Section 11

Financial statements

Financial overview

Funding

Roads and Maritime-sourced revenue primarily came from Sydney Harbour Bridge and Tunnel tolls, rental income, external commercial services, fees for services provided, special number plate sales, advertising, maritime services and E-tag revenue.

State funding includes motor vehicle weight taxes and direct cash allocations, Housing Acceleration Fund (HAF), Hunter Infrastructure Investment Fund (HIIF) and Rentstart NSW.

Federal funding was provided under the Nation Building Program and the Building Australia Fund. Non-cash revenue has been excluded.

Expenditure

Expenditure consisted of operational expenses (excluding non-cash items) incurred to achieve Roads and Maritime transport objectives, and capital investment to enhance the value of the road network and maritime related assets.

Table 11.1 Roads and Maritime funding sources

Funding	($'m) July 2013–June 2014
Motor vehicle taxes (State)	1769
State consolidated fund allocation	1693
State Government	**3462**
Federal Government	963
Roads and Maritime revenue	704
Total	**5129**

Figure 1. Revenue July 2013 to June 2014

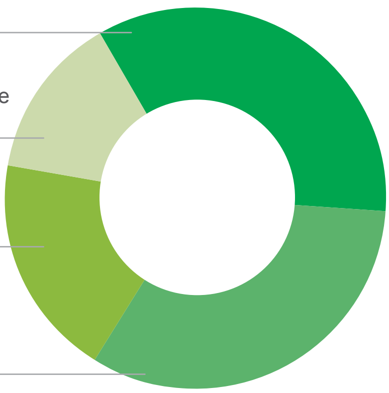
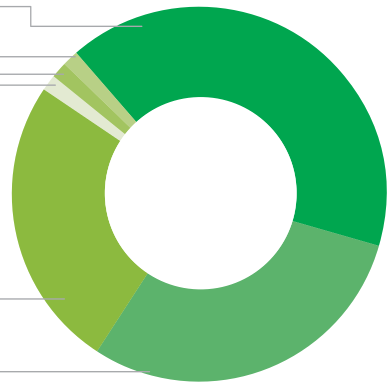


Table 11.2. Roads and Maritime program expenditure

Expenditure	($'m) July 2013–June 2014
Growth and improvement	2102
Asset maintenance	1527
Services and operations	1292
M5 Cashback refund	74
Finance costs	67
Redundancy	67
Total	**5129**

Figure 2. Expenditure July 2013 to June 2014



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Independent Auditor's Report

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 comprise the statements of financial position as at 30 June 2014, the statements of comprehensive income, the statements of changes in equity, the statements of cash flows and 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 2014, and of their financial performance and cash flows for the year then ended in accordance with Australian Accounting Standards
- are in accordance with section 41B of *Public Finance and Audit Act 1983* (the PF&A Act) and the Public Finance and Audit Regulation 2010.

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

The Chief Executive'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.

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

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**

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 assumptions used in formulating the budget figures disclosed in the financial statements
- 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.

Maria Spriggins

M T Spriggins
Director, Financial Audit Services

18 September 2014
SYDNEY

Chief Executive Statement

ROADS AND MARITIME SERVICES

FOR THE YEAR ENDED 30 JUNE 2014

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 2014 and financial performance for the year ended 30 June 2014

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 2014

Paul Hesford
Director, Corporate
18 September 2014

Statement of Comprehensive Income for the year ended 30 June 2014

		Consolidated Actual 2014 $'000	Consolidated Budget 2014 $'000	Consolidated Actual * 2013 $'000	Parent Actual 2014 $'000	Parent Actual * 2013 $'000
Expenses excluding losses						
Operating expenses						
– Employee related expenses	2(a)	449,937	542,862	651,425	-	-
– Personnel service expenses	2(a)	349,187	-	-	633,236	327,219
– Other operating expenses	2(b)	570,676	575,418	592,519	611,200	592,519
Maintenance	2(b)	485,920	451,418	493,515	485,920	493,515
Depreciation and amortisation	2(c)	1,434,708	1,568,671	1,207,563	1,434,708	1,207,563
Grants and subsidies	2(d)	446,490	348,231	428,535	446,490	428,535
Finance costs	2(e)	67,129	65,722	79,102	67,129	79,102
Total expenses excluding losses		**3,804,047**	**3,552,322**	**3,452,659**	**3,678,683**	**3,128,453**
Revenue						
Sale of goods and services	3(a)	545,318	499,328	567,524	585,842	567,524
Personnel services revenue	3(a)	27,393	-	77,199	27,393	77,199
Investment revenue	3(b)	21,458	15,425	40,609	21,458	40,609
Retained taxes, fees and fines	3(c)	17,069	49,029	12,685	17,069	12,685
Operating grant received from Transport for NSW (TfNSW)	3(d)	1,518,115	1,389,600	1,535,143	1,518,115	1,535,143
Capital grant received from TfNSW	3(d)	2,895,315	3,073,556	2,860,962	2,895,315	2,860,962
(Transfers to the Crown Entity)	3(d)	-	-	(128,833)	-	(128,833)
Other grants and contributions	3(e)	125,789	121,187	163,974	125,789	163,974
Other revenue	3(f)	287,544	234,428	227,599	287,544	227,599
Total revenue		**5,438,001**	**5,382,553**	**5,356,862**	**5,478,525**	**5,356,862**
Gains/(losses) on disposal of property, plant and equipment	4(a)	4,604	(62)	13,652	4,604	13,652
Other losses	4(b)	(642,689)	(95,022)	(1,077,717)	(642,689)	(1,077,717)
Net result		**995,869**	**1,735,147**	**840,138**	**1,161,757**	**1,164,344**
Other comprehensive income						
Items that will not be reclassified to net result						
Net increase in asset revaluation reserve		2,113,952	2,334,659	4,221,730	2,113,952	4,221,730
Superannuation actuarial gain/(loss)		79,159	-	183,764	-	-
Actual return on fund asset less interest income		86,729	-	140,442	-	-
Items that may be reclassified subsequently to net result		-	-	-	-	-
Total other comprehensive income for the year		**2,279,840**	**2,334,659**	**4,545,936**	**2,113,952**	**4,221,730**
Total comprehensive income		**3,275,709**	**4,069,806**	**5,386,074**	**3,275,709**	**5,386,074**

The accompanying notes form part of these financial statements.

*The amounts have been restated due to change in accounting policy (refer note 1(bb)).

Statement of Financial Position as at 30 June 2014

		Consolidated	Consolidated	Consolidated	Parent	Parent	Parent	Parent
		Actual 2014 $'000	Budget 2014 $'000	Actual * 2013 $'000	Actual * 1 July 2012 $'000	Actual 2014 $'000	Actual * 2013 $'000	Actual * 1 July 2012 $'000
Assets								
Current assets								
Cash and cash equivalents	7	333,858	332,895	244,589	356,672	333,858	244,589	356,672
Receivables	8(a)	190,018	268,395	197,513	332,890	190,018	197,513	332,890
Inventories		9,427	12,094	10,354	11,806	9,427	10,354	11,806
Financial assets at fair value	8(d)	58,710	43,740	54,028	48,106	58,710	54,028	48,106
		592,013	**657,124**	**506,484**	**749,474**	**592,013**	**506,484**	**749,474**
Non-current assets classified as Held for Sale	11	5,262	6,494	23,120	22,525	5,262	23,120	22,525
Total current assets		**597,275**	**663,618**	**529,604**	**771,999**	**597,275**	**529,604**	**771,999**
Non-current assets								
Receivables	8(b)	400	39,088	1,828	6,167	400	1,828	6,167
Other financial assets (at amortised cost)	8(c)	177,545	94,395	160,425	144,342	177,545	160,425	144,342
Property, plant and equipment								
– Land and buildings	9(a)	2,517,905	2,565,577	2,410,411	2,741,395	2,517,905	2,410,411	2,741,395
– Plant and equipment	9(b)	119,411	173,772	136,680	141,082	119,411	136,680	141,082
– Infrastructure systems	9(c)	69,480,682	70,230,822	66,610,909	61,481,788	69,480,682	66,610,909	61,481,788
Total property, plant and equipment		72,117,998	72,970,171	69,158,000	64,364,265	72,117,998	69,158,000	64,364,265
Private sector provided infrastructure	10(a)	1,180,763	1,192,352	981,970	818,656	1,180,763	981,970	818,656
Intangible assets	10(b)	169,963	143,747	154,433	136,448	169,963	154,433	136,448
Investment property		-	-	-	129,466	-	-	129,466
Total non-current assets		**73,646,669**	**74,439,753**	**70,456,656**	**65,599,344**	**73,646,669**	**70,456,656**	**65,599,344**
Total assets		**74,243,944**	**75,103,371**	**70,986,260**	**66,371,343**	**74,243,944**	**70,986,260**	**66,371,343**
Liabilities								
Current liabilities								
Payables	14	1,038,504	666,436	651,806	901,213	1,038,504	2,094,741	2,632,735
Borrowings	15	388,615	141,745	135,739	70,737	388,615	135,739	70,737
Provisions	17	8,344	336,511	302,386	330,365	8,344	1,301	5,356
Other	18	169,135	186,776	172,497	180,156	169,135	172,497	180,156
Total current liabilities		**1,604,598**	**1,331,468**	**1,262,428**	**1,482,471**	**1,604,598**	**2,404,278**	**2,888,984**
Non-current liabilities								
Payables	14	1,154,765	-	-	-	1,154,765	-	-
Borrowings	15	607,070	775,989	909,671	1,043,163	607,070	909,671	1,043,163
Provisions	17	16,885	1,162,537	1,160,313	1,416,953	16,885	18,463	10,440

		Consolidated	Consolidated	Consolidated	Parent	Parent	Parent	Parent
		Actual 2014 $'000	Budget 2014 $'000	Actual * 2013 $'000	Actual * 1 July 2012 $'000	Actual 2014 $'000	Actual * 2013 $'000	Actual * 1 July 2012 $'000
Other	18	324,854	387,078	393,785	553,337	324,854	393,785	553,337
Total non-current liabilities		**2,103,574**	**2,325,604**	**2,463,769**	**3,013,453**	**2,103,574**	**1,321,919**	**1,606,940**
Total liabilities		**3,708,172**	**3,657,072**	**3,726,197**	**4,495,924**	**3,708,172**	**3,726,197**	**4,495,924**
Net assets		**70,535,772**	**71,446,299**	**67,260,063**	**61,875,419**	**70,535,772**	**67,260,063**	**61,875,419**
Equity								
Reserves		8,294,887	8,663,957	6,213,187	2,028,547	8,294,887	6,213,187	2,028,547
Accumulated funds		62,240,885	62,782,342	61,046,876	59,846,872	62,240,885	61,046,876	59,846,872
Total equity		**70,535,772**	**71,446,299**	**67,260,063**	**61,875,419**	**70,535,772**	**67,260,063**	**61,875,419**

The accompanying notes form part of these financial statements

*The amounts have been restated due to change in accounting policy (refer note 1(bb))

Statement of Changes in Equity for the year ended 30 June 2014

	Accumulated funds		Asset revaluation surplus		Total equity	
	Consolidated $'000	Parent $'000	Consolidated $'000	Parent $'000	Consolidated $'000	Parent $'000
Balance as at 1 July 2013	**61,208,455**	**61,208,455**	**6,213,187**	**6,213,187**	**67,421,642**	**67,421,642**
Changes in accounting standard AASB 119	(161,579)	(161,579)	-	-	(161,579)	(161,579)
Restated total equity 1 July 2013	**61,046,876**	**61,046,876**	**6,213,187**	**6,213,187**	**67,260,063**	**67,260,063**
Net result for the year	**995,869**	**1,161,757**	**-**	**-**	**995,869**	**1,161,757**
Other comprehensive income						
Net increase in asset revaluation reserves	-	-	2,113,952	2,113,952	2,113,952	2,113,952
Superannuation actuarial gains/ (losses)	79,159	-	-	-	79,159	-
Actual return on fund asset less interest income	86,729	-	-	-	86,729	-
Other comprehensive income for the year	**165,888**	**-**	**2,113,952**	**2,113,952**	**2,279,840**	**2,113,952**
Total comprehensive income for the year	**1,161,757**	**1,161,757**	**2,113,952**	**2,113,952**	**3,275,709**	**3,275,709**
Transfers within equity						
Asset revaluation reserve balance transferred to accumulated funds on disposal of assets	32,252	32,252	(32,252)	(32,252)	-	-
Transactions with owners in their capacity as owners						
Increase/(decrease) in net assets from equity transfers	-	-	-	-	-	-
Balance as at 30 June 2014	**62,240,885**	**62,240,885**	**8,294,887**	**8,294,887**	**70,535,772**	**70,535,772**

	Accumulated funds		Asset revaluation surplus		Total equity	
	Consolidated $'000	Parent $'000	Consolidated $'000	Parent $'000	Consolidated $'000	Parent $'000
Balance at 1 July 2012	**60,047,622**	**60,047,622**	**2,028,547**	**2,028,547**	**62,076,169**	**62,076,169**
Changes in accounting standard AASB 119	**(200,750)**	**(200,750)**	**-**	**-**	**(200,750)**	**(200,750)**
Restated total equity at 1 July 2012	**59,846,872**	**59,846,872**	**2,028,547**	**2,028,547**	**61,875,419**	**61,875,419**
Net result for the year	**840,138**	**1,164,344**	**-**	**-**	**840,138**	**1,164,344**
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)	183,764	-	-	-	183,764	-
Actual return on fund asset less interest income	140,442	-	-	-	140,442	-
Other comprehensive income for the year	**324,206**	**-**	**4,221,730**	**4,221,730**	**4,545,936**	**4,221,730**
Total comprehensive income for the year	**1,164,344**	**1,164,344**	**4,221,730**	**4,221,730**	**5,386,074**	**5,386,074**
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 as restated	**61,046,876**	**61,046,876**	**6,213,187**	**6,213,187**	**67,260,063**	**67,260,063**

The accompanying notes form part of these financial statements.

Statement of Cash Flows for the year ended 30 June 2014

	Note	Consolidated Actual 2014 $'000	Consolidated Budget 2014 $'000	Consolidated Actual 2013 $'000	Parent Actual 2014 $'000	Parent Actual 2013 $'000
Cash flows from operating activities						
Payments						
Employee related		(676,199)	(486,381)	(607,890)	(676,199)	(607,890)
Grants and subsidies		(361,451)	(260,731)	(409,004)	(361,451)	(409,004)
Finance costs		(69,099)	(65,160)	(79,251)	(69,099)	(79,251)
Other		(1,488,826)	(1,448,187)	(1,617,646)	(1,488,826)	(1,617,646)
Total payments		(2,595,575)	(2,260,459)	(2,713,791)	(2,595,575)	(2,713,791)
Receipts						
Sale of goods and services		698,886	465,539	640,400	698,886	640,400
Interest received		1,947	15,425	13,547	1,947	13,547
Operating grants received from TfNSW		1,518,115	1,389,600	1,535,143	1,518,115	1,535,143
Capital grants received from TfNSW		2,895,315	3,073,556	2,860,962	2,895,315	2,860,962
(Transfers to the Crown Entity)		-	-	(128,833)	-	(128,833)
Other grants and contributions		56,752	112,279	119,154	56,752	119,154
Other		456,956	493,569	493,099	456,956	493,099
Total receipts		5,627,971	5,549,968	5,533,472	5,627,971	5,533,472
Net cash flows from operating activities	27	**3,032,396**	**3,289,509**	**2,819,681**	**3,032,396**	**2,819,681**
Cash flows from investing activities						
Proceeds from sale of land and buildings, plant and equipment and infrastructure systems		65,207	26,130	42,037	65,207	42,037
Proceeds from disposal of investment property		-	-	133,025	-	133,025
Purchases of land and buildings, plant and equipment and infrastructure systems		(2,958,616)	(3,207,905)	(3,051,876)	(2,958,616)	(3,051,876)
Receipt of lease revenue from maritime trade tower lease		7	17,233	13,525	7	13,525
Net cash flows used in investing activities		**(2,893,402)**	**(3,164,542)**	**(2,863,289)**	**(2,893,402)**	**(2,863,289)**
Cash flows from financing activities						
Contribution paid to government		-	-	-	-	-
Payment of finance lease liabilities		(46,935)	(127,367)	(65,738)	(46,935)	(65,738)
Repayment of borrowings and advances		(2,790)	(2,130)	(2,737)	(2,790)	(2,737)
Net cash flows used in financing activities		**(49,725)**	**(129,497)**	**(68,475)**	**(49,725)**	**(68,475)**
Net (decrease)/increase in cash		89,269	(4,530)	(112,083)	89,269	(112,083)
Opening cash and cash equivalents		244,589	337,425	356,672	244,589	356,672
Closing cash and cash equivalents	7	**333,858**	**332,895**	**244,589**	**333,858**	**244,589**

The accompanying notes form part of these financial statements.

