

2015-16

# Annual Report



Transport  
Roads & Maritime  
Services

Roads & Maritime Services  
3  
Volume 3





## INDEPENDENT AUDITOR'S REPORT

### WestConnex Delivery Authority

To Members of the New South Wales Parliament

I have audited the accompanying financial statements of WestConnex Delivery Authority (the Authority), which comprise the statement of financial position as at 30 September 2015, the statement of comprehensive income, statement of changes in equity and statement of cash flows, for the period 1 July 2015 to 30 September 2015, 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 Authority as at 30 September 2015, and of its financial performance and its cash flows for the period 1 July 2015 to 30 September 2015 in accordance with Australian Accounting Standards
- are in accordance with section 41B of the *Public Finance and Audit Act 1983* (PF&A Act) and the Public Finance and Audit Regulation 2015.

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 preparing 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 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 an 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 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 management, as well as evaluating the overall presentation of the financial statements.

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

My opinion does *not* provide assurance:

- about the future viability of the Authority
- that it carried out its activities effectively, efficiently and economically
- about the effectiveness of the 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.



John Viljoen (FCPA)  
Assistant Auditor-General  
Financial Audit Services

23 December 2015  
SYDNEY



Mr P Duncan  
Chief Executive Officer  
Roads and Maritime Services  
Locked Bag 928  
NORTH SYDNEY NSW 2059

Contact: John Viljoen  
Phone no: 9275 7102  
Our ref: D1543838/1561

23 December 2015

Dear Mr Duncan

**STATUTORY AUDIT REPORT**  
**for the period 1 July 2015 to 30 September 2015**  
**WestConnex Delivery Authority**

I have audited the financial statements of WestConnex Delivery Authority (the Authority) as required by the *Public Finance and Audit Act 1983* (PF&A Act). This Statutory Audit Report outlines the results of the audit for the period 1 July 2015 to 30 September 2015, and details any matters found during the audit that are relevant to you in your role as one of those charged with the governance of the Authority. The PF&A Act requires me to send this report to the Authority, the Minister and the Treasurer.

This report is not the Independent Auditor's Report, which expresses my opinion on the Authority's financial statements. I enclose the Independent Auditor's Report, together with the Authority's financial statements.

The audit is designed to obtain reasonable assurance the financial statements are free from material misstatement. It is not designed to identify and report all matters you may find of governance interest. Therefore, other governance matters may exist, which have not been reported to you.

### **Audit Result**

I expressed an unmodified opinion on the Authority's financial statements and I have not identified any significant matters since my previous Statutory Audit Report.

### **Misstatements in the Financial Statements**

I have certain obligations for reporting misstatements:

- the PF&A Act requires agencies to obtain the Auditor-General's approval for all changes to the financial statements originally submitted for audit. The more significant/material changes are reported in a Statutory Audit Report
- the Auditing Standards require me to bring matters of governance interest and significant misstatements identified during the audit to the attention of those charged with governance.

The financial statements did not contain any misstatements.

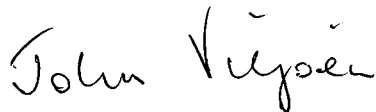
## **Compliance with Legislative Requirements**

The audit procedures are targeted specifically towards forming an opinion on the Authority's financial statements. This includes testing whether the Authority has complied with legislative requirements that may materially impact the financial statements. The results of the audit are reported in this context. The audit testing did not identify any reportable instances of non-compliance with legislative requirements.

## **Acknowledgment**

I thank the Authority's staff for their courtesy and assistance.

Yours sincerely

A handwritten signature in black ink that reads "John Viljoen". The signature is written in a cursive style with a distinct loop at the end of the last name.

John Viljoen (FCPA)  
Assistant Auditor-General  
Financial Audit Services

## **Westconnex Delivery Authority**

### **FINANCIAL STATEMENTS FOR THE PERIOD 1 JULY 2015 TO 30 SEPTEMBER 2015**

#### **STATEMENT BY CHIEF EXECUTIVE OFFICER**

Pursuant to Section 41C (1C) of the *Public Finance and Audit Act 1983*, I state that:

1. The accompanying financial statements exhibit a true and fair view of the financial position of Westconnex Delivery Authority as at 30 September 2015 and transactions for the period then ended.
2. The financial statements have been prepared in accordance with the provisions of the Public Finance and Audit Act, 1983, the applicable Australian Accounting Standards (including Australian Accounting Interpretations), the Public Finance and Audit (General) Regulation 2015 and the Treasurer's Directions.

