Financial Statements

Contents

Independent Audit Report (page 1)

AUDITOR-GENERAL
NEW SOUTH WALES

INDEPENDENT AUDITOR'S REPORT

Roads and Maritime Services

To Members of the New South Wales Parliament

I have audited the accompanying financial statements of Roads and Maritime Services (RMS), which comprises the statements of financial position as at 30 June 2013, the statements of comprehensive income, the statements of changes in equity and the statements of cash flows and the service group statements for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information of RMS and the consolidated entity. The consolidated entity comprises RMS and the entities it controlled at the year's end or from time to time during the financial year.

Opinion

In my opinion, the financial statements:

- give a true and fair view of the financial position of RMS and the consolidated entity as at 30 June 2013, and of their financial performance and cash flows for the year then ended in accordance with Australian Accounting Standards
- are in accordance with section 41B of *Public Finance and Audit Act 1983* (the PF&A Act) and the Public Finance and Audit Regulation 2010

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

The Chief Executive'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 give a true and fair view and that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

Level 15, 1 Margaret Street, Sydney NSW 2000 | GPO Box 12, Sydney NSW 2001 | **t** 02 9275 7101 | **f** 02 9275 7179 | **e** mail@audit.nsw.gov.au | **audit.nsw.gov.au**

Independent Audit Report (page 2)

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

My opinion does *not* provide assurance:

- about the future viability of RMS or consolidated entity
- that they have carried out their activities effectively, efficiently and economically
- about the effectiveness of internal control
- about the security and controls over the electronic publication of the audited financial statements on any website where they may be presented
- about any other information, that may have been hyperlinked to/from the financial statements

Independence

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

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

A. T. Whitfield

A T Whitfield
Deputy Auditor-General

18 September 2013
SYDNEY

Chief Executive Statement

ROADS AND MARITIME SERVICES

FOR THE YEAR ENDED 30 JUNE 2013

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 Roads and Maritime Services financial position as at 30 June 2013 and financial performance for the year ended 30 June 2013

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
18 September 2013

Paul Hesford
Director, Corporate
18 September 2013

Statement of Comprehensive Income
for the year ended 30 June 2013

		Consolidated	Consolidated	Consolidated	Parent	Parent
		Actual 2013 12 months $'000	Budget 2013 12 months $'000	Actual 2012 8 months $'000	Actual 2013 12 months $'000	Actual 2012 8 months $'000
Expenses excluding losses						
Operating expenses						
– Employee related expenses	2(a)	585,264	566,084	443,759	–	–
– Personnel service expenses	2(a)	–	–	–	366,390	812,413
– Other operating expenses	2(b)	592,519	449,108	342,807	592,519	342,807
Maintenance	2(b)	493,515	705,850	524,912	493,515	524,912
Depreciation and amortisation	2(c)	1,207,563	939,521	618,077	1,207,563	618,077
Grants and subsidies	2(d)	428,535	482,963	330,992	428,535	330,992
Finance costs	2(e)	79,102	78,075	61,639	79,102	61,639
Total expenses excluding losses		**3,386,498**	**3,221,601**	**2,322,186**	**3,167,624**	**2,690,840**
Revenue						
Sale of goods and services	3(a)	567,524	531,214	351,596	567,524	351,596
Personnel services revenue	3(a)	77,199	–	71,067	77,199	71,067
Investment revenue	3(b)	40,609	17,700	30,027	40,609	30,027
Retained taxes, fees and fines	3(c)	12,685	45,620	8,012	12,685	8,012
Operating grant received from Transport for NSW (TfNSW)	3(d)	1,535,143	1,640,595	1,236,098	1,535,143	1,236,098
Capital grant received from TfNSW	3(d)	2,860,962	2,694,418	1,826,407	2,860,962	1,826,407
(Transfers to the Crown Entity)	3(d)	(128,833)	–	–	(128,833)	–
Other grants and contributions	3(e)	163,974	138,495	28,147	163,974	28,147
Other revenue	3(f)	227,599	198,324	145,489	227,599	145,489
Total revenue		**5,356,862**	**5,266,366**	**3,696,843**	**5,356,862**	**3,696,843**
Gains/(losses) on disposal of property, plant and equipment	4(a)	13,652	(62)	(8,856)	13,652	(8,856)
Other losses	4(b)	(1,077,717)	860	(289,051)	(1,077,717)	(289,051)
Net result		**906,299**	**2,045,563**	**1,076,750**	**1,125,173**	**708,096**
Other comprehensive income						
Items that will not be reclassified to net result						
Net increase in asset revaluation reserve		4,221,730	1,000,000	2,028,547	4,221,730	2,028,547
Superannuation actuarial gain/(loss)		218,874	22,500	(368,654)	–	–
Items that may be reclassified subsequently to net result		–	–	–	–	–
Total other comprehensive income for the year/period		4,440,604	1,022,500	1,659,893	4,221,730	2,028,547
Total comprehensive income		**5,346,903**	**3,068,063**	**2,736,643**	**5,346,903**	**2,736,643**

The accompanying notes form part of these financial statements.

Statement of Financial Position
as at 30 June 2013

		Consolidated Actual 2013 $'000	Consolidated Budget 2013 $'000	Consolidated Actual 2012 $'000	Parent Actual 2013 $'000	Parent Actual 2012 $'000
Assets						
Current assets						
Cash and cash equivalents	7	244,589	253,261	356,672	244,589	356,672
Receivables	8(a)	197,513	135,442	332,890	197,513	332,890
Inventories		10,354	13,210	11,806	10,354	11,806
Financial assets at fair value	8(d)	54,028	43,740	48,106	54,028	48,106
		506,484	**445,653**	**749,474**	**506,484**	**749,474**
Non-current assets classified as Held for Sale	11	23,120	44,469	22,525	23,120	22,525
Total current assets		**529,604**	**490,122**	**771,999**	**529,604**	**771,999**
Non-current assets						
Receivables	8(b)	1,828	27,758	6,167	1,828	6,167
Other financial assets (at amortised cost)	8(c)	160,425	119,591	144,342	160,425	144,342
Property, plant and equipment						
– Land and buildings	9(a)	2,410,411	3,732,706	2,741,395	2,410,411	2,741,395
– Plant and equipment	9(b)	136,680	260,481	141,082	136,680	141,082
– Infrastructure systems	9(c)	66,610,909	60,700,137	61,481,788	66,610,909	61,481,788
Total property, plant and equipment		69,158,000	64,693,324	64,364,265	69,158,000	64,364,265
Private sector provided infrastructure	10(a)	981,970	992,127	818,656	981,970	818,656
Intangible assets	10(b)	154,433	42,528	136,448	154,433	136,448
Investment property	10(c)	–	132,289	129,466	–	129,466
Total non-current assets		**70,456,656**	**66,007,617**	**65,599,344**	**70,456,656**	**65,599,344**
Total assets		**70,986,260**	**66,497,739**	**66,371,343**	**70,986,260**	**66,371,343**
Liabilities						
Current liabilities						
Payables	13	651,806	704,995	901,213	1,933,162	2,431,985
Borrowings	14	135,739	150,135	70,737	135,739	70,737
Provisions	16	302,386	319,432	330,365	1,301	5,356
Other	17	172,497	184,074	180,156	172,497	180,156
Total current liabilities		**1,262,428**	**1,358,636**	**1,482,471**	**2,242,699**	**2,688,234**
Non-current liabilities						
Borrowings	14	909,671	810,778	1,043,163	909,671	1,043,163
Provisions	16	998,734	934,698	1,216,203	18,463	10,440
Other	17	393,785	542,447	553,337	393,785	553,337
Total non-current liabilities		**2,302,190**	**2,287,923**	**2,812,703**	**1,321,919**	**1,606,940**
Total liabilities		**3,564,618**	**3,646,559**	**4,295,174**	**3,564,618**	**4,295,174**
Net assets		**67,421,642**	**62,851,180**	**62,076,169**	**67,421,642**	**62,076,169**
Equity						
Reserves		6,213,187	1,000,000	2,028,547	6,213,187	2,028,547
Accumulated funds		61,208,455	61,851,180	60,047,622	61,208,455	60,047,622
Total equity		**67,421,642**	**62,851,180**	**62,076,169**	**67,421,642**	**62,076,169**

The accompanying notes form part of these financial statements.

Statement of Changes in Equity
for the year ended 30 June 2013

	Accumulated funds		Asset revaluation surplus		Total equity	
	Consolidated $'000	Parent $'000	Consolidated $'000	Parent $'000	Consolidated $'000	Parent $'000
Balance as at 1 July 2012	**60,047,622**	**60,047,622**	**2,028,547**	**2,028,547**	**62,076,169**	**62,076,169**
Net result for the year	**906,299**	**1,125,173**	**–**	**–**	**906,299**	**1,125,173**
Other comprehensive income						
Net increase in asset revaluation reserves	–	–	4,221,730	4,221,730	4,221,730	4,221,730
Superannuation actuarial gains/(losses)	218,874	–	–	–	218,874	–
Other comprehensive income for the year	**218,874**	**–**	**4,221,730**	**4,221,730**	**4,440,604**	**4,221,730**
Total comprehensive income for the year	**1,125,173**	**1,125,173**	**4,221,730**	**4,221,730**	**5,346,903**	**5,346,903**
Transfers within equity						
Asset revaluation reserve balance transferred to accumulated funds on disposal of assets	37,090	37,090	(37,090)	(37,090)	–	–
Transactions with owners in their capacity as owners						
Increase/(decrease) in net assets from equity transfers	(1,430)	(1,430)	–	–	(1,430)	(1,430)
Balance as at 30 June 2013	**61,208,455**	**61,208,455**	**6,213,187**	**6,213,187**	**67,421,642**	**67,421,642**
Balance at 1 November 2011	**–**	**–**	**–**	**–**	**–**	**–**
Net result for the period	**1,076,750**	**708,096**	**–**	**–**	**1,076,750**	**708,096**
Other comprehensive income						
Net increase in asset revaluation reserves	–	–	2,028,547	2,028,547	2,028,547	2,028,547
Superannuation actuarial gains/(losses)	(368,654)	–	–	–	(368,654)	–
Other comprehensive income for the period	**(368,654)**	**–**	**2,028,547**	**2,028,547**	**1,659,893**	**2,028,547**
Total comprehensive income for the period	**708,096**	**708,096**	**2,028,547**	**2,028,547**	**2,736,643**	**2,736,643**
Transfers within equity						
Asset revaluation reserve balance transferred to accumulated funds on disposal of assets	–	–	–	–	–	–
Transactions with owners in their capacity as owners						
Increase/(decrease) in net assets from equity transfers	59,339,526	59,339,526	–	–	59,339,526	59,339,526
Balance as at 30 June 2012	**60,047,622**	**60,047,622**	**2,028,547**	**2,028,547**	**62,076,169**	**62,076,169**

The accompanying notes form part of these financial statements.

Statement of Cash Flows
for the year ended 30 June 2013

		Consolidated	Consolidated	Consolidated	Parent	Parent
		Actual 2013 12 months $'000	Budget 2013 12 months $'000	Actual 2012 8 months $'000	Actual 2013 12 months $'000	Actual 2012 8 months $'000
Cash flows from operating activities						
Payments						
Employee related		(607,890)	(553,122)	(416,204)	(607,890)	(416,204)
Grants and subsidies		(409,004)	(439,300)	(244,917)	(409,004)	(244,917)
Finance costs		(79,251)	(77,409)	(59,747)	(79,251)	(59,747)
Other		(1,617,646)	(1,560,648)	(964,156)	(1,617,646)	(964,156)
Total payments		(2,713,791)	(2,630,479)	(1,685,024)	(2,713,791)	(1,685,024)
Receipts						
Sale of goods and services		640,400	502,454	408,722	640,400	408,722
Interest received		19,469	17,698	16,552	19,469	16,552
Operating grants received from TfNSW		1,535,143	1,640,595	1,230,843	1,535,143	1,230,843
Capital grants received from TfNSW		2,860,962	2,694,418	1,826,407	2,860,962	1,826,407
(Transfers to the Crown Entity)		(128,833)	(4,000)		(128,833)	
Other grants and contributions		119,154	129,959	28,147	119,154	28,147
Other		493,099	500,730	217,050	493,099	217,050
Total receipts		5,539,394	5,481,854	3,727,721	5,539,394	3,727,721
Net cash flows from operating activities	26	**2,825,603**	**2,851,375**	**2,042,697**	**2,825,603**	**2,042,697**
Cash flows from investing activities						
Proceeds from sale of land and buildings, plant and equipment and infrastructure systems		42,037	26,130	17,338	42,037	17,338
Proceeds from disposal of investment property		133,025	–	–	133,025	–
Purchases of land and buildings, plant and equipment and infrastructure systems		(3,051,876)	(2,850,013)	(1,837,659)	(3,051,876)	(1,837,659)
Receipt of lease revenue from maritime trade tower lease		13,525	18,685	8,731	13,525	8,731
Net cash flows used in investing activities		**(2,863,289)**	**(2,805,198)**	**(1,811,590)**	**(2,863,289)**	**(1,811,590)**
Cash flows from financing activities						
Contribution paid to government		–	–	(2,000)	–	(2,000)
Payment of finance lease liabilities		(65,738)	–	(46,550)	(65,738)	(46,550)
Repayment of borrowings and advances		(2,737)	(156,839)	(79,839)	(2,737)	(79,839)
Net cash flows used in financing activities		**(68,475)**	**(156,839)**	**(128,389)**	**(68,475)**	**(128,389)**
Net (decrease)/increase in cash		(106,161)	(110,662)	102,718	(106,161)	102,718
Opening cash and cash equivalents		404,778	407,663	–	404,778	–
Cash transferred in as result of administrative restructuring	19	–	–	302,060	–	302,060
Closing cash and cash equivalents	7	**298,617**	**297,001**	**404,778**	**298,617**	**404,778**

The accompanying notes form part of these financial statements.

Service Group Statements
for the year ended 30 June 2013

Roads and Maritime expenses and income	Transport infrastructure and development*		Integrated transport service delivery*		Integrated transport planning and management*		Not attributable		Total	
	2013 12 months $'000	2012 8 months $'000	2013 12 months $'000	2012 8 months $'000	2013 12 months $'000	2012 8 months $'000	2013 12 months $'000	2012 8 months $'000	2013 12 months $'000	2012 8 months $'000
Expenses excluding losses										
Operating expenses										
– Employee related expenses	6,900	5,841	417,289	194,272	161,075	243,646	–	–	585,264	443,759
– Other operating expenses	37,285	4,512	495,292	150,076	59,942	188,219	–	–	592,519	342,807
Maintenance	–	6,909	48,709	229,798	444,806	288,205	–	–	493,515	524,912
Depreciation and amortisation	–	8,135	1,207,563	270,585	–	339,357	–	–	1,207,563	618,077
Grants and subsidies	–	4,356	45,682	144,904	382,853	181,732	–	–	428,535	330,992
Finance costs	–	811	79,102	26,984	–	33,844	–	–	79,102	61,639
Total expenses excluding losses	**44,185**	**30,564**	**2,293,637**	**1,016,619**	**1,048,676**	**1,275,003**	**–**	**–**	**3,386,498**	**2,322,186**
Revenue										
Sale of goods and services	20,982	144,004	487,561	175,559	58,981	32,033	–	–	567,524	351,596
Personal services revenue	–	935	77,199	31,112	–	39,020	–	–	77,199	71,067
Investment revenue	–	12,298	40,609	14,993	–	2,736	–	–	40,609	30,027
Retained taxes, fees and fines	–	3,281	12,685	4,001	–	730	–	–	12,685	8,012
Operating grant received from TfNSW	23,203	9,012	551,650	1,146,888	960,289	80,198	–	–	1,535,143	1,236,098
Capital grant received from TfNSW	2,447,159	1,426,472	70,541	374,994	343,262	24,941	–	–	2,860,962	1,826,407
(Transfers to the Crown Entity)	–	–	(128,833)	–	–	–	–	–	(128,833)	–
Other grants and contributions	98,684	11,528	8,799	14,055	56,491	2,564	–	–	163,974	28,147
Other revenue	193,446	59,588	34,153	72,645	–	13,256	–	–	227,599	145,489
Total revenue	**2,783,474**	**1,667,118**	**1,154,364**	**1,834,247**	**1,419,024**	**195,478**	**–**	**–**	**5,356,862**	**3,696,843**

*Refer to Note 6 for description of service group.

Service Group Statements
for the year ended 30 June 2013

Roads and Maritime expenses and income	Transport infrastructure and development*		Integrated transport service delivery*		Integrated transport planning and management*		Not attributable		Total	
	2013 $'000	2012 $'000	2013 $'000	2012 $'000	2013 $'000	2012 $'000	2013 $'000	2012 $'000	2013 $'000	2012 $'000
Gains on disposal of property, plant and equipment	37,589	(3,627)	–	(4,422)	(23,937)	(807)	–	–	13,652	(8,856)
Other (losses)	(312,191)	(118,387)	(402,702)	(144,330)	(362,824)	(26,334)	–	–	(1,077,717)	(289,051)
Net result	**2,464,687**	**1,514,540**	**(1,541,974)**	**668,876**	**(16,414)**	**(1,106,666)**	**–**	**–**	**906,299**	**1,076,750**
Other comprehensive income										
Net increase/(decrease) in asset revaluation reserve	–	59,127	4,221,730	1,956,452	–	12,968	–	–	4,221,730	2,028,547
Superannuation actuarial gains/(losses)	2,581	(4,852)	156,055	(161,391)	60,238	(202,411)	–	–	218,874	(368,654)
Total other comprehensive income for the year/period	**2,581**	**54,275**	**4,377,785**	**1,795,061**	**60,238**	**(189,443)**	**–**	**–**	**4,440,604**	**1,659,893**
Total comprehensive income	**2,467,267**	**1,568,815**	**2,835,811**	**2,463,937**	**43,825**	**(1,296,109)**	**–**	**–**	**5,346,903**	**2,736,643**

*Refer to Note 6 for description of service group

Administered expenses and income	Transport infrastructure and development*		Integrated transport service delivery*		Integrated transport planning and management*		Not attributable		Total	
	2013 $'000	2012 $'000	2013 $'000	2012 $'000	2013 $'000	2012 $'000	2013 $'000	2012 $'000	2013 $'000	2012 $'000
Administered expenses										
Transfer payments	–	–	–	–	–	–	–	–	–	–
Other	–	–	–	–	–	–	–	–	–	–
Total administered expenses	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Administered income										
Transfer receipts	–	–	–	–	–	–	2,874,278	1,812,445	2,874,278	1,812,445
Total administered income	**–**	**–**	**–**	**–**	**–**	**–**	**2,874,278**	**1,812,445**	**2,874,278**	**1,812,445**
Administered income less expenses	**–**	**–**	**–**	**–**	**–**	**–**	**2,874,278**	**1,812,445**	**2,874,278**	**1,812,445**

Service Group Statements
for the year ended 30 June 2013

Roads and Maritime assets and liabilities	Transport infrastructure and development*		Integrated transport service delivery*		Integrated transport planning and management*		Not attributable		Total	
	2013 $'000	2012 $'000	2013 $'000	2012 $'000	2013 $'000	2012 $'000	2013 $'000	2012 $'000	2013 $'000	2012 $'000
Current assets										
Cash and cash equivalents	–	–	61,147	89,168	183,442	267,504	–	–	244,589	356,672
Receivables	7,302	22,072	169,684	250,413	20,527	60,405	–	–	197,513	332,890
Inventories	–	–	10,354	11,216	–	590	–	–	10,354	11,806
Financial assets at fair value	–	–	54,028	48,064	–	42	–	–	54,028	48,106
Non-current assets classified as held for sale	–	–	23,120	22,525	–	–	–	–	23,120	22,525
Total current assets	**7,302**	**22,072**	**318,333**	**421,386**	**203,969**	**328,541**	**–**	**–**	**529,604**	**771,999**
Non-current assets										
Receivables	68	409	1,570	4,639	190	1,119	–	–	1,828	6,167
Other financial assets	–	–	160,425	144,342	–	–	–	–	160,425	144,342
Property, plant and equipment										
– Land and buildings	–	–	2,410,411	2,446,602	–	294,793	–	–	2,410,411	2,741,395
– Plant and equipment	–	–	136,680	37,340	–	103,742	–	–	136,680	141,082
– Infrastructure systems	4,366,874	1,873,979	62,244,035	59,585,511	–	22,298	–	–	66,610,909	61,481,788
Private sector provided infrastructure	–	–	981,970	818,656	–	–	–	–	981,970	818,656
Intangible assets	–	–	154,433	136,448	–	–	–	–	154,433	136,448
Investment property	–	–	–	129,466	–	–	–	–	–	129,466
Total non-current assets	**4,366,942**	**1,874,388**	**66,089,524**	**63,303,004**	**190**	**421,952**	**–**	**–**	**70,456,656**	**65,599,344**
Total assets	**4,374,244**	**1,896,460**	**66,407,858**	**63,724,390**	**204,159**	**750,493**	**–**	**–**	**70,986,260**	**66,371,343**

Service Group Statements
for the year ended 30 June 2013

Roads and Maritime assets and liabilities	Transport infrastructure and development*		Integrated transport service delivery*		Integrated transport planning and management*		Not attributable		Total	
	2013 $'000	2012 $'000	2013 $'000	2012 $'000	2013 $'000	2012 $'000	2013 $'000	2012 $'000	2013 $'000	2012 $'000
Current liabilities										
Payables	41,015	552,194	544,851	210,337	65,940	138,683	–	–	651,806	901,214
Borrowings	–	43,342	135,739	16,509	–	10,885	–	–	135,739	70,736
Provisions	3,565	202,423	215,599	77,104	83,222	50,838	–	–	302,386	330,365
Other	10,854	110,386	144,192	42,047	17,451	27,723	–	–	172,497	180,156
Total current liabilities	**55,435**	**908,345**	**1,040,381**	**345,997**	**166,612**	**228,129**	**–**	**–**	**1,262,428**	**1,482,471**
Non-current liabilities										
Borrowings	–	639,172	909,671	243,465	–	160,526	–	–	909,671	1,043,163
Provisions	11,775	745,198	712,090	283,852	274,869	187,153	–	–	998,734	1,216,203
Other	24,779	339,043	329,169	129,144	39,837	85,150	–	–	393,785	553,337
Total non-current liabilities	**36,554**	**1,723,413**	**1,950,929**	**656,461**	**314,707**	**432,829**	**–**	**–**	**2,302,190**	**2,812,703**
Total liabilities	**91,989**	**2,631,758**	**2,991,310**	**1,002,458**	**481,319**	**660,958**	**–**	**–**	**3,564,618**	**4,295,174**
Net assets	**4,282,255**	**(735,298)**	**63,416,548**	**62,721,932**	**(277,161)**	**89,535**	**–**	**–**	**67,421,642**	**62,076,169**

The accompanying notes form part of these financial statements.