Service Group Statements for the year ended 30 June 2014

Roads and Maritime Services Expenses and Income	Growth and Improvement *		Services and Operations *		Asset Maintenance *		Not attributable		Total	
	2014 $'000	2013 $'000	2014 $'000	2013 $'000	2014 $'000	2013 $'000	2014 $'000	2013 $'000	2014 $'000	2013 $'000
Expenses excluding losses										
Operating expenses										
– Employee related expenses	10,920	6,900	304,870	483,450	134,147	161,075	-	-	449,937	651,425
– Personnel services	3,023	-	319,880	-	26,284	-	-	-	349,187	-
– Other operating expenses	32,538	37,285	433,231	495,292	104,907	59,942	-	-	570,676	592,519
Maintenance	-	-	142,057	48,709	343,863	444,806	-	-	485,920	493,515
Depreciation and amortisation	-	-	1,434,708	1,207,563	-	-	-	-	1,434,708	1,207,563
Grants and subsidies	2,228	-	122,689	45,682	321,573	382,853	-	-	446,490	428,535
Finance costs	-	-	67,129	79,102	-	-	-	-	67,129	79,102
Total expenses excluding losses	**48,709**	**44,185**	**2,824,564**	**2,359,798**	**930,774**	**1,048,676**	**-**	**-**	**3,804,047**	**3,452,659**
Revenue										
Sale of goods and services	-	20,982	517,428	487,561	27,890	58,981	-	-	545,318	567,524
Personal services revenue	-	-	27,393	77,199	-	-	-	-	27,393	77,199
Investment revenue	-	-	21,458	40,609	-	-	-	-	21,458	40,609
Retained taxes, fees and fines	-	-	17,069	12,685	-	-	-	-	17,069	12,685
Operating grant received from TfNSW	43,890	23,203	586,308	551,650	887,917	960,289	-	-	1,518,115	1,535,143
Capital grant received from TfNSW	2,267,010	2,447,159	32,373	70,541	595,932	343,262	-	-	2,895,315	2,860,962
(Transfers to the Crown Entity)	-	-	-	(128,833)	-	-	-	-	-	(128,833)
Other grants and contributions	43,767	98,684	67,170	8,799	14,852	56,491	-	-	125,789	163,974
Other revenue	150	193,446	284,240	34,153	3,154	-	-	-	287,544	227,599
Total revenue	**2,354,817**	**2,783,474**	**1,553,439**	**1,154,364**	**1,529,745**	**1,419,024**	**-**	**-**	**5,438,001**	**5,356,862**

*Refer to Note 6 for description of service group.

Roads and Maritime Services Expenses and Income	Growth and Improvement *		Services and Operations *		Asset Maintenance *		Not attributable		Total	
	2014 $'000	2013 $'000	2014 $'000	2013 $'000	2014 $'000	2013 $'000	2014 $'000	2013 $'000	2014 $'000	2013 $'000
Gains on disposal of property, plant and equipment	15,599	37,589	(10,995)	-	-	(23,937)	-	-	4,604	13,652
Other (losses)	-	(312,191)	(642,689)	(402,702)	-	(362,824)	-	-	(642,689)	(1,077,717)
Net result	**2,321,707**	**2,464,687**	**(1,924,809)**	**(1,608,135)**	**598,971**	**(16,414)**	**-**	**-**	**995,869**	**840,138**
Other comprehensive income										
Net increase/(decrease) in asset revaluation reserve	-	-	2,113,952	4,221,730	-	-	-	-	2,113,952	4,221,730
Superannuation actuarial gains/(losses)	1,921	1,946	53,637	136,379	23,601	45,439	-	-	79,159	183,764
Actual return on fund asset less interest income	2,106	1,488	58,765	104,227	25,858	34,727	-	-	86,729	140,442
Total other comprehensive income for the year	**4,027**	**3,434**	**2,226,354**	**4,462,336**	**49,459**	**80,166**	**-**	**-**	**2,279,840**	**4,545,936**
Total comprehensive income	**2,325,734**	**2,468,121**	**301,545**	**2,854,201**	**648,430**	**63,752**	**-**	**-**	**3,275,709**	**5,386,074**

Roads and Maritime Services Administered Expenses and Income	Growth and Improvement *		Services and Operations *		Asset Maintenance *		Not attributable		Total	
	2014 $'000	2013 $'000	2014 $'000	2013 $'000	2014 $'000	2013 $'000	2014 $'000	2013 $'000	2014 $'000	2013 $'000
Administered expenses										
Transfer payments	–	–	–	–	–	–	–	–	–	–
Other	–	–	–	–	–	–	–	–	–	–
Total administered expenses	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Administered income										
Transfer receipts	-	-	-	-	-	-	3,010,530	2,878,801	3,010,530	2,878,801
Total administered income	**-**	**-**	**-**	**-**	**-**	**-**	**3,010,530**	**2,878,801**	**3,010,530**	**2,878,801**
Administered income less expenses	**-**	**-**	**-**	**-**	**-**	**-**	**3,010,530**	**2,878,801**	**3,010,530**	**2,878,801**

*Refer to Note 6 for description of service group

Roads and Maritime Services Assets and Liabilities	Growth and Improvement *		Services and Operations *		Asset Maintenance *		Not attributable		Total	
	2014 $'000	2013 $'000	2014 $'000	2013 $'000	2014 $'000	2013 $'000	2014 $'000	2013 $'000	2014 $'000	2013 $'000
Current assets										
Cash and cash equivalents	-	-	83,465	61,147	250,393	183,442	-	-	333,858	244,589
Receivables	-	7,302	180,300	169,684	9,718	20,527	-	-	190,018	197,513
Inventories	-	-	9,427	10,354	-	-	-	-	9,427	10,354
Financial assets at fair value	-	-	58,710	54,028	-	-	-	-	58,710	54,028
Non-current assets classified as held for sale	-	-	5,262	23,120	-	-	-	-	5,262	23,120
Total current assets	**-**	**7,302**	**337,164**	**318,333**	**260,111**	**203,969**	**-**	**-**	**597,275**	**529,604**
Non-current assets										
Receivables	-	68	380	1,570	20	190	-	-	400	1,828
Other financial assets	-	-	177,545	160,425	-	-	-	-	177,545	160,425
Property, plant and equipment										
- Land and buildings	-	-	2,517,905	2,410,411	-	-	-	-	2,517,905	2,410,411
- Plant and equipment	-	-	119,411	136,680	-	-	-	-	119,411	136,680
- Infrastructure systems	4,007,805	4,366,874	65,472,877	62,244,035	-	-	-	-	69,480,682	66,610,909
Private sector provided infrastructure	-	-	1,180,763	981,970	-	-	-	-	1,180,763	981,970
Intangible assets	-	-	169,963	154,433	-	-	-	-	169,963	154,433
Total non-current assets	**4,007,805**	**4,366,942**	**69,638,844**	**66,089,524**	**20**	**190**	**-**	**-**	**73,646,669**	**70,456,656**
Total assets	**4,007,805**	**4,374,244**	**69,976,008**	**66,407,858**	**260,131**	**204,159**	**-**	**-**	**74,243,944**	**70,986,260**

*Refer to Note 6 for description of service group

Roads and Maritime Services Assets and Liabilities	Growth and Improvement *		Services and Operations *		Asset Maintenance *		Not attributable		Total	
	2014 $'000	2013 $'000	2014 $'000	2013 $'000	2014 $'000	2013 $'000	2014 $'000	2013 $'000	2014 $'000	2013 $'000
Current liabilities										
Payables	59,212	41,015	788,385	544,851	190,907	65,940	-	-	1,038,504	651,806
Borrowings	-	-	388,615	135,739	-	-	-	-	388,615	135,739
Provisions	201	3,565	5,654	215,599	2,489	83,222	-	-	8,344	302,386
Other	9,643	10,854	128,400	144,192	31,092	17,451	-	-	169,135	172,497
Total current liabilities	**69,056**	**55,435**	**1,311,054**	**1,040,381**	**224,488**	**166,612**	**-**	**-**	**1,604,598**	**1,262,428**
Non-current liabilities										
Payables	65,841	-	876,645	-	212,279	-	-	-	1,154,765	-
Borrowings	-	-	607,070	909,671	-	-	-	-	607,070	909,671
Provisions	410	11,775	11,441	873,669	5,034	274,869	-	-	16,885	1,160,313
Other	18,522	24,779	246,614	329,169	59,718	39,837	-	-	324,854	393,785
Total non-current liabilities	**84,773**	**36,554**	**1,741,770**	**2,112,509**	**277,031**	**314,706**	**-**	**-**	**2,103,574**	**2,463,769**
Total liabilities	**153,829**	**91,989**	**3,052,824**	**3,152,890**	**501,519**	**481,318**	**-**	**-**	**3,708,172**	**3,726,197**
Net assets	**3,853,976**	**4,282,255**	**66,923,184**	**63,254,968**	**(241,388)**	**(277,160)**	**-**	**-**	**70,535,772**	**67,260,063**

*Refer to Note 6 for description of service group

1. Summary of Significant Accounting Policies

a) Reporting entity

Roads and Maritime Services (RMS) is a NSW government entity. RMS 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.

RMS as a reporting entity, comprises all the entities under its control at year end or throughout the reporting period, namely Roads and Maritime Services Division (RMS Division) which provides personnel services to RMS and WestConnex Delivery Authority (WDA).

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 is to facilitate delivery of the WestConnex program of works, which will include 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).

The RMS Division, which provided personnel service to RMS, was abolished under the new Government Sector Employment Act 2013 (the Act). The Act commenced on 24 February 2014, and all employees employed under the RMS Division were transferred to Transport Service. Under the Act, RMS Division is exempt from preparing a final set of financial statements on abolishment. Accordingly, no separate RMS Division financial statements are prepared as at 24 February 2014.

RMS' Consolidated Statement of Comprehensive Income includes RMS Division related employee expenses only for the 8 months period ended 23 February 2014, whereas the comparatives are for the 12 months for the year ended 30 June 2013.

RMS's employee related costs subsequent to 23 February 2014 are recognised as personnel service expenses in the Consolidated Statement of Comprehensive Income.

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 2014 have been authorised for issue by the Chief Executive of RMS on 18 September 2014, 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 RMS consolidated 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 2010* and
- 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 the accounting standards and legislative requirements, the latter prevails.

Going concern

Despite current liabilities exceeding current assets at period end, RMS has funding arrangements with Transport for NSW (TfNSW) providing funding in the form of grants. The 2014–15 TfNSW budget papers issued on 17th June 2014 include an amount payable for Grants and Contributions of $5,003.493 million payable to RMS in the 2014–15 financial year. This funding is sufficient for RMS to continue its recurrent and capital operations.

Non-current assets held for sale

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.

Estimates

Judgements, key assumptions and estimates 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.

Rounding of amounts

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 RMS.

RMS Division and WDA are controlled entities of RMS. 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) Changes in accounting policy, including new or revised Australian Accounting Standards

i. Effective for the first time in 2013–14

The accounting policies applied in 2013–14 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 2013–14. 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 2013–14 financial statements
AASB 13 Fair Value Measurement and NSW TPP 14-01 Accounting Policy: Valuation of Physical Non-Current Assets at Fair Value	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".	The reporting entity's major assets – property, plant and equipment, and assets held for sale, are recognised at fair value. There is no significant change in the accounting policies of the entity as a result of this standard. Please refer to Note 1(l), which contains detailed discussion of the entity's asset management policy. In addition, refer to Note 12 for further disclosures required by the Standard.
AASB 119 Employee Benefits	This Standard mainly impacts 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.	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. There is no significant change in the accounting policies of the entity as a result of this standard though additional disclosures will be the main result. Please refer to Note 1(h) (ii) and Note 17, respectively, which contains discussion of the entity's relevant policy and details of disclosures. The impact of the amendments to this standard is reported in Note 1(bb).

ii. Issued but not yet effective

NSW public sector entities are not permitted to early adopt new Australian Accounting Standards, unless Treasury determines otherwise.

The following new Australian Accounting Standards have not been applied and are not yet effective and the entity's assessment of the impact of these new standards in the period of initial application is set out below:

Standard	Summary of key requirements/changes	Applicable to annual reporting periods beginning on or after	Expected Impact on Reporting Entity's financial statements on initial application
AASB 9, AASB 2010–7 & 2012-6 regarding financial instruments	AASB 9 introduces new requirements for the classification, measurement and derecognition of financial assets and financial liabilities. AASB 9 replaces the existing four key category approach to measurement after initial recognition to two categories – either amortised cost or fair value. It was further amended by AASB 2010–7 to reflect amendments to accounting for financial liabilities. AASB 2012-6 amended AASB 9 to defer the mandatory effective date to annual periods beginning on or after 1 January 2015. It also requires additional disclosures on transition from AASB 139 to AASB 9 in some circumstances.	1 January 2015	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 (not-for-profit entities only)	AASB 10 supersedes AASB 127 and AASB Interpretation 112. AASB 10 introduces a new principles-based control model that considers power, rights and exposure to variable returns to determine whether an entity has control over an investee. The Standard requires the parent entity to present consolidated financial statements as those of a single economic entity.	1 January 2014 for not-for-profit entities.	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 (not-for-profit entities only)	AASB 11 supersedes AASB 131 and Interpretation 113. Under AASB 11, the focus is no longer on the legal structure of joint arrangements, 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. A joint venturer applies the equity method of accounting for its investment in a joint venture in accordance with AASB 128 Investments in Associates and Joint Ventures. Unlike AASB 131, the use of 'proportionate consolidation' to account for joint ventures is not permitted. Joint operations are accounted for by the entity recognising its share of assets, liabilities, revenue and expenses.	1 January 2014 for not-for-profit entities.	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	Expected Impact on Reporting Entity's financial statements on initial application
AASB 12 Disclosure of Interests in other Entities (not-for-profit entities only)	Requires the extensive disclosure of information that enables users of financial statements to evaluate the nature of, and risks associated with, interests in other entities and the effects of those interests on its financial position, financial performance and cash flows. The standard applies to an entity that has interests in subsidiaries, joint arrangements, Associates and unconsolidated structured entities	1 January 2014 for not-for-profit entities.	Application of the standard will not affect any of the amounts recognised in the consolidated financial statements. However, further disclosure may be required to explain the nature of and risks associated with its interests in its subsidiaries and effects of these on its financial position, financial performance and cash flows.
AASB 127 Separate Financial Statements (not-for-profit entities only)	The former AASB 127 Consolidated and Separate Financial Statements has been renamed Separate Financial Statements and deals with the with the requirements for separate financial statements, which have been carried over largely unamended from AASB 127 Consolidated and Separate Financial Statements. The requirements for consolidated financial statements are now contained separately in AASB 10 Consolidated Financial Statements. The objective of this new 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 January 2014 for not-for-profit entities.	The impact on the reporting entity's financial statements is expected to be insignificant.
AASB 14 Regulatory Deferral Accounts	The objective of this Standard is to specify the financial reporting requirements for regulatory deferral account balances that arise when an entity provides goods or services to customers at a price or rate that is subject to rate regulation.	1 January 2016	It is not anticipated that any material regulatory deferral account balances would result from application of this standard. However, recognition of regulatory deferral account balances would require separate disclosure in the financial statements.