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



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**Peter Duncan**  
Chief Executive Officer  
Roads and Maritime Services  
**23 December 2015**



**Transport**  
WestConnex  
Delivery Authority

**Westconnex Delivery Authority**

**FINANCIAL STATEMENTS**

**FOR THE PERIOD 1 JULY 2015 TO 30 SEPTEMBER 2015**



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**Westconnex Delivery Authority**  
**Statement of Comprehensive Income**  
**for the period 1 July 2015 to 30 September 2015**

	Notes	3 months to Sep 2015 \$'000	12 months to June 2015 \$'000
<b>Expenses</b>			
Operating expenses			
Personnel service expenses	2(a)	2,513	6,677
Other operating expenses	2(b)	23,850	98,117
<b>Total expenses excluding losses</b>		<b>26,363</b>	<b>104,794</b>
<b>Revenue</b>			
Sales of goods and services	3(a)	25,050	99,686
Investment revenue	3(b)	102	298
Operating grant revenue	3(c)	-	24,157
Capital grant revenue	3(c)	7,497	137,068
Other revenue	3(d)	705	-
<b>Total revenue</b>		<b>33,354</b>	<b>261,209</b>
<b>Other Loss</b>	2(c)	24,780	-
<b>Net result</b>		<b>(17,789)</b>	<b>156,415</b>
Other comprehensive income		-	-
Total other comprehensive income		-	-
<b>TOTAL COMPREHENSIVE INCOME</b>		<b>(17,789)</b>	<b>156,415</b>

*The accompanying notes form part of these financial statements.*

**Westconnex Delivery Authority**  
**Statement of Financial Position**  
**as at 30 September 2015**

	Notes	September 2015 \$'000	June 2015 \$'000
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents	4	-	150,780
Receivables	5	-	31,364
<b>Total Current Assets</b>		-	<u>182,144</u>
<b>Non-Current Assets</b>			
Land	6	-	105,633
Infrastructure systems	6	-	12,995
<b>Total Non-Current Assets</b>		-	<u>118,628</u>
<b>Total Assets</b>		-	<u>300,772</u>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Payables	8	-	109,712
Provision	10	-	34,103
<b>Total Current Liabilities</b>		-	<u>143,815</u>
<b>Non-Current Liabilities</b>			
Payables	11	-	542
<b>Total Non-Current Liabilities</b>		-	<u>542</u>
<b>Total Liabilities</b>		-	<u>144,357</u>
<b>Net Assets</b>		-	<u>156,415</u>
<b>EQUITY</b>			
Accumulated funds		-	156,415
<b>Total Equity</b>		-	<u>156,415</u>

*The accompanying notes form part of these financial statements.*

**Westconnex Delivery Authority  
Statement of Changes in Equity  
for the period 1 July 2015 to 30 September 2015**

	<b>Accumulated Funds \$'000</b>	<b>Total \$'000</b>
<b>Balance at 1 July 2015</b>	156,415	156,415
<b>Net result for the period</b>	(17,789)	(17,789)
<b>Other comprehensive income</b>	-	-
<b>Total other comprehensive income</b>	-	-
<b>Total comprehensive income</b>	(17,789)	(17,789)
<b>Transactions with owners in their capacity as owners</b>		
Equity transfer as part of dissolution of the Authority	15 (138,626)	(138,626)
<b>Balance at 30 September 2015</b>	-	-

	<b>Accumulated Funds \$'000</b>	<b>Total \$'000</b>
<b>Balance at 1 July 2014</b>	-	-
<b>Net result for the year</b>	156,415	156,415
<b>Other comprehensive income</b>	-	-
<b>Total other comprehensive income</b>	-	-
<b>Total comprehensive income</b>	156,415	156,415
<b>Balance at 30 June 2015</b>	156,415	156,415