Notes to and forming part of the financial statements for the year ended 30 June 2013

1. Summary of Significant Accounting Policies

a. Reporting entity

Roads and Maritime Services is a NSW government entity. Roads and Maritime is a not-for-profit entity (as profit is not its principal objective) and it has no cash generating units. The reporting entity is consolidated as part of the NSW Total State Sector Accounts. Roads and Maritime as a reporting entity, comprises all the entities under its control, namely Roads and Maritime Services Division (Roads and Maritime Division) which provides personnel services to Roads and Maritime.

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.

These consolidated financial statements for the year ended 30 June 2013 have been authorised for issue by the Chief Executive of Roads and Maritime on 18 September 2013, the date when the accompanying statement under s.41C(1C) of the *Public Finance and Audit Act 1983* was signed.

b. Basis of preparation

Roads and Maritime'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 Financial Reporting Directions published in the Financial Reporting Code for NSW General Government Sector Entities or issued by the Treasurer.

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

Despite current liabilities exceeding current assets at period end, the operation and ability of Roads and Maritime to pay its debts are assured due to its funding arrangements with TfNSW. TfNSW provides funding in the form of grants. The 2012–13 TfNSW budget papers include an amount payable for Grants and Contributions of $4,463.156 million payable to Roads and Maritime in the 2013–14 financial year.

Property, plant and equipment, and investment property 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(aa) 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 have been applied consistently by the consolidated and parent entities.

c. Statement of compliance

The financial statements and notes comply with Australian Accounting Standards, which include Australian Accounting Interpretation.

d. 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 all entities controlled by Roads and Maritime. Roads and Maritime Division is a controlled entity of Roads and Maritime. 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.

e. 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 year ended 30 June 2013. Management's assessment of the impact of these new standards and interpretations is set out below:

Standard	Summary of key requirements/changes	Applicable to annual reporting periods beginning on or after	Impact of reporting entity's financial statements
AASB 9 Financial Instruments and AASB 2010–7 & 2012–6 Amendments to Australian Accounting Standards arising from AASB 9	AASB 9 introduces new requirements for the classification, measurement and derecognition of financial assets and financial liabilities. It was further amended by AASB 2010–7 to reflect amendments to accounting for financial liabilities. Financial assets and financial liabilities can be designated and measured at fair value. The existing four category approach to measurement after initial recognition will be reduced to two categories – either amortised cost or fair value. AASB 2012–6 amended AASB 9 to defer the mandatory effective date to annual periods beginning on or after 1 January 2015.	The IASB has deferred the effective date of this standard to 1 January 2015. It is expected that AASB will also make a similar amendment.	On initial application of AASB 9, all existing financial instruments will need to be classified according to the AASB 9 criteria and transitional requirements. The impact on the reporting entity's accounting for financial assets and liabilities is not expected to be significant.
AASB 10 Consolidated Financial Statements	AASB 10 supersedes AASB 127. It introduces a new principles-based control model that focuses on both power and rights or exposure to variable returns. The Standard requires the parent entity to present consolidated financial statements as those of a single economic entity, replacing the requirements of AASB 127 Consolidated and Separate Financial Statements.	1 July 2013	The new definition of control is not expected to impact on the reporting entity. The concept of "single economic entity" may impact on the format of the consolidated financial statements unless modifications are made for public sector entities.
AASB 11 Joint Arrangements	Under AASB 11, the focus is no longer on the legal structure of joint arrangements (which determined the accounting) but rather on how rights and obligations are shared by the joint venture parties (the underlying economics). A joint venture will be classified as either a joint operation or joint venture. The Standard also replaces and alters the existing method of accounting for joint ventures under AASB 131 Interests in Joint Ventures.	1 July 2013	The impact on the reporting entity's financial statements is expected to be insignificant due to the absence of material joint arrangements.

Standard	Summary of key requirements/changes	Applicable to annual reporting periods beginning on or after	Impact of reporting entity's financial statements
AASB 12 Disclosure of Interests in other Entities	AASB 12 focuses on disclosures that would help users better assess the nature and financial effects of an entity's involvement with other entities and particularly enhances disclosures about consolidated entities and unconsolidated (off balance sheet) structured entities. The Standard sets out the required disclosures for entities reporting under AASB 10 and AASB 11 and replaces the disclosure requirements of AASB 128 Investment in Associates.	1 July 2013	Application of the standard will not affect any of the amounts recognised in the consolidated financial statements. However, it may impact on the type of information disclosed. The AASB may modify the standard "for application by not-for-profit entities".
AASB 13, AASB 2011–8 and AASB 2012–1 regarding fair value measurement	The Standard defines fair value, establishes a single framework or guidance for the measuring of fair value, and requires enhanced disclosures about fair value measurements. AASB 13 applies when another standard requires or permits fair value measurements or disclosures. The Standard establishes a three tier "fair value hierarchy".	1 January 2013	The reporting entity's major assets – property, plant and equipment, and investment properties, are recognised at fair value. It is not possible at this stage to determine the impact if any of the new rules on any of the amounts recognised in the consolidated financial statements.
AASB 119 Employee Benefits AASB 2011–10 and AASB 2011–11	This Standard will mainly impact the accounting for defined benefit pension schemes. The corridor approach for the recognition of actuarial gains and losses has been removed, as has the option to recognise actuarial gains and losses in profit or loss. The impact of this is that all actuarial gains and losses will be recognised in other comprehensive income in the period in which they arise. In addition, the calculation of net interest cost has changed. There will no longer be separate calculations of the expected return on plan assets and the interest cost of funding the defined benefit obligation. Instead, a single rate is applied to the net of the defined benefit obligation and plan assets.	1 January 2013 with retrospective implementation as per AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors.	The requirements for measurement of employer liabilities and assets arising from defined benefit plans, and the measurement and presentation of changes in such liabilities and assets, are substantially different under the revised AASB 119. It is not possible at this stage to determine the impact of this new Standard on the consolidated financial statements.
AASB 127 Separate Financial Statements	AASB 127 Consolidated and Separate Financial Statements has been renamed Separate Financial Statements. The objective of this Standard is to prescribe the accounting and disclosure requirements for investments in subsidiaries, joint ventures and associates when an entity prepares separate financial statements (in addition to consolidated financial statements). The Standard requires that when an entity prepares separate financial statements, investments in subsidiaries, associates and jointly controlled entities are accounted for either at cost or in accordance with AASB 9 Financial Instruments. The Standard also deals with the recognition of dividends, certain group reorganisations and includes a number of disclosure requirements.	1 July 2013	The AASB may modify the application of this standard to the not-for-profit entities. As such it is not practical to assess the impact of its application on the reporting entity's consolidated financial statements.

Standard	Summary of key requirements/changes	Applicable to annual reporting periods beginning on or after	Impact of reporting entity's financial statements
AASB 128 Investments in Associates and Joint ventures	This Standard supersedes AASB 128 Investments in Associates and prescribes the accounting for investments in associates and sets out the requirements for the application of the equity method when accounting for investments in associates and joint ventures. The Standard defines "significant influence" and provides guidance on how the equity method of accounting is to be applied. It also prescribes how investments in associates and joint ventures should be tested for impairment.	1 July 2013	The impact on the reporting entity's financial statements is expected to be insignificant.
AASB 1053 and AASB 2010–2 regarding differential reporting	AASB 1053 establishes a two tier differential reporting framework for those entities that prepare general purpose financial statements: Tier 1 or full compliance with AASB and Tier 2 or Reduced Disclosure Requirements. Tier 2, therefore requires fewer disclosures than Tier 1.	1 July 2013	This Standard will not impact on the reporting entity's financial statements which will continue to be prepared in accordance with Financial Reporting Code for NSW General Government Sector Entities (Tier 1).
AASB 2010–10 regarding removal of fixed dates for first time adopters	AASB 2010–10 amendments affect AASB 1 First Time Adoption of Australian Accounting Standards and provide relief for first-time adopters of Australian Accounting Standards from having to reconstruct transactions that occurred before their transition to Australian Accounting Standards.	1 July 2013	The Standard has no impact on the reporting entity's consolidated financial statements as the group entities made the transition to AEIFRS in 2005–06.
AASB 2011–4 Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements	Amends AASB 124 Related Party Disclosures to remove the individual key management personnel (KMP) disclosures required by Australian specific paragraphs. Such disclosures are more in the nature of governance disclosures that are better dealt with as part of the *Corporations Act 2001*.	1 July 2013	The impact on the reporting entity's financial statements is expected to be insignificant.
AASB 2012–2 Amendments to Australian Accounting Standards – Disclosures – Offsetting Financial Assets and Financial Liabilities	This Standard amends the required disclosures in AASB 7 to include information that will enable users of an entity's financial statements to evaluate the effect or potential effect of netting arrangements, including rights of set-off associated with the entity's recognised financial assets and recognised financial liabilities, on the entity's financial position.	1 July 2013	The impact on the reporting entity's financial statements is expected to be insignificant.
AASB 2012–3 Amendments To Australian Accounting Standards – Offsetting Financial Assets And Financial Liabilities	This Standard adds application guidance to AASB 132 to address inconsistencies identified in applying some of the offsetting criteria of AASB 132, including clarifying the meaning of "currently has a legally enforceable right of set-off" and that some gross settlement systems may be considered equivalent to net settlement.	1 July 2013	The impact on the reporting entity's financial statements is expected to be insignificant.

Standard	Summary of key requirements/changes	Applicable to annual reporting periods beginning on or after	Impact of reporting entity's financial statements
AASB 2012–4 Amendments to Australian Accounting Standards – Government Loans	This Standard adds an exception to the retrospective application of Australian Accounting Standards to require that first-time adopters apply the requirements in AASB 139 Financial Instruments: Recognition and Measurement (or AASB 9 Financial Instruments) and AASB 120 Accounting for Government Grants and Disclosure of Government Assistance prospectively to government loans existing at the date of transition to Australian Accounting Standards.	1 July 2013	The impact on the reporting entity's financial statements is expected to be insignificant.
AASB 2012–5 Amendments to Australian Accounting Standards arising from Annual Improvements 2009–2011 Cycle	This Standard makes amendments to the Australian Accounting Standards and Interpretation listed in paragraph 1 of the Standard. These amendments are a consequence of the annual improvements process, which provides a vehicle for making non-urgent but necessary amendments to Standards. These amendments result from proposals that were included in Exposure Draft ED 213 Improvements to IFRSs published in July 2011 and follow the issuance of Annual Improvements to IFRSs 2009–2011 Cycle issued by the International Accounting Standards Board in May 2012.	1 July 2013	The Standard makes minor changes, primarily further clarifications and descriptions, to a number of other Australian Accounting Standards. The impact on the reporting entity's financial statements is expected to be minor.
AASB 2012–10 regarding transition guidance and other amendments	The transition guidance amendments to AASB 10 'Consolidated Financial Statements' and related Standards and interpretations clarify the circumstances in which adjustments to an entity's previous accounting for its involvement with other entities are required and the timing of such adjustments.	1 July 2013	The impact on the reporting entity's financial statements is expected to be insignificant.
AASB 2013–1	This Standard removes the requirements relating to the disclosure of budgetary information from AASB 1049 (without substantive amendment). All budgetary reporting requirements applicable to public sector entities are now located in a single, topic-based, Standard AASB 1055 Budgetary Reporting.	1 July 2013	The impact on the reporting entity's financial statements is expected to be insignificant.
AASB 1055 Budgetary reporting	This Standard specifies budgetary disclosure requirements for the whole of government, General Government Sector (GGS) and not-for-profit entities with the GGS of each government.	1 July 2014	The impact on the reporting entity's financial statements is expected to be insignificant.

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

- AASB 2010–10 Further Amendments to Australian Accounting Standards – Removal of Fixed Dates for First-time Adopters
- 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 2011–2 Amendments to Australian Accounting Standards arising from the Trans-Tasman Convergence Project – Reduced Disclosure Requirements
- AASB 2011–12 Amendments to AASB 119 arising from Reduced Disclosure Requirements
- AASB 2012–9 Amendment to AASB 1048 arising from the Withdrawal of Australian Interpretation 1039
- AASB 2012–7 Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements
- AASB 2012–11 Amendments to Australian Accounting Standards – Reduced Disclosure Requirements and Other Amendments
- AASB 2013–2 Amendments to AASB 1038 – Regulatory Capital.

f. Administered activities

Roads and Maritime 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 Roads and Maritime revenue but are separately disclosed in the Administered Income and Expenses note (refer to Note 24). Roads and Maritime 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 Roads and Maritime income, expenses, assets and liabilities, but are disclosed as “Administered Income and Expenses” (refer to Note 24), and “Administered Assets and Liabilities” (refer to Note 25) in accordance with AASB 1050 Administered Items.

Expenses incurred in collecting monies on behalf of the Crown Entity are recognised as Roads and Maritime expenses. The accrual basis of accounting and all applicable accounting standards have been adopted for the reporting of administered income in Notes 24 and 25.

g. Income recognition

Income is recognised in accordance with AASB 118 Revenue when Roads and Maritime has control of the good or right to receive, it is probable that the economic benefits will flow to Roads and Maritime 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 next:

i. Grants from TfNSW

Roads and Maritime receives capital and operating grants from TfNSW instead of receiving budget appropriations directly from NSW Treasury. These grants are generally recognised as income when Roads and Maritime 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 Roads and Maritime transfers the significant risks and rewards of ownership of the assets. User charges are recognised as revenue when Roads and Maritime 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 upfront 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.

h. 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 12 months is measured at present value in accordance with AASB 119 Employee Benefits. Market yields on ten year government bonds are used to discount long-term annual leave.

Sick leave accrued by employees of Roads and Maritime 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

Roads and Maritime 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. The long service leave liability is based on an actuarial assessment applicable for the period 2011 to 2013.

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. The expense is calculated as a percentage of the employee's salary.

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.

Defined Benefit Plans expense is calculated as a multiple of the employee's superannuation contributions.

iii. Other provisions

Other provisions exist when, Roads and Maritime 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 organisation 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.

Make good provision

A provision has been made for the present value of anticipated costs of future environmental restoration. The provision includes future cost estimates associated with remediation of the maritime environment. The calculation of this provision requires assumptions such as application of environmental legislation, community expectations, available technologies and engineering cost estimates. These uncertainties may result in future actual expenditure differing from the amounts currently provided. The provision recognised is periodically reviewed and updated based on the facts and circumstances available at the time. Changes to the estimated future costs are recognised in the Statement of Financial Position by adjusting both the expense and/or asset (if applicable) and provision.

iv. Personnel services and shared services expense

Personal Services Income represents the provision of Roads and Maritime staff to TfNSW to undertake work on behalf of Transport Shared Services.

Shared Service Expenses represent services provided by TfNSW Shared Services to other government agencies, including Roads and Maritime.

i. 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.

j. Insurance

Roads and Maritime 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.

Roads and Maritime 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.

k. 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 Roads and Maritime 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.

l. Asset management policy

Acquisition of assets

The cost method of accounting is used for the initial recording of all acquisitions of assets controlled by Roads and Maritime. 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.

Where payment for property, plant and equipment is deferred beyond normal credit terms, the difference between its cash price equivalent and the total payment is measured as interest over the period of credit. The discount rate used to calculate the cash price equivalent is an asset specific rate.

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.

Roads and Maritime 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 decrement

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, Roads and Maritime 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 2 and 60 years.
Computer hardware	Depreciated historical cost	Depreciated on the straight-line method over the estimated useful life between 2 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 five years. Annual indexation is applied to ensure that carrying amounts do not differ materially from market values at reporting date.	Buildings – Depreciated on the straight-line basis over the estimated useful life of between 20 and 50 years.
Land and Buildings Acquired for Future Roadworks (LAFFRW)	LAFFRW is valued at indexed acquisition cost and revalued to current market value progressively over a five year cycle. The valuation is carried out by a registered valuer. Annual indexation is applied to ensure that carrying amounts do not differ materially from market values at reporting date.	No depreciation is charged as buildings are not purchased to generate revenue but ultimately to be demolished for roadworks.
Vacant land	Vacant land is valued at indexed acquisition cost using Land Property Index data provided by the Valuer General.	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 begins. 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 or unimproved value).

Included in the value of land and buildings in service is an amount of $16.385 million (2012: $16.385 million) for buildings on Crown land. As Roads and Maritime effectively "controls" this Crown land, it has been included in Roads and Maritime'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.

Roads and Maritime's land and buildings are valued by registered valuers. Land and Buildings Acquired for Future Roadworks comprise Untenanted Land for Roads which is indexed annually and rental properties and surplus properties which are revalued progressively within a five 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).

iii. Infrastructure systems

Asset	Valuation policy	Depreciation policy
Roads	Depreciated replacement cost	Depreciated over estimated useful life using straight-line method.
Earthworks – Not depreciated		• Indefinite
Earthworks – Depreciated		• 50 years
Pavement wearing surface – Asphalt		• 16–25 years
Pavement wearing surface – Spray sealed		• 6–11 years
Pavement wearing surface – Unsealed		• 4 years
Pavement wearing surface – Concrete		• 16–25 years
Pavement base and sub-base – Asphalt		• 25–100 years
Pavement base and sub-base – Spray sealed		• 20–100 years
Pavement base and sub-base – Unsealed		• 100 years
Pavement base and sub-base – Concrete		• 55–100 years
Culverts and drainage		• 50–100 years
Safety barriers		• 40–100 years
Fences		• 40 years
Structures (retaining walls, noise walls and gabions)		• 75 years
Footway, vegetation, and landscaping		• 20 years
Kerbs and gutters		• 50 years
Guide posts, pavement markings, signposting, and street lighting		• 25 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
Bridge 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.

Asset	Valuation policy	Depreciation policy
Sydney Harbour Tunnel	Depreciated replacement cost	Depreciated over estimate useful life depending on asset type:
Immersed tube		• 100 years
Mechanical and electrical		• 22 years
Pavement		• 22 years
Earthworks		• Indefinite life
Wharves and jetties	Depreciated replacement cost	Depreciated over estimated useful life of between 20 and 40 years
Moorings and wetlands	Capitalised revenues	Depreciated over estimated useful life of between nil and 20 years
Dredging assets	Depreciated replacement cost	Independent valuation
Seawall	Depreciated replacement cost	Depreciated over estimated useful life of between 25 and 40 years
Navigational aids	Depreciated historical cost	Depreciated on the straight-line method over the estimated useful life between 5 and 20 years

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 Roads and Maritime.