Standard	Summary of key requirements/changes	Applicable to annual reporting periods beginning on or after	Expected Impact on Reporting Entity's financial statements on initial application
AASB 128 Investments in Associates and Joint ventures (not-for-profit entities only)	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 January 2014 for not-for-profit entities.	The impact on the reporting entity's financial statements is expected to be insignificant due to absence of any investments in associates.
AASB 1031 Materiality	The former AASB 1031 Materiality, was withdrawn and then re-issued so that it now serves only as a reference to other Australian Accounting Standards because the AASB is of the opinion that, in light of the guidance on materiality 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.	1 January 2014	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	Expected Impact on Reporting Entity's financial statements on initial application
AASB 1055 and AASB 2013-1 regarding budgetary reporting	The purpose of the new AASB 1055 is to extend the reach of the AASB 's budgetary reporting requirements to not-for-profit entities within the General Government Sector (GGS) of the Federal, State and Territory Governments. Previously these were only applicable to whole of governments and GGSs via AASB 1049 Whole of Government and General Government Sector Financial Reporting. The accompanying amending standard AASB 2013-1 relocates the AASB 1049 budgetary requirements into AASB 1055 to make it the complete reference on this topic. The new standard will require that where budgeted financial statements reflecting either controlled items or administered items are presented to parliament, the original budgeted financial statements or information must be disclosed, restated if necessary, to align with the presentation and classification adopted for either the primary financial statements (for controlled items) or in accordance with AASB 1050 Administered Items (for administered items). Explanations of major variances between actual and budgeted amounts are also required to be disclosed.	1 July 2014	The impact on the reporting entity's financial statements is expected to be insignificant.
AASB 1056 Superannuation Entities	AASB 1056 replaces AAS 25 Financial Reporting by Superannuation Plans, which was issued in 1993. AASB 1056 has been developed in light of significant changes in recent years, including developments in the superannuation industry and Australia's adoption of IFRS. AASB 1056 also addresses deficiencies in AAS 25 and makes the requirements for superannuation entities more consistent with current requirements in Australian Accounting Standards.	1 July 2016	This standard has no impact on the entity because it does not meet the definition of a Superannuation entity.
AASB 2011-7 Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards (not-for-profit entities only)	This standard gives effect to many consequential changes arising from the issuance of the new consolidated and joint arrangements standards. For example, references to AASB 127 are amended to AASB 10 or AASB 127 and references to AASB 131 are deleted as the standard has been superseded by AASB 11 and AASB 128 This standard is applied when AASB 10, AASB 11, AASB 12, AASB 127 and AASB 128 are applied.	1 January 2014 for not-for-profit entities.	Refer to the above discussion of likely impact of AASB 10, AASB 11, AASB 12, AASB 127 and AASB 128.

Standard	Summary of key requirements/changes	Applicable to annual reporting periods beginning on or after	Expected Impact on Reporting Entity's financial statements on initial application
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 'simultaneous realisation and settlement'.	1 January 2014	The areas impacted in the reporting entities operations are debtors, creditors and advances under contract. However, the financial impact is not expected to be material.
AASB 2013-3 Amendments to AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets	AASB 2013-3 amends AASB 136 Impairment of Assets to require the disclosure of additional information about the fair value measurement when the recoverable amount of impaired assets is based on fair value less costs of disposal. This includes further disclosures about the discount rates used in current and previous measurements if the recoverable amount of impaired assets based on fair value less costs of disposal was measured using a present value technique.	1 January 2014	This standard has no impact on the entity because as a not-for-profit entity with no cash generating units, the impairment under AASB 136 is unlikely to arise.
AASB 2013-4 Amendments to Australian Accounting Standards – Novation of Derivatives and Continuation of Hedge Accounting [AASB 139]	This standard amends AASB 139 'Financial Instruments: Recognition and Measurement' to permit the continuation of hedge accounting in circumstances where a derivative, which has been designated as a hedging instrument, is novated from one counterparty to a central counterparty as a consequence of laws or regulations	1 January 2014	The impact on the reporting entity's financial statements is expected to be insignificant due to absence of any derivative transactions in the entity.
AASB 2013-5 Amendments to Australian Accounting Standards – Investment Entities	This standard provides an exemption from consolidation of subsidiaries under AASB 10 'Consolidated Financial Statements' for entities which meet the definition of an 'investment entity', such as certain investment funds. Instead, such entities would measure their investment in particular subsidiaries at fair value through profit or loss in accordance with AASB 9 'Financial Instruments' or AASB 139 'Financial Instruments: Recognition and Measurement'.	1 January 2014	This standard has no impact on the entity because it does not meet the definition of an investment entity.
AASB 2013-6 Amendments to AASB 136 arising from Reduced Disclosure Requirements	Amends AASB 136 Impairment of Assets to establish reduced disclosure requirements for Tier 2 entities arising from AASB 2013-3 Amendments to AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets.	1 January 2014	The standard has no impact on the entity because as a not-for-profit entity with no cash generating units, the entity is exempt from AASB136.

Standard	Summary of key requirements/changes	Applicable to annual reporting periods beginning on or after	Expected Impact on Reporting Entity's financial statements on initial application
AASB 2013-7 Amendments to AASB 1038 arising from AASB 10 in relation to consolidation and interests of policyholders [AASB 1038]	The standard removes the specific consolidation requirements from AASB 1038 Life Insurance Contracts, leaving AASB 10 Consolidated Financial Statements as the sole source for consolidation requirements applicable to life insurer entities. The changes reflect the board's view that the definition of control and the requirements in AASB 10 will adequately meet the reporting needs of life insurance entities.	1 January 2014	This standard has no impact on the entity because the entity is not a life insurer entity.
AASB 2013-8 Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not-for-Profit Entities – Control and Structured Entities [AASB 10, AASB 12 & AASB 1049]	Appendix E, added to AASB 10, follows the order of AASB 10 and provides guidance from a not-for-profit perspective for terminology of Control, Power, Returns, Link between power and returns. It also has Implementation examples. AASB 12 requires extensive new disclosures about structured entities that have not been consolidated. Additional guidance has been added to AASB 12 (Appendix E) to explain what a structured entity is from a not-for-profit perspective, so that we can determine whether this additional disclosure is required for not-for-profit entities.	1 January 2014	Refer to the above discussion of likely impact of AASB 10 and AASB 12.
AASB 2013-9 Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments [Part B Materiality –; Part C Financial Instruments]	The AASB has released its final 2013 amending standard, AASB 2013-9. As its name suggests, the new standard implements a wide range of changes in three separate parts, two of which are discussed below. Part B makes amendments to 27 standards and 35 interpretations (listed in paragraph 37) to delete references to AASB 1031 Materiality associated with the planned withdrawal of that standard (see AASB amends materiality standard). It also makes minor editorial amendments to nine standard and two interpretations. Part C makes amendments to AASB 9 Financial Instruments to incorporate Chapter 6 Hedge Accounting and makes consequential amendments to AASB 9 and other standards. Further, Part C, extend its mandatory effective date of AASB 9 from 1 January 2015 to 1 January 2017 and permit requirements relating to the 'own credit risk' of financial liabilities measured at fair value to be applied without applying the other requirements of AASB 9 at the same time.	Part B 1 January 2014 Part C 1 January 2015	Refer to the above discussion of likely impact of AASB 1031. The impact on the reporting entity's financial statements is expected to be mostly insignificant due to absence of hedge accounting taking place in the entity.

Standard	Summary of key requirements/changes	Applicable to annual reporting periods beginning on or after	Expected Impact on Reporting Entity's financial statements on initial application
AASB 2014-1 Amendments to Australian Accounting Standards (listed in the Appendix)	This standard makes amendments to 35 Australian Accounting Standards and Interpretations and comprises five parts, each of which has its own application date and transition provisions.		The impact on the reporting entities financial statements is expected to be:
	Part A makes amendments to various Australian Accounting Standards in response to the IASB's release of its Annual Improvements to IFRSs 2010–2012 Cycle and Annual Improvements to IFRSs 2011–2013 Cycle standards in December 2013 and also for a range of editorial corrections	Part A 1 July 2014	-immaterial with little effect anticipated on the way particular transactions or balances are accounted for.
	Part B amends AASB 119 Employee Benefits to reflect the changes made to IAS 19 by the IASB in November 2013 via its amending standard Defined Benefit Plans: Employee Contributions (Amendments to IAS 19).	Part B 1 July 2014	-Insignificant as RMS employees have been transferred to Transport Service.
	Part C makes amendments to eight Australian Accounting Standards to delete their references to AASB 1031 Materiality as part of its process to formally withdraw this standard.	Part C 1 July 2014	-Insignificant (refer to the above discussion of likely impact of AASB 1031).
	Part D makes consequential amendments to AASB 1 First time Adoption of Australian Accounting Standards necessitated by the release of AASB 14 Regulatory Deferral Accounts.	Part D 1 January 2016	-Insignificant with the application of AASB 14 allowed under AASB 2014-1 (refer to the above discussion on AASB 14).
	Part E makes amendments to reflect the AASB 's decision to defer the mandatory application date of AASB 9 Financial Instruments to annual reporting periods beginning on or after 1 January 2018. Part E also makes amendments to numerous Australian Accounting Standards as a consequence of the introduction of Chapter 6 Hedge Accounting into AASB 9 Financial Instruments and to amend reduced disclosure requirements for AASB 7 Financial Instruments: Disclosures and AASB 101 Presentation of Financial Statements.	Part E 1 January 2015	-Insignificant (refer to the above discussion of likely impact of AASB 9. In addition, RMS does engage in hedging activities).
AASB 2014-2 Amendments to AASB 1053 – Transition to and between Tiers, and related Tier 2 Disclosure Requirements	Clarifies that AASB 1053 relates only to general purpose financial statements, clarifies various options for transition to and between tiers and specify certain disclosure requirements when an entity resumes the application of Tier 2 reporting requirements.	1 July 2014	Not anticipated to have any significant impact on the reporting entity because RMS applies Tier 1 only.

f) Administered activities

RMS 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 RMS' revenue but are separately disclosed in the Administered Income and Expenses note (refer to note 25). RMS 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 RMS' income, expenses, assets and liabilities, but are disclosed as "Administered Income and Expenses" (refer to note 25), and "Administered Assets and Liabilities" (refer to note 26) in accordance with AASB 1050 Administered Items.

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

g) Income recognition

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

i. Grants from Transport for NSW

RMS receives capital and operating grants from TfNSW instead of receiving budget appropriations directly from NSW Treasury. These grants are generally recognised as income when RMS 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 RMS transfers the significant risks and rewards of ownership of the assets. User charges are recognised as revenue when RMS 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 AASB 117 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

From the commencement of the *Government Sector Employment Act 2013* on 24 February 2014 and the resulting abolition of the RMS Division (which had until then provided personnel service to RMS), all employees employed under the RMS Division were transferred to Transport Service.

As a result, for the financial period spanning 24 February to 30 June 2014, RMS has recognised in its consolidated financial statements a personnel services expense and a corresponding liability to Transport Service.

Prior to 24 February 2014, the RMS accounting policy relating to employee benefits is outlined 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 service 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 period 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 RMS 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

RMS 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 with the final one prepared dated as at 23 February 2014.

In accordance with AASB 101 Presentation of Financial Statements, all annual leave and unconditional long service leave are classified as current liabilities, even where RMS 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 with the final one prepared dated as at 23 February 2014 and the actuarial superannuation gains and losses are recognised outside operating surplus in the Statement of Changes in Equity in the period in which they occur.

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

iii. 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 benefits 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, RMS 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.

v. Personnel services and shared services expense

Personnel Services Income represents the provision of RMS 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 RMS.

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

RMS' 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.

RMS 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 RMS as a purchaser that is not recoverable from the Australian Taxation Office (ATO) is recognised as part of an asset's cost of acquisition 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

Assets acquired are initially recognised at cost. Cost is the amount of cash or cash equivalents paid or the fair value of the other consideration given to acquire the asset at the time of its acquisition or construction or, where applicable, the amount attributed to that asset when initially recognised in accordance with the requirements of other Australian Accounting Standards.

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

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

Fair value is the price that would be received to sell an asset in an orderly transaction between market participants at measurement date.

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.

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 14-01). This policy adopts fair value in accordance with AASB 13 Fair Value Measurement, AASB 116 Property, Plant and Equipment and AASB 140 Investment Property.

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. Also refer note 12 for further information regarding fair value.

RMS 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, impairment under AASB 136 Impairment of Assets is unlikely to arise. As property, plant and equipment is carried at fair value, impairment can only arise in the rare circumstances where the costs of disposal are material. Specifically, impairment is unlikely for not-for-profit entities given that AASB 136 modifies the recoverable amount test for non-cash generating assets of not-for-profit entities to the higher of fair value less costs of disposal and depreciated replacement cost, where depreciated replacement cost is also fair value.

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 $16.432 million (2013: $16.385 million) for buildings on Crown land. As RMS effectively "controls" this Crown land, it has been included in RMS' 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.

RMS' 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 & 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

Asset	Valuation policy	Depreciation policy
Land under roads and within road reserves	The urban Average Rateable Value per hectare within each Local Government Area (LGA) adjusted by an "open spaces ratio". The "open spaces ratio" is derived from open spaces data provided by the Valuer-General and is used to adjust average rateable value to approximate englobo value (unimproved and pre-subdivision land).	No depreciation applied as land does not have a limited useful life.
Sydney Harbour Tunnel Immersed tube Mechanical and electrical Pavement Earthworks	Depreciated replacement cost	Depreciated over estimate useful life depending on asset type: • 100 years • 35 years • 35 years • Indefinite life
Wharves and jetties	Wharves and jetties	Depreciated over estimated useful life of between 20 and 40 years
Moorings and wetlands	Moorings and wetlands	Depreciated over estimated useful life of between nil and 20 years
Dredging assets	Dredging assets	Independent valuation
Seawall	Seawall	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 RMS.

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

RMS recognises intangible assets only if it is probable that future economic benefits will flow to RMS 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, RMS values each right to receive asset by reference to RMS' 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

RMS 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

The entity owns properties held to earn rentals and / or for capital appreciation. Investment properties are stated at fair value in the statement of financial position, using the valuation technique that maximises the use of relevant observable inputs. Gains or losses arising from changes in fair value are included in the net result for the year in the period in which they arise. No depreciation is charged on investment properties.

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, 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.

x. Port Corporation dredging

During the year RMS completed the transfer of its major dredging assets to the major NSW ports. Prior to the transfer, costs incurred by Port Corporations in NSW in capital dredging (harbour deepening) of channels are recorded as an RMS asset. A corresponding amount was 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

RMS 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 of disposal. 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 historic 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 16.

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

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

b) Financial liabilities

i. Payables

These amounts represent liabilities for goods and services provided to RMS 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 AASB 117 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, RMS 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 debt instrument.

Financial guarantee contracts are recognised as a liability at the time the guarantee is issued and initially recognised at fair value plus, in the case of financial guarantees not at fair value through profit or loss, directly attributable transaction costs, where material. After initial recognition, the liability is measured at the higher of the amount determined in accordance with AASB 137 Provisions, Contingent Liabilities and Contingent Assets and the amount initially recognised, less accumulated amortisation, where appropriate.

