

Transport for NSW

# 2013/14 Annual Report



# Letter to Ministers from the Secretary

The Hon. Gladys Berejiklian  
Minister for Transport

The Hon. Duncan Gay  
Minister for Roads and Freight

Parliament House  
Macquarie Street  
Sydney NSW 2000

Dear Ministers,

I am pleased to submit for presentation to Parliament the Annual Report for the Department of Transport for the financial year ended 30 June 2014.

The Annual Report for the Department of Transport includes the Annual Report for Transport for NSW for the financial year ended 30 June 2014.

The Annual Reports have been prepared in accordance with the *Annual Reports (Departments) Act 1985* in respect of the Department of Transport and the *Annual Reports (Statutory Bodies) Act 1984* in respect of Transport for NSW. Inclusion of the Annual Report in respect of Transport for NSW is authorised by section 3L of the *Transport Administration Act 1988*.

Yours sincerely



Dave Stewart  
Secretary  
Department of Transport

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# 1 About Transport for New South Wales

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## 1.1 Secretary's Overview

In 2013-14 Transport for NSW (TfNSW) continued to work with our stakeholders to deliver an integrated transport system that supports and builds the community and the economy of NSW.

While new infrastructure projects remained a focus, the year also saw increasing investment in the use of technology to gain better results from existing infrastructure. In 2013-14 we continued to deliver innovative, sustainable, and value for money public transport infrastructure to serve the people of NSW.

In total, expenditure on public, road and freight transport infrastructure was a record \$6.9 billion for 2013-14. It was funded from a variety of sources, including NSW Government, Public Private Partnerships and contributions from the Australian Government.

Work continued on the North West Rail Link, which will provide residents in North West Sydney with access to Australia's first automated, rapid transit, turn-up-and-go train service. This project will be the start of the rapid transit network that will modernise train travel across Sydney.

The Inner West Light Rail Extension opened in March 2014, successfully transforming an existing, unused freight line into a modern, efficient public transport service that has seen significant patronage growth since commencing services.

The delivery of the South West Rail Link continued ahead of schedule in 2013-14. When complete, it will provide transport to the fast growing communities of South West Sydney.

The completion of the roll out of the Waratah train fleet in 2013-14 ensures that services for customers are reliable, safe and comfortable. The Waratah trains now make up around half the suburban train fleet, and their introduction means that almost 100 per cent of all timetabled train services are now air-conditioned.

Planning for WestConnex proceeded through the WestConnex Delivery Authority. This is Australia's largest infrastructure project and will connect communities and support the growth of the NSW economy through more efficient freight movements.

Planning commenced on NorthConnex, which will link the M1 and M2 motorways avoiding 21 sets of traffic lights, making journey times faster and more reliable on this important transport corridor.

### **Customer**

We continue to put the customer first by ensuring the transport system is planned and designed around their needs and expectations.

The Passenger Transport Bill was introduced in the NSW Parliament in June 2014. It provides the framework for customer-focused and integrated public transport services for the next decade and beyond.

The integrated electronic ticketing system, Opal, was successfully launched and rolled out across much of the transport network. By 30 June 2014 more than 340,000 Opal cards had been issued and customers had used them to make about 20 million journeys. With further



stages of the rollout to continue in 2014-15, Opal will significantly improve customer convenience.

Customers continued to have real-time transport information at their fingertips through real-time bus, train, light rail, and ferry apps. There was significant growth in 2013-14 in the use and take up of real-time apps with more than 2 million apps downloaded and more than 40 million requests for timetable information each month.

The new customer timetable, released in October 2013, was centrally designed by TfNSW around customer needs following extensive planning and collaboration across the Transport cluster. It delivers an extra 1000 train services, 1700 bus services and 55 ferry services every week and also improves connections between modes, aligning services so that customers will experience more seamless journeys.

## **Safety**

The safety of our customers comes first, and in 2013-14 TfNSW implemented programs to improve the safety of our roads, public transport networks, and waterways. These included installing flashing lights, commencing a Safer Drivers Program, developing a free Speed Advisor app, promoting the wearing of lifejackets, improving awareness of cycling safety, and promoting level crossing safety awareness.

There were 333 fatalities on NSW roads in 2013, 36 fewer fatalities than 2012 and the lowest calendar year fatality total since 1924.

## **Planning**

To support the NSW Government's 10-year strategic plan, NSW 2021, TfNSW released the NSW Long Term Master Plan (Master Plan) in December 2012. In order to deliver the actions within the Master Plan, TfNSW has developed a suite of detailed and evidence-based regional, precinct and modal plans, including the following plans that were released in 2013-14: *Sydney City Centre Access Strategy*, *Sydney's Cycling Future*, *Sydney's Walking Future*, *Sydney's Bus Future Plan*, *Northern Beaches Transport Action Plan*, *Newell Highway Corridor Strategy* and 10 Regional transport plans.

In 2013, freight and logistics contributed \$62 billion, or 13 per cent, to the NSW Gross State Product. Freight volumes are expected to almost double by 2031, making efficient and effective freight movement vital to the performance and growth of the NSW economy.

To support this, the *NSW Freight and Ports Strategy* was released in November 2013. It provides NSW, for the first time, a clear, evidence-based plan for the sustainable management of the freight transport network.

TfNSW is proud to serve the community, and will continue to work with stakeholders across the state to make New South Wales a better place to live, do business and visit, by managing and shaping the future of the whole transport system.

## 1.2 Transport Advisory Board 2013-14 annual report

The Transport Advisory Board is established under the *Transport Administration Act 1988*. Its formation was announced jointly by the Minister for Transport and the Minister for Roads and Freight in June 2012.

Members appointed by the NSW Government for an initial term of three years are:

- M A (Tim) Besley
- Paul Forward
- Brendan Lyon
- Andrea Staines.

The Secretary of the Department of Transport, Dave Stewart, is also a member of the Transport Advisory Board.

The Board brings together a range of expertise spanning transport operations and policy, economics, finance and broad experience in both business and public administration. Its functions are to:

- advise the Ministers on matters referred by them to the Board, and
- advise Transport for NSW on matters it refers to the Board.

During 2013-14, the Transport Advisory Board met monthly (except December 2013 and January 2014) until June 2014.

The Board's approach has been to focus on a series of in-depth briefings on the various services provided by the State's complex public transport network and consider a wide range of issues, including:

- congestion
- infrastructure
- organisational capability
- budgets and financial performance
- major public transport projects
- workforce plans
- customer service improvements
- collaboration with tertiary institutions on education and research projects.

The Board is also considering potential disruptive technologies that may affect planning.

M A Besley AC  
Chairman

## **1.3 What Transport for New South Wales does**

### ***The Department of Transport***

The Department of Transport is the principal department in the NSW Transport cluster.

The Secretary of the Department of Transport provides portfolio policy advice to the Minister for Transport and the Minister for Roads and Freight, and represents the cluster at meetings of the heads of other departments in the NSW Public Service.

### ***Transport for NSW***

TfNSW was formally established on 1 November 2011 and assumed co-ordination, funding allocation, policy and planning and other delivery functions for the transport system.

This followed the NSW Government's announcement that a new, integrated authority would be established to ensure coordinated planning and policy across all modes of transport.

TfNSW develops regulations, policies and legislation to ensure that transport is delivered to a high standard, meets community needs, protects assets and public money, minimises environmental impact, and ensures the community is safe.

The transfer of policy and planning enables operators of transport services to focus on providing the highest standard services to their customers.

TfNSW manages an annual multi-billion dollar transport budget and in partnership with the transport operating agencies manages more than \$106 billion in property, plant and equipment assets. Funding is provided for bus, rail, light rail, roads, ferry and community transport services and related infrastructure.

TfNSW also funds concession schemes such as the School Student Transport Scheme, the Private Vehicle Conveyance Scheme and the Taxi Transport Subsidy Scheme.



## 1.4 NSW 2021

NSW 2021 is the NSW Government's 10 year strategic business plan.

NSW 2021 sets priority areas for action and guides NSW Government resource allocation in conjunction with the NSW Budget. The plan includes 32 Goals and more than 180 targets that aim to rebuild the economy, return quality services, renovate infrastructure, restore accountability to government and strengthen local environment and communities.

The Government has committed through NSW 2021 to deliver an efficient and effective transport system that delivers significant benefits to the community and businesses around Sydney and across NSW.

Transport for NSW is the lead agency for delivering the following NSW 2021 goals and measures:

### **Goal 7 – Reduce travel times (private and public transport)**

- Coverage of real time information on motorways
- AM and PM peak hour travel speeds on 100 major road corridors
- Average unplanned incident clearance time on principal transport routes
- Number of major incidents that take longer than four hours to clear
- Increase in the frequency of services on key corridors
- Number of services that meet scheduled travel times.

### **Goal 8 – Grow patronage on public transport by making it a more attractive choice**

- Percentage of peak Sydney Trains services arriving at Central Station within five minutes of scheduled time for suburban services and within six minutes for intercity services
- Percentage of timetabled bus services in the Sydney area which commenced their trip on time
- Percentage of ferry services operated by Sydney Ferries which commenced their trip on time
- Proportion of peak hour journey by public transport across various regions
- Proportion of journeys to work by public transport in the Sydney Metropolitan Region
- Modal share of bicycle trips made in the Greater Sydney region, at a local and district level
- Modal share of walking trips made in the Greater Sydney region, at a local and district level.

### **Goal 9 – Improve customer experience with public transport services**

- Improve customer satisfaction with transport services
- Percentage of public transport services with accessible and accurate real time travel information.

### **Goal 10 – Improve road safety**

- Number of fatalities per 100,000 population.

TfNSW also contributes to:

### **Goal 19 – Invest in critical infrastructure**

- Percentage of State Roads with a good road smoothness
- Total proportion of containers transported by rail through Port Botany, including import, export and empty containers

### ***Implementing NSW 2021***

There are various mechanisms to implement NSW 2021.

Localised plans have been put in place through an extensive consultation process to help TfNSW focus on the transport outcomes that matter most in different communities. Baseline reporting has been established to outline what success looks like and how success will be measured. This promotes accountability throughout the organisation.

TfNSW planning and performance management systems in particular ensure that it and its people are accountable for delivering on specific components of the plan. Performance is publicly reported online so the NSW community can track TfNSW's progress, and tabled in NSW Parliament in an annual NSW 2021 performance report.

These processes ensure that TfNSW is clear about how it is contributing to the NSW Government's vision for transport, and there is transparency in the way that TfNSW measures and reports its performance.

NSW 2021 will be reviewed periodically in consultation with the community, and TfNSW will work to improve its targets over time as more accurate and nationally comparable measures become available.

## **1.5 NSW Long Term Transport Master Plan**

The Master Plan was released in 2012. The development of the Master Plan took place over a year and involved extensive consultation and collaboration with our customers, industry, government, business and the community. Since then, work has been underway to deliver the 220 actions contained in the Master Plan.

To support the Master Plan, TfNSW has developed most of the supporting plans including the 10 Regional transport plans, the *Sydney City Centre Access Strategy*, the *Freight and Ports Strategy*, *Sydney's Bus Future*, *Sydney's Cycling Future* and *Sydney's Walking Future* during 2013-14. Work is also underway to implement each of these plans and the remaining strategic plans including for roads, interchanges and regional rail are underway.

Regional transport plans have been developed highlighting the regional diversity that NSW has and addressing each region's individual transport needs.

The Freight and Ports Strategy provides a framework for industry, all levels of government and stakeholders to guide investment and other decisions to enhance freight logistics in NSW. It focuses on three action areas: network efficiency, network capacity and network sustainability.

The actions outlined in the Master Plan focus on linking transport planning to land use planning and preserving transport corridors, delivering high quality, efficient services and investing in infrastructure to meet future demand.

A number of actions are already underway to grow patronage on public transport, enhance rail freight movement and improve the efficiency and capacity of the road network. These include the North West Rail Link, South West Rail Link, Northern Sydney Freight Corridor and the Pacific and Princes Highway upgrades.

The first annual update on the progress of the implementation of the Master Plan was released in December 2013. The next annual progress update is planned for release in December 2014.

## **1.6 Connections: 2012 – 2017 Corporate Plan**

*Connections*, the TfNSW Corporate Plan for 2012-17, provides strategic direction and outlines the allocation of resources to deliver high level NSW Government goals and objectives.

*Connections* directly links with government priorities, such as NSW 2021, and is supported by internal business plans that link to performance management systems. This synchronised approach to planning ensures that TfNSW is able to measure and monitor progress on how its goals are being delivered.

TfNSW is continuing to implement and deliver the strategies and activities in *Connections* and is on track to continue to deliver high level NSW Government goals and objectives.

### **Strategic themes**

Five broad strategic themes are outlined in *Connections*. Each contains strategies and supporting activities that describe some of the important initiatives that TfNSW will deliver:

1. Planning and financing the transport system of the future
2. Maintaining transport assets
3. Improving transport services and operations
4. Growing the transport system
5. Developing the transport businesses of the future.

### **Purpose**

TfNSW's purpose is: To make New South Wales a better place to live, do business and visit, by managing and shaping the future of the whole transport system.

### **Values**

TfNSW's values define the character of the agency and guide its decision making and behaviour.

They are the standards it sets for interactions with its customers, the community and stakeholders; the way that its people work with each other every day; and the principles TfNSW expects to see upheld by its partners in the Transport cluster.



TfNSW's values are:



Figure 1 TfNSW's values of Collaboration, Solutions, Safety, Integrity and Customer Focus

1.7 Management and structure

# Transport cluster

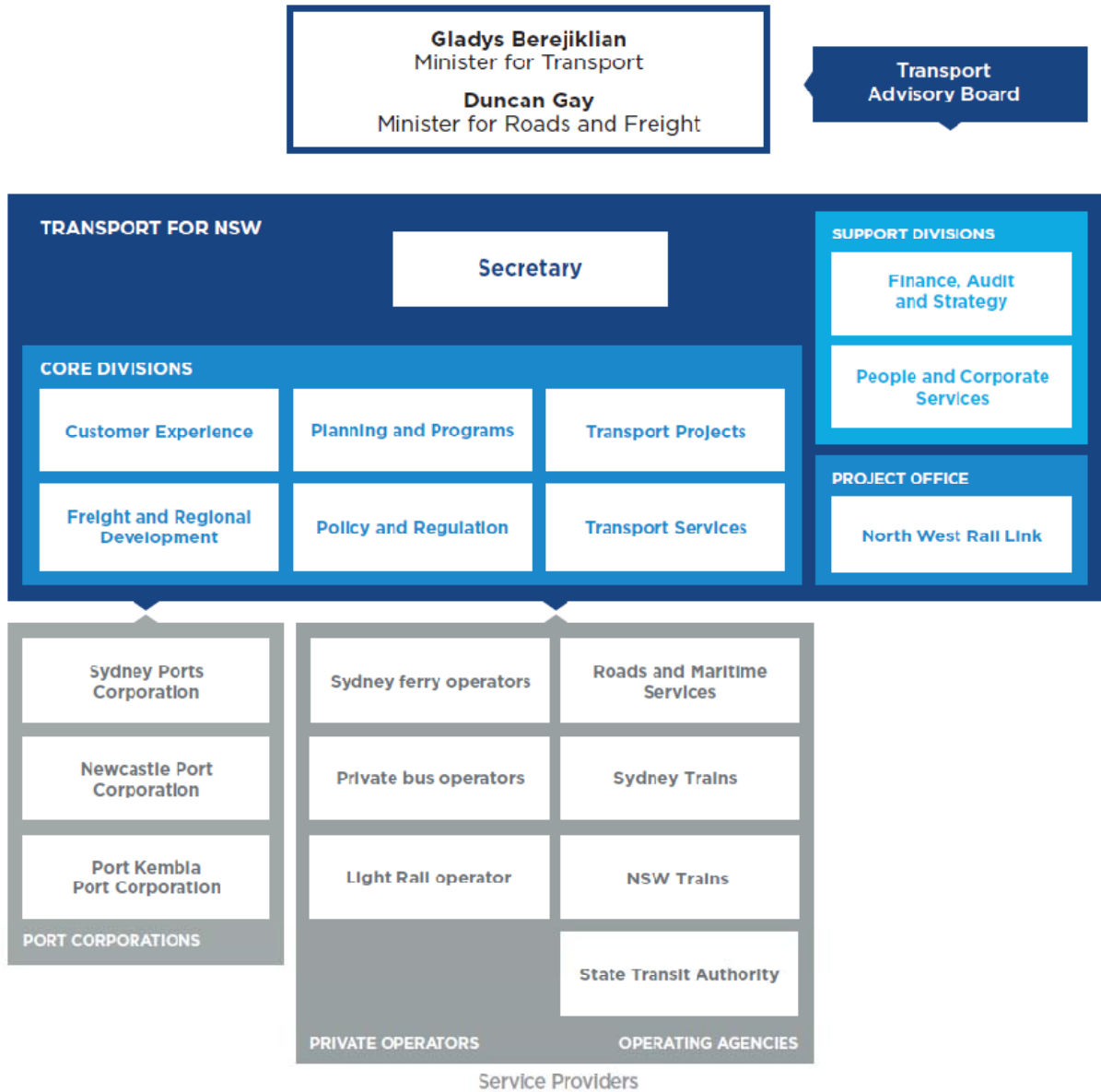


Figure 2 Structure of the Transport cluster

## ***Divisional Functions***

**Customer Experience** – builds the evidence base that guides and informs an organisation-wide customer focus, bringing the voice of the customer into the organisation and ensuring clear and effective communications.

**Freight and Regional Development** – drives the development of freight policy and planning to facilitate trade and commerce, engages with industry to support the efficient movement of goods across key supply chain components, including land and marine transport networks, ports and intermodal terminals.

**Planning and Programs** – drives the development of work programs and services by consolidating transport planning across all modes of transport and determining investment priorities.

**Policy and Regulation** – drives the development and implementation of customer-focused policy solutions to address strategic transport challenges and achieve NSW Government objectives.

**Transport Projects** – works in partnership with service providers and the construction industry to deliver innovative and sustainable transport networks, by deploying expertise in development and delivery of transport infrastructure and strategic assets that put the customer at the centre, while offering value for money to the people of NSW.

**Transport Services** – coordinates service planning and integration, manages contracts with public and private service providers to deliver clean, reliable, safe and efficient transport services for customers.

**Finance, Audit and Strategy** – supports TfNSW core divisions to ensure the effective use of available resources and achievement of strategic objectives.

**People and Corporate Services** – is responsible for human resources, information technology, organisational development, shared services and investigative and legal services across the Transport cluster. It aims to drive organisational efficiency through the development, implementation and continuous improvement of business systems and processes.

**North West Rail Link** – a project office has been established to fast track the planning, procurement and delivery of the North West Rail Link project.



## 2 Operational performance

### 2.1 Planning and financing the transport system of the future

TfNSW recognises that planning is the foundation for good investment, from maintaining its assets and delivering services for customers, to growing the transport system to meet future travel needs. It plans for and finances the transport system from an integrated, whole-of-transport perspective.

TfNSW develops high quality, evidence-based plans that influence the way that people travel, where they choose to live and how they access employment, services and education.

It considers the needs and expectations of our customers, and uses these insights as a crucial input to the way that it plans and delivers transport. TfNSW is developing innovative and sustainable ways of financing the transport system of the future.

This includes investigating a range of commercial options, pricing mechanisms and partnerships to ensure that funding is available to maintain its current network, and to deliver the program of capital works identified in transport planning.

### Planning an integrated transport system to put the customer first

In 2013-14 TfNSW released integrated strategic transport plans to guide NSW strategic land use planning. This is to ensure that the integrated transport system of the future will accommodate growth and allow for the efficient movement of people and goods in metropolitan and regional areas over the next 20 years. They include:

#### **Sydney City Centre Access Strategy**

The *Sydney City Centre Access Strategy* was released in December 2013. It builds on work already done to relieve congestion in the CBD. It includes:

- diverting 60 morning peak buses from York Street to the Cahill Expressway
- a Police motorcycle response team to target congestion
- a double-deck bus trial
- introducing the Opal card to all ferries and CBD rail stations
- additional rail, bus and ferry services as part of a new 2013 timetable.

Further strategy actions are being implemented. They include planning for constructing the Barangaroo ferry hub which will open in 2016, a \$100 million upgrade of Wynyard Station and a new 40kmh limit zone to be introduced in the CBD by the end of 2014.

#### **Sydney's Cycling Future and Sydney's Walking Future**

*Sydney's Cycling Future* and *Sydney's Walking Future* support the culture change in Sydney with more people choosing to ride a bike for transport for trips under five kilometres or walk for trips under two kilometres. The plans will help to reduce the burden of congestion on roads and free up capacity on public transport corridors.

## **Sydney's Bus Future**

*Sydney's Bus Future*, delivered in December 2013, aims to make the city's bus system more reliable, faster and easier to use. It involves redesigning the city's network of more than 600 bus routes to meet present and future customer demand. It will ensure more than 1.5 million people will live within a 10-minute walk of new 'turn up and go' bus services provided by 13 Rapid and 20 Suburban routes, which will be the focus for investment in bus priority to improve bus travel speeds and reliability.

Key Rapid bus corridors will be investigated for the development of full Bus Rapid Transit (BRT) or other on-street public transport solutions. In addition to Northern Beaches BRT, Parramatta Road is under investigation for this type of upgrade, in association with the parallel WestConnex motorway project and the urban renewal of this corridor.

## **Northern Beaches Transport Action Plan**

A \$125 million transport action plan was developed for Sydney's Northern Beaches area and released in June 2014. It includes development of kerbside Bus Rapid Transit for the Mona Vale to CBD corridor, improving other bus services including the east-west corridor connecting Chatswood to Manly via the new Northern Beaches Hospital, and investigating a motorway-standard tunnel linking the Northern Beaches to the Sydney motorway network.

Implementation of the Plan will reduce congestion and improve travel times. Deliverables will include extra bus services, new public transport interchanges, commuter car parks, indented bus bays, upgraded intersections, and new road lanes to improve bus travel and general traffic flow between the Northern Beaches and major destinations in the Sydney CBD, Chatswood and Macquarie Park. Supporting projects include ferry wharf upgrades for Mosman, and improved walking and cycling connections.

## **Regional Transport Plans**

Regional transport plans were released during 2013-14. They cover all of regional NSW and provide a strategic direction for delivering transport infrastructure and services in the regions over the next 20 years.

The plans support economic growth, address expected population changes and respond to transport priorities highlighted by local communities.

The 10 Regional transport plans are:

*The Central Coast Regional Transport Plan* considers the expected population changes and effects of major developments in Warnervale, Tuggerah and Gosford. Actions include investing in the urban road network to address capacity constraints that affect reliability, travel times and public transport networks. The plan identifies opportunities for reducing travel times by investing in road upgrades and integrating rail and bus service timetables.

*The Central West Regional Transport Plan* recognises its ageing population and the need to improve connections between the region's four major towns – Orange, Dubbo, Bathurst and Lithgow – by investing in roads, realigning NSW TrainLink rail and coach timetables and supporting continuing access for regional flights to Sydney Airport.

*The Hunter Regional Transport Plan* recognises the diversity of the region and its sustained population growth. It considers the need to address pinch points on the road network, improve transport services in towns and improve the integration of community transport services into the passenger transport system.

*The Illawarra Regional Transport Plan* identifies short, medium and long term actions to deliver transport and infrastructure projects that will serve the Illawarra Region. It will ensure transport and roads networks connect residents with jobs, healthcare, education options and town centres.

*The Mid North Coast Regional Transport Plan* recognises the transport needs of the expected ageing population, including the need to improve accessibility by improving regional bus services, investigating flexible or demand-responsive transport and ensuring adequate community transport services are provided.

*The Murray and Murrumbidgee Regional Transport Plan* recognises significant social, employment and education links between the region and Victoria and South Australia. It considers the need to improve cross border connectivity by working closely with the Victorian and South Australian Governments.

*The New England North West Regional Transport Plan* responds to the transport challenges of an ageing population and dispersed communities. It considers the need to improve connections between outlying towns and villages and the major centres of Armidale and Tamworth by investing in roads, improving road safety, assuring adequate community transport services and supporting continuing access for regional flights to Sydney Airport.

*The Northern Rivers Regional Plan* responds to significant social, employment and education links between the region and South East Queensland. It considers the need to improve cross border connectivity by working closely with the Queensland Government on cross-border bus services, coordinating fares and ticketing, taxi regulation, access to Gold Coast Airport and integrated transport, land use and planning strategies.

*The Southern Regional Transport Plan* recognises steady population growth in the Southern region, and the increasing population of people aged 65 and over who will need to access services in larger regional centres.

*The Western Regional Transport Plan* considers the importance of planning for a low density region where an ageing population has to travel long distances to access services and facilities.

## **NSW Freight and Ports Strategy**

The first NSW Freight and Ports Strategy was released in December 2013.

It contains 17 deliverables in three action areas:

- enhancing end-to-end supply chain network efficiency through optimal operations and effective policy and regulation
- optimising network capacity by maximising existing assets and developing a new strategic infrastructure program
- achieving network sustainability by minimising impacts on communities and working to complement urban growth strategies.

TfNSW continued to work closely with producers, transport operators and industry representatives across urban and regional NSW to ensure their needs are considered and the Freight and Ports Strategy is implemented effectively.

A Project Management Office has been established to deliver the strategy's program of works. An independent audit to confirm progress delivering the Freight and Ports Strategy found a robust project management system was in place.

## **Capital Budget Planning**

A budget was prepared for the NSW Government that will see a \$7.1 billion capital budget in 2014-15 for the Transport cluster. This includes:

- a record \$3.7 billion capital budget for Roads and Maritime Services
- a record \$616 million for roads capital maintenance
- reserving Restart NSW funds for Regional Freight Pinch Point and Safety Program, which funds improvement works on road and rail freight corridors to some of the impediments experienced in the first and last miles of the freight effort.

## **Portfolio management system**

A portfolio management system was developed and implemented to manage the large, complex TfNSW 10 year capital portfolio of \$63 billion. It will provide functionality to efficiently model data and generate alternative investment plan scenarios as well as aligning portfolio monthly reporting to relevant investment plans. Benefits will include increased efficiency, accuracy, better integration and improved collaboration across teams.

## **Port of Newcastle transaction**

The 98-year lease by the NSW Government to Port of Newcastle Investments commenced in June 2014. It delivered gross proceeds to New South Wales of \$1.75 billion.

Throughout the transaction, TfNSW provided NSW Treasury with expert advice on the Port of Newcastle and on arrangements for critical port functions such as safety and marine pollution response.

The lease proceeds will help the NSW Government to revitalise the Newcastle CBD. Another \$1.2 billion will be invested in the Restart NSW fund to improve infrastructure across the State.

The lease will also provide significant opportunities for the Port. These include greater access to capital to support its development, and specialist infrastructure expertise.

While the Port will be managed by Port of Newcastle Investments, the NSW Government will continue to oversee critical maritime safety and security functions, including emergency response, Harbour Master, Port Safety Operating Licence and pilotage.

## **Providing essential access for regional NSW**

A Newell Highway Corridor Strategy developed with Roads and Maritime Services details a series of safety, asset and traffic solutions to meet the current and future challenges along the highway.

## **Corridor reservation**

TfNSW began the process of reserving corridors for future transport investments. These include the South West Rail Link extension, the Outer Sydney Orbital (motorway and freight rail) and the Bells Line of Road (eastern section) road connection to Sydney's motorway network.

## **Delivering the major rail program**

TfNSW continued its involvement in strategic planning for the Sydney Rapid Transit network. This includes a second Sydney Harbour rail crossing and extending the North West Rail Link through the CBD and to Bankstown.

The Sydney Rapid Transit network will deliver three new CBD underground stations, 60 per cent more trains in the peak, capacity for an extra 100,000 customers per hour and a train every two minutes through the city on the new line.

## **Cowra Lines request for tender**

In March 2014, TfNSW released a request for tender for the private sector to fully fund and manage the risk of restoring, operating and maintaining the currently suspended Blayney to Demondrille and Koorawatha to Greenethorpe rail lines.

This followed a Registration of Interest in late 2013 that identified market interest in restoring and operating the lines, known collectively as the Cowra Lines.

Tenders closed on 25 July 2014. They will be evaluated in the second half of 2014.

## **Cargo Movement Coordination Centre**

The TfNSW Cargo Movement Coordinator commenced in January 2014. Its purpose is to coordinate and plan the activities of public and private participants in the cargo transport chain to meet demand growth and minimise overall supply chain costs.

A former Sydney Ports Corporation team was transferred to TfNSW to become part of its Cargo Movement Coordination Centre (CMCC). The team's primary task is to monitor and report on the efficient road and rail performance at Port Botany. An initial goal of the CMCC is to deliver greater modal shift from road to rail for containers arriving at and departing from Port Botany.

A detailed strategy addressing capacity and constraints at Port Kembla was developed in May 2014. Resulting actions are expected to deliver numerous operational efficiencies to the NSW supply chain from 2014-15.

The CMCC is being further enhanced to identify and deliver efficiency, capacity and capability solutions within NSW freight corridors. It will work in regional NSW and with freight industry stakeholders to understand and address current and potential inefficiencies in freight networks and modes.

## **Maldon to Dombarton Rail Link**

In June 2014, TfNSW completed planning and detailed design work of the Maldon to Dombarton Rail Link, a partially constructed freight rail line between Maldon in the Southern Highlands and Dombarton near Port Kembla.

The NSW Government partially constructed the line during the 1980s but work was suspended in 1988 due to poor economic conditions. Completing the project would involve laying 35 km of standard gauge track to directly connect Port Kembla to the Main South Line near Picton.

A 2010-11 feasibility study on completing the link resulted in a \$25.5 million Federal Government contribution to TfNSW in August 2012 to prepare detailed designs for its future construction.



The planning approval process is to be completed and the Review of Environmental Factors is to be publicly displayed, but the Maldon to Dombarton Rail Link is now ready for construction. The project will be considered for funding when traffic growth on the rail network makes it necessary to meet the long-term rail capacity requirements to the Illawarra.

### **Strategic Noise Action Plan**

TfNSW's Strategic Noise Action Plan identifies, investigates, and where possible, resolves community freight rail noise issues. Its objectives are reducing existing rail noise and ensuring that noise impacts of future rail developments are minimised. The beneficiaries are those who live near freight rail corridors across NSW.

In 2013-14 the Strategic Noise Action Plan has:

- delivered Phase 1 of a proof of concept project for curve lubrication, with electronic lubricators installed at Cowan, Beecroft, Koolewong and Tascott/Point Clare
- worked with operators on locomotive and wagon performance
- worked with operators on rolling stock standards and wagon maintenance
- investigated locomotive noise and developed strategies to mitigate it across the network
- worked with the Environment Protection Authority on new approaches to environmental regulation of the rail sector.

### **Grain Harvest Management Scheme**

A trial Grain Harvest Management Scheme was introduced in 57 local government areas for the 2013-14 NSW summer harvest season. This was to help farmers move grain from paddock to aggregation sites on the rail network more efficiently.

Under the trial, eligible vehicles transporting grain during the harvest were given five per cent flexibility on general mass limits. TfNSW developed the scheme following extensive consultation with local councils and the grain industry.

It has reviewed the 2013-14 scheme's effectiveness to recommend how it could be further developed for future harvest seasons. These recommendations will be released in early 2014-15.

### **Moorebank intermodal terminal**

TfNSW continued to chair the inter-departmental Moorebank Precinct Steering Committee. It oversees progress of Australian Government and private sector proposals for an intermodal freight facility at Moorebank in South West Sydney.

In December 2013, the Australian Government called for expressions of interest to develop and operate the Moorebank intermodal terminal. These were evaluated by the Moorebank Intermodal Company, an Australian Government business enterprise.

The company announced in May 2014 it would begin negotiating with Sydney Intermodal Terminal Alliance for up to six months to determine whether suitable terms to develop and operate the terminal could be agreed.

The development of a Moorebank intermodal terminal supports the NSW Government's NSW 2021 target of doubling the proportion of container freight movement by rail through NSW ports by 2020.

The Moorebank Intermodal Company expects the Moorebank facility to be operating by early 2018.

### **Attracting more freight to rail**

In 2013-14 Transport for NSW identified freight markets for which rail offers advantages and assessed capacity constraints on the network. It is working with business and local government to assist in developing intermodal freight terminals that would attract more freight to rail and improve logistic chain efficiencies.

An example is a recently completed, privately funded intermodal terminal at Wumbulgal between Griffith and Leeton in the Riverina.

TfNSW is looking at other sites in the Riverina including Yenda, Leeton, Widgelli, and Tharbogang for more opportunities to draw more freight onto rail. It is also working closely with local government in the New England and Canberra areas investigating similar opportunities to revive rail freight operations in these regions.

### **Collaborative Rail Research**

The Cooperative Research Centre for Rail Innovation was wound up on 30 June 2014 after conducting most Australian and New Zealand rail research over the past seven years.

The Australasian Centre for Rail Innovation has been established by the rail industry and governments to maintain a collaborative approach to rail research. It will undertake or facilitate research and strategic analysis to solve issues raised by the rail industry or other entities with a commercial or public policy interest in the rail sector.

TfNSW has committed support for three years as a research participant.