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

Roads and Maritime recognises intangible assets only if it is probable that future economic benefits will flow to Roads and Maritime 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:

- The technical feasibility of completing the intangible asset so that it will be available for use or sale.
- The intention to complete the intangible asset and use or sell it.
- The ability to use or sell the intangible asset.
- The intangible asset will generate probable future economic benefits.
- The availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset.
- 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.

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.

Asset	Valuation policy	Depreciation policy
Intangible assets	Depreciated historical cost	Amortised using the straight-line method over the estimated useful life of between 2 and 10 years.

v. Private sector provided infrastructure (PSPI)

In respect of certain private sector provided infrastructure assets: M2 Motorway, M4 Service Centre, M5 Motorway, the Eastern Distributor, the Cross City Tunnel, the Westlink M7 Motorway and the Lane Cove Tunnel, Roads and Maritime values each right to receive asset by reference to Roads and Maritime'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

Roads and Maritime 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.

As Lessor: The reporting entity as the lessor classifies its long-term leases (typically where the initial lease term exceeds 50 years) as finance leases if it transfers to the lessee substantially all the risks and rewards incidental to ownership of the land. The leased assets are recognised as current and non-current receivables at amounts equal to the net investment in the leases.

The lease receipt is recognised in two components, one as a reduction of the lease receivables and the other as finance income. The finance income is calculated relevant to the term of the lease

viii. Investment property

Initially, investment properties are measured at cost including transaction costs. Subsequent to initial recognition, investment properties are revalued annually and stated at fair value, which is based on active market prices, adjusted if necessary for any difference in the nature, location or condition of the specific asset at the reporting date. Gains or losses arising from changes in the fair values of investment properties are included in the Statement of Comprehensive Income in the year in which they arise.

Investment properties are derecognised when they have either been disposed of or when the investment property is permanently withdrawn from use and no future benefit is expected from its disposal. Any gains or losses on the derecognition of an investment property are recognised in the Statement of Comprehensive Income in the year of derecognition.

Transfers are made to and from investment property when, and only when, there is a change in use. Where properties are transferred from investment property, the deemed cost for subsequent accounting is its fair value at the date of change in use. Where properties are transferred to investment property, such properties are accounted for in accordance with the policy stated under Note 1(l)(ii) up to the date of the change in use.

ix. Investments

The reporting entity subsequently measures investments classified as "held for trading" or designated upon initial recognition "at fair value through profit or loss" at fair value. Financial assets are classified as "held for trading" if they are acquired for the purpose of selling in the near term. The NSW Treasury

Corporation (TCorp) Hour-Glass Investment Facilities are designated at fair value through profit and loss using the second leg of the fair value option, ie these financial assets are managed and their performance is evaluated on a fair value basis, in accordance with a documented risk management strategy, and information about these assets is provided internally on that basis to the key management personnel.

The movement in the fair value of the NSW TCorp Hour-Glass Investment Facilities incorporates distributions received as well as unrealised movements in fair value and is reported in the line item investment revenue.

x. Port Corporation dredging

As Roads and Maritime is the owner of the seabed of the major NSW ports, costs incurred by Port Corporations in NSW in capital dredging (harbour deepening) of channels are recorded as a Roads and Maritime asset. A corresponding amount is recorded as "Long-term channel fees unearned income" and amortised over a period of 99 years.

m. 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.

n. 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.

o. 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.

p. 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.

q. 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 2(a)).

r. Non-current assets held for sale

Roads and Maritime 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.

s. Other assets

Other assets including prepayments are recognised on a cost basis.

t. Budgeted amounts

The budgeted amounts are drawn from the original budgeted financial statements presented to Parliament in respect of the reporting period, as adjusted for section 24 of the PFAA where there has been a transfer of functions between departments. Other amendments made to the budget are not reflected in the budgeted amounts.

u. 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 15.

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 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 AASB 139 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(c)).

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 Roads and Maritime transfers the financial asset.
- Where substantially all the risks and rewards have been transferred.
- Where Roads and Maritime has not transferred substantially all the risks and rewards, if the entity has not retained control.

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

b. Financial liabilities

i. Payables

These amounts represent liabilities for goods and services provided to Roads and Maritime 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 Organisation 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 A*ssets* and the amount initially recognised, less accumulated amortisation.

Roads and Maritime 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, Roads and Maritime is required to lodge a security deposit in the form of bank guarantee. Under the *Public Authorities and (Financial Arrangements) Act 1987*, Roads and Maritime has an approved limit of $3 million until 30 June 2015 from TCorp.

Roads and Maritime has reviewed its financial guarantees and determined that there is no material liability to be recognised for financial guarantee contracts as at 30 June 2013 and as at 30 June 2012. Refer to Note 21 regarding disclosures on contingent liabilities.

v. 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, Roads and Maritime recognises the asset at the transferor's carrying amount. Where the transferor is prohibited from recognising internally generated intangibles, Roads and Maritime does not recognise that asset.

w. Grants and subsidies

Grants and subsidies generally comprise contributions in cash or kind to various local government authorities and not-for-profit community organisations. These contributions include transfers of roads and bridges, cash grants for road maintenance and the provision of transport services. The grants and subsidies are expensed on the transfer of cash or assets. The transferred assets are measured at their fair value and transferred for nil consideration.

x. Retained taxes, fees and fines

Retained taxes, fines and fees are recognised when cash is received.

y. Comparative information

This is Roads and Maritime's first full year of operation. The comparative figures provided for the prior year relate to a part year of trading only, being from the creation of Roads and Maritime on 1 November 2011 to the end of the prior financial period ended 30 June 2012.

z. 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 retained funds.

aa. 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 affects only that period – or in the period of the revision and future periods if the revision affects 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(l) and Note 9
Private sector provided infrastructure	Note 1(l) and Note 10(a)
Employee benefits	Note 1(h) and Note 16

bb. Change in Accounting estimates

i. Roads componentisation

Roads and Maritime has componentised its roads assets from 8 to 13 new components and adjusted their useful lives assumptions to align the accounting to the engineering perspective. The changes in road components and useful life assumptions are recognised as change in estimates and recognised prospectively in accordance with AASB108: Accounting policies, Changes in Accounting Estimates and Errors.

This change resulted in an increase in depreciation expense and the decrease in the fair value of road assets by $291.410 million for the 12 months to 30 June 2013, refer Note 9(c).

ii. Land Acquired for Future Road Works (LAFFRW)

Roads and Maritime reassessed the valuation technique to determine the fair value of land acquired for future road works assets at 30 June 2013.

The fair value of this asset is now determined using indexed acquisition cost. This was previously based on the average rateable value per hectare of urban and rural areas within each Local Government Area. The new methodology assesses the fair value of LAFFRW based on market value evidence and considers the characteristics of each specific property, and hence represents a more refined estimate to revalue LAFFRW.

The change in valuation technique to determine the fair value of LAFFRW asset is accounted as change in estimate.

As at 30 June 2013, the LAFFRW assets have decreased by $312.191 million refer Note 5, with a corresponding increase in the expense in absence of asset revaluation reserve for this class of asset.

The impact of change in valuation technique on future years on fair value of LAFFRW asset cannot be reliably estimated.

2. Expenses excluding losses

a. Employee related expenses

Employee related expenses comprise the following specific items:

	Consolidated	Consolidated	Parent	Parent
	2013 12 months $'000	2012 8 months $'000	2013 12 months $'000	2012 8 months $'000
Salaries and wages (including annual leave)	462,066	330,369	–	–
Superannuation – defined benefit plans*	151	7,683	–	–
Superannuation – defined contribution plans	25,874	22,015	–	–
Personnel services	–	–	322,911	778,271
Long service leave	7,521	21,545	–	–
Payroll tax and fringe benefits tax	27,308	17,977	–	–
Redundancy	9,136	539	–	–
Skill hire contractors	43,479	34,142	43,479	34,142
Workers' compensation insurance	9,729	9,489	–	–
	585,264	**443,759**	**366,390**	**812,413**
Allocations of employee related costs to programs				
– Capitalised to infrastructure	246,248	160,505	246,248	160,505
– Operating programs (including maintenance costs)	585,264	443,759	366,390	812,413
	831,512	**604,264**	**612,638**	**972,918**

Included in the above are employee related expenses of $146.745 million (2012: $124.491 million) related to maintenance.

* Defined benefit superannuation actuarial gains of $218.874 million in the year ended 30 June 2013 (losses 2012: $368.654 million) are recognised in the Statement of Comprehensive Income.

b. Other operating expenses

Auditor's remuneration – audit of financial statements	710	610	695	595
Advertising	5,505	14,308	5,505	14,308
Contract payments	66,809	20,233	66,809	20,233
Data processing	35,863	17,065	35,863	17,065
Contingent rent	3,403	3,748	3,403	3,748
Fleet hire and lease charges	11,368	7,021	11,368	7,021
Lease and property expenses	60,894	30,400	60,894	30,400
M5 Cashback refund	70,201	47,409	70,201	47,409
Office expenses	36,108	24,656	36,108	24,656
Payments to councils and external bodies	16,071	7,684	16,071	7,684
Sydney Harbour Tunnel operating fees	28,382	18,370	28,382	18,370
Travel and legal expenses	21,364	8,673	21,364	8,673
Consultants	1,609	2,873	1,609	2,873
Professional fees	118,346	53,196	118,346	53,196
Other	50,797	12,856	50,812	12,871
	527,430	**269,102**	**527,430**	**269,102**
Share services charges	65,089	73,705	65,089	73,705
	592,519	**342,807**	**592,519**	**342,807**

Infrastructure maintenance

Major reconstruction costs for road segments on State roads are capitalised and as such not charged against maintenance expenditure. Roads and Maritime capitalised $466.768 million (2012: $228.329 million) of such works during the year.

Roads and Maritime expensed $243.272 million in the year ended 30 June 2013 (2012: $136.42 million) on natural disaster restoration works from State funds, and $202.818 million in the year ended 30 June 2013 (2012: $93.21 million) on block grants and other maintenance grants to councils for regional and local roads.

	Consolidated	Consolidated	Parent	Parent
	2013 12 months $'000	2012 8 months $'000	2013 12 months $'000	2012 8 months $'000
Roads maintenance*	481,267	514,890	481,267	514,890
Maritime maintenance	12,248	10,022	12,248	10,022
Maintenance expenses in Statement of Comprehensive Income	493,515	524,912	493,515	524,912
Maintenance related employee expenses (Note 2(a))	146,745	124,491	146,745	124,491
Total maintenance expenses including employee related	**640,260**	**649,403**	**640,260**	**649,403**
Maintenance grants to councils (Note2(d))	400,389	238,747	400,389	238,747
Capitalised maintenance*	466,768	228,329	466,768	228,329
Total maintenance program	**1,507,417**	**1,116,479**	**1,507,417**	**1,116,479**

* Capitalised maintenance includes $186.255 million reclassified from roads maintenance expenditure.

c. Depreciation and amortisation

Depreciation of operational and property assets	42,654	28,112	42,654	28,112
Depreciation of infrastructure assets	1,152,881	583,517	1,152,881	583,517
Amortisation of intangible assets	12,028	6,448	12,028	6,448
	1,207,563	**618,077**	**1,207,563**	**618,077**

d. Grants and subsidies

Grants under road safety program	–	5,997	–	5,997
Maintenance grants to councils (Note 2(b))	400,389	238,747	400,389	238,747
Roads and bridges transferred to councils	20,683	73,026	20,683	73,026
Other grants and subsidies	7,463	13,222	7,463	13,222
	428,535	**330,992**	**428,535**	**330,992**

e. Finance costs

Interest expense from financial liabilities not at fair value through profit and loss	27,986	21,240	27,986	21,240
Finance lease interest charges	43,039	30,551	43,039	30,551
Finance lease interest charges – Maritime Trade Tower	3,266	3,962	3,266	3,962
Other	4,811	5,886	4,811	5,886
	79,102	**61,639**	**79,102**	**61,639**

3. Revenue

a. Sale of goods and services

	Consolidated	Consolidated	Parent	Parent
	2013 12 months $'000	2012 8 months $'000	2013 12 months $'000	2012 8 months $'000
Sale of goods				
Number plates	105,184	63,642	105,184	63,642
Rendering of services				
Advertising	21,089	13,280	21,089	13,280
Boat licences	20,529	13,219	20,529	13,219
Boat registrations	22,982	14,978	22,982	14,978
Channel fees	15,029	9,040	15,029	9,040
Fees for services	55,742	34,255	55,742	34,255
Heavy vehicle permit fees	1,729	1,028	1,729	1,028
Miscellaneous services	24,668	16,804	24,668	16,804
Moorings	8,361	5,657	8,361	5,657
General maritime revenue	2,993	2,044	2,993	2,044
Publications	6,961	3,516	6,961	3,516
Rental income	51,260	37,549	51,260	37,549
Third party insurance data access charges	18,855	11,514	18,855	11,514
Toll revenue (Sydney Harbour Bridge)	98,851	64,523	98,851	64,523
Toll revenue (Sydney Harbour Tunnel)	43,565	28,786	43,565	28,786
Works and services	69,726	31,761	69,726	31,761
	567,524	**351,596**	**567,524**	**351,596**
Personnel services revenue	**77,199**	**71,067**	**77,199**	**71,067**

b. Investment revenue

Interest	10,429	9,392	10,429	9,392
Interest – Maritime Trade Tower	3,153	3,820	3,153	3,820
Rent received – Maritime Trade Tower	13,525	8,731	13,525	8,731
Amortisation of zero interest loan Sydney Harbour Tunnel	7,580	4,744	7,580	4,744
TCorp Investment Facilities Designated at Fair Value Through Profit or Loss – Gain on Fair Valuation	5,922	3,340	5,922	3,340
	40,609	**30,027**	**40,609**	**30,027**

c. Retained taxes, fees and fines

Sanction fees payable under the Fines Act	12,685	8,012	12,685	8,012
	12,685	**8,012**	**12,685**	**8,012**

d. Grants from TfNSW

	Consolidated	Consolidated	Parent	Parent
	2013 12 months $'000	2012 8 months $'000	2013 12 months $'000	2012 8 months $'000
Operating grant				
Grant to fund general operations including maintenance	1,535,143	1,236,098	1,535,143	1,236,098
Capital grant				
Grants to fund investment in infrastructure network development	2,860,962	1,826,407	2,860,962	1,826,407
	4,396,105	**3,062,505**	**4,396,105**	**3,062,505**

Of the $2,860.962 million capital grant, $1,381.510 million relates to federal funding (2012: $1,017 million of $1,826.407 million). The equivalent figure for the federal recurrent grant is $160.447 million (2012: $97.372 million). Federal funding is appropriated to TfNSW through NSW Treasury.

Transfers to the Crown Entity				
Asset sales proceeds transferred	(124,833)	–	(124,833)	–
Other transfers	(4,000)	–	(4,000)	–
	(128,833)	**–**	**(128,833)**	**–**

e. Other grants and contributions

NSW Government agencies				
– TfNSW	13,047	3,813	13,047	3,813
– Other	81,236	6,496	81,236	6,496
Local government	47,762	1,707	47,762	1,707
Other government agencies	3,781	4,234	3,781	4,234
Private firms and individuals	18,148	11,897	18,148	11,897
	163,974	**28,147**	**163,974**	**28,147**

Contributions received during the year ended 30 June 2013 were recognised as revenue during the period and were expended in that period with no balance of those funds available at 30 June 2013.

f. Other revenue

	Consolidated	Consolidated	Parent	Parent
	2013 12 months $'000	2012 8 months $'000	2013 12 months $'000	2012 8 months $'000
Amortisation of Deferred Revenue on Private Sector Provided Infrastructure (PSPI) Projects	14,048	8,119	14,048	8,119
Value of emerging interest of PSPI				
– M2 (refer Note 10(a))	15,384	9,524	15,384	9,524
– M4 (refer Note 10(a))	1,136	695	26,220	695
– M5 (refer Note 10(a))	26,220	16,101	16,208	16,101
– Eastern Distributor (refer Note 10(a))	16,208	10,140	23,613	10,140
– Cross City Tunnel (refer Note 10(a))	23,613	14,924	47,223	14,924
– Western Sydney Orbital M7 (refer Note 10(a))	47,223	29,810	33,530	29,810
– Lane Cove Tunnel (refer Note 10(a))	33,530	21,082	1,136	21,082
M2 and Eastern Distributor promissory notes	8,504	10,253	8,504	10,253
Fuel tax credits	258	134	258	134
Principal arranged insurance refund	1,118	2,024	1,118	2,024
Property revenue	127	3,862	127	3,862
Recognition of infrastructure assets	31,172	12,682	31,172	12,682
Other boating fees	1,753	1,305	1,753	1,305
Other (including professional services revenue)	7,305	4,834	7,305	4,834
	227,599	**145,489**	**227,599**	**145,489**

4. Gains (losses) on disposal

a. Gains/(losses) on disposal

Net gain on sale of property, plant and equipment				
– Proceeds from sale	187,494	20,744	187,494	20,744
– Carrying amount of assets sold	(173,842)	(29,600)	(173,842)	(29,600)
Net gain on sale of property, plant and equipment	**13,652**	**(8,856)**	**13,652**	**(8,856)**

b. Other gains/(losses)

Allowance for impairment of receivables	(2,300)	(677)	(2,300)	(677)
Bad debts (written off)/recovered	(51)	(4,451)	(51)	(4,451)
Carrying amount of assets written off (refer Note 5)	(696,678)	(170,080)	(696,678)	(170,080)
Revaluation decrement on investment properties*	–	(2,823)	–	(2,823)
Asset write-down infrastructure assets (refer Note 5)	(378,688)	(111,020)	(378,688)	(111,020)
Total other gains/(losses)	**(1,077,717)**	**(289,051)**	**(1,077,717)**	**(289,051)**

The majority of the assets written off were infrastructure assets. In cases where Roads and Maritime 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)).

* Loss on revaluation of Maritime investment property – Maritime Trade Tower (refer Note 10(c)).

5. Write-off of infrastructure assets

	Consolidated	Consolidated	Parent	Parent
	2013 12 months $'000	2012 8 months $'000	2013 12 months $'000	2012 8 months $'000
Infrastructure assets written off	**696,678**	**169,544**	**696,678**	**169,544**

The following infrastructure assets were written off in year ended 30 June 2013 and the eight months to 30 June 2012:

	Replacement costs 2013 $'000	Accumulated depreciation/ Unearned income 2013 $'000	Written down replacement costs 2013 $'000	Replacement costs 2012 $'000	Accumulated depreciation 2012 $'000	Written down replacement costs 2012 $'000
Roads	408,955	(136,628)	272,327	172,406	(26,774)	145,632
LUR	10,370	–	10,370	14,957	–	14,957
Bridges	8,473	(4,644)	3,829	6,108	(2,683)	3,425
Maritime assets	2,283	–	2,283	–	–	–
Work in progress	7,401	–	7,401	–	–	–
Traffic signals network	282	(165)	117	299	(143)	156
Traffic control network	–	–	–	6,512	(1,138)	5,374
Maritime dredge assets*	549,015	(148,664)	400,351	–	–	–
	986,779	**(290,101)**	**696,678**	**200,282**	**(30,738)**	**169,544**

* The write-off amount of $400.351 million, represents the derecognition of Maritime dredge assets transferred to Port Kembla and Sydney Ports.

Write-down of infrastructure assets

	Consolidated	Consolidated	Parent	Parent
	2013 12 months $'000	2012 8 months $'000	2013 12 months $'000	2012 8 months $'000
Infrastructure assets written down	**378,688**	**111,020**	**378,688**	**111,020**

The following infrastructure assets were written down in year ended 30 June 2013 and the eight months to 30 June 2012:

	Replacement costs 2013 $'000	Accumulated depreciation 2013 $'000	Written down replacement costs 2013 $'000	Replacement costs 2012 $'000	Accumulated depreciation 2012 $'000	Written down replacement costs 2012 $'000
Land under roads	66,497	–	66,497	111,020	–	111,020
Land acquired for future roadworks*	312,191	–	312,191	–	–	–
	378,688	**–**	**378,688**	**111,020**	**–**	**111,020**

* Writedown of LAFFRW due to change in valuation technique recognised prospectively as change in estimates, refer Note 1(bb)ii.

6. Service groups of Roads and Maritime Services

a. Transport Infrastructure and Development

This service group includes the development of new road and maritime infrastructure along with enhancement of the existing networks.

b. Integrated Transport Service Delivery

This service group seeks to implement initiatives to increase safe road and maritime use behaviour to ensure that: drivers, marine vessel operators and riders are eligible, competent and identified; vehicles and marine vessels are road and sea worthy and meet emission standards; and a high standard of customer service is maintained.

c. Integrated Transport Planning and Management

This service group seeks to ensure safe, reliable movement of people and goods on the arterial road network and marine waterways, and retain the value and quality of the infrastructure as a long-term renewable asset.