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

RMS has reviewed its financial guarantees and determined that there is no material liability to be recognised for financial guarantee contracts as at 30 June 2014 and as at 30 June 2013. Refer to note 22 regarding disclosures on contingent liabilities.

c) 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 12 and note 16 for further disclosures regarding fair value measurements of financial and non-financial assets.

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, RMS recognises the asset at the transferor's carrying amount. Where the transferor is prohibited from recognising internally generated intangibles, RMS 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

Except when an Australian Accounting Standard permits or requires otherwise, comparative information is presented in respect of the previous period for all amounts reported in the financial statements.

RMS has reclassified disclosures in the statement of cash flows and has excluded other financial assets at fair value–TCorp Hour-Glass Investment facilities from cash and cash equivalents to improve the financial statement presentation.

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(l).

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 17

bb) Change in accounting standard AASB 119 Employee Benefits

The amendments to AASB 119 made a number of changes to the accounting for employee benefits, the main changes relate to defined benefit superannuation plans and annual leave liabilities.

The main changes to accounting policy as a result of changes to AASB 119 'Employee Benefits' are:

- The interest income component has replaced the expected return on assets. Interest income is calculated using a different discount rate to expected return on assets, which has led to an increase to the expense reported in the Statement of Comprehensive Income
- The standard does not allow investment credits to be netted off against the superannuation contributions tax. This has changed the calculation of the defined benefits liability/asset presented in the statement of financial position. As a result the Defined Benefit liability and the expense related to the Defined Benefit Cost have increased.

Impact on total comprehensive income for the year ended 30 June 2013 as a result of AASB 119

	Consolidated	Consolidated	Consolidated	Parent	Parent	Parent
	30/06/2013 previously reported $'000	AASB 119 adjustments $'000	30/06/2013 as restated $'000	30/06/2013 as previously reported $'000	AASB 119 adjustments $'000	30/06/2013 as restated $'000
Expenses excluding losses						
Superannuation - defined benefit plans	151	66,161	66,312	-	-	-
Personnel services	-	-	-	366,390	(39,171)	327,219
Total expenses excluding losses	3,386,498	66,161	3,452,659	3,167,624	(39,171)	3,128,453
Net result	**906,299**	**(66,161)**	**840,138**	**1,125,173**	**39,171**	**1,164,344**
Other comprehensive income						
Superannuation actuarial gain / (loss)	218,874	(35,110)	183,764	-	-	-
Actual return on fund asset less interest income	-	140,442	140,442	-	-	-
Total other comprehensive income for the year	4,440,604	105,332	4,545,936	4,221,730	-	4,221,730
Total comprehensive income	**5,346,903**	**39,171**	**5,386,074**	**5,346,903**	**39,171**	**5,386,074**

Impact on total comprehensive income for the year ended 30 June 2014 as a result of AASB 119

	Consolidated	Parent
	AASB 119 adjustments $'000	AASB 119 adjustments $'000
Expenses excluding losses		
Superannuation - defined benefit plans	6,353	-
Personnel services	22,647	4,296
Total expenses excluding losses	29,000	4,296
Net result	**29,000**	**4,296**
Other comprehensive income		
Superannuation actuarial gain / (loss)	(24,704)	-
Actual return on fund asset less interest income	-	-
Total other comprehensive income for the year	(24,704)	-
Total comprehensive income	**4,296**	**4,296**

Impact on assets, liabilities and equity as at 1 July 2012 as a result of AASB 119

	Consolidated 1/07/2013 previously reported $'000	Consolidated AASB 119 adjustments $'000	Consolidated 1/07/2013 as restated $'000	Parent 1/07/2013 previously reported $'000	Parent AASB 119 adjustments $'000	Parent 1/07/2013 as restated $'000
Liabilities						
Current liabilities						
Personnel services	131,448	-	131,448	1,673,398	200,750	1,874,148
Payables	901,213	-	901,213	2,431,985	200,750	2,632,735
Total current liabilities	1,482,471	-	1,482,471	2,688,234	200,750	2,888,984
Non-current liabilities						
Superannuation - provision	1,186,520	200,750	1,387,270	-	-	-
Non-current provisions	1,216,203	200,750	1,416,953	10,440	-	10,440
Total non-current liabilities	2,812,703	200,750	3,013,453	1,606,940	-	1,606,940
Total liabilities	**4,295,174**	**200,750**	**4,495,924**	**4,295,174**	**200,745**	**4,495,924**
Equity						
Accumulated funds	60,047,622	(200,750)	59,846,872	60,047,622	(200,750)	59,846,872
Total equity	**62,076,169**	**(200,750)**	**61,875,419**	**62,076,169**	**(200,750)**	**61,875,419**

Impact on assets, liabilities and equity as at 30 June 2013 as a result of AASB 119

	Consolidated 30/06/2013 previously reported $'000	Consolidated AASB 119 adjustments $'000	Consolidated 30/06/2013 as restated $'000	Parent 30/6/2013 previously reported $'000	Parent AASB 119 adjustments $'000	Parent 30/06/2013 as restated $'000
Liabilities						
Current liabilities						
Personnel services	11,549	-	11,549	1,308,868	161,579	1,470,447
Payables	651,806	-	651,806	1,933,162	161,579	2,094,741
Total current liabilities	1,262,428	-	1,262,428	2,242,699	161,579	2,404,278
Non-current liabilities						
Superannuation - provision	955,694	161,579	1,117,273	-	-	-
Non-current provisions	998,734	161,579	1,160,313	18,463	-	18,463
Total non-current liabilities	2,302,190	161,579	2,463,769	1,321,919	-	1,321,919
Total liabilities	**3,564,618**	**161,579**	**3,726,197**	**3,564,618**	**161,579**	**3,726,197**
Equity						
Accumulated funds	61,208,455	(161,579)	61,046,876	61,208,455	(161,579)	61,046,876
Total equity	**67,421,642**	**(161,579)**	**67,260,063**	**67,421,642**	**(161,579)**	**67,260,063**

Impact on assets, liabilities and equity as at 30 June 2014 as a result of AASB 119

	Consolidated	Parent
	AASB 119 adjustments $'000	AASB 119 adjustments $'000
Liabilities		
Non-current liabilities		
Personnel services	165,875	165,875
Payables	165,875	165,875
Total non-current liabilities	165,875	165,875
Total liabilities	**165,875**	**165,875**
Equity		
Accumulated funds	(165,875)	(165,875)
Total equity	**(165,875)**	**(165,875)**

2. Expenses excluding losses

a) Employee related expenses

Employee related expenses comprise the following specific items:

	Consolidated 2014 $'000	Consolidated 2013 $'000	Parent 2014 $'000	Parent 2013 $'000
Salaries and wages (including annual leave)	310,493	462,066	-	-
Superannuation – defined benefit plans *	43,086	66,312	-	-
Superannuation – defined contribution plans	17,544	25,874	-	-
Long service leave	1,681	7,521	-	-
Payroll tax and fringe benefits tax	16,882	27,308	-	-
Redundancy	31,628	9,136	-	-
Skill hire contractors	23,569	43,479	23,569	43,479
Workers' compensation insurance	5,054	9,729	-	-
	449,937	**651,425**	**23,569**	**43,479**
Personnel services	349,187	-	609,667	283,740
	799,124	**651,425**	**633,236**	**327,219**
Allocations of employee related costs to programs				
– Capitalised to infrastructure	235,050	246,248	235,050	246,248
– Operating programs (including maintenance costs)	799,124	651,425	633,236	327,219
	1,034,174	**897,673**	**868,286**	**573,467**

Included in the above are employee related expenses of $148.917 million (2013: $146.745 million) related to maintenance.

*Defined benefit superannuation actuarial gains of $79.159 million (2013: $183.764 million) and actual return on fund asset less interest income of $86.729 million (2013: $140.442 million) are recognised in the Statement of Comprehensive Income until 23 February 2014. RMS's employee related costs subsequent to 23 February 2014 are recognised as personnel service expenses in the Consolidated Statement of Comprehensive Income.

b) Other operating expenses

	Consolidated 2014 $'000	Consolidated 2013 $'000	Parent 2014 $'000	Parent 2013 $'000
Auditor's remuneration – audit of financial statements	775	710	730	695
Advertising	3,819	5,505	3,819	5,505
Contract payments	90,061	66,809	90,061	66,809
Data processing	44,367	35,863	44,367	35,863
Contingent rent	2,315	3,403	2,315	3,403
Fleet hire and lease charges	18,888	11,368	18,888	11,368
Lease and property expenses	52,256	60,894	52,256	60,894
M5 Cashback refund	73,966	70,201	73,966	70,201
Office expenses	36,188	36,108	36,188	36,108
Payments to councils and external bodies	11,824	16,071	11,824	16,071
Sydney Harbour Tunnel operating fees	29,235	28,382	29,235	28,382
Travel and legal expenses	23,685	21,364	23,685	21,364
Consultants	369	1,609	369	1,609
Professional fees	73,952	118,346	73,952	118,346
WDA project expenses	-	-	40,524	-
Other	54,335	50,797	54,380	50,812
	516,035	**527,430**	**556,559**	**527,430**
Share services charges	54,641	65,089	54,641	65,089
	570,676	**592,519**	**611,200**	**592,519**

Infrastructure maintenance

Major reconstruction costs for road segments on State roads are capitalised and as such not charged against maintenance expenditure. RMS capitalised $595.932 million (2013: $466.768 million) of such works during the year.

RMS expensed $156.415 million in the year ended 30 June 2014 (2013: $243.272 million) on natural disaster restoration works from State funds, and $231.089 million in the year ended 30 June 2014 (2013: $202.818 million) on block grants and other maintenance grants to councils for regional and local roads.

	Consolidated 2014 $'000	Consolidated 2013 $'000	Parent 2014 $'000	Parent 2013 $'000
Maintenance expenses in Statement of Comprehensive Income	485,920	493,515	485,920	493,515
Maintenance related employee expenses (Note 2(a))	148,917	146,745	148,917	146,745
Total maintenance expenses including employee related	**634,837**	**640,260**	**634,837**	**640,260**
Maintenance grants to councils (Note 2(d))	351,411	400,389	351,411	400,389
Capitalised maintenance	595,932	466,768	595,932	466,768
Total maintenance program	**1,582,180**	**1,507,417**	**1,582,180**	**1,507,417**

c) Depreciation and amortisation

	Consolidated 2014 $'000	Consolidated 2013 $'000	Parent 2014 $'000	Parent 2013 $'000
Depreciation of operational and property assets	39,723	42,654	39,723	42,654
Depreciation of infrastructure assets	1,383,100	1,152,881	1,383,100	1,152,881
Amortisation of intangible assets	11,885	12,028	11,885	12,028
	1,434,708	**1,207,563**	**1,434,708**	**1,207,563**

d) Grants and subsidies

	Consolidated 2014 $'000	Consolidated 2013 $'000	Parent 2014 $'000	Parent 2013 $'000
Maintenance grants to councils (Note 2(b))	351,411	400,389	351,411	400,389
Roads and bridges transferred to councils	85,584	20,683	85,584	20,683
Other grants and subsidies	9,495	7,463	9,495	7,463
	446,490	**428,535**	**446,490**	**428,535**

e) Finance costs

	Consolidated 2014 $'000	Consolidated 2013 $'000	Parent 2014 $'000	Parent 2013 $'000
Interest expense from financial liabilities not at fair value through profit and loss	25,402	27,986	25,402	27,986
Finance lease interest charges	39,818	43,039	39,818	43,039
Finance lease interest charges – Maritime Trade Tower	-	3,266	-	3,266
Other	1,909	4,811	1,909	4,811
	67,129	**79,102**	**67,129**	**79,102**

3. Revenue

a) Sale of goods and services

	Consolidated 2014 $'000	Consolidated 2013 $'000	Parent 2014 $'000	Parent 2013 $'000
Sale of goods				
Number plates	112,511	105,184	112,511	105,184
Rendering of services				
Advertising	22,528	21,089	22,528	21,089
Boat licences	19,679	20,529	19,679	20,529
Boat registrations	23,755	22,982	23,755	22,982
Channel fees	10,117	15,029	10,117	15,029
Fees for services	58,745	55,742	58,745	55,742
Heavy vehicle permit fees	1,564	1,729	1,564	1,729
Miscellaneous services	25,446	24,668	25,446	24,668
Moorings	8,765	8,361	8,765	8,361
General maritime revenue	3,648	2,993	3,648	2,993
Publications	7,495	6,961	7,495	6,961
Rental income	55,556	51,260	55,556	51,260
Third party insurance data access charges	20,006	18,855	20,006	18,855
Toll revenue (Sydney Harbour Bridge)	102,293	98,851	102,293	98,851
Toll revenue (Sydney Harbour Tunnel)	43,180	43,565	43,180	43,565
WDA project fees	-	-	40,524	-
Works and services	30,030	69,726	30,030	69,726
	545,318	**567,524**	**585,842**	**567,524**
Personnel services revenue	**27,393**	**77,199**	**27,393**	**77,199**

b) Investment revenue

	Consolidated 2014 $'000	Consolidated 2013 $'000	Parent 2014 $'000	Parent 2013 $'000
Interest	8,673	10,429	8,673	10,429
Interest – Maritime Trade Tower	-	3,153	-	3,153
Rent received – Maritime Trade Tower	7	13,525	7	13,525
Amortisation of zero interest loan Sydney Harbour Tunnel	8,095	7,580	8,095	7,580
TCorp Investment Facilities Designated at Fair Value Through Profit or Loss – Gain on Fair Valuation	4,683	5,922	4,683	5,922
	21,458	**40,609**	**21,458**	**40,609**

c) Retained taxes, fees and fines

	Consolidated 2014 $'000	Consolidated 2013 $'000	Parent 2014 $'000	Parent 2013 $'000
Sanction fees payable under the Fines Act	17,069	12,685	17,069	12,685
	17,069	**12,685**	**17,069**	**12,685**

d) Grants from Transport for NSW (TfNSW)

	Consolidated 2014 $'000	Consolidated 2013 $'000	Parent 2014 $'000	Parent 2013 $'000
Operating grant				
Grant to fund general operations including maintenance	1,518,115	1,535,143	1,518,115	1,535,143
Capital grant				
Grants to fund investment in infrastructure network development	2,895,315	2,860,962	2,895,315	2,860,962
	4,413,430	**4,396,105**	**4,413,430**	**4,396,105**

Of the $2,895,315 million capital grant, $785.690 million relates to federal funding (2013: $1,381.510 million of $2,860.962 million). The equivalent figure for the federal recurrent grant is $168.810 million (2013: $160.447 million). Federal funding is appropriated to TfNSW through NSW Treasury.