**Westconnex Delivery Authority**  
**Statement of Cash Flows**  
for the period 1 July 2015 to 30 September 2015

	Notes	3 months to Sep 2015 \$'000	12 months to June 2015 \$'000
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
<b>Payments</b>			
Personnel service expenses		(3,124)	(6,066)
Other expenses		(37,701)	(75,885)
<b>Total Payments</b>		<u>(40,825)</u>	<u>(81,951)</u>
<b>Receipts</b>			
Government grant - operating		-	24,157
Government grant - capital		7,497	137,068
Investment income		102	298
Sale of goods and services & other receipts		43,857	82,763
<b>Total Receipts</b>		<u>51,456</u>	<u>244,286</u>
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	14	<u>10,631</u>	<u>162,335</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchases of infrastructure systems		(5,563)	(10,118)
Payments for Land		(92,166)	(1,437)
<b>NET CASH FLOWS FROM INVESTING ACTIVITIES</b>		<u>(97,729)</u>	<u>(11,555)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		-	-
<b>NET CASH FLOWS FROM FINANCING ACTIVITIES</b>		-	-
<b>NET (DECREASE)/INCREASE IN CASH</b>		(87,098)	150,780
Opening Cash and Cash equivalents		150,780	-
Cash transferred out as a result of dissolution of the Authority		(63,682)	-
<b>CLOSING CASH AND CASH EQUIVALENTS</b>	4	<u>-</u>	<u>150,780</u>

The accompanying notes form part of these financial statements.

## 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### (a) Reporting entity

WestConnex Delivery Authority (WDA) was established on 1 November 2013 as a public subsidiary corporation under the Transport Administration (General) Amendment (WestConnex Delivery Authority) Regulation 2013. WDA's objective was to facilitate the delivery of the WestConnex program of works, which included functions to develop, plan, procure, supervise, manage or carry out the whole or any part of the WestConnex program of works for Roads and Maritime Services (RMS).

WDA is consolidated within the NSW Total State Sector Accounts, Transport for NSW (TfNSW) accounts and Road and Maritime Services (RMS) accounts.

Pursuant to section 55C and 119 of the Transport Administration Act 1988, on 25 September 2015, the Minister for Roads, Maritime and Freight signed the Order No. 2015/569, to transfer the assets, rights and liabilities from WDA to RMS. This order was effective on and from 1 October 2015.

These are the last financial statements for WDA. Following its dissolution, there will no longer be any financial or annual reporting obligations for WDA after 1 October 2015.

WDA provided project development, management and administrative services to Sydney Motorway Corporation Pty Ltd (SMC) for the WestConnex project. These were charged to achieve full cost recovery on an 'arms length' basis, under a range of capped service agreements.

WDA also received government funding via RMS for various WestConnex-related activities.

These financial statements for the period ended 30 September 2015 have been authorised for issue by the RMS Chief Executive on the date when the accompanying statement under s.41C(1C) of the Public Finance and Audit Act 1983 was signed.

### (b) Basis of preparation

The WDA financial statements are general purpose financial statements which have been prepared on an accruals basis and in accordance with:

- applicable Australian Accounting Standards (including Australian Accounting Interpretations)
- the requirements of the Public Finance and Audit Act 1983 and Public Finance and Audit Regulation 2015
- the Financial Reporting Directions published in the Financial Reporting Code for NSW General Government Sector Entities or issued by the Treasurer.

#### Going concern

WDA was abolished as a statutory authority with effect from 1 October 2015. The assets, rights and liabilities of WDA were transferred to RMS as of 30 September 2015. These financial statements have been prepared on a non-going concern basis. Assets and liabilities as at 30 September 2015 have been measured at fair value to the amounts realised on transfer to Roads and Maritime Services.

Prior to transfer, WDA had a positive net assets position.

### (c) Historical cost convention

These financial statements have been prepared under the historical cost convention except where specified otherwise.

### (d) Estimates

The preparation of financial statements in conformity with Australian Accounting Standards requires the use of certain accounting estimates. It also requires management to exercise its judgement in applying WDA's accounting policies. The estimates and underlying assumptions are reviewed on an ongoing basis. All significant estimates or assumptions made in the preparation of the financial statements have been explained in the accounting policy notes or subsequent notes.

### (e) Rounding of amounts

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

### (f) Statement of compliance

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

### (g) Changes in accounting policy, including new or revised Australian Accounting Standards

#### (i) Effective for the first time in 2015-16

The accounting policies applied in 2015-16 are consistent with those of the previous financial year except as a result of the following new or revised Australian Accounting Standards that have been applied for the first time in 2015-16. The impact of these Standards in the period of initial application is set out below:

Standard	Summary of key requirements of new/revised standard	Impact on Reporting Entity's 2015-16 financial statements
AASB 2015-3 Amendments to Australian Accounting Standards arising from the Withdrawal of AASB 1031 Materiality	The objective of this Standard is to effect the withdrawal of AASB 1031 Materiality and to delete references to AASB 1031 in the Australian Accounting Standards, as set out in paragraph 13 of this Standard. The AASB is of the opinion that guidance on materiality is already available elsewhere. The term materiality is defined in AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors. When assessing materiality, the requirements in AASB 101 Presentation of Financial Statements and AASB 108 shall be applied. Paragraph QC11 of the Framework also addresses the concept of materiality.	The impact on the reporting entity's financial statements is expected to be insignificant.