### **Review of subsidy and concession schemes' administration**

In 2013-14 TfNSW continued the review it started in 2012-13 of the administration of subsidy and concession schemes it provides to eligible school and tertiary students and people with a disability. It identified more improvements, such as extending planned improvements to seniors, pensioners and job-seekers. Simpler processes will make it easier and quicker for customers to find out about and apply for travel concessions and subsidies. The improvements are being implemented in 2014-15.

### **Planning an accessible transport system**

The Accessible Transport Advisory Committee, representing disability and ageing organisations, participated in planning the North West Rail Link and the Inner West Light Rail Extension, to ensure that access to transport infrastructure and services was consistent with standards and responsive to community expectations.

### **Maritime Advisory Council**

The NSW Maritime Advisory Council helped design and deliver TfNSW's lifejacket awareness campaign, regional boating plans and planning and property reforms.

## **Moorings Review**

TfNSW released a Moorings Review issues paper for public comment in March 2014.

It examines existing policy and regulations frameworks, and seeks to improve consistency, minimise administrative burden and assess options to increase moorings capacity. The review will also modernise existing mooring regulations.

## **New boating infrastructure program**

TfNSW has developed a new boating infrastructure program that will fund projects identified by Regional Boating Plans being developed in each of the 11 major NSW boating regions.

Advance priority projects have been announced:

- \$1 million Coffs Harbour boat ramp upgrade
- \$1.5 million Palm Beach ferry wharf upgrade
- \$5 million for boating and fishing infrastructure in Botany Bay
- \$10 million for a safer Port of Eden anchorage.

Final Regional Boating Plans, including funding commitments, will be released by the end of 2014.

## **Wharf Access Policy**

A new Sydney Harbour Wharf Access Policy was released in April 2014. It allows commercial vessels to use commuter wharves on Sydney Harbour that are currently only used by Sydney Ferries services.

In June 2014, a tender called for a new Manly to Circular Quay high speed ferry service. The new contract will begin in early 2015.

## **Sydney Harbour Boat Storage Strategy**

A Sydney Harbour Boat Storage Strategy was released in February 2014. It proposes boat storage growth targets to allow government and industry to plan for the best mix of boating facilities to meet expected growth in recreational vessels.

TfNSW will provide funding to metropolitan councils to establish dedicated off-street boat trailer parking facilities. It will work with councils and other stakeholders to assist with boat storage projects.

## **Implementing National Transport Reforms**

The Transport and Infrastructure Council brings together Commonwealth and State Ministers with responsibility for transport and infrastructure. It also includes the Australian Local Government Association.

The main issues on the national transport agenda in TfNSW were:

- overseeing implementation of national transport safety regulators for rail, heavy vehicles and marine vessels
- improving the planning, prioritising, funding and delivery of infrastructure
- heavy vehicle charging and investment reform.

TfNSW consulted extensively with key stakeholders on NSW's policy positions on the national reform agenda.

### **National Heavy Vehicle Charging and Investment**

TfNSW is investigating heavy vehicle investment and access reforms. The aim is to better assess the condition of roads, implement systems to accurately collect and analyse road usage data and improve industry access to information on heavy vehicle road expenditure.

This is to improve the transparency of information provided to the heavy vehicle industry on road conditions and service standards. They will also enable industry to be more closely consulted in decision making and to support more commercial approaches to heavy vehicle charging.

### **Environmental and Sustainability Implementation Plan**

In 2013-14 TfNSW implemented a Transport Environment and Sustainability Implementation Plan. It coordinates environment and sustainability activity across the Transport cluster to ensure effort is aligned, and environmental performance is monitored and understood.

## **2.2 Maintaining transport assets**

Transport for NSW is responsible for managing transport infrastructure and assets valued at more than \$106 billion.

This makes it one of the largest asset holders in Australia, a role that requires it to protect and preserve these facilities so they continue to serve the community.

Maintaining current assets is TfNSW's first priority for the allocation of resources. Assets require ongoing maintenance because of the inevitable wear and tear that occurs when they are used, and because they are the critical foundations for delivering services.

Safe and reliable assets enable TfNSW to deliver quality transport services for its customers, contributing to a better way of life and more economic opportunities in NSW.

TfNSW's focus is on understanding its current assets, their current condition and future service and operational demands. It will improve the way that it manages its assets right across the Transport cluster.

By assessing roads and railways, and the vehicles, vessels and rolling stock that TfNSW operates, from a customer's perspective and with a whole-of-transport approach, it is able to prioritise investment and ensure that the transport system performs at an optimum level.

TfNSW will work to improve the way it plans and delivers its maintenance programs and projects to provide value for money for the community, while ensuring that its services are operating reliably and safely for its customers.

### **Transport Asset Maintenance Strategy**

TfNSW developed an Asset Maintenance Strategy that defines five year objectives and targets for each of the modes across the Transport cluster. This is to deliver long-term, sustainable maintenance of assets used in providing transport services.

## **10 year Transport Total Asset Management Plan**

A 10 year, \$63 billion capital plan was developed in collaboration with agencies and divisions. It included:

- asset maintenance
- services and operations
- growth and improvement.

External funding obtained was \$11.7 billion from the Australian Government and \$2.2 billion from the NSW Government's Restart NSW program.

TfNSW prepared a whole of transport 10 years Asset Maintenance Plan that includes:

- a \$106 billion transport asset base
- a \$35 billion maintenance program (capital and recurrent)
- a recommended increase in road maintenance (\$428 million) to manage service risks and backlog (bridges and pavements).

TfNSW also assisted in developing modal asset maintenance plan submissions across the Transport cluster.

## **Protecting transport heritage**

An independent review of management of NSW's transport heritage was released in May 2013.

In 2013-14 TfNSW delivered on recommendations including:

- establishing a new non-government entity, Transport Heritage NSW, to lead rail heritage in the State and operate NSW rail heritage services and facilities
- finalising a funding deed with Transport Heritage NSW
- developing a policy to provide eligibility criteria for NSW Government subsidies to the rail heritage sector and establish a new grants and funding program.

## **Maintaining the Country Regional Network**

TfNSW has a 10 year contract with John Holland Rail to operate and maintain the Country Regional Network.

The NSW Country Regional Network comprises 2386 km of operational rail lines and 3126 km of non-operational lines. It supports, in addition to passenger services, customers transporting coal, grain, cotton, minerals and containerised freight to domestic and export markets. Over 2.59 billion gross tonne kilometres were recorded over the network during the year.

The NSW Government funds most of the costs of operating and maintaining the network, with \$201 million spent in 2013-14. This is made up of capital and recurrent allocations, supplemented by access fees of about \$10.5 million and other network derived revenue.

In 2013-14 work on the freight and passenger lines included:

- replacing 124,300 timber sleepers with modern steel sleepers
- laying 61,000 tonnes of crushed metal ballast

- resurfacing 560 km of track
- replacing or upgrading 14 rail bridges and culverts.

Work on grain lines included:

- replacing 137,200 timber sleepers with steel sleepers
- laying 68,000 tonnes of ballast
- resurfacing 401 km of track
- replacing or upgrading 13 rail bridges and culverts
- completing the pre-stressing and welding of 54 km of track.

In 2013-14, TfNSW, through its contractor John Holland Rail, completed upgrading the 133 years old wrought iron rail bridge over the Macquarie River at Wellington. This has enabled speed restrictions to be removed, improved reliability and ensured the bridge will support freight and passenger services to the Western Region well into the future.

The Country Regional Network achieved an excellent safety scorecard, with contractor John Holland Rail achieving a Lost Time Injury Frequency Rate of 2.98. Other measures meeting or favourably exceeding targets included level crossing accidents and near misses and passenger train delays. The results reflect a progressive improvement in asset condition and continued focus on operational safety.

### **Lidcombe to Granville rail corridor upgrade program**

The Lidcombe to Granville Corridor Upgrade Program is upgrading rail infrastructure in the Lidcombe to Granville rail corridor, one of the busiest in the Sydney metropolitan network.

It will support increased growth in rail patronage and the safe running of the new generation Waratah trains. It will also improve network reliability and capacity and provide more efficient and reliable maintenance and stabling facilities access.

Two projects proceeded in 2013-14.

In the Auburn Junction project redundant track was removed, existing track upgraded, overhead wiring infrastructure replaced and track drainage upgraded. The project is expected to be completed later in 2014.

The Clyde Junction project involves signalling infrastructure upgrades, combined services route installation, renewal of turnouts and a new turnout. A turnout is a mechanical device in the track which enables trains to be guided from one track to another, such as at a junction. The project was in development in 2013-14 with construction expected to commence later in 2014.

The Lidcombe to Granville corridor upgrade program, expected to be completed in 2017, includes upgrades from timber to concrete sleepers, upgrading of signalling, upgrading communications and control systems and new high voltage works to support new signalling.

### **Circular Quay Wharf Refresh Program**

Circular Quay wharves 2, 3, 4 and 5 were refreshed at a cost of \$3 million. This improved asset value and serviceability for ferry operators and amenity and safety for customers.



## **Dredging**

During 2013-14, \$2.5 million was provided to dredge Swansea Channel to deliver a stable channel for boaters.

## **2.3 Improving transport services and operations**

TfNSW is committed to improving services and operations by making the best use of the existing transport system, and tailoring its services to the needs of its customers.

Priorities include encouraging more people to use public transport by increasing the reliability and frequency of services, enhancing the quality and availability of travel information, providing integrated ticketing across modes and improving the cleanliness, comfort and ease of access.

TfNSW will also focus on supporting the productive movement of freight within and through NSW and ensuring that all modes of transport work together to enable seamless journeys for its customers.

TfNSW values the safety of its customers. In NSW there is a high standard of safety in transport, but there is always more that can be done to provide a safer transport experience. TfNSW will continue to maximise the safety and security of its whole transport system by upgrading dangerous sections of regional and metropolitan roads, implementing new enforcement programs, rewarding good drivers, better training young drivers and encouraging safer travel behaviour on roads, waterways and public transport.

TfNSW will also safeguard the environment from the impact of transport, including: encouraging cleaner vehicles and vessels; working with industry to reduce the incidence and impact of noise, emissions and spills; working with local communities to protect natural and cultural heritage; and encouraging the use of sustainable transport modes such as walking and cycling.

### **Opal card rollout**

TfNSW continued rolling out the new integrated electronic ticketing system that customers access by using an Opal card. It is being introduced progressively across ferry, train, bus and light rail services.

By 30 August 2013, Opal was available on all Sydney Ferries services, following customer trials on the Neutral Bay and the Manly ferry routes.

The Opal rollout started on trains in June 2013 and was completed across the Sydney Trains network and NSW TrainLink Intercity stations ahead of schedule on 11 April 2014.

On 30 September 2013 the customer trials on buses started, again ahead of schedule. Since then, the customer trial has continued to become progressively available across buses. It is expected to be accessible on all buses by the end of 2014.

Opal cards are expected to be accepted for light rail travel in 2015.

Customer uptake of Opal steadily increased over 2013-14. By 30 June 2014 more than 340,000 Opal cards had been issued and customers had used them to make approximately 20 million journeys.

The adult Opal card was introduced first, followed in April 2014 by the child/youth Opal card. A Gold Senior/Pensioner Opal card will be released later in 2014. An Opal Concession card will be released later.

In May 2014 it was announced that 14 paper ticket types would be retired from 1 September 2014. They include yearly MyTrain, MyMulti and Light Rail tickets. Retiring paper tickets allows TfNSW to continue modernising the transport network. More than 20 other paper ticket types will still exist after 1 September.

As the Opal card service became more accessible to the majority of commuters, a wide-scale marketing campaign was initiated to communicate with all regular, occasional and potential users of Sydney's public transport system to explain Opal's benefits and promote its acquisition and use.

### **Opal design awards**

On 12 March 2014 the Opal electronic ticketing system was named Australia's 2014 Smart Infrastructure Project of the Year at the annual Infrastructure Partnerships Australia Awards. It was its fourth major accolade.

In November 2013, the locally designed Opal card reader won a prestigious design award under the Transport category of the Sydney Design Awards. This follows winning an Australian International Design Award and the Powerhouse Museum Design Award in June 2013. The Opal card reader and design model were on display at the museum until June 2014.

Australian International Design Awards are highly regarded by business, academia and government for the important role they play in setting a benchmark for good design.

### **Merchandise at [shop.transportnsw.info](http://shop.transportnsw.info)**

On 26 March 2014 a new retail website showcasing the first collection of public transport merchandise was launched. Initial products available were Opal phone covers and wallets suitable for a variety of mobile phone models, designed to make using the Opal card easier for people on the move.

Plans are underway to expand the Transport product range. Several new collections of functional and collectable items will be launched in the second quarter of 2014-15. These specially designed, themed products will capture the part public transport has played in the city's history and showcase Sydney's public transport past and present.

### **Police Transport Command**

The Police Transport Command (PTC) has been responsible for security and combating crime on all public transport since May 2012. Officers are deployed based on risk and intelligence and provide a highly visible police presence across the network.

As at 30 June 2014, the PTC had 438 police officers and the NSW Police Force has committed to a full strength of 610 officers by December 2014. It works closely with TfNSW and transport operators to share intelligence and information.

In 2013-14, joint PTC operations with Transport Officers targeted crime, anti-social behaviour and fare evasion.

The PTC also carried out operations directed at public safety, with targeted and high-visibility policing, detecting more than 71,000 transport offences resulting in arrests, charges, cautions and infringements being issued.

## **Revenue protection**

New customer service-focused Transport Officers began providing revenue protection services across the transport network in May 2013. By October, 150 Transport Officers were in place.

Transport Officers work with the PTC to combat fare evasion. Working with the PTC for 60 operations throughout the year resulted in increased ticket sales and more fines issued.

Transport Officers checked tickets across all modes of the public transport network, to ensure customers paid the correct fares for their journeys. Transport Officers also assisted customers with questions about public transport. They can issue fines for offences, and throughout 2013-14, Transport Officers issued more than 100,000 fines worth almost \$20 million.

## **Waratah trains acquisition**

Acquisition of the Waratah train fleet was completed on 2 June 2014. The Waratahs have become the most reliable, and enjoy the highest customer satisfaction rating, of all Sydney trains.

The Waratah fleet makes up about half of Sydney's current suburban train fleet. The NSW Government's Rolling Stock Public Private Partnership contract between RailCorp and Reliance Rail was established in 2006 to build and maintain 626 new Waratah carriages.

The \$3.6 billion project delivered:

- 78 eight car sets (626 carriages)
- a new maintenance facility at Auburn
- four crew training simulators at the Petersham Learning and Development Centre
- through-life support for the Waratah fleet for 30 years of operations, with an option for two five year extensions.

Waratah trains operate on Sydney Trains' Airport and East Hills, South, Northern, Eastern Suburbs and Illawarra, Cumberland, Carlingford, Bankstown, Inner West, Olympic Park, Western and North Shore lines.

## **Intercity Fleet Program**

In its strategic documents, the NSW Long Term Transport Master Plan and Sydney's Rail Future the NSW Government identified the need to upgrade the train fleet to enhance rail passenger services.

It announced in May 2014 an investment of \$2.8 billion to procure new trains to operate in the intercity and outer suburban areas, linking Newcastle and the Hunter, South Coast, the Blue Mountains and the Sydney central business district.

The 65 new trains will come into service progressively, with the first delivered by 2019.

TfNSW has consulted with industry, particularly manufacturers, regarding the procurement of the new trains. This will help it to prepare a tender for rolling stock supply and maintenance that will be released later in 2014.

Customer feedback has informed fleet requirements and further customer workshops will help identify features to make the new fleet an attractive transport option.

## **Tangara technology upgrade program**

The Tangara upgrade program is to improve the reliability and availability of the fleet and extend its life. It will be delivered in two phases. Phase 1 includes overhauling of air conditioning units and windscreen wiper units; and purchasing spare parts.

At the end of June 2014, 495 air conditioning units had been upgraded and 447 windscreen wiper units installed. This covers more than half of the Tangara fleet.

Phase 2 will include the replacement of key systems including passenger side doors, train operating systems and drivers' desks. A contract for delivery of phase 2 will be awarded in later 2014.

## **New integrated public transport timetable**

A new integrated and aligned timetable was introduced across the public transport system in October 2013.

The new train timetables include more than 1000 additional services across the network each week, with:

- more than 600 new express services across the network each week
- 230 extra peak services to and from the city each week
- more than 20,000 extra seats to the city every weekday morning peak
- 180 extra services between Redfern and the City Circle each week to cater for students and short CBD trips
- more than 690 extra services for Western Sydney each week
- reduced journey times for customers travelling longer distances, including many intercity services
- 145 extra services between Sydney Airport and the City every week
- improved frequency and connections for major hubs such as Parramatta, Chatswood and Macquarie Park.

The new bus timetables include more than 1700 extra bus services a week, including 800 in the peaks with:

- more than 1200 extra weekly bus services for Western Sydney
- 40 for Campbelltown
- 429 for the Inner West
- 119 for the North Shore and Northern Suburbs
- 30 for Newcastle
- 30 for the Illawarra
- six new bus routes benefiting Blacktown, Penrith, Fairfield, Burwood and Dulwich Hill
- changes to timetables to align with the new train and ferry timetables.

The new ferry timetable includes:

- 55 extra weekly ferry services, including routes with new consistent stopping patterns and longer hours of operation to better meet demand
- more frequent ferry services to cater for demand at Abbotsford, Cabarita, Balmain, Darling Harbour, Cremorne Point, Mosman Bay, Double Bay and Rose Bay and faster trips for many on the Parramatta River
- extra ferry services stopping along the Parramatta River, with even more services provided on Sunday when demand is at its highest.

### Improving real time information

Growth in public transport customers' use and take up of real-time apps continued with more than 40 million requests for timetable data each month. More than two million apps were downloaded in 2013-14.

	2011-12	2012-13	2013-14
<b>Transport Info 131500 requests for public transport information</b>			
<b>131500 website sessions</b>	31,213,771	33,110,249	33,516,339
<b>Mobile website sessions<sup>(1)</sup></b>	233,455	141,169	3,699,489
<b>iPhone and Android app usage (Transport Info App)</b>	3,872,138	11,641,394	16,106,736~
<b>IVR<sup>(2)</sup> calls resolved for public transport information</b>	772,664	681,130	676,548
<b>Calls to call centre</b>	1,280,186	1,248,006	1,424,260
<b>Total</b>	37,372,214	46,821,948	55,423,372
<b>Transport Info 131500 Feedback</b>			
<b>Feedback emails</b>	31,451	35,309	55,071
<b>Feedback calls to call centre</b>	96,059	97,659	136,640
<b>Total</b>	127,510	132,968	191,711

**Table 1 Table showing the number of Transport Info 131500 requests for public transport information and the Transport 131500 feedback between 2011 and 2014**

(1) A new app was launched in December 2013 with an auto detect function. It automatically redirected customers using mobile devices to the new mobile transportsw.info website. Traffic was around 500,000 sessions per month

(2) Interactive Voice Response

### Journey planning website and social media

Improvements were made to TfNSW's journey planning site, transportsw.info. Enhancements were made to the trip planning functions and to feedback forms for customers, with fixes made for a number of defects. A new mobile transportsw.info website makes it easier for customers to plan their trip on the move.

TfNSW expanded its social media presence with Twitter services for Sydney Trains and NSW TrainLink. New Facebook pages for the CBD and South East Light Rail project and the North

West Rail Link were set up to better engage with the community.

In the first six months since launching Sydney transport apps, there were 22 million requests for real time data each month. Customers are now making around 40 million requests for travel information a month.

Transport for NSW has six real time apps on the App Store or Google Play: TripGo, Triptastic, TripView, Arrivo Sydney, TransitTimes+ and Jaunt! Sydney. The doubling of real time app use is supported by strong visitor numbers to the new transport website, transportnsw.info.

### **Customer Complaints and Feedback**

TfNSW uses complaints and feedback as a valuable source of information to drive improvements to customer service. A Transport cluster wide standard for managing customer feedback and complaints has been implemented that complies with the NSW Ombudsman's best practice guidelines.

## **Public transport performance**

### **Rail**

#### **New Sydney Trains and NSW Trains Rail Services Contracts**

On 1 July 2013 new contracts commenced between TfNSW and the two new and separate rail service entities, Sydney Trains and NSW Trains.

The forming of Sydney Trains and NSW Trains, and the new Rail Service Contracts, allows TfNSW to focus on developing rail services that respond to the different needs and priorities of the two customer groups.

The objectives of the Rail Service Contracts include:

- ensuring the continued provision of safe, reliable rail services to the people of NSW
- furthering continuous improvement and focus on improving the customer experience, performance, efficiency and value for money
- fostering cooperation and collaboration between TfNSW, Sydney Trains, and NSW Trains for the delivery of passenger rail services to the people of NSW.

#### **Key rail achievements**

Under the new Rail Service Contracts, the key achievements of Sydney Trains and NSW Trains in 2013-14 included:

- successful delivery of the new rail timetable on 20 October 2013, the biggest timetable change in a generation
- ahead of target roll out of the Opal card across all Sydney Trains and NSW TrainLink Intercity services



- substantial rolling stock improvement projects including:
  - completed the delivery of 78 new air-conditioned Waratah passenger train sets of eight cars per train set
  - refurbishment of 64 Tangara passenger rolling stock cars completed ahead of schedule and well above the original forecast of 48 cars
  - upgrading of 112 Intercity V-set rolling stock cars completed ahead of schedule and above the original forecast of 96 cars
  - initiation of a major refurbishment of 14 Hunter train carriages
- station upgrades completed at Auburn, Campsie, Strathfield and Canley Vale stations, an upgrade of the Fairfield Transport Interchange, and the announcement of a refreshment of Town Hall Station.

**Delivery of customer initiatives including:**

- completing the rollout of uninterrupted mobile coverage in the Sydney Trains' underground network, meaning customers can stay connected with friends, family or work while travelling
- doubling of the number of quiet carriages on NSW TrainLink's Intercity services, making travel more relaxing and comfortable for customers
- the launch of the NSW TrainLink's Discovery Pass, making travel easier and better value by allowing unlimited journeys across its regional network by train or coach
- the launch of line specific Twitter handles, using social media to provide customers with real time service information about their journey.

Introducing targeted operations with the Police Transport Command and Transport Officers to improve fare compliance and reduce crime.

**Rail performance and patronage**

Prior to 1 July 2013:

- the services now known as Sydney Trains and NSW TrainLink intercity services were known as CityRail services
- the services now known as NSW TrainLink regional services, were known as CountryLink.

Table two shows performance in 2013-14 of services operated by Sydney Trains and NSW Trains under their Rail Services Contracts with TfNSW. It compares the level of service in 2013-14 with that of CityRail and CountryLink in 2012-13 for a number of key performance indicators.

Performance Indicator	2012-13	2013-14	Change from 2012-13 to 2013-14
<b>Passenger Journeys:</b>			
Sydney Trains	n/a	281,188,938	n/a
NSW TrainLink intercity	n/a	32,946,726	n/a
NSW TrainLink regional	n/a	1,805,855	n/a
Total Passenger Journeys <sup>(1)</sup>	308,071,440	315,941,519	+2.6%
<b>Customer Complaints:</b>			
Sydney Trains	n/a	29,424	n/a
NSW TrainLink Intercity	n/a	9,849	n/a
NSW TrainLink Regional	n/a	2,645	n/a
Total Customer Complaints <sup>(2)</sup>	31,177	41,918	+34.5%
<b>Customer Complaints / 100,000 Passenger Journeys:</b>			
Sydney Trains	n/a	10.5	n/a
NSW TrainLink Intercity	n/a	29.9	n/a
NSW TrainLink Regional	n/a	146.5	n/a
Overall	10.1	13.3	+31.1%
<b>Punctuality:</b>			
Sydney Trains <sup>(3)</sup>	n/a	94.1%	+0.2%
NSW TrainLink Intercity <sup>(3)</sup>	n/a	89.3%	-1.5%
NSW TrainLink Regional	n/a	73.5%	-0.2%
NSW TrainLink Coach	n/a	94.8%	+1.1%

**Table 2 performance in 2013-14 of services operated by Sydney Trains and NSW Trains under their Rail Services Contracts with TfNSW**

(1) 2012-13 revised. Total previously reported 308,051,136

(2) 2012-13 revised. Total previously reported 31,193

(3) These have not been adjusted for events outside the control of Sydney and NSW Trains which impact on train services

## **Customers**

Total rail patronage grew year-on-year by 2.6 per cent to just under 316 million passenger journeys, driven by strong growth in the Sydney area.

Sydney Trains carried over 89 per cent of all passenger journeys. NSW TrainLink Intercity services and NSW TrainLink regional services carried just over 10 per cent and 0.6 per cent of passenger journeys respectively in 2014-15.

NSW TrainLink regional services load factor (the number of occupied seats) was 43.6 per cent, slightly below target of 46 per cent for the year.

## **Reliability**

Punctuality of Sydney Trains' peak services was 94.1 per cent, which was better than the target of 92 per cent. It was a marginal improvement over the equivalent 2012-13 CityRail Metropolitan Services punctuality result of 94 per cent.

Punctuality of NSW TrainLink peak Intercity services was 89.3 per cent, which was below the target of 92 per cent. This was driven by below target performance in the afternoon peak period. Positively, all NSW TrainLink regional services performed better than the target in the morning peak period, with an overall result above target at 93.6 per cent.

Punctuality of NSW TrainLink regional services was 73.5 per cent, which was below the target of 78 per cent. This was driven by below target performance across three of its four lines. This was due to factors that included devastating bushfires in October 2013, and ongoing track condition issues that resulted in speed restrictions and increased journey times. NSW TrainLink is continuing to work closely with the Australian Rail Track Corporation, which maintains most of the track affecting NSW TrainLink regional services, to resolve issues and reduce the effects on customers.

Punctuality for NSW TrainLink regional coach services was 94.8 per cent, better than both the target of 90 per cent and the result in 2012-13 of 93.7 per cent.

## **Transport Heritage NSW**

Transport Heritage NSW (THNSW), a not-for-profit company, was established in December 2013 to manage NSW rail heritage. Its establishment was a key recommendation in the May 2013 independent review, *All Aboard! A Fresh Start for Transport Heritage in NSW*.

A Funding Deed was signed in December 2013, which forms the basis for the funding of THNSW by Transport for NSW until June 2019. The Funding Deed includes the establishment of an Independent Funding and Advisory Panel to review and recommend funding priorities, annual heritage works plans and provide independent advice on heritage matters.

An interim Custody Management Agreement (CMA) will be put in place from 1 July 2014, pending finalisation of the Master CMA later in 2014. This will set out THNSW's rights of custody over, and obligations for, the care, maintenance and management of NSW rail heritage assets.

# Buses

## Bus service performance and patronage

TfNSW manages the level and quality of bus services provided through contracts with bus operators.

In 2013-14 there were 15 contract regions in the Sydney metropolitan area and 10 regions in outer-metropolitan areas (Newcastle, Wollongong, Central Coast, Blue Mountains, Lower Hunter). The Government-owned bus operator, State Transit Authority (STA), is contracted to provide services in four of the Sydney regions and one of the outer-metropolitan regions. The remainder are provided by privately-owned bus operators.

Table three compares the level of service in 2013-14 with that in 2012-13 for a number of key performance indicators.

Performance Indicator	2012-13			2013-14			Change from 2012-13 to 2013-14		
	Private Bus Operators	STA	Total	Private Bus Operators	STA	Total	Private Bus Operators	STA	Total
<b>Metropolitan Bus System Contracts</b>									
Passenger Boardings <sup>(1)</sup>	50,574,739	154,027,723	<b>204,602,462</b>	54,057,967	154,753,764	<b>208,811,731</b>	6.9%	0.5%	<b>2.1%</b>
Complaints	10,692	26,287	<b>36,979</b>	16,805	34,142	<b>50,947</b>	57.2%	29.9%	<b>37.8%</b>
Complaints / 100,000 Boardings <sup>(1)</sup>	21.1	17.1	<b>18.1</b>	31.1	22.1	<b>24.4</b>	47.0%	29.3%	<b>35.0%</b>
Scheduled Bus Trips <sup>(2)</sup>	3,556,271	4,803,458	<b>8,359,729</b>	3,846,401	4,826,728	<b>8,673,129</b>	8.2%	0.5%	<b>3.7%</b>
Number of Accessible Bus Trips	2,059,872	2,462,552	<b>4,522,424</b>	2,575,584	3,440,095	<b>6,015,679</b>	25.0%	39.7%	<b>33.0%</b>
Percentage of Accessible Bus Trips <sup>(2)</sup>	57.9%	51.3%	<b>54.1%</b>	67.0%	71.3%	<b>69.4%</b>	15.6%	39.0%	<b>28.2%</b>
Passenger Boardings / Scheduled Bus Trip <sup>(1)</sup>	14.2	32.1	<b>24.5</b>	14.1	32.1	<b>24.1</b>	-1.2%	0.0%	<b>-1.6%</b>
On-time running <sup>(3)</sup>	94.8%	90.3%	<b>92.2%</b>	96.6%	91.8%	<b>93.9%</b>	+1.8%	+1.5%	<b>+1.7%</b>

Performance Indicator	2012-13			2013-14			Change from 2012-13 to 2013-14		
	Private Bus Operators	STA	Total	Private Bus Operators	STA	Total	Private Bus Operators	STA	Total
<b>Outer Metropolitan Bus System Contracts</b>									
Passenger Boardings <sup>(1)</sup>	10,801,035	4,748,555	<b>15,549,590</b>	10,630,846	4,526,333	<b>15,157,179</b>	-1.6%	-4.7%	<b>-2.5%</b>
Complaints	2,741	1,607	<b>4,348</b>	3,351	1,638	<b>4,989</b>	22.3%	1.9%	<b>14.7%</b>
Complaints / 100,000 Boardings	25.4	33.8	<b>28.0</b>	31.5	36.2	<b>32.9</b>	24.2%	6.9%	<b>17.7%</b>
Scheduled Bus Trips	1,108,714	277,236	<b>1,385,950</b>	1,126,634	268,427	<b>1,395,061</b>	1.6%	-3.2%	<b>0.7%</b>
Number of Accessible Bus Trips <sup>(4)</sup>	664,502	178,218	<b>842,720</b>	752,043	191,284	<b>943,327</b>	13.2%	7.3%	<b>11.9%</b>
Percentage of Accessible Bus Trips	59.9%	64.3%	<b>60.8%</b>	66.8%	71.3%	<b>67.6%</b>	11.4%	10.9%	<b>11.2%</b>
Passenger Boardings / Scheduled Bus Trip <sup>(1)</sup>	9.7	17.1	<b>11.2</b>	9.4	16.9	<b>10.9</b>	-3.1%	-1.6%	<b>-3.2%</b>

**Table 3 Performance of bus services under Sydney Metropolitan and Outer Metropolitan contracts**

(1) Excludes boardings by children under the School Student Transport Scheme. 2012-13 figures adjusted to exclude free shuttle bus routes. From December 2013, STA and Private Bus Operator (PBO) figures include estimates of boardings on Opal enabled buses.

(2) 2012-13 PBO figure revised from 3,580,366, total revised from 8,383,794.

(3) Measured by sample survey at commencement of bus trip. 2012-13 PBO percentage revised from 94.7%. Total revised from 92.1%.

(4) 2012-13 PBO figure revised from 664,442, Total revised from 842,660.



The data in **Table 3** indicates that there was both an increase in the number of bus services provided and an increase in customer usage.

Key points to note are:

- the number of passenger boardings on Metropolitan Bus Services (private and STA) increased by more than 4.2 million from 2012-13 to 2013-14
- passenger boardings across the regions operated by private bus operators increased by 6.9 per cent from 2012-13 to 2013-14. The corresponding increase in STA passenger boardings was 0.47 per cent, which was indicative of the more established nature of the regions in which STA operates
- the number of bus trips provided increased by 313,400 from 2012-13 to 2013-14, or 3.7 per cent
- the number of scheduled bus trips that were wheelchair accessible increased by more than 1.4 million, representing a significant increase of 33 per cent.

In the Sydney Metropolitan Area there was a distinct improvement in on-time running to 93.9 per cent. However, this was below the target of 95 per cent. Work will continue to improve on-time running.

### **State Transit Authority reforms**

STA commenced four new five year contracts with TfNSW from 1 July 2013. They are consistent with those awarded to private bus operators. The contracts include performance targets and pricing mechanisms to support achievement of the reform program.

The five year contract duration will assist in implementing the STA Reform Program prior to the next contract procurement.

The contracts based on the new standard Sydney Metropolitan Bus Service Contracts include:

- a comprehensive performance management regime, with key performance indicators focused on customer service and safe operation of services
- comprehensive reporting
- payments based on patronage, and retention of charter and advertising revenue
- new Sydney Metropolitan Bus Service Contracts.

In May 2012 it was announced that private bus operators would be required to competitively tender for \$1 billion of contracts to deliver bus services in the Sydney metropolitan area. The successful tenderers in the first round were announced in November 2012.

In August 2013, the NSW Government announced that four new Sydney Metropolitan Bus Service Contracts had been awarded in a second round of tenders. The contracts in the second tender round were awarded to Ingleburn Bus Services, Hillsbus Co Pty Ltd, Punchbowl Bus Company Pty Ltd and Neville's Bus Services.

The contracts are for five years, with a three year right of renewal subject to meeting performance standards.