7. Current assets – cash and cash equivalents

	Consolidated	Consolidated	Parent	Parent
	2013 $'000	**2012 $'000**	**2013 $'000**	**2012 $'000**
Roads and Maritime operating account	20,265	11,710	20,265	11,710
Remitting account, cash in transit and cash on hand*	38,908	41,595	38,908	41,595
TCorp Hour-Glass Cash Facility**	177,101	295,549	177,101	295,549
On call deposits	7,456	7,239	7,456	7,239
Other	859	579	859	579
	244,589	**356,672**	**244,589**	**356,672**

For the purposes of the Statement of Cash Flows, cash and cash equivalents include cash at bank, cash on hand, on call deposits, and TCorp Investments.

* The remitting account balance above does not include cash of $29.418 million (2012: $26.377 million) relating to administered revenue held by Roads and Maritime as at 30 June (refer to Note 25).

**The TCorp Investments are unit trust investment facilities which are at call. This includes restricted assets received from the deposit holders, which are SHB ETOLL Tag Deposits of $50.756 million (2012: $48.953 million), Just Terms Compensation of $2.452 million (2012: $0.782 million), and Tow Truck Licensing and Compliance of $0.410 million (2012: $0.395 million).

Cash and cash equivalent assets recognised in the Statement of Financial Position are reconciled at the end of the financial period to the Statement of Cash Flows as follows:

Cash and cash equivalents (per Statement of Financial Position)	244,589	356,672	244,589	356,672
Long-term growth facility	13,272	11,010	13,272	11,010
Medium-term growth facility	35,622	32,167	35,622	32,167
Strategic cash facility	5,134	4,929	5,134	4,929
Closing cash and cash equivalents (per Statement of Cash Flows)	**298,617**	**404,778**	**298,617**	**404,778**

Details regarding credit risk, liquidity risk and market risk arising from financial instruments are disclosed in Note 15.

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

a. Current receivables

	Consolidated 2013 $'000	Consolidated 2012 $'000	Parent 2013 $'000	Parent 2012 $'000
Sale of goods and services	47,793	52,443	47,793	52,443
Other	7,358	1,818	7,358	1,818
Less: allowance for impairment*	(6,597)	(8,679)	(6,597)	(8,679)
	48,554	**45,582**	**48,554**	**45,582**
TfNSW receivable (see Note 1(g)iv)	3,552	131,449	3,552	131,449
Goods and services tax receivable	72,575	88,799	72,575	88,799
	124,681	**265,830**	**124,681**	**265,830**
Prepayments	10,636	4,618	10,636	4,618
Land sale receivables**	–	24,253	–	24,253
Property debtors	21,204	9,415	21,204	9,415
Dishonoured credit cards	192	109	192	109
	156,713	**304,225**	**156,713**	**304,225**
Accrued income				
– Interest	140	105	140	105
– Property sales	28,917	18,768	28,917	18,768
– Other	11,743	9,792	11,743	9,792
	197,513	**332,890**	**197,513**	**332,890**

* The allowance for impairment primarily relates 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.

**Land sale receivables relate to the Maritime Trade Tower land which was sold in 1989 on a 96–year term with payments extending for 25 years. The purchaser's tenure is secured by a lease. These amounts represent the capital portion owed under a Finance Lease with the amount disclosed receivable within 12 months.

Details regarding credit risk, liquidity risk and market risk arising from financial instruments are disclosed in Note 15.

Movement in the allowance for impairment

	Consolidated 2013 $'000	Consolidated 2012 $'000	Parent 2013 $'000	Parent 2012 $'000
Opening balance at the beginning of the period	8,679	–	8,679	–
Balance as part of net assets received from equity transfer	–	3,708	–	3,708
Amounts written off during the year	(4,382)	(157)	(4,382)	(157)
Increase in allowance recognised in Statement of Comprehensive Income	2,300	5,128	2,300	5,128
Balance as at end of financial period	**6,597**	**8,679**	**6,597**	**8,679**

b. Non-current receivables

	Consolidated	Consolidated	Parent	Parent
	2013 $'000	2012 $'000	2013 $'000	2012 $'000
Pre-paid lease	–	15	–	15
Other	1,828	6,152	1,828	6,152
	1,828	**6,167**	**1,828**	**6,167**

c. Other financial assets

Non-current financial assets (at amortised cost)

Loan to Sydney Harbour Tunnel Company	119,127	111,547	119,127	111,547
M2 and Eastern Distributor operators Promissory notes (refer to Note 10 (a))	41,298	32,795	41,298	32,795
	160,425	**144,342**	**160,425**	**144,342**

d. Current financial assets (at fair value)

TCorp Hour-Glass Investment Facilities – long-term growth facility	13,272	11,010	13,272	11,010
TCorp Hour-Glass Investment Facilities – medium-term growth facility	35,622	32,167	35,622	32,167
TCorp Hour-Glass Investment Facilities – strategic cash facility	5,134	4,929	5,134	4,929
	54,028	**48,106**	**54,028**	**48,106**

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 2012 – fair value				
Gross carrying amount	2,788,210	272,291	83,278,453	86,338,954
Accumulated depreciation	(46,815)	(131,209)	(21,796,665)	(21,974,689)
Net carrying amount	**2,741,395**	**141,082**	**61,481,788**	**64,364,265**
As at 30 June 2013 – fair value				–
Gross carrying amount	2,476,695	280,984	97,519,308	100,276,987
Accumulated depreciation	(66,284)	(144,304)	(30,908,399)	(31,118,987)
Net carrying amount	**2,410,411**	**136,680**	**66,610,909**	**69,158,000**

Consolidated and parent	Land and buildings $'000	Plant and equipment $'000	Infrastructure systems $'000	Total $'000
As at 1 November 2011 – fair value				
Gross carrying amount	–	–	–	–
Accumulated depreciation	–	–	–	–
Net carrying amount	**–**	**–**	**–**	**–**
As at 30 June 2012 – fair value				
Gross carrying amount	2,788,210	272,291	83,278,453	86,338,954
Accumulated depreciation	(46,815)	(131,209)	(21,796,665)	(21,974,689)
Net carrying amount	**2,741,395**	**141,082**	**61,481,788**	**64,364,265**

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:

Year ended 30 June 2013	Land and buildings $'000	Plant and equipment $'000	Infrastructure systems $'000	Total $'000
Net carrying amount 1 July 2013	**2,741,395**	**141,082**	**61,481,788**	**64,364,265**
Additions	91,502	16,010	2,870,288	2,977,800
Disposals	–	(2,859)	(835,660)	(838,519)
Net assets transferred as equity transfer	–	–	(1,430)	(1,430)
Transfers to councils	–	–	(20,683)	(20,683)
Transfers from councils	–	–	44,820	44,820
Net revaluation increment less revaluation decrements	(33,320)	–	4,255,050	4,221,730
Assets recognised for the first time	–	–	31,172	31,172
Asset write-off	–	–	(9,684)	(9,684)
Asset write-down	(312,191)	–	(66,497)	(378,688)
Depreciation expense	(19,468)	(23,186)	(1,152,881)	(1,195,535)
Transfer (to)/from assets held for sale	(40,690)	–	–	(40,690)
Rci and other adjustments/WIP	–	5,633	(1,005)	4,628
Transfer out	(17,365)	–	(2,246,524)	(2,263,889)
Transfers in	548	–	2,262,155	2,262,703
Net carrying amount at 30 June 2013	**2,410,411**	**136,680**	**66,610,909**	**69,158,000**

Period ended 30 June 2012	Land and buildings $'000	Plant and equipment $'000	Infrastructure systems $'000	Total $'000
Net carrying amount 1 November 2011	**–**	**–**	**–**	**–**
Net assets received from equity transfer*	2,645,613	139,564	58,568,117	61,353,294
Additions	94,425	12,694	1,817,889	1,925,008
Disposals	(22,199)	(2,156)	(149,560)	(173,915)
Transfers to Sydney Ports Corporation	–	(196)	(4,484)	(4,680)
Transfers to councils	–	–	(73,590)	(73,590)
Transfers from councils	–	–	7,279	7,279
Increase in marina assets	–	–	1,799	1,799
Net revaluation increment less revaluation decrements	25,119	–	14,307	39,426
Asset write-down	(1,038)	–	(111,020)	(112,058)
Depreciation expense	(15,802)	(12,311)	(583,517)	(611,630)
Transfer (to)/from assets held for sale	18,125	137	–	18,262
Rci and other adjustments/WIP	2,026	–	1,990,016	1,992,042
Transfer out	(4,874)	(2,484)	(1,677,143)	(1,684,501)
Transfers in	–	5,834	1,681,695	1,687,529
Net carrying amount at 30 June 2012	**2,741,395**	**141,082**	**61,481,788**	**64,364,265**

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:

Physical non-current assets are valued in accordance with the 'Valuation of Physical Non-Current Assets at Fair Value' Policy and Guidelines Paper (TPP 07–1). This policy adopts fair value in accordance with AASB 116 Property, Plant and Equipment. Roads and Maritime engaged external professional valuers to perform road assets full revaluation and utilise Roads and Maritime engineers to perform a bridge asset full valuation effective 31 March 2013 in 2012–13.

a. Land and buildings – consolidated and parent

Year ended 30 June 2013	Officers' residence land $'000	Officers' residence buildings $'000	Land and buildings acquired for future roadworks $'000	Leasehold improvements $'000	Total $'000
Net carrying amount 1 July 2012	**157,540**	**234,142**	**2,306,692**	**43,021**	**2,741,395**
Additions	–	3,172	87,936	394	91,502
Disposals	–	–	–	–	–
Net revaluation increments less revaluation decrements	–	–	(33,320)	–	(33,320)
Depreciation expense	–	(9,560)	–	(9,908)	(19,468)
Transfer from/to assets held for sale	–	–	(40,690)	–	(40,690)
Transfer in	–	(817)	–	1,365	548
Reclassifications	72,547	(72,547)	–	–	–
Adjustments/WIP	–	–	–	–	–
Asset write-down*	–	–	(312,191)	–	(312,191)
Transfer to infrastructure	–	–	(17,365)	–	(17,365)
Net carrying amount at 30 June 2013	**230,087**	**154,390**	**1,991,062**	**34,872**	**2,410,411**

Period ended 30 June 2012	Officers residences' $'000	Buildings $'000	Land and buildings acquired for future roadworks $'000	Leasehold improvements $'000	Total $'000
Net carrying amount 1 November 2011	**–**	**–**	**–**	**–**	**–**
Net assets received from equity transfer	160,140	245,351	2,191,480	48,642	2,645,613
Additions	–	2,569	89,786	2,070	94,425
Disposals	–	(2,477)	(17,235)	(2,487)	(22,199)
Net revaluation increments less revaluation decrements	70	110	24,939	–	25,119
Depreciation expense	–	(7,974)	–	(7,828)	(15,802)
Transfer from assets held for sale	–	–	18,125	–	18,125
Reclassifications	(2,670)	(2,820)	5,439	51	–
Adjustments/WIP	–	(547)	–	2,573	2,026
Asset write-down	–	(70)	(968)	–	(1,038)
Transfer to infrastructure	–	–	(4,874)	–	(4,874)
Net carrying amount at 30 June 2012	**157,540**	**234,142**	**2,306,692**	**43,021**	**2,741,395**

*Land acquired for future road works was revalued on 30 June 2013 using the Valuer-Genernals land property index. This has resulted in a devaluation/decrement recorded in the Statement of Comprehensive Income of $312.191 million (see Note 1(bb)ii).

Category of land and building acquired for future road works	Aggregate carrying amount 2013 $'000	Aggregate carrying amount 2012 $'000
Revalued as part of the current progressive revaluation and carried at fair value (market value) as at 30 June 2013 less, where applicable, any subsequent accumulated depreciation: – Surplus properties	371,902	386,177
– Rentable properties	496,004	500,327
Untenanted land for roads – revalued annually not subject to progressive revaluation	1,123,156	1,420,188
Total land and buildings acquired for future roadworks	1,991,062	2,306,692

Due to the large number of properties held, a combination of Roads and Maritime and independent valuers are used to perform the progressive revaluations. Where possible, the fair value of land and buildings are determined by reference to recent market transactions, using the following methods and assumptions:

- The pre-acquisition market value was used as the base value for determining fair value
- The base value for land and building parcels acquired after 1999 have been increased by movements in the NSW Valuer-General's Land Price Index (LPI) for the period 2011–2012
- For land and building parcels purchased prior to 2000 or where pre-acquisition market values were not available, a rate per square metre was calculated from recent market transactions within the same or similar Local Government Areas and applied to the current parcel area.

Land and buildings not re-valued as part of the current year progressive revaluations have been indexed based on LPI component factors to ensure that their carrying amounts do not differ materially from fair value as at 30 June 2013.

b. Plant and equipment – consolidated and parent

Year ended 30 June 2013	Plant equipment and motor vehicles $'000	Computer hardware $'000	Electronic office equipment $'000	Maritime plant and equipment $'000	Total $'000
Net carrying amount 1 July 2012	**87,088**	**34,914**	**432**	**18,648**	**141,082**
Additions	8,305	7,683	22	–	16,010
Disposals	(2,765)	(86)	(8)	–	(2,859)
Depreciation expense	(13,901)	(9,255)	(30)	–	(23,186)
Reclassifications	18,544	5,737	–	(18,648)	5,633
Net carrying amount at 30 June 2013	**97,271**	**38,993**	**416**	**–**	**136,680**

Period ended 30 June 2012	Plant equipment and motor vehicles $'000	Computer hardware $'000	Electronic office equipment $'000	Maritime plant and equipment $'000	Total $'000
Net carrying amount 1 November 2011	**–**	**–**	**–**	**–**	**–**
Net assets received from equity transfer	87,161	29,983	2,640	19,780	139,564
Additions	6,666	3,318	295	2,415	12,694
Disposals	(1,276)	–	–	(880)	(2,156)
Transfers to Sydney Ports Corporation	–	–	–	(196)	(196)
Depreciation expense	(6,436)	(3,385)	(19)	(2,471)	(12,311)
Transfer from assets held for sale	137	–	–	–	137
Reclassifications	836	4,998	(2,484)	–	3,350
Net carrying amount at 30 June 2012	**87,088**	**34,914**	**432**	**18,648**	**141,082**

c. Infrastructure systems – consolidated and parent

Year ended 30 June 2013	Roads $'000	Land under roads $'000	Bridges $'000	Sydney Harbour Tunnel $'000	Traffic signals network $'000	Traffic control network $'000	Maritime assets $'000	Major works in progress $'000	Total $'000
Net carrying amount 1 July 2012	**41,996,227**	**1,537,443**	**11,137,970**	**762,405**	**288,225**	**147,862**	**1,361,518**	**4,250,138**	**61,481,788**
Additions	345,554	–	131,106	–	6,327	15,635	–	2,371,666	2,870,288
Disposals	(272,327)	(10,370)	(3,829)	–	(117)	–	(549,017)	–	(835,660)
Net assets transferred as equity transfer	–	–	–	–	–	–	(1,430)	–	(1,430)
Transfers to councils	(10,264)	(235)	(10,184)	–	–	–	–	–	(20,683)
Transfers from councils	–	–	44,820	–	–	–	–	–	44,820
Assets recognised for the first time	–	–	31,172	–	–	–	–	–	31,172
Net revaluation increment less revaluation decrements	3,974,763	–	189,078	51,054	8,772	7,344	24,039	–	4,255,050
Asset write-off	–	–	–	–	–	–	(2,283)	(7,401)	(9,684)
Asset write-down	–	(66,497)	–	–	–	–	–	–	(66,497)
Depreciation expense	(950,883)	–	(145,491)	(6,008)	(28,772)	(11,524)	(10,203)	–	(1,152,881)
Transfers in	1,607,956	17,364	610,095	–	–	–	26,740	–	2,262,155
Transfers out	–		–	–	–	–	–	(2,246,524)	(2,246,524)
RCI and other adjustments/WIP	–	–	–	–	–	–	–	(1,005)	(1,005)
Net carrying amount at 30 June 2013	**46,691,026**	**1,477,705**	**11,984,737**	**807,451**	**274,435**	**159,317**	**849,364**	**4,366,874**	**66,610,909**

Roads and Maritime leases the Sydney Harbour Tunnel under agreement with the Sydney Harbour Tunnel Company (SHTC). The agreement transfers ownership of the tunnel to Roads and Maritime at the end of the lease term in 2022 (see Note 17 for further details). At 30 June 2013 the net carrying amount of this leased infrastructure assets was $807.451 million (2012: $762.405 million).

Roads and Maritime re-componentised its road assets increasing the number of components. This has resulted in an increase in depreciation expense of $291.410 million, refer Note 1(bb)i.

Period ended 30 June 2012	Roads $'000	Land under roads $'000	Bridges $'000	Sydney Harbour Tunnel $'000	Traffic signals network $'000	Traffic control network $'000	Maritime assets $'000	Major works in progress $'000	Total $'000
Net carrying amount 1 November 2011	–	–	–	–	–	–	–	–	–
Net assets received from equity transfer	39,380,356	1,669,773	10,560,685	759,346	299,326	121,389	1,363,648	4,413,594	58,568,117
Additions	208,885	–	41,953	–	7,009	38,343	4,885	1,516,814	1,817,889
Disposals	(104,234)	(14,957)	(8,082)	–	(156)	(5,373)	(2,377)	(14,381)	(149,560)
Transfers to Sydney Ports Corporation	–	–	–	–	–	–	(4,484)	–	(4,484)
Transfers to councils	(59,769)	(11,227)	(2,030)	–	–	–	(564)	–	(73,590)
Transfers from councils	–	–	2,027	–	–	–	5,252	–	7,279
Increase in marina assets	–	–	–	–	–	–	1,799	–	1,799
Asset write-down	–	(111,020)	–	–	–	–	–	–	(111,020)
Depreciation expense	(425,281)	–	(103,197)	(11,248)	(18,436)	(18,714)	(6,641)	–	(583,517)
Transfers in	1,275,812	4,551	401,332	–	–	–	–	–	1,681,695
Transfers out	–	–	–	–	(573)	(3,502)	–	(1,673,068)	(1,677,143)
RCI and other adjustments/WIP	1,720,458	323	245,282	14,307	1,055	15,719	–	7,179	2,004,323
Net carrying amount at 30 June 2012	**41,996,227**	**1,537,443**	**11,137,970**	**762,405**	**288,225**	**147,862**	**1,361,518**	**4,250,138**	**61,481,788**

A full valuation of the road infrastructure assets was carried out by an independent valuer on 31 March 2013. All road infrastructure assets are stated at fair value using the depreciated replacement cost (DRC) approach.

The methods and significant assumptions applied in estimating the 'roads' asset class fair values include:

Valuation methodologies

Primary Approach – applied to culverts, pavements, earthworks, safety barriers, and fences. This approach involved the following steps:

- Obtaining inventory details for components by RAMS segment/ unique ID
- Applying unit rates to the inventory listings
- Estimating replacement costs based on quantity/area/length
- Estimating normal useful lives
- Applying depreciation (straight line) based on age/life analysis to estimate fair value.

Secondary Approach – applied to structures and "other" corridor assets categories. This approach involved the following steps:

- Obtaining percentage breakdown of components from the Roads and Maritime Project Management Office (PMO)
- Converting PMO percentages to "known assets" percentages
- Estimating replacement costs based on replacement cost of "known assets"
- Estimating normal useful lives
- Applying depreciation (straight line) based on age/life analysis to estimate fair value.

Hybrid Approach – used for longitudinal and subsoil drainage assets, involving a combination of the Primary and Secondary Approaches.

Earthworks assumptions

- Sub-categories for Earthworks have been identified as 'Region', 'Road rank', and 'Terrain'
- The Roads and Maritime PMO unit rates were only available by region and were therefore adjusted to include road rank and terrain, using assumed typical earthwork depths, to capture the cost variations for all stereotypes.

Pavement assumptions

- Base/Sub-base asset ages have been based on the road construction date
- Wearing surface asset ages have been based on the newer of resurfacing or rehabilitation dates
- Remaining life extensions of 7 years and 2 years respectively have been applied to Base/ Sub-base and wearing surface assets past their useful lives. These assumptions are based on Roads and Maritime's projected pavement rebuilding/ resurfacing estimates
- Sub-categories for pavements have been identified as 'Pavement category', 'Region', and 'Road rank.'

Culvert and drainage assumptions

- Ages for culverts have been calculated using the road construction date
- A remaining life extension of 5 years has been applied to all culverts that were past their useful life
- Stereotypes for culverts have been identified as 'Culvert type', 'Region', and 'Pipe diameter/box width'
- Longitudinal Drainage assumed to be located in urban terrains in Sydney region only (Hunter region captured in culverts inventory), and applied to 50 per cent of segment lengths only
- 375mm pipe culvert unit rate was deemed most appropriate for Longitudinal drainage
- Subsoil drainage primary types include edge and trench drains, and only concrete pavement types assumed to include edge drains.