- (h) *Revenue recognition*  
Revenue is recognised in accordance with AASB 118 Revenue and measured at the fair value of the consideration received or receivable. WDA recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to WDA and specific criteria have been met for each of the activities as described below. WDA bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.
- (i) *Grants*  
WDA treats operating grants received from Government entities in Australia as revenue in the year of receipt. Grants from the government are recognised at their fair value where WDA obtains control of the right to receive the grant, it is probable that economic benefits will flow to WDA and it can be reliably measured.
- (ii) *Sale of goods and rendering of services*  
Revenue from the rendering of services is recognised when the service is provided or by reference to the stage of completion.
- (iii) *Investment revenue*  
Interest revenue is recognised using the effective interest method as set out in AASB 139 *Financial instruments: Recognition and Measurement*.
- (i) *Personnel services and other provisions*  
*Personnel services*  
WDA sources its employees from The Transport Service. It also has a number of employees seconded from other government agencies. WDA accordingly recognises in its financial statements personnel services expenses and a corresponding liability to the Transport Service and other government agencies.  
Effective 1 July 2015, WDA has extinguished and written back its long service leave and defined benefit superannuation personnel service payable to RMS as a result of the transfer of RMS liabilities to the Crown. As a result of the transfer, RMS did not recharge personnel services long service leave and defined benefit superannuation expense for the three months period, and these have been recognised within Other Revenue as Resources received free of charge (Note 3 (d)).  
For comparative information, WDA continues to disclose its personnel services accounting policy on long service leave and superannuation defined benefit as detailed below.
- (i) *Salaries and wages, annual leave, sick leave and on-costs*  
Salaries and wages (including non-monetary benefits) and paid sick leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the services are recognised and measured at the undiscounted amounts of the benefits.  
Annual leave is not expected to be settled wholly before twelve months after the end of the annual reporting in which the employees render the related service. As such it is required to be measured at present value in accordance with AASB 119 Employee Benefits.  
Sick leave accrued by employees of WDA 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.
- (ii) *Long service leave and superannuation*  
WDA's long service leave liability for all employees and all superannuation liabilities is assumed by Transport Service. 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 with the final one prepared dated at 30 June 2015.  
In accordance with AASB 101 Presentation of Financial Statements, all annual leave and unconditional long service leave are classified as current liabilities, even where WDA 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. The actuarial superannuation gains and losses are recognised outside the operating surplus in the Statement of Changes in Equity in the period in which they occur. The most recent valuation was as at 30 June 2015.  
The defined benefit position recognised in the Statement of Financial Position represents value of the defined benefit obligation, adjusted for unrecognised past service costs, net of the fair value of the plan assets.
- (iii) *Consequential on-costs*  
Consequential costs to employment are recognised as liabilities and expenses where the employee benefits to which they relate have been recognised. This includes outstanding amounts of payroll tax and fringe benefit tax. 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.
- (iv) *Other provisions*  
Other provisions exist when WDA 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.
- (j) *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.

(k) *Insurance*

WDA is covered by RMS' insurance cover provided by the NSW Treasury Managed Fund Scheme of self-insurance for government agencies. The expense (premium) to RMS is determined by the Fund Manager based on past claims experience. Compulsory third party insurance for RMS is with a private sector provider arranged by NSW Treasury. RMS allocates a proportion of its insurance costs to WDA.

(l) *Accounting for the goods and services tax (GST)*

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

- \* The amount of GST incurred by the WDA 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 part of an item of expenses; and
- \* Receivables and payables 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 the cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

(m) *Investments*

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 under AASB 139.9 (b) (ii), i.e. 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.

(n) *Assets*

(i) *Acquisition of assets*

The cost method of accounting is used for the initial recording of all acquisitions of assets controlled by WDA. 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 the asset when initially recognised in accordance with the requirements of other Australian Accounting Standards.

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

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

Where payment for an asset is deferred beyond normal credit terms, its cost is the cash price equivalent, the deferred payment amount is effectively discounted at an asset-specific rate.

(ii) *Capitalisation thresholds*

Property, plant and equipment and intangible assets costing \$10,000 and above individually (or forming part of an IT network costing more than \$10,000) are capitalised.