The new contracts commenced progressively between 1 January 2013 and 1 August 2014, as follows:

Region	Area	New Contract Holder	New contract start date
1	Penrith, Mt Druitt, St Marys, Richmond and Windsor region	Busways Blacktown	6/10/2013
2	Liverpool, Glenfield, Ingleburn, Bringelly and Hoxton Park region	Ingleburn Bus Services (trading as Interline)	1/06/2014
3	Liverpool, Fairfield and Holroyd region	Transit Systems	13/10/2013
4	Blacktown, Rouse Hill, Castle Hill, Dural and Parramatta region	Hillsbus Co Pty Ltd	1/08/2014
5	Lakemba, Mortdale, Punchbowl and Roselands region	Punchbowl Bus Company Pty Ltd	1/07/2014
6	Sydney Olympic Park - Burwood - Ashfield - Leichhardt - Campsie - Rockdale	State Transit Authority of New South Wales	1/07/2013
7	North Sydney - Chatswood - Macquarie Park - Epping - Ryde - Parramatta	State Transit Authority of New South Wales	1/07/2013
8	Palm Beach - Brookvale - Manly - Mosman - North Sydney	State Transit Authority of New South Wales	1/07/2013
9	Bondi Junction - Randwick - Maroubra - Botany - Mascot - Surry Hills	State Transit Authority of New South Wales	1/07/2013
10	Hurstville - Miranda - Menai - Bankstown, Caringbah - Cronulla - Kurnell - Miranda	Transdev NSW South Pty Ltd	1/01/2013
12	Berowra, Homsby, Gordon and Chatswood region	Transdev NSW Pty Ltd	1/06/2013
13	Parramatta - Burwood - Bankstown - Liverpool	Transdev NSW South Pty Ltd	1/05/2013
14	Chatswood, Belrose, Terrey Hills and St Ives region	Forest Coach Lines Pty Ltd	1/04/2013
15	Campbelltown, Narellan and Camden region	Neville's Bus Services (trading as Busabout)	1/06/2014

**Table 4 Bus service contract holders servicing the 15 Regions**

### Outer Sydney Metropolitan Bus Service Contracts

These contracts cover areas such as the Blue Mountains, Wollongong, Newcastle, Hunter and Central Coast.

During 2013-14, contract renewals were offered to the predominantly private, incumbent bus operators for the existing contracts. The three year term renewals were subject to negotiation and a requirement that value for money was achieved.

Negotiations commenced in the second half of 2013 and were completed in early 2014. The new contracts agreed with all operators are the same performance based format as Sydney Metropolitan Bus Service Contracts.

Two contracts that were formerly joint ventures were split to offer individual arrangements to each of the joint venture partners. This created two new contracts – one in the Illawarra and the other on the Central Coast.

The new contracts will commence progressively between 1 July 2014 and 2 January 2015.

The new contracts will drive service improvements for customers in the outer metropolitan areas and support change to achieve strategic transport objectives.

### **Growth Bus Program**

Transport for NSW committed \$36.9 million in 2013-14 for 73 new buses in the Sydney metropolitan area and three new buses in outer-metropolitan areas to cater for patronage growth.

Over 3900 additional weekly bus services were introduced in the greater Sydney Metropolitan area.

Some of the growth buses were used on 10 new routes, providing more than 1800 new services per week, including 1200 weekly peak services.

All new route buses purchased by bus operators in metropolitan and outer-metropolitan areas are air-conditioned and have a low floor, stepless entry to allow easy access by the elderly, people with a disability, and passengers in wheelchairs.

### **Replacement Buses for Sydney and outer metropolitan areas**

TfNSW invested \$46.9 million in 2013-14 for 106 new buses in the Sydney metropolitan area and \$8.4 million for 19 new buses in outer metropolitan areas, to replace older buses.

### **Rural and Regional Bus Contracts**

TfNSW began a review of current bus contract arrangements in rural and regional NSW, to provide options to deliver better outcomes. Existing contracts expire progressively from 2015.

TfNSW will consult industry extensively on the contracting model and proposed plan for implementing the new contracts.

### **New school buses in rural and regional NSW**

During 2013-14, TfNSW funded the \$21.5 million purchase of 117 new school buses, to replace aged buses for use in rural and regional areas.

### **Late Night Services**

NightRide bus services were available on most Sydney suburban rail lines between midnight and 4am, seven days a week, while trains were cleaned, maintained and prepared for the next day's service.

Each year, more than 1.1 million passenger journeys are taken on about 47,000 NightRide services.

On 21 January 2014 a package of measures was announced to address alcohol-fuelled violence late at night in Sydney CBD and Kings Cross.

Since 1 February 2014, six free buses are provided each hour from Kings Cross to Central Station on Saturday, Sunday and public holiday mornings between 1am and 5am. A bus leaves Kings Cross every 10 minutes, for a total of 26 services per night to Town Hall, then Central. This includes:

- a 'Plan B Bus' (Route 300) which operates four times an hour from Kings Cross to Town Hall and on to Central
- NightRide bus Route N100 which operates twice an hour from Bondi Junction to Central Station, via Kings Cross and Town Hall. Customers boarding at Kings Cross travel for free. Customers boarding at any other stop are required to pay the NightRide fare.

Route 300 and N100 services link up with other NightRide bus services.

As part of the CBD transport measures, more security guards were placed at secure taxi ranks, and the prepaid taxi fares to CBD secure taxi ranks program was expanded.

### **Double deck bus trial**

A two-year trial of eight double deck buses, which began in August 2012, continued in 2013-14. Initially Busways operated a double deck bus along the North-West T-Way, servicing Blacktown, Castle Hill, Glenwood, Rouse Hill, Riverstone, The Ponds and Schofields. Operations were later expanded from Mt Druitt to Blacktown.

Since June 2013, Forest Coach Lines has operated two double deck buses from Terrey Hills to the city and Hillsbus has operated five double deck buses from Castle Hill to the city via the M2 Motorway.

Each double deck bus can carry up to 110 passengers, approximately twice the capacity of a standard single deck bus. They take up less road and depot space than bendy buses.

TfNSW is evaluating the performance of the buses.

### **School Bus Safety in rural and regional NSW**

In October 2012 the School Bus Safety Community Advisory Committee published its report, *Inquiry into School Bus Safety in Rural and Regional NSW*. During 2012-13, the NSW Government considered the report, which made 41 recommendations.

In July 2013 the NSW Government announced seatbelts would be installed and standing phased out for dedicated school services in rural and regional NSW over 10 years, starting in 2013-14. About 1700 buses will require seatbelts within 10 years at a cost of around \$208 million.

As at 30 June 2014, 72 of these new buses have been introduced. A further 63 seat belted buses are currently on order.

Of the Report's 41 recommendations, 12 have been completed, 21 are in progress, six were not supported and two are still being considered.

# Ferries

## Ferry performance and patronage

Harbour City Ferries (HCF) is contracted by TfNSW to provide Sydney Ferries services to Manly, on the Parramatta River and in the Inner Harbour.

In 2013-14 HCF met or exceeded all of the established benchmarks for the contracted Key Result Areas for On Time Running, Service Reliability and Reporting:

- Safety: there were three collisions and one grounding while berthing. This is an improvement on 2012-13, when there were five incidents of collisions or groundings.
- On-time running: 99.1 per cent of services ran on time, higher than the contract benchmark of 98.5 per cent
- Service reliability: 99.8 per cent, also higher than the contract benchmark of 99.5 per cent
- Reporting: HCF provided detailed reports and analysis of its operational performance every month to TfNSW in accordance with the contract requirements
- There were a record 15,977,360 passengers, up 6.9 per cent over 2012-13.

HCF received an average of 2.1 complaints per 100,000 passenger journeys. The majority related to customer service, information issues, and late or cancelled services.

Patronage in financial year 2013-14 grew 6.9%, compared to 2012-13. In October 2013, customers took around 1.4 million journeys due to the International Fleet Review, which is the biggest month of patronage in the history of ferries on Sydney Harbour

This table shows the performance of ferry services operated by HCF under contract to TfNSW.

Performance Indicator	2012-13	2013-14	Change from 2012-13 to 2013-14
Passenger Boardings	14,943,173	15,977,360	6.9%
Complaints	610	338	-44.7%
Complaints per 100,000 Boardings	4.1	2.1	-95%
Scheduled Ferry Trips	174,029	177,577	2.0%
Service Reliability <sup>(1)</sup>	99.9%	99.8%	-0.1%
Passenger Boardings / Ferry Trip	85.9	90.0	4.8%

On-time running <sup>(2)</sup>	99.1%	99.1%	no change
Significant incidents <sup>(3)</sup>	1	0	1
Collisions and groundings <sup>(4)</sup>	7	4	3
Passenger injuries <sup>(5)</sup>	2	10	8

**Table 5 Performance of ferry services operated by HCF**

(1) Scheduled ferry trips that operated after excluding service cancellations beyond the control of Harbour City Ferries (for example, extreme weather)

(2) Adjusted to allow for events outside the control of Harbour City Ferries

(3) Incidents involving loss of life, life threatening injury, injury to more than one person and/or damage that exceeds \$100,000 in value. Target= 0

(4) Max annual threshold = 15

(5) Max annual threshold = 16

## Modernising Sydney's ferry fleet

In its long term plan to ferries, *Sydney's Ferry Future*, the NSW Government announced it will modernise the ferry fleet and improve services as the network expands and the number of passengers increases.

The first stage is an investment in six new inner-Harbour and Parramatta River ferries that will start operating in late 2016. The new ferries will offer improved passenger comfort and better service reliability, operations and maintenance. They will be fuel efficient, capable of fast transit and turnaround times, will minimise environmental impacts such as noise and emissions, and be cost effective to operate and maintain. The new vessels will allow expansion of the ferry network, provision of more services, and retirement of existing vessels as they reach the end of their economic lives.

The procurement process began with more than 120 representatives from around the world attending an industry procurement briefing in Sydney in March 2014.

TfNSW's consultation with industry regarding the supply of the initial six ferries will inform preparing the procurement, delivery and contract options before tender documentation is released. The industry consultation includes production capacity and alternatives, vessel supply options, vessel equipment options and vessel financing options.

## Private ferry services across NSW

In addition to the Sydney Ferries services, TfNSW contracts several smaller private ferry operators to deliver public ferry passenger services across NSW. These operators service nine routes located in Pittwater, Clarence River, Parramatta River, Port Hacking, Hawkesbury and Central Coast. Many of these routes service islands and isolated communities. Between them, these services account for over 1 million passenger trips each year.

The Stockton Ferry in Newcastle is operated by STA and provides nearly 350,000 passenger trips each year.

# Light Rail

## New Light Rail Contract

TfNSW entered into an operations and maintenance contract with Transdev for light rail services from 1 July 2013. The contract is for two years, with an option of a 12 months extension.

The contract includes the 5.6 km Inner West Extension to Dulwich Hill, which opened in March 2014.

The Inner West Extension includes nine new stations Leichhardt North, Hawthorne, Marion, Taverners Hill, Lewisham West, Waratah Mills, Arlington, Dulwich Grove and Dulwich Hill. This brings the total number of light rail stops to 23.

The turn-up-and-go services operate every 10 minutes between Central and Dulwich Hill during peak periods. Customers can access real time information at stops through passenger information displays at stations.

The stops feature a range of new safety and accessibility features such as platform shelters and seating, emergency help points, CCTV, wayfinding signage and a level crossing between platforms.

To support the fleet renewal, four trams were leased from Spain for the Inner West Extension as an interim measure before delivery of six new light rail vehicles specifically designed for the Sydney Light Rail network.

The four leased trams entered service on 27 March 2014 and the six new trams will enter service in the second half of 2014. A further six new trams were purchased in October 2013 and will enter service during early 2015.

## Light Rail performance

On time running is not measured for Sydney Light Rail, which operates on a frequency basis. The target is for each service to run within one minute of planned service frequency.

Performance and reliability of the Light Rail network was variable during 2013-14. This was due to factors including the development, construction and opening of the Inner West Extension, a partial derailment of trams in October, and the testing and introduction of four leased and six new trams.

On 7 October 2013, two light rail vehicles partially derailed. No one was injured. Services ceased, with buses providing services until 30 October 2013. A rectification strategy developed from an independent investigation has been implemented.



Table six lists the reliability of the light rail service each month in 2013-14:

Month-Year	Reliability	Average Deviation
		Minutes: seconds
Jul-13	99.76%	0:31
Aug-13	99.82%	0:28
Sep-13	99.79%	0:27
Oct-13	55.19%	0:51
Nov-13	98.20%	1:43
Dec-13	98.54%	1:44
Jan-14	96.37%	1:14
Feb-14	94.72%	1:14
Mar-14 (Pre service extension)	110.19%	1:19
Mar-14 (Post service extension)	164.25%	
Apr-14	106.46%	0:55
May-14	103.05%	0:41
Jun-14	100.98%	0:46

**Table 6 reliability of the light rail service each month in 2013-14**

**Note:** Reliability is measured as actual number of operating hours against planned operating hours. Where reliability is above 100%, more services were operated than were planned.

## **Light Rail patronage**

Patronage in 2013-14 was 3.9m which was affected by the partial derailment of two light rail vehicles in October 2013 and essential maintenance, which required six weekend shutdowns during the year. In addition, the data reported in 2012-13 included patronage associated with the Monorail service which ceased operation on 30 June 2013.

The Inner West Extension opened at the end of March 2014 and generated more than 150,000 additional trips to the end of June 2014 which is a growth on the previous year of 17%.

## **Light Rail customer feedback**

Complaints increased in 2013-14. This was due to the disruptive events that took place on the network in October 2013. There was also customer dissatisfaction with the performance of the four leased vehicles. However, compliments in 2013-14 also increased.

Six new Urbos 3 vehicles commenced operation on the network at the start of the 14/15 financial year and have been well received by customers.

Complaint Category	2011-12	2012-13	2013-14
Light rail Operations	9	26	117
Tickets and Fare	0	8	27
Timetable and Punctuality	0	0	17
Safety and Security	0	0	17
Cleanliness	0	1	7
Graffiti	0	1	1
Vandalism*			0
Noise	6	2	27
Staff	6	9	67
Station Amenity*			13
Customer Information *			72
Inner West Extension Project*			70
Other	0	3	63
<b>Total Complaints</b>	<b>21</b>	<b>50</b>	<b>498</b>
<b>Total Compliments</b>	<b>13</b>	<b>12</b>	<b>39</b>

**Table 7 Light Rail customer feedback**

\*New category introduced in 2013-14

### **NSW Passenger Transport Legislation review**

Passenger transport legislation in NSW was modernised by a Bill introduced to the NSW Parliament on 18 June 2014.

Under the new arrangements, the taxi surcharge on card payments will be halved from 10 per cent to five per cent. The taxi booking market will be opened up by allowing customers to choose from booking methods that connect them directly with a driver.

The reforms ensure that taxi booking apps meet certain safety standards, such as guaranteeing drivers providing services hold a current Driver Authority.

### **Consolidation of NSW Road Transport legislation**

From 1 July 2013, the *Road Transport Act 2013* replaced four Acts: *Road Transport (Vehicle Registration) Act 1997*, *Road Transport (Driver Licensing) Act 1998*, *Road Transport (Safety and Traffic Management) Act 1999* and *Road Transport (General) Act 2005*.

The new legislation removed anomalies, inconsistency and a degree of complexity. There were no changes of policy and no new offences.

### **Streamline NSW Maritime Legislative Framework**

A review of the *Marine Safety Act 1998* was completed in June 2014. It identified opportunities to streamline processes, increase administrative efficiency, simplify investigation processes and achieve greater harmonisation with roads legislation.

On 2 June 2014, one of the oldest pieces of legislation in NSW, the *Navigation Act 1901*, was repealed.

Changes to the *Marine Safety Act 1998* and further consolidation of the marine legislation through the repeal of the *Maritime Services Act 1935*, the Management of Waters and Waterside Lands Regulation NSW and the Port Authority-Land Traffic Control Regulations NSW will be implemented in 2015. There will then be only two primary acts covering maritime matters in NSW, the *Marine Safety Act 1998* and the *Ports and Maritime Administration Act 1995*.

### **Road Transport Amendment (Licence Disqualification on Conviction) Bill**

Road transport legislation in regard to when a person is convicted of certain serious driving offences and the court imposes a period of imprisonment and a period of licence disqualification was amended. The period of disqualification will now not commence until the day of release from imprisonment, unless the court orders otherwise. The new provisions commenced on 1 August 2014. Previously, imprisonment and licence disqualification were served concurrently, thus the penalty of licence disqualification was of little consequence to the imprisoned person.

### **Reforms to reduce red tape for heavy vehicle operators**

TfNSW continued working with industry to introduce further reforms to reduce red tape for the heavy vehicle operations industry.

The NSW Government has introduced legislation to abolish 'same owner' stamp duty. This new stamp duty exemption will exempt transfers of heavy vehicle trailers that have been previously registered in another jurisdiction from paying duty in NSW where the trailer is registered in the same name.

### **Property and Planning Review**

Planning system reforms will substantially reduce red tape for maritime stakeholders in developments at the land/water interface.

Amendments to the State Environmental Planning Policy (Exempt and Complying Development Codes) 2008 now allow repairs, maintenance and some minor works to water-based structures to be done without development consent.

TfNSW also worked with property experts to review Roads and Maritime Services property policies and procedures. Industry comment has been sought on the draft policies.

### **Heavy Vehicle National Regulator**

The Heavy Vehicle National Law was enacted in NSW and other participating jurisdictions on 10 February 2014. In NSW, Roads and Maritime Services performs regulatory functions on behalf of the National Heavy Vehicle Regulator (NHVR) under a Service Level Agreement.

The NHVR represents a significant refinement in the regulation of heavy vehicles, a process which was previously managed individually by road agencies within each jurisdiction.

Roads and Maritime Services and NSW local councils will continue to process heavy vehicle access permits until national systems are implemented.

### **NSW Photo Cards**

A statutory review of the *Photo Card Act 2005* was completed in May 2013 following public consultation. It concluded that the Photo Card scheme meets the community's needs and that continued existence of the Act is necessary.

The Photo Card Regulation 2005 was automatically repealed on 1 September 2014. Submissions received during public consultation showed overwhelming support of a draft Regulation to replace it in substantially the same form. It will commence on 1 September 2014.

### **Red Tape Reduction**

In 2013, the Transport cluster achieved \$17 million in red tape reduction savings by streamlining business processes for its business and individual customers.

### **Taxi licensing and fares**

In September 2013, a \$2.50 fare surcharge was introduced in urban areas between 10pm and 6am on Friday and Saturday nights and the nights before public holidays. It is to encourage more taxi drivers to stay on the road during these periods.

In March 2014 TfNSW released 95 new peak availability Sydney taxi licences to improve taxi services for customers at high demand periods.

A further 117 unrestricted licences and 100 peak availability licences replaced licences that were handed back or are expected to be handed back in the coming year. The taxi fleet will remain at its current size.

### **Sydney Clearways Strategy**

TfNSW developed the Sydney Clearways Strategy to ease congestion on arterial roads. The community has been encouraged to nominate roads they would like considered for a clearway: 350 nominations have been received.

The first new weekend clearway came into effect in March 2014 on Sydney's Victoria Road between 8am and 8pm.

## **Vehicle registration reforms**

A discussion paper titled Vehicle Registration Initiatives was released for consultation in June 2014. It proposes the most significant reforms to NSW light vehicle registration in more than 90 years.

These include changes to registration charges to encourage use of safer, greener new vehicles and safer new motorcycles, more equitable caravan and light trailer charges, and more flexible registration payment arrangements. TfNSW will report reform recommendations to the NSW Government after analysing stakeholder and community feedback.

## **Social Access Framework**

Public consultations were held at 12 regional and two metropolitan locations on the Social Access Framework, which was completed in 2013-14.

The Framework is to enhance TfNSW's understanding of transport disadvantage for groups such as older people, Aboriginal communities, people with disabilities, people from culturally and linguistically diverse communities, young people in regional and remote areas and low income families, including single parent families.

## **School Student Transport Scheme**

In 2013-14 subsidised travel was provided to some half a million school students on rail, bus, ferry and long-distance coach services under the School Student Transport Scheme.

A conveyance subsidy was also available for school students in private vehicles in areas without ready access to public transport. The total annual cost of the School Student Transport Scheme and Private Vehicle Conveyance subsidy was \$578 million.

## **Taxi Transport Subsidy Scheme**

At 30 June 2014, some 67,500 people who are unable to use public transport because of a qualifying severe and permanent disability were registered under the Taxi Transport Subsidy Scheme. Of this number, more than 47,000 used the scheme, including 13,700 wheelchair accessible taxi users.

Customers may receive travel by taxi at a 50 per cent subsidy, with a maximum allowance of up to \$30 per trip. In 2013-14 there were more than 2 million subsidised journeys. The cost was almost \$25.6 million.

## **Wheelchair Accessible Taxi Driver Incentive Scheme**

The Wheelchair Accessible Taxi Driver Incentive Scheme provides incentive payments to Wheelchair Accessible Taxi qualified drivers to improve the accessibility, reliability and response times for Taxi Transport Subsidy Scheme participants who require a wheelchair at all times for travel.

Drivers can claim \$8.47 for each approved passenger they carry. In 2013-14 the Scheme cost \$3.8 million.

## **NSW Road Safety Statistics**

There were 339 fatalities on NSW roads in 2013 (provisional figure as at 1 January 2014), 30 fewer fatalities than 2012 and the lowest calendar year fatality total since 1924.

This was achieved while the NSW population has tripled over this nine decade period, and the number of registered motor vehicles has increased from fewer than 150,000 to nearly five million.

The fatality rate in 2013 was 4.6 per 100,000 population, the lowest calendar year rate since records began for that statistic in 1908.

In 2013, NSW recorded its lowest annual pedestrian fatality total since records began in 1928 and lowest annual passenger fatality total since records began in 1939. Further there was a 22 per cent reduction in fatalities from heavy truck crashes compared with 2012.

There were increases in motorcyclist and pedal cyclist fatalities in 2013 compared with 2012. There were 71 motorcyclist fatalities in 2013, or 21 per cent of the NSW road toll, and the highest annual fatality total since 1990 (90 fatalities). Pedal cyclist fatalities rose from seven in 2012 to 14 in 2013.

Preliminary serious injury statistics for 2013 show that there were an estimated 6,744 persons admitted to hospital, up slightly (one per cent) on the previous year.

Provisional fatality results for the 2013-14 financial year (as at 1 July 2014) indicate that there were 354 fatalities on NSW roads, 14 (four per cent) more fatalities than 2012-13, representing the second lowest fatality financial year fatality total since records began in 1936-37.

The fatality rate for 2013-14 financial year was 4.7 per 100,000 population, up slightly on 2012-13.

### Key Road Safety Performance Indicators

Road fatalities	2008-10 Baseline	10-11 (final)	11-12 (final)	12-13 (prov)	13-14 (prov)	Target #
<b>Total</b>	410.7	355	386	340	354	341 (2016)
<b>Per 100,000 population</b>	5.8	4.9	5.3	4.6	4.7	4.3 (2016)

**Table 8 CRS Key Performance Indicators**

*Notes*

*Fatality data for 2009-10, 2010-11 and 2011-12 have been finalised*

*Fatality data for 2012-13 are provisional figures as at 1 July 2013*

*Fatality data for 2013-14 are provisional figures as at 1 July 2014*

*Fatality rates for 2009-10 to 2012-13 are based on the ABS published population data as at July 2014*

*# The target for fatalities is based on a 30 per cent pro rata reduction in fatalities by 2021 from the 2008 to 2010 baseline*

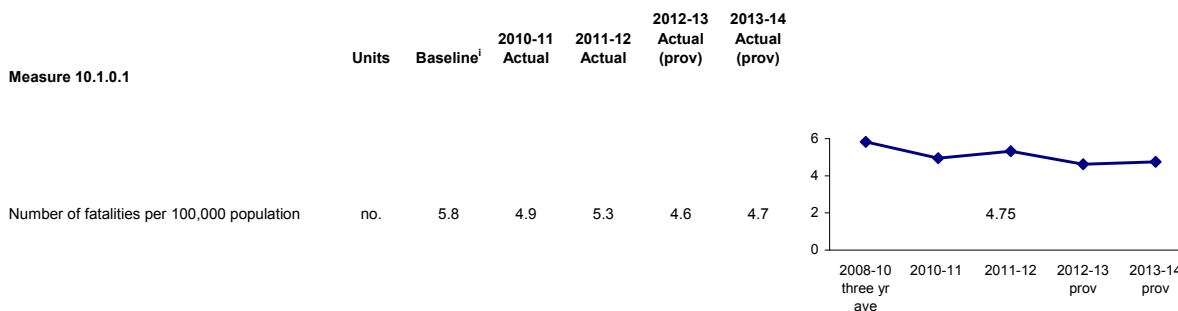
*The 2016 targets for fatality rates were based on expected population as at 2011 when the State Road Safety Strategy was initially drafted.*



**Goal 10 : Improve road safety**

**Targets**

10.1 Reduce fatalities to 4.3 per 100,000 population by 2016



Baseline: The 2008-10 three year average baseline was 5.8 fatalities per 100,000 population  
<sup>1</sup> The baseline data are reported on a three year average, subsequent data years are reported annually  
<sup>2</sup> Represents data for the 2008-2010 baseline (5.8), 2010-11 (4.9), 2011-12 (5.3), 2012-13p (4.6) and 2013-14p (4.7).

**Enhanced Enforcement Program**

The Enhanced Enforcement Program is a road safety partnership between TfNSW and the NSW Police Force. TfNSW provides additional funding to Police to carry out highly visible on-road enforcement, over and above normal operating requirements.

The program targets dangerous behaviours that contribute to road trauma, including speeding, drink driving, non-usage of restraints and fatigue. During 2013-14, the program funded eight State-wide operations and another 124 operations.

The program also funds the Motorcycle Response Team in the Sydney CBD targeting both safety and congestion. In September 2013 a new Motorcycle Response Team was established in Parramatta to tackle pedestrian safety and congestion issues in Parramatta CBD.

**Speed Cameras Strategy Implementation**

The performance of speed cameras is reviewed annually by TfNSW. If they are not improving safety they are reviewed, removed and alternative safety works undertaken.

The 2013 review again found that the majority cameras in NSW continue to deliver road safety improvements.

The NSW mobile speed camera program reached the full program size of 7000 hours of enforcement per month State-wide. The number of intersections with red-light speed cameras will increase to the program target of 200 by end of 2015 . There are currently 132 locations operating, 14 under construction and a further 54 to be identified.

The last of NSW’s 25 planned point-to-point enforcement length cameras is being installed on the Great Western Highway between Mount Victoria and Lithgow. This will be completed later in 2014.

**Flashing Lights**

In June 2013, the NSW Government committed to installing school zone flashing lights to all schools in NSW by the end of 2015. At 1 July 2014, school zone flashing lights had been installed in 1255 school zones covering 1364 schools.

## **Driver Fatigue**

A new fatigue campaign, "Don't Trust Your Tired Self" was launched in December 2013. It aims to improve awareness of fatigue and the dangers of driving tired by positioning it alongside other major road safety issues such as speeding and drink driving.

Drivers can visit the website [testyourtiredself.com.au](http://testyourtiredself.com.au) to test how tired they might be before driving.

## **Safer Drivers Course**

The Safer Drivers Course was launched on 1 July 2013 to prepare learner drivers for their first drive solo as a provisional licence holder.

The course involves both in-class and in-vehicle coaching, and teaches learner drivers about low risk driving strategies. In its first year, more than 10,000 learner drivers completed the course and progressed to their provisional licences.

A promotional video developed as part of the course and won a Clarion Award for best experiential campaign. The Clarion Awards is one of the UK's most prestigious awards for communicating corporate social responsibility.

## **Restricted P1 licence pilot**

A restricted P1 licence pilot was launched on 1 July 2013 to assist young learner drivers from remote, lower socio-economic and Aboriginal communities. They would otherwise be unable to meet the logbook requirement of 120 hours of supervised driving to obtain a provisional licence.

The targeted communities include Bourke, Brewarrina, Walgett, Broken Hill, Balranald and Hay local government areas.

To minimise any effect on road safety, the restricted P1 licence only allows driving for getting to work, education and medical appointments.

## **Speed limit for learner drivers**

From 1 July 2013, the speed limit for learner drivers was raised from 80 to 90 kmh. It is to allow learner drivers to gain experience on higher speed roads and prepare them for graduating to their P Plates.

## **Cross-border requirements**

From 1 July 2013, regulatory changes made it simpler for NSW learners, P-platers, and interstate drivers visiting NSW to understand applicable licence conditions.

The change ensures all restrictions applicable to a NSW learner or P-plater continue to apply when the licence holder is travelling interstate.

Another amendment made it clear that it is an offence for interstate licence holders to drive in NSW if they are not complying with a home jurisdiction licence condition.

## **Motorcycle Safety Strategy implementation**

A Motorcycle Safety Strategy implementation working group has been established. It comprises road safety stakeholders and motorcycling community representatives.

In 2013-14 TfNSW's *Making Roads More Motorcycle Friendly* guide was released to assist planners and engineers incorporate motorcycle safety features in road design, maintenance, upgrades and developments.

### **Aboriginal road safety**

Several road safety initiatives were introduced for Aboriginal people and their communities, including various driver licensing projects. The Sober Driver Program has been completed by 256 people, while 356 people have been supported in mentoring programs to secure a driver licence. More than 3000 bicycle helmets have been provided under another program.

TfNSW has been developing a NSW Aboriginal Road Safety Action Plan to further understand the causes of road trauma and barriers to overcoming them. Initiatives will be developed with stakeholders and implemented with local communities.

### **Older drivers**

On 9 September 2013, the recommendations were announced of the Older Driver Taskforce, which reviewed NSW older driver licensing arrangements.

After examining crash and medical evidence, the Taskforce recommended retaining the current system, as it provided the right balance between mobility and independence for older drivers and road safety for all road users.

The Taskforce also made recommendations about improving communication, education and information to help older drivers keep driving while they can safely do so.

### **Road safety school education**

Safety Town ([safetytown.com.au](http://safetytown.com.au)), the first online road safety education website in Australia, was launched in March 2014. It is aimed at Year 5 and 6 school students. It was developed by TfNSW with the Office of the NSW Board of Studies.

### **Road rules awareness**

The annual Road Rules Awareness Week was held in February 2014. It featured new animations to help explain the top 10 misunderstood road rules.

### **Driver distraction**

Throughout 2013-14, the "Get your hand off it" campaign targeted drivers who use mobile phones illegally while driving. It was extended with three new music videos launched in February 2014. They were published online and are being shown at relevant events.

Further, TfNSW coordinated the NSW Government response to the report of the Joint Standing Committee on Road Safety (Staysafe) into Driver and Road User Distraction. It is now coordinating the implementation of recommendations from the report.

### **Child restraints**

TfNSW continued implementing outcomes of the Child Restraint Evaluation Program. In 2013-14 the latest guidance on 15 new child restraints was released for parents and carers.

A Child Car Seat website ([www.childcarseats.com.au](http://www.childcarseats.com.au)) was launched on 13 June 2014 to provide more comprehensive information about child car seats to consumers. It is supported by NSW's biggest ever child seat campaign: We're Counting on You.

## **Young drivers access to more vehicles**

On 25 June 2014 new rules were announced that enable P-plate drivers to drive a greater range of vehicles, which had previously been banned. An amendment to the high performance vehicle restriction scheme allows P-plate drivers access to more than more than 6500 additional vehicles with enhanced safety features.

## **Heavy vehicle safety**

TfNSW continued working with the heavy vehicle industry to educate drivers on how to prevent rollovers. An emphasis has been on the livestock industry.

In June 2014 a revised *Safety Technologies for Heavy Vehicles and Combinations* was published. It includes a further seven technologies such as electronic braking systems, daytime running lamps and adaptive headlamps.

## **Drink driving and repeat offenders**

In October 2013 it was announced a NSW Mandatory Alcohol Interlock Program will be introduced. Motorists convicted of serious or repeat drink driving offences will be required to participate.

Interlocks are electronic breath testing devices linked to a vehicle's ignition system. Before attempting to start the vehicle, drivers must provide a breath sample that is analysed for the presence of alcohol. They are required to have a zero blood alcohol concentration.

Additionally, the Government announced a number of repeat offender initiatives. For example, all unrestricted licence holders who twice exceed their demerit point limit in five years must pass a driving knowledge test and complete a driver education program.

The initiatives commence on 1 February 2015.

## **Motorcycle lane filtering**

From 1 July 2014 NSW became the first Australian jurisdiction to make motorcycle lane filtering legal.

The law allows riders to move between stationary and slow moving traffic while travelling at speeds below 30 kmh when it is safe to do so. A new offence called lane splitting was also introduced on 1 July 2014. It penalises motorcyclists who move alongside vehicles while travelling at more than 30 kmh.

## **Intelligent Speed Adaptation smart phone application**

Speed Adviser is the first Intelligent Speed Adaptation smart phone app developed by a government transport agency in the world.

The free app, released in February 2014, provides access to accurate speed zone information and warnings across more than 225,000 km of the NSW road network.

At the end of June 2014, there had been more than 52,000 Speed Adviser downloads, which is available for both iPhone and Android phones.

## **Improved road safety crash data**

In January 2014, a new TfNSW system for recording road traffic crash information replaced a 26 year old computer system. It allows more efficient collection and reporting of information - with the ability to add more information collected by NSW Police.

Under the NSW Road Safety Strategy, a crash and health data linkage process has been established so that serious injury data will become available. This will play a critical role in influencing strategic policy directions.

