipment	Note 1(k) and note 9
Private Sector Provided Infrastructure	Note 1(k) and note 10(a)
Employee benefits	Note 1(g) and note 15

Due to the shortened reporting period resulting from the abolition of the Roads and Traffic Authority (note 1(a)) the following specific assumptions have been made:

- The value of infrastructure assets have not materially increased since 30 June 2011 and so no adjustments have been made to the gross carrying value as at that date in these financial statements.

2. Revenue

(a) Sale of goods and services

	Consolidated		Parent	
	October 2011 $'000	June 2011 $'000	October 2011 $'000	June 2011 $'000
Sale of goods				
Number Plates	30,129	86,626	30,129	86,626
Rendering of services				
Third Party Insurance Data Access Charges	6,387	16,769	6,387	16,769
Toll Revenue (Sydney Harbour Bridge)	29,076	85,903	29,076	85,903
Toll Revenue (Sydney Harbour Tunnel)	14,874	43,103	14,874	43,103
E-Tag Revenue	4,293	12,887	4,293	12,887
Heavy Vehicle Permit Fees	566	1,595	566	1,595
Sanction Fees Payable Under the Fines Act	3,529	10,395	3,529	10,395
Rental Income	9,808	23,609	9,808	23,609
Works and Services	18,561	57,058	18,561	57,058
Advertising	5,963	18,207	5,963	18,207
Fees for Services	17,430	54,975	17,430	54,975
Personnel Services (see note 1(u))	21,640	36,104	21,640	36,104
Publications	3,414	7,108	3,414	7,108
Miscellaneous Services	2,641	11,513	2,641	11,513
	168,311	**465,852**	**168,311**	**465,852**

(b) Investment revenue

Interest	4,222	14,794	4,222	14,794
Amortisation of zero interest loan – Sydney Harbour Tunnel *	2,372	–	2,372	–
	6,594	**14,794**	**6,594**	**14,794**

* This item has been reclassified from Loan to Sydney Harbour Tunnel Company in note 2(d)

(c) Grants and contributions

NSW Government Agencies				
– Transport for NSW	918	8,565	918	8,565
– Other	5,482	18,652	5,482	18,652
Local Government	286	2,057	286	2,057
Roads and Bridges Transferred from Councils *	–	98,305	–	98,305
Other Government Agencies	1,436	3,067	1,436	3,067
Private Firms and Individuals	2,588	10,999	2,588	10,999
	10,710	**141,645**	**10,710**	**141,645**

Contributions received during the four months ended 31 October 2011 were recognised as revenue during the period and were expended in that period with no balance of those funds available at 31 October 2011 (30 June 2011: Nil)

* A re-classification of road responsibility between local councils and the RTA was undertaken over a 3 year period with final transfers occurring during the 2011 financial year.

(d) Other revenue

	Consolidated		Parent	
	October 2011 $'000	June 2011 $'000	October 2011 $'000	June 2011 $'000
Amortisation of Deferred Revenue on Private Sector Provided Infrastructure (PSPI) Projects	4,060	12,179	4,060	12,179
Value of Emerging Interest of PSPI				
– M2 (refer note 10(a))	4,762	13,267	4,762	13,267
– M4 (refer note 10(a))	348	956	348	956
– M5 (refer note 10(a))	8,050	15,519	8,050	15,519
– Eastern Distributor (refer note 10(a))	5,070	14,221	5,070	14,221
– Cross City Tunnel (refer note 10(a))	7,462	21,224	7,462	21,224
– Western Sydney Orbital M7 (refer note 10(a))	14,905	43,015	14,905	43,015
– Lane Cove Tunnel (refer note 10(a))	10,541	29,824	10,541	29,824
– Loan to Sydney Harbour Tunnel Company *	–	6,645	–	6,645
M2 And Eastern Distributor Promissory Notes	5,553	1,489	5,553	1,489
Fuel Tax Credits	–	183	–	183
Principal Arranged Insurance Refund	–	8,124	–	8,124
Other (including professional services revenue)	1,107	5,631	1,107	5,631
	61,858	**172,277**	**61,858**	**172,277**

* This item has been reclassified as investment revenue and included in note 2(b) as amortisation of zero interest loan – Sydney Harbour Tunnel

3. Expenses excluding losses

(a) Employee related expenses

	Consolidated		Parent	
	October 2011 $'000	June 2011 $,000	October 2011 $'000	June 2011 $'000
Employee related expenses comprise the following specific items:				
Salaries and Wages (Including Annual Leave)	165,921	441,655	–	–
Skill Hire Contractors	15,066	58,381	15,066	58,381
Long Service Leave	18,480	15,585	–	–
Superannuation – Defined Benefit Plans *	3,919	12,389	–	–
Superannuation – Defined Contribution Plans	9,833	25,716	–	–
Workers' Compensation Insurance	2,030	8,365	–	–
Payroll Tax And Fringe Benefits Tax	9,320	23,950	–	–
Personnel Services	–	–	378,865	530,698
Redundancy	1,943	1,356	–	–
	226,512	**587,397**	**393,931**	**589,079**
Allocations of Employee Related Costs To Programs				
– Capitalised to Infrastructure	70,902	243,715	70,902	243,715
– Operating Programs (Including Maintenance Costs)	226,512	587,397	393,931	589,079
	297,414	**831,112**	**464,833**	**832,794**

Included in the above are employee related expenses of $63.720 million (30 June 2011: $195.907 million) related to maintenance.

* Defined benefit superannuation actuarial losses of $167.419 million in the four months ended 31 October 2011 (30 June 2011: $1.682 million loss) are recognised in the Statement of Comprehensive Income. Total superannuation expense, including actuarial gains/losses recognised in the Statement of Comprehensive Income is $181.172 million (30 June 2011: $39.787 million).

(b) Other operating expenses

	Consolidated		Parent	
	October 2011 $'000	June 2011 $'000	October 2011 $'000	June 2011 $'000
Auditor's Remuneration – Audit of Financial Statements	402	627	402	627
Works Contractors and Consultants	27,318	70,074	27,318	70,074
Fleet Hire and Lease Charges	3,267	9,498	3,267	9,498
Sydney Harbour Tunnel Operating Fees	9,185	26,752	9,185	26,752
ERS Agreement Contingent Expense	1,058	4,604	1,058	4,604
M5 Cashback Refund	20,077	64,638	20,077	64,638
Data Processing	7,685	25,453	7,685	25,453
Advertising	4,747	23,287	4,747	23,287
Payments to Councils and External Bodies	6,236	23,679	6,236	23,679
Lease and Property Expenses	15,912	48,094	15,912	48,094
Travel and Legal Expenses	8,441	16,276	8,441	16,276
Shared Services Expenses (see note 1(u))	21,640	36,104	21,640	36,104
Office Expenses	9,864	32,238	9,864	32,238
Contract Payments	33,411	58,696	33,411	58,696
Other	25,320	47,968	25,320	47,968
	194,563	**487,988**	**194,563**	**487,988**

Infrastructure maintenance

Major reconstruction of road segments on State Roads are capitalised and as such not charged against maintenance expenditure. The RTA capitalised $47.927 million of such works during the year (30 June 2011: $174.822 million).

The RTA expensed $61.105 million in the four months ended 31 October 2011 (30 June 2011: $151.391 million) on natural disaster restoration works from state funds, and $64.421 million in the period ended 31 October 2011 (30 June 2011 $182.427 million) on block grants and other maintenance grants to councils for regional and local roads.

Maintenance Expenses in Statement of Comprehensive Income	175,816	621,308	175,816	621,308
Maintenance Related Employee Expenses (note 3(a))	63,720	195,907	63,720	195,907
Total Maintenance Expenses Including Employee Related	**239,536**	**817,215**	**239,536**	**817,215**
Maintenance Grants to Councils (note 3(d))	119,149	308,982	119,149	308,982
Capitalised Maintenance	47,927	174,822	47,927	174,822
Total Maintenance Program	**406,612**	**1,301,019**	**406,612**	**1,301,019**

(c) Depreciation and amortisation

Depreciation of Operational and Property Assets	11,030	25,994	11,030	25,994
Depreciation of Infrastructure Assets	273,060	817,216	273,060	817,216
Amortisation of Intangible Assets	2,809	5,946	2,809	5,946
	286,899	**849,156**	**286,899**	**849,156**

(d) Grants and subsidies

Grants Under Road Safety Program	6,639	19,177	6,639	19,177
Maintenance Grants to Councils (note 3(b))	119,149	308,982	119,149	308,982
Roads and Bridges Transferred to Councils	–	45,379	–	45,379
	125,788	**373,538**	**125,788**	**373,538**

(e) Finance costs

	Consolidated		Parent	
	October 2011 $'000	June 2011 $'000	October 2011 $'000	June 2011 $'000
Interest Expense from Financial Liabilities not at Fair Value through Profit and Loss	10,971	39,696	10,971	39,696
Finance Lease Interest Charges	15,275	48,210	15,275	48,210
Other	1,151	1,225	1,151	1,225
	27,397	**89,131**	**27,397**	**89,131**

4. Gains/(losses) on disposal

(a) Gains/(losses) on disposal

	Consolidated		Parent	
	October 2011 $'000	June 2011 $'000	October 2011 $'000	June 2011 $'000
Net Gain on Sale of Property, Plant and Equipment				
– Proceeds from Sale	11,721	42,813	11,721	42,813
– Carrying Amount of Assets Sold	(6,727)	(35,926)	(6,727)	(35,926)
Net Gain on Sale of Property Plant and Equipment	**4,994**	**6,887**	**4,994**	**6,887**

(b) Other gains/(losses)

Allowance for Impairment of Receivables	(515)	(311)	(515)	(311)
Bad Debts (Written Off)/Recovered	(91)	(187)	(91)	(187)
Carrying Amount of Assets Written Off	(28,104)	(111,161)	(28,104)	(111,161)
Write down of Land Under Roads (note 1(v))	(681,267)	–	(681,267)	–
Total Other Gains/(Losses)	**(709,977)**	**(111,659)**	**(709,977)**	**(111,659)**

The majority of the assets written off last year were infrastructure assets. In cases where the RTA constructs a new infrastructure asset that substantially replaces an existing asset (rather than performing work to maintain the existing asset), the capitalised value of the original asset is written off and the new asset is included within the additions to infrastructure assets (note 9(c)).

5. Grants from Transport for NSW

	Consolidated		Parent	
	October 2011 $'000	June 2011 $'000	October 2011 $'000	June 2011 $'000
Recurrent Grants				
Recurrent Grants from Transport for NSW	627,604	1,693,334	627,604	1,693,334
Capital Grants				
Capital Grants from Transport for NSW	880,761	2,547,457	880,761	2,547,457

As a result of the Transport Administration Amendment Act 2010, the RTA no longer receives appropriations from NSW Treasury. The RTA is now effectively controlled by Transport for NSW and receives capital and recurrent grants directly from Transport for NSW.

Of the $880.761 million capital grant, $571 million (June 2011: $1.422 billion) relates to federal funding. The equivalent figure for the recurrent grant is $42.4 million (June 2011: $120.735 million). Federal funding is appropriated to the Transport for NSW through NSW Treasury.

6. Individually significant items

(a) Write-off of infrastructure assets

	Consolidated		Parent	
	October 2011 $'000	June 2011 $'000	October 2011 $'000	June 2011 $'000
Infrastructure Assets Written Off	**22,551**	**96,348**	**22,551**	**96,348**

The following infrastructure assets were written off in the four months to 31 October 2011:

	Replacement Costs $'000	Accumulated Depreciation $'000	WDRC $'000
Roads	38,335	(17,695)	20,640
Bridges	3917	(2,006)	1,911
	42,252	**(19,701)**	**22,551**

(b) Write-off of infrastructure assets

	Consolidated		Parent	
	October 2011 $'000	June 2011 $'000	October 2011 $'000	June 2011 $'000
Infrastructure Assets Written Down (Note 1(v))	**681,267**	**–**	**681,267**	**–**

The following infrastructure assets were written off in the four months to 31 October 2011:

	Replacement Costs $'000	Accumulated Depreciation $'000	WDRC $'000
Land Under Roads	681,267	–	681,267
	681,267	**–**	**681,267**

7. Current assets – cash and cash equivalents

	Consolidated		Parent	
	October 2011 $'000	June 2011 $'000	October 2011 $'000	June 2011 $'000
RTA Operating Account	8,190	7,182	8,190	7,182
Remitting Account, Cash in Transit and Cash on Hand *	23,852	34,621	23,852	34,621
TCorp – Hour Glass Cash Facility	161,997	247,610	161,997	247,610
On Call Deposits	7,040	6,900	7,040	6,900
Other	344	336	344	336
	201,423	**296,649**	**201,423**	**296,649**

Cash and cash equivalent assets recognised in the Statement of Financial Position reconcile and agree to the Statement of Cash Flows. Details regarding credit risk, liquidity risk and market risk, including a maturity analysis of borrowings are disclosed in note 14.

* The remitting account balance above does not include cash of $18.725 million (30 June 2011: $20.600 million) relating to administered revenue held by the RTA as at 31 October (refer to note 22).

8. Current assets/non-current assets – receivables and other financial assets

(a) Current receivables

	Consolidated		Parent	
	October 2011 $'000	June 2011 $'000	October 2011 $'000	June 2011 $'000
Sale of Goods and Services	32,766	27,445	32,766	27,445
Transport for NSW Receivable (see note 1(u))	57,744	36,104	57,744	36,104
Goods and Services Tax Receivable	66,662	82,404	66,662	82,404
Other	3,328	548	3,328	548
	160,500	**146,501**	**160,500**	**146,501**
Less: Allowance for Impairment **	(2,465)	(3,719)	(2,465)	(3,719)
	158,035	**142,782**	**158,035**	**142,782**
Prepayments	22,494	6,848	22,494	6,848
Unissued Debtors	8,347	9,349	8,347	9,349
Dishonoured Credit Cards	148	149	148	149
	189,024	**159,128**	**189,024**	**159,128**
Accrued Income				
– Interest	105	265	105	265
– Property Sales	15,362	16,345	15,362	16,345
– Other	5,070	6,151	5,070	6,151
Total Current	**209,561**	**181,889**	**209,561**	**181,889**

** The allowance for impairment primarily relate to amounts owing as a result of commercial transactions (eg debts raised for performance of services or sale of goods) and tenants who vacate rental premises without notice whilst in arrears.

Details regarding credit risk, liquidity risk and market risk, including maturity analysis of borrowings are disclosed in note 14.