Safety barrier and fence assumptions

- Sub-categories have been identified as 'Barrier type', and 'Region'
- Age calculations for depreciation were determined using road segment construction dates.

Due to the specialised nature of Roads and Maritime's 'roads' asset class, and the fact that Roads and Maritime's road assets are not sold or traded, the fair value for this asset class cannot be determined with reference to observable prices in an active market or recent market transactions on arm's length terms. Instead, the fair value has been determined using the valuation techniques outlined above, primarily with reference to current tendered contract rates produced by the Roads and Maritime PMO.

The revaluation resulted in a revaluation increment of $3.974 billion (2012: $1.720 billion).

10. Non-current assets – intangible assets and other

a. Private sector provided infrastructure

	Consolidated	Consolidated	Parent	Parent
	2013 $'000	2012 $'000	2013 $'000	2012 $'000
M2 Motorway				
Carrying amount at start of period	69,037	–	69,037	–
Net assets received from equity transfer	–	59,513	–	59,513
Annual increment – emerging right to receive	15,384	9,524	15,384	9,524
Carrying amount at end of period	**84,421**	**69,037**	**84,421**	**69,037**
M4 Motorway Service Centre				
Carrying amount at start of period	5,021	–	5,021	–
Net assets received from equity transfer	–	4,326	–	4,326
Annual increment – emerging right to receive	1,136	695	1,136	695
Carrying amount at end of period	**6,157**	**5,021**	**6,157**	**5,021**
M5 Motorway				
Carrying amount at start of period	189,240	–	189,240	–
Net assets received from equity transfer	–	173,139	–	173,139
Annual increment – emerging right to receive	26,220	16,101	26,220	16,101
Carrying amount at end of period	**215,460**	**189,240**	**215,460**	**189,240**
Eastern Distributor				
Carrying amount at start of period	74,615	–	74,615	–
Net assets received from equity transfer	–	64,475	–	64,475
Annual increment – emerging right to receive	16,208	10,140	16,208	10,140
Carrying amount at end of period	**90,823**	**74,615**	**90,823**	**74,615**
Cross City Tunnel (CCT)				
Carrying amount at start of period	116,703	–	116,703	–
Net assets received from equity transfer	–	101,779	–	101,779
Annual increment – emerging right to receive	23,613	14,924	23,613	14,924
Carrying amount at end of period	**140,316**	**116,703**	**140,316**	**116,703**
Western Sydney Orbital (M7)				
Carrying amount at start of period	232,162	–	232,162	–
Net assets received from equity transfer	–	202,352	–	202,352
Annual increment – emerging right to receive	47,223	29,810	47,223	29,810
Carrying amount at end of period	**279,385**	**232,162**	**279,385**	**232,162**
Lane Cove Tunnel				
Carrying amount at start of period	131,878	–	131,878	–
Net assets received from equity transfer	–	110,796	–	110,796
Annual increment – emerging right to receive	33,530	21,082	33,530	21,082
Carrying amount at end of period	**165,408**	**131,878**	**165,408**	**131,878**
Total carrying amount at end of period	**981,970**	**818,656**	**981,970**	**818,656**
Totals				
Carrying amount at start of period	818,656	–	818,656	–
Net assets received from equity transfer	–	716,380	–	716,380
Annual increment – emerging right to receive	163,314	102,276	163,314	102,276
Total carrying amount at end of period	**981,970**	**818,656**	**981,970**	**818,656**

M2 Motorway

Roads and Maritime 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 Roads and Maritime 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, Roads and Maritime 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 per cent 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, Roads and Maritime 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 45th anniversary of the M2 commencement date (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 30 June 2013 (2012: No payments made). Roads and Maritime, as at 30 June 2013, has received promissory notes for rent on the above leases totalling $147.608 million (2012: $136.910 million). The net present value of these promissory notes as at 30 June 2013 is $20.028 million (2012: $15.957 million).

Roads and Maritime has, from the date of completion of the M2 Motorway, valued the asset by reference to Roads and Maritime'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(g) (vi)). Based on the historical rental returns, the conservative period of 45 years has been used to calculate Roads and Maritime's emerging share of the asset.

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

M4 Service Centre

In October 1992, Roads and Maritime and the concession holder entered into the M4 Service Centre Project Deed under which Roads and Maritime 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 Roads and Maritime at nil value.

Roads and Maritime values the Service Centre asset by reference to Roads and Maritime'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(g)(vi)).

M5 South-West Motorway

Roads and Maritime entered into a contract with the concession holder to design, construct, operate and maintain the M5 South-West Motorway. The initial concession period for the M5 South-West Motorway was for the period 14 August 1992 to 14 August 2022. Roads and Maritime has valued the M5 South-West Motorway by reference to Roads and Maritime'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(g)(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 South-West Motorway Call Option Deed provides that if, after at least 25 years from the M5 Western Link commencement date of 26 June 1994, Roads and Maritime determines that the expected financial return has been achieved, Roads and Maritime 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 South-West Call Option Deed will be based on open market valuation of the business or shares.

In November 2009, the NSW Government announced a proposal to expand the M5 corridor. The M5 West widening would expand the South West Motorway generally from two to three lanes in each direction to reduce travel time for motorists using the motorway and surrounding roads. It was announced on 26 June 2012 that contracts were signed and financial close reached. Major construction started in August 2012 and is due to be completed at the end of 2014. The end of the concession period will be extended by 3 years and 3 months from 22 August 2023 to 10 December 2026 upon completion of the widening work. Roads and Maritime will not recognise as emerging assets for the widening until the widening is complete.

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 Roads and Maritime 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 $240 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 30 June 2013, the promissory notes have a net present value of $21.270 million (2012: $16.838 million).

Under the terms of the Project Deed, ownership of the Eastern Distributor will revert to Roads and Maritime 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 Roads and Maritime'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 (CCT) 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 Roads and Maritime.

Roads and Maritime values the asset by reference to Roads and Maritime'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(g)(vi)).

Reimbursement of certain development costs was received by Roads and Maritime 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. Roads and Maritime 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 Roads and Maritime.

Roads and Maritime values the asset by reference to Roads and Maritime'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(g)(vi)).

Reimbursement of certain development costs were received by Roads and Maritime 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 the tunnel was opened to traffic on 25 March 2007.

The construction cost was $1.1 billion, with the cost being met by the private sector. Roads and Maritime was responsible under the contract for the provision of access to property required for the project, which was 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 Roads and Maritime.

Roads and Maritime values the asset by reference to Roads and Maritime'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(g)(vi)).

Reimbursement of certain development costs were received by Roads and Maritime 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 2013 $'000	Software 2012 $'000
Balance at start of period		
Cost	233,122	–
Accumulated amortisation and impairment	(96,674)	–
Net carrying amount	**136,448**	**–**
Balance at end of period		
Cost	260,438	233,122
Accumulated amortisation and impairment	(106,004)	(96,674)
Net carrying amount	**154,434**	**136,448**
Net carrying amount at start of period	136,448	–
Net assets received from equity transfer	–	105,747
Additions	34,848	40,503
Written off	–	–
Disposals	(1,402)	(4)
Amortisation expense	(12,028)	(6,448)
Transfer to/from PPE (Note 9(b))	(3,432)	(3,350)
Net carrying amount at end of period	**154,434**	**136,448**

c. Investment property

	Consolidated	Consolidated	Parent	Parent
	2013 $'000	2012 $'000	2013 $'000	2012 $'000
Opening balance	129,466	–	129,466	–
Balance as part of net assets transferred from equity transfer	–	132,289	–	132,289
Disposals and assets held for sale	(129,466)	–	(129,466)	–
Net gain/(loss) from fair value adjustment	–	(2,823)	–	(2,823)
Other	–	–	–	–
Closing balance as at 30 June – fair value	**–**	**129,466**	**–**	**129,466**

Gain on disposal of investment property of $3.559 million is recognised in net results for the year.

11. Non-current assets held for sale

	Consolidated	Consolidated	Parent	Parent
	2013 $'000	2012 $'000	2013 $'000	2012 $'000
Assets held for sale				
Balance at beginning of period*				
Land and buildings	22,414	40,538	22,414	40,538
Plant and equipment	111	248	111	248
	22,525	**40,786**	**22,525**	**40,786**
Balance at end of period				
Land and buildings	23,056	22,414	23,056	22,414
Plant and equipment	64	111	64	111
	23,120	**22,525**	**23,120**	**22,525**

*Balance for 2012 is part of net assets transferred from equity transfer.

Land and buildings held for sale include properties that have been identified as no longer required to fulfil long-term plans for road development or administrative needs. These assets are placed on auction as outlined in the annual asset selling plan and sales budget. Plant and equipment held for sale mainly consists of fully depreciated fleet assets. The gain or loss recognised on sale is: land and buildings $5.309 million (2012: $2.180 million), fleet assets $nil (2012: $nil). The WDV of assets held for sale derecognised due to reclassification: Land and buildings $40.924 million (2012: $18.125 million), fleet assets $nil million (2012: $0.137 million).

12. Restricted assets

	Consolidated	Consolidated	Parent	Parent
	2013 $'000	2012 $'000	2013 $'000	2012 $'000
TCorp Hour-Glass Investments	50,756	48,952	50,756	48,952

Holders of E-tags provide an initial amount as a security deposit for the use of the actual E-tag. The deposit is refundable upon closure of the associated E-tag account. Monies received for these deposits have been invested in an account with TCorp. Transactions on this account are restricted to activity relating to E-tag deposits.

13. Current liabilities – payables

	Consolidated	Consolidated	Parent	Parent
	2013 $'000	2012 $'000	2013 $'000	2012 $'000
Trade creditors(i)	147,400	175,528	147,400	175,528
Creditors arising from compulsory acquisitions	8,789	12,907	8,789	12,907
Personnel services	11,549	131,448	1,308,868	1,673,398
Accrued expenses				
– Salaries, wages and on-costs	15,963	11,178	–	–
– Works contract expenditure	251,559	291,264	251,559	291,264
– Work carried out by councils	91,453	129,684	91,453	129,684
– Interest	9,016	9,165	9,016	9,165
– Other (including non-works contracts)	116,062	140,027	116,062	140,027
Other	15	12	15	12
	651,806	**901,213**	**1,933,162**	**2,431,985**

(i) The average credit period on purchases of goods is 30 days. Roads and Maritime 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 15.

14. Current/non-current liabilities – borrowings

	Consolidated	Consolidated	Parent	Parent
At amortised cost	2013 $'000	2012 $'000	2013 $'000	2012 $'000
Current				
NSW Treasury Corporation borrowings	86,524	2,973	86,524	2,973
Treasury advances repayable	2,130	2,011	2,130	2,011
Finance lease – Sydney Harbour Tunnel (Note 18(d))	46,935	40,623	46,935	40,623
Finance lease – Maritime Trade Tower (Note (18(e))	–	25,130	–	25,130
Other	150	–	150	–
	135,739	**70,737**	**135,739**	**70,737**
Non-current				
NSW Treasury Corporation borrowings	404,376	488,666	404,376	488,666
Treasury advances repayable	4,206	6,336	4,206	6,336
Finance lease – Sydney Harbour Tunnel (Note 18(d))	500,855	547,790	500,855	547,790
Other	234	371	234	371
	909,671	**1,043,163**	**909,671**	**1,043,163**

Details regarding credit risk, liquidity risk and market risk, including maturity analysis of the above borrowings are disclosed in Note 15.

15. Financial instruments

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

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 Roads and Maritime, to set risk limits and controls and to monitor risks.

a. Financial instrument categories

Financial assets	Note	Category	Carrying amount 2013 $'000	Carrying amount 2012 $'000
Class:				
Cash and cash equivalents	7	N/A	244,589	356,672
Receivables[1]	8	Loans and receivables (at amortised cost)	114,301	215,220
Financial assets	8	At fair value through profit and loss – designated as such upon initial recognition	54,028	48,106
Other financial assets	8	Loans and receivables (at amortised cost)	160,425	144,342

Financial liabilities	Note	Category	Carrying amount 2013 $'000	Carrying amount 2012 $'000
Class:				
Payables[2]	13 ,17	Financial liabilities measured at amortised cost	776,072	1,021,283
Borrowings	14	Financial liabilities measured at amortised cost	1,045,410	1,113,900

1. Excludes statutory receivables and prepayments (ie not within scope of AASB 7).

2. Excludes statutory payables and unearned revenue (ie 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. Roads and Maritime 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 Hour-Glass Investment facilities. Roads and Maritime has no 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 Roads and Maritime operates and the time frame for the assessment (ie until the end of the next annual reporting period). The sensitivity analysis is based on risk exposures in existence at the Statement of Financial Position date.

i. Interest rate risk

Exposure to interest rate risk arises primarily through Roads and Maritime's interest bearing liabilities. This risk is minimised by undertaking mainly fixed rate borrowings, primarily with NSW TCorp.

TCorp manages interest rate risk exposures applicable to specific borrowings of Roads and Maritime 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 $490.900 million (2012: $491.148 million).

Roads and Maritime 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 +/– one per cent 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 Roads and Maritime's surplus/deficit and equity is set out in the table below assuming a 1 per cent change in variable interest rates.

		1% increase in interest rate		1% decrease in interest rate	
30 June 2013	**Carrying amount $'000**	**Surplus/Deficit $'000**	**Equity $'000**	**Surplus/Deficit $'000**	**Equity $'000**
Financial assets					
Cash and cash equivalents	264,408	(2,644)	(2,644)	2,644	2,644

		1% increase in interest rate		1% decrease in interest rate	
30 June 2012	**Carrying amount $'000**	**Surplus/Deficit $'000**	**Equity $'000**	**Surplus/Deficit $'000**	**Equity $'000**
Financial assets					
Cash and cash equivalents	404,778	(4,048)	(4,048)	4,048	4,048

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. Roads and Maritime has no direct equity investments and holds units in the following Hour-Glass Investment Trusts:

Facility	Investment sectors	Investment horizon	2013 $'000	2012 $'000
Cash facility	Cash, money market instruments	up to 1.5 years	177,100	295,548
Strategic cash facility	Cash, money market instruments, interest rate securities, bank floating rate notes	1.5 years to 3 years	5,134	4,929
Medium-term growth facility	Cash, money market instruments, Australian and international bonds, listed property, Australian and international shares	3 years to 7 years	35,622	32,167
Long-term growth facility	Cash, money market instruments, Australian and international bonds, listed property, Australian and international shares	7 years and over	13,272	11,010

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 Roads and Maritime'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 as at 30 June each year.

	Impact on profit/loss		
	Change in unit price	June 2013 $'000	June 2012 $'000
Financial assets			
Cash facility	+/– 1%	1,771	2,955
Strategic cash facility	+/– 1%	51	49
Medium-term growth facility	+/– 6%	2,137	1,930
Long-term growth facility	+/– 15%	1,991	1,652

c. Credit risk

Credit risk arises when there is the possibility of Roads and Maritime's debtors defaulting on their contractual obligations, resulting in a financial loss to Roads and Maritime. 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 Roads and Maritime, including cash, receivables and authority deposits. Roads and Maritime does not hold any collateral and has not granted any financial guarantees.

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

	Banks $'000	Government $'000	Other $'000	Total $'000
2013				
Financial assets				
Cash	66,628	231,127	859	298,614
Receivables	–	–	114,301	114,301
Other	–	–	160,425	160,425
Total financial assets	**66,628**	**231,127**	**275,585**	**573,340**
2012				
Financial assets				
Cash	61,124	343,654	–	404,778
Receivables	–	–	212,292	212,292
Other	–	–	192,448	192,448
Total financial assets	**61,124**	**343,654**	**404,740**	**809,518**

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 NSW 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 35 day terms.

Roads and Maritime 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 (2013: $51.622 million; 2012: $30.733 million) and not less than six months past due (2013: $3.589 million; 2012: $1.498 million) are not considered impaired and together these represent 87 per cent (2012: 80 per cent) 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]
30 June 2013			
< 3 months overdue	4,696	4,407	289
3 months – 6 months overdue	1,412	626	786
> 6 months overdue	9,112	3,589	5,523
30 June 2012			
< 3 months overdue	9,457	8,981	476
3 months – 6 months overdue	2,602	1,893	709
> 6 months overdue	4,862	1,678	3,184

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 and Eastern Distributor promissory notes is dependent upon counterparties generating sufficient cash flows to enable the face value to be repaid.

iv. Roads and Maritime deposits

Roads and Maritime 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 2.94 per cent (2012: 3.85 per cent), while over the year the weighted average interest rate was 4.99 per cent (2012: 3.01 per cent) on a weighted average balance during the year of $305.978 million (2012: $98.188 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 Roads and Maritime'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

Roads and Maritime 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
30 June 2013				
Financial assets at fair value				
TCorp Hour-Glass Investment facility	–	231,127	–	231,127
30 June 2012				
Financial assets at fair value				
TCorp Hour-Glass Investment facility	–	343,654	–	343,654

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 30 June 2013 (2012: none).

f. Liquidity risk

Roads and Maritime manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities by continuously monitoring forecast and actual cash flows.

Liquidity risk is the risk that Roads and Maritime will be unable to meet its payment obligations when they fall due. Roads and Maritime 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.

Roads and Maritime has a Come and Go Facility with TCorp valued at $100 million that has current approval to 30 June 2015 for cash management purposes. This year the facility was not used to fund shortfalls, incurring a total interest charge of zero.

Financing arrangements

	Consolidated	Consolidated	Parent	Parent
	2013 $'000	2012 $'000	2013 $'000	2012 $'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 on any loans payable. No assets have been pledged as collateral. Roads and Maritime'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 Roads and Maritime's financial liabilities, together with the interest rate exposure.

Maturity analysis and interest rate exposure of financial liabilities

			$'000					
			Interest rate exposure			Maturity dates		
30 June 2013	Weighted average effective int. rate	Nominal amount	Fixed interest rate	Variable interest rate	Non-interest bearing	< 1 year	1–5 years	>5 years
Payables								
Accrued salaries, wages and on-costs	–	15,963	–	–	15,963	15,963	–	–
Trade payables	–	147,400	–	–	147,400	147,400	–	–
Other current payables	–	8,804	–	–	8,804	8,804	–	–
Accrued expenses	–	468,090	–	–	468,090	468,090	–	–
Sydney Harbour Tunnel tax liability	–	25,109	–	–	25,109	1,964	4,378	18,767
Personnel services	–	11,549	–	–	11,549	11,549	–	–
Holding accounts	–	99,157	–	–	99,157	99,157	–	–
Borrowings								
Advances repayable	5.85%	6,337	6,337	–	–	2,130	4,206	–
TCorp borrowings	5.58%	490,900	490,900	–	–	86,524	404,376	–
Finance leases	7.70%	765,046	765,046	–	–	86,753	318,886	359,407
Other loans and deposits	6.04%	384	–	–	–	150	234	–
Maritime leases	–	–	–	–	–	–	–	–

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

			$'000					
			Interest rate exposure			Maturity dates		
30 June 2012	Weighted average effective int. rate	Nominal amount (i)	Fixed interest rate	Variable interest rate	Non-interest bearing	< 1 year	1–5 years	>5 years
Payables								
Accrued salaries, wages and on-costs	–	11,178	–	–	11,178	11,178	–	–
Trade payables	–	175,528	–	–	175,528	175,528	–	–
Other current payables	–	12,907	–	–	12,907	12,907	–	–
Accrued expenses	–	570,152	–	–	570,152	570,152	–	–
Sydney Harbour Tunnel tax liability	–	25,607	–	–	25,607	1,919	4,063	19,625
Personnel services	–	131,448	–	–	131,448	131,448	–	–
Holding accounts	–	94,463	–	–	94,463	94,463	–	–
Borrowings								
Advances repayable	5.84%	8,348	8,348	–	–	2,011	6,337	–
TCorp borrowings	5.64%	491,148	491,148	–	–	2,482	488,666	–
Finance leases	7.70%	848,708	848,708	–	–	83,661	250,222	514,825
Other loans and deposits	5.95%	862	862	–	–	491	371	–
Maritime leases	13%	25,130	25,130	–	–	25,130	–	–

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

16. Current/non-current liabilities – provisions

	Consolidated 2013 $'000	Consolidated 2012 $'000	Parent 2013 $'000	Parent 2012 $'000
Employee benefits and related on-costs				
Current				
Annual leave and related on-costs (i)	71,723	73,207	–	–
Long service leave and related on-costs (ii)	229,199	247,404	–	–
Provision for workers' compensation (iii)	163	4,398	–	–
	301,085	**325,009**	**–**	**–**
Current other provisions				
Provision for makegood – leasehold	1,301	3,856	1,301	3,856
Provision for makegood – land	–	1,500	–	1,500
	1,301	**5,356**	**1,301**	**5,356**
Employee benefits and related on-costs				
Non-current				
Superannuation – provision	955,694	1,186,520	–	–
Superannuation – accrued	711	726	–	–
Long service leave and related on-costs (ii)	17,573	15,792	–	–
Provision for workers' compensation (iii)	6,293	2,725	–	–
	980,271	**1,205,763**	**–**	**–**
Non-current other provisions				
Provision for makegood – leaseholds	16,963	10,406	16,963	10,406
Provision for makegood – land	1,500	34	1,500	34
	18,463	**10,440**	**18,463**	**10,440**
Total provisions	**1,301,120**	**1,546,568**	**19,764**	**15,796**
Aggregate employee benefits and related on-costs				
Provisions – current	301,085	325,009	–	–
Provisions – non-current	980,271	1,205,763	–	–
Accrued salaries, wages and on-costs (Note 13)	15,963	11,178	–	–
	1,297,319	**1,541,950**	**–**	**–**

2013	Provision for makegood leaseholds $'000	Provision for makegood land $'000	Total $'000
Carrying amount at the beginning of financial year	14,262	1,534	15,796
Additional provisions recognised	–	–	–
Amounts used	–	–	–
Unused amounts reversed	–	–	–
Unwinding/change in the discount rate	4,002	(34)	3,968
Carrying amount at end of financial year	**18,264**	**1,500**	**19,764**

(i) The value of annual leave, including on-costs, expected to be taken within 12 months is $49.265 million (2012: $49.233 million) and $22.643 million (2012: $23.974 million) after 12 months.
(ii) The value of long service leave expected to be taken within 12 months $28.363 million (2012: $27.320 million) and $218.655 million (2012: $235.876 million) after 12 months.
(iii) Workers' compensation provision includes $1.113 million (2012: $1.219 million) for dust diseases of which $0.163 million (2012: $0.410 million) is current. This provision is for claims from former Maritime Services Board (MSB) staff for dust related diseases that can be attributed to their service during the period 1 July 1989 – 30 June 1995 when the MSB was a self insurer.