An interactive data visualisation tool has been included on the TfNSW Road Safety website. It increases the amount of community information about fatalities and injuries on NSW roads.

## **Pedestrian and cycling safety**

TfNSW consulted stakeholder groups to develop the NSW Pedestrian Safety Action Plan and Cycling Safety Action Plans. Both were released in May 2014.

An early initiative from the Cycling Safety Plan is the partnership between TfNSW and the Amy Gillett Foundation to develop and implement the NSW Safe Cycling Communities campaign. Australian representative cyclist Amy Gillett died after being struck by a car while riding with her national team mates in Germany. To date there have been outdoor billboards, radio and print media.

In addition, NSW Drive and Ride Rules were released in February 2014.

## **Vehicle Standards Working Group**

The Vehicle Standards Working Group is made up of key automotive industry stakeholders including Motor Traders Association NSW, Four Wheel Drive NSW & ACT Inc, Confederation of Australian Motor Sports Ltd, NSW Rally Cars, Australian Street Rod Federation, Institute of Automotive Mechanical Engineers Australian Automotive Aftermarket Association, the Australian Confederation of Motor Clubs, NRMA Motoring and Services, Roads and Maritime Services, NSW Police, and is chaired by TfNSW.

During 2013-14 it contributed to regulation changes, including recognising national codes for vehicle modification and construction, and removing ambiguities on motorcycle indicators.

## **Local Government Road Safety Program**

During 2013-14, 84 councils participated in the Local Government Road Safety Program to deliver a range of localised road safety projects.

A revised program commencing on 1 July 2014 will see councils develop three year action plans that target local road safety priorities. Participating councils can choose 50-50 funding for a road safety officer position and/or funding for road safety projects.

## **Level crossing improvement program**

Achievements of the Level Crossing Improvement Program in 2013-14 included:

- Engineering – eight level crossing upgrades at Summerland Way, Nammoona; Phillips Street, Gloucester; Nash Street, Parkes; Dandaloo Road, Narromine; Whitton Street, Narrandera; Koorngal Avenue, Griffith; Burrington Road, Moree; and Rossglen Road, Rossglen. Level crossing designs were completed for another four level crossing upgrades. Minor works were completed at 24 locations.

- Education – the multi-media level crossing awareness campaign, ‘Don’t rush to the other side’, continued to run at selected times during 2013-14 across regional NSW.
- Enforcement – five level crossing enforcement campaigns delivered by NSW Police in Wagga Wagga, Moree, Dubbo and the Upper Hunter areas of NSW.

### **Sponsorships**

TfNSW continued its sponsorship with Cricket NSW to extend reach and engagement on road safety campaigns. There was a focus on the ‘Plan B’ campaign that promotes the message of having an alternative to driving if drinking. TfNSW also showcased safety and other transport initiatives at the Sydney Royal Easter Show.

### **Marine Compliance Taskforce**

The Marine Compliance Taskforce formed in April 2013 is to reform the way agencies with on-water functions work together and more effectively use assets and resources. Police, fisheries and maritime officers are its core.

Co-location trials were held at Sans Souci in Sydney and in the NSW north coast Tweed region. This involved more than 250 joint agency patrols and more than 3000 on-water compliance and safety activities.

A vessel consolidation strategy aims to reduce the number of vessel types used by NSW agencies from 35 vessel classes to seven.

### **The National Maritime Safety Regulator**

On 1 July 2013 the new national system for commercial vessel safety commenced. There is now one national law [the *Marine Safety (Domestic Commercial Vessel) National Law Act 2012*] and one national regulator, the Australian Maritime Safety Authority (AMSA), for all domestic commercial vessels. In NSW, Roads and Maritime Services provides commercial vessel services as a delegate of AMSA.

### **Sydney Harbour Boating Destination Plan**

The Sydney Harbour Boating Destination Plan which began in November 2013 provides Sydney Harbour commercial marina operators with a rental discount for making facilities and services open to the general boating public.

There are now 18 destination marinas around the harbour where everyday boaters can now temporarily tie-up to access toilets, cafes, kiosks, pump-out, water, fuel and other marine services.

### **NSW boating statistics**

The lowest annual NSW boating fatalities figure of the last 20 years were recorded in 2013-14. Eight people lost their lives, compared with 27 in the preceding year. The 2013-14 fatalities were down 35 per cent on the long-term boating season average.

A TfNSW lifejacket wear observational study at 10 sites across NSW from October 2013 to the end of May 2014 revealed a lifejacket wear rate for boaters of 34 per cent. This compared favourably with a 9 per cent reported from a similar study in 2007 by the National Marine Safety Committee.

## **Boating safety initiatives**

TfNSW safety initiatives aimed at the boating sector and the two million people who go boating each year included:

- the second year of the most comprehensive lifejacket awareness campaign ever in NSW - *Wear a Lifejacket: it never ruined a day on the water*. A mobile lifejacket promotional vehicle toured popular boat ramps across NSW from October 2013 to June 2014. There was a zero tolerance approach by boating safety officers and Marine Area Command to anyone not wearing a lifejacket when required
- a lifejacket loan project which enabled officers to lend lifejackets to people without them on their boats as required
- a paddle safe education package which communicated safety regulations and requirements
- the Sydney Harbour Boating Safety Plan released to the public in July 2014
- water safety initiatives from the Georges River and Botany Bay Safety Plan were implemented and monitored.

## **International Lifejacket Wear Principles**

The International Lifejacket Wear Principles are voluntary, non-binding guidelines to promote the wearing of lifejackets in boats under 6m in length. TfNSW was one of 25 organisations from around the world that signed onto the principles.

## **Improvements to the Country Regional Network**

TfNSW, through its contractor John Holland Rail, completed upgrading the Walgett line between Wee Waa and Burren Junction in North Western NSW. This will enable use of more powerful mainline locomotives to operate directly to the port, improving efficiency for rail operator customers.

Re-railing works between The Rock and The Emerald Grain site on the Boree Creek line in the Riverina have provided similar benefits for rail operators on this line.

The extension of the Trangie Loop from 560 metres to 1162 metres will provide improved operational efficiency and flexibility on the Narromine to Cobar corridor. It will allow longer trains to run, while also improving the efficiency and speed of loading grain trains at Trangie.

Modifications to the electronic train order system on the network have improved the movement of trains through several key junctions.

## **Community Transport funding**

Assistance continued to be provided by TfNSW for transport disadvantaged people throughout NSW. In 2013-14, it delivered this by administering more than \$60.4 million in recurrent funding through the Home and Community Care Transport sub-program and the Community Transport Program.

Community transport meets the needs of transport disadvantaged groups in the NSW community. These include isolated families, older people who are frail, younger people with disabilities and their carers. Where conventional public transport systems are not generally viable or appropriate, community transport provides transport disadvantaged people with access to recreation, shopping, medical care, social services and social contact.



From 2011-12 the NSW Government increased funding for the Community Transport Program by \$12 million over four years, or 100 per cent over the period. In 2013-14, this funding delivered additional community transport services.

In January 2014, TfNSW secured an additional \$12 million in recurrent funding from the Australian Government for the Home and Community Care transport sub-program to increase services for eligible customers across NSW. This funding was in addition to what TfNSW provides to 108 organisations throughout NSW.

The additional funds will deliver an additional 389,372 trips per annum, for a total of 1,676,235 trips. Delivery of these additional trips is expected to begin in 2014-15.

### **Community Transport funding contracts**

New funding contracts with community transport service providers across NSW took effect from 1 July 2013.

TfNSW developed the contract in consultation with community transport service providers. It improves the way that community transport is delivered in NSW. This includes improved reporting requirements and ensuring that services are delivered equitably and safely.

The new contract also ensures a consistent approach to safety standards for all community transport drivers across the State.

New drivers when recruited must:

- undergo a National Criminal History record check every three years
- maintain a satisfactory driving record, to be verified every three years
- notify community transport providers if their driver licence status changes
- pass a health assessment, equivalent to bus and taxi drivers, every three years.

Existing drivers will need to comply by the end of the contract period in 2015.

### **One stop shop for community transport information**

During 2013-14 TfNSW developed a one stop shop approach within the Transport cluster to improve communication, efficiency and reduce unnecessary administrative costs for community transport providers.

Since May 2014, all State and Australian Government funded community transport service providers have been linked together using an on-line information sharing website. Community transport service providers can also post information, discussion topics and links, including advice to other services of potential service delivery collaboration.

### **Country Passenger Transport Infrastructure Grants Scheme**

In 2013-14 TfNSW's annual Country Passenger Transport Infrastructure Grants Scheme provided more than \$1.67 million for 38 projects to improve passenger transport infrastructure in rural, regional and remote communities.

The scheme funds eligible rural areas to construct or upgrade local public passenger transport infrastructure, including interchanges, bus stops, taxi shelters, lighting and signage.

Examples of projects funded in 2013-14 are:

- \$13,968 to Richmond Valley Council to install a taxi patron waiting shelter
- \$82,713 to Orange City Council to replace seven existing bus shelters, purchase five new information signs and relocate existing information signs
- \$210,000 to Lake Macquarie City Council to install seven bus shelters to meet the Disability Standards.

### **Regional Transport Coordination Program**

Under TfNSW's Regional Transport Coordination Program, 11 Regional Transport Coordinators were provided across NSW in 2013-14.

During 2013-14 the program delivered 62 projects valued at \$911,614. These included:

- \$18,159 for the Community Culture project in the Northern Rivers region. Community transport vehicles operating in remote and isolated communities will be wrapped with an Aboriginal artwork designed by local people.
- \$10,500 for the New England North West Spare Capacity Booking System project. The system makes visible the available seats in community transport vehicles travelling along transport corridors to major centres.
- \$20,000 for the Young to Wagga Wagga Transport Corridor project in the Murray-Murrumbidgee region. This provides a two day a week demand responsive, flexible, same day return service linking the communities of Young, Wombat, Wallendbeen, Cootamundra, Bethungra and Illabo (Jonee) to Wagga Wagga. The service uses the spare capacity available from another service travelling along the same corridor.
- \$5370 for the Gilgandra and Beyond project in the Central West region. Subsidised bus transport is provided for young people within Gilgandra Shire to access social, sporting and cultural activities not available locally. Seven trips will be conducted a year.
- \$20,000 for the Moving our Mob project in the Hunter region. About 1500 trips will be provided to individuals and families who need transport to and from the newly built Toronto Aboriginal Child and Family Centre. They will be provided by bus, car and taxi to those most in need. Available public transport will also be promoted.

### **Regional aviation**

TfNSW issued two Air Transport Licences during 2013-14 after two airlines ceased services. TfNSW also prepared a whole of government submission for a Parliamentary Inquiry into Regional Aviation.

### **Live Traffic NSW**

An extra 22 web cameras were made available to customers in 2013-14, to view on the Live Traffic NSW website, bringing the total to 86.

Live Traffic NSW provides enhanced traffic information, giving up-to-the minute news of incidents and conditions that affect road users' journeys. It aims to help motorists make the best possible travel decisions that will, in turn, contribute to the safe and efficient management of our roads.

The Live Traffic NSW mobile apps for iPhone, iPad and Android allow motorists to customise information and delivers service alerts about traffic conditions in NSW.

The latest traffic information is also available at [www.livetraffic.com](http://www.livetraffic.com), which is updated 24 hours a day, seven days a week. This year the Live Traffic NSW website was updated with a new personalised email alert service, where customers can save their frequently travelled routes and receive scheduled emails when there are incidents on those routes. There is also a Facebook page and two Twitter accounts – one for Sydney (@LiveTrafficSyd) and one for the rest of NSW (@LiveTrafficNSW).

The Live Traffic NSW channels (website, apps and mobile sites) were visited by more than 7.9 million customers during 2013-14. There were more than 745,000 downloads to smart phones and digital devices. A record 1.3 million visits were logged during bush fires in October 2013.

The Transport Management Centre Twitter feed received 35,000 followers for roads, buses and ferries, while 115,000 fans “liked” the Live Traffic Facebook page.

### **Monitoring and managing the NSW road network**

TfNSW’s Transport Management Centre (TMC) monitors and manages the NSW road network 24 hours a day, seven days a week, 365 days a year. Public transport operations, including Sydney’s bus, rail and ferry networks, are also coordinated from the TMC during peak commuter travel times, major events and unplanned incidents.

The objective is to achieve more consistent journey times for road and public transport users, clear traffic incidents as quickly as possible, and communicate traffic and transport information to help road users choose the best way to reach their destinations.

The demand from customers for real-time, relevant and accessible traffic and transport information continues to grow. This is addressed by developing the Live Traffic NSW website, mobile communications, greater use of social media and engagement with broadcast media.

Achievements during the year included:

- More than 8200 media alerts, and 8600 reports and interviews about traffic and transport disruptions were carried out on radio stations around the State
- The Transport Operations Room responded to more than 130,000 calls to the 131 700 incident reporting hotline
- The unplanned incident clearance times on principal transport routes averaged 37.56 minutes, well under the 40 minute target
- More than 42,800 road occupancy licences were issued across Sydney. This was up 30 per cent on the previous year. These licences permitted major infrastructure upgrading to be done on roads such as on the M5 Motorway, Camden Valley Way and the Great Western Highway
- Five bus marshals contributed to bus service reliability in the Sydney CBD during weekday commuter peaks
- Five Area Transport Coordinators assisted customers move seamlessly between different transport modes from trains and ferries to buses
- Millions of customers, commuters, and residents were assisted with travel and event information for more than 100 annual major public events. Communication channels included the Live Traffic NSW website, direct mail, the Transport Info website, advertising, social media and news outlets
- Some 1.6 million people took part in the Vivid Sydney festival from 23 May to 9 June 2014. More than 3500 extra trains and buses ran during the 18 day event

- An additional 30 CCTV cameras were added to the network of 910 cameras used for traffic monitoring, reporting and clearing of incidents
- Computer and communication systems were operational for 99.98 per cent of its 24/7/365 day-a-year services. This exceeded its target of 99.9 per cent
- A 12-month trial commenced to allow taxis to set down passengers in designated mail zones within the Sydney CBD as a way of reducing congestion caused by taxis stopping illegally outside of taxi zones. Initial evaluations indicate the trial has delivered positive results.

### **International Fleet Review**

More than 1.8 million people took part in the International Fleet Review, a large scale event held in Jervis Bay and Sydney from 1-11 October 2013, to mark the centenary of the first Royal Australian Navy ships to enter Sydney Harbour.

Customers took advantage of extra public transport services running for the event. There were more than 2.3 million trips on Sydney Trains, Sydney Buses and Sydney Ferries services over the October long weekend alone.

More than 140,000 customers visited an International Fleet Review website developed by TfNSW's Transport Management Centre as a one-stop-shop for information about travelling around Sydney during the event.

In addition, more than 1.2 million people used TfNSW's Trip Planner on the transportnsw.info website and almost 600,000 accessed information published on the Live Traffic NSW website.

### **Wynyard Walk**

Wynyard Walk will provide a world class, fully accessible pedestrian link between Wynyard Station and the developing CBD western corridor and Barangaroo.

The walkway will allow pedestrians to get from Wynyard transport hub to the Barangaroo waterfront in approximately six minutes, avoiding steep inclines and road crossings.

Features include:

- a new western Clarence Street entrance to Wynyard Station to provide direct access to Wynyard Walk, the Kent Street tunnel and the station concourse
- a new underground pedestrian link from Wynyard Station to the intersection of Kent and Napoleon Streets
- a new pedestrian plaza at the intersection of Kent and Napoleon Streets
- a pedestrian bridge over Sussex Street, with lifts and escalators connecting it to the Barangaroo development.

In 2013-2014 two 12 storey buildings were demolished to make way for the new Wynyard Station Clarence Street entrance. Challenges successfully managed included:

- proximity to surrounding commercial and residential buildings and the need to reduce noise, dust and vibration
- keeping York Lane open
- ensuring safety during all demolition works
- removing debris from site with minimum effect on traffic.

Project management saw 90 percent of general demolition waste and all steel and timber recycled.

At the western end of Wynyard Walk, creating the new Napoleon Plaza and tunnelling under Kent Street required careful planning and testing of construction methodology to ensure services and infrastructure will not be disturbed.

### **Wynyard Station upgrade**

In May 2014 a \$100 million upgrade of Wynyard Station was announced, one of the busiest stations on the Sydney rail network.

This will transform Wynyard Station into a new gateway for Sydney's financial district and western CBD. The upgrade and the related Wynyard Walk project will increase the entry and exit capacity of the station.

Passenger services will be maintained during construction, while Wynyard Station businesses will remain open.

Other features will include:

- improving pedestrian flow, making it easier for customers to move in and around the station
- reducing clutter on platforms, making it easier and safer to board and alight from trains and improving punctuality of services
- improving connectivity through to the western CBD and waterfront.

Site investigations to locate electrical, mechanical and hydraulic services began in 2014.

### **Removing the monorail**

Sydney's monorail was demolished in 2013-14. In 2012 the NSW Government purchased the monorail service, and announced that it would be removed to allow development of the new Sydney International Convention, Exhibition and Entertainment Precinct in Darling Harbour.

The monorail had operated since 1988, but had reached the end of its economic life and stopped operating on 30 June 2013.

TfNSW managed its decommissioning and removal in consultation with technical experts, local businesses, community members, Roads and Maritime Services, the City of Sydney, the Sydney Harbour Foreshore Authority, emergency services and other government agencies.

Work to remove the monorail began in August 2013 and was completed in April 2014.

Infrastructure dismantled and removed included:

- 3.6 km of steel track
- Convention and Galleries Victoria stations. Paddy's Market station will be removed in 2015 when the Sydney Entertainment Centre is demolished. The remaining stations are privately owned
- 153 steel columns and their concrete bases that supported the track and station structures
- electrical supply services, ticketing, signage and the Convention/Allen Street pedestrian footbridge across Darling Drive.

More than 95 per cent of the monorail was recycled. Re-use of monorail infrastructure included:

- 380 tonnes of steel for the North West Rail Link construction
- 250 tonnes of concrete crushed for road base in make-good works
- two carriages were gifts to the Powerhouse Museum and they are displayed at the Discovery Centre at Castle Hill
- two carriages were bought by Google to be converted into meeting rooms
- two carriages were delivered to the National Transport Museum to be displayed in Inverell
- a full train set went to the Sydney Electric Train Society for a future display.

Significant restoration of Pyrmont Bridge was completed. This included removing monorail support columns, relocating the bridge control tower to its original position, and repairing and restoring timber beams beneath the bridge. This allowed reinstating the more effective manual operating system used to open the bridge to allow boats into Darling Harbour.

### **Rail Clearways Program**

The Rail Clearways Program, completed in January 2014, consisted of 13 projects to increase the capacity and reliability of the metropolitan rail network. The final project in the program was the Liverpool Turnback. A turnback is a feature provided in the track layout that allows trains to reverse direction at the end of their journeys.

The project included constructing 1.8 km of new track, a new platform, extending the overhead concourse and footbridge, a new lift and stairs, reconfiguring train stabling facilities, upgrading signalling systems and associated civil and rail works. The project helps trains to run on time by separating trains which terminate or commence at Liverpool Station from through trains which service stations south of Liverpool.

### **Rail Power Supply Upgrade Program**

The Power Supply Upgrade Program is designed to ensure Sydney's rail network can meet expected power requirements to support future timetables and new generations of air conditioned fleet.

Program works began in 2010 and are being implemented progressively. This involves constructing new electrical infrastructure and upgrades to substations, section huts, overhead wiring and feeders across the network.

The program:

- supports the introduction to service of air conditioned trains
- provides additional power to operate trains on the network
- improves service reliability by reducing the risk of disruption to rail services.

In 2013-14 overhead wiring was upgraded from Hornsby to Woy Woy, and on the North Shore.

Extensive work was completed under the Sydney CBD for new underground cabling from the Rocks area to the NSW Art Gallery substation, and to upgrade cabling to Circular Quay and the Harbour. This supplies critical additional power to the City, Inner City, Outer and North Shore rail lines.



## **Transport Access Program**

The Transport Access Program delivers accessible, modern, secure and integrated transport infrastructure. In August 2013 it was announced that there would be upgrades to stations and interchange facilities at another 36 locations across NSW.

In 2013-14, a total of 79 projects were opened, including six car parks, eight transport interchanges, eight accessibility upgrades, one station upgrade, 55 staff car park conversions and two station safety upgrades.

TfNSW continuously reviews the feasibility of proposed transport access projects, taking into account transport and urban planning priorities, customer experience at existing interchanges and economic and business cases.

Completed projects in 2013-14 include:

- accessibility upgraded with ramps at Ourimbah, Dungog, Mulgrave, Marulan, Wallarobba, Canley Vale, Clarendon, and Riverstone
- transport interchanges were upgraded at Epping, Pennant Hills, Bathurst, Dapto, Goulburn, Picton, Sutherland, and Batemans Bay
- commuter car parks at Kiama, Oak Flats, Moss Vale, Glenbrook and Gordon
- an upgrade to the concourse of Strathfield Station
- improving car park and travel security and safety at Sutherland and Campbelltown
- conversions of staff car parking to allow commuter access at more than 50 locations across the Sydney and regional network.

## **Automatic Train Protection**

The Automatic Train Protection Program (ATP) will see the Sydney Trains metropolitan and the NSW TrainLink intercity rail network fitted with new equipment to improve rail safety. It will allow monitoring of a train's speed and position on the network and automatically intervene or brake if required to ensure safe operations.

The program is being implemented in three equipment installation stages: on Oscar and Tangara trains and 600 km of track; on Waratah and Millennium trains; and then the remainder of the electrified network. It is expected that the first Oscar train fitted with ATP equipment will operate between Berowra and Wyong in 2015.

The ATP Program is expected to be completed by 2021.

## **Digital train radio system**

TfNSW has begun installing a digital train radio system on the 1455 km electrified rail network, bounded by Kiama, Macarthur, Lithgow, Bondi Junction and Newcastle.

Masts and other communications equipment will be installed at about 250 locations within the rail corridor and more than 60 sites in tunnels.

The system is a modern, flexible technology that will enable train controllers, train drivers, train guards and signallers working on passenger and freight services to use a single system for voice and data communication. It works in a similar way to a mobile phone network.



Community and stakeholder consultation on sites is continuing across the network. Community feedback is considered prior to constructing each site. Of the 248 locations with planning approval, 86 were approved in 2013-2014.

It is expected that the project will be completed in mid 2015.

## 2.4 Growing the transport system

Growth of the transport system is essential to support NSW's growing population and economy.

Decisions to grow TfNSW's network are planned to ensure new infrastructure will meet future demand.

They also fit within broader government, and strategic transport and land use priorities such as those in the NSW Long Term Transport Master Plan.

TfNSW continues to deliver a significant program of capital works that will enhance the capacity and coverage of the transport system, providing more customers with travel options and driving investment in the cities and regions.

### North West Rail Link

The \$8.3 billion North West Rail Link (NWRL), Australia's largest public transport infrastructure project, will open to customers by the end of 2019. It is critical for the future of Sydney's North West – one of the powerhouses of Sydney's economy. NWRL will deliver a 'turn up and go' service, with a train at least every five minutes in the peak, eight new railway stations, and 4000 commuter car parking spaces.

In December 2013, a \$340 million contract was awarded to the Italian Impregilo-Salini joint venture to build North West Rail Link's four km skytrain viaduct between Bella Vista and Rouse Hill. In June 2014, work began on the skytrain and the Kellyville railway station.

Construction is progressing well for the \$1.15 billion contract for 15 km twin tunnels between Bella Vista and Epping. The first tunnel boring machine is due to begin work by October 2014, with a second by the end of the year. This is ahead of schedule.

In June 2014, the Northwest Rapid Transit consortium of MTR Corporation (Australia), John Holland, Leighton Contractors and UGL Rail Services was announced as the preferred operator for the Operations, Trains and Systems contract. After final negotiations, the contract is due to be awarded later in 2014.

The NWRL 2013-2014 highlights:

- The project is on time and on budget
- \$806 million was invested in the project as part of a \$4 billion investment over four years
- 5 December 2013 – proposals from shortlisted tenderers for Operations, Trains and Systems contract were received
- 15 January 2014 – the Rapid Transit Rail Facility at Cudgegong Road was approved by the Minister for Planning and Infrastructure

- 31 January 2014 - all early works were completed for handover to the tunnel and skytrain contractors.
- 18 March 2014 – NWRL won Planning Institute of Australia’s Public Engagement and Community Planning Award for stakeholder and community engagement
- May 2014 – NSW Department of Planning and Environment approved new design for a landmark bridge to carry North West Rail Link trains over Windsor Road at Rouse Hill. Its design is the result of community feedback, and will have much less impact on motorists using Windsor Road during construction
- 18 June 2014 – work began on the skytrain and Kellyville railway station, marking the beginning of the \$340 million skytrain contract
- June 2014 – announcement of preferred proponent for the Operations, Trains and Systems contract.

## **Light Rail**

Light rail will play a central role in the future of transport in Sydney.

In 2012 the NSW Government began the extension of the Inner West Light Rail line and announced the \$1.6 billion CBD and South East Light Rail project.

They will form the new Sydney Light Rail network, with reliable, high capacity services running north from Central to Circular Quay along George Street, west to Pyrmont and Dulwich Hill, and south east through Surry Hills to Moore Park, Randwick and Kingsford.

The 5.6 km Inner West Light Rail Extension was officially opened on 27 March 2014. Project features included:

- an extension of the light rail from Lilyfield to Dulwich Hill
- nine new light rail stops: Leichhardt North, Hawthorne, Marion, Taverners Hill, Lewisham West, Waratah Mills, Arlington, Dulwich Grove and Dulwich Hill
- improved access to public transport and connections between where people live, work and visit
- new connections to surrounding shopping and entertainment districts such as the Sydney Fish Markets, Star City, Paddy’s Markets, Capitol Square and Leichhardt Marketplace
- easy passenger interchanges between light rail, bus and bicycle, as well as trains at Lewisham and Dulwich Hill.

## **CBD and South East Light Rail Project**

In June 2014 it was announced that formal planning approval had been received for the new \$1.6 billion CBD and South East Light Rail project.

The 12 km project will link Circular Quay and Central via George Street, the Moore Park sporting and entertainment precinct, Randwick Racecourse, the University of NSW and Prince of Wales Hospital at Randwick.

It will terminate at both Randwick and Kingsford.

The project includes:

- a pedestrian zone along George Street, between Hunter and Bathurst streets
- high frequency, 'turn up and go' services every two to three minutes during peak periods in the CBD and every five to six minutes between Moore Park and the Randwick and Kingsford branches
- interchanges with ferries, heavy rail and buses
- light rail vehicles with air conditioning and accessible low-floor design
- a highly reliable service which can carry up to 9000 passengers an hour in each direction
- a stabling facility in Randwick and a maintenance depot in Rozelle.

Among the highlights over the year were:

- environmental Impact Statement public exhibition in November 2013
- planning approval granted in June 2014
- undertook extensive services investigation works
- held meetings with Public Private Partnership tenderers
- awarded contract for early works
- hosted first Business Reference Group meeting
- launched Sydney Light Rail Facebook page and website
- opened community information centre in the CBD.

### **South West Rail Link**

The South West Rail Link (SWRL) is responding to reliability and passenger growth on the metropolitan rail network and population growth in South West Sydney.

The SWRL program of works includes:

- a new 11.4 km twin track passenger rail line from Glenfield to Leppington, new stations at Edmondson Park and Leppington, including commuter car parking
- upgrading Glenfield Station and bus/rail interchange and new commuter car parking
- a train stabling facility at Rossmore
- construction of Glenfield North and Glenfield South rail flyovers.

SWRL construction began at Glenfield in August 2009. Originally due to start carrying customers in 2016, the project is one year ahead of schedule and \$300 million under budget.

The Glenfield Junction northern flyover was commissioned in early June 2014. It separates T2 South Line services from T2 Airport Line services, reducing flow-on effects to other trains across the Sydney rail network if a service is delayed. The flyover now allows two trains to

cross at the same time, one over the top of the other, meaning the network will flow much more effectively and predictably.

### **NorthConnex Proposal Assessment and Transport Integration**

TfNSW was part of a multi-agency group that assessed an unsolicited proposal to build a tunnel linking the M1 Pacific Motorway at Wahroonga to the Hills M2 Motorway at West Pennant Hills. After its successful assessment, the Australian and NSW governments announced the project as NorthConnex.

TfNSW continues to support the NorthConnex project team as it progresses with planning and environmental impact assessment.

### **Northern Sydney Freight Corridor Program**

The Northern Sydney Freight Corridor Program is an initiative of the Australian and NSW governments to improve the capacity and reliability of freight trains between Strathfield and Broadmeadow, Newcastle.

The program includes four projects:

- Epping to Thornleigh third track
- Gosford passing loops
- North Strathfield rail underpass
- Hexham passing loop (completed 2012).

The remainder of the program is scheduled to be completed by 2016.

The completed program will allow rail to be more competitive with road transport for certain types of freight by:

- improving freight train access through northern Sydney to the metropolitan freight network, Port Botany and container freight terminal
- reducing freight transport operating costs
- easing peak hour restrictions on freight services
- improving reliability of passenger services on the Main North Line.

The rail freight corridor will remove more than 200,000 heavy vehicle road trips per year within 15 years. It will also reduce diesel use by almost 40 million litres and cut greenhouse gas emissions by more than 100,000 tonnes each year.

Construction is underway on the North Strathfield Rail Underpass Project, the Gosford Passing Loops Project and the Epping to Thornleigh Third Track Project.

The North Strathfield Rail Underpass includes constructing a rail underpass at North Strathfield, platform upgrades and a new aerial concourse at Concord West Station. The project was approved in October 2012 and major work began in March 2013.

Project milestones in 2013-14:

- tunnelling work began February 2014
- completed 99 m (of 148 m) of tunnelling under the main lines

- completed 68 per cent of Concord West (includes overall works for the station).

Gosford Passing Loops - Two passing loops (northbound and southbound) are being constructed between Gosford and Narara. This will improve freight access through northern Sydney and the Central Coast, relieve a network bottleneck, create a more efficient freight rail network and improve the reliability of passenger services on the Main North Line.

Completion is expected by mid 2015.

Project milestones in 2013-14:

- new rail telecommunications route commissioned
- all signalling enabling works commissioned
- two new turnouts installed into existing track
- Urban Design and Landscaping Plan endorsed after community feedback
- Operational Noise and Vibration Plan endorsed after community feedback.

Epping to Thornleigh – the project is 6 km of new and upgraded track within the rail corridor between Epping and Thornleigh stations on the western side of the existing tracks.

A new, third track will separate northbound freight from all-stops passenger trains. Planning approval was given for the project after community consultation.

Construction has begun and is expected to be completed in 2016.

### **City Circle Tunnels**

The City Circle Tunnels project will identify the tunnel infrastructure and rail system requirements to meet future service levels planned for the City Circle Line and the North Shore Lines.

The project will develop and cost infrastructure and operational solutions as part of the business case for tunnel environment improvements, including managing fire-related issues. The project will consider the proposed operating plans through to October 2026.

### **Wickham Transport Interchange**

The Newcastle Urban Renewal Strategy, released in 2012, includes initiatives to revitalise the city's Hunter Street and improve links between the city centre and the waterfront.

A significant renewal initiative is Newcastle Light Rail, which includes a new transport interchange at Wickham. The Wickham Transport Interchange Project includes:

- ending the heavy rail line west of Stewart Avenue, Wickham
- constructing a fully-accessible transport interchange west of Stewart Avenue, Wickham
- removing Stewart Avenue boom gates
- permanently closing the Railway Street level crossing at Wickham
- constructing a new train stabling facility east of Hamilton Station's northern side
- modifying existing signalling for trains terminating in the interim at Hamilton and Broadmeadow, and in the future, Wickham
- signalling, overhead wiring and other associated works

- staff and crewing facilities for NSW Trains, Sydney Trains and associated interchange staff.

Project milestones in 2013-2014 included:

- contract awarded to prepare the Review of Environmental Factors
- location of stabling facility and layout of Wickham Transport Interchange defined.

### **Barangaroo Ferry Hub**

On 5 May 2014 a new ferry hub was announced to serve Sydney's expanded CBD and to relieve capacity constraints at Circular Quay. The hub will be at the southern end of the Barangaroo site, just north of the King Street Wharf.

The ferry hub will allow additional services from the Parramatta River to Darling Harbour and Barangaroo, as well as direct access to and from the Eastern Suburbs and lower North Shore.

It is expected to be completed in 2016.

A tender was released to prepare an environmental assessment. Preliminary site investigations will begin in 2014. Community consultation will be carried out later in 2014.

### **Wyong to Newcastle Coal Rail Enhancement**

The Wyong to Newcastle Coal Rail Enhancement Program reviewed potential freight capacity enhancements on the Wyong to Newcastle section of the rail corridor.

These will improve the movement of coal by rail to power stations on the Central Coast and from a proposed new coal mine north of Wyong to Newcastle port.

Cost estimates, feasibility studies, operational risk and safety assessments, scoping and definition design, economic and financial assessments, and a draft Review of Environmental Factors for the associated Awaba North loops project were prepared in 2013-2014.

## **2.5 Developing the transport businesses of the future**

A key future challenge is maintaining the momentum for change across the Transport cluster, determining the strategies, structures and processes that will deliver tangible benefits for Transport for NSW's customers.