Movement in the Allowance for Impairment

Balance as at beginning of financial period/year	3,719	3,411	3,719	3,411
Amounts Written Off During the Period/Year	(1,860)	(187)	(1,860)	(187)
Increase in Allowance Recognised in Statement of Comprehensive Income	606	495	606	495
Balance as at end of financial period/year	**2,465**	**3,719**	**2,465**	**3,719**

(b) Non-current other financial assets

Loan to Sydney Harbour Tunnel Company	106,803	104,431	106,803	104,431
Promissory Notes (refer to note 10(a)) M2 and Eastern Distributor	22,541	16,988	22,541	16,988
	129,344	**121,419**	**129,344**	**121,419**

9. Non-current assets – property, plant and equipment

Consolidated and Parent	Land and Buildings $'000	Plant and Equipment $'000	Infrastructure Systems $'000	Total $'000
As at 1 July 2011 – Fair Value				
Gross Carrying Amount	3,275,944	299,348	79,045,327	82,620,619
Accumulated Depreciation	(21,567)	(112,814)	(19,799,603)	(19,933,984)
Net Carrying Amount	**3,254,377**	**186,534**	**59,245,724**	**62,686,635**
As at 31 October 2011 – Fair Value				
Gross Carrying Amount	2,540,533	233,809	77,246,322	80,020,664
Accumulated Depreciation	(27,283)	(114,025)	(20,054,286)	(20,195,594)
Net Carrying Amount	**2,513,250**	**119,784**	**57,192,036**	**59,825,070**

A reconciliation of the carrying amount of each class of property, plant and equipment at the beginning and end of the current reporting period is set out below:

Period ended 31 October 2011				
Net Carrying Amount at Start of Period	3,254,377	186,534	59,245,724	62,686,635
Additions	26,308	439	832,848	859,595
Disposals	(11,101)	(1,179)	(22,551)	(34,831)
Net Revaluation Increment Less Revaluation Decrements	(733,405)	–	(1,891,835)	(2,625,240)
Asset Write Down	–	–	(681,267)	(681,267)
Depreciation Expense	(5,766)	(5,264)	(273,060)	(284,090)
Transfer (to)/from Assets Held for Sale	2,602	1,081	–	3,683
RCI And Other Adjustments/WIP	(413)	–	(37,176)	(37,589)
Transfer Out	(19,352)	(61,827)	(145,813)	(226,992)
Transfers In	–	–	165,166	165,166
Net Carrying Amount at End of Period	**2,513,250**	**119,784**	**57,192,036**	**59,825,070**
As at 1 July 2010 – Fair Value				
Gross Carrying Amount	3,043,054	314,411	77,118,242	80,475,707
Accumulated Depreciation	(18,799)	(116,851)	(18,893,097)	(19,028,747)
Net Carrying Amount	**3,024,255**	**197,560**	**58,225,145**	**61,446,960**
As at 30 June 2011 – Fair Value				
Gross Carrying Amount	3,275,944	299,348	79,045,327	82,620,619
Accumulated Depreciation	(21,567)	(112,814)	(19,799,603)	(19,933,984)
Net Carrying Amount	**3,254,377**	**186,534**	**59,245,724**	**62,686,635**

A reconciliation of the carrying amount of each class of property, plant and equipment at the beginning and end of the current reporting year is set out below:

Consolidated and Parent	Land and Buildings $'000	Plant and Equipment $'000	Infrastructure Systems $'000	Total $'000
Year ended 30 June 2011				
Net Carrying Amount at Start of Year	3,024,255	197,560	58,225,145	61,446,960
Additions	189,580	45,253	2,349,960	2,584,793
Disposals	(34,917)	(15,782)	(96,348)	(147,047)
Transfers to Councils	–	–	(45,379)	(45,379)
Transfers from Councils	–	–	98,305	98,305
Assets Recognised for the First Time	–	–	193,781	193,781
Net Revaluation Increment Less Revaluation Decrements	105,180	–	(284,948)	(179,768)
Depreciation Expense	(11,482)	(14,512)	(817,216)	(843,210)
Transfer (to)/from Assets Held for Sale	4,995	(817)	–	4,178
RCI And Other Adjustments/WIP	11,369	(124)	(412,179)	(400,934)
Transfer Out	(34,603)	(25,044)	(896,539)	(956,186)
Transfers In	–	–	931,142	931,142
Net Carrying Amount at End of Year	**3,254,377**	**186,534**	**59,245,724**	**62,686,635**

(a) Land and buildings – consolidated and parent

	Works Administration Properties and Officers' Residences		Land and Buildings Acquired for Future Roadworks	Leasehold Improvements	Total
	Land $'000	Buildings $'000	$'000	$'000	$'000
Period ended 31 October 2011					
Net Carrying Amount at Start of Period	160,140	134,808	2,906,191	53,238	3,254,377
Additions	–	1,136	25,172	–	26,308
Disposals	–	(104)	(10,997)	–	(11,101)
Net Revaluation Increments less Revaluation Decrements	–	–	(733,405)	–	(733,405)
Depreciation Expense	–	(1,170)	–	(4,596)	(5,766)
Transfer from Assets Held for Sale	–	–	2,602	–	2,602
Reclassifications	–	–	–	–	–
Adjustments/WIP	–	–	(413)	–	(413)
Transfer to Infrastructure	–	–	(19,352)	–	(19,352)
Net Carrying Amount at End of Period	**160,140**	**134,670**	**2,169,798**	**48,642**	**2,513,250**
Year ended 30 June 2011					
Net Carrying Amount At Start of Year	168,569	123,271	2,688,127	44,288	3,024,255
Additions	–	9,219	179,154	1,207	189,580
Disposals	–	(519)	(34,398)	–	(34,917)
Net Revaluation Increments less Revaluation Decrements	(2,439)	12,700	94,919	–	105,180
Depreciation Expense	–	(3,238)	–	(8,244)	(11,482)
Transfer from Assets Held for Sale	–	–	4,995	–	4,995
Reclassifications	(5,990)	(6,600)	7,997	4,593	–
Adjustments/WIP	–	(25)	–	11,394	11,369
Transfer to Infrastructure	–	–	(34,603)	–	(34,603)
Net Carrying Amount at End of Year	**160,140**	**134,808**	**2,906,191**	**53,238**	**3,254,377**

Category of Land and Building Acquired for Future Roadworks	Aggregate carrying amount $'000
Revalued as part of the current progressive revaluation and carried at fair value (market value) as at 31 October 2011 less, where applicable, any subsequent accumulated depreciation.	
– Surplus properties	397,668
– Rentable properties	466,700
Untenanted land for Roads – revalued annually not subject to progressive revaluation.	1,305,430
Total Land and Buildings Acquired for Future Roadworks at 31 October 2011	2,169,798

(b) Plant and equipment – consolidated and parent

	Plant Equipment and Motor Vehicles $'000	Computer Hardware $'000	Electronic Office Equipment $'000	Total $'000
Period ended 31 October 2011				
Net Carrying Amount at Start of Period	90,166	93,719	2,649	186,534
Additions	439	–	–	439
Disposals	(1,171)	(8)	–	(1,179)
Depreciation Expense	(3,354)	(1,901)	(9)	(5,264)
Transfer from Assets Held for Sale	1,081	–	–	1,081
Other Adjustments	–	–	–	–
Transfers Out *	–	(61,827)	–	(61,827)
Net Carrying Amount at End of Period	**87,161**	**29,983**	**2,640**	**119,784**
Year ended 30 June 2011				
Net Carrying Amount at Start of Year	119,116	76,297	2,147	197,560
Additions	11,826	32,747	680	45,253
Disposals	(15,522)	(132)	(126)	(15,780)
Depreciation Expense	(11,292)	(3,168)	(52)	(14,512)
Transfer (to) Assets Held for Sale	(817)	–	–	(817)
Reclassifications	(2)	(124)	–	(126)
Transfers Out	(13,143)	(11,901)	–	(25,044)
Net Carrying Amount at End of Year	**90,166**	**93,719**	**2,649**	**186,534**

* Software transferred to intangibles – note 10(b)

(c) Infrastructure systems – consolidated and parent

Infrastructure systems are valued as follows:

	Roads $'000	Land under Roads $'000	Bridges $'000	Sydney Harbour Tunnel $'000	Traffic Signals Network $'000	Traffic Control Network $'000	Major Works in Progress $'000	Total $'000
Period ended 31 October 2011								
Carrying Amount at Start of Period	39,457,697	4,223,523	10,492,932	765,756	307,564	118,574	3,879,678	59,245,724
Additions	71,319	–	53,470	–	504	3,083	704,472	832,848
Disposals	(20,640)	–	(1,911)	–	–	–	–	(22,551)
Transfers to Councils	–	–	–	–	–	–	–	–
Transfers from Councils	–	–	–	–	–	–	–	–
Assets recognised for the first time *	–	–	–	–	–	–	–	–
Net Revaluation Increments less Revaluation Decrements	–	(1,891,835)	–	–	–	–	–	(1,891,835)
Asset Write Down	–	(681,267)	–	–	–	–	–	(681,267)
Depreciation Expense	(209,025)	–	(44,540)	(6,410)	(9,315)	(3,770)	–	(273,060)
Transfers In	81,005	19,352	60,734	–	573	3,502	–	165,166
Transfers Out	–	–	–	–	–	–	(145,813)	(145,813)
RCI and Other Adjustments/WIP	–	–	–	–	–	–	(37,176)	(37,176)
Net carrying amount at end of period	**39,380,356**	**1,669,773**	**10,560,685**	**759,346**	**299,326**	**121,389**	**4,401,161**	**57,192,036**
Year ended 30 June 2011								
Carrying Amount at Start of Year	39,610,013	4,556,732	10,081,376	708,668	335,942	76,872	2,855,542	58,225,145
Additions	202,242	–	151,632	–	9,233	56,442	1,930,411	2,349,960
Disposals	(55,751)	(6,409)	(16,762)	–	–	(7,690)	(9,736)	(96,348)
Transfers to Councils	(35,319)	(4,589)	(5,471)	–	–	–	–	(45,379)
Transfers from Councils	93,329	4,046	930	–	–	–	–	98,305
Assets recognised for the first time *	–	–	193,781	–	–	–	–	193,781
Net Revaluation Increments less Revaluation Decrements	–	(360,860)	–	75,912	–	–	–	(284,948)
Depreciation Expense	(630,285)	–	(131,074)	(18,824)	(27,177)	(9,856)	–	(817,216)
Transfers In	512,380	34,603	384,159	–	–	–	–	931,142
Transfers Out	–	–	–	–	–	–	(896,539)	(896,539)
RCI and Other Adjustments/WIP	(238,912)	–	(165,639)	–	(10,434)	2,806	–	(412,179)
Net carrying amount at end of year	**39,457,697**	**4,223,523**	**10,492,932**	**765,756**	**307,564**	**118,574**	**3,879,678**	**59,245,724**

Traffic signals, traffic control network and all bridges were subject to a full revaluation in 2007/08 and roads were subject to a full revaluation in 2008/09.

The RTA leases the Sydney Harbour Tunnel under agreement with the Sydney Harbour Tunnel Company (SHTC). The agreement transfers ownership of the tunnel to the RTA at the end of the lease term in 2022 (see note 17 for further details). At 31 October 2011 the net carrying amount of this leased infrastructure assets was $759.346 million (30 June 2011: $765.756 million).

*** Road over rail bridges not maintained by the RTA**

There are number of road over rail bridges in NSW where the RTA controls roads that pass over railway corridors. Due to safety and other requirements related to the railway lines under these bridges, the periodic inspection, maintenance and repair of most of these bridges is the responsibility of either RailCorp or the Country Rail Infrastructure Authority. In such cases, these entities will receive funding from the NSW Government to carry out maintenance activities.

These bridges were first recognised as RTA assets in the 2010/11 financial year. The total value of these bridges transferred at 30 June 2011 was $193.781 million The expected depreciated replacement cost and estimated useful life of these bridges has been determined assuming that the Rail Authorities will carry out regular maintenance activities in order to ensure that their full service potential is realised.

10. Non-current assets – intangible assets and other

(a) Private Sector Provided Infrastructure

	Consolidated		Parent	
	October 2011 $'000	June 2011 $'000	October 2011 $'000	June 2011 $'000
M2 Motorway				
Carrying Amount at Start of Period	54,752	41,485	54,752	41,485
Annual Increment – Emerging Right to Receive	4,762	13,267	4,762	13,267
Carrying Amount at End of Period	**59,514**	**54,752**	**59,514**	**54,752**
M4 Motorway Service Centre				
Carrying Amount at Start of Period	3,978	3,022	3,978	3,022
Annual Increment – Emerging Right to Receive	348	956	348	956
Carrying Amount at End of Period	**4,326**	**3,978**	**4,326**	**3,978**
M5 Motorway				
Carrying Amount at Start of Period	165,089	149,570	165,089	149,570
Annual Increment – Emerging Right to Receive	8,050	15,519	8,050	15,519
Carrying Amount at End of Period	**173,139**	**165,089**	**173,139**	**165,089**
Eastern Distributor				
Carrying Amount at Start of Period	59,405	45,184	59,405	45,184
Annual Increment – Emerging Right to Receive	5,070	14,221	5,070	14,221
Carrying Amount at of Period	**64,475**	**59,405**	**64,475**	**59,405**
Cross City Tunnel (CCT)				
Carrying Amount at Start of Period	94,317	73,093	94,317	73,093
Annual Increment – Emerging Right to Receive	7,462	21,224	7,462	21,224
Carrying Amount at End of Period	**101,779**	**94,317**	**101,779**	**94,317**
Western Sydney Orbital (M7)				
Carrying Amount at Start of Period	187,447	144,432	187,447	144,432
Annual Increment – Emerging Right to Receive	14,905	43,015	14,905	43,015
Carrying Amount at End of Period	**202,352**	**187,447**	**202,352**	**187,447**
Lane Cove Tunnel				
Carrying Amount at Start of Period	100,254	70,430	100,254	70,430
Annual Increment – Emerging Right to Receive	10,541	29,824	10,541	29,824
Carrying Amount at End of Period	**110,795**	**100,254**	**110,795**	**100,254**
Total Carrying Amount at End of Period	**716,380**	**665,242**	**716,380**	**665,242**
Totals				
Carrying Amount at Start of Period	665,242	527,216	665,242	527,216
Annual Increment – Emerging Right to Receive	51,138	138,026	51,138	138,026
Carrying Amount at End of Period	**716,380**	**665,242**	**716,380**	**665,242**

M2 Motorway

The RTA entered into a contract with the concession holder to design, construct, operate and maintain the M2 Motorway. Under the terms of the Project Deed, ownership of the M2 Motorway will revert to the RTA on the earlier of the achievement of specified financial returns outlined in the Deed or 45 years from the M2 Commencement Date of 26 May 1997.

To facilitate these works, the RTA leased land detailed in the M2 Motorway Project Deed for the term of the Agreement. Until the project realises a real after tax internal rate of return of 12.25 percent per annum, rent is payable, at the Lessee's discretion, in cash or by promissory note. On achievement of the required rate, the rent is payable in cash. Under the terms of the lease, the RTA must not present any of the promissory notes for payment until the earlier of the end of the term of Agreement or the achievement of the required rate of return. The term of the Agreement ends on the forty fifth anniversary of the M2 commencement date (i.e. 26 May 2042) subject to the provisions of the M2 Motorway Project Deed.