	Consolidated 2014 $'000	Consolidated 2013 $'000	Parent 2014 $'000	Parent 2013 $'000
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

	Consolidated 2014 $'000	Consolidated 2013 $'000	Parent 2014 $'000	Parent 2013 $'000
NSW Government agencies				
– TfNSW	8,422	13,047	8,422	13,047
– Other	31,428	81,236	31,428	81,236
Local government	71,291	47,762	71,291	47,762
Other government agencies	5,806	3,781	5,806	3,781
Private firms and individuals	8,842	18,148	8,842	18,148
	125,789	**163,974**	**125,789**	**163,974**

Contributions received during the year ended 30 June 2014 were recognised as revenue during the period and were expended in that period with no balance of those fund available at 30 June 2014.

f) Other revenue

	Consolidated 2014 $'000	Consolidated 2013 $'000	Parent 2014 $'000	Parent 2013 $'000
Amortisation of Deferred Revenue on Private Sector Provided Infrastructure (PSPI) Projects	12,065	14,048	12,065	14,048
Value of emerging interest of PSPI			-	
– M2/M2 Widening (refer note 10(a))	41,479	15,384	41,479	15,384
– M4 (refer note 10(a))	1,238	1,136	1,238	1,136
– M5 (refer note 10(a))	28,473	26,220	28,473	26,220
– Eastern Distributor (refer note 10(a))	17,271	16,208	17,271	16,208
– Cross City Tunnel (refer note 10(a))	24,907	23,613	24,907	23,613
– Western Sydney Orbital M7 (refer note 10(a))	49,872	47,223	49,872	47,223
– Lane Cove Tunnel (refer note 10(a))	35,553	33,530	35,553	33,530
M2 and Eastern Distributor promissory notes	9,025	8,504	9,025	8,504
Fuel tax credits	3,972	258	3,972	258
Principal arranged insurance refund	-	1,118	-	1,118
Property revenue	1,964	127	1,964	127
Recognition of infrastructure assets	22,396	31,172	22,396	31,172
Other boating fees	1,582	1,753	1,582	1,753
Write back of payable forgiven	36,449	-	36,449	-
Other (including professional services revenue)	1,298	7,305	1,298	7,305
	287,544	**227,599**	**287,544**	**227,599**

4. Gains (losses) on disposal

a) Gains (losses) on disposal

	Consolidated 2014 $'000	Consolidated 2013 $'000	Parent 2014 $'000	Parent 2013 $'000
Net gain on sale of property, plant and equipment				
– Proceeds from sale	50,946	187,494	50,946	187,494
– Carrying amount of assets sold	(46,342)	(173,842)	(46,342)	(173,842)
Net gain on sale of property, plant and equipment	**4,604**	**13,652**	**4,604**	**13,652**

b) Other gains/(losses)

	Consolidated 2014 $'000	Consolidated 2013 $'000	Parent 2014 $'000	Parent 2013 $'000
Allowance for impairment of receivables	(1,571)	(2,300)	(1,574)	(2,300)
Bad debts (written off)/recovered	(407)	(51)	(404)	(51)
Carrying amount of infrastructure assets written off (refer note 5)	(521,907)	(696,678)	(521,907)	(696,678)
Write-down of obsolete inventories	(1,189)	-	(1,189)	-
Write-down of land & buildings and infrastructure assets (refer note 5)	(117,615)	(378,688)	(117,615)	(378,688)
Total other gains/(losses)	**(642,689)**	**(1,077,717)**	**(642,689)**	**(1,077,717)**

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

5. Write-off/down of land & buildings and infrastructure assets

	Consolidated 2014 $'000	Consolidated 2013 $'000	Parent 2014 $'000	Parent 2013 $'000
Infrastructure assets written off	**521,907**	**696,678**	**521,907**	**696,678**

The following infrastructure assets were written off in year ended 30 June 2014 and the financial year to 30 June 2013:

	Replacement costs 2014 $'000	Accumulated depreciation/ Unearned income 2014 $'000	Written down replacement costs 2014 $'000	Replacement costs 2013 $'000	Accumulated depreciation 2013 $'000	Written down replacement costs 2013 $'000
Roads	363,367	(106,190)	257,177	408,955	(136,628)	272,327
LUR	-	-	-	10,370	-	10,370
Bridges	38,593	(8,480)	30,113	8,473	(4,644)	3,829
Maritime assets	-	-	-	2,283	-	2,283
Work in progress	-	-	-	7,401	-	7,401
Traffic signals network	433	(210)	223	282	(165)	117
Traffic control network	2,352	(2,321)	31	-	-	-
Maritime dredge assets*	297,440	(63,077)	234,363	549,015	(148,664)	400,351
	702,185	**(180,278)**	**521,907**	**986,779**	**(290,101)**	**696,678**

* The write off amount of $234.363 million in 2014 (2013: $400.351 million) represents the derecognition of Maritime dredge assets transferred to Port Corporations.

	Consolidated 2014 $'000	Consolidated 2013 $'000	Parent 2014 $'000	Parent 2013 $'000
Land & buildings and Infrastructure assets written down	**117,615**	**378,688**	**117,615**	**378,688**

The following land & buildings and infrastructure assets and were written down in year ended 30 June 2014 and the financial year to 30 June 2013:

	Replacement costs 2014 $'000	Accumulated depreciation/ Unearned income 2014 $'000	Written down replacement costs 2014 $'000	Replacement costs 2013 $'000	Accumulated depreciation 2013 $'000	Written down replacement costs 2013 $'000
Infrastructure systems						
Land under roads	19,542	-	19,542	66,497	-	66,497
Traffic signals network	72,716	-	72,716	-	-	-
Maritime assets	2,043	-	2,043	-	-	-
	94,301	**-**	**94,301**	**66,497**	**-**	**66,497**
Land & buildings						
Land acquired for future roadworks	23,314	-	23,314	312,191	-	312,191
	117,615	**-**	**117,615**	**378,688**	**-**	**378,688**

6. Service groups of Roads and Maritime Services

a) Growth and Improvement

This service group covers work done to contribute to the expansion of the asset portfolio, specifically to meet changing or improved standards or enhanced system capability. The scope of activities within this service group includes investigations, feasibility studies and optioneering that may result in network improvement and expansion programs, initiatives to improve functionality on existing operational assets to meet new service and legislative requirements and initiatives to expand the existing asset portfolio to increase the capacity of the transport system.

b) Services and Operations

This service group covers work performed in operating and utilising the transport network and fleet to provide the required services to customers. The scope of the activities in the service group includes deploying resources and utilising physical assets in the provision of front line customer services, deploying resources to influence demand and transport user behaviour, replacing fleet at the end of their useful life, work performed by external parties as part of a financing agreement (for example, public-private partnerships, leases or grants) and shared corporate and employee services.

c) Asset Maintenance

This service group covers work performed on physical assets to address defects and deterioration in their condition, and replacement required at the end of their useful life, to ensure operational capacity. The scope of activities within this service group includes maintaining current fleet and infrastructure to applicable standards, replacing infrastructure to current standards at the end of its useful life (which is impacted by deterioration over time and by consumption or use) and interventions made to improve cost efficiency and performance of assets in conjunction with the previously listed activities.

7. Current assets – cash and cash equivalents

	Consolidated	Consolidated	Parent	Parent
	2014 $'000	**2013 $'000**	**2014 $'000**	**2013 $'000**
RMS operating account	87,221	20,265	87,221	20,265
Remitting account, cash in transit and cash on hand *	42,170	38,908	42,170	38,908
TCorp Hour-Glass Cash Facility **	196,122	177,101	196,122	177,101
On call deposits	7,668	7,456	7,668	7,456
Other	677	859	677	859
	333,858	**244,589**	**333,858**	**244,589**

*The remitting account balance above does not include cash of $37.923 million (2013: $35.289 million) relating to administered revenue held by RMS as at 30 June (refer to note 26).

**The TCorp Hour-Glass Cash Facility are unit trust investment cash facilities which are at call. This includes restricted assets received from the deposit holders, which are SHB ETOLL Tag Deposits of $52.240 million (2013: $50.756 million), Just Terms Compensation of $0.823 million (2013: $2.452 million), and Tow Truck Licensing and Compliance of $0.422 million (2013: $0.410 million).

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 cash facilities.

Details regarding credit risk, liquidity risk and market risk arising from financial instruments are disclosed in note 16.

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

a) Current receivables

	Consolidated 2014 $'000	Consolidated 2013 $'000	Parent 2014 $'000	Parent 2013 $'000
Sale of goods and services	35,862	47,793	35,862	47,793
Other	5,991	7,358	5,991	7,358
Less: allowance for impairment*	(8,168)	(6,597)	(8,168)	(6,597)
	33,685	**48,554**	**33,685**	**48,554**
TfNSW receivable (see note 1(g)iv)	-	3,552	-	3,552
Goods and services tax receivable	90,913	72,575	90,913	72,575
	124,598	**124,681**	**124,598**	**124,681**
Prepayments	9,150	10,636	9,150	10,636
Property debtors	29,448	21,204	29,448	21,204
Dishonoured credit cards	161	192	161	192
	163,357	**156,713**	**163,357**	**156,713**
Accrued income				
– Interest	6,867	140	6,867	140
– Property sales	14,656	28,917	14,656	28,917
– Other	5,138	11,743	5,138	11,743
	190,018	**197,513**	**190,018**	**197,513**

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

Details regarding credit risk, liquidity risk and market risk arising from financial instruments are disclosed in note 16.

Movement in the allowance for impairment

	Consolidated 2014 $'000	Consolidated 2013 $'000	Parent 2014 $'000	Parent 2013 $'000
Opening balance at the beginning of the year	6,597	8,679	6,597	8,679
Amounts written off during the year	-	(4,382)	-	(4,382)
Increase in allowance recognised in Statement of Comprehensive Income	1,571	2,300	1,571	2,300
Balance as at end of financial year	**8,168**	**6,597**	**8,168**	**6,597**

b) Non-current receivables

	Consolidated 2014 $'000	Consolidated 2013 $'000	Parent 2014 $'000	Parent 2013 $'000
Other	400	1,828	400	1,828
	400	**1,828**	**400**	**1,828**

c) Other financial assets

	Consolidated 2014 $'000	Consolidated 2013 $'000	Parent 2014 $'000	Parent 2013 $'000
Loan to Sydney Harbour Tunnel Company	127,222	119,127	127,222	119,127
M2 and Eastern Distributor operators Promissory notes (refer to note 10 (a))	50,323	41,298	50,323	41,298
	177,545	**160,425**	**177,545**	**160,425**

d) Current financial assets (at fair value)

	Consolidated 2014 $'000	Consolidated 2013 $'000	Parent 2014 $'000	Parent 2013 $'000
TCorp Hour-Glass Investment Facilities – long-term growth facility	15,061	13,272	15,061	13,272
TCorp Hour-Glass Investment Facilities – medium-term growth facility	38,349	35,622	38,349	35,622
TCorp Hour-Glass Investment Facilities – strategic cash facility	5,300	5,134	5,300	5,134
	58,710	**54,028**	**58,710**	**54,028**

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 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**
As at 30 June 2014 – fair value				-
Gross carrying amount	2,602,387	263,725	101,712,624	104,578,736
Accumulated depreciation	(84,482)	(144,314)	(32,231,942)	(32,460,738)
Net carrying amount	**2,517,905**	**119,411**	**69,480,682**	**72,117,998**

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**

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 2014	Land and buildings $'000	Plant and equipment $'000	Infrastructure systems $'000	Total $'000
Net carrying amount 1 July 2013	**2,410,411**	**136,680**	**66,610,909**	**69,158,000**
Additions	172,974	8,860	2,810,793	2,992,627
Disposals	-	(5,541)	(584,984)	(590,525)
Transfers to councils	-	-	(85,584)	(85,584)
Transfers from councils	-	-	69,050	69,050
Net revaluation increment less revaluation decrements	8,965	-	2,104,987	2,113,952
Assets recognised for the first time	-	-	22,396	22,396
Asset write-off	-	-	-	-
Asset write-down	(23,314)	-	(94,301)	(117,615)
Depreciation expense	(18,255)	(21,468)	(1,383,100)	(1,422,823)
Transfer (to)/from assets held for sale	(22,364)	(256)	-	(22,620)
Rci and other adjustments/WIP	-	-	4	4
Transfer out	(10,512)	-	(2,437,718)	(2,448,230)
Transfers in	-	1,136	2,448,230	2,449,366
Net carrying amount at 30 June 2014	**2,517,905**	**119,411**	**69,480,682**	**72,117,998**

Year ended 30 June 2013	Land and buildings $'000	Plant and equipment $'000	Infrastructure systems $'000	Total $'000
Net carrying amount 1 July 2012	**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**

Further details regarding the fair value measurement of property, plant and equipment are disclosed in note 12.

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 14–1). This policy adopts fair value in accordance with AASB 116 Property, Plant and Equipment. RMS engaged internal experts to perform a Traffic Control and Traffic Signals Networks asset full valuation effective 31 March 2014 in 2013–14.

a) Land and buildings – consolidated and parent

Year ended 30 June 2014	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 2013	**230,087**	**154,390**	**1,991,062**	**34,872**	**2,410,411**
Additions	-	4,737	164,365	3,872	172,974
Disposals	-	-	-	-	-
Net revaluation increments less revaluation decrements	6,710	2,255	-	-	8,965
Depreciation expense	-	(9,793)	-	(8,462)	(18,255)
Transfer from/to assets held for sale	-	-	(22,364)	-	(22,364)
Transfer in	-	-	-	-	-
Reclassifications	(1,427)	(646)	1,422	651	-
Adjustments/WIP	-	-	-	-	-
Asset write-down	-	-	(23,314)	-	(23,314)
Transfer to infrastructure	-	-	(10,512)	-	(10,512)
Net carrying amount at 30 June 2014	**235,370**	**150,943**	**2,100,659**	**30,933**	**2,517,905**

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**

*Land acquired for future road works was revalued on 31 March 2014 using the Valuer-Generals land property index. This has resulted in a devaluation/decrement recorded in the statement of comprehensive income of $23.314 million (2013: $312.191 million).

Category of land and building acquired for future road works	Aggregate carrying amount 2014 $'000	Aggregate carrying amount 2013 $'000
Revalued as part of the current progressive revaluation and carried at fair value (market value) as at the end of the financial year less, where applicable, any subsequent accumulated depreciation:		
– Surplus properties	361,353	371,903
– Rentable properties	501,135	496,004
Untenanted land for roads – revalued annually not subject to progressive revaluation	1,238,171	1,123,155
Total land and buildings acquired for future roadworks	**2,100,659**	**1,991,062**

Due to the large number of properties held, a combination of RMS 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 2000-2012.
- 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 2014.

b) Plant and equipment – consolidated and parent

Year ended 30 June 2014	Plant equipment and motor vehicles $'000	Computer hardware $'000	Electronic office equipment $'000	Total $'000
Net carrying amount 1 July 2013	**97,271**	**38,993**	**416**	**136,680**
Additions	5,164	3,297	399	8,860
Disposals	(5,510)	(14)	(17)	(5,541)
Depreciation expense	(12,124)	(9,317)	(27)	(21,468)
Transfer to asset held for sale	(256)	-	-	(256)
Reclassifications	5,639	(5,305)	802	1,136
Net carrying amount at 30 June 2014	**90,184**	**27,654**	**1,573**	**119,411**

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**

c) Infrastructure systems – consolidated and parent

Year ended 30 June 2014	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 2013	**46,691,026**	**1,477,705**	**11,984,737**	**807,451**	**274,435**	**159,317**	**849,364**	**4,366,874**	**66,610,909**
Additions	400,852	-	312,937	-	4,719	13,636	-	2,078,649	2,810,793
Disposals	(257,177)	-	(30,113)	-	(223)	(31)	(297,440)	-	(584,984)
Transfers to councils	(76,448)	(890)	(8,246)	-	-	-	-	-	(85,584)
Transfers from councils	67,612	455	983	-	-	-	-	-	69,050
Assets recognised for the first time	538	-	21,858	-	-	-	-	-	22,396
Net revaluation increment less revaluation decrements	1,604,793	-	392,667	144,300	(9,817)	(6,407)	(20,549)	-	2,104,987
Asset write-off	-	-	-	-	-	-	-	-	-
Asset write-down	-	(19,542)	-	-	(72,716)	-	(2,043)	-	(94,301)
Depreciation expense	(1,155,508)	-	(172,429)	(6,314)	(28,920)	(11,547)	(8,382)	-	(1,383,100)
Transfers in	1,368,835	10,512	1,068,625	-	-	-	258	-	2,448,230
Transfers out	-	-	-	-	-	-	-	(2,437,718)	(2,437,718)
RCI and other adjustments/WIP	-	-	-	-	-	-	4	-	4
Net carrying amount at 30 June 2014	**48,644,523**	**1,468,240**	**13,571,019**	**945,437**	**167,478**	**154,968**	**521,212**	**4,007,805**	**69,480,682**

RMS leases the Sydney Harbour Tunnel under agreement with the Sydney Harbour Tunnel Company (SHTC). The agreement transfers ownership of the tunnel to RMS at the end of the lease term in 2022 (see note 19 for further details). At 30 June 2014 the net carrying amount of this leased infrastructure assets was $945.437 million (2013: $807.451 million).