The way it interfaces with its operating agencies and other service providers in transport is crucial to making this happen.

TfNSW will continue to enhance its partnerships in government and industry. It will uphold high standards in the way it conducts its business, working with its values of customer focus, safety, integrity, collaboration and solutions as a common frame of reference in its daily decision making.

TfNSW recognises that its people are essential to making this happen. As it continues to build its culture and identity, it will ensure it is developing a capable and cohesive workforce, and cultivating a safe and positive working environment for them.

## **Asset Standards Authority**

An independent body within TfNSW, the Asset Standards Authority began operations on 1 July 2013.

Its purpose is to make it clearer, simpler and more attractive for industry to do business with NSW transport agencies.

First year achievements included:

- an Authorised Engineering Organisation framework was implemented, with more than 150 organisations preparing or undergoing authorisation, with 45 authorisations completed
- more than 80 network engineering standards were published, enabling engineering efficiencies and innovation for current and future delivery
- an industry engagement plan saw more than 20 events held to provide information about TfNSW engineering activities and requirements and to seek feedback.

## **Effectiveness Office targets met**

TfNSW achieved NSW Treasury's 2013-14 Corporate and Shared Services Reform Program Fiscal Effectiveness Office targets. These included:

- cost savings – 123 full time equivalent staff, saving \$16.35 million
- productivity efficiencies – consolidation of procurement contracts, one-off increase of \$1.3 million to deliver \$4.1 million of ongoing savings
- established and recruited for the new Transport Shared Services organisation functional structure, that included collaborating with IT service delivery to consolidate and standardise agency systems access
- consolidated management of the TfNSW, Roads and Maritime Services and Sydney Trains motor vehicle fleets for greater efficiencies and reduced costs
- established the Roads and Maritime Services Grafton Regional Office, replacing a 70 year old facility
- established a centralised Information Services and Records service for the Transport cluster
- filled 4447 positions across the Transport cluster
- implemented an e-recruitment service
- reviewed 1800 claims before new Workers Compensation legislation was introduced
- made 25,000 responses to contacts through TfNSW's HR Advisory service.

## **Reforming the Transport cluster**

TfNSW continued organisational design and reform across the Transport cluster.

This included:

- Formation of two new rail organisations (Sydney Trains and NSW Trains), Transport Shared Services and supporting the establishment of Service NSW. New leadership teams were recruited for them.



- Progressed the Corporate and Shared Services Reform Program. This involved constructing TfNSW's People and Corporate Services Division that includes Transport Shared Services, Group Information Technology, Information Corporate Policy and Investigations, Legal Services and Governance, Human Resources and Organisational Development.

Human Resources was consolidated and standardised. Achievements included:

- establishment of a human resources service delivery framework
- establishment of Transport Shared Services and Organisational Development branches, with an advisory function providing support to the Transport cluster
- revised TfNSW's inaugural Human Resources Strategy. The 2014 People Plan reflected the changing people requirements for the Transport cluster
- integrated industrial relations activities across the cluster included providing legislative updates and renewal of the TfNSW Award.

### **Supporting a values-based culture**

In 2013-14 TfNSW continued to develop Transport cluster workplace cultures and desired values and behaviours. Achievements included:

- implementing a Transport cluster program to prevent bullying and harassment behaviours
- launching an employee recognition program to recognise employee achievements in TfNSW
- supporting the dissemination of the Public Service Commission's People Matter employee survey across the Transport cluster
- completing the roll out of an internal communications framework to increase employee engagement.

### **Building workforce capability**

TfNSW continued to build workforce capability to mitigate workforce and business risks. 2013-14 achievements included:

- completing an analysis of the ageing workforce profile at Roads and Maritime Services and identifying associated risks
- introducing a succession planning framework within STA, Roads and Maritime Services and TfNSW.

### **Performance management framework**

A key deliverable within the TfNSW HR Strategy was developing and implementing a performance management framework.

Achievements included:

- implementing a robust performance management for executive staff
- implementing an online performance system across TfNSW to assist and track performance development planning
- implementing performance agreements for all TfNSW Award staff.

- Delivering Transport cluster-wide employee policies for:
  - Social media
  - Discrimination free workplace
  - Discipline policies
  - Bullying and Harassment
  - Diversity and Inclusion.

### **Organisational development**

A Transport cluster-wide leadership development strategy called Drive It was implemented.

Drive It is based on best-practice research, a review of current programs, and interviews with more than 250 leaders across Transport. It is the Transport cluster's most comprehensive approach to leadership development.

The program will be available to staff ranging from graduates, new starters, mid level employees, managers to senior leaders. The strategy includes a mix of on the job learning, coaching, mentoring and formal training designed to build capability.

### **NorthConnex Proposal Assessment and Transport Integration**

TfNSW was part of a multi-agency group established to assess an unsolicited proposal to build a tunnel linking the M1 Pacific Motorway at Wahroonga to the Hills M2 Motorway at West Pennant Hills. Following its successful assessment under this process, the NSW and Commonwealth Governments recently announced the project as NorthConnex.

TfNSW worked closely with Roads and Maritime Services, NSW Treasury, Department of Premier and Cabinet and external technical specialists on a number of critical issues including:

- investigation of a legal solution to ensure appropriate heavy vehicles would use the NorthConnex link once opened, to help realise project objectives of improving local amenity and air quality along the Pennant Hills Road corridor
- investigation of options to achieve the project objective of improving public transport along the Pennant Hills Road corridor, and for minimising potential disruptions to customers using bus stops and bus services on the M2 motorway
- development of a business case to evaluate the costs and benefits of the unsolicited proposal
- negotiating provisions in the Project Funding Deed relevant to transport integration issues.

TfNSW is continuing to support the NorthConnex project team as it progresses with the planning and environmental impact assessment process.

### **Technology Investment Planning**

TfNSW's governance and delivery of technology investments were strengthened in 2013-14. This provided a greater focus on funding, reporting, governance, assurance and portfolio services across the Transport cluster.

During 2013-14 TfNSW:

- developed a Transport cluster Information Technology (IT) Strategy
- established a multi-year technology investment pipeline
- established a Transport cluster-wide technology governance framework
- established a Transport cluster-wide IT contract management framework to make best use of the economies of scale provided by the cluster's size
- prepared investment portfolio reports and analysis that enabled executives and governance bodies to make informed, optimal decisions about technology investments
- enhanced the transparency of technology-related capital and operational expenditure.

### **Information technology programs**

Technology supports the effective and efficient delivery of transport services and operations across the Transport cluster.

During 2013-14, progress was made in executing three strategic investment programs:

- The Next Generation Infrastructure Services program will transform IT infrastructure and the sourcing and delivery of infrastructure services. It will rationalise TfNSW's complex web of data centres, networks and help desks to drive efficiencies and improve services.
- The Enterprise Resource Planning program is part of the broader Corporate and Shared Services Reform Program, which will achieve greater integration across the Transport cluster. The program will consolidate legacy agency platforms into a single system, standardising on a common set of cluster wide processes and automating them. The design and blueprint stages were completed in 2013-14.
- The Enterprise Asset Management program, with a common solution for each Transport agency, will transform the way enterprise asset management is performed across the Transport cluster. The project preparation phase was completed in 2013-14.

Operational efficiencies were gained by integrating business processes into technology solutions. Examples included:

- Public Transport Information and Priority System, a bus prioritisation and tracking solution
- Increased use of the M5 motorway Cashback Online Claim System. This project provided customers with a simple, electronic way to claim M5 motorway rebates.

### **Training solutions**

A diverse Transport cluster workforce of about 30,000 staff working around the clock in locations across NSW can make training implementation challenging.

TfNSW applied technology to deliver the Prevention of Bullying and Harassment e-learning program. This was done by some 4000 staff in STA using iPads to complete the training within 12 weeks. Previously frontline staff needed to be rostered off for at least four hours to travel to classroom style training sessions.

## **Road Network Management Systems**

In June, TfNSW's Transport Management Centre began upgrading the system used to manage applications for Road Occupancy Licences. These are required for any activity likely to affect the operational efficiency of the road network. The new system will enable applicants to enter applications online.

Work was also done with emergency response agencies to develop and implement a new protocol for exchanging incident information. This allows more users to access and share information.

NSW Ambulance, now using the system, is able to despatch ambulances 90 seconds faster. Other NSW agencies and some interstate agencies are now considering joining the network.

A new protocol was developed with Roads and Maritime Services for exchanging data with privately managed motorways, starting with the M2 Motorway. Over the next two years, all the privately managed motorways will join the program.

Work continued with Transmax, a wholly owned subsidiary of Queensland Transport and Main Roads, on the next generation of software to manage electronic devices on roads. This includes variable message signs, variable speed limit signs, traffic monitoring stations and weather stations.

## 3 Financial statements

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### 3.1 Financial Performance Summary

During 2013-14 Transport for NSW (TfNSW) funded transport services and infrastructure provided by Government-owned and private sector entities to achieve equitable transport outcomes for the community of New South Wales.

In 2013-14 it was responsible for an initial total State budget allocation provided for transport of more than \$10.4 billion.

#### 2013-14 Operating Result

The entity's Net Result in 2013-14 was a \$258.3 million surplus, which was \$59.8 million more than the budget of \$198.5 million.

This improvement in the Net Result was in part due to total expenses of \$11,157.8 million being lower than the budget of \$11,328.5 million in 2013-14.

Grants, subsidies and service contract payments were the major expense items in 2013-14. This expenditure included \$4,389.2 million provided to Roads & Maritime Services for the roads program; \$83.6 million provided for ferry services and \$4,143.0 million provided to the rail entities for rail improvements, maintenance and services. An amount of \$820.7 million was also provided to the State Transit Authority and private transport operators for bus services in metropolitan and outer metropolitan areas of Sydney, with a further \$388.0 million provided for bus services in rural & regional areas of New South Wales. Funding was also provided for light rail and community transport services.

#### 2013-14 Assets & Liabilities

The Statement of Financial Position as at 30 June 2014 disclosed total assets of \$5,318.2 million. These assets included the net book value of rail infrastructure in country NSW and the light rail network (\$2,110.6 million); new additional and replacement buses (\$1,014.6 million) funded under metropolitan and outer metropolitan bus contracts; \$34.6 million in light rail rollingstock; \$601.5 million in land and buildings, mainly properties acquired for future transport corridors and management information systems, including the Electronic Ticketing System.

A revaluation adjustment in relation to the rail infrastructure assets in country NSW, expenditure on the new light rail network and the lease arrangements for additional new buses contributed to a total increase of \$848.8 million in the value of the total assets as at 30 June 2014, as compared to 30 June 2013.

TfNSW net assets totalled \$2,874.3 million as at 30 June 2014.

#### 2013-14 Consolidated Fund Allocations

An initial recurrent budget allocation of \$8,080.8 million was provided for transport for 2013-14.

After allowing for adjustments to the allocation, a total of \$7,971.1 million was used from Consolidated Fund allocations in meeting recurrent expenditure in TfNSW, including grants and subsidies and transport operator contract payments.

\$2,261.6 million of the capital allocation was used in 2013-14. This amount was mainly used to fund major rail capital projects which were progressively transferred to RailCorp during 2013-14. The allocation was also used for light rail and country rail infrastructure

improvements and new management information systems, including the Electronic Ticketing System.

## **Financial Management**

During the financial year TfNSW continued to maintain and further improve control over the financial aspects of core business operations and related projects to ensure that the entity was successfully able to operate within its budget allocation for 2013-14.

### **2013-14 Consolidated Financial Statements**

In 2013-14 the Department of Transport prepared consolidated financial statements for the following agencies:

- TfNSW
- Transport Service of NSW
- Rail Corporation
- Sydney Trains
- NSW Trains
- Roads and Maritime Services
- State Transit Authority
- Sydney Ferries
- MTS Holding Company Pty Limited

The consolidated financial statements for transport disclosed a net result in 2013-14 of \$2,580.6 million, with total comprehensive income for the year being \$5,331.7 million.

Total assets in the consolidated financial statements as at 30 June 2014 amounted to \$111,015.6 million, with net assets totalling \$100,017.8 million. The assets mainly consist of road, rail and maritime infrastructure (\$96,415.2 million) and also include rail rolling stock (\$5,092.1 million), bus related assets (\$1,106.7 million), and land and buildings (\$3,391.6 million).

**3.2 Department of Transport**





## INDEPENDENT AUDITOR'S REPORT

### Department of Transport

To Members of the New South Wales Parliament

I have audited the accompanying financial statements of the Department of Transport (the Department), which comprise the statement of financial position as at 30 June 2014, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows, service group statements and summary of compliance with financial directives for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information of the Department and the consolidated entity. The consolidated entity comprises the Department and the entities it controlled at the year's end or from time to time during the financial year.

### Opinion

In my opinion, the financial statements:

- give a true and fair view of the financial position of the Department 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 45E of the *Public Finance and Audit Act 1983* (the PF&A Act) and the Public Finance and Audit Regulation 2010.

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

### The Secretary's Responsibility for the Financial Statements

The Secretary 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 Secretary determines is necessary to enable the preparation of financial statements that give a true and fair view and that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including 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 Secretary, as well as evaluating the overall presentation of the financial statements.

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

My opinion does *not* provide assurance:

- about the future viability of the Department or the consolidated entity
- that they have carried out their activities effectively, efficiently and economically
- about the effectiveness of their 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 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 relevant ethical pronouncements. The PF&A Act further promotes independence by:

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



A T Whitfield  
Deputy Auditor-General

16 October 2014  
SYDNEY



## **Department of Transport**

Consolidated Annual Financial Statements

for the year ended 30 June 2014

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## Department of Transport

Statement by the Secretary  
for the year ended 30 June 2014

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Pursuant to section 45F of the Public Finance and Audit Act 1983, I state that:

- (a) The accompanying financial statements have been prepared in accordance with:
  - Applicable Australian Accounting Standards (which including Australian Accounting Interpretations);
  - The requirements of the Public Finance and Audit Act 1983 and Regulation; and
  - The Financial Reporting Directions published in the Financial Reporting Code for NSW General Government Sector Entities or issued by the Treasurer under section 9(2) (n) of the Act;
- (b) The statements exhibit a true and fair view of the financial position and financial performance of the Department of Transport; and
- (c) There are no known circumstances, which would render any particulars included in the financial statements to be misleading or inaccurate.



Dave Stewart  
Secretary

Date: 15 October 2014.



**Department of Transport**  
**Statement of comprehensive income**  
for the year ended 30 June 2014

	Notes	Consolidated Actual 2014 \$'000	Consolidated Actual* 2013 \$'000	Parent Actual 2014 \$'000	Parent Actual 2013 \$'000
<b>Expenses excluding losses</b>					
Operating expenses					
Employee related expenses	2(a)	2,776,061	2,892,252	11,401	24,350
Other operating expenses	2(b)	1,401,570	1,333,256	229	243
Maintenance	2(c)	1,564,211	1,254,997	-	-
Depreciation and amortisation	2(d)	2,598,498	2,286,836	-	-
Grants and subsidies	2(e)	673,003	650,405	-	-
Finance costs	2(f)	328,241	232,843	-	-
Other expenses	2(g)	994,630	989,097	-	-
<b>Total expenses excluding losses</b>		<b>10,336,214</b>	<b>9,639,686</b>	<b>11,630</b>	<b>24,593</b>
<b>Revenue</b>					
Recurrent appropriation	3(a)	7,971,109	7,999,371	-	-
Capital appropriation	3(b)	2,261,580	222,162	-	-
(Transfers to the Crown Entity)	3(c)	-	(128,833)	-	-
Sale of goods and services	3(d)	1,910,591	1,856,767	-	-
Investment revenue	3(e)	133,837	152,590	-	-
Other revenue	3(f)	272,949	249,135	-	-
Retained taxes, fees and fines	3(g)	29,889	17,080	-	-
Grants and contributions	3(h)	1,010,282	2,064,916	230	243
Acceptance by the Crown Entity of employee benefits and other liabilities	3(i)	33,470	26,682	(48)	840
Personnel services revenue	3(j)	-	-	11,448	23,510
<b>Total revenue</b>		<b>13,623,707</b>	<b>12,459,870</b>	<b>11,630</b>	<b>24,593</b>
<b>Gain / (loss) on disposal</b>	4	<b>105,481</b>	<b>47,542</b>	-	-
<b>Other gains / (losses)</b>	5	<b>(812,378)</b>	<b>(1,316,103)</b>	-	-
<b>Net result</b>		<b>2,580,596</b>	<b>1,551,623</b>	-	-
<b>Other comprehensive income</b>					
<i>Items that will not be reclassified to net result</i>					
Net increase / (decrease) in asset revaluation reserve		2,778,358	4,202,145	-	-
Remeasurement of defined benefit superannuation schemes		(26,714)	598,402	-	-
<i>Items that may be reclassified subsequently to net result</i>					
Net gain in commodity swaps and foreign exchange		(545)	12,680	-	-
Other		-	21,341	-	-
<b>Total other comprehensive income</b>		<b>2,751,099</b>	<b>4,834,568</b>	-	-
<b>Total comprehensive income</b>		<b>5,331,695</b>	<b>6,386,191</b>	-	-

The accompanying notes form part of these financial statements.

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



**Department of Transport**  
**Statement of financial position**  
as at 30 June 2014

	Notes	Consolidated Actual 2014 \$'000	Consolidated Actual* 2013 \$'000	Consolidate Actual* 1 July 2012 \$'000	Parent Actual 2014 \$'000	Parent Actual 2013 \$'000
<b>ASSETS</b>						
<b>Current assets</b>						
Cash and cash equivalents	7	1,447,794	809,201	837,470	17,087	12,041
Receivables	8	476,988	525,824	582,134	811	1,011
Inventories	9	47,360	50,867	55,064	-	-
Financial assets at fair value	10	59,297	56,356	48,894	-	-
Non-current assets held for sale	11	34,420	28,622	68,320	-	-
<b>Total current assets</b>		<b>2,065,859</b>	<b>1,470,870</b>	<b>1,591,882</b>	<b>17,898</b>	<b>13,052</b>
<b>Non-current assets</b>						
Receivables	8	34,579	52,052	56,878	-	-
Inventories	9	33,580	24,050	32,347	-	-
Financial assets at fair value	10	194	558	28	-	-
Other financial assets	12	178,278	161,178	145,013	-	-
Property, plant and equipment						
Land and buildings	13	3,391,649	3,298,044	3,347,776	-	-
Infrastructure systems	13	96,415,207	91,687,546	86,215,411	-	-
Plant and equipment	13	6,785,026	5,603,519	4,499,595	-	-
<b>Total property, plant and</b>		<b>106,591,882</b>	<b>100,589,109</b>	<b>94,062,782</b>	<b>-</b>	<b>-</b>
Investment property	14	-	-	129,466	-	-
Intangible assets	15	879,780	688,196	552,942	-	-
Other assets	16	1,231,469	1,039,180	888,752	-	-
Deferred tax asset		-	-	97,417	-	-
<b>Total non-current assets</b>		<b>108,949,762</b>	<b>102,554,323</b>	<b>95,965,625</b>	<b>-</b>	<b>-</b>
<b>Total Assets</b>		<b>111,015,621</b>	<b>104,025,193</b>	<b>97,557,507</b>	<b>17,898</b>	<b>13,052</b>
<b>LIABILITIES</b>						
<b>Current liabilities</b>						
Payables	18	2,076,124	1,498,334	1,724,926	16,998	10,349
Borrowings	19	1,341,067	772,831	243,592	-	-
Employee benefits	20	927,198	1,011,989	877,085	900	2,703
Other provisions	21	61,670	47,035	54,655	-	-
Other liabilities	22	223,094	206,438	211,472	-	-
Financial liabilities at fair value	23	3,895	5,262	13,811	-	-
<b>Total current liabilities</b>		<b>4,633,048</b>	<b>3,541,889</b>	<b>3,125,541</b>	<b>17,898</b>	<b>13,052</b>
<b>Non-current liabilities</b>						
Borrowings	19	3,862,254	3,319,466	2,584,207	-	-
Employee benefits	20	2,107,110	2,024,554	2,735,677	-	-
Other provisions	21	70,356	95,452	91,767	-	-
Other liabilities	22	324,899	393,830	553,382	-	-
Financial liabilities at fair value	23	108	302	2,355	-	-
Deferred tax liability		-	-	67,792	-	-
<b>Total non-current liabilities</b>		<b>6,364,727</b>	<b>5,833,604</b>	<b>6,035,180</b>	<b>-</b>	<b>-</b>
<b>Total Liabilities</b>		<b>10,997,775</b>	<b>9,375,493</b>	<b>9,160,721</b>	<b>17,898</b>	<b>13,052</b>
<b>Net assets</b>		<b>100,017,846</b>	<b>94,649,700</b>	<b>88,396,786</b>	<b>-</b>	<b>-</b>
<b>EQUITY</b>						
Reserves		17,022,187	14,471,116	10,867,870	-	-
Accumulated funds		82,995,659	80,178,584	77,528,916	-	-
<b>Total equity</b>		<b>100,017,846</b>	<b>94,649,700</b>	<b>88,396,786</b>	<b>-</b>	<b>-</b>

The accompanying notes form part of these financial statements.

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

**Department of Transport**  
**Statement of changes in equity**  
for the year ended 30 June 2014

Consolidated	Notes	Accumulated funds \$'000	Asset revaluation surplus \$'000	Hedging gains & losses reserves \$'000	Total \$'000
Balance as at 1 July 2013		80,424,028	14,473,794	(2,678)	94,895,144
Changes in accounting policy		(245,444)	-	-	(245,444)
<b>Restated total equity as at 1 July 2013</b>		<b>80,178,584</b>	<b>14,473,794</b>	<b>(2,678)</b>	<b>94,649,700</b>
<b>Net result for the year</b>		<b>2,580,596</b>	<b>-</b>	<b>-</b>	<b>2,580,596</b>
<b>Other comprehensive income:</b>					
Derecognition of deferred tax assets and liabilities		-	-	-	-
Net gains in hedging contracts		-	-	(545)	(545)
Net increase in asset revaluation reserve	13	-	2,778,358	-	2,778,358
Remeasurement of defined benefit superannuation schemes		(26,714)	-	-	(26,714)
<b>Total other comprehensive income</b>		<b>(26,714)</b>	<b>2,778,358</b>	<b>(545)</b>	<b>2,751,099</b>
<b>Total comprehensive income for the year</b>		<b>2,553,882</b>	<b>2,778,358</b>	<b>(545)</b>	<b>5,331,695</b>
<b>Transactions with owners in their capacity as owners</b>					
Transfers to / (from) reserves to accumulated funds		226,742	(226,742)	-	-
Equity transfers	31	36,451	-	-	36,451
<b>Balance at 30 June 2014</b>		<b>82,995,659</b>	<b>17,025,410</b>	<b>(3,223)</b>	<b>100,017,846</b>
<b>Balance at 1 July 2012</b>					
Balance at 1 July 2012		77,861,759	10,883,228	(15,358)	88,729,629
Changes in accounting policy		(332,843)	-	-	(332,843)
<b>Restated total equity as at 1 July 2012</b>		<b>77,528,916</b>	<b>10,883,228</b>	<b>(15,358)</b>	<b>88,396,786</b>
<b>Net result for the year</b>		<b>1,551,623</b>	<b>-</b>	<b>-</b>	<b>1,551,623</b>
<b>Other comprehensive income:</b>					
Derecognition of deferred tax assets and liabilities		(37,702)	59,043	-	21,341
Net gains in hedging contracts		-	-	12,680	12,680
Net increase in asset revaluation reserve	13	-	4,202,145	-	4,202,145
Remeasurement of defined benefit superannuation schemes		598,402	-	-	598,402
<b>Total other comprehensive income</b>		<b>560,700</b>	<b>4,261,188</b>	<b>12,680</b>	<b>4,834,568</b>
<b>Total comprehensive income for the year</b>		<b>2,112,323</b>	<b>4,261,188</b>	<b>12,680</b>	<b>6,386,191</b>
<b>Transactions with owners in their capacity as owners</b>					
Transfers to / (from) reserves to accumulated funds		670,622	(670,622)	-	-
Equity transfers	31	(133,277)	-	-	(133,277)
<b>Balance at 30 June 2013</b>		<b>80,178,584</b>	<b>14,473,794</b>	<b>(2,678)</b>	<b>94,649,700</b>

The accompanying notes form part of these financial statements.

**Department of Transport**  
**Statement of changes in equity**  
for the year ended 30 June 2014

Parent	Notes	Accumulated funds \$'000	Asset revaluation surplus \$'000	Hedging gains & losses reserves \$'000	Total \$'000
<b>Balance as at 1 July 2013</b>		-	-	-	-
Changes in accounting policy		-	-	-	-
<b>Restated total equity as at 1 July 2013</b>		-	-	-	-
<b>Net result for the year</b>		-	-	-	-
<b>Other comprehensive income:</b>					
Derecognition of deferred tax assets and liabilities		-	-	-	-
Net gains in hedging contracts		-	-	-	-
Net increase in asset revaluation reserve	13	-	-	-	-
Actuarial gains on defined benefit superannuation schemes		-	-	-	-
<b>Total other comprehensive income</b>		-	-	-	-
<b>Total comprehensive income for the year</b>		-	-	-	-
<b>Transactions with owners in their capacity as owners</b>					
Transfers to / (from) reserves to accumulated funds		-	-	-	-
Equity transfers	31	-	-	-	-
<b>Balance at 30 June 2014</b>		-	-	-	-
<b>Balance at 1 July 2012</b>		-	-	-	-
Changes in accounting policy		-	-	-	-
<b>Restated total equity as at 1 July 2012</b>		-	-	-	-
<b>Net result for the year</b>		-	-	-	-
<b>Other comprehensive income:</b>					
Derecognition of deferred tax assets and liabilities		-	-	-	-
Net gains in hedging contracts		-	-	-	-
Net increase in asset revaluation reserve	13	-	-	-	-
Actuarial gains on defined benefit superannuation schemes		-	-	-	-
<b>Total other comprehensive income</b>		-	-	-	-
<b>Total comprehensive income for the year</b>		-	-	-	-
<b>Transactions with owners in their capacity as owners</b>					
Transfers to / (from) reserves to accumulated funds		-	-	-	-
Equity transfers	31	-	-	-	-
<b>Balance at 30 June 2013</b>		-	-	-	-



**Department of Transport**  
**Statement of cash flows**  
for the year ended 30 June 2014

	Notes	Consolidated Actual 2014 \$'000	Consolidated Actual 2013 \$'000	Parent Actual 2014 \$'000	Parent Actual 2013 \$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
<b>Payments</b>					
Employee related		(2,515,325)	(2,596,228)	(13,272)	(26,889)
Grants and subsidies		(572,988)	(726,385)	-	-
Finance costs		(328,421)	(211,573)	-	-
Other		(4,450,942)	(4,519,657)	182	(79,035)
<b>Total payments</b>		<b>(7,867,676)</b>	<b>(8,053,843)</b>	<b>(13,090)</b>	<b>(105,924)</b>
<b>Receipts</b>					
Recurrent appropriation		7,971,109	7,999,371	-	-
Capital appropriation (excluding equity appropriations)		2,266,735	219,892	-	-
Sale of goods and services including GST refunds		1,790,040	1,955,747	-	-
Personnel services		-	-	18,136	24,109
Retained taxes, fees and fines		13,739	18,907	-	-
Interest received		56,428	64,233	-	-
Grants and contributions		1,452,785	1,668,649	-	-
Other		554,507	5,737	-	-
<b>Total receipts</b>		<b>14,105,343</b>	<b>11,932,536</b>	<b>18,136</b>	<b>24,109</b>
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	27	<b>6,237,667</b>	<b>3,878,693</b>	<b>5,046</b>	<b>(81,815)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Proceeds from sale of property, plant and equipment		73,775	186,042	-	-
Purchases of property, plant and equipment and intangible assets		(6,005,688)	(4,333,622)	-	-
Advances made		-	(82)	-	-
Other		3,221	12,333	-	-
<b>NET CASH FLOWS FROM INVESTING ACTIVITIES</b>		<b>(5,928,692)</b>	<b>(4,135,329)</b>	<b>-</b>	<b>-</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>					
Proceeds from borrowings and advances		1,114,898	1,571,494	-	-
Repayment of borrowings and advances		(766,685)	(1,157,305)	-	-
Other		(18,595)	27,431	-	-
<b>NET CASH FLOWS FROM FINANCING ACTIVITIES</b>		<b>329,618</b>	<b>441,620</b>	<b>-</b>	<b>-</b>
<b>NET INCREASE / (DECREASE) IN CASH</b>		<b>638,593</b>	<b>184,984</b>	<b>5,046</b>	<b>(81,815)</b>
Opening cash and cash equivalents		809,201	837,470	12,041	93,856
Cash reserve transferred to the Crown Entity	31	-	(213,253)	-	-
<b>CLOSING CASH AND CASH EQUIVALENTS</b>	7	<b>1,447,794</b>	<b>809,201</b>	<b>17,087</b>	<b>12,041</b>

The accompanying notes form part of these financial statements.

**Department of Transport**  
Service group statements  
for the year ended 30 June 2014

Consolidated	Rail Services*		Buses and related services*		Roads and maritime services*		Ferry services*		Integrated transport services*		Inter-services elimination		Total	
	2014 \$'000	2013** \$'000	2014 \$'000	2013** \$'000	2014 \$'000	2013** \$'000	2014 \$'000	2013** \$'000	2014 \$'000	2013** \$'000	2014 \$'000	2013** \$'000	2014 \$'000	2013** \$'000
Reporting entity's expenses and income	1,425,504	1,626,359	269,337	439,753	449,937	651,425	1,292	11,848	327,962	373,743	302,009	(210,876)	2,776,061	2,892,252
Expenses excluding losses														
Operating expenses:														
Employee related	100,172	68,379	151,000	-	349,187	66,089	-	-	-	105,140	(600,359)	(238,608)	-	-
Personnel service expense	1,255,058	643,796	121,996	130,557	574,669	528,396	111	3,074	284,534	293,106	(834,798)	(265,663)	1,401,570	1,353,256
Other operating expenses	1,029,381	694,498	51,553	48,248	481,928	492,545	-	2,026	38,615	3,848	(37,266)	13,832	1,564,211	1,254,997
Maintenance	955,749	872,590	85,478	83,533	1,434,708	1,207,963	14,854	19,079	108,245	104,446	(536)	(345)	2,596,498	2,286,836
Depreciation and amortisation	-	-	115,832	104,415	448,490	476,495	83,630	75,991	8,552,368	7,614,433	(8,525,317)	(7,620,929)	673,003	650,405
Grants and subsidies	182,870	84,347	91,520	85,033	67,129	79,102	-	-	15,859	13,516	(29,137)	(29,155)	328,241	332,843
Finance costs	421,427	-	805,976	821,391	-	-	-	-	(310,735)	8,301	77,962	159,405	994,630	989,097
Other expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>TOTAL EXPENSES</b>	<b>5,370,161</b>	<b>3,989,929</b>	<b>1,692,692</b>	<b>1,712,930</b>	<b>3,804,048</b>	<b>3,500,915</b>	<b>99,887</b>	<b>112,018</b>	<b>9,016,868</b>	<b>8,516,533</b>	<b>(9,647,442)</b>	<b>(8,192,339)</b>	<b>10,336,214</b>	<b>9,639,696</b>
<b>EXCLUDING LOSSES</b>														
Revenue	2,258,515	2,245,306	1,326,393	1,231,727	4,473,696	4,446,431	-	5,493	9,012,568	8,631,036	(9,805,013)	(8,311,778)	10,286,159	8,246,215
Government contributions (Transfers to the Crown Entity)	-	-	-	-	(128,633)	-	-	-	-	-	-	-	-	(128,633)
Sale of goods and services	2,313,611	1,262,680	340,579	344,378	514,273	584,726	5,742	22,875	239,663	155,917	(1,503,277)	(513,808)	1,910,591	1,868,767
Investment revenue	43,248	41,158	1,382	723	88,919	84,972	575	334	19,741	22,098	(28)	3,605	133,837	152,990
Retained taxes, fees and fines	9,902	1,467	736	788	17,069	14,814	-	-	2,182	1	-	-	29,869	17,080
Grants and contributions	1,900,567	1,117,145	57,522	49,625	65,533	113,804	150	-	359,867	14,905	(1,373,377)	769,537	1,010,282	2,064,916
Other revenue	5,419	5,064	-	-	288,520	241,400	5,458	2,671	3,507	3,943	(39,955)	(3,943)	272,949	249,135
<b>Total revenue</b>	<b>6,531,262</b>	<b>4,672,820</b>	<b>1,726,602</b>	<b>1,627,251</b>	<b>5,438,000</b>	<b>5,357,014</b>	<b>11,925</b>	<b>31,373</b>	<b>9,637,548</b>	<b>8,827,800</b>	<b>(9,721,650)</b>	<b>(8,056,388)</b>	<b>13,623,707</b>	<b>12,459,870</b>
Gain/(loss) on disposal	(2,772)	(15,087)	8,581	(802)	108,153	53,747	-	-	(8,486)	-	(8,486)	9,684	105,481	47,542
Other gain/(losses)	(58,057)	(229,270)	-	-	(746,241)	(1,130,919)	(5,754)	38,751	(706)	15,019	(1,520)	(9,684)	(812,378)	(1,316,103)
<b>Net result</b>	<b>1,100,292</b>	<b>438,534</b>	<b>42,491</b>	<b>(66,481)</b>	<b>995,869</b>	<b>779,227</b>	<b>(63,716)</b>	<b>(41,994)</b>	<b>619,974</b>	<b>326,286</b>	<b>(64,314)</b>	<b>135,961</b>	<b>2,580,596</b>	<b>1,851,623</b>
<b>Other comprehensive income</b>														
Net increase/(decrease) in asset revaluation reserve	634,966	-	14,230	-	2,113,952	4,199,034	(1,570)	1,799	-	-	16,780	1,312	2,778,356	4,202,145
Remeasurement of defined benefit superannuation schemes	(58,829)	238,355	-	35,841	165,888	324,206	-	-	(133,773)	-	-	-	(26,714)	598,402
Net gain in commodity swaps and foreign exchange	(2,053)	12,680	-	-	-	-	-	-	1,508	-	-	-	(645)	12,680
Other	-	-	-	21,341	-	-	-	-	-	-	-	-	-	21,341
<b>Total other comprehensive income</b>	<b>574,084</b>	<b>251,035</b>	<b>14,230</b>	<b>57,182</b>	<b>2,279,840</b>	<b>4,523,240</b>	<b>(1,570)</b>	<b>1,799</b>	<b>(132,265)</b>	<b>-</b>	<b>16,780</b>	<b>1,312</b>	<b>2,751,099</b>	<b>4,834,568</b>
<b>TOTAL COMPREHENSIVE INCOME</b>	<b>1,674,376</b>	<b>689,569</b>	<b>56,721</b>	<b>(29,299)</b>	<b>3,275,709</b>	<b>5,302,467</b>	<b>(95,286)</b>	<b>(40,095)</b>	<b>487,709</b>	<b>326,286</b>	<b>(67,534)</b>	<b>137,263</b>	<b>5,331,695</b>	<b>6,386,191</b>

The inter-services eliminations represent the net effect of the consolidation adjustments that impact on both the statement of comprehensive income and statement of financial position.