No payments have been made for rents for the leases for the period ended 31 October 2011. The RTA, as at 31 October 2011, has received promissory notes for rent on the above leases totalling $126.465 million (30 June 2011: $126.465 million). The net present value of these promissory notes as at 31 October 2011 is $10.817 (30 June 2011: $8.615 million).

The RTA has, from the date of completion of the M2 Motorway, valued the asset by reference to the RTA's emerging share of the estimated depreciated replacement cost of the asset at date of hand back over the concession period calculated using the effective interest rate method (refer note 1(f)(vi)). Based on the historical rental returns, the conservative period of 45 years has been used to calculate the RTA's emerging share of the asset.

The NSW Government announced the Hills M2 Upgrade on Tuesday, 26 October 2010. Construction of the upgrade commenced in December 2010. The upgrade will take approximately 2 years to complete and the existing M2 concession period will be extended for 4 years after the final completion of the project. The estimated initial construction cost is $550 million. The RTA will not recognise an emerging asset for the upgrade until the upgrade is complete.

M4 Service Centre

In October 1992, the RTA and the Concession Holder entered into the M4 Service Centre Project Deed under which RTA agreed to acquire land and lease the land to the Concession Holder. The Concession Holder agreed to finance, design, construct, maintain and operate two service centres which are located on each carriageway of the M4 at Eastern Creek.

The M4 Service Centres were opened for use on 1 January 1993. The Concession Holder will operate, maintain and repair the service centres until 31 December 2017, after which the service centres will be transferred back to the RTA at nil value.

The RTA values the service centre asset by reference to the RTA's emerging share of the depreciated replacement cost of the asset over the period of the concession period calculated using the effective interest rate method (refer note 1(f)(vi)).

M5 Motorway

The RTA entered into a contract with the concession holder to design, construct, operate and maintain the M5 Motorway. The initial concession period for the M5 Motorway was for the period 14 August 1992 to 14 August 2022. The RTA has valued the M5 Motorway by reference to the RTA's emerging share of the depreciated replacement cost apportioned over the period of the concession agreement calculated using the effective interest rate method (refer note 1(f)(vi)).

In consideration for the concession holder undertaking construction of an additional interchange at Moorebank (M5 Improvements), the initial concession period has been subsequently extended to 22 August 2023.

The M5 Motorway Call Option Deed provides that if, after at least 25 years from the M5 Western Link commencement date of 26 June 1994, the RTA determines that the expected financial return has been achieved, the RTA has the right to purchase either the business from the Concession Holder or the shares in the Concession Holder. The exercise price under the M5 Call Option Deed will be based on open market valuation of the business or shares.

Eastern Distributor

An agreement was signed with the Concession Holder on 27 June 1997 to finance, design, construct, operate, maintain and repair the Eastern Distributor which was opened to traffic on 23 July 2000.

In consideration of the RTA granting to the Concession Holder the right to levy and retain tolls on the Eastern Distributor, the Concession Holder is required to pay concession fees in accordance with the Agreement. From the date of Financial Close, which occurred on 18 August 1997, the Concession Holder has paid $210 million by way of promissory notes (being $15 million on Financial Close and $15 million on each anniversary of Financial Close). A further $2.2 million was received in cash six months after Financial Close and $8 million in cash on the third anniversary of Financial Close. Under the Agreement, the promissory notes show a payment date (subject to provisions in the Project Deed) of 24 July 2048 and, as at 31 October 2011, the promissory notes have a net present value of $11.723 million (30 June 2011: $8.372 million).

Under the terms of the Project Deed, ownership of the Eastern Distributor will revert to the RTA on the earlier of the achievement of specified financial returns outlined in the Deed or 48 years from the Eastern Distributor Commencement Date of 23 July 2000. The conservative period of 48 years has been used to calculate the RTA's emerging share of the asset.

Cross City Tunnel

An agreement was signed with the Concession Holder on 18 December 2002 to design, construct, operate and maintain the Cross City Tunnel. Major construction started on 28 January 2003. The Cross City Tunnel was completed and opened to traffic on 28 August 2005.

The Concession Holder was placed into receivership in 2006/07. The Receivers subsequently sold the CCT asset to a private operator in June 2007.

The construction cost was $642 million with the cost being met by the private sector. Under the terms of the agreement, an external party will operate the motorway until 18 December 2035, after which the motorway will be transferred back to the RTA.

The RTA values the asset by reference to the RTA's emerging share of the depreciated replacement cost of the asset over the period of the concession period calculated using the effective interest rate method (refer note 1(f)(vi)).

Reimbursement of certain development costs was received by the RTA from the operator in the form of an upfront cash payment. The amount of this payment was $96.860 million.

Westlink M7 Motorway

An agreement was signed with the Concession Holder on 13 February 2003 to design, construct, operate and maintain the Westlink M7 Motorway. Major construction started on 7 July 2003 and the completed motorway was opened to traffic on 16 December 2005.

The construction cost was $1.54 billion. The Federal Government contributed $356 million towards the cost of the project with the remainder of the cost being met by the private sector. The RTA had responsibility under the contract for the provision of access to property required for the project. Under the terms of the agreement, the Concession Holder will operate the motorway until 14 February 2037, after which the motorway will be transferred back to the RTA.

The RTA values the asset by reference to the RTA's emerging share of the depreciated replacement cost of the asset over the period of the concession period calculated using the effective interest rate method (refer note 1(f)(vi)).

Reimbursement of certain development costs were received by the RTA from the operator in the form of an upfront cash payment. The amount of this payment was $193.754 million.

Lane Cove Tunnel

An agreement was signed with the Concession Holder on 4 December 2003 to finance, design, construct, operate and maintain the Lane Cove Tunnel Project. Major construction started on 24 June 2004 and was opened to traffic on 25 March 2007.

The construction cost was $1.1 billion, with the cost being met by the private sector. The RTA was responsible under the contract for the provision of access to property required for the project, which were identified by the Project Deed. Under the terms of the agreement, the Concession Holder designed and constructed the motorway and will operate the motorway until 9 January 2037 after which the motorway will be transferred back to the RTA.

The RTA values the asset by reference to the RTA's emerging share of the depreciated replacement cost of the asset over the period of the concession period calculated using the effective interest rate method (refer note 1(f)(vi)).

Reimbursement of certain development costs were received by the RTA from the operator in the form of an upfront cash payment. The amount of this payment was $79.301 million.

(b) Other Intangible Assets – Consolidated and Parent

	Software	
	October 2011 $'000	June 2011 $'000
Balance at Start of Period		
Cost	129,205	104,739
Accumulated Amortisation and Impairment	(83,329)	(77,953)
Net Carrying Amount	**45,876**	**26,786**
Balance at End of Period		
Cost	191,008	129,205
Accumulated Amortisation and Impairment	(86,122)	(83,329)
Net Carrying Amount	**104,886**	**45,876**
Net Carrying Amount at Start of Period	45,876	26,786
Additions	–	–
Disposals	(8)	(8)
Amortisation Expense	(2,809)	(5,946)
Transfer In from PPE (Note 9(b))	61,827	25,044
Net Carrying Amount at End of Period	**104,886**	**45,876**

11. Non-current assets held for sale

	Consolidated		Parent	
	October 2011 $'000	June 2011 $'000	October 2011 $'000	June 2011 $'000
Assets Held for Sale				
Balance at Start of Period				
Land and Buildings	43,140	48,135	43,140	48,135
Plant and Equipment	1,329	512	1,329	512
	44,469	**48,647**	**44,469**	**48,647**
Balance at End of Period				
Land and Buildings	40,538	43,140	40,538	43,140
Plant and Equipment	248	1,329	248	1,329
	40,786	**44,469**	**40,786**	**44,469**

Land and buildings held for sale include properties that have been identified as no longer required to fulfil long-term plans for road development and also administration properties surplus to RTA needs. Plant and equipment held for sale mainly consists of heavy equipment. The RTA has a sales program for these assets once they have been identified as surplus which includes actively marketing the assets throughout the financial period. The assets classified as held for sale above are available for sale as at the end of the financial period and RTA management expect that they will be sold within 12 months. No impairment loss was recognised on reclassification of the land as held for sale as at the reporting date.

12. Current liabilities – payables

	Consolidated		Parent	
	October 2011 $'000	June 2011 $'000	October 2011 $'000	June 2011 $'000
Trade Creditors * (i)	178,264	183,225	178,264	183,225
Creditors Arising from Compulsory Acquisitions	17,145	23,191	17,145	23,191
Personnel Services	–	–	1,104,358	923,189
Accrued Expenses				
– Salaries, Wages and On-Costs	6,877	9,066	–	–
– Works Contract Expenditure	235,748	287,058	235,748	287,058
– Work Carried Out by Councils	62,862	109,102	62,862	109,102
– Interest	7,273	10,481	7,273	10,481
– Other (including non-works contracts)	63,256	144,347	63,256	144,347
Other	14	10	14	10
	571,439	**766,480**	**1,668,920**	**1,680,603**

* This item has been restated to match the current period presentation per Note 1(u)

(i) The average credit period on purchases of goods is 30 days. The RTA has financial risk management policies in place to ensure that all payables are paid within the credit timeframe.

(ii) Details regarding credit risk, liquidity risk and market risk, including a maturity analysis of the above payables are disclosed in note 14.

13. Current/non-current liabilities – borrowings

	Consolidated		Parent	
	October 2011 $'000	June 2011 $'000	October 2011 $'000	June 2011 $'000
At Amortised Cost				
Current				
TCorp Borrowings	63,967	98,701	63,967	98,701
Treasury Advances Repayable	1,898	1,898	1,898	1,898
Finance Leases (note 17)	36,910	35,126	36,910	35,126
Other	398	396	398	396
	103,173	**136,121**	**103,173**	**136,121**
Non-Current				
TCorp Borrowings	504,744	469,437	504,744	469,437
Treasury Advances Repayable	8,348	8,348	8,348	8,348
Finance Leases (note 17)	575,477	588,412	575,477	588,412
Other	841	832	841	832
	1,089,410	**1,067,029**	**1,089,410**	**1,067,029**

Details regarding credit risk, liquidity risk and market risk, including maturity analysis of the above borrowings are disclosed in note 14.

14. Financial instruments

The RTA's principal financial instruments are outlined below. These financial instruments arise directly from the RTA's operations or are required to finance the RTA's operations. The RTA does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes. The RTA's main risks arising from financial instruments are outlined below, together with the RTA's objectives, policies and processes for measuring and managing risk. Further quantitative and qualitative disclosures are included throughout these financial statements.

The Chief Executive has overall responsibility for the establishment and oversight of risk management and reviews and agrees policies for managing each of these risks. Risk management policies are established to identify and analyse the risks faced by the RTA, to set risk limits and controls and to monitor risks. Compliance with policies is reviewed by the Audit and Risk Committee on a continuous basis.

(a) Financial instrument categories

			Carrying Amount	Carrying Amount
Financial Assets	Note	Category	October 2011 $'000	June 2011 $'000
Class:				
Cash and Cash Equivalents	7	n/a	201,423	296,649
Receivables[1]	8	Loans and receivables (at amortised cost)	120,405	140,990
Other Financial Assets	8	Loans and receivables (at amortised cost)	129,344	121,419
Financial Liabilities				
Class:				
Payables [2]	12/16	Financial liabilities measured at amortised cost	687,981	889,342
Borrowings	13	Financial liabilities measured at amortised cost	1,192,583	1,203,150

1. Excludes statutory receivables and prepayments (i.e. not within scope of AASB 7).
2. Excludes statutory payables and unearned revenue (i.e. not within scope of AASB 7).

(b) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The RTA's exposures to market risk are primarily through interest rate risk on borrowings and other price risks associated with the movement in the unit price of the NSW Treasury Corporation Hour Glass Investment facilities. The RTA has no material exposure to foreign currency risk and does not enter into commodity contracts.

The effect on profit and equity due to a reasonably possible change in risk variable is outlined in the table below, for interest rate risk and other price risk. A reasonably possible change in risk variable has been determined after taking into account the economic environment in which the RTA operates and the time frame for the assessment (i.e. until the end of the next annual reporting period). The sensitivity analysis is based on risk exposures in existence at the end of the financial period. The analysis is performed on the same basis for the period ended 31 October 2011 and assumes that all other variables remain constant.

(i) Interest Rate Risk

Exposure to interest rate risk arises primarily through the RTA's interest bearing liabilities. This risk is minimised by undertaking mainly fixed rate borrowings, primarily with NSW Treasury Corporation (TCorp).

TCorp manages interest rate risk exposures applicable to specific borrowings of the RTA in accordance with the debt management policies determined by the NSW Debt Management Committee (DMC), to a benchmark and other criteria similar to those applying to the Crown debt portfolio and receives a fee for this service.

TCorp uses derivatives, primarily interest rate futures, to establish short-term (tactical) and longer term (strategic) positions within agreed tolerance limits to manage portfolio duration and maturity profiles. At reporting date the carrying value of borrowings and derivatives (net of funds held at call) managed by TCorp stood at $568.711 million (30 June 2011: $568.138 million).

RTA does not account for any fixed rate financial instruments at fair value through profit and loss or as available for sale. Therefore for these financial instruments a change in interest rates would not affect profit or loss or equity. A reasonably possible change of +/- 1% is used, consistent with current trends in interest rates. The basis will be reviewed annually and amended where there is a structural change in the level of interest rate volatility.

The impact on the RTA's Surplus/Deficit and Equity is set out in the table below assuming a 1% change in variable interest rates.

	Carrying amount	1% decrease in interest rate		1% increase in interest rate	
	$'000	Surplus/ Deficit $'000	Equity $'000	Surplus/ Deficit $'000	Equity $'000
31 October 2011					
Financial Assets					
Cash and Cash Equivalents	201,423	(1,800)	(1,800)	1,800	1,800
Financial Liabilities					
Borrowings	1,192,583	57	57	(57)	(57)
30 June 2011					
Financial Assets					
Cash and Cash Equivalents	296,649	(2,629)	(2,629)	2,629	2,629
Financial Liabilities					
Borrowings	1,203,150	162	162	(162)	(162)

(ii) Other Price Risk – TCorp Hour – Glass facilities

Exposure to 'Other Price Risk' primarily arises through the investment in the TCorp Hour-Glass Investment facilities, which are held for strategic rather than trading purposes. The RTA has no direct equity investments and holds units in the following Hour-Glass Investment Trusts:

Facility	Investment Sectors	Investment Horizon	October 2011 $'000	June 2011 $'000
Cash facility	Cash, Money Market Instruments	up to 1.5 years	161,997	247,610

The unit price of each 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.

NSW TCorp is the trustee for each of the above facilities and is required to act in the best interest of the unit holders and to administer the trusts in accordance with the trust deeds. As trustee, TCorp has appointed external managers to manage the performance and risks of each facility in accordance with a mandate agreed by the parties. However, TCorp acts as manager for part of the Cash Facility. A significant portion of the administration of the facilities is outsourced to an external custodian.

Investment in the Hour-Glass facilities limits the RTA's exposure to risk, as it allows diversification across a pool of funds with different investment horizons and a mix of investments.