Last year, RMS re-componentised its Road assets increasing the number of components. This resulted in an increase in depreciation expense $291.410 million in the year ended 30 June 2013.

As part of the current year progressive revaluation, Roads and Bridges assets have been indexed using the Road Construction Index to ensure that carrying amounts do not materially differ from fair value as at 30 June 2014.

	Roads	Land under roads	Bridges	Sydney Harbour Tunnel	Traffic signals network	Traffic control network	Maritime assets	Major works in progress	Total
Year ended 30 June 2013	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'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**

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 RMS's 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'
- RMS's 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 RMS'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 RMS’s ‘Roads’ asset class, and the fact that RMS’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 RMS Project Management Office.

10. Non-current assets – intangible assets and other

a) Private sector provided infrastructure

	Consolidated 2014 $'000	Consolidated 2013 $'000	Parent 2014 $'000	Parent 2013 $'000
M2 Motorway/ M2 widening				
Carrying amount at start of year	84,421	69,037	84,421	69,037
Annual increment – emerging right to receive	41,479	15,384	41,479	15,384
Carrying amount at end of year	**125,900**	**84,421**	**125,900**	**84,421**
M4 Motorway Service Centre				
Carrying amount at start of year	6,157	5,021	6,157	5,021
Annual increment – emerging right to receive	1,238	1,136	1,238	1,136
Carrying amount at end of year	**7,395**	**6,157**	**7,395**	**6,157**
M5 Motorway				
Carrying amount at start of year	215,460	189,240	215,460	189,240
Annual increment – emerging right to receive	28,473	26,220	28,473	26,220
Carrying amount at end of year	**243,933**	**215,460**	**243,933**	**215,460**
Eastern Distributor				
Carrying amount at start of year	90,823	74,615	90,823	74,615
Annual increment – emerging right to receive	17,271	16,208	17,271	16,208
Carrying amount at end of year	**108,094**	**90,823**	**108,094**	**90,823**
Cross City Tunnel (CCT)				
Carrying amount at start of year	140,316	116,703	140,316	116,703
Annual increment – emerging right to receive	24,907	23,613	24,907	23,613
Carrying amount at end of year	**165,223**	**140,316**	**165,223**	**140,316**
Western Sydney Orbital (M7)				
Carrying amount at start of year	279,385	232,162	279,385	232,162
Annual increment – emerging right to receive	49,872	47,223	49,872	47,223
Carrying amount at end of year	**329,257**	**279,385**	**329,257**	**279,385**
Lane Cove Tunnel				
Carrying amount at start of year	165,408	131,878	165,408	131,878
Annual increment – emerging right to receive	35,553	33,530	35,553	33,530
Carrying amount at end of year	**200,961**	**165,408**	**200,961**	**165,408**
Total carrying amount at end of year	**1,180,763**	**981,970**	**1,180,763**	**981,970**
Totals				
Carrying amount at start of year	981,970	818,656	981,970	818,656
Annual increment – emerging right to receive	198,793	163,314	198,793	163,314
Total carrying amount at end of year	**1,180,763**	**981,970**	**1,180,763**	**981,970**

M2 Motorway

RMS 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 RMS 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, RMS 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, RMS 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 (i.e. 26 May 2042) subject to the provisions of the M2 Motorway Project Deed.

No payments have been made for rents on the leases for the period ended 30 June 2014 (2013: No payments made). RMS, as at 30 June 2014, has received promissory notes for rent on the above leases totalling $158.621 million (2013: $147.608 million). The net present value of these promissory notes as at 30 June 2014 is $24.391 million (2013: $20.028 million).

RMS has, from the date of completion of the M2 Motorway, valued the asset by reference to RMS' 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 RMS' emerging share of the asset.

The NSW Government announced the Hills M2 Upgrade on 26 October 2010. Construction of the upgrade was substantially completed in August 2013. The initial construction cost was $550 million. RMS has recognised an emerging asset for the M2 upgrade until the end of the existing concession period. However, this existing concession period will be extended for a further four years when the upgrade project is fully completed in 2014-15.

M4 Service Centre

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

RMS values the Service Centre asset by reference to RMS' 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

RMS entered into a contract with the concession holder to design, construct, operate and maintain the M5 Motorway. The initial concession period for the M5 Motorway was for the period 14 August 1992 to 14 August 2022. RMS has valued the M5 Motorway by reference to RMS' 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, RMS determines that the expected financial return has been achieved, RMS has the right to purchase either the business from the concession holder or the shares in the concession holder. The exercise price under the M5 Call Option Deed will be based on open market valuation of the business or shares.

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. RMS 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 RMS 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 $255 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 2014, the promissory notes have a net present value of $25.932 million (2013: $21.270 million).

Under the terms of the Project Deed, ownership of the Eastern Distributor will revert to RMS 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 RMS' emerging share of the asset.

Cross city tunnel

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

The concession holder was placed into receivership in 2006–07. The receivers subsequently sold the CCT asset to a private operator in June 2007.

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

RMS values the asset by reference to RMS' 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 RMS 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. RMS 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 RMS.

RMS values the asset by reference to RMS' 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 RMS 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. RMS 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 RMS.

RMS values the asset by reference to RMS' 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 RMS 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 2014 $'000	Software 2013 $'000
Balance at start of year		
Cost	260,438	233,122
Accumulated amortisation and impairment	(106,004)	(96,674)
Net carrying amount	**154,434**	**136,448**
Balance at end of year		
Cost	286,770	260,438
Accumulated amortisation and impairment	(116,807)	(106,004)
Net carrying amount	**169,963**	**154,434**
Net carrying amount at start of year	154,434	136,448
Net assets received from equity transfer	-	-
Additions	28,874	34,848
Written off	-	-
Disposals	(322)	(1,402)
Amortisation expense	(11,885)	(12,028)
Transfer to/from PPE (note 9(b))	(1,136)	(3,432)
Other	(2)	-
Net carrying amount at end of year	**169,963**	**154,434**

11. Non-current assets held for sale

	Consolidated 2014 $'000	Consolidated 2013 $'000	Parent 2014 $'000	Parent 2013 $'000
Assets held for sale				
Balance at beginning of year				
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 at end of year				
Land and buildings	4,942	23,056	4,942	23,056
Plant and equipment	320	64	320	64
	5,262	**23,120**	**5,262**	**23,120**

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 $2.719 million (2013: $5.309 million), fleet assets $nil (2013: $nil). The written down value of assets held for sale derecognised due to reclassification: Land and buildings $40.479 million (2013: $40.924 million), fleet assets $nil million (2013: $nil million). Further details regarding the fair value measurement are disclosed in note 12.

12. Fair value measurement of non-financial assets

a) Fair value hierarchy

	Level 1 2014 $'000	Level 2 2014 $'000	Level 3 2014 $'000	Total 2014 $'000
Property, plant and equipment				
Land and buildings	-	2,517,905	-	2,517,905
Infrastructure systems	-	-	69,480,682	69,480,682
Investment property	-	-	-	-
Assets held for sale	-	5,262	-	5,262
	-	**2,523,167**	**69,480,682**	**72,003,849**

b) Valuation techniques, inputs and processes

Valuation Technique	Significant unobservable inputs	Quantity	Sensitivity to the fair value measurement to changes in unobservable inputs
Roads			
Depreciated replacement cost of significant road asset components: Pavements Asphalt Concrete Spray Culverts Drainage Longitudinal Subsoil Safety Barriers Fences Structures Other Assets are depreciated over estimated useful life depending on road component type (Note 1(l)(iii)). Depreciable and non-depreciable earthworks are valued at re-valued (by RCI) historical cost. Fair value is re-valued in interim periods between comprehensive revaluations by movements in the Road Cost Index (RCI). The determination of unit replacement rates for road valuations is carried out at least every 5 years by suitable qualified engineering contractors and employees of RMS.	Replacement cost per unit of road asset component. Cost per unit has been determined by reference to unit prices quoted in the most recent road construction tender documents. The price range is adjusted to eliminate outlier amounts. Road cost index is applied to the replacement cost of the components, to ensure that carrying amounts are at fair value. Components are depreciated over their estimated useful life depending on road component type.	In aggregate $48.6 billion (note 12(c))	The estimated fair value would increase/ decrease if: • Current replacement cost for the component increases/ decreases • Current year RCI is greater than or less than 1 • Changes to the estimated useful life of the component increases /decreases
Land under roads			
The urban Average Rateable Value (ARV) 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).	Local Government Area rateable land values provided by the NSW Valuer-General. Measurements of land area in situ under roads.	In aggregate $1.4 billion (note 12(c))	The estimated fair value would increase/ decrease if: • Weighted (by LGA) current year urban ARV increases/ decreases.

Valuation Technique	Significant unobservable inputs	Quantity	Sensitivity to the fair value measurement to changes in unobservable inputs
Bridges			
Depreciated replacement cost for the following bridge types: Timber Structures Concrete structures Steel structures Bridge Trusses (timber and steel) Heritage Bridges Bridge size culverts/tunnels Bridge assets are depreciated over estimated useful depending on bridge type (Note 1(l)(iii)). Cost/m2 rates per bridge type are derived from current estimated bridge construction costs. Bridge asset fair value is determined by applying the replacement rate by type to bridge area. Fair value is re-valued in interim periods between comprehensive revaluations by movements in the Road Cost Index (RCI). The determination of replacement rates for bridge valuations is carried out at least every 5 years by suitable qualified engineering contractors and employees of RMS.	Replacement cost per unit of bridge assets. Cost per unit has been determined by reference to unit prices quoted in the most recent bridge construction tender documents. The price range is adjusted to eliminate outlier amounts. Road cost index is applied to the replacement cost of the components, to ensure that carrying amounts are at fair value. Components are depreciated over their estimated useful life depending on bridge type.	In aggregate $13.6 billion (note 12(c))	The estimated fair value would increase/ decrease if: • Current replacement cost for the bridge type increases/ decreases • Current year RCI is greater than or less than 1 • Changes to the estimated useful life of the bridge type increases /decreases

Valuation Technique	Significant unobservable inputs	Quantity	Sensitivity to the fair value measurement to changes in unobservable inputs
Sydney Harbour Tunnel			
Depreciated replacement cost of major asset components: Immersed Tube Mechanical and Electrical Pavement Earthworks Assets are depreciated over estimated useful life depending on component type (Note 1(l)(iii)). Fair value is re-valued in interim periods between comprehensive revaluations by movements in the Road Cost Index (RCI). Earthworks are not depreciated and are valued at re-valued (by RCI) historical cost.	The Sydney Harbour Tunnel (SHT) was initially valued in 2009 as part of a review of the extant accounting treatment of the asset at that time. A key outcome of that review was an initial recognition of the physical asset in the financial statements of the former Roads and Traffic Authority. Thereafter, the SHT has been revalued annually by the Road Cost Index. The Road cost index is applied to the replacement cost of the components, to ensure that carrying amounts are at fair value. The fair value at that time was derived by indexing (RCI) estimates of the initial construction cost of the SHT and the relative proportions of its major component types. Depreciation was applied over estimates of useful lives of those component types. There has been no material change to either the initial estimates or the valuation process.	In aggregate $945 million (note 12(c))	The estimated fair value would increase/ decrease if: • Current replacement cost for SHT increases/decreases • Current year RCI is greater than or less than 1 • Changes to the estimated useful life of SHT components increases /decreases
Traffic Signals Network			
Depreciated replacement cost of major asset components: Assets are depreciated over estimated useful life (Note 1(l)(iii)). Fair value is re-valued in interim periods between comprehensive revaluations by movements in the Road Cost Index (RCI). The determination of traffic signal unit replacement rates for valuations is carried out at least every 5 years by suitable qualified engineering contractors and employees of RMS.	Current unit replacement costs	In aggregate $168 million (note 12(c))	The estimated fair value would increase/ decrease if: • Current replacement cost for Traffic Signals Network components increases/decreases • Current year RCI is greater than or less than 1 • Changes to the estimated useful life of Traffic Signals Network components increases /decreases
Traffic Control Network			

Valuation Technique	Significant unobservable inputs	Quantity	Sensitivity to the fair value measurement to changes in unobservable inputs
Depreciated replacement cost of major asset components: Traffic Systems Transport Management Centre Variable Message signs Assets are depreciated over estimated useful life depending on component type (Note 1(l)(iii)). Fair value is re-valued in interim periods between comprehensive revaluations by movements in the Road Cost Index (RCI). The determination of traffic control system unit replacement rates for valuations is carried out at least every 5 years by suitable qualified engineering contractors and employees of RMS.	Current unit replacement costs	In aggregate $155 million (note 12(c))	The estimated fair value would increase/ decrease if: • Current replacement cost for Traffic Control Network components increases/decreases • Current year RCI is greater than or less than 1 Changes to the estimated useful life of Traffic Control Network components increases / decreases
Maritime Assets			
Depreciated replacement cost for: Wharves and jetties Dredging assets Seawall Navigational Aids Assets are depreciated over estimated useful life depending on asset type (Note 1(l)(iii)). Fair value is re-valued in interim periods between comprehensive revaluations by movements in the Road Cost Index (RCI). The determination of asset replacement rates for valuations is carried out at least every 5 years by suitable qualified engineering contractors and employees of RMS. Capitalised Revenue for: Moorings and wetlands Estimates of total revenue earned on long term mooring and wetland leases are capitalised at net present value.	Current unit replacement costs. Estimated total lease revenue	In aggregate $521 million (note 12(c))	The estimated fair value would increase/ decrease if: • Current replacement cost for Maritime assets increases/ decreases • Current year RCI is greater than or less than 1 • Changes to the estimated useful life of Maritime assets components increases /decreases
Work in progress			
At Cost	Actual cost of infrastructure assets under construction	In aggregate $4.0 billion (note 12(c))	Fair value at actual current cost unlikely to change

c) Reconciliation of recurring Level 3 fair value measurements

2014	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
Fair value as at 1 July 2013	46,691,026	1,477,705	11,984,737	807,451	274,435	159,317	849,364	4,366,874	66,610,909
Additions	400,852	-	312,937	-	4,719	13,636	-	2,078,649	2,810,793
Revaluation increments/decrements recognised in Net result – included in the line item 'Other gains/ (losses)'	-	(19,542)	-	-	(72,716)	-	(2,043)	-	(94,301)
Revaluation increments/ decrements recognised in other comprehensive income – included in line item / Net increase / (decrease) in property, plant and equipment revaluation surplus'	1,604,793	-	392,667	144,300	(9,817)	(6,407)	(20,549)	-	2,104,987
Transfers from Level 2		10,512	-	-	-	-	-	-	10,512
Transfers to Level 2	-	-	-	-	-	-	-	-	-
Disposals	(257,177)	-	(30,113)	-	(223)	(31)	(297,440)	-	(584,984)
Depreciation	(1,155,508)	-	(172,429)	(6,314)	(28,920)	(11,547)	(8,382)	-	(1,383,100)
Transfers to councils	(76,448)	(890)	(8,246)	-	-	-	-	-	(85,584)
Transfers from councils	67,612	455	983	-	-	-	-	-	69,050
Transfers in/(out)	1,368,835	-	1,068,625	-	-	-	258	(2,437,718)	-
Asset write off	-	-	-	-	-	-	-	-	-
Assets recognised for the first time	538	-	21,858	-	-	-	-	-	22,396
RCI and other adjustments/WIP	-	-	-	-	-	-	4	-	4
Fair value as at 30 June 2014	**48,644,523**	**1,468,240**	**13,571,019**	**945,437**	**167,478**	**154,968**	**521,212**	**4,007,805**	**69,480,682**

Refer Note 1(l) for the entity's policy for determining when transfers are deemed to have occurred.