(iii) *Valuation on Transfer to Roads and Maritime Services*

Physical non-current assets are valued in accordance with the 'Valuation of Physical Non-Current Assets at Fair Value' Policy and Guidelines Paper (TPP 14-01). This policy adopts fair value in accordance with AASB 13 Fair Value Measurement and AASB 116 Property, Plant and Equipment.

Property, plant and equipment is measured at the highest and best use by market participants that is physically possible, legally permissible and financially feasible. The highest and best use must be available at a period that is not remote and take into account the characteristics of the asset being measured, including any socio-political restrictions imposed by government. In most cases, after taking into account these considerations, the highest and best use is the existing use. In limited circumstances, the highest and best use may be a feasible alternative use, where there are no restrictions on use or where there is a feasible higher restricted alternative use.

Fair value of property, plant and equipment is based on a market participants' perspective, using valuation techniques (market approach, cost approach, income approach) that maximise relevant observable inputs and minimise unobservable inputs.

TPP 14-1 requires a fair value valuation of the assets, including land, being transferred to RMS as at 30 September 2015. An independent valuation was accordingly completed for RMS, categorising the subject properties as Land Acquired for Future Road Works. The change in value from 30 June 2015 is separately recognised in the Statement of Comprehensive Income and the amount written down and net revaluation disclosed at Note 2c and Note 6a respectively.

(o) *Depreciation/ amortisation of property, plant and equipment*

Depreciation is provided for on a straight-line basis for all depreciable assets so as to write off the depreciable amount of each asset as it is consumed over its useful life.

All material separately identifiable components of assets are depreciated over their shorter useful lives.

Land is not a depreciable asset.

(p) *Capitalisation of expenditure*

Development, management and administration costs directly attributed to approved Westconnex projects directly procured by WDA are capitalised as infrastructure systems.

(q) *Other assets*

Other assets including prepayments are recognised on a historic cost basis.

(r) *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 9.



*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 deposits in the NSW TCorp Hour-Glass cash facility.

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.

(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 initially recognised 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. Any changes are recognised in the net result for the year when impaired, derecognised or through the amortisation process. 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.

*Financial liabilities*

(i) *Payables*

These amounts represent liabilities for goods and services provided to WDA 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) *Financial guarantees*

WDA has no financial guarantees as at 30 September 2015.

(s) *Fair value hierarchy*

A number of the entity's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities. When measuring fair value, the valuation technique used maximises the use of relevant observable inputs and minimises the use of unobservable inputs. Under AASB 13, the entity categorises, for disclosure purposes, the valuation techniques based on the inputs used in the valuation techniques as follows:

- Level 1 - quoted prices in active markets for identical assets / liabilities that the entity can access at the measurement date.
- Level 2 – inputs other than quoted prices included within Level 1 that are observable, either directly or indirectly.
- Level 3 – inputs that are not based on observable market data (unobservable inputs).

The entity recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Refer Note 9 for further disclosures regarding fair value measurements of financial and non-financial assets.

(t) *Comparative information*

Except when the Australian Accounting Standard permits or requires otherwise, comparative information is disclosed in respect of the previous period for all amounts reported in the financial statements. WDA's current reporting period is for the three months ending 30 September 2015, whereas the comparative is for the full year ended 30 June 2015.

(u) *Equity and reserves - Accumulated funds*

The category 'Accumulated Funds' includes all current and prior period retained funds.

## 2 Expenses

### a. Personnel service expenses

	3 months to Sep 2015 \$'000	12 months to June 2015 \$'000
Salaries and wages	2,157	5,977
Superannuation	150	119
Annual leave	87	214
Long service leave	77	286
Payroll tax and fringe benefits tax	42	81
	<b>2,513</b>	<b>6,677</b>

### b. Other operating expenses

	3 months to Sep 2015 \$'000	12 months to June 2015 \$'000
Property rental	719	1,913
Administration cost	163	649
Auditor's remuneration - audit of financial statements	39	47
Advertising	315	420
Information technology	365	724
Professional fees & contractors	21,955	92,428
Other operating expenses	192	1,435
Shared services charges	102	501
	<b>23,850</b>	<b>98,117</b>

### c. Other loss

	3 months to Sep 2015 \$'000	12 months to June 2015 \$'000
Assets written down	24,780	-
	<b>24,780</b>	<b>0</b>

### 3 Revenue

#### a. Sale of goods and services

	3 months to Sep 2015 \$'000	12 months to June 2015 \$'000
<b>Rendering of services</b>		
Works and services	25,050	99,686
	<b>25,050</b>	<b>99,686</b>

#### b. Investment revenue

	3 months to Sep 2015 \$'000	12 months to June 2015 \$'000
TCorp Investment Facilities Designated at Fair Value Through Profit or Loss - Gain on Fair Valuation	102	298
	<b>102</b>	<b>298</b>

#### c. Grant revenue

	3 months to Sep 2015 \$'000	12 months to June 2015 \$'000
Operating grant	-	24,157
Capital grant	7,497	137,068
	<b>7,497</b>	<b>161,225</b>

The capital grant of \$7.497 million relates to King Georges Road Intersection Upgrade (FY 2015: \$137.068 million underpins the undertaking and completion of compulsory land acquisitions).