NSW TCorp provides sensitivity analysis information for each of the investment facilities, using historically based volatility information. The TCorp Hour-Glass investment facilities are designated at fair value through profit or loss and therefore any change in unit price impacts directly on profit (rather than equity). A reasonably possible change is based on the percentage change in unit price (as advised by TCorp) multiplied by the redemption value.

		Impact on profit/loss	
	Change in unit price	October 2011 $'000	June 2011 $'000
Hour Glass – Cash Facility	+/- 1%	1,612	2,470

(c) Credit risk

Credit risk arises when there is the possibility of the RTA's debtors defaulting on their contractual obligations, resulting in a financial loss to the RTA. The maximum exposure to credit risk is generally represented by the carrying amount of the financial assets (net of any allowance for impairment).

Credit risk arises from the financial assets of the RTA, including cash, receivables and authority deposits. The RTA does not hold any collateral and has not granted any financial guarantees.

Credit risk associated with the RTA's financial assets, other than receivables, is managed through the selection of counterparties and establishment of minimum credit rating standards. Authority deposits held with NSW TCorp are guaranteed by the State.

	Banks		Governments		Other		Total	
	October 2011 $'000	June 2011 $'000	October 2011 $'000	June 2011 $'000	October 2011 $'000	June 2011 $'000	October 2011 $'000	June 2011 $'000
Financial Assets								
Cash	39,426	49,039	161,997	247,610	–	–	201,423	296,649
Receivables	–	–	–	–	120,405	140,990	120,405	140,990
Other	–	–	–	–	129,344	121,419	129,344	121,419
Total Financial Assets	**39,426**	**49,039**	**161,997**	**247,610**	**249,749**	**262,409**	**451,172**	**559,058**

(i) Cash

Cash comprises cash on hand and bank balances within the NSW Treasury Banking System. Interest is earned on daily bank balances at the monthly average TCorp 11am unofficial cash rate, adjusted for a management fee to NSW Treasury.

(ii) Receivables – trade debtors

All trade debtors are recognised as amounts receivable at balance date. Collectability of trade debtors is reviewed on an ongoing basis. Procedures as established in the Treasurer's Directions are followed to recover outstanding amounts, including letters of demand. An allowance for impairment is raised when there is objective evidence that the entity will not be able to collect all amounts due. This evidence includes past experience, and current and expected changes in economic conditions and debtor credit ratings. Debts which are known to be uncollectible are written off. No interest is earned on trade debtors. Sales are made on 30 day terms.

The RTA is not materially exposed to concentrations of credit risk to a single trade debtor or group of debtors. Based on past experience, debtors that are not past due (31 October 2011: $13.211 million; 30 June 2011: $17.570 million) are not considered impaired and these represent 67% of the total trade debtors. There are no debtors which are currently not past due or impaired whose terms have been renegotiated.

The only financial assets that are past due or impaired are 'sales of goods and services' and "other" in the 'receivables' category of the Statement of Financial Position. (refer to note 8(a))

	$'000		
	Total [1,2]	Past due but not impaired [1,2]	Considered impaired [1,2]
31 October 2011			
< 3 months overdue	4,933	4,708	225
3 months – 6 months overdue	1,791	1,017	774
> 6 months overdue	2,216	750	1,466
30 June 2011			
< 3 months overdue	6,992	6,610	382
3 months – 6 months overdue	1,536	767	769
> 6 months overdue	3,772	1,204	2,568

1. Each column in the table reports "gross receivables".
2. The ageing analysis excludes statutory receivables, as these are not within the scope of AASB 7 Financial Instruments: Disclosures and excludes receivables that are not past due and not impaired. Therefore, the "total" will not reconcile to the receivables total recognised in the Statement of Financial Position.

(iii) Other Financial Assets

The repayment of the Sydney Harbour Tunnel Loan ranks behind all creditors to be paid. Redemption of the M2 Motorway and Eastern Distributor promissory notes is dependent upon counterparties generating sufficient cash flows to enable the face value to be repaid.

(iv) Authority Deposits

The RTA has placed funds on deposit with TCorp, (which has been rated "AAA" by Standard and Poor's). These deposits are similar to money market or bank deposits and can be placed "at call" or for a fixed term. For fixed term deposits, the interest rate payable by TCorp is negotiated initially and is fixed for the term of the deposit, while the interest rate payable on at call deposits can vary. The deposits at balance date were earning an average interest rate of 4.65% (30 June 2011: 4.566%), while over the period the weighted average interest rate was 3.277% (30 June 2011: 3.673%) on a weighted average balance during the period of $10.253 million (30 June 2011: $9.774 million). None of these assets are past due or impaired.

(d) Fair value

Financial instruments are generally recognised at cost, with the exception of the TCorp Hour-Glass facilities, which are measured at fair value. As discussed, the value of the Hour-Glass Investments is based on the Authority's share of the value of the underlying assets of the facility, based on the market value. All of the Hour Glass facilities are valued using 'redemption' pricing.

The amortised cost of financial instruments recognised in the Statement of Financial Position approximates the fair value, because of the short term nature of many of the financial instruments.

The future cash flows of the M2 Motorway and Eastern Distributor promissory notes are discounted using standard valuation techniques at the applicable yield having regard to the timing of the cash flows.

The fair value of the Sydney Harbour Tunnel finance lease liability is calculated based on the present value of the minimum lease liability, discounted at the interest rate implicit in the lease agreement.

(e) Fair value recognised in statement of financial position

The RTA uses the following hierarchy for disclosing the fair value of financial instruments by valuation technique:

- Level 1 – Derived from quoted prices in active markets for identical assets / liabilities.
- Level 2 – Derived from inputs other than quoted prices that are observable directly or indirectly.
- Level 3 – Derived from valuation techniques that include inputs for the asset / liability not based on observable market data (unobservable inputs).

	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
31 October 2011				
Financial Assets at Fair Value				
TCorp Hour Glass Investment Facility	–	161,997	–	161,997
30 June 2011				
Financial Assets at Fair Value				
TCorp Hour Glass Investment Facility	–	247,610	–	247,610

The table above only includes financial assets, as no financial liabilities were measured at fair value in the Statement of Financial Position. There were no transfers between level 1 and 2 during the period ended 31 October 2011.

(f) Liquidity risk

The RTA manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities by continuously monitoring forecast and actual cash flows. See note 1(b) for funding information.

Liquidity risk is the risk that the RTA will be unable to meet its payment obligations when they fall due. The RTA continuously manages risk through monitoring future cash flows and maturities planning to ensure adequate holding of high quality liquid assets. The objective is to maintain a balance between continuity of funding and flexibility through the use of overdrafts, loans and other advances.

The RTA has a Come and Go Facility with TCorp valued at $100 million that has current approval to 30 June 2013 for cash management purposes (30 June 2011: $100 million). During the period the facility was used occasionally to fund shortfalls incurring a total interest charge of $0 million (30 June 2011: $0.011 million).

	Consolidated		Parent	
Financing arrangements	October 2011 $'000	June 2011 $'000	October 2011 $'000	June 2011 $'000
Unrestricted Access was Available at the Statement of Financial Position Date to the Come and Go Facility				
Total Facility	100,000	100,000	100,000	100,000
Used at Statement of Financial Position Date	–	–	–	–
Unused at Statement of Financial Position Date	**100,000**	**100,000**	**100,000**	**100,000**

During the current and prior years, there were no defaults or breaches on any loans payable. No assets have been pledged as collateral. The RTA's exposure to liquidity risk is deemed insignificant based on prior periods' data and current assessment of risk.

The liabilities are recognised for amounts due to be paid in the future for goods or services received, whether or not invoiced. Amounts owing to suppliers (which are unsecured) are settled in accordance with the policy set out in Treasurer's Direction 219.01. If trade terms are not specified, payment is made no later than the end of the month following the month in which an invoice or a statement is received.

The table summarises the maturity profile of the RTA's financial liabilities, together with the interest rate exposure.

Maturity Analysis and interest rate exposure of financial liabilities.

			$'000			$'000		
			Interest Rate Exposure			Maturity Dates		
	Weighted Average Effective Int. Rate	Nominal Amount(i)	Fixed Interest Rate	Variable Interest Rate	Non-interest bearing	< 1 yr	1-5 yrs	> 5 yrs
31 October 2011								
Payables:								
Accrued Salaries, Wages and On-Costs	–	6,877	–	–	6,877	6,877	–	–
Trade Payables	–	178,264	–	–	178,264	178,264	–	–
Other Current Payables	–	17,145	–	–	17,145	17,145	–	–
Accrued Expenses	–	369,154	–	–	369,154	369,154	–	–
Sydney Harbour Tunnel Tax Liability	–	25,402	–	–	25,402	1,876	5,467	18,059
Holding Accounts	–	91,140	–	–	91,140	91,140	–	–
Borrowings:								
Advances Repayable	5.84%	10,246	10,246	–	–	1,898	8,348	–
TCorp Borrowings	5.74%	662,364	656,672	5,692	–	98,024	564,340	–
Sydney Harbour Tunnel Finance Lease Liability	7.70%	906,800	906,800	–	–	81,846	331,448	493,506
Other Loans and Deposits	6.40%	1,240	1,240	–	–	399	841	–
30 June 2011								
Payables:								
Accrued Salaries, Wages and On-Costs	–	9,066	–	–	9,066	9,066	–	–
Trade Payables	–	190,445	–	–	190,445	190,445	–	–
Other Current Payables	–	23,191	–	–	23,191	23,191	–	–
Accrued Expenses	–	550,998	–	–	550,998	550,998	–	–
Sydney Harbour Tunnel Tax Liability	–	24,894	–	–	24,894	1,876	5,159	17,859
Holding Accounts	–	90,748	–	–	90,748	90,748	–	–
Borrowings:								
Advances Repayable	5.84%	10,246	10,246	–	–	1,898	8,348	–
TCorp Borrowings	5.71%	670,119	653,924	16,195	–	132,764	537,355	–
Sydney Harbour Tunnel Finance Lease Liability	7.70%	929,661	929,661	–	–	80,952	333,885	514,824
Other Loans and Deposits	6.40%	1,228	1,228	–	–	396	832	–

(i) The amounts disclosed are the contractual undiscounted cash flows of each class of financial liabilities and therefore will not reconcile to the balance sheet.

15. Current/non-current liabilities – provisions

	Consolidated		Parent	
	October 2011 $'000	June 2011 $'000	October 2011 $'000	June 2011 $'000
Employee Benefits and Related On-Costs				
Current				
Annual Leave and related on-costs [(i)]	70,930	70,635	–	–
Long Service Leave and related on-costs [(ii)]	220,565	209,273	–	–
	291,495	**279,908**	**–**	**–**
Non-Current				
Superannuation – provision	787,828	618,647	–	–
Superannuation – accrued	529	–	–	–
Long Service Leave and related on-costs [(ii)]	14,079	13,358	–	–
	802,436	**632,005**	**–**	**–**
Total Provisions	**1,093,931**	**911,913**	**–**	**–**
Aggregate Employee Benefits and Related On-Costs				
Provisions – Current	291,495	279,908	–	–
Provisions – Non-current	802,436	632,005	–	–
Accrued Salaries, Wages and On-Costs (note 12)	6,877	9,066	–	–
	1,100,808	**920,979**	**–**	**–**

(i) The value of annual leave, including on-costs, expected to be taken within twelve months is $46.687 million (30 June 2011: $47.519 million) and $24.243 million (30 June 2011 $23.116 million) after twelve months.

(ii) The value of long service leave expected to be taken within twelve months is $22.557 million (30 June 2011: 21.553 million) and $212.087 million (30 June 2011: $201.078 million) after twelve months.

Provision for Superannuation – Consolidated

Superannuation statements include both employer and employee superannuation assets and liabilities as prescribed by AASB 119 *Employee Benefits*.

General description of the plan

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

- State Authorities Superannuation Scheme (SASS)
- State Superannuation Scheme (SSS)
- State Authorities Non-contributory Superannuation Scheme (SANCS).

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

Actuarial gains and losses are recognised in other comprehensive income in the year they occur.

The following information has been prepared by the scheme actuary.

Superannuation position for AASB 119 purposes

	SASS Four Months to October 2011 $'000	SANCS Four Months to October 2011 $'000	SSS Four Months to October 2011 $'000	Total $'000
Accrued Liability	571,512	87,439	1,129,122	1,788,073
Estimated Reserve Account Balance	(421,786)	(61,408)	(517,051)	(1,000,245)
	149,726	26,031	612,071	787,828
Future Service Liability	(52,206)	(23,225)	(34,311)	(109,742)
Net (Asset)/Liability Recognised in Statement of Financial Position	**149,726**	**26,031**	**612,071**	**787,828**

	SASS Financial Year to June 2011 $'000	SANCS Financial Year to June 2011 $'000	SSS Financial Year to June 2011 $'000	Total $'000
Accrued Liability	551,011	84,534	1,021,550	1,657,095
Estimated Reserve Account Balance	(433,578)	(65,233)	(539,637)	(1,038,448)
	117,433	19,301	481,913	618,647
Future Service Liability	(50,075)	(23,446)	(29,281)	(102,802)
Net (Asset)/Liability Recognised in Statement of Financial Position	**117,433**	**19,301**	**481,913**	**618.647**

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

Reconciliation of the present value of the defined benefit obligation

	SASS Four Months to October 2011 $'000	SANCS Four Months to October 2011 $'000	SSS Four Months to October 2011 $'000	Total $'000
Present Value of Partly Funded Defined Benefit Obligation at the Beginning of the Period	551,011	84,534	1,021,550	1,657,095
Current Service Cost	3,688	1,235	1,706	6,629
Interest Cost	9,506	1,461	17,812	28,779
Contributions by Fund Participants	2,282	–	2,133	4,415
Actuarial (Gains)/Losses	17,109	3,299	100,883	121,291
Benefits Paid	(12,084)	(3,090)	(14,962)	(30,136)
Present Value of Partly Funded Defined Benefit Obligation at the End of the Period	**571,512**	**87,439**	**1,129,122**	**1,788,073**

	SASS Financial Year to June 2011 $'000	SANCS Financial Year to June 2011 $'000	SSS Financial Year to June 2011 $'000	Total $'000
Present Value of Partly Funded Defined Benefit Obligation at the Beginning of the Period	544,593	84,394	1,007,871	1,636,858
Current Service Cost	11,051	3,733	5,081	19,865
Interest Cost	26,938	4,121	51,155	82,214
Contributions by Fund Participants	6,847	–	6,399	13,246
Actuarial (Gains)/Losses	6,134	(967)	(6,067)	(900)
Benefits Paid	(44,552)	(6,747)	(42,889)	(94,188)
Present Value of Partly Funded Defined Benefit Obligation at the End of the Year	**551,011**	**84,534**	**1,021,550**	**1,657,095**