13. Restricted Assets

	Consolidated 2014 $'000	Consolidated 2013 $'000	Parent 2014 $'000	Parent 2013 $'000
TCorp Hour-Glass Investments	52,240	50,756	52,240	50,756

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.

14. Current/non-current liabilities – payables

	Consolidated 2014 $'000	Consolidated 2013 $'000	Parent 2014 $'000	Parent 2013 $'000
Current				
Trade creditors (i)	177,444	147,400	177,444	147,400
Creditors arising from compulsory acquisitions	13,926	8,789	13,926	8,789
Personnel services	235,192	11,549	235,192	1,470,447
Accrued expenses				
– Salaries, wages and on-costs	-	15,963	-	-
– Works contract expenditure	309,307	251,559	309,307	251,559
– Work carried out by councils	129,398	91,453	129,398	91,453
– Interest	7,046	9,016	7,046	9,016
– Other (including non-works contracts)	133,083	116,062	133,083	116,062
Other	33,108	15	33,108	15
	1,038,504	**651,806**	**1,038,504**	**2,094,741**
Non-current				
Personnel services	1,154,765	-	1,154,765	-
	1,154,765	**-**	**1,154,765**	**-**

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

Details regarding credit risk, liquidity risk and market risk, including a maturity analysis of the above payables are disclosed in note 16.

15. Current/non-current liabilities – borrowings

At amortised cost	Consolidated 2014 $'000	Consolidated 2013 $'000	Parent 2014 $'000	Parent 2013 $'000
Current				
NSW Treasury Corporation borrowings	332,754	86,524	332,754	86,524
Treasury advances repayable	2,173	2,130	2,173	2,130
Finance lease – Sydney Harbour Tunnel (note 19(c))	53,539	46,935	53,539	46,935
Other	149	150	149	150
	388,615	**135,739**	**388,615**	**135,739**
Non-current				
NSW Treasury Corporation borrowings	157,628	404,376	157,628	404,376
Treasury advances repayable	2,033	4,206	2,033	4,206
Finance lease – Sydney Harbour Tunnel (note 19(c))	447,316	500,855	447,316	500,855
Other	93	234	93	234
	607,070	**909,671**	**607,070**	**909,671**

Details regarding credit risk, liquidity risk and market risk, including maturity analysis of the above borrowings are disclosed in note 16.

16. Financial instruments

RMS principal financial instruments are outlined below. These financial instruments arise directly from RMS operations or are required to finance RMS operations. RMS does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes. RMS' main risks arising from financial instruments are outlined below, together with RMS' 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 RMS, to set risk limits and controls and to monitor risks.

a) Financial instrument categories

Financial assets	Note	Category	Carrying amount	Carrying amount
			2014 $'000	2013 $'000
Class:				
Cash and cash equivalents	7	N/A	333,858	244,589
Receivables[1]	8	Loans and receivables (at amortised cost)	89,955	114,301
Financial assets	8	At fair value through profit and loss – designated as such upon initial recognition	58,710	54,028
Other financial assets	8	Loans and receivables (at amortised cost)	177,545	160,425

Financial liabilities	Note	Category	Carrying amount	Carrying amount
			2014 $'000	2013 $'000
Class:				
Payables[2]	14 ,18	Financial liabilities measured at amortised cost	2,321,547	776,072
Borrowings	15	Financial liabilities measured at amortised cost	995,685	1,045,410

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

b) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. RMS 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. RMS 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 RMS 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.

i. Interest rate risk

Exposure to interest rate risk arises primarily through RMS' 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 RMS 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 $490.382 million (2013: $490.900 million).

RMS 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 RMS' 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 2014	**Carrying amount $'000**	**Surplus/ Deficit $'000**	**Equity $'000**	**Surplus/ Deficit $'000**	**Equity $'000**
Financial assets					
Cash and cash equivalents	292,018	(2,920)	(2,920)	2,920	2,920
Financial assets at fair value	58,710	(587)	(587)	587	587

		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	210,380	(2,104)	(2,104)	2,104	2,104
Financial assets at fair value	54,028	(540)	(540)	540	540

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.

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

Facility	Investment sectors	Investment	2014 $'000	2013 $'000
Cash facility	Cash, money market instruments	up to 1.5 years	196,122	177,100
Strategic cash facility	Cash, money market instruments, interest rate securities, bank floating rate notes	1.5 years to 3 years	5,300	5,134
Medium-term growth facility	Cash, money market instruments, Australian and international bonds, listed property, Australian and international shares	3 years to 7 years	38,349	35,622
Long-term growth facility	Cash, money market instruments, Australian and international bonds, listed property, Australian and international shares	7 years and over	15,061	13,272

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 RMS 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 2014 $'000	June 2013 $'000
Financial assets			
Cash facility	+/- 1%	1,961	1,771
Strategic cash facility	+/- 1%	53	51
Medium-term growth facility	+/- 6%	2,301	2,137
Long-term growth facility	+/- 15%	2,259	1,991

c) Credit risk

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

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

	Banks	Government	Other	Total
	$'000	$'000	$'000	$'000
2014				
Financial assets				
Cash	137,034	196,122	702	333,858
Receivables	-	-	89,955	89,955
Other	-	-	177,545	177,545
Financial assets at fair value	-	58,710	-	58,710
Total financial assets	**137,034**	**254,832**	**268,202**	**660,068**
2013				
Financial assets				
Cash	66,628	177,099	859	244,586
Receivables	-	-	114,301	114,301
Other	-	-	160,425	160,425
Financial assets at fair value	-	54,028	-	54,028
Total financial assets	**66,628**	**231,127**	**275,585**	**573,340**

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.

RMS 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 (2014: $31.518 million; 2013: $51.622 million) and past due (2014: $14.991 million; 2013: $3.589 million) are not considered impaired and together these represent 85 per cent (2013: 87 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", "other" and "property debtors" 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 2014			
< 3 months overdue	10,778	10,317	461
3 months – 6 months overdue	1,910	1,454	456
> 6 months overdue	10,470	3,219	7,251
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

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. RMS Deposits

RMS 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 3.01 per cent (2013: 2.94 per cent), while over the year the weighted average interest rate was 3.88 per cent (2013: 4.99 per cent) on a weighted average balance during the year of $291.572 million (2013: $305.978 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 RMS' 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

RMS 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	Level 2	Level 3	Total
	$'000	$'000	$'000	$'000
30 June 2014				
Financial assets at fair value				
TCorp Hour-Glass facilities	-	254,832	-	254,832
30 June 2013				
Financial assets at fair value				
TCorp Hour-Glass facilities	-	231,127	-	231,127

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 2014 (2013: none).

f) Liquidity risk

RMS 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 RMS will be unable to meet its payment obligations when they fall due. RMS 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.

RMS 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
	2014 $'000	2013 $'000	2014 $'000	2013 $'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	-	-	-	-
Used 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. RMS' 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 below summarises the maturity profile of RMS' 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 2014	Weighted average effective int. Rate	Nominal amount [i]	Fixed interest rate	Variable interest rate	Non-interest bearing	< 1 yr	1-5 yrs	>5 yrs
Payables								
Accrued salaries, wages and on-costs	-	-	-	-	-	-	-	-
Trade payables	-	177,444	-	-	177,444	177,444	-	-
Other current payables	-	47,034	-	-	47,034	47,034	-	-
Accrued expenses	-	578,834	-	-	578,834	578,834	-	-
Sydney Harbour Tunnel tax liability	-	24,411	-	-	24,411	2,009	10,425	11,977
Personnel services	-	1,389,957	-	-	1,389,957	235,192	1,154,765	-
Holding accounts	-	103,867	-	-	103,867	103,867	-	-
Borrowings								
Advances repayable	5.86%	4,206	4,206	-	-	2,173	2,033	-
TCorp borrowings	5.09%	490,382	490,382	-	-	332,754	157,628	-
Finance leases	7.70%	678,294	678,294	-	-	89,654	311,027	277,613
Other loans and deposits	6.14%	242	242	-	-	149	93	-
Maritime lease	-	-	-	-	-	-	-	-

(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 2013	Weighted average effective int. Rate	Nominal amount (i)	Fixed interest rate	Variable interest rate	Non-interest bearing	< 1 yr	1-5 yrs	>5 yrs
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%	6,336	6,336	-	-	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 lease	-	-	-	-	-	-	-	-

(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.

17. Current/non-current liabilities – provisions

	Consolidated 2014 $'000	Consolidated 2013 $'000	Parent 2014 $'000	Parent 2013 $'000
Employee benefits and related on-costs				
Current				
Annual leave and related on-costs (i)	-	71,723	-	-
Long service leave and related on-costs (ii)	-	229,199	-	-
Provision for workers' compensation (iii)	-	163	-	-
	-	**301,085**	**-**	**-**
Current other provisions				
Provision for makegood – leasehold	2,674	1,301	2,674	1,301
Provision for makegood – land	5,670	-	5,670	-
	8,344	**1,301**	**8,344**	**1,301**
Employee benefits and related on-costs				
Non-current				
Superannuation – provision	-	1,117,273	-	-
Superannuation – accrued	-	711	-	-
Long service leave and related on-costs (ii)	-	17,573	-	-
Provision for workers' compensation (iii)	-	6,293	-	-
	-	**1,141,850**	**-**	**-**
Non-current other provisions				
Provision for makegood – leaseholds	16,885	16,963	16,885	16,963
Provision for makegood – land	-	1,500	-	1,500
	16,885	**18,463**	**16,885**	**18,463**
Total Provisions	**25,229**	**1,462,699**	**25,229**	**19,764**
Aggregate employee benefits and related on-costs				
Provisions – current	-	301,085	-	-
Provisions – non-current	-	1,141,850	-	-
Accrued salaries, wages and on-costs (note 13)	-	15,963	-	-
	-	**1,458,898**	**-**	**-**

2014	Provision for makegood leaseholds $'000	Provision for makegood land $'000	Total $'000
Carrying amount at the beginning of financial year	18,264	1,500	19,764
Additional provisions recognised	-	4,065	4,065
Reclassification	(105)	105	-
Unused amounts reversed	-	-	-
Unwinding / change in the discount rate	1,400	-	1,400
Carrying amount at end of financial year	**19,559**	**5,670**	**25,229**

Subsequent to the commencement of the Government Sector Employment Act 2013, the RMS Group of employees have been transferred to Transport Service. Accordingly, employee related provisions have been derecognised and classified as personnel services payable (refer to note 14).

(i) The value of annual leave, including on-costs, expected to be taken within 12 months is $nil million (2013: $49.265 million) and $nil million (2013: $22.643 million) after 12 months.
(ii) The value of long service leave expected to be taken within 12 months $nil million (2013: $28.363 million) and $nil million (2013: $218.655 million) after 12 months.
(iii) Workers' compensation provision includes $nil million (2013: $1.113 million) for dust diseases of which $nil million (2013: $0.163 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	641,464	85,936	1,486,677	2,214,077
Estimated reserve account balance	(446,251)	(66,745)	(583,808)	(1,096,804)
	195,213	19,191	902,869	1,117,273
Future service liability	(44,288)	(24,312)	(24,705)	(93,305)
Net (asset)/liability recognised in Statement of Financial Position	**195,213**	**19,191**	**902,869**	**1,117,273**

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	675,443	100,014	1,626,105	2,401,562
Current service cost	13,503	4,375	6,170	24,048
Interest cost	19,486	2,803	48,955	71,244
Contributions by fund participants	6,558	-	5,724	12,282
Actuarial (gains)/losses	(24,841)	(13,527)	(145,396)	(183,764)
Benefits paid	(60,906)	(11,984)	(61,978)	(134,868)
Taxes, premiums & expenses paid	12,221	4,255	7,097	23,573
Present value of partly funded defined benefit obligation at the end of the year	**641,464**	**85,936**	**1,486,677**	**2,214,077**

Profit & loss impact	SASS financial year June 2013 $'000	SANCS financial year June 2013 $'000	SSS financial year June 2013 $'000	Total $'000
Current service cost	13,503	4,375	6,170	24,048
Interest on obligation	7,878	1,132	33,254	42,264
Defined benefit cost	**21,381**	**5,507**	**39,424**	**66,312**

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 year	414,170	61,375	538,747	1,014,292
Interest income	11,608	1,671	15,701	28,980
Actual return on fund assets less interest income	54,958	8,173	77,311	140,442
Employer contributions	7,642	3,255	1,206	12,103
Contributions by fund participants	6,558	-	5,724	12,282
Benefits paid	(60,906)	(11,984)	(61,978)	(134,868)
Taxes, premiums & expenses paid	12,221	4,255	7,097	23,573
Fair value of fund assets at the end of the year	**446,251**	**66,745**	**583,808**	**1,096,804**

Reconciliation of the net defined benefit liability	SASS financial year June 2013 $'000	SANCS financial year June 2013 $'000	SSS financial year June 2013 $'000	Total $'000
Net Defined Benefit Liability/(Asset) at beginning of period	261,273	38,639	1,087,358	1,387,270
Net interest on the net defined benefit liability	7,878	1,132	33,254	42,264
Current service cost	13,503	4,375	6,170	24,048
Actual return on fund assets less interest income	(54,958)	(8,173)	(77,311)	(140,442)
Actuarial (gains)/losses	(24,841)	(13,527)	(145,396)	(183,764)
Employer contributions	(7,642)	(3,255)	(1,206)	(12,103)
Net Defined Benefit Liability/(Asset) at end of period	**195,213**	**19,191**	**902,869**	**1,117,273**

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	(24,841)	(13,527)	(145,396)	(183,764)
Actual return on fund assets less interest	(54,958)	(8,173)	(77,311)	(140,442)
Total remeasurement in other comprehensive income	**(79,799)**	**(21,700)**	**(222,707)**	**(324,206)**

Fund assets The percentage invested in each asset class at the balance date:	June 2013
Australian equities	30.4%
Overseas equities	26.1%
Australian fixed interest securities	6.9%
Overseas fixed interest securities	2.2%
Property	8.3%
Cash	13.1%
Other	13.0%

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) Significant actuarial assumptions at reporting date

The significant actuarial assumptions adopted for the 30 June 2013 actuarial investigation of the Pooled Fund are:

Salary increase rate (excluding promotional increases)	June 2013
2013/2014 (SASS, SSS and SANCS)	2.25% p.a.
2014/2015	2.25% p.a.
2015/2016 to 2019/2020	2.00% p.a.
2020 onwards	2.50% p.a.
Rate of CPI increase	2.50% p.a.
Pensioner mortality	as per the 2012 Actuarial investigation of the Pooled Fund
Discount rate	3.80% 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.

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

Funding arrangements for employer contributions

The following is a summary of the 30 June 2014 financial position of the fund calculated in accordance with AAS 25 – Financial Reporting by Superannuation Plans.

	SASS	SANCS	SSS	Total
	financial year June 2013 $'000	financial year June 2013 $'000	financial year June 2013 $'000	$'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**

Recommended contribution rates for the entity are:

SASS	SANCS	SSS
Multiple of member contributions	% Member salary	Multiple of member
1.1	2.1	0.2

Funded method

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

Economic assumptions

Weighted-average assumptions	June 2013
Expected rate of return on fund assets backing current pension liabilities	8.3% p.a.
Expected rate of return on fund assets backing other liabilities	7.3% p.a.
Expected salary increase rate	SASS, SANCS, SSS 2.7% pa (PPS 3.5% pa) for 6 years then 4.0% pa
Expected CPI increase	**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.

Transition to Revised AASB 119 Standard

At the transition date for the revised AASB 119 standard, an amount is recognised in retained earnings reflecting any change in the net defined benefit liability/asset as a result of the change in the assumed rate of contribution tax. The transition date is the start of the earliest period for which comparative information is presented, which is 1 July 2012 for your organisation.