#### d. Other revenue

	3 months to Sep 2015 \$'000	12 months to June 2015 \$'000
Write back of personnel services payables	705	-
	<b>705</b>	<b>-</b>

Other revenue represents write back of Long Service Leave and Defined Benefits personnel services payable, on transfer of related liabilities from RMS to the Crown.

#### 4 Current assets – cash and cash equivalents

	Sep 2015	June 2015
	\$'000	\$'000
WDA operating account	-	20,298
TCorp Hour-Glass Cash Facility *	-	130,482
	-	150,780

\*The TCorp Hour-Glass Cash Facility is the unit trust investment cash facility, which is at call relating to compulsory land acquisitions.

For the purposes of the statement of cash flows, cash and cash equivalents include cash at bank and Tcorp hour-glass cash facilities.

Details regarding credit risk, liquidity risk and market risk arising from financial instruments are disclosed in note 9.

#### 5 Current assets - receivables

	Sep 2015	June 2015
	\$'000	\$'000
Debtors	-	28,555
Goods and services tax receivable	-	2,734
Other	-	75
	-	31,364

Details regarding credit risk, liquidity risk and market risk arising from financial instruments are disclosed in note 9.

## 6 Non-current assets

### a. Land and Infrastructure systems

	Land	Infrastructure Systems - Work in progress	Total
	\$'000	\$'000	\$'000
As at 1 July 2015 - Fair value			
Gross carrying amount	105,633	12,995	118,628
Accumulated depreciation	-	-	-
<b>Net carrying amount</b>	<b>105,633</b>	<b>12,995</b>	<b>118,628</b>
As at 30 September 2015 - Fair value			
Gross carrying amount - Land	-	-	-
Accumulated depreciation	-	-	-
<b>Net carrying amount</b>	<b>-</b>	<b>-</b>	<b>-</b>

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:

	Land	Infrastructure Systems - Work in progress	Total
	\$'000	\$'000	\$'000
<b>Period ended 30 September 2015</b>			
Net carrying amount 1 July 2015	105,633	12,995	118,628
Additions	35,085	22,958	58,043
Disposals	-	-	-
Net revaluation increment less revaluation decrements*	(24,780)	-	(24,780)
Transfers as a result of dissolution of the Authority	(115,938)	(35,953)	(151,891)
Depreciation expense	-	-	-
<b>Net carrying amount 30 September 2015</b>	<b>-</b>	<b>-</b>	<b>-</b>

Revaluations are required under 'Valuation of Physical Non-Current Assets at Fair Value' Policy and Guidelines Paper (TPP 14-1) on the dissolution of WDA and the transfer of its assets to RMS.

\* Refer to Note 1n (iii)

	Land	Infrastructure Systems - Work in progress	Total
	\$'000	\$'000	\$'000
As at 1 July 2014 - Fair value			
Gross carrying amount	-	-	-
Accumulated depreciation	-	-	-
<b>Net carrying amount</b>	<b>-</b>	<b>-</b>	<b>-</b>
As at 30 June 2015 - Fair value			
Gross carrying amount	105,633	12,995	118,628
Accumulated depreciation	-	-	-
<b>Net carrying amount</b>	<b>105,633</b>	<b>12,995</b>	<b>118,628</b>

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

	Land	Infrastructure Systems - Work in progress	Total
<b>Year ended 30 June 2015</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Net carrying amount 1 July 2014	-	-	-
Additions	105,633	12,995	118,628
Disposals	-	-	-
Transfers	-	-	-
Net revaluation increment less revaluation decrements	-	-	-
Depreciation expense	-	-	-
<b>Net carrying amount 30 June 2015</b>	<b>105,633</b>	<b>12,995</b>	<b>118,628</b>

Physical non-current assets are valued in accordance with the 'Valuation of Physical Non-Current Assets at Fair Value' Policy and Guidelines Paper (TPP 14-1). This policy adopts fair value in accordance with AASB 13 Fair Value Measurement.