Reconciliation of the fair value of fund assets

	SASS Four Months to October 2011 $'000	SANCS Four Months to October 2011 $'000	SSS Four Months to October 2011 $'000	Total $'000
Fair Value of Fund Assets at the Beginning of The Period	433,578	65,233	539,637	1,038,448
Expected Return on Fund Assets	12,115	1,826	15,194	29,135
Actuarial Gains/(Losses)	(16,669)	(3,703)	(25,756)	(46,128)
Employer Contributions	2,564	1,142	805	4,511
Contributions by Fund Participants	2,282	–	2,133	4,415
Benefits Paid	(12,084)	(3,090)	(14,962)	(30,136)
Fair Value of Fund Assets at the End of the Period	**421,786**	**61,408**	**517,051**	**1,000,245**

	SASS Financial Year to June 2011 $'000	SANCS Financial Year to June 2011 $'000	SSS Financial Year to June 2011 $'000	Total $'000
Fair Value of Fund Assets at the Beginning of The Year	429,964	63,356	532,388	1,025,708
Expected Return on Fund Assets	35,264	5,185	44,243	84,692
Actuarial Gains/(Losses)	(1,633)	(43)	(907)	(2,583)
Employer Contributions	7,688	3,482	403	11,573
Contributions by Fund Participants	6,847	–	6,399	13,246
Benefits Paid	(44,552)	(6,747)	(42,889)	(94,188)
Fair Value of Fund Assets at the End of the Year	**433,578**	**65,233**	**539,637**	**1,038,448**

Reconciliation of the assets and liability recognised in the statement of financial position

	SASS Four Months to October 2011 $'000	SANCS Four Months to October 2011 $'000	SSS Four Months to October 2011 $'000	Total $'000
Present Value of Partly Funded Defined Benefits at End of the Period	571,512	87,439	1,129,122	1,788,073
Fair Value of Fund Assets at End of the Period	(421,786)	(61,408)	(517,051)	(1,000,245)
Net (Asset) / Liability Recognised In Statement of Financial Position at the End of the Period	**149,726**	**26,031**	**612,071**	**787,828**

	SASS Financial Year to June 2011 $'000	SANCS Financial Year to June 2011 $'000	SSS Financial Year to June 2011 $'000	Total $'000
Present Value of Partly Funded Defined Benefits at End of the Year	551,011	84,534	1,021,550	1,657,095
Fair Value of Fund Assets at End of the Year	(433,578)	(65,233)	(539,637)	(1,038,448)
Net (Asset) / Liability Recognised In Statement of Financial Position at the End of the Year	**117,433**	**19,301**	**481,913**	**618,647**

Expense recognised

	SASS Four Months to October 2011 $'000	SANCS Four Months to October 2011 $'000	SSS Four Months to October 2011 $'000	Total $'000
Current Service Cost	3,688	1,234	1,707	6,629
Interest on Obligation	9,505	1,461	17,812	28,778
Expected Return on Fund Assets (Net of Expenses)	(12,114)	(1,825)	(15,196)	(29,135)
Expense/(Income) Recognised *	**1,079**	**870**	**4,323**	**6,272**

	SASS Financial Year to June 2011 $'000	SANCS Financial Year to June 2011 $'000	SSS Financial Year to June 2011 $'000	Total $'000
Current Service Cost	11,051	3,733	5,081	19,865
Interest on Obligation	26,938	4,121	51,155	82,214
Expected Return on Fund Assets (Net of Expenses)	(35,264)	(5,185)	(44,243)	(84,692)
Expense/(Income) Recognised *	**2,725**	**2,669**	**11,993**	**17,387**

* A portion of this expense has been capitalised.

Amount recognised in other comprehensive income

	SASS Four Months to October 2011 $'000	SANCS Four Months to October 2011 $'000	SSS Four Months to October 2011 $'000	Total $'000
Actuarial (Gains)/Losses	33,778	7,002	126,639	167,419

	SASS Financial Year to June 2011 $'000	SANCS Financial Year to June 2011 $'000	SSS Financial Year to June 2011 $'000	Total $'000
Actuarial (Gains)/Losses	7,766	(924)	(5,160)	1,682

Cumulative amount recognised in other comprehensive income

	SASS Four Months to October 2011 $'000	SANCS Four Months to October 2011 $'000	SSS Four Months to October 2011 $'000	Total $'000
Actuarial (Gains)/Losses	163,027	24,124	361,251	548,402

	SASS Financial Year to June 2011 $'000	SANCS Financial Year to June 2011 $'000	SSS Financial Year to June 2011 $'000	Total $'000
Actuarial (Gains)/Losses	129,249	17,122	234,612	380,983

Actual return on fund assets

	SASS Four Months to October 2011 $'000	SANCS Four Months to October 2011 $'000	SSS Four Months to October 2011 $'000	Total $'000
Actual Return on Fund Assets	12,252	1,878	15,197	29,327

	SASS Financial Year to June 2011 $'000	SANCS Financial Year to June 2011 $'000	SSS Financial Year to June 2011 $'000	Total $'000
Actual Return on Fund Assets	35,572	5,142	44,043	84,757

Fund assets

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

	October 2011	June 2011
Australian Equities	33.40%	33.40%
Overseas Equities	29.50%	29.50%
Australian Fixed Interest Securities	5.70%	5.70%
Overseas Fixed Interest Securities	3.10%	3.10%
Property	9.90%	9.90%
Cash	5.10%	5.10%
Other	13.30%	13.30%

Expected rate of return on assets

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

Valuation method and principal actuarial assumptions at the reporting date

a) Valuation method

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

b) Economic assumptions

	October 2011	June 2011
Salary Increase Rate (Excluding Promotional Increases)	3.50%	3.50%
Rate of CPI Increase	2.50%	2.50%
Expected Rate of Return on Assets	8.60%	8.60%
Discount Rate	4.56%	5.28%

Historical information

	SASS Four Months to October 2011 $'000	SANCS Four Months to October 2011 $'000	SSS Four Months to October 2011 $'000	Total $'000
Present Value of Defined Benefit Obligation	571,512	87,439	1,129,122	1,788,073
Fair Value of Fund Assets	(421,786)	(61,408)	(517,051)	(1,000,245)
(Surplus)/Deficit in Fund	149,726	26,031	612,071	787,828
Experience Adjustments – Fund Liabilities	17,109	3,299	100,883	121,291
Experience Adjustments – Fund Assets	16,669	3,703	25,756	46,128

	SASS Financial Year to 30 June 2011 $'000	SANCS Financial Year to 30 June 2011 $'000	SSS Financial Year to 30 June 2011 $'000	Total $'000
Present Value of Defined Benefit Obligation	551,011	84,534	1,021,550	1,657,095
Fair Value of Fund Assets	(433,578)	(65,233)	(539,637)	(1,038,448)
(Surplus)/Deficit in Fund	117,433	19,301	481,913	618,647
Experience Adjustments – Fund Liabilities	6,134	(967)	(6,067)	(900)
Experience Adjustments – Fund Assets	1,633	43	907	2,583

	SASS Financial Year to 30 June 2010 $'000	SANCS Financial Year to 30 June 2010 $'000	SSS Financial Year to 30 June 2010 $'000	Total $'000
Present Value of Defined Benefit Obligation	544,593	84,394	1,007,871	1,636,858
Fair Value of Fund Assets	(429,964)	(63,356)	(532,388)	(1,025,708)
(Surplus)/Deficit in Fund	114,629	21,038	475,483	611,150
Experience Adjustments – Fund Liabilities	39,694	6,977	71,383	118,054
Experience Adjustments – Fund Assets	(5,606)	(376)	(7,975)	(13,957)

	SASS Financial Year to 30 June 2009 $'000	SANCS Financial Year to 30 June 2009 $'000	SSS Financial Year to 30 June 2009 $'000	Total $'000
Present Value of Defined Benefit Obligation	491,663	76,059	908,205	1,475,927
Fair Value of Fund Assets	(407,203)	(60,656)	(508,504)	(976,363)
(Surplus)/Deficit in Fund	84,460	15,403	399,701	499,564
Experience Adjustments – Fund Liabilities	5,917	3,540	156,888	166,345
Experience Adjustments – Fund Assets	74,458	12,121	99,929	186,508

	SASS Financial Year to 30 June 2008 $'000	SANCS Financial Year to 30 June 2008 $'000	SSS Financial Year to 30 June 2008 $'000	Total $'000
Present Value of Defined Benefit Obligation	472,399	70,460	740,966	1,283,825
Fair Value of Fund Assets	(457,610)	(69,275)	(601,445)	(1,128,330)
(Surplus)/Deficit in Fund	14,789	1,185	139,521	155,495
Experience Adjustments – Fund Liabilities	(23,538)	138	(11,564)	(34,964)
Experience Adjustments – Fund Assets	57,145	6,081	106,961	170,187

Expected Contributions

	SASS Four Months to October 2011 $'000	SANCS Four Months to October 2011 $'000	SSS Four Months to October 2011 $'000	Total $'000
Expected Employer Contributions to be paid in the next reporting period	4,838	2,152	640	7,630

	SASS Financial Year to June 2011 $'000	SANCS Financial Year to June 2011 $'000	SSS Financial Year to June 2011 $'000	Total $'000
Expected Employer Contributions to be paid in the next reporting period	7,258	3,228	960	11,446

Funding arrangements for employer contributions

The following is a summary of the 31 October 2011 financial position of the Fund calculated in accordance with AASB 25 – *Financial Reporting by Superannuation Plans*.

	SASS Four Months to October 2011 $'000	SANCS Four Months to October 2011 $'000	SSS Four Months to October 2011 $'000	Total $'000
Accrued benefits	493,451	77,216	741,086	1,311,753
Net market value of Fund assets	(421,786)	(61,408)	(517,051)	(1,000,245)
Net (surplus)/deficit	**71,665**	**15,808**	**224,035**	**311,508**

	SASS Financial Year to June 2011 $'000	SANCS Financial Year to June 2011 $'000	SSS Financial Year to June 2011 $'000	Total $'000
Accrued Benefits	495,777	77,719	734,327	1,307,823
Net Market Value of Fund Assets	(433,578)	(65,233)	(539,637)	(1,038,448)
Net (Surplus)/Deficit	**62,199**	**12,486**	**194,690**	**269,375**

Recommended contribution rates for the entity are:

SASS	SANCS	SSS
multiple of member contributions	% member salary	multiple of member contributions
1.06	2.07% pa	0.15

Funded method

Contributions are set after discussion between the employer, STC and NSW Treasury.

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

Weighted-Average Assumptions	October 2011	June 2011
Expected Rate of Return on Fund Assets Backing Current Pension Liabilities	8.30% pa	8.30% pa
Expected Rate of Return on Fund Assets Backing Other Liabilities	7.30% pa	7.30% pa
Expected Salary Increase Rate	4.00% pa	4.00% pa
Expected Rate of CPI Increase	2.50% pa	2.50% pa

Nature of Asset/Liability

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

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

Provision for Long Service Leave (LSL)

Long service leave is measured at present value in accordance with AASB 119 Employee Benefits. This is based on the application of the valuation ratio at the Commonwealth government bond rate at the reporting date to all employees using current rates of pay. This ratio is determined based on an actuarial review to approximate present value.

The actuarial assessment is based on the accrued long service leave liabilities and employee data of the RTA. Long Service leave is accrued at the rate of 4.4 days per annum for the first ten years of service and then at the rate of 11 days per annum.

Employees who exit with less than five years service get no benefits. Those who leave with between five and seven years service have been assumed to only receive benefits if exiting due to death, disability or age retirement. Benefits are paid in service or on exit after seven years service on a pro rata basis.

Assumptions:

An allowance has been determined for each relevant on-cost separately to the LSL liability, as their accounting treatment and the adoption of liability is different to the LSL liability. The on-costs to LSL present value liabilities are:

Payroll Tax	5.45%
Superannuation	11.00%
Superannuation Accruing While on LSL	4.40%

As workers compensation is determined without direct reference to salary, and does not accrue while an employee is on long service leave there is no future workers compensation expense that will be incurred when currently accrued LSL is taken during future service, and hence there is no attaching on-cost.

Assumptions about rates of taking leave in service are based on historical details of payments of LSL for calendar years 2005–2007, financial years 2008–2011(9 months for 2011) and projected future payments are broadly consistent with this data. It has been assumed that 6 days of LSL will be taken per year by employees who are eligible.

General salary increases of 3.5% per annum have been assumed for all future years, consistent with NSW Treasury expectations for the NSW public sector in the medium term. Promotional salary increases have been assumed at rates based on RTA and NSW public sector promotional salary experience.

The rates of resignation, death, age retirement and ill-health retirement assumed have been adopted from superannuation valuations of NSW public servants. Withdrawal rates for those with less than 10 years of service are based on experience from NSW and other superannuation schemes.

The discount rate is based on the 10 year bond rate at 31 October 2011 but adjusted from a semi-annual rate to an annual rate.

16. Current/non-current liabilities – other

	Consolidated October 2011 $'000	Consolidated June 2011 $'000	Parent October 2011 $'000	Parent June 2011 $'000
Current				
Statutory Creditors	16,135	17,788	16,135	17,788
Unearned Rent on M5 Motorway	680	680	680	680
Sydney Harbour Tunnel Tax Liabilities	1,876	1,876	1,876	1,876
Income Received in Advance	5,726	13,986	5,726	13,986
Holding Accounts	91,140	90,748	87,590	88,538
Lease Incentive	497	497	497	497
Deferred Revenue – Reimbursement on Private Sector Provided Infrastructure	12,179	12,179	12,179	12,179
Other	748	748	748	748
	128,981	**138,502**	**125,431**	**136,292**
Non-Current				
Unearned Rent on M5 Motorways	7,352	7,578	7,352	7,578
Sydney Harbour Tunnel Tax Liabilities	23,526	23,018	23,526	23,018
Income Received in Advance	12,917	13,251	12,917	13,251
Lease Incentive	1,865	2,031	1,865	2,031
Deferred Revenue – Reimbursement on Private Sector Provided Infrastructure	291,875	295,934	291,875	295,934
Other	12,898	12,646	12,898	12,646
	350,433	**354,458**	**350,433**	**354,458**
Current				
Sydney Harbour Tunnel Past Tax Liability	1,538	1,538	1,538	1,538
Sydney Harbour Tunnel Future Tax Liability	338	338	338	338
	1,876	**1,876**	**1,876**	**1,876**
Non-Current				
Sydney Harbour Tunnel Past Tax Liability	10,886	12,880	10,886	12,880
Sydney Harbour Tunnel Future Tax Liability	12,640	10,138	12,640	10,138
	23,526	**23,018**	**23,526**	**23,018**

Unearned Rent and Deferred Revenue on Motorways

The land acquisition loan of $22.000 million, based on the cost of land under the M5 Motorway originally purchased by the RTA, was repaid in June 1997 by the Concession Holder. The repayment of the loan is considered to be a prepayment of the remaining rental over the period of the concession agreement. In accordance with AASB 117 Leases, this revenue is brought to account over the period of the lease.