The details of the adjustments on 1 July 2012 are:

	SASS	SANCS	SSS	Total
Adjustments on 1 July 2012	$'000	$'000	$'000	$'000
Net Defined Benefit Liability/(Asset)	223,926	33,450	929,144	1,186,520
+Adjustment to retained earnings following adoption of revised AASB 119	37,347	5,189	158,214	200,750
Net Defined Benefit Liability/(Asset) after adjustment	261,273	38,638	1,087,358	1,387,270
Amount recognised in retained earnings under revised AASB 119	(37,347)	(5,189)	(158,214)	(200,750)

18. Current/non-current liabilities – other

	Consolidated 2014 $'000	Consolidated 2013 $'000	Parent 2014 $'000	Parent 2013 $'000
Current				
Statutory creditors	6,169	9,372	6,169	9,372
Unearned rent on M5 Motorway	709	709	709	709
Sydney Harbour Tunnel tax liabilities	2,009	1,963	2,009	1,963
Income received in advance	5,615	9,471	5,615	9,471
Holding accounts	103,867	99,157	103,867	99,157
Lease incentive	497	497	497	497
Deferred revenue – reimbursement on private sector provided infrastructure	12,065	12,065	12,065	12,065
Customer advances and deposits	37	98	37	98
Priority list on moorings	545	604	545	604
Wetland lease security deposits [(a)]	1,487	1,464	1,487	1,464
Rent in advance	4,260	4,668	4,260	4,668
Long-term channel fees unearned income	-	1,914	-	1,914
Boating fees in advance [(b)]	31,875	30,515	31,875	30,515
	169,135	**172,497**	**169,135**	**172,497**
Non-current				
Unearned rent on M5 Motorways	5,778	6,487	5,778	6,487
Sydney Harbour Tunnel tax liabilities	22,402	23,146	22,402	23,146
Income received in advance	10,250	11,250	10,250	11,250
Lease incentive	539	1,036	539	1,036
Deferred revenue – reimbursement on private sector provided infrastructure	257,757	269,822	257,757	269,822
Boating fees in advance	28,128	20,881	28,128	20,881
Long-term channel fees unearned income	-	61,163	-	61,163
	324,854	**393,785**	**324,854**	**393,785**
Current				
Sydney Harbour Tunnel past tax liability	1,671	1,625	1,671	1,625
Sydney Harbour Tunnel future tax liability	338	338	338	338
	2,009	**1,963**	**2,009**	**1,963**
Non-current				
Sydney Harbour Tunnel past tax liability	10,147	11,151	10,147	11,151
Sydney Harbour Tunnel future tax liability	12,255	11,995	12,255	11,995
	22,402	**23,146**	**22,402**	**23,146**

(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, based on the cost of land under the M5 Motorway originally purchased by RMS, 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 2014 $'000	Consolidated 2013 $'000	Parent 2014 $'000	Parent 2013 $'000
Rent earned in prior year	14,805	14,422	14,805	14,422
Rent earned in current year	709	383	709	383
Unearned rent as at year end	6,487	7,195	6,487	7,195
	22,000	**22,000**	**22,000**	**22,000**

Under the various Private Sector Provided Infrastructure, $369.915 million was received following the letting of the Lane Cove Tunnel, Cross City Tunnel and Western M7 Motorway contracts as reimbursement of development costs. NSW Treasury 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:

	Consolidated 2014 $'000	Consolidated 2013 $'000	Parent 2014 $'000	Parent 2013 $'000
Amortisation of deferred revenue in prior year	88,028	73,980	88,028	73,980
Amortisation of deferred revenue in current year	12,065	14,048	12,065	14,048
Unearned reimbursement as at year end	269,822	281,887	269,822	281,887
	369,915	**369,915**	**369,915**	**369,915**

19. Commitments for expenditure

a) Capital Commitments

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

	Consolidated 2014 $'000	Consolidated 2013 $'000	Parent 2014 $'000	Parent 2013 $'000
Not later than 1 year	551,676	605,887	551,676	605,887
Later than 1 year and not later than 5 years	1,760,287	1,426,865	1,760,287	1,426,865
Later than 5 years	484,520	-	484,520	-
Total (including GST)	**2,796,483**	**2,032,752**	**2,796,483**	**2,032,752**

b) Operating lease commitments

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

	Consolidated 2014 $'000	Consolidated 2013 $'000	Parent 2014 $'000	Parent 2013 $'000
Not later than one year	75,964	73,483	75,964	73,483
Later than 1 year and not later than five years	135,927	154,213	135,927	154,213
Later than 5 years	27,363	29,122	27,363	29,122
Total (including GST)	**239,254**	**256,818**	**239,254**	**256,818**

The property operating lease commitments are as follows:

	Consolidated 2014 $'000	Consolidated 2013 $'000	Parent 2014 $'000	Parent 2013 $'000
Not later than one year	46,536	42,753	46,536	42,753
Later than 1 year and not later than five years	88,438	107,483	88,438	107,483
Later than 5 years	27,363	29,122	27,363	29,122
Total (including GST)	**162,337**	**179,358**	**162,337**	**179,358**

In respect of property leases, RMS 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 2014 $'000	Consolidated 2013 $'000	Parent 2014 $'000	Parent 2013 $'000
Not later than one year	19,890	19,833	19,890	19,833
Later than 1 year and not later than five years	28,189	25,506	28,189	25,506
Total (including GST)	**48,079**	**45,339**	**48,079**	**45,339**

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 2014 $'000	Consolidated 2013 $'000	Parent 2014 $'000	Parent 2013 $'000
Not later than one year	9,538	10,897	9,538	10,897
Later than 1 year and not later than five years	19,300	21,224	19,300	21,224
Later than 5 years	-	-	-	-
Total (including GST)	**28,838**	**32,121**	**28,838**	**32,121**

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

The total commitments detailed above include GST input tax credits of $275.976 million (2013: $208.143 million) that are expected to be recoverable from the ATO.

c) Sydney Harbour Tunnel – finance lease liability

	Consolidated 2014 $'000	Consolidated 2013 $'000	Parent 2014 $'000	Parent 2013 $'000
Minimum lease payment commitments in relation to tunnel finance lease payable as follows:				
Not later than 1 year	89,654	86,753	89,654	86,753
Later than 1 year and not later than 5 years	311,027	318,886	311,027	318,886
Later than 5 years	277,613	359,407	277,613	359,407
Minimum lease payments	678,294	765,046	678,294	765,046
Less: future finance charges	(177,439)	(217,257)	(177,439)	(217,257)
Present value of minimum lease payments	**500,855**	**547,789**	**500,855**	**547,789**
The present value of finance lease commitments is as follows:				
Not later than 1 year	53,539	46,935	53,539	46,935
Later than 1 year and not later than 5 years	202,741	142,042	202,741	142,042
Later than 5 years	244,575	358,813	244,575	358,813
	500,855	**547,790**	**500,855**	**547,790**
Classified as:				
Current (note 15)	53,539	46,935	53,539	46,935
Non-current (note 15)	447,316	500,855	447,316	500,855
Total (including GST)	**500,855**	**547,790**	**500,855**	**547,790**

In June 1987, RMS and Sydney Harbour Tunnel Corporation (SHTC) entered into an Ensured Revenue Stream (ERS) Agreement, whereby RMS 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, RMS 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 (e.g. 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 $2.315 million for the year ending 30 June 2014 (2013: $3.403 million).

20. Increase in net assets from equity transfer

Transfer of net assets

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

Net assets transferred were	2014 $'000	2013 $'000
Non-current assets	-	1,430
Total	**-**	**1,430**

21. Events after the reporting period

NSW Treasury has approved the equity transfer NSW Treasury Corporation borrowings of $490.5 million from RMS to the Crown effective on 1 July 2014. RMS has entered into an agreement and has assigned significant numbers of its employees to Service NSW. It has also vested several owned properties and leasehold improvements with an estimated carrying value of $95.4 million to Government Property NSW. No other events have occurred after the reporting date that would have a material impact on the financial statements.

22. 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 contractual disputes with an estimated total contingent liability of $1.838 million (2013: $26.220 million). Compulsory property acquisition matters under litigation have an estimated contingent liability of $104.404 million (2013: $128.456 million).

RMS 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 Westlink M7 Motorway, the M5 South-West Motorway and the Lane Cove Tunnel. There is no reason to believe that these guarantees are ever to be exercised.

23. Budget Review

Net result

The actual net surplus result was lower than budget by $739 million. These variances are mainly due to changes that occurred during the year as detailed in the table below.

	$'M
Net surplus result as per the Budget	**1,735**
Variance comprises:	
De-recognition and write off of dredging asset transferred to Newcastle Port Corporation.	(234)
Employee related and personnel service expenses – see separate table below	(256)
NSW Treasury redundancy funding for reform activities	72
Lower than budgeted capital grant revenue due to re-profiling in capital projects	(178)
Higher than budgeted depreciation in actuals due to omission of certain categories of infrastructure assets depreciation in the budget.	(116)
Higher than budgeted asset write-off on disposal and transfer of assets, which are highly variable to predict	(77)
Higher than budgeted natural disaster rectification works spend	(67)
Higher than budgeted transfer of infrastructure assets from Councils'	69
Other revenue was higher than budget due to write back of the employee related payable forgiven by Transport Service for NSW due to Public Sector Executive Reforms	36
Other revenue was higher than budget due to first time recognition of assets	22
Other various budget variances	(10)
Net surplus result as per the Actuals	**996**

The employee and personnel service related expenses variance is explained below:

	$'M
Employee related and personnel service expenses as per the Budget	543
Variance comprises:	
Higher termination payments due to reform activities recoverable from NSW Treasury	67
Delay in transfer of registry functions to Service NSW recoverable from Service NSW	22
Superannuation actuarial gains / losses associated with the Introduction of the Government Sector Employment Act 2013 and changes to the Australian Accounting Standard AASB 119	190
Actuarial adjustment for long service leave provisions payable to the Transport Service for NSW	(20)
Lower assigned staff expenses with Transport for NSW	(3)
Total variance to employee expenses as per above	256
Actual employee related and personnel service expenses after adjusting variances as per the financial statements	**799**

Assets and liabilities

Total current assets are lower than budget by $66 million largely due to lower receivables of $79 million offset by higher than budgeted other financial assets of $15 million.

Total non-current assets are lower than budget by $793 million primarily due to lower than budgeted revaluation increases in infrastructure assets and lower capital works spending due to re-profiling in projects.

Total liabilities are higher than budget by $51 million:

- This is due to higher than budgeted current and non-current provision and payables of $53 million mainly due to increase in the personnel service payable of $166 million as a result of change to Australian Accounting Standard AASB 119 "Employee Benefits" and re-measurement of superannuation position. This is offset by write back of payable of $36 million as well as $78 million of actuarial gain adjustment and termination payments.
- Lower than budgeted repayment of borrowings of $78 million utilised to fund natural disaster rectification costs.
- This is offset by decreases in other liabilities of $79 million mainly due to de-recognition of unearned long term channel fees of $62 million following the transfer of RMS dredging assets to Newcastle Port Corporation.

Cash flows

Actual Cash position at 30 June 2014 shows a $1 million favourable variance. Net cash inflows from operating activities was $257 million lower than budget mainly due to lower than budgeted capital grant received of $178 million due to re-profiling in capital project works and higher than budgeted natural disaster spend of $107 million. Net cash flows used in investing activities was $271 million lower than budget due to lower cash outlays on capital spending than budgeted. Net cash flows used in financing activities were $80 million lower than budget due to rollover of debt repayment to the next financial year. The opening cash position as at 30 June 2013 was $93 million lower than budget.

24. Native Title

The Commonwealth's legislation (Native Title Act) and the New South Wales statute (Native Title (New South Wales) Act) have financial implications for New South Wales Government agencies generally. RMS has undertaken an assessment of the impact of this legislation on its financial position. This assessment indicates that as at 30 June 2014, there were no Native Title claims which had been initiated against RMS (2013: none).

25. Administered income and expenses

	Consolidated 2014 $'000	Consolidated 2013 $'000	Parent 2014 $'000	Parent 2013 $'000
Administered income				
Transfer receipts				
– Taxes, fees and fines	527,828	522,298	527,828	522,298
– Stamp duty	664,680	637,109	664,680	637,109
– Motor vehicle weight tax and fines	1,773,098	1,675,591	1,773,098	1,675,591
– Other	44,924	43,803	44,924	43,803
Total administered income	**3,010,530**	**2,878,801**	**3,010,530**	**2,878,801**
Total administered expenses	**-**	**-**	**-**	**-**
Administered income less expenses	**3,010,530**	**2,878,801**	**3,010,530**	**2,878,801**

26. Administered assets and liabilities

	Consolidated 2014 $'000	Consolidated 2013 $'000	Parent 2014 $'000	Parent 2013 $'000
Administered assets				
Remitting account, cash in transit and cash on hand	37,923	35,289	37,923	35,289
Total administered assets	**37,923**	**35,289**	**37,923**	**35,289**
Administered liabilities				
Holding accounts (current/non-current liabilities other)	37,923	35,289	37,923	35,289
Other*	261,091	257,166	261,091	257,166
Total administered liabilities	**299,014**	**292,455**	**299,014**	**292,455**

* The amount of multiple licence fees issued in the current year is approximately $120.104 million (2013: $104.392 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 three years. Refer to note 1(f) for further details.

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

27. Reconciliation of cash from operating activities to surplus

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

	Consolidated 2014 $'000	Consolidated 2013 $'000	Parent 2014 $'000	Parent 2013 $'000
Net cash from operating activities	3,032,396	2,819,681	3,032,396	2,819,681
Adjustments for revenues and expenses not involving cash:				
Net gain on disposal of plant and equipment	4,604	13,652	4,604	13,652
Right to receive on PSPI	207,816	171,818	207,816	171,818
Roads and bridges transferred from councils	69,050	44,820	69,050	44,820
Roads and bridges transferred to councils	(85,584)	(20,683)	(85,584)	(20,683)
Assets written down (note 5)	(521,906)	(696,678)	(521,906)	(696,678)
Assets written down – infrastructure assets	(117,616)	(378,688)	(117,616)	(378,688)
Depreciation/amortisation	(1,434,708)	(1,207,563)	(1,434,708)	(1,207,563)
Other non-cash items	71,630	56,767	71,630	56,767
Non cash personnel services	(136,650)	-	29,238	324,206
	(1,943,364)	(2,016,555)	(1,777,476)	(1,692,349)
Adjustments for cash movement in operating assets and liabilities				
Increase/(decrease) in receivables	(35,140)	(18,400)	(35,140)	(18,400)
Increase/(decrease) in inventories	(927)	(1,452)	(927)	(1,452)
(Increase)/decrease in creditors	59,227	96,451	59,227	96,451
(Increase)/decrease in provisions *	(116,323)	(39,587)	(116,323)	(39,587)
	(93,163)	37,012	(93,163)	37,012
Net result for the year	**995,869**	**840,138**	**1,161,757**	**1,164,344**

* Excludes non-cash adjustments of $165.888 million (2013: ($324.206) million) relating to superannuation actuarial gains/(losses) against employee provisions.

28. Non-cash financing and investing activities

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

	Consolidated 2014 $'000	Consolidated 2013 $'000	Parent 2014 $'000	Parent 2013 $'000
Non-cash revenue and expenses				
Transfers from councils	69,050	44,820	69,050	44,820
Transfers to councils	(85,584)	(20,683)	(85,584)	(20,683)
Assets written off	(521,906)	(696,678)	(521,906)	(696,678)
Assets written down – infrastructure assets	(117,616)	(378,688)	(117,616)	(378,688)
Assets recognised for the first time	22,396	31,172	22,396	31,172
Write back of payable forgiven	36,449	-	36,449	-
Right to receive on PSPI	207,816	171,818	207,816	171,818

End of audited financial statements