**b. Fair value hierarchy**

	Level 1 Sep 2015 \$'000	Level 2 Sep 2015 \$'000	Level 3 Sep 2015 \$'000	Total Sep 2015 \$'000
<b>Non-current asset</b>				
Land	-	-	-	-
As at 30 September 2015	-	-	-	-

	Level 1 June 2015 \$'000	Level 2 June 2015 \$'000	Level 3 June 2015 \$'000	Total June 2015 \$'000
<b>Non-current asset</b>				
Land *	-	105,633	-	105,633
As at 30 June 2015	-	<b>105,633</b>	-	<b>105,633</b>

\* The land value comprises the acquisition cost from the valuation report prepared for the Valuer General (\$71.530 million); and the provision to rectify and remediate the contaminated site (\$34.103 million). Refer to Note 1n (i)

**7 Restricted assets**

	Sep 2015 \$'000	June 2015 \$'000
TCorp Hour-Glass Investments	-	130,482

**8 Current liabilities – payables**

	Sep 2015 \$'000	June 2015 \$'000
<b>Current</b>		
Trade creditors	-	2,178
Creditors arising from compulsory acquisitions	-	70,030
Personnel services	-	69
Other payable	-	1,683
Payable to RMS	-	2,329
Accrued expenses	-	
- Capital	-	2,680
- Operating	-	30,743
	-	109,712

Details regarding credit risk, liquidity risk and market risk, including a maturity analysis of the above payables are disclosed in note 9.

## 9 Financial Instruments

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

WDA's Chief Executive has overall responsibility for the establishment and oversight of risk management, reviews, and agreeing policies for management of these risks. Risk management policies are established to identify and analyse the risks faced by WDA, to set risk limits and controls and to monitor risks.

### a. Financial Instrument Categories

	Note	Category	Carrying Amount Sep 2015 \$'000	Carrying Amount June 2015 \$'000
<b>Financial Assets</b>				
<b>Class:</b>				
Cash and cash equivalents	4	N/A	-	150,780
Receivables (1)	5	Loans and receivables at amortised cost	-	28,605
<b>Financial Liabilities</b>				
<b>Class:</b>				
Payables (2)	8,11	Financial liabilities measured at amortised cost	-	110,254

#### Notes

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

### (b) Credit Risk

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

#### 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.

WDA's credit risk exposure is considered low as its receivables are owed to WDA by a government owned company. There are no debtors which are currently not past due or impaired whose terms have been renegotiated.

### (c) Liquidity Risk

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

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

WDA has a Come and Go Facility with TCorp valued at \$10 million for cash management purposes. To date the facility was not used to fund shortfalls, incurring a total interest charge of zero.

	Sep 2015 \$'000	June 2015 \$'000
Unrestricted access was available at the Statement of Financial Position date to the come and go facility		
Total facility	-	10,000
Used at Statement of Financial Position date	-	-
<b>Unused at Statement of Financial Position date</b>	<b>-</b>	<b>10,000</b>



During the current period and prior year, there were no defaults on any amount payable. No assets have been pledged as collateral. WDA's exposure to liquidity risk is deemed low 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 below summarises the maturity profile of WDA's financial liabilities, together with the interest rate exposure.

**Maturity analysis and interest rate exposure of financial liabilities**

	Weighted Average Effective Int. Rate	Nominal Amount <sup>(i)</sup> \$'000	Interest Rate Exposure		Maturity Dates		
			Variable Interest Rate \$'000	Non- interest bearing \$'000	<1 year \$'000	1-5 years \$'000	>5 years \$'000
<b>September 2015</b>							
<b>Financial Liabilities</b>							
Payables	-	-	-	-	-	-	-
<b>June 2015</b>							
<b>Financial Liabilities</b>							
Payables	-	110,254	-	110,254	109,712	542	-
		<b>110,254</b>	<b>-</b>	<b>110,254</b>	<b>109,712</b>	<b>542</b>	<b>-</b>

<sup>(i)</sup> The amounts disclosed are the contractual cash flows of each class of financial liabilities based on the earliest date on which WDA can be required to pay.

**(d) 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. WDA's exposures to market risk are primarily through price risks associated with the movement in the unit price of the Hour-Glass Investment facilities. WDA 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 other price risk. A reasonably possible change in risk variable has been determined after taking into account the economic environment in which WDA operates and the time frame for the assessment (i.e. until the end of the next annual reporting period). The sensitivity analysis is based on risk exposures in existence at the Statement of Financial Position date.