In consideration for the Concession Holder undertaking construction of an interchange at Moorebank (M5 Motorway Improvements) on the M5 Motorway, the original concession period (to 14 August 2022) has been extended to 22 August 2023.

This treatment is summarised as follows:

	Consolidated October 2011 $'000	Consolidated June 2011 $'000	Parent October 2011 $'000	Parent June 2011 $'000
Rent Earned in Prior Period/Year	13,742	13,062	13,742	13,062
Rent Earned in Current Period/Year	227	680	227	680
Unearned Rent as at Period/Year End	8,031	8,258	8,031	8,258
	22,000	**22,000**	**22,000**	**22,000**

Under the various Private Sector Provided Infrastructure $369.915 million was received following the letting of the Lane Cove Tunnel, Cross City Tunnel and Western M7 Motorway contracts as reimbursement of development costs. NSW Treasury have mandated the adoption of TPP 06-08 "Accounting for Privately Funded Projects", which requires revenue to be brought to account over the period of the concessions. The treatment is summarised as follows:

	Consolidated		Parent	
	October 2011 $'000	June 2011 $'000	October 2011 $'000	June 2011 $'000
Amortisation of Deferred Revenue in Prior Period/Year	61,801	49,622	61,801	49,622
Amortisation of Deferred Revenue in Current Period/Year	4,060	12,179	4,060	12,179
Unearned Reimbursement as at Period/Year End	304,054	308,114	304,054	308,114
	369,915	**369,915**	**369,915**	**369,915**

17. Commitments for expenditure

(a) Capital commitments

	Consolidated		Parent	
	October 2011 $'000	June 2011 $'000	October 2011 $'000	June 2011 $'000
Aggregate capital expenditure for the road works contracted for at balance date and not provided for:				
Not Later Than 1 Year	1,415,809	1,814,063	1,415,809	1,814,063
Later Than 1 Year and Not Later Than 5 Years	1,452,526	1,602,294	1,452,526	1,602,294
Later Than 5 Years	133	266	133	266
Total (Including GST)	**2,868,468**	**3,416,623**	**2,868,468**	**3,416,623**

(b) Other expenditure commitments

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

Not Later Than 1 Year	836,138	623,634	836,138	623,634
Later Than 1 Year and Not Later Than 5 Years	244,890	190,772	244,890	190,772
Later Than 5 Years	95,351	100,971	95,351	100,971
Total (Including GST)	**1,176,379**	**915,377**	**1,176,379**	**915,377**

(c) Operating lease commitments

Operating lease commitments relate to property, and light and heavy motor vehicles. Operating lease commitments are not recognised in the financial statements as liabilities. Total operating lease commitments are as follows:

Not Later Than 1 Year	72,670	71,391	72,670	71,391
Later Than 1 Year and Not Later Than 5 Years	136,508	138,164	136,508	138,164
Later Than 5 Years	45,531	50,619	45,531	50,619
Total (including GST)	**254,709**	**260,174**	**254,709**	**260,174**

The Property Operating Lease commitments are as follows:

Payable No Later Than 1 Year	41,535	41,423	41,535	41,423
Payable Later Than 1 Year and Not Later Than 5 Years	100,026	106,317	100,026	106,317
Payable Later Than 5 Years	45,531	50,619	45,531	50,619
Total (including GST)	**187,092**	**198,359**	**187,092**	**198,359**

In respect of property leases, the RTA has various lessors with leases that have specific lease periods ranging from 1 year to 20 years.

	Consolidated		Parent	
	October 2011 $'000	June 2011 $'000	October 2011 $'000	June 2011 $'000
The Light Motor Vehicle Operating Lease commitments are as follows:				
Not later than 1 year	22,895	22,556	22,895	22,556
Later than 1 year and not later than 5 years	23,199	22,527	23,199	22,527
Total (including GST)	**46,094**	**45,083**	**46,094**	**45,083**

The Light Motor Vehicle Lease is with State Fleet Services and is financed through the Department of Service, Technology and Administration by the NSW Treasury.

The Heavy Motor Vehicle and Heavy Plant Vehicle Operating Lease Commitments are as follows:				
Not later than 1 year	8,240	7,412	8,240	7,412
Later than 1 year and not later than 5 years	13,283	9,320	13,283	9,320
Total (including GST)	**21,523**	**16,732**	**21,523**	**16,732**

The heavy motor vehicle lease is held and financed with Orix and Esanda.

The total commitments detailed above include GST input tax credits of $390.164 million (30 June 2011: $417.447 million) that are expected to be recoverable from the ATO.

(d) Sydney Harbour Tunnel Finance Lease Liability

Minimum lease payment commitments in relation to tunnel finance lease payable as follows:

	Consolidated		Parent	
	October 2011 $'000	June 2011 $'000	October 2011 $'000	June 2011 $'000
Not Later Than 1 Year	81,846	80,952	81,846	80,952
Later Than 1 Year And Not Later Than 5 Years	331,448	333,885	331,448	333,885
Later Than 5 Years	493,506	514,824	493,506	514,824
Minimum Lease Payments	906,800	929,661	906,800	929,661
Less: Future Finance Charges	(294,413)	(306,123)	(294,413)	(306,123)
Present Value of Minimum Lease Payments	**612,387**	**623,538**	**612,387**	**623,538**

The present value of finance lease commitments is as follows:

Not Later Than 1 Year	36,910	35,126	36,910	35,126
Later Than 1 Year And Not Later Than 5 Years	184,632	182,482	184,632	182,482
Later Than 5 Years	390,845	405,930	390,845	405,930
	612,387	**623,538**	**612,387**	**623,538**

Classified as:

Current (note 13)	36,910	35,126	36,910	35,126
Non-Current (note 13)	575,477	588,412	575,477	588,412
	612,387	**623,538**	**612,387**	**623,538**

Sydney Harbour Tunnel

In June 1987 the RTA and Sydney Harbour Tunnel Corporation (SHTC) entered into an Ensured Revenue Stream ('ERS') Agreement, whereby RTA agreed to make payments to SHTC to enable it to meet its financial obligations arising from the operation and maintenance of the Tunnel and repayment of principal and interest on the funds it borrowed for the design and construction of the Tunnel.

Following the guidelines set out in NSW Treasury Policy Paper 06-08 *Accounting for Privately Financed Projects*, RTA has accounted for the Sydney Harbour Tunnel and related ERS Agreement as a finance lease arrangement in accordance with the requirement's of AASB 117 *Leases*.

The carrying amount of the Sydney Harbour Tunnel finance lease liability has been calculated based on the present value of the minimum lease liability, discounted at the interest rate implicit in the ERS Agreement.

Contingent lease payments include increases in the ERS liability resulting from fluctuations in the weighted index component of the ERS Agreement (eg CPI fluctuations) and adjustments to the amount payable resulting from ERS clause 4.1(a) renegotiations such as GST on the Tunnel tolls. Contingent lease payments are charged as expenses in the period they are incurred and amounted to $1.058 million for the period ending 31 October 2011 (30 June 2011: $4.604 million).

18. Events after the reporting period

Transfer of net assets

The *Transport Legislation Amendment Act 2011* abolished the Roads and Traffic Authority and its Division on 31 October 2011. It established two new entities: Roads and Maritime Services (RMS) and Roads and Maritime Services Division. Net assets transferred to Roads and Maritime Services on 1 November 2011 were:

	$'000
Cash	201,423
Other Current Assets	261,660
Non-current Assets	60,775,680
Current Liabilities	(1,095,088)
Non-current Liabilities	(2,242,279)
	57,901,396

19. Contingent assets and contingent liabilities

AASB 137 *Provisions, Contingent Liabilities and Contingent Assets* adopts a "prudent" approach and requires disclosure of each class of contingent liabilities and contingent assets.

There are several significant contractual disputes with an estimated total contingent liability of $34.1 million (30 June 2011: $28.590 million). Compulsory property acquisition matters under litigation have an estimated contingent liability of $69.397 million (30 June 2011: $79.969 million).

The RTA has certain obligations under contracts with private sector parties with the performance of these obligations guaranteed by the State. The current guarantees outstanding are for the Sydney Harbour Tunnel, the M2 Motorway, the Eastern Distributor, the Cross City Tunnel, the Western Sydney Orbital and the Lane Cove Tunnel. The RTA has no reason to believe that these guarantee clauses will be exercised in the foreseeable future.

20. Native title

The Commonwealth's legislation (Native Title Act) and the New South Wales statute (Native Title (New South Wales) Act) have financial implications for New South Wales Government Agencies generally. The RTA has undertaken an assessment of the impact of this legislation on its financial position. This assessment indicates that as at 31 October 2011, there were no Native Title claims which had been initiated against the RTA (2011: nil).

21. Administered income and expenses

	Consolidated		Parent	
	October 2011 $'000	June 2011 $'000	October 2011 $'000	June 2011 $'000
Administered Income				
Consolidated Fund				
– Taxes, Fees and Fines	168,121	479,218	168,121	479,218
– Stamp Duty	195,646	587,977	195,646	587,977
– Motor Vehicle Weight Tax and Fines	526,444	1,477,927	526,444	1,477,927
– Other	15,234	39,687	15,234	39,687
Total Administered Income	**905,445**	**2,584,809**	**905,445**	**2,584,809**
Total Administered Expenses	–	–	–	–
Administered Income less Expenses	**905,445**	**2,584,809**	**905,445**	**2,584,809**

22. Administered assets and liabilities

	Consolidated		Parent	
	October 2011 $'000	June 2011 $'000	October 2011 $'000	June 2011 $'000
Administered Assets				
Remitting account, cash in transit and cash on hand	18,725	20,600	18,725	20,600
Total Administered Assets	**18,725**	**20,600**	**18,725**	**20,600**
Administered Liabilities				
Holding accounts (current/non-current liabilities other)	18,725	20,600	18,725	20,600
Other *	312,158	294,873	312,158	294,873
Total Administered Liabilities	**330,883**	**315,473**	**330,883**	**315,473**

* The amount of multiple licence fees issued in the current year is approximately $41.870 million (30 June 2011 $160.331 million). The maximum period of licence is 5 years. First year licences are not deemed to be a liability. The outstanding liability above represents the remaining 4 years. Refer to note 1(e) for further details.

The holding accounts and remitting account balances above represent fees collected by RTA motor registries that have not been remitted to the third party they are being administered for (generally NSW Treasury).

23. Reconciliation of cash flows from operating activities to surplus for the year from continuing operations

Reconciliation of cash flows from operating activities to the Statement of Comprehensive Income.

	Consolidated		Parent	
	October 2011 $'000	June 2011 $'000	October 2011 $'000	June 2011 $'000
Net Cash from operating activities	**845,337**	**2,702,489**	**845,337**	**2,702,489**
Adjustments For Revenues & Expenses Not Involving Cash:				
Net Gain on Disposal of Plant and Equipment	4,994	6,887	4,994	6,887
Right to Receive on PSPI	51,138	138,026	51,138	138,026
Roads and Bridges Transferred from Councils	–	98,305	–	98,305
Roads and Bridges Transferred to Councils	–	(45,379)	–	(45,379)
Assets Written Down (note 4(b))	(28,104)	(111,161)	(28,104)	(111,161)
Revaluation of Land Under Roads (Note 1(v))	(681,267)	–	(681,267)	–
Depreciation/Amortisation	(286,899)	(849,155)	(286,899)	(849,155)
Non Cash Personnel Services	–	–	(167,419)	(1,682)
Other	(9,444)	–	(9,444)	–
	(949,582)	**(762,477)**	**(1,117,001)**	**(764,159)**
Adjustments for Cash Movement in Operating Assets and Liabilities				
Increase/(Decrease) in Receivables	28,089	(12,676)	28,089	(12,676)
Increase/(Decrease) in Inventories	(1,185)	1,620	(1,185)	1,620
(Increase)/Decrease in Creditors	105,819	5,511	105,819	5,511
(Increase)/Decrease in Provisions*	(14,598)	(12,398)	(14,598)	(12,398)
	118,125	**(17,943)**	**118,125**	**(17,943)**
Surplus for the period/year from continuing operations	**13,880**	**1,922,069**	**(153,539)**	**1,920,387**

* Excludes non-cash adjustments of $167.419 million (30 June 2011: $1.682 million) relating to superannuation actuarial losses against employee provisions.

24. Non cash financing and investing activities

Asset transfers and movements in asset valuations result in non-cash revenue and expense transactions. The financial effects of these transactions are listed below:

	Consolidated		Parent	
	October 2011 $'000	June 2011 $'000	October 2011 $'000	June 2011 $'000
Non-Cash Revenue and Expenses				
Transfers from Councils	–	98,305	–	98,305
Transfers to Councils	–	(45,379)	–	(45,379)
Assets Recognised for the First Time	–	193,781	–	193,781
Assets Written Down	(709,371)	(111,161)	(709,371)	(111,161)
Asset Revaluation Increment/Decrement	(2,625,239)	(591,677)	(2,625,239)	(591,677)
Right to Receive on PSPI	51,138	138,026	51,138	138,026

For further details on the assets recognised for the first time, see note 9(c).

End of audited financial statements

AUDITOR-GENERAL NEW SOUTH WALES

INDEPENDENT AUDITOR'S REPORT

Roads and Traffic Authority Division

To Members of the New South Wales Parliament

I have audited the accompanying financial statements of the Roads and Traffic Authority Division (the Division), which comprises the statement of financial position as at 31 October 2011, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the period 1 July to 31 October 2011, notes comprising a summary of significant accounting policies and other explanatory information.

Opinion

In my opinion, the financial statements:

- give a true and fair view of the financial position of the Division as at 31 October 2011, and of its financial performance and its cash flows for the period 1 July to 31 October 2011 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.

Chief Executive's Responsibility for the Financial Statements

The Chief Executive 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 determines is necessary to enable the preparation of the financial statements 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 controls 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 controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Chief Executive, as well as evaluating the overall presentation of the financial statements.

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:

- that it has carried out its 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, which 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 Achterstraat

Peter Achterstraat
Auditor-General

2 April 2012
SYDNEY

Statement by the Chief Executive and the Director, Finance and Corporate Services

ROADS AND TRAFFIC AUTHORITY DIVISION

FOUR MONTH PERIOD ENDED 31 OCTOBER 2011

Pursuant to Section 41C (1B) and (1C) of the Public Finance and Audit Act 1983, we declare that in our opinion:

1. The accompanying financial statements and notes thereto exhibit a true and fair view of the Division's financial position as at 31 October 2011 and financial performance for the four month period then ended
2. The statements have been prepared in accordance with the provisions of applicable Accounting Standards (which include Australian Accounting Interpretations), the Public Finance and Audit Act 1983, the Public Finance and Audit Regulation 2010, and the Treasurer's Directions.