\* The names and purposes of each service group are summarised in note 1(f).

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

**Department of Transport**  
Service group statements  
for the year ended 30 June 2014

Consolidated	Rail Services*		Buses and related services*		Roads and maritime services*		Ferry services*		Integrated transport services*		Inter-services elimination		Total	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
Administered expenses and income	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Administered expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfer payments	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total administered expenses</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Administered income	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Private Transport Operators' fees	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Port Cargo Access Charges	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Taxes, fees and fines	-	-	-	-	2,965,606	2,834,998	-	-	37,922	44,216	-	-	3,003,528	2,879,214
Other	-	-	-	-	44,924	43,803	-	-	-	-	-	-	44,924	43,803
<b>Total administered income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,010,530</b>	<b>2,878,801</b>	<b>-</b>	<b>-</b>	<b>37,922</b>	<b>44,216</b>	<b>-</b>	<b>-</b>	<b>3,048,452</b>	<b>2,923,017</b>
Administered income less expenses	-	-	-	-	3,010,530	2,878,801	-	-	80	555	-	-	3,010,610	2,879,356

The inter-services eliminations represent the net effect of the consolidation adjustments that impact on both the statement of comprehensive income and statement of financial position

\* The names and purposes of each service group are summarised in note (1)(t).



**Department of Transport**  
Service group statements  
for the year ended 30 June 2014

Consolidated Reporting entity's assets and liabilities	Rail Services*			Buses and related services*			Roads and maritime services*			Ferry services*			Integrated transport services*			Inter-services elimination			Total		
	2014 \$'000	2013** \$'000	2014 \$'000	2013** \$'000	2014 \$'000	2013** \$'000	2014 \$'000	2013** \$'000	2014 \$'000	2013** \$'000	2014 \$'000	2013** \$'000	2014 \$'000	2013** \$'000	2014 \$'000	2013** \$'000	2014 \$'000	2013** \$'000	2014 \$'000	2013** \$'000	
<b>Current assets</b>																					
Cash and cash equivalents	273,541	157,243	4,068	36,980	333,858	244,589	15,820	15,538	820,507	354,851	1,447,794	809,201	476,988	476,988	525,824	50,867	56,356	28,822			
Receivables	590,123	227,857	42,100	20,217	190,018	197,513	959	2,235	2,013,589	451,397	(2,349,441)	(373,395)									
Inventories	27,975	32,814	8,654	7,699	9,427	10,354	-	-	1,304	-											
Financial assets at fair value	468	2,328	-	-	58,710	54,028	-	-	119	-											
Non-current assets held for sale	11,834	504	131	4,988	5,262	23,120	-	-	17,193	-											
<b>Total current assets</b>	<b>893,941</b>	<b>420,746</b>	<b>54,953</b>	<b>69,894</b>	<b>597,275</b>	<b>529,604</b>	<b>16,419</b>	<b>17,773</b>	<b>2,852,712</b>	<b>805,248</b>	<b>(2,349,441)</b>	<b>(373,395)</b>	<b>2,065,859</b>	<b>1,470,870</b>							
<b>Non-current assets</b>																					
Receivables	34,174	48,864	5	1,360	400	1,828	-	-	-	-											
Inventories	33,580	24,050	-	-	-	-	-	-	36	-											
Financial assets at fair value	158	558	-	-	-	-	-	-	88,694	18,488	106,561,882	100,568,109	194	194							
Property plant and equipment	32,883,210	29,927,137	1,366,947	1,378,701	72,117,898	89,158,000	85,032	108,783	733	753	178,278	161,178									
Other financial assets	-	-	-	-	177,545	160,425	-	-	422,938	268,822											
Intangible assets	244,055	229,883	809	1,373	169,963	154,433	42,015	33,685	-	-											
Other assets	50,706	57,210	-	-	1,180,763	981,970	-	-	-	-	1,231,469	1,039,180									
<b>Total non-current assets</b>	<b>33,295,883</b>	<b>30,287,702</b>	<b>1,397,761</b>	<b>1,381,434</b>	<b>73,646,669</b>	<b>70,456,656</b>	<b>127,047</b>	<b>140,468</b>	<b>522,401</b>	<b>286,063</b>	<b>1</b>	<b>108,949,762</b>	<b>104,025,323</b>	<b>(2,349,440)</b>	<b>(373,395)</b>	<b>111,015,621</b>	<b>104,025,193</b>				
<b>Total assets</b>	<b>34,149,824</b>	<b>30,708,448</b>	<b>1,452,714</b>	<b>1,451,328</b>	<b>74,243,944</b>	<b>70,986,260</b>	<b>143,466</b>	<b>158,241</b>	<b>3,375,113</b>	<b>1,094,311</b>	<b>(2,349,440)</b>	<b>(373,395)</b>	<b>111,015,621</b>	<b>104,025,193</b>							

The inter-services eliminations represent the net effect of the consolidation adjustments that impact on both the statement of comprehensive income and statement of financial position.  
\* The names and purposes of each service group are summarised in note 1(i).  
\*\*The amounts have been restated due to change in accounting policy (refer to note 1(u)(i))



**Department of Transport**  
Service group statements  
for the year ended 30 June 2014

Consolidated Reporting entity's assets and liabilities	Rail Services*		Buses and related services*		Roads and maritime services*		Ferry services*		Integrated transport services*		Inter-services elimination		Total	
	2014 \$'000	2013** \$'000	2014 \$'000	2013** \$'000	2014 \$'000	2013** \$'000	2014 \$'000	2013** \$'000	2014 \$'000	2013** \$'000	2014 \$'000	2013** \$'000	2014 \$'000	2013** \$'000
<b>Current liabilities</b>														
Payables	906,540	588,116	362,563	62,632	2,193,269	661,806	806	1,367	965,057	608,126	(2,342,111)	(414,713)	2,076,124	1,488,334
Borrowings	765,274	488,670	70,878	34,174	368,615	135,739	-	-	116,300	114,248	-	-	1,341,067	772,831
Employee benefits	529,211	574,430	-	109,252	-	301,065	427	951	397,544	26,271	16	-	927,198	1,011,989
Other provisions	51,389	39,382	1,223	2,042	8,344	1,301	-	60	714	4,250	-	-	61,670	47,035
Other	24,282	21,530	4,119	4,060	169,135	172,467	6,666	8,351	36,536	-	(17,654)	-	223,094	208,438
Financial liabilities at fair value	1,064	5,262	-	-	-	-	-	-	2,831	-	-	-	3,895	5,262
<b>Total current liabilities</b>	<b>2,277,770</b>	<b>1,718,390</b>	<b>438,783</b>	<b>212,160</b>	<b>2,759,363</b>	<b>1,262,428</b>	<b>7,899</b>	<b>10,729</b>	<b>1,508,982</b>	<b>752,895</b>	<b>(2,358,749)</b>	<b>(414,713)</b>	<b>4,633,048</b>	<b>3,541,889</b>
<b>Non-current liabilities</b>														
Borrowings	2,181,503	1,345,683	745,196	803,072	607,070	909,671	-	-	328,485	280,840	-	-	3,862,254	3,319,466
Employee benefits	740,626	667,846	-	214,858	-	1,141,850	-	-	1,366,484	-	-	-	2,107,110	2,024,554
Other provisions	47,632	71,725	606	227	16,865	18,463	-	287	5,233	4,750	-	-	70,366	66,452
Other	-	3	-	-	324,864	393,785	-	-	45	42	-	-	324,899	363,630
Financial liabilities at fair value	53	302	-	-	-	-	-	-	55	-	-	-	108	302
<b>Total non-current liabilities</b>	<b>2,969,814</b>	<b>2,085,759</b>	<b>745,802</b>	<b>1,018,157</b>	<b>948,809</b>	<b>2,463,769</b>	<b>-</b>	<b>287</b>	<b>1,700,302</b>	<b>265,632</b>	<b>-</b>	<b>-</b>	<b>6,364,727</b>	<b>5,833,604</b>
<b>Total liabilities</b>	<b>5,247,584</b>	<b>3,804,149</b>	<b>1,184,585</b>	<b>1,230,317</b>	<b>3,708,172</b>	<b>3,726,197</b>	<b>7,899</b>	<b>11,016</b>	<b>3,209,284</b>	<b>1,018,527</b>	<b>(2,358,749)</b>	<b>(414,713)</b>	<b>10,997,775</b>	<b>9,375,493</b>
<b>Net assets</b>	<b>28,902,240</b>	<b>26,904,299</b>	<b>268,129</b>	<b>221,011</b>	<b>70,535,772</b>	<b>67,260,063</b>	<b>135,567</b>	<b>147,225</b>	<b>165,829</b>	<b>75,784</b>	<b>10,309</b>	<b>41,318</b>	<b>100,017,846</b>	<b>94,649,700</b>

The inter-services eliminations represent the net effect of the consolidation adjustments that impact on both the statement of comprehensive income and statement of financial position.

\* The names and purposes of each service group are summarised in note 1(f).

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

## Department of Transport

Summary of compliance with financial directives  
for the year ended 30 June 2014

Department of Transport and Transport for NSW	2014			2013				
	Recurrent Appropriation \$'000	Expenditure/ net claim on Consolidated Fund \$'000	Capital Appropriation \$'000	Expenditure/ net claim on Consolidated Fund \$'000	Recurrent Appropriation \$'000	Expenditure/ net claim on Consolidated Fund \$'000	Capital Appropriation \$'000	Expenditure/ net claim on Consolidated Fund \$'000
<b>ORIGINAL BUDGET APPROPRIATION/EXPENDITURE</b>								
Appropriation Act	8,080,774	7,971,109	2,342,962	2,261,580	9,598,503	280,674	222,162	
S24 PF&AA - transfers of functions between entities	-	-	-	-	(15,300)	-	-	-
	<b>8,080,774</b>	<b>7,971,109</b>	<b>2,342,962</b>	<b>2,261,580</b>	<b>9,583,203</b>	<b>280,674</b>	<b>222,162</b>	
<b>OTHER APPROPRIATIONS/EXPENDITURE</b>								
Treasurer's Advance	-	-	-	-	-	2,270	-	-
Transfers to/from another Agency (s32 of the Appropriation Act)	(109,662)	-	-	-	(1,575,728)	-	-	-
	<b>(109,662)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1,575,728)</b>	<b>2,270</b>	<b>-</b>	<b>-</b>
<b>Total Appropriations / Expenditure / Net Claim on Consolidated Fund (includes transfer payments)</b>	<b>7,971,112</b>	<b>7,971,109</b>	<b>2,342,962</b>	<b>2,261,580</b>	<b>8,007,475</b>	<b>282,944</b>	<b>222,162</b>	
Amount drawn down against Appropriation	-	7,971,109	-	2,266,735	-	-	-	222,162
Liability to Consolidated Fund* (note 22)	-	-	-	(5,155)	-	-	-	-

\* The liability to Consolidated Fund represents the difference between the "Amount drawn down against Appropriation" and the "Total Expenditure/Net claim on Consolidated Fund". The summary of compliance is based on the assumption that Consolidated Fund monies are spent first (except where otherwise identified or prescribed).

## Department of Transport

Notes to the financial statements  
for the year ended 30 June 2014

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### 1. Summary of significant accounting policies

#### (a) Department of Transport – Reporting entity

The Department of Transport is a NSW Government entity. The Department is a not-for-profit entity as profit is not its principal objective and it has no cash generating units. The parent entity carried out many of the planning, procurement, delivery and coordination functions for transport services and infrastructure in NSW until 1 November 2011 when these functions were transferred to Transport for NSW. From 1 November 2011, the parent entity has provided personnel services to Transport for NSW.

The reporting entity is consolidated as part of the NSW Total State Sector financial statements.

The Department of Transport as a reporting entity, comprises all the entities under its control, namely:

Transport for NSW  
Transport Service of New South Wales  
Roads and Maritime Services  
Sydney Ferries  
State Transit Authority  
Rail Corporation New South Wales  
Sydney Trains (from 7 December 2012)  
NSW Trains (from 7 December 2012)  
MTS Holding Company Pty Limited

The *Transport Administration Act 1988* states that the affairs of Transport for NSW are to be managed and controlled by the Secretary. The Secretary is defined as the Secretary of the Department of Transport. Consistent with the Secretary's power of direction it is considered that the Department of Transport has control for the purposes of preparing consolidated financial statements for the above agencies and special purpose entities or divisions.

As a result of amendments to the *Transport Administration Act 1988* (the Act) the following changes were made to the controlled entities in the Department of Transport group:

On 7 December 2012, NSW Trains and Sydney Trains were established as public subsidiary corporations of RailCorp under the Transport Administration (General) Amendment (Sydney Trains and NSW Trains) Regulation 2012. The agencies operate services in the Sydney suburban, inner-city and regional areas previously operated by RailCorp and are controlled entities of Transport for NSW. The agencies commenced operation on 1 July 2013.

The first financial year for both Sydney Trains and NSW Trains will cover a period of approximately 19 months from their establishment on 7 December 2012 to 30 June 2014.

On 5 May 2014, via a vesting order signed by the Minister for Transport, all the assets, rights and liabilities of MTS Holding Company Pty Limited (MTSH) were transferred to TfNSW. Arrangements are now in place to deregister MTSH. These processes in effect extinguished the TfNSW investment in MTSH.

These consolidated financial statements of Department of Transport for the year ended 30 June 2014 were authorised for issue by the Secretary on the date the accompanying statement was signed.

#### (b) Principles of consolidation

The consolidated financial statements comprise the financial statements of the parent entity and its controlled entities, after elimination of all inter-entity transactions and balances. The controlled entities are consolidated from the date the parent entity obtained control and until such time as control passes.

The financial statements of the controlled entities are prepared for the same reporting period as the parent entity, using generally consistent accounting practices. As a result no adjustments were required for any material dissimilar accounting policies.



## Department of Transport

Notes to the financial statements  
for the year ended 30 June 2014

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### 1. Summary of significant accounting policies (cont'd)

#### (c) Basis of preparation

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

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

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

All amounts are rounded to the nearest one thousand dollars and are expressed in Australian currency.

#### (d) Critical accounting estimates, judgements and assumptions

In the application of accounting standards and the Financial Reporting Code for NSW General Government Sector Entities (the Code), 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 (o) (iii) and (iv), and note 13.

*Other assets* note 1(o)(xxiv) and note 16.

*Employee benefits* note 1(p)(iii) and note 20.

*Commitments - Rollingstock Public Private Partnership* note 24.

#### (e) Statement of compliance

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

#### Exemption from the Financial Reporting Code

The reporting entity was granted exemption by the Treasurer of NSW under *S 45E of the Public Finance and Audit Act 1983* from complying fully with the requirement of the Code. The exemption relates to the separate disclosure of maintenance expenses in the Statement of Comprehensive Income and liabilities for employees' benefits in the Statement of Financial Position on the basis of their materiality and greater transparency. This exemption does not impact on the financial performance of the reporting entity.

The reporting entity was granted a further exemption from the requirement to include the Budget column in the primary consolidated financial statements (note 26).

## **1. Summary of significant accounting policies (cont'd)**

### **(f) Administered activities**

The reporting entity administers, but does not control, certain activities on behalf of the Crown Entity. It is accountable for the transactions relating to those administered activities but does not have the discretion, for example, to deploy the resources for the achievement of the reporting entity's own objectives.

Transactions and balances relating to the administered activities are not recognised as the reporting entity's income, expenses, assets and liabilities, but are disclosed in note 29.

Where appropriate the accrual basis of accounting and applicable accounting standards have been adopted for the reporting of the administered activities.

### **(g) Employee related expenses**

Employee related expenses include salaries, wages, leave entitlements, superannuation, workers' compensation insurance premium, payroll tax, fringe benefits tax and redundancies.

For further details on the recognition and measurement of employee related expenses refer to Employee Benefits note 1(p)(iii).

Some employee-related expenses are included in the construction costs of certain physical and non-physical assets and are, therefore, not included in employee related expenses.

### **(h) Other operating expenses and maintenance**

Other operating expenses generally represent the day-to-day running costs incurred in the normal operations of the reporting entity. The recognition and measurement policy for non-employee provision expenses is detailed below in note 1(p)(iv).

Maintenance costs relate principally to rail, road and maritime infrastructure systems and do not include employee-related expenses (refer also to note 1(o)(ix) and note 2(c)).

### **(i) Grants and subsidies**

Grants and subsidies generally comprise contributions in cash or in kind to various local government authorities and not-for-profit community organisations. The 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 the cash or assets. The transferred assets are measured at their fair value and transferred for nil consideration.

### **(j) Borrowing costs**

Borrowing costs comprise mainly interest on borrowings, finance lease interest charges and the unwinding of discounts on non-employee provisions. In accordance with Treasury's Mandate for the not-for-profit general government sector agencies, borrowing costs are expensed and recognised in the statement of comprehensive income in the period in which they are incurred. This also includes any borrowing costs that relate to qualifying assets.

## Department of Transport

Notes to the financial statements  
for the year ended 30 June 2014

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### 1. Summary of significant accounting policies (cont'd)

#### (k) Insurance

The reporting entity arranges insurance cover through the NSW Treasury Managed Fund and private insurance companies. Some group entities hold a group self insurer's licence with Work Cover Authority to self insure workers' compensation. The cost of insurance is expensed in the period to which the insurance cover relates.

#### (l) Other expenses

Other expenses include payments to bus and ferry operators for the provision of bus and ferry services in the metropolitan, regional and rural areas of New South Wales. These payments are made at the end of the month for services provided in that month and are expensed as incurred.

#### (m) Accounting for the Goods and Services Tax (GST)

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

(i) the amount of GST incurred by the reporting entity as a purchaser that is not recoverable from the Australian Taxation Office is recognised as part of the cost of acquisition of an asset or as part of an item of expense and

(ii) receivables and payables are stated with the amount of GST included.

Cash flows are included in the statement of cash flows on a gross basis. However, the GST components of cash flows arising from investing and financing activities which is recoverable from, or payable to, the Australian Taxation Office are classified as operating cash flows.

#### (n) Income recognition

Income is recognised and measured at the fair value of the consideration or contribution received or receivable to the extent that it is probable that the economic benefits will flow to the reporting entity and the income can be reliably measured. The following specific criteria must also be met before income is recognised:

##### (i) *Parliamentary appropriations and contributions*

Parliamentary appropriations and contributions are generally recognised as income when the reporting entity obtains control over the assets comprising the appropriations/contributions. Control over appropriations/contributions is normally obtained upon the receipt of cash. At 30 June unspent appropriations are recognised as liabilities rather than income, as the authority to spend the money lapses and the unspent amount must be repaid to the Consolidated Fund in the next financial year. The liability is disclosed under other liabilities (note 22).

##### (ii) *Sale of goods and services*

Revenue from the sale of goods is recognised as revenue when the reporting entity transfers the significant risks and rewards of ownership of the assets.

Revenue from the provision of services (including passenger transport services) is recognised as revenue when the service is provided or by reference to the stage of completion.

##### (iii) *Retained taxes, fines and fees*

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



## Department of Transport

Notes to the financial statements  
for the year ended 30 June 2014

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### 1. Summary of significant accounting policies (cont'd)

#### (n) Income recognition (cont'd)

##### (iv) *Investment revenue*

Interest revenue on cash and cash equivalents and financial assets at fair value through profit or loss are recognised in accordance with AASB 139 *Financial Instruments: Recognition and Measurement*. Rental revenue is recognised in accordance with AASB 117 *Leases* on a straight-line basis over the lease term. Royalty revenue is recognised in accordance with AASB 118 *Revenue* on an accrual basis in accordance with the substance of the relevant agreement.

##### (v) *Grants and contributions receivable*

Grants and contributions comprising mainly cash and in kind contributions are recognised as revenues when control passes to the reporting entity and the contractual obligations have been satisfied. In kind contributions (e.g. roads and bridges from local councils) are measured at fair value on transfer and recognised as property, plant and equipment (note 1(o)(ii)).

##### (vi) *Other revenue*

Other revenue includes mainly the value of the emerging rights to receive private sector provided infrastructure. The non-cash revenue is also recognised as an asset (note 1(o)(xxiv)).

#### (o) Assets

##### (i) *Property, plant and equipment*

Property, plant and equipment comprise land and buildings, plant and equipment (rolling stock, buses, ferries and general plant and equipment) and infrastructure systems (rail, road and maritime infrastructure including related land and buildings).

##### (ii) *Capitalisation and initial recognition*

The cost method of accounting is used for the initial recording of all acquisitions of assets controlled by the reporting entity in accordance with AASB 116 *Property, Plant and Equipment*. 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.

Assets acquired at no cost, or for nominal consideration, are initially recognised at their fair value at the date of acquisition. As Roads and Maritime Services (RMS) is the owner of the seabed of the major NSW ports, costs incurred by Port Corporations in NSW in capital dredging (harbour deepening) of channels are recorded as an RMS asset. A corresponding amount is recorded as "long-term channel fees unearned income" and amortised over a period of 99 years.

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

The cost of assets constructed for own use includes the purchase cost, other directly attributable costs and the initial estimate of dismantling and restoration costs. Borrowing costs on qualifying assets are expensed as per note 1(j).

Under certain long-term lease agreements where development has been carried out by the private sector, Roads and Maritime Services may take control of various wharf constructions after 99 years. Due to the length of time until control may be achieved, they are currently recorded at \$1. In addition, certain wetland leases may be returning to Roads and Maritime Services in a relatively short period of time. These assets have been independently valued and are stated at fair value in the Statement of Financial Position.



## Department of Transport

Notes to the financial statements

for the year ended 30 June 2014

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### 1. Summary of significant accounting policies (cont'd)

#### (o) Assets (cont'd)

##### (ii) Capitalisation and initial recognition (cont'd)

Generally property, plant and equipment and intangible assets with a greater value than \$5,000 are capitalised except for computer equipment which is normally capitalised irrespective of the \$5,000 threshold where it is considered to be part of a network of assets.

##### (iii) Valuation of property, plant and equipment

Subsequent to initial recognition, property, plant and equipment are valued in accordance with the "Valuation of Physical Non-Current Assets at Fair Value" Policy and Guidelines Paper (TPP 14-1). This policy adopts fair value in accordance with AASB 13 *Fair Value Measurement*, 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 to note 17 for further information regarding fair value.

Where there is no available market evidence, the asset's fair value is measured at its market buying price, the best indicator of which is depreciated replacement cost.

The depreciated replacement cost method is used to revalue specialised buildings (designed for a specific limited purpose), trackwork and rail infrastructure systems, road infrastructure systems, maritime infrastructure systems, buses, ferries and certain plant and equipment. Depreciated replacement cost for these types of assets is based on the "incremental optimised replacement cost". Optimised replacement cost is the minimum cost, in the normal course of business, to replace the existing asset with a technologically modern equivalent asset with the same economic benefits, adjusting for any overdesign, overcapacity and redundant components. Incremental optimisation means that optimisation is limited to the extent that optimisation can occur in the normal course of business using commercially available technology.

Non-specialised assets such as computer and office equipment with short useful lives are measured at depreciated historical cost, as a surrogate for fair value. This is because any difference between fair value and depreciated historical cost is unlikely to be material.

## **1. Summary of significant accounting policies (cont'd)**

### **(o) Assets (cont'd)**

#### *(iv) Revaluation of property, plant and equipment*

The entities in the group revalue each class of property, plant and equipment at least every five years or with sufficient regularity to ensure that the carrying amount of each asset in the class does not differ materially from its fair value at reporting date. Revaluations are performed by independent and / or in-house professionally qualified valuers.

When revaluing non-current assets using the cost approach, the gross amount and the related accumulated depreciation are separately restated.

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

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

Revaluation decrements are recognised immediately as expenses in the net result, 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 reporting 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.

#### *(v) Impairment of property, plant and equipment*

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

Notwithstanding the exemption, the reporting entity generally reviews the carrying values of major assets for objective evidence of impairment. Where such an indication exists, an estimate of the recoverable amount is made. An impairment loss is recognised in the statement of comprehensive income when the carrying amount of an asset exceeds its recoverable amount unless the asset has been revalued in which case the impairment loss is treated as a revaluation decrease. When the impairment subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

## Department of Transport

Notes to the financial statements  
for the year ended 30 June 2014

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### 1. Summary of significant accounting policies (cont'd)

#### (o) Assets (cont'd)

##### (vi) Depreciation of property, plant and equipment

Except for certain heritage assets, depreciation is provided for on a straight-line basis for all depreciable assets so as to write off the depreciable amount of each asset as it is consumed over its useful life to the reporting entity.

All material separately identifiable components of assets are depreciated over their shorter useful lives. A component is accounted for separately if it has a useful life materially different from that of the prime asset and, therefore, requires separate replacement during the life of the prime asset; is material enough to justify separate tracking; and is capable of having a reliable value attributed to it. A dedicated spare part does not normally have a useful life of its own.

Certain heritage assets including original artworks and collections and heritage buildings may not have a limited useful life because appropriate curatorial and preservation policies are adopted. The decision not to recognise depreciation for these assets is reviewed annually.

Land is not a depreciable asset. Buildings which have been acquired for future transport infrastructure are not depreciated as these assets are not purchased to generate revenue and are ultimately demolished for transport infrastructure projects. The expected useful lives of property, plant and equipment for depreciation purposes are as follows:

Depreciation Rates	Useful Lives
Rail systems	10-100 years
Road systems	4-100 years
Maritime systems	5-40 years
Rollingstock	32-42 years
Buildings	15-200 years
Buses	15-20 years
Ferries	15-42 years
Plant and equipment	2-60 years
Finance leased buses	15 years

The assets residual values, useful lives and depreciation methods are reviewed, and adjusted, if appropriate, at each financial year end.

##### (vii) Major inspection costs

When each major inspection is performed, 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. Any remaining carrying amount of the cost of the previous inspection (as distinct from physical parts) is derecognised.

##### (viii) 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. If the effect of the time value of money is material, these costs are discounted at the appropriate market yields on government bonds.

##### (ix) 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 a component of an asset, in which case the costs are capitalised and depreciated.



## Department of Transport

Notes to the financial statements

for the year ended 30 June 2014

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### 1. Summary of significant accounting policies (cont'd)

#### (o) Assets (cont'd)

##### (x) *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.

As lessee:

Where a non-current asset is acquired by means of a finance lease, at the commencement of the lease term, the asset is recognised at its fair value or, if lower, the present value of the minimum lease payments, at the inception of the lease. The corresponding liability is established at the same amount. Lease payments are allocated between the principal component and the interest expense.

Under the Metropolitan Bus Services and Metropolitan and Outer Metropolitan Bus System Contracts, payments to bus operators for the acquisition of new buses are considered to be in the nature of finance leases and are recognised in accordance with AASB 117 *Leases*.

The leased asset is amortised on a straight line basis or on a systematic basis over the term of the lease or, where it is likely that the reporting entity will obtain ownership of the asset, the useful life of the asset to the reporting entity.

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 land 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 a finance income. The finance income is calculated relevant to the term of the lease.

##### (xi) *Derecognition*

An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal. Gains and losses on disposals are determined by comparing the proceeds with the carrying amount of the asset and are included in the statement of comprehensive income.

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.

## Department of Transport

Notes to the financial statements

for the year ended 30 June 2014

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### 1. Summary of significant accounting policies (cont'd)

#### (o) Assets (cont'd)

##### (xii) Intangible assets

Intangible assets are recognised only if it is probable that future economic benefits will flow to the reporting entity and the cost of the asset can be measured reliably. Intangible assets are measured initially at cost which includes the purchase price and any costs directly attributable to preparing the asset for its intended use. Where an 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 certain criteria are met.

The useful lives of intangible assets are assessed to be finite.

Intangible assets are subsequently measured at fair value only if there is an active market. As there is no active market for the reporting entity's intangible assets, the assets are carried at cost less any accumulated amortisation.

The reporting entity's intangible assets comprise principally information technology systems which are amortised using the straight-line method over periods ranging from 2 years to 10 years.

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

##### (xiii) Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash at bank and in hand and NSW Treasury Corporation cash facility. These deposits have an original maturity of three months or less, are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value. The NSW Treasury Corporation short-term deposits are designated at fair value through the profit and loss. The movement in the fair value of these deposits is reported as investment revenue.

For the purposes of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above.

##### (xiv) Inventories

Generally inventories are held for distribution (consumed in the ordinary activities of the reporting entity). Inventories held for distribution are stated at cost, adjusted when applicable, for any loss of service potential. A loss of service potential is identified and measured based on the existence of a current replacement cost that is lower than the carrying amount. Costs are assigned to inventory using the weighted average, First-In-First-Out or specific identification methods depending on the nature of the inventory.

The cost of inventories comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Current replacement cost is the cost the reporting entity would incur to acquire the asset.

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.

## Department of Transport

Notes to the financial statements

for the year ended 30 June 2014

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### 1. Summary of significant accounting policies (cont'd)

#### (o) Assets (cont'd)

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

Short-term receivables with no stated interest rate are measured at the original invoice amount where the effect of discounting is immaterial.

##### (xvi) *Other financial assets*

Other financial assets comprise receivables, loan to the Sydney Harbour Tunnel and promissory notes issued by the operators of private sector provided infrastructure assets. These assets are measured at amortised cost using the effective interest rate method.

##### (xvii) *Investment properties*

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

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

Transfers are made to and from investment property when, and only when, there is a change in use. Where properties are transferred from investment property, the deemed cost for subsequent accounting is its fair value at the date of change in use.

Rental income and operating expenses from investment property are reported within revenue and other expenses respectively.



## 1. Summary of significant accounting policies (cont'd)

### (o) Assets (cont'd)

#### (xviii) *Business combinations*

The reporting entity applies the acquisition method in accounting for business combinations.

The consideration transferred by the reporting entity to obtain control of a subsidiary is calculated as the sum of the acquisition-date fair values of assets transferred and liabilities incurred, which includes the fair value of any asset or liability arising from a contingent consideration arrangement. Acquisition costs are expensed as incurred.

The reporting entity recognises identifiable assets acquired and liabilities assumed in a business combination regardless of whether they have been previously recognised in the acquiree's financial statements prior to the acquisition. Assets acquired and liabilities assumed are generally measured at their acquisition-date fair values.

Goodwill is stated after separate recognition of identifiable intangible assets. It is calculated as the excess of the sum of (a) fair value of consideration transferred and (b) the recognised amount of any non-controlling interest in the acquiree, over the acquisition-date fair values of identifiable net assets. If the fair values of identifiable net assets exceed the sum calculated above, the excess amount (i.e. gain on a bargain purchase) is recognised in profit or loss immediately.

Goodwill acquired in a business combination is not amortised. Instead, it is tested for impairment annually or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses.

#### (xix) *Goodwill*

Goodwill represents the future economic benefits arising from a business combination that are not individually identified and separately recognised. See note 1(o)(xviii) for information on how goodwill is initially determined and carried in the statement of financial position.

#### (xx) *Investments*

Investments are initially recognised at fair value plus, in the case of investments not at fair value through profit or loss, transaction costs. The reporting entity determines the classification of its financial assets after initial recognition and, when allowed and appropriate, re-evaluates this at each financial year end.

**Fair value through profit or loss** - 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. Derivatives are also classified as held for trading (note 10). Gains or losses on these assets are recognised in the net result for the year.

The NSW TCorp Hour-Glass Investment Facilities are designated at fair value through profit or 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.