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 financial year June 2013 $'000	SANCS financial year June 2013 $'000	SSS financial year June 2013 $'000	Total $'000
Accrued liability	613,926	83,550	1,355,025	2,052,501
Estimated reserve account balance	(446,252)	(66,746)	(583,809)	(1,096,807)
	167,674	16,804	771,216	955,694
Future service liability	(37,825)	(20,742)	(21,190)	(79,757)
Net (asset)/liability recognised in Statement of Financial Position	**167,674**	**16,804**	**771,216**	**955,694**

	SASS 8 months to June 2012 $'000	SANCS 8 months to June 2012 $'000	SSS 8 months to June 2012 $'000	Total $'000
Accrued liability	638,096	94,825	1,467,891	2,200,812
Estimated reserve account balance	(414,170)	(61,375)	(538,747)	(1,014,292)
	223,926	33,450	929,144	1,186,520
Future service liability	(48,321)	(20,454)	(34,386)	(103,161)
Net (asset)/liability recognised in Statement of Financial Position	**223,926**	**33,450**	**929,144**	**1,186,520**

Reconciliation of the present value of the defined benefit obligation				
	SASS financial year June 2013 $'000	SANCS financial year June 2013 $'000	SSS financial year June 2013 $'000	Total $'000
Present value of partly funded defined benefit obligation at part of net assets received from equity transfer	638,096	94,825	1,467,891	2,200,812
Current service cost	11,549	3,731	1,240	16,520
Interest cost	18,350	2,650	44,114	65,114
Contributions by fund participants	6,558	–	5,724	12,282
Actuarial (gains)/losses	(11,289)	(9,927)	(108,384)	(129,600)
Benefits paid	(49,338)	(7,729)	(55,560)	(112,627)
Present value of partly funded defined benefit obligation at the end of the period	**613,926**	**83,550**	**1,355,025**	**2,052,501**

	SASS 8 months to June 2012 $'000	SANCS 8 months to June 2012 $'000	SSS 8 months to June 2012 $'000	Total $'000
Present value of partly funded defined benefit obligation at part of net assets received from equity transfer	590,312	91,509	1,195,232	1,877,053
Current service cost	7,279	2,536	3,007	12,822
Interest cost	18,801	2,862	37,069	58,732
Contributions by fund participants	4,655	–	4,263	8,918
Actuarial (gains)/losses	62,929	6,324	269,791	339,044
Benefits paid	(45,880)	(8,406)	(41,471)	(95,757)
Present value of partly funded defined benefit obligation at the end of the period	**638,096**	**94,825**	**1,467,891**	**2,200,812**

Reconciliation of the fair value of fund assets

	SASS financial year June 2013 $'000	SANCS financial year June 2013 $'000	SSS financial year June 2013 $'000	Total $'000
Fair value of fund assets at the beginning of the period	414,170	61,375	538,747	1,014,292
Expected return on fund assets	32,642	4,714	44,127	81,483
Actuarial gains/(losses)	34,578	5,131	49,565	89,274
Employer contributions	7,642	3,255	1,206	12,103
Contributions by fund participants	6,558	–	5,724	12,282
Benefits paid	(49,338)	(7,729)	(55,560)	(112,627)
Fair value of fund assets at the end of the period	**446,252**	**66,746**	**583,809**	**1,096,807**

	SASS 8 months to June 2012 $'000	SANCS 8 months to June 2012 $'000	SSS 8 months to June 2012 $'000	Total $'000
Fair value of fund assets at the beginning of the period	439,808	65,361	558,593	1,063,762
Expected return on fund assets	24,248	3,728	31,833	59,809
Actuarial gains/(losses)	(14,061)	(1,662)	(14,806)	(30,529)
Employer contributions	5,400	2,354	335	8,089
Contributions by fund participants	4,655	–	4,263	8,918
Benefits paid	(45,880)	(8,406)	(41,471)	(95,757)
Fair value of fund assets at the end of the period	**414,170**	**61,375**	**538,747**	**1,014,292**

Reconciliation of the assets and liabilities recognised in the Statement of Financial Position

	SASS financial year June 2013 $'000	SANCS financial year June 2013 $'000	SSS financial year June 2013 $'000	Total $'000
Present value of partly funded defined benefits at end of year	613,926	83,550	1,355,025	2,052,501
Fair value of fund assets at end of the year	(446,252)	(66,746)	(583,809)	(1,096,807)
Net (asset)/liability recognised in Statement of Financial Position at the end of the period	**167,674**	**16,804**	**771,216**	**955,694**

	SASS 8 months to June 2012 $'000	SANCS 8 months to June 2012 $'000	SSS 8 months to June 2012 $'000	Total $'000
Present value of partly funded defined benefits at end of year	638,096	94,825	1,467,891	2,200,812
Fair value of fund assets at end of the year	(414,170)	(61,375)	(538,747)	(1,014,292)
Net (asset)/liability recognised in Statement of Financial Position at the end of the period	**223,926**	**33,450**	**929,144**	**1,186,520**

Expense recognised

	SASS financial year June 2013 $'000	SANCS financial year June 2013 $'000	SSS financial year June 2013 $'000	Total $'000
Current service cost	11,549	3,731	1,240	16,520
Interest on obligation	18,350	2,650	44,114	65,114
Expected return on fund assets (net of expenses)	(32,642)	(4,714)	(44,127)	(81,483)
Expense/(income) recognised*	**(2,743)**	**1,667**	**1,227**	**151**

*A portion of this expense has been capitalised.

	SASS 8 months to June 2012 $'000	SANCS 8 months to June 2012 $'000	SSS 8 months to June 2012 $'000	Total $'000
Current service cost	7,278	2,536	3,008	12,822
Interest on obligation	18,801	2,862	37,069	58,732
Expected return on fund assets (net of expenses)	(24,248)	(3,728)	(31,833)	(59,809)
Expense/(income) recognised*	**1,831**	**1,670**	**8,244**	**11,745**

* A portion of this expense has been capitalised.

Amount recognised in other comprehensive income

	SASS financial year June 2013 $'000	SANCS financial year June 2013 $'000	SSS financial year June 2013 $'000	Total $'000
Actuarial (gains)/losses	(45,867)	(15,058)	(157,949)	(218,874)

	SASS 8 months to June 2012 $'000	SANCS 8 months to June 2012 $'000	SSS 8 months to June 2012 $'000	Total $'000
Actuarial (gains)/losses	76,990	7,986	284,597	369,573

Cumulative amount recognised in other comprehensive income

	SASS financial year June 2013 $'000	SANCS financial year June 2013 $'000	SSS financial year June 2013 $'000	Total $'000
Actuarial (gains)/losses)	192,806	18,006	507,226	718,038

	SASS financial year June 2012 $'000	SANCS financial year June 2012 $'000	SSS financial year June 2012 $'000	Total $'000
Actuarial (gains)/losses)	238,673	33,064	665,175	936,912

Actual return on fund assets

	SASS financial year June 2013 $'000	SANCS financial year June 2013 $'000	SSS financial year June 2013 $'000	Total $'000
Actual return on fund assets	66,940	9,845	87,768	164,553

	SASS 8 months to June 2012 $'000	SANCS 8 months to June 2012 $'000	SSS 8 months to June 2012 $'000	Total $'000
Actual return on fund assets	13,253	2,066	16,403	31,722

Fund assets		
The percentage invested in each asset class at the balance date:	June 2013	June 2012
Australian equities	30%	28%
Overseas equities	26%	23.7%
Australian fixed interest securities	7%	4.9%
Overseas fixed interest securities	2%	2.4%
Property	8%	8.6%
Cash	13%	19.5%
Other	13%	12.9%

Fair value of fund assets

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

Expected rate of return on assets

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

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

	June 2013	June 2012
Salary increase rate (excluding promotional increases)		
2013–2014 (SASS, SSS and SANCS)	2.25% p.a.	2.5% p.a.
2014–2015	2.25% p.a.	–
2015–2016 to 2019–2020	2.0% p.a.	–
2020 onwards	2.5% p.a.	–
Rate of CPI increase	2.5% p.a.	2.5% p.a.
Expected rate of return on assets	8.6%	8.6%
Discount rate	3.80% p.a.	3.06% p.a.

c. Demographic assumptions

The demographic assumptions at 30 June 2013 are those that were used in the 2012 triennial actuarial valuation. The triennial review report is available from the NSW Treasury website.

Historical information

	SASS financial year June 2013 $'000	SANCS financial year June 2013 $'000	SSS financial year June 2013 $'000	Total $'000
Present value of defined benefit obligation	613,926	83,550	1,355,025	2,052,501
Fair value of fund assets	(446,252)	(66,746)	(583,809)	(1,096,807)
(Surplus)/Deficit in fund	167,674	16,804	771,216	955,694
Experience adjustments – Fund liabilities	(11,289)	(9,927)	(108,384)	(129,600)
Experience adjustments – Fund assets	(34,578)	(5,131)	(49,565)	(89,274)
	SASS financial year June 2012 $'000	**SANCS financial year June 2012 $'000**	**SSS financial year June 2012 $'000**	**Total $'000**
Present value of defined benefit obligation	638,096	94,825	1,467,891	2,200,812
Fair value of fund assets	(414,170)	(61,375)	(538,747)	(1,014,292)
(Surplus)/Deficit in fund	223,926	33,450	929,144	1,186,520
Experience adjustments – Fund liabilities	62,929	6,324	269,791	339,044
Experience adjustments – Fund assets	14,061	1,662	14,806	30,529

Expected contributions

	SASS financial year June 2013 $'000	SANCS financial year June 2013 $'000	SSS financial year June 2013 $'000	Total $'000
Expected employer contributions to be paid in the next reporting period	7,193	2,988	1,147	11,328

	SASS financial year June 2012 $'000	SANCS financial year June 2012 $'000	SSS financial year June 2012 $'000	Total $'000
Expected employer contributions to be paid in the next reporting period	7,724	3,276	1,293	12,293

Funding arrangements for employer contributions

The following is a summary of the 30 June 2013 financial position of the fund calculated in accordance with AAS 25 – Financial Reporting by Superannuation Plans.

	SASS financial year June 2013 $'000	SANCS financial year June 2013 $'000	SSS financial year June 2013 $'000	Total $'000
Accrued benefits	508,280	72,856	821,470	1,402,606
Net market value of fund assets	(446,252)	(66,746)	(583,809)	(1,096,807)
Net (surplus)/deficit	**62,028**	**6,110**	**237,661**	**305,799**

	SASS 8 months to June 2012 $'000	SANCS 8 months to June 2012 $'000	SSS 8 months to June 2012 $'000	Total $'000
Accrued benefits	509,138	81,202	803,334	1,393,674
Net market value of fund assets	(414,170)	(61,375)	(538,747)	(1,014,292)
Net (surplus)/deficit	**94,968**	**19,827**	**264,587**	**379,382**

Recommended contribution rates for the entity are:

SASS	SANCS	SSS
Multiple of member contributions	% Member salary	Multiple of member
1.90	2.50	0.93

Funded method

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

Economic assumptions

The economic assumptions adopted for 2012 actuarial review of the fund are:

Weighted-average assumptions	June 2013	June 2012
Expected rate of return on fund assets backing current pension liabilities	8.3% p.a.	8.3% p.a.
Expected rate of return on fund assets backing other liabilities	7.3% p.a.	7.3% p.a.
Expected salary increase rate	SASS, SANCS, SSS 2.7% p.a. for 6 years then 4.0% p.a.	4.0% p.a
Expected CPI increase	2.5% p.a.	2.5% p.a.

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

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 Roads and Maritime as at 31 March 2011. Long service leave is accrued at the rate of 4.4 days per annum for the first 10 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 long service leave liability, as their accounting treatment and the adoption of liability is different to the long service leave liability. The on-costs to long service leave present value liabilities are:

Payroll tax	5.45%
Superannuation	11.00%
Superannuation accruing while on long service leave	4.4%

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 long service leave is taken during future service, and hence there is no attaching on-cost. It has been assumed that six days of long service leave will be taken per year by employees who are eligible.

General salary increases of 2.5 per cent 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 Roads and Maritime 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 30 June 2013 but adjusted from a semi-annual rate to an annual rate.

17. Current/non-current liabilities – other

	Consolidated	Consolidated	Parent	Parent
	2013 $'000	2012 $'000	2013 $'000	2012 $'000
Current				
Statutory creditors	9,372	20,698	9,372	20,698
Unearned rent on M5 Motorway	709	680	709	680
Sydney Harbour Tunnel tax liabilities	1,963	1,919	1,963	1,919
Income received in advance	9,471	11,068	9,471	11,068
Holding accounts	99,157	94,463	99,157	94,463
Lease incentive	497	497	497	497
Deferred revenue – reimbursement on private sector provided infrastructure	12,065	12,179	12,065	12,179
Customer advances and deposits	98	714	98	714
Priority list on moorings	604	601	604	601
Wetland lease security deposits[(a)]	1,464	1,293	1,464	1,293
Rent in advance	4,668	2,959	4,668	2,959
Long-term channel fees unearned income	1,914	3,447	1,914	3,447
Boating fees in advance[(b)]	30,515	29,638	30,515	29,638
	172,497	**180,156**	**172,497**	**180,156**
Non-current				
Unearned rent on M5 Motorways	6,487	6,898	6,487	6,898
Sydney Harbour Tunnel tax liabilities	23,146	23,688	23,146	23,688
Income received in advance	11,250	12,250	11,250	12,250
Lease incentive	1,036	1,534	1,036	1,534
Deferred revenue – reimbursement on private sector provided infrastructure	269,822	283,756	269,822	283,756
Boating fees in advance	20,881	14,237	20,881	14,237
Long-term channel fees unearned income	61,163	210,974	61,163	210,974
	393,785	**553,337**	**393,785**	**553,337**
Current				
Sydney Harbour Tunnel past tax liability	1,625	1,581	1,625	1,581
Sydney Harbour Tunnel future tax liability	338	338	338	338
	1,963	**1,919**	**1,963**	**1,919**
Non-current				
Sydney Harbour Tunnel past tax liability	11,151	12,059	11,151	12,059
Sydney Harbour Tunnel future tax liability	11,995	11,629	11,995	11,629
	23,146	**23,688**	**23,146**	**23,688**

(a) This amount mainly represents cash deposits, in lieu of bank guarantees, received from the developer of King Street Wharf, as security over the completion of specific stages of the construction project.

(b) Boating fees in advance comprises prepayments by customers for licences, registrations and moorings for the service component which will be provided by NSW Maritime in the future.

Unearned rent and deferred revenue on motorways

The land acquisition loan of $22.000 million (2012: $22.000 million), based on the cost of land under the M5 Motorway originally purchased by Roads and Maritime, 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.

	Consolidated	Consolidated	Parent	Parent
	2013 $'000	2012 $'000	2013 $'000	2012 $'000
Rent earned in prior period	14,422	13,969	14,422	13,969
Rent earned in current period	383	453	383	453
Unearned rent as at period end	7,195	7,578	7,195	7,578
	22,000	**22,000**	**22,000**	**22,000**

Under the various Private Sector Provided Infrastructure, $369.915 million (2012: $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 has 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:

Amortisation of deferred revenue in prior period	73,980	65,861	73,980	65,861
Amortisation of deferred revenue in current period	14,048	8,119	14,048	8,119
Unearned reimbursement as at period end	281,887	295,935	281,887	295,935
	369,915	**369,915**	**369,915**	**369,915**

18. Commitments for expenditure

a. Capital commitments

Aggregate capital expenditure for the roadworks contracted for at balance date and not provided for:

	Consolidated	Consolidated	Parent	Parent
	2013 $'000	2012 $'000	2013 $'000	2012 $'000
Not later than 1 year	605,887	1,058,382	605,887	1,058,382
Later than 1 year and not later than 5 years	1,426,865	1,686,729	1,426,865	1,686,729
Later than 5 years	–	–	–	–
Total (including GST)	**2,032,752**	**2,745,111**	**2,032,752**	**2,745,111**

b. 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:

	Consolidated	Consolidated	Parent	Parent
	2013 $'000	2012 $'000	2013 $'000	2012 $'000
Not later than 1 year	73,482	77,386	73,482	77,386
Later than 1 year and not later than 5 years	154,213	138,960	154,213	138,960
Later than 5 years	29,122	44,954	29,122	44,954
Total (including GST)	**256,817**	**261,300**	**256,817**	**261,300**

The property operating lease commitments are as follows:

	Consolidated	Consolidated	Parent	Parent
	2013 $'000	2012 $'000	2013 $'000	2012 $'000
Not later than 1 year	42,753	43,698	42,753	43,698
Later than 1 year and not later than 5 years	107,483	103,210	107,483	103,210
Later than 5 years	29,122	44,954	29,122	44,954
Total (including GST)	**179,358**	**191,862**	**179,358**	**191,862**

In respect of property leases, Roads and Maritime has various lessors with leases that have specific lease periods ranging from one year to 20 years.

The light motor vehicle operating lease commitments are as follows:

	Consolidated	Consolidated	Parent	Parent
	2013 $'000	2012 $'000	2013 $'000	2012 $'000
Not later than 1 year	19,833	20,556	19,833	20,556
Later than 1 year and not later than 5 years	25,506	19,337	25,506	19,337
Total (including GST)	**45,339**	**39,893**	**45,339**	**39,893**

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:

	Consolidated	Consolidated	Parent	Parent
	2013 $'000	2012 $'000	2013 $'000	2012 $'000
Not later than 1 year	10,897	6,352	10,897	6,352
Later than 1 year and not later than 5 years	21,224	12,339	21,224	12,339
Total (including GST)	**32,121**	**18,691**	**32,121**	**18,691**

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

The total commitments detailed above include GST input tax credits of $208.143 million (2012: $366.590 million) that are expected to be recoverable from the ATO.

c. Sydney Harbour Tunnel – finance lease liability

	Consolidated 2013 $'000	Consolidated 2012 $'000	Parent 2013 $'000	Parent 2012 $'000
Minimum lease payment commitments in relation to tunnel finance lease payable as follows:				
Not later than 1 year	86,753	83,662	86,753	83,662
Later than 1 year and not later than 5 years	318,886	250,222	318,886	250,222
Later than 5 years	359,407	514,824	359,407	514,824
Minimum lease payments	765,046	848,708	765,046	848,708
Less: future finance charges	(217,257)	(260,295)	(217,257)	(260,295)
Present value of minimum lease payments	**547,789**	**588,413**	**547,789**	**588,413**

The present value of finance lease commitments is as follows:				
Not later than 1 year	46,935	40,623	46,935	40,623
Later than 1 year and not later than 5 years	142,042	141,860	142,042	141,860
Later than 5 years	358,813	405,930	358,813	405,930
	547,790	**588,413**	**547,790**	**588,413**

Classified as:				
Current (Note 14)	46,935	40,623	46,935	40,623
Non-current (Note 14)	500,855	547,790	500,855	547,790
Total (including GST)	**547,790**	**588,413**	**547,790**	**588,413**

In June 1987, Roads and Maritime and Sydney Harbour Tunnel Corporation (SHTC) entered into an Ensured Revenue Stream (ERS) Agreement, whereby Roads and Maritime 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, Roads and Maritime has accounted for the Sydney Harbour Tunnel and related ERS Agreement as a finance lease arrangement in accordance with the requirements 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 $3.403 million for the year ending 30 June 2013 (2012: $3.748 million).

d. Maritime Trade Tower – finance lease liability

	Consolidated	Consolidated	Parent	Parent
	2013 $'000	**2012 $'000**	**2013 $'000**	**2012 $'000**
Not later than 1 year	–	28,396	–	28,396
Minimum lease payments	–	28,396	–	28,396
Less: future finance charges	–	(3,266)	–	(3,266)
Present value of minimum lease payments	**–**	**25,130**	**–**	**25,130**
The present value of finance lease commitments is as follows:				
Not later than 1 year	–	25,130	–	25,130
Total (including GST) (Note 14)	**–**	**25,130**	**–**	**25,130**

Details regarding credit risk, liquidity risk and market risk, including a maturity analysis of the above borrowings are disclosed in Note 15.