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

Peter Duncan
Chief Executive
30 March 2012

Paul Hesford
Director, Corporate
30 March 2012

Statement of comprehensive income for the four months ended 31 October 2011

	October 2011 $000	June 2011 $000
Revenue		
Personnel Services	436,732	751,657
Total Revenue	**436,732**	**751,657**
Expenses		
Salaries and Wages (including recreation leave)	212,643	628,431
Long Service Leave	21,137	21,500
Superannuation – defined benefit plan	6,272	17,387
Superannuation – defined contribution plan	12,423	35,221
Workers Compensation Insurance	2,711	10,349
Payroll Tax and Fringe Benefits Tax	12,184	35,731
Redundancy	1,943	1,356
Total Expenses	**269,313**	**749,975**
Surplus for the period/year	**167,419**	**1,682**
Other Comprehensive Income for the period/year		
Superannuation actuarial (losses)	**(167,419)**	**(1,682)**
Total Comprehensive Income for the period/year	–	–

The accompanying notes form part of these financial statements

Statement of financial position as at 31 October 2011

	Notes		
Assets			
Current Assets			
Receivables	2(a)	1,213,419	1,015,508
Total Current Assets		**1,213,419**	**1,015,508**
Total Assets		1,213,419	1,015,508
Liabilities			
Current Liabilities			
Payables	3(a)	119,488	103,595
Employee Benefits Provisions	3(b)	291,495	279,908
Total Current Liabilities		410,983	383,503
Non-Current Liabilities			
Employee Benefits Provisions	3(c)	802,436	632,005
Total Non-Current Liabilities		**802,436**	**632,005**
Total Liabilities		**1,213,419**	**1,015,508**
Net Assets		–	–
Equity			
Accumulated Funds		–	–
Total Equity		–	–

The accompanying notes form part of these financial statements.

Statement of changes in equity
for the four months ended 31 October 2011

	Notes	October 2011 $000	June 2010 $000
Balance at beginning of the period/year		–	–
Surplus for the period/year		**167,419**	**1,682**
Other Comprehensive Income			
Superannuation Actuarial (Losses)		(167,419)	(1,682)
Total Comprehensive Income for the period/year		–	–
Balance at end of the period/year		–	–

The accompanying notes form part of these financial statements.

Statement of cash flows
for the four months ended 31 October 2011

	Notes		
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments			
Employee Related		–	–
Total Payments		–	–
Receipts			
Sale of Personnel Services		–	–
Total Receipts		–	–
NET CASH FLOWS FROM OPERATING ACTIVITIES		–	–
CASH FLOWS FROM INVESTING ACTIVITIES		–	–
CASH FLOWS FROM FINANCING ACTIVITIES		–	–
NET INCREASE/(DECREASE) IN CASH		–	–
Opening Cash and Cash Equivalents		–	–
CLOSING CASH AND CASH EQUIVALENTS		–	–

The accompanying notes form part of these financial statements.

Notes to and forming part of the Financial Statements of the Roads and Traffic Authority Division for the four months ended 31 October 2011

1. Summary of significant accounting policies

(a) Reporting entity

The Roads and Traffic Authority Division (The Division) is a division of the Government Service of NSW, established pursuant to Part 2 of Schedule 1 of the *Public Sector Employment and Management Act 2002* as amended. It is a not-for-profit entity as profit is not its principal objective. It is consolidated as part of the NSW Total State Sector Accounts and also the Department of Transport and Roads and Traffic Authority (RTA) accounts. It is domiciled in Australia and its principal office is at 101 Miller Street North Sydney NSW.

The Division's objective is to provide personnel services to the Roads and Traffic Authority of NSW (RTA) and other Transport entities.

These financial statements have been authorised for issue by the Chief Executive of the Roads and Maritime Services (RMS) date that the accompanying statement under s.41C(IC) of the *Public Finance and Audit Act 1983* was signed.

(b) Basis of preparation

The Division's financial statements are general purpose financial statements which have been prepared in accordance with:

- Applicable Australian Accounting Standards (including Australian Accounting Interpretations);
- The requirements of the *Public Finance and Audit Act 1983 (PF&AA)*;
- *The Public Finance and Audit Regulation 2010;*
- Specific directions issued by the Treasurer.

In the event of any inconsistency between accounting standards and legislative requirements, the latter are given precedence.

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

Judgements, estimates and associated assumptions about carrying values of assets and liabilities that are not readily apparent from other sources are based on historical experience and various other factors that are believed to be reasonable under the circumstance. Actual results may differ from these estimates. 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. Judgements, estimates and assumptions made by management are disclosed in the relevant notes to the financial statements.

The Transport Legislation Amendment Act 2011 abolished the Roads and Traffic Authority and its Division on October 31 2011. It required transfer of net assets to new entities created under the Act. The new entities are Roads and Maritime Services (RMS) and Roads and Martime Services Division (RMS Division). These financial statements have been prepared as per the requirements of s43A, PF&AA, which requires abolished entities to prepare final financial statements as at the abolishment date. The Roads and Traffic Authority Divisions final financial statements are for the period 1 July 2011to 31 October 2011.

Accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability.

Unless otherwise stated all amounts are rounded to the nearest one thousand dollars ($'000) and are expressed in Australian currency.

(c) New Accounting Standards and Interpretations

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective have not been adopted for the financial reporting period ended 31 October 2011. The Division's assessment of the impact of these new standards and interpretations is set out below:

Standard	Summary of key requirements/changes	Applicable to Financial year commencing on	Impact on RTA Division's Financial Statements
AASB 13 Fair Value Measurement	This Standard: (a) defines fair value; (b) sets out in a single Standard a framework for measuring fair value; and (c) requires disclosures about fair value measurements.	1 July 2013	The amendments have no major impact on reporting requirements.
AASB 2009-11 Amendments to Australian Accounting Standards arising from AASB 9	Amendments address the classification, measurement and derecognition of financial assets and liabilities and use a single approach to determine whether a financial asset is measured at amortised cost or fair value replacing the previous 4 classifications in AASB 139. Financial liabilities are measured at amortised cost or fair value through profit or loss.	1 July 2013	Preliminary assessment is that classification and measurement for cash and cash equivalents and most receivables currently held by the RTA Division is not likely to change under the new requirements.
AASB 1053 Application of Tiers of Australian Accounting Standards and AASB 2010-2 Amendments to Australian Accounting Standards arising from reduced disclosure requirements	Establishes a differential financial reporting framework: "Tier 1" entities are to be fully compliant with AAS whilst "Tier 2" entities have reduced disclosure requirements.	1 July 2013	No impact as the RTA Division is expected to maintain current full compliance practice with AASB.
AASB 2011-3 Amendments to Australian Accounting Standards – Orderly Adoption of Changes to the ABS GFS Manual and Related Amendments [AASB 1049]	This Standard makes amendment to AASB 1049 Whole of Government and General Government Sector Financial Reporting, including clarifying the definition of the ABS GFS Manual, facilitating the orderly adoption of changes to the ABS GFS Manual and related disclosures.	1 July 2012	The amendments have no major impact on reporting requirements.
AASB 2011-4 Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements	This Standard makes amendment to AASB 124 Related Party Disclosures to remove individual key management personnel disclosure requirements.	1 July 2013	The amendments have no major impact on reporting requirements.
AASB 2011-8 Amendments to Australian Accounting Standards arising from AASB 13	This Standard provides guidance for amendments to Australian Accounting Standards arising from AASB 13.	1 July 2013	The amendments have no major impact on reporting requirements.
AASB 2011-9 Amendments to Australian Accounting Standards Presentation of items of Other Comprehensive Income	Consequential amendments arising from the issuance of IASB 1.	1 July 2012	The amendments will have no material impact on the financial statements.
AASB 119 Employee Benefits	Requires gains and losses arising from defined benefit plans to be reported in the period in which those gains or losses arise.	1 July 2013	The amendments will have no material impact on the financial statements.
2011-10 Amendments to Australian Accounting Standards arising from AASB 119	Consequential amendments arising from the revision of AASB 119.	1 July 2013	The amendments will have no material impact on the financial statements.

The Division has also reviewed the following accounting standards and interpretations and concluded that they are not applicable to the Division's financial statements.

- AASB 2010-8 Amendments to Australian Accounting Standards – Deferred Tax: Recovery of Underlying Assets
- AASB 2010-10 Further Amendments to Australian Accounting Standards – Removal of Fixed Dates for First-time Adopters
- Interpretation 19 Extinguishing Liabilities with Equity Instruments
- AASB 2011-6 Amendments to Australian Accounting Standards – Extending Relief from Consolidation, the Equity Method and Proportionate Consolidation – Reduced Disclosure Requirements
- AASB 2011-7 Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards
- AASB 10 Consolidated Financial Statements
- AASB 11 Joint Arrangements
- AASB 12 Disclosure of Interests in Other Entities
- AASB 127 Separate Financial Statements
- AASB 128 Investments in Associates and Joint Ventures

(d) Income recognition

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

(e) Receivables

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

Receivables are recognised initially at fair value, usually based on the transaction cost or face value. Subsequent measurement is at amortised cost using the effective interest method, less an allowance for any impairment of receivables. Short-term receivables with no stated interest rate are measured at the original invoice amount where the effect of discounting is immaterial. An allowance for impairment of receivables is established when there is objective evidence that the Division will not be able to collect all amounts due. The amount of the allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. Bad debts are written off as incurred.

(f) Payables

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

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

Payables are recognised initially at fair value, usually based on the transaction cost or face value. Subsequent measurement is at amortised cost using the effective interest method. Short-term payables with no stated interest rate are measured at the original invoice amount where the effect of discounting is immaterial.

(g) Employee benefit provisions and expenses

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

Liabilities for salaries and wages (including non-monetary benefits), annual leave and paid sick leave that fall due wholly within 12 months of the reporting date are recognised and measured in respect of employees' services up to the reporting date where it is probable that settlement will be required and where they are capable of being measured reliably on an undiscounted based on the amounts expected to be paid when the liabilities are settled.

Long term annual leave that is not expected to be taken within twelve months is measured at present value in accordance with AASB 119 *Employee Benefits*. Market yields on 10 year government bonds are used to discount long-term annual leave.

Sick leave accrued by employees of the Division is all non-vesting and does not give rise to a liability as it is not considered probable that sick leave taken in the future will be greater than the benefits accrued in the future.

The outstanding amounts of payroll tax and fringe benefits tax, which are consequential to employment, are recognised as liabilities and expenses where the employee benefits to which they relate have been recognised. Workers compensation that may be applicable to leave entitlements has not been recognised as this expense is based on actual premiums paid, determined from past claims history, and not as a general percentage increase on salaries and wages.

(ii) Long Service Leave and Superannuation

The Division assumes the long service leave liability for all employees and all superannuation liabilities. These liabilities are recognised in the Statement of Financial Position. Long service leave is measured at present value in accordance with AASB 119 *Employee Benefits*. This is based on the application of the valuation ratio at the 10 year Commonwealth Government Bond rate at the reporting date, using current rates of pay. This ratio is determined based on an actuarial review to approximate present value.

In accordance with AASB 101 *Presentation of Financial Statements*, all annual leave and unconditional long service leave are classified as current liabilities, even where the authority does not expect to settle the liability within 12 months. This does not necessarily align with the distinction between short-term and long-term employee benefits under AASB 119 *Employee Benefits*.

Defined Contribution Plans

Contributions to defined contribution superannuation plans are expensed when incurred.

Defined Benefit Plans

For defined benefit plans, actuarial valuations are carried out at each reporting date by Pillar Administration and the actuarial superannuation gains and losses are recognised outside operating surplus in the Statement of Changes in Equity in the period in which they occur.

The defined benefit position recognised in the Statement of Financial Position represents the present value of the defined benefit obligation, adjusted for unrecognised past service costs, net of the fair value of the plan assets.

(h) Comparative information

Except when an Australian Accounting Standard permits or requires otherwise, comparative information is disclosed in respect of the previous period for all amounts reported in the financial statements. The previous period is the 12 months ended 30 June 2011 whereas the financial statements are for the 4 months ended 31 October 2011.

(i) critical accounting estimates, judgements and assumptions

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 current set of circumstances. Actual results may differ from these estimates.

Management evaluates these judgements, estimates and assumptions on an ongoing basis. Revisions to estimates are recognised in the period in which the estimate is revised if the revision effects only that period or in the period of the revision and future periods if the revision effects both current and future periods.

Significant judgements, estimates and assumptions made by management in the preparation of the financial statements are outlined below:

Employee benefits	Note 1 (g) and note 3

2. Current assets

(a) Receivables – current

	October 2011 $000	June 2011 $000
Personnel services receivable	**1,213,419**	**1,015,508**

3. Current liabilities/non-current liabilities

(a) Payables – current

Accrued expenses	6,877	9,066
Payroll Tax Payable	2,175	2,210
GST Payable	110,436	92,319
	119,488	**103,595**

(b) Provisions – current

Annual Leave and related on-costs (i)	70,930	70,635
Long service leave and related on-costs (ii)	220,565	209,273
	291,495	**279,908**

(c) Provisions – non-current

Superannuation – provision	787,828	618,647
Superannuation – accrued	529	–
Long Service Leave and related on-costs	14,079	13,358
	802,436	**632,005**

(d) Aggregate employee benefits and related on-costs

Provisions – current	291,495	279,908
Provisions – non-current	802,436	632,005
Accrued Salaries, Wages and On-Costs	6,877	9,066
	1,100,808	**920,979**

(i) The value of annual leave, including on costs, expected to be taken within twelve months is $46.686 million (30 June 2011: $47.519million) and $24.244 million (30 June 2011: $23.116 million) after twelve months.

(ii) The value of long service leave expected to be taken within twelve months is $22.558 million (30 June 2011: $21.553 million) and $212.086 million (30 June 2011: $201.078 million) after twelve months.

Provision for Superannuation

Superannuation statements include both employer and employee superannuation assets and liabilities as prescribed by AASB 119 *Employee Benefits*.

General description of the plan

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

- State Authorities Superannuation Scheme (SASS)
- State Superannuation Scheme (SSS)
- State Authorities Non-contributory Superannuation Scheme (SANCS).

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

Actuarial gains and losses are recognised in Other Comprehensive Income in the year they occur.

The following information has been prepared by the scheme actuary.