**Held-to-maturity investments** - Non-derivative financial assets with fixed or determinable payments and fixed maturity that the reporting entity has the positive intention and ability to hold to maturity are classified as "held-to-maturity". These investments are measured at amortised cost using the effective interest method. Changes are recognised in the net result for the year when impaired, derecognised or through the amortisation process.



## 1. Summary of significant accounting policies (cont'd)

### (o) Assets (cont'd)

#### (xx) *Investments (cont'd)*

**Available-for-sale investments** - Any residual investments that do not fall into any other category are accounted for as available-for-sale investments and measured at fair value in other comprehensive income until disposed or impaired, at which time the cumulative gain or loss previously recognised in other comprehensive income is recognised in the net result for the year. However, interest calculated using the effective interest method and dividends are recognised in the net result for the year.

Purchases or sales of investments under contract that require delivery of the asset within the timeframe established by convention or regulation are recognised on the trade date, i.e. the date the reporting entity commits to purchase or sell the asset.

The fair value of investments that are traded at fair value in an active market is determined by reference to quoted current bid prices at the close of business on the statement of financial position date.

Unquoted investment in subsidiaries incorporated as proprietary companies are stated at cost less accumulated impairment in the parent entity's statement of financial position. The investment is subject to at least annual reviews for impairment.

#### (xxi) *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 reporting 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 net result for the year.

When an available-for-sale financial asset is impaired, the amount of the cumulative loss is removed from equity and recognised in the net result for the year, based on the difference between the acquisition cost (net of any principal repayment and amortisation) and current fair value, less any impairment loss previously recognised in the net result for the year.

Any reversals of impairment losses are reversed through the net result for the year, where there is objective evidence, except reversals of impairment losses on an investment in an equity instrument classified as available-for-sale must be made through the reserve. 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.

#### (xxii) *De-recognition of financial assets and financial liabilities*

A financial asset is derecognised when the contractual rights to the cash flows from the financial assets expire; or if the reporting entity transfers the financial asset:

- where substantially all the risks and rewards have been transferred or
- where the reporting entity has not transferred substantially all the risks and rewards, if the reporting entity has not retained control.

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

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

## **1. Summary of significant accounting policies (cont'd)**

### **(o) Assets (cont'd)**

#### *(xxiii) Non-current assets held for sale*

Certain non-current assets (or disposal groups) are classified as held for sale, where their carrying amount will be recovered principally through a sale transaction, not through continuing use.

Non-current assets (or disposal groups) held for sale are recognised at the lower of carrying amount and fair value less costs to sell, in accordance with AASB 5 Non-Current Assets held for Sale and Discontinued Operations. These assets are not depreciated while they are classified as held for sale.

#### *(xxiv) Other assets – Private sector provided infrastructure*

In these private sector provided infrastructure arrangements, the grantor (the reporting entity) gives the service concession in exchange for the right to receive the infrastructure from the operator (private sector entity) at the end of the concession period. The operator is required to design, finance and build the infrastructure and use it to provide services directly to the public during the concession period. The operator is permitted to charge the public for the services it provides. The service concession arrangement infrastructure is operator-controlled during the concession period and grantor-controlled thereafter.

In the absence of a specific Australian Accounting Standard, Treasury Policy and Guidelines Paper *Accounting for Privately Financed Projects* (TP 06-8) applies. This policy requires the reporting entity to initially determine the estimated written down replacement cost by reference to the project's historical cost escalated by a construction index and the system's estimated working life. The estimated written down replacement cost is then allocated on a systematic basis over the concession period using the annuity method and the government bond rate at the commencement of the project. During the concession period, the reporting entity recognises the annual value of the right to receive the infrastructure as an asset and as revenue (note 1(n)(iv)).

### **(p) Liabilities**

#### *(i) Payables*

These amounts represent liabilities for goods and services provided to the reporting entity and other amounts. 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 not held for trading or designated at fair value through profit or loss. Borrowings are initially measured at the fair value of the consideration received. Any difference between the proceeds and the redemption amount (premium or discount) is recognised in the net result over the period of the borrowings using the effective interest method.

The finance lease liability is determined in accordance with AASB 117 *Leases*.

Borrowings are removed from the Statement of Financial Position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid is recognised in profit or loss as other income or finance costs.

Borrowings are classified as current liabilities unless the reporting entity has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.



## Department of Transport

Notes to the financial statements

for the year ended 30 June 2014

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### 1. Summary of significant accounting policies (cont'd)

#### (p) Liabilities (cont'd)

##### (iii) Employee benefits

###### a. Salaries and wages, annual leave, sick leave and on-costs

Liabilities for salaries and wages (including non-monetary benefits) and paid sick leave that are expected to be settled wholly before 12 months after the reporting date are recognised and measured in respect of employees' services up to the reporting date at undiscounted amounts based on the amounts expected to be paid when the liabilities are settled.

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 (although short-cut methods are permitted). Actuarial advice obtained by Treasury has confirmed that the use of a nominal approach plus the annual leave on annual leave liability (using 7.9% of the nominal value of annual leave) can be used to approximate the present value of the annual leave liability. The entity has assessed the actuarial advice based on the entity's circumstances and has determined that the effect of discounting is immaterial to annual leave.

Unused non-vesting sick leave 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.

###### b. Long service leave and superannuation

A liability for long service leave is measured in accordance with AASB 119 *Employee Benefits* at the present value of future payments anticipated for the employee services that the reporting entity has taken at the reporting date. An actuary calculates this using:

- expected future wage and salary levels;
- experience of employee departures; and
- periods of service.

Estimated future cash outflows are discounted using market yields at the reporting date that closely match the term of maturity of government bonds.

Apart from the parent entity and some of Transport Service of New South Wales, the controlled entities are responsible for funding their employees' accrued long service leave entitlements which are reported under employee benefits. However, in the case of the parent entity, the long service leave liabilities are assumed by the Crown Entity and accordingly are recognised in the statement of comprehensive income as "Acceptance by the Crown Entity of employee benefits and other liabilities".

In the case of defined benefit plans (SASS, SANCSS and SSS), the net superannuation liability or asset is recognised in accordance with AASB 119 Employee Benefits. It is measured as the difference between the present value of members' accrued benefits (as determined by actuaries) as at reporting date and the fair value of the superannuation scheme's assets at that date, determined through actuarial assessment. Actuarial gains and losses are recognised outside of the net result in the Other Comprehensive Income in the year in which they occur.

For those group entities that are responsible for funding their accrued superannuation liabilities, superannuation expense recognised in the statement of comprehensive income comprises:

- For defined contribution plans, the contribution payable for the period; and
- For defined benefit plan, service cost and net interest on the net superannuation liability or asset as determined by the actuaries.

## Department of Transport

Notes to the financial statements

for the year ended 30 June 2014

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### 1. Summary of significant accounting policies (cont'd)

#### (p) Liabilities (cont'd)

##### (iii). Employee benefits (cont'd)

###### b. Long service leave and superannuation (cont'd)

In the case of the parent entity, the superannuation expense recognised in the statement of comprehensive income comprises:

- For defined contribution plans, the contribution payable for the period; and
- For defined benefit plans, the superannuation expense is a multiple of the employees' superannuation contributions as specified in the Treasury Circular "Accounting for Superannuation" (TC 14/05).

The parent entity's defined benefit plan superannuation expense is assumed by the Crown. The parent entity accounts for the liability as having been extinguished resulting in the amount assumed being shown as part of the non-monetary revenue item described as "Acceptance by the Crown Entity of the employee benefits and other liabilities".

###### c. 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, workers' compensation insurance premiums and fringe benefits tax.

##### (iv) Other provisions

Other provisions exist when the reporting entity 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 reporting entity has a detailed formal plan and it 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.

#### (q) 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 17 and note 30 for further disclosures regarding fair value measurements of financial and non-financial assets.

## Department of Transport

Notes to the financial statements

for the year ended 30 June 2014

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### 1. Summary of significant accounting policies (cont'd)

#### (r) 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 reporting entity's policy on the revaluation of property, plant and equipment as discussed in note (1)(o)(iii) and (iv).

##### (ii) Hedge reserve

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income and is accumulated in the hedge reserve. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss, and is included in the 'other gains and losses' line item. Amounts previously recognised in other comprehensive income and accumulated in equity are reclassified to profit or loss in the periods when the hedged item is recognised in profit or loss, in the same line as the recognised hedged item.

##### (iii) Accumulated funds

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

##### (iv) Reserves

Separate reserve accounts are recognised in the financial statements only if such accounts are required by specific legislation or Australian Accounting Standards.

##### (v) Equity transfers

Equity transfers represent 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 and "equity appropriations". These equity transfers are designated or required by Accounting Standards to be treated 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 involving not-for-profit and for-profit government entities are recognised at the amount at which the assets and liabilities were recognised by the transferor immediately prior to the restructure. Subject to below, in most instances this will approximate fair value.

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

#### (s) Budgeted amounts

The reporting entity was granted an exemption from the requirement to include the budget column in the primary consolidated financial statements. The budgeted amounts are drawn from the original budgeted financial statements presented to Parliament in respect of the reporting period as adjusted for S24 of the *Public Finance and Audit Act 1983* (allocations adjustments for transfer of functions between departments). Other amendments made to the budget are not reflected in the budget amounts (see note 1(e) and note 26).



## Department of Transport

Notes to the financial statements  
for the year ended 30 June 2014

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### 1. Summary of significant accounting policies (cont'd)

#### (t) Disaggregation of financial information by main activities of the reporting entity

In accordance with the Code the reporting entity has disaggregated expenses and revenue and assets and liabilities by its main activities. The reporting entity's main activities comprise:

Rail services	<ul style="list-style-type: none"><li>- Rail Corporation</li><li>- Sydney Trains (from 7 December 2012)</li><li>- NSW Trains (from 7 December 2012)</li><li>- MTS Holding Company Pty Limited</li><li>- Transport for NSW contributions for light rail services</li></ul>
Buses and related services	<ul style="list-style-type: none"><li>- State Transit Authority</li><li>- Transport for NSW contributions for bus transport services in the metropolitan, outer metropolitan and rural and regional areas of New South Wales</li></ul>
Road and maritime services	<ul style="list-style-type: none"><li>- Roads and Maritime Services</li></ul>
Ferry services	<ul style="list-style-type: none"><li>- Sydney Ferries</li><li>- Transport for NSW contributions for private ferry services</li></ul>
Integrated transport services	<ul style="list-style-type: none"><li>- Department of Transport</li><li>- Transport for NSW</li><li>- Transport Service of New South Wales</li></ul>

Integrated transport services activity is responsible for:

- (a) policy formulation,
- (b) program and contract management,
- (c) passenger transport compliance and regulation,
- (d) transport project development and
- (e) opal electronic ticketing system.

The expenses, revenue, assets and liabilities were allocated to these major activities on an actual basis using the financial statements of the parent entity and its controlled entities.

#### (u) 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, AASB 13 Fair Value Measurement and revised AASB 119 Employee Benefits.

##### **AASB 13 Fair Value Measurements**

AASB 13 explains how to measure fair value and aims to enhance fair value disclosures; it does not change when an entity is required to use fair value to measure an asset or liability. The scope of the new Standard is broad and applies to both financial and non financial items for which other Standards require or permit fair value measurement or disclosures about fair value measurement except in certain circumstances. The standard defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (exit price). There are also extensive disclosure requirements under the new AASB 13. AASB 13 applies prospectively for annual periods beginning on or after 1 January 2013. Its disclosure requirements need not be applied to comparative information in the first year of application.



## Department of Transport

Notes to the financial statements  
for the year ended 30 June 2014

### 1. Summary of significant accounting policies (cont'd)

#### (u) Changes in accounting policy, including new or revised Australian Accounting Standards (cont'd)

(i) *Effective for the first time in 2013-14 (cont'd)*

##### **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.

Defined Benefit Superannuation Plans:

- change the measurement and presentation of certain components of the defined benefit cost. The net amount in profit or loss is affected by the removal of the expected return on plan assets and interest cost components and their replacement by a net interest expense or income based on the net defined benefit asset or liability. Superannuation expense in the statement of comprehensive income has increased as a result of replacing the expected rate of return on assets with the discount rate on liabilities;
- does not allow investment credits to be netted off against the superannuation contributions tax. This has changed the calculation of defined benefit asset/liability presented in the statement of financial position, and consequently increasing the defined benefit liability and the related expense; and
- enhance disclosures, including more information about the characteristics of defined benefit plans and related risks.

The reporting entity has applied the revised standard retrospectively in relation to defined benefit superannuation plans that are not assumed by the Crown. Consequently, the comparative figures of the earliest period presented (2013) have been restated. The parent entity's defined benefit superannuation plans are not impacted by the change as they are assumed by the Crown.

Under the revised AASB 119, employee benefits 'expected to be settled wholly' (as opposed to 'due to be settled' under the superseded version of AASB 119) within 12 months after the end of the reporting period are short-term benefits, and are therefore not discounted when calculating leave liabilities. As the entity does not expect all annual leave for all employees to be used wholly within 12 months of the end of reporting period, annual leave is included in 'other long-term benefits' and discounted when calculating the leave liability. This change has had no impact on the presentation of annual leave as a current liability in accordance with AASB 101 Presentation of Financial Statements.

The quantitative impact of the change is set out below:

##### **Impact to the consolidated Statement of Comprehensive Income**

2013	Consolidated as reported	Impact of changes in accounting policy	Consolidated restated
	\$'000	\$'000	\$'000
Employee related expenses	2,740,533	151,699	2,892,252
<b>Total expense excluding losses</b>	<b>9,487,987</b>	<b>151,699</b>	<b>9,639,686</b>
<b>Net result</b>	<b>1,703,322</b>	<b>(151,699)</b>	<b>1,551,623</b>
Restatement of defined benefit superannuation schemes	359,304	239,098	598,402
<b>Total other comprehensive income</b>	<b>4,595,470</b>	<b>239,098</b>	<b>4,834,568</b>
<b>Total comprehensive income</b>	<b>6,298,792</b>	<b>87,399</b>	<b>6,386,191</b>

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## Department of Transport

Notes to the financial statements  
for the year ended 30 June 2014

### 1. Summary of significant accounting policies (cont'd)

#### (u) Changes in accounting policy, including new or revised Australian Accounting Standards (cont'd)

##### (i) Effective for the first time in 2013-14 (cont'd)

2014	Impact of changes in accounting policy \$'000
Employee related expenses	137,088
<b>Total expense excluding losses</b>	<b>137,088</b>
<b>Net result</b>	<b>(137,088)</b>
Restatement of defined benefit superannuation schemes	116,768
<b>Total other comprehensive income</b>	<b>116,768</b>
<b>Total comprehensive income</b>	<b>(20,320)</b>

#### Impact to the consolidated Statement of financial position

1 July 2012	Consolidated as reported \$'000	Impact of changes in accounting policy \$'000	Consolidated restated \$'000
<b>Non-current liabilities</b>			
Employee benefits (non-current liabilities)	2,402,834	332,843	2,735,677
<b>Total non-current liabilities</b>	<b>5,702,337</b>	<b>332,843</b>	<b>6,035,180</b>
<b>Total liabilities</b>	<b>8,827,878</b>	<b>332,843</b>	<b>9,160,721</b>
<b>Net assets</b>	<b>88,729,629</b>	<b>(332,843)</b>	<b>88,396,786</b>
Accumulated funds	77,861,759	(332,843)	77,528,916
<b>Total equity</b>	<b>88,729,629</b>	<b>(332,843)</b>	<b>88,396,786</b>

## Department of Transport

Notes to the financial statements  
for the year ended 30 June 2014

### 1. Summary of significant accounting policies (cont'd)

#### (u) Changes in accounting policy, including new or revised Australian Accounting Standards (cont'd)

(i) *Effective for the first time in 2013-14 (cont'd)*

2013	Consolidated as reported	Impact of changes in accounting policy	Consolidated restated
	\$'000	\$'000	\$'000
<b>Non-current liabilities</b>			
Employee benefits (non-current liabilities)	1,779,110	245,444	2,024,554
<b>Total non-current liabilities</b>	<b>5,588,160</b>	<b>245,444</b>	<b>5,833,604</b>
<b>Total liabilities</b>	<b>9,130,049</b>	<b>245,444</b>	<b>9,375,493</b>
<b>Net assets</b>	<b>94,895,144</b>	<b>(245,444)</b>	<b>94,649,700</b>
Accumulated funds	80,424,028	(245,444)	80,178,584
<b>Total equity</b>	<b>94,895,144</b>	<b>(245,444)</b>	<b>94,649,700</b>

2014	Impact of changes in accounting policy
	\$'000
<b>Non-current liabilities</b>	
Employee benefits (non-current liabilities)	281,873
<b>Total non-current liabilities</b>	<b>281,873</b>
<b>Total liabilities</b>	<b>281,873</b>
<b>Net assets</b>	<b>(281,873)</b>
Accumulated funds	(281,873)
<b>Total equity</b>	<b>(281,873)</b>



## Department of Transport

### Notes to the financial statements

for the year ended 30 June 2014

#### (iii) New Australian Accounting Standards issued but not yet effective

At reporting date all the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board ("the AASB") that are relevant to group operations and effective for the current annual reporting period have been adopted.

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective have not been adopted for the financial reporting period ended 30 June 2014 accordance with Treasury mandated policy. The group's assessment of the impact of these new standards and interpretations is set out below:

Standard	Applicable to annual reporting periods beginning on or after
AASB 9 Financial Instruments and AASB 2010-7 Amendments to Australian Accounting Standards arising from AASB 9	1 January 2018
AASB 10 Consolidated Financial Statements and AASB 2012-10 Amendment to Australian Accounting Standards – Transition Guidance and Other Amendments	1 January 2014
AASB 11 Joint Arrangements and AASB 2012-10 Amendment to Australian Accounting Standards – Transition Guidance and Other Amendments	1 January 2014
AASB 12 Disclosure of Interests in other Entities and AASB 2012-10 Amendment to Australian Accounting Standards – Transition Guidance and Other Amendments	1 January 2014
AASB 127 Separate Financial Statements	1 January 2014
AASB 128 Investments in Associates and Joint Ventures	1 January 2014
AASB 1031 Materiality	1 January 2014
AASB 1055 Budgetary Reporting and AASB 2013-1 Amendments to AASB 1049 – Relocation of Budgetary Reporting Requirements	1 July 2014
AASB 2011-7 Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards	1 January 2014
AASB 2012-3 Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities	1 January 2014
AASB 2013-3 Amendments to AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets	1 January 2014
AASB 2013-4 Amendments to Australian Accounting Standards – Novation of Derivatives and Continuation of Hedge Accounting	1 January 2014
AASB 2013-5 Amendments to Australian Accounting Standards – Investment Entities	1 January 2014
AASB 2013-8 Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not-for-Profit Entities – Control and Structured Entities	1 January 2014
AASB 2013-9 Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments	1 January 2014 (Part B) 1 January 2015 (Part C)
AASB 2014-1 Amendments to Australian accounting standards	1 July 2014 (Part A) 1 July 2014 (Part B) 1 July 2014 (Part C) 1 January 2016 (Part D) 1 January 2015 (Part E)

A number of other new standards have been identified and assessed and it is expected that they will have no impact on the financial statements of the entity.

## Department of Transport

Notes to the financial statements  
for the year ended 30 June 2014

### 2. Expenses excluding losses

#### (a) Employee related expenses

	Consolidated 2014 \$'000	Consolidated 2013 \$'000	Parent 2014 \$'000	Parent 2013 \$'000
Salaries and wages (including annual leave)	2,002,118	2,170,278	7,852	16,607
Superannuation - defined benefit plans	119,723	138,100	208	512
Superannuation - defined contribution plans	156,843	138,127	589	1,198
Long service leave	110,263	65,372	(267)	300
Workers' compensation insurance	17,632	24,695	1	84
Payroll tax and fringe benefit tax	131,138	128,811	892	1,455
Redundancy payments	135,043	101,344	2,126	4,194
Other	3,924	1,179	-	-
Skill hire contractors	99,377	124,346	-	-
	<b>2,776,061</b>	<b>2,892,252</b>	<b>11,401</b>	<b>24,350</b>

Employee related costs of \$337.0 million (2013: \$443.7 million) (parent entity: nil (2013: nil)) have been capitalised in property, plant and equipment and intangible assets (computer systems) and are excluded from the above.



## Department of Transport

Notes to the financial statements  
for the year ended 30 June 2014

### 2. Expenses excluding losses (cont'd)

#### (b) Other operating expenses

	Consolidated 2014 \$'000	Consolidated 2013 \$'000	Parent 2014 \$'000	Parent 2013 \$'000
Auditor's remuneration - audit of financial statements	2,816	2,782	229	243
Advertising	31,932	20,379	-	-
Bad and doubtful debts	-	10	-	-
Cashback refund M5	73,966	70,201	-	-
Communications	26,355	32,154	-	-
Consultants	11,048	12,197	-	-
Electricity and gas	104,220	101,600	-	-
Fleet hire and leasing charges including access fees	56,682	47,326	-	-
Fuel costs	97,944	88,055	-	-
General expenses	89,623	174,653	-	-
Information technology	132,025	124,276	-	-
Insurance	60,489	55,551	-	-
Internal audit fees	930	536	-	-
Land and buildings remediation (note 21)	(5,519)	2,760	-	-
Legal costs	12,481	35,487	-	-
Materials	55,702	41,649	-	-
Monorail expenses	14,560	-	-	-
Office expenses	77,280	97,801	-	-
Other contractors	385,656	240,487	-	-
Payments to councils and external bodies	10,787	11,154	-	-
Rental expense relating to operating leases	93,132	104,626	-	-
Security costs	24,420	22,413	-	-
Sydney Harbour Tunnel operating expenses	31,550	31,785	-	-
Taxes, rates and related charges	4,027	4,130	-	-
Travel expenses	9,464	11,244	-	-
	<b>1,401,570</b>	<b>1,333,256</b>	<b>229</b>	<b>243</b>

General expenses of \$89.6 million (2013: \$174.7 million) includes bus services for rail replacement, public liability claims, merchant and bank fees, vehicles number plates and occupational health and safety expenses.

#### (c) Maintenance

Maintenance - general	83,677	57,394	-	-
Maintenance - buses and ferries	41,088	39,530	-	-
Maintenance - rail infrastructure systems	629,669	372,505	-	-
Maintenance - trains	396,516	320,694	-	-
Maintenance - road and maritime infrastructure systems	413,261	464,874	-	-
	<b>1,564,211</b>	<b>1,254,997</b>	<b>-</b>	<b>-</b>
<i>Reconciliation - Total maintenance</i>				
Maintenance expense - contracted labour and other (non-employee related), as above	1,564,211	1,254,997	-	-
Employee related maintenance expense included in note 2(a)	148,917	502,966	-	-
<b>Total maintenance expense included in Note 2(a) + 2(c)</b>	<b>1,713,128</b>	<b>1,757,963</b>	<b>-</b>	<b>-</b>

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## Department of Transport

Notes to the financial statements  
for the year ended 30 June 2014

### 2. Expenses excluding losses (cont'd)

#### (d) Depreciation and amortisation

	Consolidated 2014 \$'000	Consolidated 2013 \$'000	Parent 2014 \$'000	Parent 2013 \$'000
Depreciation (note 13)				
<i>Infrastructure systems:</i>				
Depreciation - roads and maritime systems	1,383,100	1,152,881	-	-
Depreciation - rail systems	736,705	706,672	-	-
<i>Buildings:</i>				
Depreciation - buildings	28,763	31,011	-	-
<i>Plant and equipment:</i>				
Depreciation - rolling stock	220,011	172,939	-	-
Depreciation - ferries	12,388	17,588	-	-
Depreciation - buses	42,895	42,235	-	-
Depreciation - plant and equipment	74,208	77,518	-	-
Depreciation - finance leased buses	32,325	28,838	-	-
<b>Total depreciation</b>	<b>2,530,395</b>	<b>2,229,682</b>	-	-
Amortisation				
Amortisation - computer systems (note 15)	68,103	57,154	-	-
	<b>2,598,498</b>	<b>2,286,836</b>	-	-

#### (e) Grants and subsidies

Taxi transport subsidy scheme	28,596	25,871	-	-
Community transport groups	65,557	55,676	-	-
Private vehicle conveyance	22,441	22,868	-	-
Carparks and interchanges	11,349	7,024	-	-
Grants under road safety program	32	-	-	-
Grants to local councils - maintenance of transport infrastructure	351,476	404,232	-	-
Grants to local councils - transfer of roads and bridges	85,584	68,643	-	-
National transport regulators	20,154	7,597	-	-
Road safety grant to NSW Police	29,884	29,355	-	-
Other	57,930	29,139	-	-
	<b>673,003</b>	<b>650,405</b>	-	-

The grants and subsidies to various entities in the Transport cluster were paid by Transport for NSW in 2013-14 and 2012-13. These payments were eliminated on consolidation in accordance with note 1(b).

## Department of Transport

Notes to the financial statements  
for the year ended 30 June 2014

### 2. Expenses excluding losses (cont'd)

#### (f) Finance costs

	Consolidated 2014 \$'000	Consolidated 2013 \$'000	Parent 2014 \$'000	Parent 2013 \$'000
Finance lease interest charges	239,544	162,144	-	-
Interest expense on NSW TCorp borrowings	84,035	61,073	-	-
Interest expense on non-current provisions and liabilities	2,684	4,807	-	-
Other finance costs	1,978	4,819	-	-
	<b>328,241</b>	<b>232,843</b>	-	-

#### (g) Other expenses

Service costs - metropolitan and outer metropolitan bus operators	500,465	450,598	-	-
Major events - hire of bus and rail services	5,274	6,086	-	-
Service costs - rural and regional private bus operators	388,040	389,905	-	-
Income tax expense (note 1(m))	-	50,966	-	-
Service costs - ferry operators	83,630	75,991	-	-
Light rail contract payments	17,221	15,551	-	-
	<b>994,630</b>	<b>989,097</b>	-	-



## Department of Transport

Notes to the financial statements  
for the year ended 30 June 2014

### 3. Revenue

#### (a) Recurrent appropriation

	Consolidated 2014 \$'000	Consolidated 2013 \$'000	Parent 2014 \$'000	Parent 2013 \$'000
Total recurrent drawdowns from NSW Treasury (per summary of compliance with financial directives)	7,971,109	7,999,371	-	-
Less: Liability to Consolidated Fund (per summary of compliance with financial directives) (note 22)	-	-	-	-
<b>Recurrent appropriations (per statement of comprehensive income)</b>	<b>7,971,109</b>	<b>7,999,371</b>	-	-

#### (b) Capital appropriation

Total capital drawdowns from NSW Treasury (per summary of compliance with financial directives)	2,266,735	222,162	-	-
Less: Liability to Consolidated Fund (per summary of compliance with financial directives) (note 22)	(5,155)	-	-	-
<b>Capital appropriations (per statement of comprehensive income)</b>	<b>2,261,580</b>	<b>222,162</b>	-	-

Capital drawdowns from NSW Treasury increased to \$2,266.7 million from (2013: \$222.2 million) due to a change in the funding arrangements. In 2012-13 the Crown Entity provided grants to fund capital works (refer note 3(h)).

#### (c) Transfers to the Crown Entity

Asset sales proceeds transferred	-	(124,833)	-	-
Other transfers	-	(4,000)	-	-
	-	<b>(128,833)</b>	-	-

Proceeds from sale of buildings nil (2013: \$124.8 million) and dividend income nil (2013: \$4.0 million) transferred to the Crown Entity.

#### (d) Sale of goods and services

Passenger service revenue	1,148,389	1,108,414	-	-
Toll revenue including E-Tag	143,560	140,181	-	-
Access fees	66,601	66,317	-	-
Number plates	112,511	103,188	-	-
Fees earned from maritime infrastructure assets	52,199	54,865	-	-
Work & services including construction contract revenue	55,885	52,697	-	-
Third party insurance data access charges	20,006	18,855	-	-
Advertising	51,497	51,209	-	-
Publications	7,495	6,961	-	-
Fees for services rendered including salary recoupments	145,495	71,580	-	-
Other	101,211	177,379	-	-
Ferry lease revenue	5,742	5,121	-	-
	<b>1,910,591</b>	<b>1,856,767</b>	-	-

Other revenue of \$101.2 million (2013: \$177.4 million) includes vehicle related fees, commissions, tours, catering, leases, sale of scrap, sale of products and the early repayment of third party contract contributions on the transfer of the inland route to Australian Rail and Track Corporation.

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## Department of Transport

Notes to the financial statements

for the year ended 30 June 2014

### 3. Revenue (cont'd)

#### (e) Investment revenue

	Consolidated 2014 \$'000	Consolidated 2013 \$'000	Parent 2014 \$'000	Parent 2013 \$'000
Rents	96,437	112,946	-	-
NSW Toorp Hour-Glass Investment Facilities designated at fair value through profit or loss	6,063	14,682	-	-
Interest revenue from financial assets not at fair value through profit or loss	31,337	20,174	-	-
Interest on finance lease receivables	-	4,788	-	-
	<b>133,837</b>	<b>152,590</b>	-	-

Rental income related to: (a) property which is held mainly to earn rental income (nil (2013: \$13.5 million)) and for capital appreciation (nil (2013: nil)) and this property is reported as an investment property (note 14) in the statement of financial position; (b) other properties which are primarily held to support the core transport functions of the reporting entity. The leasing of parts of these properties (\$96.4 million (2013: \$99.4 million)) is therefore, incidental to the core function of the reporting entity. Accordingly, these properties are reported as property, plant and equipment (Note 13) in the statement of financial position.

#### (f) Other revenue

Value of emerging interests of Private Sector Provided Infrastructure (note 16)	204,211	168,378	-	-
Amortisation of deferred revenue on Private Sector Provided Infrastructure	12,065	14,048	-	-
M2 and Eastern Distributor promissory notes	9,024	8,504	-	-
Value of emerging interests in Sydney Harbour Tunnel loan	8,095	7,580	-	-
Value of other emerging interests	10,117	15,029	-	-
Other	7,041	4,424	-	-
Recognition of infrastructure assets	22,396	31,172	-	-
	<b>272,949</b>	<b>249,135</b>	-	-

#### (g) Retained taxes, fees and fines

Taxi operators' accreditation renewal fees	2,182	2,130	-	-
Fines	27,707	14,950	-	-
	<b>29,889</b>	<b>17,080</b>	-	-

The reporting entity collects taxi operators' accreditation fees which can only be used to fund taxi industry related operations and initiatives.



## Department of Transport

Notes to the financial statements  
for the year ended 30 June 2014

### 3. Revenue (cont'd)

#### (h) Grants and contributions

	Consolidated 2014 \$'000	Consolidated 2013 \$'000	Parent 2014 \$'000	Parent 2013 \$'000
Community transport grants	57,521	49,625	-	-
NSW Government agencies - others (non-transport)	70,065	50,614	-	-
Private firms and individuals	8,842	36,013	-	-
Transport entities	-	-	230	243
Crown Entity	794,725	1,827,907	-	-
Local councils	71,283	96,976	-	-
Other government agencies - inter-state and Commonwealth Government	7,846	3,781	-	-
	<b>1,010,282</b>	<b>2,064,916</b>	<b>230</b>	<b>243</b>

Community transport grants of \$57.5 million (2013: \$49.6 million) represent grants received from the Department of Family and Community Services, Ageing, Disability and Home Care for the Community Transport Group funding scheme.

Local councils grants of \$71.2 million (2013: \$97.0 million) include roads and bridges transferred (fair value - \$69.0 million (2013: \$45.0 million)) to the reporting entity.

Grant of \$794.7 million (2013: 1,827.9 million) from the Crown Entity to fund RailCorp capital projects \$109.7 million (2013: \$1,557.9 million), RMS restart program \$424.1 million (2013: nil) and redundancies \$193.0 million (2013: \$63.0 million), natural disaster monies \$40.0 million (2013: \$182.0 million) and other projects \$27.9 million.

#### (i) Acceptance by the Crown Entity of employee benefits and other liabilities

Superannuation - defined benefit	4,062	21,022	208	512
Long service leave	29,204	5,538	(267)	300
Payroll tax	204	122	11	28
	<b>33,470</b>	<b>26,682</b>	<b>(48)</b>	<b>840</b>

#### (j) Personnel services revenue

Fee for personnel services provided	-	-	11,448	23,510
	-	-	<b>11,448</b>	<b>23,510</b>

## Department of Transport

Notes to the financial statements  
for the year ended 30 June 2014

### 4. Gain / (loss) on disposal

	Consolidated 2014 \$'000	Consolidated 2013 \$'000	Parent 2014 \$'000	Parent 2013 \$'000
Proceeds from disposal including credit sales	122,590	390,223	-	-
Written down value of property, plant and equipment disposed (note 13)	(16,786)	(206,527)	-	-
Carrying amount of investment property sold (note 14)	-	(129,466)	-	-
Written down value of intangible assets disposed (note 15)	(323)	(6,688)	-	-
<b>Net gain on disposal</b>	<b>105,481</b>	<b>47,542</b>	-	-

### 5. Other gains / (losses)

Property, plant and equipment				
Revaluation increment / (decrement) (note 13)	(1,484)	39,172	-	-
Impairment (note 13) <sup>(1)</sup>	(761,440)	(1,316,983)	-	-
Gain / (loss) on disposal of non-current assets held for sale	(40,294)	(34,784)	-	-
	<b>(803,218)</b>	<b>(1,312,595)</b>	-	-
Intangibles				
Impairment (note 15)	(1,622)	-	-	-
	<b>(1,622)</b>	-	-	-
Receivables				
Allowance for impairment	(1,672)	(3,036)	-	-
Bad debts (written off) / recovered	(407)	(51)	-	-
	<b>(2,079)</b>	<b>(3,087)</b>	-	-
Other				
Impairment - Inventory	(1,189)	-	-	-
Impairment on right to receive ferry inventory	(4,270)	(421)	-	-
	<b>(5,459)</b>	<b>(421)</b>	-	-
	<b>(812,378)</b>	<b>(1,316,103)</b>	-	-

<sup>(1)</sup> In 2013-14, written down of land acquired for future roadworks of \$23.3 million due to change of valuation technique recognised prospectively and write off of road infrastructure assets of \$678.4 million by Roads and Maritime Services. RailCorp derecognised \$59.7 million of infrastructure assets as part of its routine maintenance during the financial year.