The borrowings in 2012 relate to Roads and Maritime's interest in the Maritime Trade Tower. Roads and Maritime owns the land and has granted a head-lease to the four companies. Roads and Maritime subleases part of the property at 207 Kent Street from the head lessee.

19. Increase in net assets from equity transfer

Transfer of net assets

Non-current assets of $1.430 million were transferred to other government agency as an equity transfer for the year ended 30 June 2013.

The *Transport Legislation Amendment Act 2011* abolished the RTA and its Division on 31 October 2011. It established two new entities: Roads and Maritime and Roads and Maritime Division.

Assets and liabilities of the former RTA and NSW Maritime were transferred to Roads and Maritime during the prior period except for those assets and liabilities attributable to functions either transferred from or to other agencies as part of the establishment of Roads and Maritime. The amount of these agency transfers included $21.7 million from the Department of Planning and Infrastructure, $1.6 million from Sydney Harbour Foreshore Authority, $0.2 million to National Parks and Wildlife and $1.0 million to Sydney Ports Corporation.

	2013 $'000	**2012 $'000**
Net assets transferred were		
Cash	–	302,060
Other current assets	–	294,467
Non-current assets	1,430	62,443,969
Current liabilities	–	(1,187,278)
Non-current liabilities	–	(2,513,692)
	1,430	**59,339,526**

20. Events after the reporting period

No events have occurred after the reporting date that would have a material impact on the financial statements.

21. 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 $26.220 million (2012: $34.679 million). Compulsory property acquisition matters under litigation have an estimated contingent liability of $128.456 million (2012: 52.223 million).

Roads and Maritime 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 Orbital and the Lane Cove Tunnel. There is no reason to believe that these guarantees are ever to be exercised.

22. Budget review

Net result

The actual net result was lower than budget by $1,139.264 million. This unfavourable variance to the budget was primarily due to increases in other losses of $1,078.577 million arising from de-recognition of dredging asset of $400.351 million, higher than budget infrastructure asset disposals of $297.187 million, and asset write-down due to change in valuation technique of land and building acquired for future road work assets of $312.191 million.

In addition, unfavourable variance to the budget was due to distribution of disposal proceeds of Maritime Trade Towers of $124.833 million to NSW Treasury, and increase in the depreciation of infrastructure assets of $291.410 million due to changes to road assets useful lives. This was offset by favourable variance on reclassification of maintenance expense to capital of $186.255 million, and favourable revenue variances relating to $77.199 million for personnel service revenue for staff assigned to TfNSW, $31.172 million for first time recognition of assets not budgeted and $61.092 million more than budgeted grants received from TfNSW.

Assets and liabilities

Total current assets are higher than budget by $39.482 million largely due to higher receivables of $62.071 million offset by lower than budgeted assets held for sale of $21.349 million.

Total non-current assets are higher than budget by $4,449.039 million primarily due to current year revaluation of infrastructure assets.

Total liabilities are lower than budget by $81.941 million. This is due to decreases in other liabilities (current and non-current) of $160.239 million mainly due to the de-recognition of unearned long-term channel fees of $148.664 million of dredging assets transferred to Port Kembla and Sydney Ports Corporation. This is offset by lower than budgeted repayment of borrowings of $84.497 million.

Cash flows

Actual Cash position at 30 June 2013 shows a $1.616 million favourable variance and is generally in line with the budget. Net cash inflows from operating activities was $25.772 million lower than budget. Net cash flows from investing activities of $58.091 million comprised higher cash outlays on capital spending than budgeted of $201.863 million being offset by higher than budgeted property disposals proceeds of $148.932 million. Net cash flows used in financing activities were $88.364 million lower than budget due to rollover of debt repayment to next financial year.

23. 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 NSW Government agencies generally. Roads and Maritime has undertaken an assessment of the impact of this legislation on its financial position. This assessment indicates that as at 30 June 2013, there were no Native Title claims which had been initiated against Roads and Maritime (2012: none).

24. Administered income and expenses

	Consolidated	Consolidated	Parent	Parent
	2013 $'000	2012 $'000	2013 $'000	2012 $'000
Administered income				
Transfer receipts				
– Taxes, fees and fines	522,298	347,420	522,298	347,420
– Stamp duty	637,109	402,560	637,109	402,560
– Motor vehicle weight tax and fines	1,675,591	1,040,798	1,675,591	1,040,798
– Other	43,803	21,667	43,803	21,667
Total administered income	**2,878,801**	**1,812,445**	**2,878,801**	**1,812,445**
Total administered expenses	–	–	–	–
Administered income less expenses	**2,878,801**	**1,812,445**	**2,878,801**	**1,812,445**

25. Administered assets and liabilities

	Consolidated	Consolidated	Parent	Parent
	2013 $'000	2012 $'000	2013 $'000	2012 $'000
Administered assets				
Remitting account, cash in transit and cash on hand	35,289	26,377	35,289	26,377
Total administered assets	**35,289**	**26,377**	**35,289**	**26,377**
Administered liabilities				
Holding accounts (current/non-current liabilities other)	35,289	26,377	35,289	26,377
Other*	257,166	279,061	257,166	279,061
Total administered liabilities	**292,455**	**305,438**	**292,455**	**305,438**

* The amount of multiple licence fees issued in the current year is approximately $104.392 million (2012: $124.498 million). The maximum period of licence is five years. First year licences are not deemed to be a liability. The outstanding liability above represents the remaining four years. Refer to Note 1(f) for further details.

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

26. Reconciliation of cash from operating activities to surplus

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

	Consolidated	Consolidated	Parent	Parent
	2013 $'000	2012 $'000	2013 $'000	2012 $'000
Net cash from operating activities	2,825,603	2,042,697	2,825,603	2,042,697
Adjustments for revenues and expenses not involving cash:				
Net gain on disposal of plant and equipment	13,652	(8,856)	13,652	(8,856)
Right to receive on PSPI	171,818	102,276	171,818	102,276
Roads and bridges transferred from councils	44,820	7,279	44,820	7,279
Roads and bridges transferred to councils	(20,683)	(73,590)	(20,683)	(73,590)
Assets written down (Note 5)	(696,678)	(172,903)	(696,678)	(172,903)
Assets written down – infrastructure assets	(378,688)	(111,020)	(378,688)	(111,020)
Depreciation/amortisation	(1,207,563)	(618,077)	(1,207,563)	(618,077)
Other non-cash items	50,845	18,490	50,845	18,490
Non cash personnel services	–	–	218,874	(368,654)
	(2,022,477)	(856,401)	(1,803,603)	(1,225,055)
Adjustments for cash movement in operating assets and liabilities				
Increase/(decrease) in receivables	(18,400)	104,357	(18,400)	104,357
Increase/(decrease) in inventories	(1,452)	338	(1,452)	338
(Increase)/decrease in creditors	96,451	(193,035)	96,451	(193,035)
(Increase)/decrease in provisions*	26,574	(21,206)	26,574	(21,206)
	103,173	(109,546)	103,173	(109,546)
Net result for the period	**906,299**	**1,076,750**	**1,125,173**	**708,096**

* Excludes non-cash adjustments of $218.874 million (2012: ($368.654) million) relating to superannuation actuarial gains/(losses) against employee provisions.

27. 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:

Non-cash revenue and expenses				
Transfers from councils	44,820	7,279	44,820	7,279
Transfers to councils	(20,683)	(73,590)	(20,683)	(73,590)
Assets written off	(696,678)	(172,903)	(696,678)	(172,903)
Assets written down – infrastructure assets	(378,688)	(111,020)	(378,688)	(111,020)
Assets recognised for the first time	31,172	12,682	31,172	12,682
Right to receive on PSPI	171,818	102,276	171,818	102,276

End of audited financial statements.

Independent Audit Report (page 1)

AUDITOR-GENERAL NEW SOUTH WALES

INDEPENDENT AUDITOR'S REPORT

Roads and Maritime Services Division

To Members of the New South Wales Parliament

I have audited the accompanying financial statements of Roads and Maritime Services Division (the Division), which comprise the statement of financial position as at 30 June 2013, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, 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 30 June 2013, and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards
- are in accordance with section 41B of the *Public Finance and Audit Act 1983* (the PF&A Act) and the Public Finance and Audit Regulation 2010

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

The Chief Executive'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 financial statements that give a true and fair view and that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

Level 15, 1 Margaret Street, Sydney NSW 2000 | GPO Box 12, Sydney NSW 2001 | **t** 02 9275 7101 | **f** 02 9275 7179 | **e** mail@audit.nsw.gov.au | **audit.nsw.gov.au**

Independent Audit Report (page 2)

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

My opinion does *not* provide assurance:

- about the future viability of the Division
- that it has carried out its activities effectively, efficiently and economically
- about the effectiveness of its 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 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 roles by the possibility of losing clients or income.

A T Whitfield
Deputy Auditor-General

18 September 2013
SYDNEY

Chief Executive Statement

ROADS AND MARITIME SERVICES DIVISION

FOR THE YEAR ENDED 30 JUNE 2013

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 Roads and Maritime Services financial position as at 30 June 2013 and financial performance for the year ended 30 June 2013

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
18 September 2013

Paul Hesford
Director, Corporate
18 September 2013

Statement of Comprehensive Income for the year ended 30 June 2013

	Notes	2013 12 months $'000	2012 8 months $'000
Expenses excluding losses			
Employee related expenses	6	772,536	629,892
Total expenses excluding losses		**772,536**	**629,892**
Revenue			
Personnel services		553,662	998,546
Total revenue		**553,662**	**998,546**
Net result		**(218,874)**	**368,654**
Other comprehensive income			
Items that will not be reclassified to net result			
Superannuation actuarial gains/(losses)		218,874	(368,654)
Total other comprehensive income		**218,874**	**(368,654)**
Total comprehensive income		**–**	**–**

The accompanying notes form part of these financial statements.

Statement of Financial Position as at 30 June 2013

	Notes	2013 $'000	2012 $'000
Assets			
Current assets			
Receivables	2	1,427,051	1,696,144
Total current assets		**1,427,051**	**1,696,144**
Total assets		**1,427,051**	**1,696,144**
Liabilities			
Current liabilities			
Payables	3a	145,695	165,373
Employee benefits provisions	3b	301,085	325,008
Total current liabilities		**446,780**	**490,381**
Non-current liabilities			
Employee benefits provisions	3c	980,271	1,205,763
Total non-current liabilities		**980,271**	**1,205,763**
Total liabilities		**1,427,051**	**1,696,144**
Net assets		**–**	**–**
Equity			
Accumulated funds		–	–
Total equity		**–**	**–**

The accompanying notes form part of these financial statements.

Statement of Changes in Equity
for the year ended 30 June 2013

	Accumulated funds $'000	Total equity $'000
Balance at 1 November 2011	**–**	**–**
Surplus/(deficit) for the period	**368,654**	**368,654**
Other comprehensive income		
Superannuation actuarial gains/(losses)	(368,654)	(368,654)
Total comprehensive income for the period	**–**	**–**
Increase/(decrease) in net assets from equity transfers	–	
Balance at 30 June 2012	**–**	**–**
Balance at 1 July 2012	**–**	**–**
Surplus/(deficit) for the year	**(218,874)**	**(218,874)**
Other comprehensive income		
Superannuation actuarial gains/(losses)	218,874	218,874
Total comprehensive income for the year	**–**	**–**
Increase/(decrease) in net assets from equity transfers	–	–
Balance at 30 June 2013	**–**	**–**

The accompanying notes form part of these financial statements.

Statement of Cash Flows
for the year ended 30 June 2013

	2013 12 months $'000	2012 8 months $'000
Cash flows from operating activities		
Payments		
Payments to suppliers and employees	–	–
Total payments	**–**	**–**
Receipts		
Receipts from customers	–	–
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 for the year ended 30 June 2013

1. Summary of Significant Accounting Policies

a. Reporting entity

The Roads and Maritime Services 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 TfNSW and Roads and Maritime Services accounts. It is domiciled in Australia and its principal office is at 101 Miller Street North Sydney NSW.

Roads and Maritime Division's objective is to provide personnel services to Roads and Maritime.

These financial statements have been authorised for issue by the Chief Executive of Roads and Maritime on 18 September 2013, the date when 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* (PFAA).
- The Public Finance and Audit Regulation 2010.
- Specific directions issued by the NSW 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(i).

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.

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. Statement of compliance

The financial statements and notes comply with Australian Accounting Standards, which include Australian Accounting Interpretation.

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 year ended 30 June 2013. Management's assessment of the impact of these new standards and interpretations is set out below:

Standard	Summary of key requirements/changes	Applicable to annual reporting periods beginning on or after	Impact of reporting entity's financial statements
AASB 9 Financial Instruments and AASB 2010–7 & 2012–6 Amendments to Australian Accounting Standards arising from AASB 9	AASB 9 introduces new requirements for the classification, measurement and derecognition of financial assets and financial liabilities. It was further amended by AASB 2010–7 to reflect amendments to accounting for financial liabilities. Financial assets and financial liabilities can be designated and measured at fair value. The existing four category approach to measurement after initial recognition will be reduced to two categories – either amortised cost or fair value. AASB 2012–6 amended AASB 9 to defer the mandatory effective date to annual periods beginning on or after 1 January 2015.	The IASB has deferred the effective date of this standard to 1 January 2015. It is expected that AASB will also make a similar amendment.	On initial application of AASB 9, all existing financial instruments will need to be classified according to the AASB 9 criteria and transitional requirements. The impact on the reporting entity's accounting for financial assets and liabilities is not expected to be significant.
AASB 10 Consolidated Financial Statements	AASB 10 supersedes AASB 127. It introduces a new principles-based control model that focuses on both power and rights or exposure to variable returns. The Standard requires the parent entity to present consolidated financial statements as those of a single economic entity, replacing the requirements of AASB 127 Consolidated and Separate Financial Statements.	1 July 2013	The new definition of control is not expected to impact on the reporting entity. The concept of "single economic entity" may impact on the format of the consolidated financial statements unless modifications are made for public sector entities.
AASB 11 Joint Arrangements	Under AASB 11, the focus is no longer on the legal structure of joint arrangements (which determined the accounting) but rather on how rights and obligations are shared by the joint venture parties (the underlying economics). A joint venture will be classified as either a joint operation or joint venture. The Standard also replaces and alters the existing method of accounting for joint ventures under AASB 131 Interests in Joint Ventures.	1 July 2013	The impact on the reporting entity's financial statements is expected to be insignificant due to the absence of material joint arrangements.
AASB 12 Disclosure of Interests in other Entities	AASB 12 focuses on disclosures that would help users better assess the nature and financial effects of an entity's involvement with other entities and particularly enhances disclosures about consolidated entities and unconsolidated (off balance sheet) structured entities. The Standard sets out the required disclosures for entities reporting under AASB 10 and AASB 11 and replaces the disclosure requirements of AASB 128 Investment in Associates.	1 July 2013	Application of the standard will not affect any of the amounts recognised in the consolidated financial statements. However, it may impact on the type of information disclosed. The AASB may modify the standard "for application by not-for-profit entities".

Standard	Summary of key requirements/changes	Applicable to annual reporting periods beginning on or after	Impact of reporting entity's financial statements
AASB 13, AASB 2011–8 and AASB 2012–1 regarding fair value measurement	The Standard defines fair value, establishes a single framework or guidance for the measuring of fair value, and requires enhanced disclosures about fair value measurements. AASB 13 applies when another standard requires or permits fair value measurements or disclosures. The Standard establishes a three tier "fair value hierarchy".	1 January 2013	The reporting entity's major assets – property, plant and equipment, and investment properties, are recognised at fair value. It is not possible at this stage to determine the impact, if any, of the new rules on any of the amounts recognised in the consolidated financial statements.
AASB 119 Employee Benefits AASB 2011–10 and AASB 2011–11	This Standard will mainly impact the accounting for defined benefit pension schemes. The corridor approach for the recognition of actuarial gains and losses has been removed, as has the option to recognise actuarial gains and losses in profit or loss. The impact of this is that all actuarial gains and losses will be recognised in other comprehensive income in the period in which they arise. In addition, the calculation of net interest cost has changed. There will no longer be separate calculations of the expected return on plan assets and the interest cost of funding the defined benefit obligation. Instead, a single rate is applied to the net of the defined benefit obligation and plan assets.	1 January 2013 with retrospective implementation as per AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors.	The requirements for measurement of employer liabilities and assets arising from defined benefit plans, and the measurement and presentation of changes in such liabilities and assets, are substantially different under the revised AASB 119. It is not possible at this stage to determine the impact of this new Standard on the consolidated financial statements.
AASB 127 Separate Financial Statements	AASB 127 Consolidated and Separate Financial Statements has been renamed Separate Financial Statements. The objective of this Standard is to prescribe the accounting and disclosure requirements for investments in subsidiaries, joint ventures and associates when an entity prepares separate financial statements (in addition to consolidated financial statements). The Standard requires that when an entity prepares separate financial statements, investments in subsidiaries, associates and jointly controlled entities are accounted for either at cost or in accordance with AASB 9 Financial Instruments. The Standard also deals with the recognition of dividends, certain group reorganisations and includes a number of disclosure requirements.	1 July 2013	The AASB may modify the application of this standard to the not-for-profit entities. As such it is not practical to assess the impact of its application on the reporting entity's consolidated financial statements.
AASB 128 Investments in Associates and Joint ventures	This Standard supersedes AASB 128 Investments in Associates and prescribes the accounting for investments in associates and sets out the requirements for the application of the equity method when accounting for investments in associates and joint ventures. The Standard defines "significant influence" and provides guidance on how the equity method of accounting is to be applied. It also prescribes how investments in associates and joint ventures should be tested for impairment.	1 July 2013	The impact on the reporting entity's financial statements is expected to be insignificant.

Standard	Summary of key requirements/changes	Applicable to annual reporting periods beginning on or after	Impact of reporting entity's financial statements
AASB 1053 and AASB 2010–2 regarding differential reporting	AASB 1053 establishes a two tier differential reporting framework for those entities that prepare general purpose financial statements: Tier 1 or full compliance with AASB and Tier 2 or Reduced Disclosure Requirements. Tier 2, therefore requires fewer disclosures than Tier 1.	1 July 2013	This Standard will not impact on the reporting entity's financial statements which will continue to be prepared in accordance with Financial Reporting Code for NSW General Government Sector Entities (Tier 1).
AASB 2010–10 regarding removal of fixed dates for first time adopters	AASB 2010–10 amendments affect AASB 1 First Time Adoption of Australian Accounting Standards and provide relief for first-time adopters of Australian Accounting Standards from having to reconstruct transactions that occurred before their transition to Australian Accounting Standards.	1 July 2013	The Standard has no impact on the reporting entity's consolidated financial statements as the group entities made the transition to AEIFRS in 2005–06.
AASB 2011–4 Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements	Amends AASB 124 Related Party Disclosures to remove the individual key management personnel (KMP) disclosures required by Australian specific paragraphs. Such disclosures are more in the nature of governance disclosures that are better dealt with as part of the Corporations Act 2001.	1 July 2013	The impact on the reporting entity's financial statements is expected to be insignificant.
AASB 2012–2 Amendments to Australian Accounting Standards – Disclosures – Offsetting Financial Assets and Financial Liabilities	This Standard amends the required disclosures in AASB 7 to include information that will enable users of an entity's financial statements to evaluate the effect or potential effect of netting arrangements, including rights of set-off associated with the entity's recognised financial assets and recognised financial liabilities, on the entity's financial position.	1 July 2013	The impact on the reporting entity's financial statements is expected to be insignificant.
AASB 2012–3 Amendments To Australian Accounting Standards – Offsetting Financial Assets And Financial Liabilities	This Standard adds application guidance to AASB 132 to address inconsistencies identified in applying some of the offsetting criteria of AASB 132, including clarifying the meaning of "currently has a legally enforceable right of set-off" and that some gross settlement systems may be considered equivalent to net settlement.	1 July 2013	The impact on the reporting entity's financial statements is expected to be insignificant.
AASB 2012–4 Amendments to Australian Accounting Standards – Government Loans	This Standard adds an exception to the retrospective application of Australian Accounting Standards to require that first-time adopters apply the requirements in AASB 139 Financial Instruments: Recognition and Measurement (or AASB 9 Financial Instruments) and AASB 120 Accounting for Government Grants and Disclosure of Government Assistance prospectively to government loans existing at the date of transition to Australian Accounting Standards.	1 July 2013	The impact on the reporting entity's financial statements is expected to be insignificant.