Superannuation position for AASB 119 purposes

	SASS Four months to October 2011 $'000	SANCS Four months to October 2011 $'000	SSS Four months to October 2011 $'000	Total $'000
Accrued liability	571,512	87,439	1,129,122	1,788,073
Estimated reserve account balance	(421,786)	(61,408)	(517,051)	(1,000,245)
	149,726	26,031	612,071	787,828
Future Service Liability	(52,206)	(23,225)	(34,311)	(109,742)
Net liability recognised in Statement of Financial Position	**149,726**	**26,031**	**612,071**	**787,828**

	SASS Financial Year June 2011 $'000	SANCS Financial Year June 2011 $'000	SSS Financial Year June 2011 $'000	Total $'000
Accrued liability	551,011	84,534	1,021,550	1,657,095
Estimated reserve account balance	(433,578)	(65,233)	(539,637)	(1,038,448)
	117,433	19,301	481,913	618,647
Future Service Liability	(50,075)	(23,446)	(29,281)	(102,802)
Net liability recognised in Statement of Financial Position	**117,433**	**19,301**	**481,913**	**618,647**

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

Reconciliation of the present value of the defined benefit obligation

	SASS Four months to October 2011 $'000	SANCS Four months to October 2011 $'000	SSS Four months to October 2011 $'000	Total $'000
Present value of partly funded defined benefit obligation at the beginning of the period	551,011	84,534	1,021,550	1,657,095
Current service cost	3,688	1,235	1,706	6,629
Interest cost	9,506	1,461	17,812	28,779
Contributions by Fund participants	2,282	–	2,133	4,415
Actuarial losses	17,109	3,299	100,883	121,291
Benefits paid	(12,084)	(3,090)	(14,962)	(30,136)
Present value of partly funded defined benefit obligation at the end of the period	**571,512**	**87,439**	**1,129,122**	**1,788,073**

	SASS Financial Year June 2011 $'000	SANCS Financial Year June 2011 $'000	SSS Financial Year 30 June 2011 $'000	Total $'000
Present value of partly funded defined benefit obligation at the beginning of the year	544,593	84,394	1,007,871	1,636,858
Current service cost	11,051	3,733	5,081	19,865
Interest cost	26,938	4,121	51,155	82,214
Contributions by Fund participants	6,847	–	6,399	13,246
Actuarial (gains)/losses	6,134	(967)	(6,067)	(900)
Benefits paid	(44,552)	(6,747)	(42,889)	(94,188)
Present value of partly funded defined benefit obligation at the end of the year	**551,011**	**84,534**	**1,021,550**	**1,657,095**

Reconciliation of the fair value of fund assets

	SASS Four months to October 2011 $'000	SANCS Four months to October 2011 $'000	SSS Four months to October 2011 $'000	Total $'000
Fair value of Fund assets at the beginning of the period	433,578	65,233	539,637	1,038,448
Expected return on Fund assets	12,115	1,826	15,194	29,135
Actuarial (losses)	(16,669)	(3,703)	(25,756)	(46,128)
Employer contributions	2,564	1,142	805	4,511
Contributions by Fund participants	2,282	–	2,133	4,415
Benefits paid	(12,084)	(3,090)	(14,962)	(30,136)
Fair value of fund assets at the end of the period	**421,786**	**61,408**	**517,051**	**1,000,245**

	SASS Financial Year June 2011 $'000	SANCS Financial Year June 2011 $'000	SSS Financial Year June 2011 $'000	Total $'000
Fair value of Fund assets at the beginning of the year	429,964	63,356	532,388	1,025,708
Expected return on Fund assets	35,264	5,185	44,243	84,692
Actuarial (losses)	(1,633)	(43)	(907)	(2,583)
Employer contributions	7,688	3,482	403	11,573
Contributions by Fund participants	6,847	–	6,399	13,246
Benefits paid	(44,552)	(6,747)	(42,889)	(94,188)
Fair value of fund assets at the end of the year	**433,578**	**65,233**	**539,637**	**1,038,448**

Reconciliation of the assets and liability recognised in the statement of financial position

	SASS Four months to October 2011 $'000	SANCS Four months to October 2011 $'000	SSS Four months to October 2011 $'000	Total $'000
Present value of partly funded defined benefits at the end of period	571,512	87,439	1,129,122	1,788,073
Fair value of Fund assets at end of period	(421,786)	(61,408)	(517,051)	(1,000,245)
Net Liability recognised in Statement of Financial Position at end of period	**149,726**	**26,031**	**612,071**	**787,828**

	SASS Financial Year June 2011 $'000	SANCS Financial Year June 2011 $'000	SSS Financial Year June 2011 $'000	Total $'000
Present value of partly funded defined benefits at the end of the year	551,011	84,534	1,021,550	1,657,095
Fair value of Fund assets at end of year	(433,578)	(65,233)	(539,637)	(1,038,448)
Net Liability recognised in Statement of Financial Position at end of year	**117,433**	**19,301**	**481,913**	**618,647**

Expense recognised in surplus for the period

	SASS Four months to October 2011 $'000	SANCS Four months to October 2011 $'000	SSS Four months to October 2011 $'000	Total $'000
Current service cost	3,688	1,234	1,707	6,629
Interest on obligation	9,505	1,461	17,812	28,778
Expected return on fund assets (net of expenses)	(12,114)	(1,825)	(15,196)	(29,135)
Expense recognised	**1,079**	**870**	**4,323**	**6,272**

	SASS Financial Year June 2011 $'000	SANCS Financial Year June 2011 $'000	SSS Financial Year June 2011 $'000	Total $'000
Current service cost	11,051	3,733	5,081	19,865
Interest on obligation	26,938	4,121	51,155	82,214
Expected return on fund assets (net of expenses)	(35,264)	(5,185)	(44,243)	(84,692)
Expense recognised	**2,725**	**2,669**	**11,993**	**17,387**

Amount recognised in other comprehensive income

	SASS Four months to October 2011 $'000	SANCS Four months to October 2011 $'000	SSS Four months to October 2011 $'000	Total $'000
Actuarial losses	33,778	7,002	126,639	167,419

	SASS Financial Year June 2011 $'000	SANCS Financial Year June 2011 $'000	SSS Financial Year June 2011 $'000	Total $'000
Actuarial (gains)/losses	7,766	(924)	(5,160)	1,682

Cumulative amount recognised in other comprehensive income

	SASS Four months to October 2011 $'000	SANCS Four months to October 2011 $'000	SSS Four months to October 2011 $'000	Total $'000
Actuarial losses	163,027	24,124	361,251	548,402

	SASS Financial Year June 2011 $'000	SANCS Financial Year June 2011 $'000	SSS Financial Year June 2011 $'000	Total $'000
Actuarial Losses	129,249	17,122	234,612	380,983

Actual return on fund assets

	SASS Four months to October 2011 $'000	SANCS Four months to October 2011 $'000	SSS Four months to October 2011 $'000	Total $'000
Actual return on fund assets	12,252	1,878	15,197	29,327

	SASS Financial Year June 2011 $'000	SANCS Financial Year June 2011 $'000	SSS Financial Year June 2011 $'000	Total $'000
Actual return on fund assets	35,572	5,142	44,043	84,757

Fund assets

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

	October 2011	June 2011
Australian equities	33.40%	33.40%
Overseas equities	29.50%	29.50%
Australian fixed interest securities	5.70%	5.70%
Overseas fixed interest securities	3.10%	3.10%
Property	9.90%	9.90%
Cash	5.10%	5.10%
Other	13.30%	13.30%

Expected rate of return on assets

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

Valuation method and principal actuarial assumptions at the reporting date

a) Valuation method

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

b) Economic assumptions

	October 2011	June 2011
Salary increase rate (excluding promotional increases)	3.50%	3.50%
Rate of CPI Increase	2.50%	2.50%
Expected rate of return on assets	8.60%	8.60%
Discount rate	4.56%	5.28%

Historical information

	SASS Four months to October 2011 $'000	SANCS Four months to October 2011 $'000	SSS Four months to October 2011 $'000	Total $'000
Present value of defined benefit obligation	571,512	87,439	1,129,122	1,788,073
Fair value of Fund assets	(421,786)	(61,408)	(517,051)	(1,000,245)
(Surplus)/Deficit in Fund	149,726	26,031	612,071	787,828
Experience adjustments – Fund liabilities	17,109	3,299	100,883	121,291
Experience adjustments – Fund assets	16,669	3,703	25,756	46,128

	SASS Financial Year June 2011 $'000	SANCS Financial Year June 2011 $'000	SSS Financial Year June 2011 $'000	Total $'000
Present value of defined benefit obligation	551,011	84,534	1,021,550	1,657,095
Fair value of Fund assets	(433,578)	(65,233)	(539,637)	(1,038,448)
(Surplus)/Deficit in Fund	117,433	19,301	481,913	618,647
Experience adjustments – Fund liabilities	6,134	(967)	(6,067)	(900)
Experience adjustments – Fund assets	1,633	43	907	2,583

	SASS Financial Year June 2010 $'000	SANCS Financial Year June 2010 $'000	SSS Financial Year June 2010 $'000	Total $'000
Present value of defined benefit obligation	544,593	84,394	1,007,871	1,636,858
Fair value of Fund assets	(429,964)	(63,356)	(532,388)	(1,025,708)
(Surplus)/Deficit in Fund	114,629	21,038	475,483	611,150
Experience adjustments – Fund liabilities	39,694	6,977	71,383	118,054
Experience adjustments – Fund assets	(5,606)	(376)	(7,975)	(13,957)

	SASS Financial Year June 2009 $'000	SANCS Financial Year June 2009 $'000	SSS Financial Year June 2009 $'000	Total $'000
Present value of defined benefit obligation	491,663	76,059	908,205	1,475,927
Fair value of Fund assets	(407,203)	(60,656)	(508,504)	(976,363)
(Surplus)/Deficit in Fund	84,460	15,403	399,701	499,564
Experience adjustments – Fund liabilities	5,917	3,540	156,888	166,345
Experience adjustments – Fund assets	74,458	12,121	99,929	186,508

	SASS Financial Year June 2008 $'000	SANCS Financial Year June 2008 $'000	SSS Financial Year June 2008 $'000	Total $'000
Present value of defined benefit obligation	472,399	70,460	740,966	1,283,825
Fair value of Fund assets	(457,610)	(69,275)	(601,445)	(1,128,330)
(Surplus)/Deficit in Fund	14,789	1,185	139,521	155,495
Experience adjustments – Fund liabilities	(23,538)	138	(11,564)	(34,964)
Experience adjustments – Fund assets	57,145	6,081	106,961	170,187

Expected contributions

	SASS Four months to October 2011 $'000	SANCS Four months to October 2011 $'000	SSS Four months to October 2011 $'000	Total $'000
Expected employer contributions to be paid in the next reporting period	4,838	2,152	640	7,630

	SASS Financial Year June 2011 $'000	SANCS Financial Year June 2011 $'000	SSS Financial Year June 2011 $'000	Total $'000
Expected employer contributions to be paid in the next reporting period	7,258	3,228	960	11,446

Funding arrangements for employer contributions

The following is a summary of the 31 October 2011 financial position of the Fund calculated in accordance with AASB 25 – Financial Reporting by Superannuation Plans.

	SASS Four months to October 2011 $'000	SANCS Four months to October 2011 $'000	SSS Four months to October 2011 $'000	Total $'000
Accrued benefits	493,451	77,216	741,086	1,311,753
Net market value of Fund assets	(421,786)	(61,408)	(517,051)	(1,000,245)
Net (surplus)/deficit	71,665	15,808	224,035	311,508

	SASS Financial Year June 2011 $'000	SANCS Financial Year June 2011 $'000	SSS Financial Year June 2011 $'000	Total $'000
Accrued benefits	495,777	77,719	734,327	1,307,823
Net market value of Fund assets	(433,578)	(65,233)	(539,637)	(1,038,448)
Net (surplus)/deficit	62,199	12,486	194,690	269,375

Recommended contribution rates for the entity are:

SASS	SANCS	SSS
multiple of member contributions	% member salary	multiple of member contributions
1.06	2.07% pa	0.15

Funded method

Contributions are set after discussion between the employer, STC and NSW Treasury.

Economic assumptions

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

Weighted-Average Assumptions	October 2011	June 2011
Expected rate of return on Fund assets backing current pension liabilities	8.30% pa	8.30% pa
Expected rate of return on Fund assets backing other liabilities	7.30% pa	7.30% pa
Expected salary increase rate	4.00% pa	4.00% pa
Expected rate of CPI increase	2.50% pa	2.50% pa

Nature of asset/liability

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

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

Provision for Long Service Leave (LSL)

Long service leave is measured at present value in accordance with AASB 119 Employee Benefits. This is based on the application of the valuation ratio at the Commonwealth government bond rate at the reporting date to all employees using current rates of pay. This ratio is determined based on an actuarial review to approximate present value.

The actuarial assessment is based on the accrued long service leave liabilities and employee data of the Division as at 31 March 2011. Long Service leave is accrued at the rate of 4.4 days per annum for the first ten years of service and then at the rate of 11 days per annum.

Employees who exit with less than five years service get no benefits. Those who leave with between five and seven years service have been assumed to only receive benefits if exiting due to death, disability or age retirement. Benefits are paid in service or on exit after seven years service on a pro rata basis.

Assumption:

An allowance has been determined for each relevant on-cost separately to the LSL liability, as their accounting treatment and the adoption of liability is different to the LSL liability. The on-costs to LSL present value liabilities are:

Payroll Tax	5.45%
Superannuation	11.00%
Superannuation accruing while on LSL	4.40%

As workers compensation is determined without direct reference to salary, and does not accrue while an employee is on long service leave there is no future workers compensation expense that will be incurred when currently accrued LSL is taken during future service, and hence there is no corresponding on-cost.

Assumptions about rates of taking leave in service are based on historical details of payments of LSL for calendar years 2005-2007, financial years 2008-2011 (9 months for 2011) and projected future payments are broadly consistent with this data. It has been assumed that 6 days of LSL will be taken per year by employees who are eligible.

General salary increases of 3.5% per annum have been assumed for all future years, consistent with NSW Treasury expectations for the NSW public sector in the medium term.

Promotional salary increases have been assumed at rates based on the Division and NSW public sector promotional salary experience.

The rates of resignation, death, age retirement and ill-health retirement assumed have been adopted from superannuation valuations of NSW public servants. Withdrawal rates for those with less than 10 years of service are based on experience from NSW and other superannuation schemes.

The discount rate is based on the 10 year bond rate at 31 October, but adjusted from a semi-annual rate to an annual rate.

4. Audit fee

During the period to October 2011 an expense of $7,200 (30 June 2011: $7,200) excluding GST was incurred by the Division for the audit of the financial statements by The Audit Office of NSW which was fully paid for by the Roads and Traffic Authority of NSW.

5. Related party transactions

(a) Relationship between the Division and the RTA

As a result of the *Public Sector Employment Legislation Amendment Act 2006* (PSELAA), from 17 March 2006 previous employees of the RTA became employees of the RTA Division of the Government Service of New South Wales (the Division).

The Division is a controlled entity of the RTA and provides personnel services to the RTA. Information related to personnel services is as follows:

	October 2011 $'000	June 2011 $'000
Personnel Services Provided	436,732	751,657
Receivable due from the RTA	1,213,419	1,015,508

The receivable is unsecured. No provision for doubtful debts relating to the receivable has been raised nor has an expense been recognised during the period in respect of bad or doubtful debts due from the RTA.

6. Events after the reporting period

Transfer of Net Assets

The Transport Legislation Amendment Act 2011 abolished the Roads and Traffic Authority and its Division on 31 October 2011. It established two new entities: Roads and Maritime Services (RMS) and Roads and Maritime Services Division. Net assets transferred to Roads and Maritime Services Division on 1 November 2011 were:

	$'000
Total Assets	1,213,419
Total Current Liabilities	(410,983)
Total Non-Current Liabilities	**(802,436)**
	–

End of audited financial statements