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

Facility	Investment sectors	Investment horizon	Sep 2015 \$'000	June 2015 \$'000
Cash facility	Cash, money market instruments	up to 1.5 years	-	130,482

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.

**(e) Interest rate Risk**

Investment in the Hour-Glass facilities limits WDA 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.

	Change in unit price	Impact on profit/loss	
		Sep 2015 \$'000	June 2015 \$'000
<b>Financial assets</b>			
Cash facility	+/- 1%	-	1,305

**(f) 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 WDA'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.

**(g) Fair Value Recognised in statement of financial position**

WDA 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
<b>30-Sep-15</b>				
<b>Financial assets at fair value</b>				
TCorp Hour-Glass facilities	-	-	-	-
<b>30-Jun-15</b>				
<b>Financial assets at fair value</b>				
TCorp Hour-Glass facilities	-	130,482	-	130,482

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 periods.

**10 Current liabilities - provision**

	Sep 2015 \$'000	June 2015 \$'000
<b>Current</b>		
Provision for remediation and rectification of land	-	34,103
	-	<u>34,103</u>

**Movements in provisions**

Movements in provision for remediation during the period is set out below:

	Sep 2015 \$'000	June 2015 \$'000
Carrying amount at the beginning of financial period/year	34,103	-
Additional provisions recognised	-	34,103
Amounts used	(4,065)	-
Unsuited amounts reversed	-	-
Provision transfer as part of dissolution of the Authority	(30,038)	-
Carrying amount at the end of financial period/year	-	<u>34,103</u>

**11 Non-current liabilities - payable**

	Sep 2015 \$'000	June 2015 \$'000
Annual leave & long service leave	-	200
Superannuation	-	342
	-	<u>542</u>

**12 Commitments for expenditure**

**a. Capital Commitments**

	Sep 2015 \$'000	June 2015 \$'000
Not later than 1 year	-	26,448
Later than 1 year and not less than 5 years	-	100,678
Later than 5 years	-	-
<b>Total (Including GST)</b>	-	<u>127,126</u>

**b. Operating lease commitments**

	Sep 2015 \$'000	June 2015 \$'000
Not later than 1 year	-	110
Later than 1 year and not less than 5 years	-	-
Later than 5 years	-	-
<b>Total (Including GST)</b>	-	<u>110</u>

### 13 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.

WDA had a compulsory property acquisition matter which the Valuer-General has provided with a determination; however, an appeal has been made to the Environmental Court for reassessment. A contingent liability arises for any difference between the determined asset value and any higher value subsequently arising from statutory processes. It is not able to be suitably estimated as at 30 September 2015.

As a result of the signed Order No. 2015/569, the contingent liability described above is transferred to RMS effective 1 October 2015.

### 14 Reconciliation of cash from operating activities to net result

Reconciliation of cash flows from operating activities to net result as reported in the statement of comprehensive income:

	3 months to Sep 2015 \$'000	12 months to June 2015 \$'000
<b>Net Cash Flows from Operating Activities</b>	10,631	162,335
<b>Adjustments for revenue and expenditure not involving cash</b>		
Assets written down (note 2c)	(24,780)	-
<b>Adjustments for cash movement in operating assets and liabilities</b>		
(Decrease) / increase in receivables and prepayments	(15,185)	31,364
Decrease / (Increase) in payables	11,545	(37,284)
<b>Net result</b>	<b>(17,789)</b>	<b>156,415</b>

### 15 Decrease in net assets from equity transfer

Pursuant to section 55C and 119 of the Transport Administration Act 1988, as of 30 September 2015, the Minister for Roads, Maritime and Freight signed the Order No. 2015/569, to transfer the assets, rights and liabilities from WDA to RMS. The below table sets out the net assets transferred:

	30 Sep 2015 \$'000	30 June 2015 \$'000
Cash and cash equivalents	63,682	-
Receivables	16,180	-
Land	115,938	-
Infrastructure systems	35,953	-
<b>Total Assets</b>	<b>231,753</b>	<b>-</b>
Payables	63,089	-
Provision	30,038	-
<b>Total Liabilities</b>	<b>93,127</b>	<b>-</b>
Net assets transferred as part of dissolution of the Authority	138,626	-

### 16 Events after the reporting period

A proclamation under section 55C the Transport Administration Act 1998 appointed 1 October 2015 as the date for dissolution of WDA. As stated in Note 1 (a) and (b), all rights, assets and liabilities of WDA were transferred to RMS on 30 September 2015. This is the last financial report for WDA.

**End of Audited Financial Statements.**





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