Standard	Summary of key requirements/changes	Applicable to annual reporting periods beginning on or after	Impact of reporting entity's financial statements
AASB 2012–5 Amendments to Australian Accounting Standards arising from Annual Improvements 2009–2011 Cycle	This Standard makes amendments to the Australian Accounting Standards and Interpretation listed in paragraph 1 of the Standard. These amendments are a consequence of the annual improvements process, which provides a vehicle for making non-urgent but necessary amendments to Standards. These amendments result from proposals that were included in Exposure Draft ED 213 Improvements to IFRSs published in July 2011 and follow the issuance of Annual Improvements to IFRSs 2009–2011 Cycle issued by the International Accounting Standards Board in May 2012.	1 July 2013	The Standard makes minor changes, primarily further clarifications and descriptions, to a number of other Australian Accounting Standards. The impact on the reporting entity's financial statements is expected to be minor.
AASB 2012–10 regarding transition guidance and other amendments	The transition guidance amendments to AASB 10 'Consolidated Financial Statements' and related Standards and interpretations clarify the circumstances in which adjustments to an entity's previous accounting for its involvement with other entities are required and the timing of such adjustments.	1 July 2013	The impact on the reporting entity's financial statements is expected to be insignificant.
AASB 2013–1	This Standard removes the requirements relating to the disclosure of budgetary information from AASB 1049 (without substantive amendment). All budgetary reporting requirements applicable to public sector entities are now located in a single, topic-based, Standard AASB 1055 Budgetary Reporting.	1 July 2013	The impact on the reporting entity's financial statements is expected to be insignificant.
AASB 1055 Budgetary reporting	This Standard specifies budgetary disclosure requirements for the whole of government, General Government Sector (GGS) and not-for-profit entities with the GGS of each government.	1 July 2014	The impact on the reporting entity's financial statements is expected to be insignificant.

Roads and Maritime Division has also reviewed the following accounting standards and interpretations and concluded that they are not applicable to Roads and Maritime Division financial statements:

- AASB 2010–10 Further Amendments to Australian Accounting Standards – Removal of Fixed Dates for First-time Adopters
- 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 2011–2 Amendments to Australian Accounting Standards arising from the Trans-Tasman Convergence Project – Reduced Disclosure Requirements
- AASB 2011–12 Amendments to AASB 119 arising from Reduced Disclosure Requirements
- AASB 2012–9 Amendment to AASB 1048 arising from the Withdrawal of Australian Interpretation 1039
- AASB 2012–7 Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements
- AASB 2012–11 Amendments to Australian Accounting Standards – Reduced Disclosure Requirements and Other Amendments
- AASB 2013–2 Amendments to AASB 1038 – Regulatory Capital.

e. 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.

f. 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 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.

g. 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.

h. 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.

Payable includes a notional Goods and Services Tax liability for personnel services rendered to Roads and Maritime.

i. Employee benefits 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 12 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. The long service leave liability is based on an actuarial assessment applicable for the period 2011 to 2013.

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.

j. Comparative information

This is Roads and Maritime's first full year of operation. The comparative figures provided for the prior year relate to a part year of trading only, being from the creation of Roads and Maritime on 1 November 2011 to the end of the prior financial period ended 30 June 2012.

k. 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:

Employee benefits	Note 1 (i) and Note 3

2. Current assets

	2013 $'000	2012 $'000
Receivables – current		
Personnel services receivable	**1,427,051**	**1,696,144**

3. Current liabilities/non-current liabilities

a. Payables – current

Accrued expenses	15,963	11,178
GST payable	129,732	154,195
	145,695	**165,373**

b. Provisions – current

Annual leave and related on-costs (i)	71,838	73,207
Long service leave and related on-costs (ii)	229,084	247,403
Provision for workers' compensation (iii)	163	4,398
	301,085	**325,008**

c. Provisions – non-current

Superannuation – provision	955,694	1,186,520
Superannuation – accrued	711	726
Long service leave and related on-costs (ii)	17,573	15,792
Provision for workers' compensation (iii)	6,293	2,725
	980,271	**1,205,763**

d. Aggregate employee benefits and related on-costs

Provisions – current	301,085	325,008
Provisions – non-current	980,271	1,205,763
Accrued salaries, wages and on-costs	15,963	11,178
	1,297,319	**1,541,949**

(i) The value of annual leave, including on-costs, expected to be taken within 12 months is $49.265 million (2012: $49.233 million) and $22.643 million (2012: $23.974 million) after 12 months.

(ii) The value of long service leave expected to be taken within 12 months $28.363 million (2012: $27.320 million) and $218.655 million (2012: $235.876 million) after 12 months.

(iii) Workers' compensation provision includes $1.113 million (2012: $1.219 million) for dust diseases of which $0.163 million (2012: $0.410 million) is current. This provision is for claims from former Maritime Services Board (MSB) staff for dust related diseases that can be attributed to their service during the period 1 July 1989 – 30 June 1995 when the MSB was a self insurer.

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 Financial Year June 2013 $'000	SANCS Financial Year June 2013 $'000	SSS Financial Year June 2013 $'000	Total $'000
Accrued liability	613,926	83,550	1,355,025	2,052,501
Estimated reserve account balance	(446,252)	(66,746)	(583,809)	(1,096,807)
	167,674	16,804	771,216	955,694
Future service liability	(37,825)	(20,742)	(21,190)	(79,757)
Net (asset)/liability recognised in Statement of Financial Position	**167,674**	**16,804**	**771,216**	**955,694**

	SASS 8 months to June 2012 $'000	SANCS 8 months to June 2012 $'000	SSS 8 months to June 2012 $'000	Total $'000
Accrued liability	638,096	94,825	1,467,891	2,200,812
Estimated reserve account balance	(414,170)	(61,375)	(538,747)	(1,014,292)
	223,926	33,450	929,144	1,186,520
Future service liability	(48,321)	(20,454)	(34,386)	(103,161)
Net (asset)/liability recognised in Statement of Financial Position	**223,926**	**33,450**	**929,144**	**1,186,520**

Reconciliation of the present value of the defined benefit obligation

	SASS Financial Year June 2013 $'000	SANCS Financial Year June 2013 $'000	SSS Financial Year June 2013 $'000	Total $'000
Present value of partly funded defined benefit obligation at part of net assets received from equity transfer	638,096	94,825	1,467,891	2,200,812
Current service cost	11,549	3,731	1,240	16,520
Interest cost	18,350	2,650	44,114	65,114
Contributions by fund participants	6,558	–	5,724	12,282
Actuarial gains)/(losses)	(11,289)	(9,927)	(108,384)	(129,600)
Benefits paid	(49,338)	(7,729)	(55,560)	(112,627)
Present value of partly funded defined benefit obligation at the end of the period	**613,926**	**83,550**	**1,355,025**	**2,052,501**

	SASS 8 months to June 2012 $'000	SANCS 8 months to June 2012 $'000	SSS 8 months to June 2012 $'000	Total $'000
Present value of partly funded defined benefit obligation at part of net assets received from equity transfer	590,312	91,509	1,195,232	1,877,053
Current service cost	7,279	2,536	3,007	12,822
Interest cost	18,801	2,862	37,069	58,732
Contributions by fund participants	4,655	–	4,263	8,918
Actuarial (gains)/losses	62,929	6,324	269,791	339,044
Benefits paid	(45,880)	(8,406)	(41,471)	(95,757)
Present value of partly funded defined benefit obligation at the end of the period	**638,096**	**94,825**	**1,467,891**	**2,200,812**

Reconciliation of the fair value of fund assets

	SASS Financial Year June 2013 $'000	SANCS Financial Year June 2013 $'000	SSS Financial Year June 2013 $'000	Total $'000
Fair value of fund assets at the beginning of the period	414,170	61,375	538,747	1,014,292
Expected return on fund assets	32,642	4,714	44,127	81,483
Actuarial (gains)/losses	34,578	5,131	49,565	89,274
Employer contributions	7,642	3,255	1,206	12,103
Contributions by fund participants	6,558	–	5,724	12,282
Benefits paid	(49,338)	(7,729)	(55,560)	(112,627)
Fair value of fund assets at the end of the period	**446,252**	**66,746**	**583,809**	**1,096,807**

	SASS 8 months to June 2012 $'000	SANCS 8 months to June 2012 $'000	SSS 8 months to June 2012 $'000	Total $'000
Fair value of fund assets at the beginning of the period	439,808	65,361	558,593	1,063,762
Expected return on fund assets	24,248	3,728	31,833	59,809
Actuarial gains/(losses)	(14,061)	(1,662)	(14,806)	(30,529)
Employer contributions	5,400	2,354	335	8,089
Contributions by fund participants	4,655	–	4,263	8,918
Benefits paid	(45,880)	(8,406)	(41,471)	(95,757)
Fair value of fund assets at the end of the period	**414,170**	**61,375**	**538,747**	**1,014,292**

Reconciliation of the assets and liabilities recognised in the Statement of Financial Position

	SASS Financial Year June 2013 $'000	SANCS Financial Year June 2013 $'000	SSS Financial Year June 2013 $'000	Total $'000
Present value of partly funded defined benefits at the end of the year	613,926	83,550	1,355,025	2,052,501
Fair value of fund assets at end of the year	(446,252)	(66,746)	(583,809)	(1,096,807)
Net (asset)/liability recognised in Statement of Financial Position at the end of the period	**167,674**	**16,804**	**771,216**	**955,694**

	SASS 8 months to June 2012 $'000	SANCS 8 months to June 2012 $'000	SSS 8 months to June 2012 $'000	Total $'000
Present value of partly funded defined benefits at the end of the year	638,096	94,825	1,467,891	2,200,812
Fair value of fund assets at end of the year	(414,170)	(61,375)	(538,747)	(1,014,292)
Net (asset)/liability recognised in Statement of Financial Position at the end of the period	**223,926**	**33,450**	**929,144**	**1,186,520**

Expense recognised

	SASS Financial Year June 2013 $'000	SANCS Financial Year June 2013 $'000	SSS Financial Year June 2013 $'000	Total $'000
Current service cost	11,549	3,731	1,240	16,520
Interest on obligation	18,350	2,650	44,114	65,114
Expected return on fund assets (net of expenses)	(32,642)	(4,714)	(44,127)	(81,483)
Expenses/(income) recognised*	**(2,743)**	**1,667**	**1,227**	**151**

	SASS 8 months to June 2012 $'000	SANCS 8 months to June 2012 $'000	SSS 8 months to June 2012 $'000	Total $'000
Current service cost	7,278	2,536	3,008	12,822
Interest on obligation	18,801	2,862	37,069	58,732
Expected return on fund assets (net of expenses)	(24,248)	(3,728)	(31,833)	(59,809)
Expenses/(income) recognised*	**1,831**	**1,670**	**8,244**	**11,745**

* A portion of this expense has been capitalised

Amount recognised in other comprehensive income

	SASS Financial Year June 2013 $'000	SANCS Financial Year June 2013 $'000	SSS Financial Year June 2013 $'000	Total $'000
Actuarial (gains)/losses	(45,867)	(15,058)	(157,949)	(218,874)

	SASS 8 months to June 2012 $'000	SANCS 8 months to June 2012 $'000	SSS 8 months to June 2012 $'000	Total $'000
Actuarial (gains)/losses	76,990	7,986	284,597	369,573

Cumulative amount recognised in other comprehensive income

	SASS Financial Year June 2013 $'000	SANCS Financial Year June 2013 $'000	SSS Financial Year June 2013 $'000	Total $'000
Actuarial (gains)/losses	192,806	18,006	507,226	718,038

	SASS Financial Year June 2012 $'000	SANCS Financial Year June 2012 $'000	SSS Financial Year June 2012 $'000	Total $'000
Actuarial (gains)/losses	238,673	33,064	665,175	936,912

Actual return on fund assets				
	SASS Financial Year June 2013 $'000	SANCS Financial Year June 2013 $'000	SSS Financial Year June 2013 $'000	Total $'000
Actual return on fund assets	66,940	9,845	87,768	164,553

	SASS 8 months to June 2012 $'000	SANCS 8 months to June 2012 $'000	SSS 8 months to June 2012 $'000	Total $'000
Actual return on fund assets	13,253	2,066	16,403	31,722

Fund assets		
The percentage invested in each asset class at the balance date:	June 2013	June 2012
Australian equities	30%	28.0%
Overseas equities	26%	23.7%
Australian fixed interest securities	7%	4.9%
Overseas fixed interest securities	2%	2.4%
Property	8%	8.6%
Cash	13%	19.5%
Other	13%	12.9%

Fair value of fund assets

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

Expected rate of return on assets

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

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

	June 2013	June 2012
Salary increase rate (excluding promotional increases)		
2013–2014 (SASS, SSS and SANCS)	2.25% p.a.	2.5% p.a.
2014–2015	2.25% p.a.	–
2015–2016 to 2019–2020	2.0% p.a.	–
2020 onwards	2.5% p.a.	–
Rate of CPI increase	2.5% p.a.	2.5% p.a.
Expected rate of return on assets	8.6%	8.6%
Discount rate	3.80% p.a.	3.06% p.a.

c. Demographic assumptions

The demographic assumptions at 30 June 2013 are those that were used in the 2012 triennial actuarial valuation. The triennial review report is available from the NSW Treasury website.

Historical information

	SASS Financial Year June 2013 $'000	SANCS Financial Year June 2013 $'000	SSS Financial Year June 2013 $'000	Total $'000
Present value of defined benefit obligation	613,926	83,550	1,355,025	2,052,501
Fair value of fund assets	(446,252)	(66,746)	(583,809)	(1,096,807)
(Surplus)/Deficit in fund	167,674	16,804	771,216	955,694
Experience adjustments – Fund liabilities	(11,289)	(9,927)	(108,384)	(129,600)
Experience adjustments – Fund assets	(34,578)	(5,131)	(49,565)	(89,274)

	SASS Financial Year June 2012 $'000	SANCS Financial Year June 2012 $'000	SSS Financial Year June 2012 $'000	Total $'000
Present value of defined benefit obligation	638,096	94,825	1,467,891	2,200,812
Fair value of fund assets	(414,170)	(61,375)	(538,747)	(1,014,292)
(Surplus)/Deficit in fund	223,926	33,450	929,144	1,186,520
Experience adjustments – Fund liabilities	62,929	6,324	269,791	339,044
Experience adjustments – Fund assets	14,061	1,662	14,806	30,529

Expected contributions

	SASS Financial Year June 2013 $'000	SANCS Financial Year June 2013 $'000	SSS Financial Year June 2013 $'000	Total $'000
Expected employer contributions to be paid in the next reporting period	7,193	2,988	1,147	11,328

	SASS Financial Year June 2012 $'000	SANCS Financial Year June 2012 $'000	SSS Financial Year June 2012 $'000	Total $'000
Expected employer contributions to be paid in the next reporting period	7,724	3,276	1,293	12,293

Funding arrangements for employer contributions

The following is a summary of the 30 June 2013 financial position of the fund calculated in accordance with AAS 25 – *Financial Reporting by Superannuation Plans*.

	SASS Financial Year June 2013 $'000	SANCS Financial Year June 2013 $'000	SSS Financial Year June 2013 $'000	Total $'000
Accrued benefits	508,280	72,856	821,470	1,402,606
Net market value of fund assets	(446,252)	(66,746)	(583,809)	(1,096,807)
Net (surplus)/deficit	**62,028**	**6,110**	**237,661**	**305,799**
	SASS 8 months to June 2012 $'000	**SASS 8 months to June 2012 $'000**	**SASS 8 months to June 2012 $'000**	**Total $'000**
Accrued benefits	509,138	81,202	803,334	1,393,674
Net market value of fund assets	(414,170)	(61,375)	(538,747)	(1,014,292)
Net (surplus)/deficit	**94,968**	**19,827**	**264,587**	**379,382**

Recommended contribution rates for the entity are:

SASS	SANCS	SSS
Multiple of member contributions	% Member salary	Multiple of member contributions
1.90	2.50	0.93

Funded method

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

Economic assumptions

The economic assumptions adopted for 2012 actuarial review of the fund are:

Weighted-average assumptions	June 2013	June 2012
Expected rate of return on fund assets backing current pension liabilities	8.3% p.a.	8.3% p.a.
Expected rate of return on fund assets backing other liabilities	7.3% p.a.	7.3% p.a.
Expected salary increase rate	SASS, SANCS, SSS 2.7% p.a. for 6 years then 4.0% p.a.	4.0% p.a
Expected rate of CPI increase	2.5% p.a.	2.5% p.a.

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 lease

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 Roads and Maritime as at 31 March 2011. Long service leave is accrued at the rate of 4.4 days per annum for the first 10 years of service and then at the rate of 11 days per annum.

Employees who exit with less than five years service receive 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 long service leave liability, as their accounting treatment and the adoption of liability is different to the long service leave liability. The on-costs to long service leave present value liabilities are:

Payroll tax	5.45%
Superannuation	11.00%
Superannuation accruing while on long service leave	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 long service leave is taken during future service, and hence there is no attaching on-cost. It has been assumed that six days of long service leave will be taken per year by employees who are eligible.

General salary increases of 2.5 per cent 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 Roads and Maritime 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 30 June 2013 but adjusted from a semi-annual rate to an annual rate.

4. Audit fee

During the year to June 2013 an expense of $15,000 excluding GST (2012: $15,000 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 Roads and Maritime.

5. Related party transactions

a. Relationship between the Division and Roads and Maritime

The Division is a controlled entity of Roads and Maritime and provides personnel services to Roads and Maritime. Information relating to personnel services is as follows:

	2013 $'000	2012 $'000
Personnel services provided	553,662	998,546
Receivable due from Roads and Maritime	1,427,051	1,696,144

The receivable is unsecured. No provision for doubtful debts relating to the receivable has been raised (2012: none) nor has an expense been recognised during the period in respect of bad or doubtful debts due from Roads and Maritime (2012: none).

6. Employee related expenses

	2013 $'000	2012 $'000
Salaries and wages (including recreation leave)	660,443	524,844
Long service leave	13,347	28,404
Superannuation – defined benefit plan	151	11,471
Superannuation – defined contribution plan	38,522	28,548
Workers' compensation insurance	11,719	10,989
Payroll tax and fringe benefit tax	39,218	25,097
Redundancy	9,136	539
	772,536	**629,892**

7. Contingent assets and contingent liabilities

The Division has no contingent assets and contingent liabilities (2012: none).

8. Financial instruments

Market risk

Market risk is the risk that changes in factors such as interest rates will affect revenue or the value of financial instruments. Market value is accepted on financial instruments. As the Division recovers all its costs from Roads and Maritime, a change in market prices will have no effect on the Division's result or net assets.

Credit risk

Credit (or counterparty) risk is the risk that a counterparty will fall to perform contractual obligations to a financial instrument and cause the Division to experience a financial loss. In respect of the Division's financial assets, its only counterparty is its parent entity, Roads and Maritime. As Roads and Maritime makes good its obligations to the Division on demand, the Division is exposed to minimal credit risk. The Division's maximum credit risk exposure is the balance of the receivable from Roads and Maritime.

Liquidity risk

Liquidity risk is the risk that the Division will not be able to meet its financial obligations as they fall due. The Division does not have a bank account. All transactions are transacted through the bank account of Roads and Maritime. Roads and Maritime manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities by continuously monitoring forecast and actual cash flows. Consequently the Division is exposed to negligible liquidity

9. Events after the reporting period

No events have occurred after the reporting date that would have a material impact on the financial statements.

End of audited financial statements.