In 2012-13, RailCorp entered a lease transferring the management and operation of Sydney Metropolitan Freight Network to Australian Rail Track Corporation Limited which resulted in the derecognition of \$228.5 million of certain assets. Writedown of land acquired for future roadworks of \$312.2 million due to change of valuation technique recognised prospectively and write off of road infrastructure assets of \$776.3 million by Roads and Maritime Services.

### 6. Conditions on contributions

The reporting entity collects taxi operators' accreditation fees and receives grants and contributions whose usage is restricted by requirements of the grantors. The reporting entity has complied in full with the externally-imposed requirements in the year under review.

## Department of Transport

Notes to the financial statements  
for the year ended 30 June 2014

### 7. Cash and cash equivalents

	Consolidated 2014 \$'000	Consolidated 2013 \$'000	Parent 2014 \$'000	Parent 2013 \$'000
Cash at bank and on hand	1,150,577	500,653	17,087	12,041
Short term deposits with NSW TCorp	246,657	261,280	-	-
Public revenue bank account	42,847	39,767	-	-
Security deposits	7,713	7,501	-	-
	<b>1,447,794</b>	<b>809,201</b>	<b>17,087</b>	<b>12,041</b>

For the purposes of the statement of cash flows, cash and cash equivalents include cash at bank, cash on hand, on call deposits, and all investments in NSW TCorp.

Cash and cash equivalent assets recognised in the statement of financial position are reconciled at the end of the financial period to the statement of cash flows as follows:

Cash and cash equivalents (per statement of financial position)	1,447,794	809,201	17,087	12,041
Closing cash and cash equivalents (per statement of cash flows)	<b>1,447,794</b>	<b>809,201</b>	<b>17,087</b>	<b>12,041</b>

Refer note 30 for details regarding credit risk, liquidity risk and market risk arising from financial instruments.

#### Credit standby arrangements and loan facilities with NSW TCorp

Details of credit standby arrangements available to and used by the reporting entity are provided under financial instruments (note 30(c)).

#### Restricted cash and cash equivalents

Cash and cash equivalent assets include restricted cash of \$208.9 million (2013: \$231.5 million) (parent entity: nil (2013: nil)) which can only be used for specific purposes and are, therefore, not available to fund the ongoing operations of the reporting entity.



## Department of Transport

Notes to the financial statements  
for the year ended 30 June 2014

### 8. Receivables

	Consolidated 2014 \$'000	Consolidated 2013 \$'000	Parent 2014 \$'000	Parent 2013 \$'000
<b>Current receivables</b>				
Sale of goods and services	56,140	196,069	790	1,011
Retained taxes, fees and fines	161	1,447	-	-
Goods and Services Tax recoverable	257,931	189,731	21	-
Prepayments	51,479	52,380	-	-
Income receivable	65,736	44,481	-	-
Other receivables	47,382	43,301	-	-
Investment income receivable	8,891	3,690	-	-
Finance leases	244	237	-	-
Crown Entity	-	3,966	-	-
	<b>487,964</b>	<b>535,302</b>	<b>811</b>	<b>1,011</b>
Less: Allowance for impairment	(10,976)	(9,478)	-	-
	<b>476,988</b>	<b>525,824</b>	<b>811</b>	<b>1,011</b>
<b>Movement in allowance for impairment</b>				
Balance at 1 July	9,478	10,729	-	26
Transfer of provision on administrative restructure	-	-	-	(26)
Increase in allowance (note 5)	1,672	3,087	-	-
Bad debts written off	(174)	(4,338)	-	-
Balance at 30 June	<b>10,976</b>	<b>9,478</b>	-	-
<b>Non-current</b>				
Finance leases	30,327	30,568	-	-
Other receivables	4,252	21,484	-	-
	<b>34,579</b>	<b>52,052</b>	-	-

Details regarding credit risk, liquidity risk and market risk, including financial assets that are either past due or impaired, are disclosed in note 30.

### 9. Inventories

	Consolidated 2014 \$'000	Consolidated 2013 \$'000	Parent 2014 \$'000	Parent 2013 \$'000
<b>Current inventories held for distribution</b>				
Materials, spare parts and other stores	54,998	56,142	-	-
Work in progress	1,191	1,234	-	-
Less: Provision for obsolescence	(8,829)	(6,509)	-	-
	<b>47,360</b>	<b>50,867</b>	-	-
<b>Non-current inventories held for distribution</b>				
Materials, spare parts and other stores	33,580	24,050	-	-
	<b>33,580</b>	<b>24,050</b>	-	-

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Notes to the financial statements  
for the year ended 30 June 2014

### 10. Financial assets at fair value

	Consolidated 2014 \$'000	Consolidated 2013 \$'000	Parent 2014 \$'000	Parent 2013 \$'000
<b>Current</b>				
<b>Financial assets held for trading</b>				
Derivative financial instruments	587	2,328	-	-
<b>Financial assets at fair value through profit or loss</b>				
TCorp Hour-Glass investment facilities (note 7)	58,710	54,028	-	-
	<b>59,297</b>	<b>56,356</b>	-	-
<b>Non-current</b>				
<b>Financial assets held for trading</b>				
Derivative financial instruments	194	558	-	-
	<b>194</b>	<b>558</b>	-	-

Refer to note 30 for further information regarding credit risk, liquidity risk, and market risk arising from financial instruments.

TfNSW and Sydney Trains are the only group entities that use derivative financial instruments. These activities are carried out in accordance with the TfNSW and Sydney Trains Treasury Management Policies which establish a prudential framework covering policies, best practice, internal controls and reporting systems for the management of financial risk within both TfNSW and Sydney Train's operations. These policies cover specific areas such as foreign exchange risk, interest rate risk, commodity risk, credit risk, use of derivative financial instruments and investment of excess funds. The reporting entities have derivative financial instruments as an asset and liability.

These Policies comply strictly with the internal policies and guidelines within the broad framework of the NSW "Treasury Management Policy" (TPP07 7). Accounting for Treasury instruments is in accordance with NSW Treasury Accounting Policy, "Accounting for Financial Instruments" (TPP08 1). Treasury instruments approved for the management of financial risk are in accordance with the *Public Authorities (Financial Arrangements) Act 1987*.

Derivative financial instruments are used to hedge against exposures to foreign currency risk on overseas purchase commitments and on commodity price risk on forecast distillate and electricity purchases (where applicable).

Forward foreign exchange contracts are used to hedge against currency risk on firm commitments for the purchase of goods or services from overseas suppliers. These contracts entail a right to receive a fixed amount of foreign currency at a specified future date, which is offset by an obligation to pay a fixed amount of domestic currency at that time.

### 11. Non-current assets held for sale

	Consolidated 2014 \$'000	Consolidated 2013 \$'000	Parent 2014 \$'000	Parent 2013 \$'000
<b>Non-current assets held for sale</b>				
Land and buildings	33,969	23,560	-	-
Plant and equipment	320	64	-	-
Buses	131	4,998	-	-
<b>Total</b>	<b>34,420</b>	<b>28,622</b>	-	-

The assets held for sale relate to property, plant and equipment that have been determined as being surplus to needs. In such cases, sales are expected to be realised within the next reporting period.



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Notes to the financial statements  
for the year ended 30 June 2014

### 12. Other financial assets

	Consolidated 2014 \$'000	Consolidated 2013 \$'000	Parent 2014 \$'000	Parent 2013 \$'000
<b>Non-current other financial assets</b>				
Interest fee advances to taxi <sup>(1)</sup>	733	753	-	-
Loan to Sydney Harbour Tunnel Company <sup>(2)</sup>	127,222	119,127	-	-
Promissory notes <sup>(3)</sup>	50,323	41,298	-	-
	<b>178,278</b>	<b>161,178</b>	<b>-</b>	<b>-</b>

Refer to note 30 for further information regarding credit risk, liquidity risk, and market risk arising from financial instruments.

<sup>1</sup> The reporting entity provides repayable interest-free loans to assist taxi operators (in rural and regional NSW) to make taxis wheel-chair accessible. The reporting entity holds bills of sale as security for these advances and has recorded its financial interests in the vehicles in the Register of Encumbered Vehicles.

<sup>2</sup> This loan is considered to be part of the reporting entity's interest in the Sydney Harbour Tunnel and at reporting date has been valued on a net present value (NPV) basis. The loan is due for repayment on 31 December 2022.

<sup>3</sup> Promissory notes relate to amounts receivable under the Private Sector Road Toll agreement in respect of the M2 Motorway and Eastern Distributor. The promissory notes are redeemable at the earlier of the achievement of certain Internal Rate of Return (IRR) or the end of the respective concession period. The promissory notes are valued on a net present value (NPV) basis at reporting date.

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Notes to the financial statements  
for the year ended 30 June 2014

### 13. Property, plant and equipment

	Infrastructure systems					Plant and equipment				Total property, plant and equipment \$'000
	Land and buildings \$'000	Road and maritime systems \$'000	Rail systems \$'000	Total \$'000	Plant and equipment \$'000	Finance leased buses \$'000	Rolling stock \$'000	Buses \$'000	Ferries \$'000	
<b>Year ended 30 June 2013</b>										
At cost	-	-	-	-	-	566,295	-	-	-	566,295
Accumulated depreciation and impairment	-	-	-	-	-	(54,571)	-	-	-	(54,571)
At fair value	3,473,340	97,506,543	36,735,846	134,242,389	1,123,290	-	8,449,148	950,230	280,857	148,519,254
Accumulated depreciation and impairment	(175,286)	(30,895,634)	(11,659,209)	(42,554,843)	(609,303)	-	(4,531,925)	(368,436)	(202,066)	(48,441,869)
<b>Net carrying amount</b>	<b>3,298,044</b>	<b>66,610,909</b>	<b>25,076,637</b>	<b>91,687,546</b>	<b>513,987</b>	<b>511,724</b>	<b>3,917,223</b>	<b>581,794</b>	<b>78,791</b>	<b>100,589,109</b>
<b>Year ended 30 June 2014</b>										
At cost	232,906	-	4,276,383	4,276,383	52,422	617,250	98,237	-	4,939	772,848
Accumulated depreciation and impairment	-	-	-	-	-	(66,716)	-	-	-	(66,716)
At fair value	3,371,506	101,712,624	35,353,658	137,066,282	1,138,156	-	8,634,311	954,233	283,883	151,448,371
Accumulated depreciation and impairment	(212,763)	(32,231,942)	(12,695,516)	(44,927,458)	(675,355)	-	(3,640,497)	(378,046)	(217,791)	(50,051,910)
<b>Net carrying amount</b>	<b>3,391,649</b>	<b>69,480,682</b>	<b>22,658,142</b>	<b>96,445,207</b>	<b>462,801</b>	<b>530,534</b>	<b>5,092,051</b>	<b>576,187</b>	<b>71,031</b>	<b>106,591,882</b>

There was nil (2013: nil) property, plant and equipment held by the parent.

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Notes to the financial statements  
for the year ended 30 June 2014

### 13. Property, plant and equipment (cont'd)

#### Consolidated - Reconciliation

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.

Consolidated	Infrastructure systems						Plant and equipment					Total property, plant and equipment \$'000
	Land and buildings \$'000	Road and maritime systems \$'000	Rail systems \$'000	Plant and equipment \$'000	Finance leased buses \$'000	Rolling stock \$'000	Buses \$'000	Ferries \$'000	Total \$'000			
<b>Year ended 30 June 2014</b>												
Net carrying amount at start of year	3,298,044	66,610,909	25,076,637	91,687,546	513,967	511,724	581,794	78,791	5,603,519	100,588,109		
Additions	186,209	2,810,810	2,498,575	5,309,385	28,454	83,681	9,757	4,939	1,011,619	6,507,213		
Assets recognised for the first time	-	22,396	-	22,396	-	-	-	-	-	22,396		
Net revaluation increments less revaluation decrements	19,398	2,104,987	187,484	2,292,471	(15,958)	-	-	744	465,005	2,776,874		
Disposals	-	-	(4,922)	(4,822)	(6,611)	-	(5,016)	-	(11,964)	(16,786)		
Impairment losses	(23,316)	(679,285)	(58,969)	(738,254)	(272)	-	-	-	(272)	(761,842)		
Assets transferred to/from non-current assets held for sale	(39,926)	-	(8,536)	(8,536)	(2,999)	-	-	-	(3,053)	(51,515)		
Reclassifications between PPE classes	(15,997)	10,512	(19,199)	(8,627)	(1,544)	(32,546)	32,546	(1,055)	28,624	-		
Reclassifications to/from intangible assets	-	-	-	-	73,365	-	-	-	73,365	73,365		
Reclassifications to/from other assets	-	-	-	-	9	-	1	-	10	10		
Depreciation expense (note 2(d))	(28,763)	(1,383,100)	(736,705)	(2,119,805)	(74,208)	(32,325)	(42,895)	(12,388)	(381,827)	(2,530,395)		
Roads and bridges transferred to and from local councils (note 2(f) and note 3(b))	-	(16,547)	-	(16,547)	-	-	-	-	-	(16,547)		
<b>Net carrying amount at 30 June 2014</b>	<b>3,391,649</b>	<b>69,480,682</b>	<b>26,934,525</b>	<b>96,415,207</b>	<b>515,223</b>	<b>530,534</b>	<b>576,187</b>	<b>71,031</b>	<b>6,785,026</b>	<b>106,591,882</b>		

## Department of Transport

Notes to the financial statements  
for the year ended 30 June 2014

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### 13. Property, plant and equipment (cont'd)

The reclassifications comprise mainly transfer of plant and equipment from intangible assets and finance lease receivables.

Roads were transferred to and from councils.

(a) The full valuation on infrastructure assets; roads, bridges and land and building acquired for future road works, were performed in 2012-2013.

(b) Roads and Maritime Services (RMS) engaged external professional valuers to perform road assets full revaluation and utilise RMS engineers to perform a bridge asset full revaluation.

(c) 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 Primary Approach, Secondary Approach and Hybrid Approach.

Due to the specialised nature of RMS's 'Roads' asset class and the roads are not sold or traded, the fair value for this asset class cannot be determined with reference to the 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 mentioned above, primarily with reference to current tendered contracted rates produced by the RMS Project Management Office.

Land and buildings acquired for future road works, where possible, the fair value 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 has been increased by movements in the NSW Valuer-General's Land Price Index (LPI) for the period 2000-2012.
- For land and buildings 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.



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Notes to the financial statements  
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### 13. Property, plant and equipment (cont'd)

#### Consolidated - Reconciliation

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.

Consolidated	Infrastructure systems										Total property, plant and equipment \$'000
	Land and buildings \$'000	Road and maritime systems \$'000	Rail systems \$'000	Plant and equipment \$'000	Finance leased buses \$'000	Rolling stock \$'000	Buses \$'000	Ferries \$'000	Total \$'000		
Year ended 30 June 2013											
Net carrying amount at start of year	3,347,776	61,563,188	24,662,225	86,215,411	424,623	509,202	579,274	48,215	4,459,595	84,062,782	
Additions	586,451	2,870,302	1,172,095	4,042,397	185,854	88,473	-	8,183	1,388,265	8,017,113	
Assets recognised for the first time	-	31,172	-	31,172	-	-	-	-	-	31,172	
Net revaluation increments less revaluation decrements	(53,320)	4,233,685	-	4,233,686	-	-	-	40,971	40,971	4,241,317	
Disposals	(50,838)	(148,686)	(1,447)	(150,113)	(4,704)	-	(872)	-	(5,578)	(206,527)	
Impairment losses	(312,191)	(776,262)	(228,510)	(1,004,792)	-	-	-	-	-	(1,316,863)	
Assets transferred to/from non-current assets held for sale	(40,690)	-	-	-	-	-	(4,592)	-	(4,592)	(45,282)	
Reclassifications between PPE classes	(233,309)	15,685	188,946	204,611	2,188	(58,113)	58,487	(1,000)	28,688	-	
Reclassifications to/from intangible assets	-	-	-	-	3,432	-	-	-	3,432	3,432	
Reclassifications to/from other assets	(12,824)	-	-	-	112	-	(6,268)	-	(6,156)	(20,980)	
Depreciation expense (note 2(d))	(51,011)	(1,152,861)	(706,672)	(1,659,553)	(77,516)	(28,838)	(42,235)	(17,588)	(338,118)	(2,229,862)	
Increase/(decrease) in net assets from equity transfers, (note 31)	79,000	(1,430)	-	(1,430)	-	-	-	-	-	76,570	
Roads and bridges transferred to and from local councils (note 2(f) and note 3(f))	-	(23,823)	-	(23,823)	-	-	-	-	-	(23,823)	
<b>Net carrying amount at 30 June 2013</b>	<b>3,298,044</b>	<b>66,610,909</b>	<b>25,076,637</b>	<b>91,687,546</b>	<b>513,987</b>	<b>511,724</b>	<b>581,794</b>	<b>78,791</b>	<b>5,603,519</b>	<b>100,589,109</b>	



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Notes to the financial statements

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### 14. Investment property

	Consolidated 2014 \$'000	Consolidated 2013 \$'000	Parent 2014 \$'000	Parent 2013 \$'000
Opening balance as at 1 July - fair value	-	129,466	-	-
Disposals and assets held for sale	-	(129,466)	-	-
<b>Closing balance as at 30 June - fair value</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
The following amounts have been recognised in net result for the year:				
Rental income (note 3(e))	-	13,538	-	-
Direct operating expenses arising from investment properties that generated rental income (note 2(c))	-	11,787	-	-

### 15. Intangibles assets

	Consolidated 2014 \$'000	Consolidated 2013 \$'000	Parent 2014 \$'000	Parent 2013 \$'000
<b>Intangible assets</b>				
Cost (gross carrying amount)	1,232,087	981,156	-	-
Accumulated amortisation and impairment	(352,307)	(292,960)	-	-
<b>Net carrying amount at fair value</b>	<b>879,780</b>	<b>688,196</b>	<b>-</b>	<b>-</b>
Net carrying amount at beginning of the year	688,196	586,627	-	-
Additions	339,267	168,843	-	-
Reclassifications to plant and equipment (note 13)	(73,365)	(3,432)	-	-
Impairment (note 5)	(4,270)	-	-	-
Amortisation expense (note 2(d))	(68,103)	(57,154)	-	-
Write offs	(1,622)	(6)	-	-
Disposals	(323)	(6,682)	-	-
<b>Net carrying amount at end of year</b>	<b>879,780</b>	<b>688,196</b>	<b>-</b>	<b>-</b>

## Department of Transport

Notes to the financial statements  
for the year ended 30 June 2014

### 16. Other assets

	Consolidated 2014 \$'000	Consolidated 2013 \$'000	Parent 2014 \$'000	Parent 2013 \$'000
<b>Non-current other assets</b>				
Right to receive privately financed transport infrastructure (see below for movements)	1,231,469	1,027,258	-	-
Milestone advances under rollingstock Public Private Partnerships (PPP) contract	-	11,922	-	-
	<b>1,231,469</b>	<b>1,039,180</b>	-	-
<b>Movement in right to receive privately financed transport infrastructure</b>				
Balance 1 July	1,027,258	858,880	-	-
Period increment emerging right to receive (note 3(f))	204,211	168,378	-	-
<b>Net carrying amount at end of year</b>	<b>1,231,469</b>	<b>1,027,258</b>	-	-

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Notes to the financial statements  
for the year ended 30 June 2014

### 17. Fair value measurement of non-financial assets

#### (a) Fair value hierarchy

Fair value measurements recognised in the balance sheet are categorised into the following levels at 30 June 2014. Comparative information for non-financial assets has not been provided as permitted by the transitional provision of AASB 13 Fair Value Measurement.

2014	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
<b>Property, plant and equipment (note 13)</b>				
Land and buildings	-	2,517,906	637,473	3,155,379
Plant and equipment				
Plant and equipment	-	1,851	222,731	224,582
Rolling stock	-	-	4,993,814	4,993,814
Buses	-	-	564,908	564,908
Ferries	-	-	66,092	66,092
Infrastructure systems				
Road and maritime systems	-	-	69,480,682	69,480,682
Rail systems	-	-	22,658,142	22,658,142
<b>Non-current assets held for sale (note 11)</b>	-	5,262	29,158	34,420
<b>Other non-financial assets (note 16)</b>	-	-	1,231,469	1,231,469
	-	<b>2,525,019</b>	<b>99,884,469</b>	<b>102,409,488</b>

\* The above property, plant and equipment exclude assets measured at depreciated historical cost as a surrogate for fair value.

#### (b) Valuation techniques

The Department of Transport obtains independent valuations for its non financial assets at least every 5 years.

At the end of each reporting period, the Department of Transport updates its assessment of the fair value of each category of non financial asset, taking into account the most recent independent valuation. The best evidence of fair value is current prices in an active market for similar assets. Where such information is not available, the Department of Transport considers information from a variety of other sources and uses specific valuation techniques including:

- current prices in an active market for assets of a similar nature or recent prices of similar assets in less active markets, adjusted to reflect those differences
- depreciated replacement cost where the selling price is not available, with reference to the most appropriate modern, depreciated equivalent replacement asset that provides similar economic benefits, adjusted for obsolescence
- construction costs incurred by the entity
- indexation of rates and/or fair value used in previous valuation assessments, including review of the rates against current market conditions and selected Australian Bureau of Statistics indexes applicable to the construction industry, to ensure that the carrying amount of the asset does not differ materially from the market value at the reporting date
- discounted cash flow projections based on estimates of future cash flows
- indexation of vacant land acquisition costs using Land Property Index data provided by the Valuer General

These valuation techniques maximise the use of observable inputs where available and rely as little as possible on entity or asset specific estimates. The level in the fair value hierarchy is determined on the basis of the lowest level input that is significant to the measurement in its entirety. If significant inputs required to measure fair value of an asset are observable, the asset is included in level 2 of the fair value hierarchy. If one or more of the significant inputs is not based on observable market data, the asset is included in level 3 of the fair value hierarchy. All resulting fair value estimates for non financial assets are included in level 3 with the exception of some land and building, and plant and equipments included under level 2.

There were no changes to the valuation techniques used during the year.

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## Department of Transport

Notes to the financial statements  
for the year ended 30 June 2014

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### 17. Fair value measurement of non-financial assets (cont'd)

#### (c) Valuation processes and inputs

The Department of Transport engages external professionally qualified valuers to determine the fair value of the entity's non financial assets, at least every 5 years. During 2013-14, a full valuation of the following assets was carried out by independent valuers, with the other non financial assets not required to be revalued:

- The fair value of country rail infrastructure assets in Transport for NSW was determined by Aquentia Consulting.
- The fair value of light rail rolling stock and infrastructure assets in Transport for NSW were determined by PricewaterhouseCoopers.
- The fair value of land and building at Sydney Ferries were determined by Preston Rowe Paterson and MDA Australia.
- The fair value of ferries owned by the State Transit Authority was determined by Rodney Hyman Asset Services.
- Other rolling stock, with the exception of heritage rolling stocks, was revalued by Interfleet Technologies Pty Ltd.
- Major plant and equipment at RailCorp was valued by Rod Hyman Asset Services Pty Ltd.
- The fair value of the Auburn Maintenance Facility was assessed by Evans & Peck based on the appropriate Australian Bureau of Statistics indices.

Assets are also measured at fair value on a non-recurring basis as a result of reclassifying them as held for sale. Changes in the valuation are analysed at each reporting date during the discussion between management and the valuer.

The main level 2 and 3 inputs used are as follows:

- **Land and building** - acquisition cost, sale prices for comparable properties, rate per square metre of land area, land size, replacement building costs are determined by the external valuer and/or management, based on the most comparable sales evidence applicable for each property, adjusted for the specific attributes of the property being revalued, such as location, land use, landing values applying in the locality and taking into consideration the implications of the applicable existing lease over the property. Indexation factors are determined based on selected Australian Bureau of Statistics indices applicable to the construction industry. Construction costs incurred are determined by management in accordance with applicable Australian Accounting Standards.
- **Plant and equipment** - replacement cost for modern equivalent assets, expected useful life and remaining life of the assets are estimated and reviewed by management, based on inputs principally obtained from the manufacturer of the assets.
- **Light rail infrastructure and rolling stock** - replacement costs, construction project costs, length of the tracks, overhead power and stabling yards, number of stops/stations, economic working lives of the assets, expired and remaining economic life, depreciation methods, residual values, indexed historical costs and gross replacements costs were estimated by the external valuer and/or management taking into consideration the physical age of the assets, their physical condition, repair and maintenance records, allowance for obsolescence, residual value at the end of the asset's economic life, and construction project budget/forecast.
- **Country rail infrastructure assets** - replacement cost for modern equivalent assets, unit of measure for each asset, appropriate indexation factors, expected useful life and remaining life of the assets are estimated by the external valuer and/or management based on recently completed transactions, projects, and current market rates where available, with allowances for demolition of the existing property, contractor's off-site overheads and margin, and the location factor.
- **Trackwork and other rail infrastructure assets** - raw materials and labour rates, pricing for tracks/wiring, construction methodology, structural foundations, and other specific allowances were estimated by the external valuer to establish the optimised replacement cost of each asset, taking into consideration historical data, existing assets and current railway infrastructure technologies. Indexation factors are determined based on selected Australian Bureau of Statistics indices applicable to the construction industry.
- **Other rolling stock** - prices from relevant contracts awarded for the manufacture of the asset, international transportation costs, structural modification costs, replacement cost, are estimated by the external valuer, based on replacement costs of both domestic and international vehicles adjusted by an optimisation factor to reflect the technical and functional obsolescence and qualitative attractiveness of the fleet sub types relative to the modern equivalent. International prices and exchange rates are adjusted for international transportation costs or structural modifications. Technical data and remaining life of rolling stock were confirmed by the engineering staff of Sydney Trains and Transport for NSW.

## Department of Transport

Notes to the financial statements

for the year ended 30 June 2014

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### 17. Fair value measurement of non-financial assets (cont'd)

#### (c) Valuation processes and input (cont'd)

- **Road infrastructure** – unit replacement rates for road, bridge and traffic control signal infrastructure valuation is carried out by suitably qualified engineering contractors and employees of Roads and Maritime Services, by reference to unit prices quoted in the most recent relevant infrastructure construction tender documents, where the price range is adjusted to eliminate outlier amounts. The unit replacement rates are 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.
- **Ferries** - depreciated replacement cost, including delivery and professional fees were estimated by the external valuer based on the advice of a locally-based, reputable and long-standing boat-builder, assuming the lowest cost of replacing the vessel with a vessel based on the agreed criteria with management. Costs incurred on major periodic maintenance are determined by management based on the applicable Australian Accounting Standards.
- **Buses** – current replacement costs, market value, mileage, added benefits for purchasers as a business than the typical market-place purchaser such as continuation of the use of State Transit Authority paint schemes and livery, stamp duty and transfer fee associated with the transfer of ownership of a bus route, and fleet compilation and history, are estimated and obtained by the external valuer based on the known sales, asking prices, historical purchase prices, discussion with the entity and used bus and coach dealers.
- **Non-current asset held for sale** - rate per square meter of gross floor area, land size, estimated sale costs, valuation decline factor, market trading value per gaming machine entitlements and permits, and development costs incurred are determined by the external valuer and/or management, based on the most comparable sales evidence applicable for each parcel of land adjusted for specific factor attributable to the asset and market condition.
- **Leasehold improvement make good** - restoration cost per square metre, inflation rate, market yield on Government bonds, lease terms are estimated and obtained by management.
- **Emerging interest from Public Private Partnership Projects** – replacement costs, inflation rate and discount rate are determined by management in accordance with Treasury policy.

The determination of unit replacement rates is carried out by suitably qualified external valuers, engineering contractors and employees of the Transport cluster. Road infrastructure assets are initially measured at construction cost and the annual percentage increase in the Road Cost Index is applied each year until the following revaluation is undertaken.

There were no transfers between level 1 and 2 for recurring and non-recurring fair value measurements during the year.

Individual Land and Building acquired for future roadwork parcels are categorised under Land and Building, level 2 fair value measurement; they are transferred to land under roads work in progress when road construction begins, level 3 fair value measurement. The date of transfer is the construction start date as detailed in the construction contract. At the time of transfer, the land is deemed to have no feasible alternative use and is revalued downward to value in use (englobed or unimproved value).



## Department of Transport

Notes to the financial statements

for the year ended 30 June 2014

### 17. Fair value measurement of non-financial assets (cont'd)

#### (d) Valuation input and relationships to fair value

The following table summarises the quantitative information about the significant unobservable inputs used in level 3 fair value measurements.

Assets	Valuation Technique	Significant Unobservable Input	Quantity	Relationship between unobservable inputs and fair value measurement
Land	Direct comparison approach: this valuation method involves comparing the subject property to comparable sale prices in similar location on a rate per square metre basis, adjusted for differences in key attributes of the land such as size, location and land use.	<ul style="list-style-type: none"> <li>Rate per square metre</li> <li>Discount rate</li> <li>Provision for remediation</li> </ul>	In aggregate \$480.6 million	<p>The fair value will increase/(decrease) if the estimated:</p> <ul style="list-style-type: none"> <li>rate per square metre increase/(decrease)</li> <li>discount rate decrease/(increase)</li> <li>provision for remediation decrease/(increase)</li> </ul>
Building	Depreciated replacement cost approach: this valuation method involves establishing the current replacement cost of the modern equivalent asset for each type of buildings on a rate per square metre basis, taking in account the allowance for preliminaries and contractor's offsite overheads and profits; depreciated to reflect the building's remaining useful life.	<ul style="list-style-type: none"> <li>Useful life</li> <li>Allowance for preliminaries</li> <li>Allowance for offsite overheads and profit</li> <li>Replacement cost rate per square metre</li> <li>mark up rate on replacement cost for each construction component</li> <li>replacement costs</li> <li>Residual value</li> </ul>	In aggregate \$154.9 million	<p>The fair value will increase/(decrease) if the estimated:</p> <ul style="list-style-type: none"> <li>useful lives increase/(decrease)</li> <li>allowance for preliminaries increase/(decrease)</li> <li>allowance for offsite overheads and profit increase/(decrease)</li> <li>replacement cost/rates increase/(decrease)</li> <li>mark up rate on replacement cost increase/(decrease)</li> <li>residual value increase/(decrease)</li> </ul>
Leasehold Improvement Make Good	Depreciated replacement cost and discounted cash flow approaches. this valuation method involves estimating of the restoration costs on the leased property on the rate per square metre basis, adjusted for inflation, discounted and depreciated to reflect the remaining lease period.	<ul style="list-style-type: none"> <li>Discount rate</li> <li>Restoration rate per square metre</li> <li>Inflation rate</li> </ul>	In aggregate \$1.9 million	<p>The fair value will increase/(decrease) if the estimated:</p> <ul style="list-style-type: none"> <li>discount rate decrease/(increase)</li> <li>restoration cost per square metre increase/(decrease)</li> <li>inflation rate increase/(decrease)</li> </ul>

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## Department of Transport

Notes to the financial statements

for the year ended 30 June 2014

### 17. Fair value measurement of non-financial assets (cont'd)

#### (d) Valuation input and relationships to fair value (cont'd)

Assets	Valuation Technique	Significant Unobservable Input	Quantity	Relationship between unobservable inputs and fair value measurement
Plant and Equipment	Depreciated replacement cost approach: this valuation method involves establishing the current replacement cost of the modern equivalent asset for each asset class, depreciated to reflect the asset's remaining useful life.	<ul style="list-style-type: none"> <li>Useful life</li> <li>Replacement cost</li> </ul>	In aggregate \$222.7 million	<p>The fair value will increase/(decrease) if the estimated:</p> <ul style="list-style-type: none"> <li>useful lives increase/(decrease)</li> <li>replacement cost increase/(decrease)</li> </ul>
Country Rail Infrastructure	Depreciated replacement cost approach: this valuation method involves establishing the current replacement cost of the modern equivalent asset for each asset class, adjusted for overdesign, overcapacity and redundant components; depreciated to reflect the asset's remaining useful life. The replacement costs are reviewed and adjusted regularly.	<ul style="list-style-type: none"> <li>Useful life</li> <li>Indexation factor</li> <li>Allowance for design, preliminaries, test and commissioning</li> <li>Allowance for offsite overheads and margin</li> <li>replacement cost</li> </ul>	In aggregate \$1.6 billion	<p>The fair value will increase/(decrease) if the estimated:</p> <ul style="list-style-type: none"> <li>useful lives increase/(decrease)</li> <li>indexation factor increase/(decrease)</li> <li>allowance for design, preliminaries, test and commissioning increase/(decrease)</li> <li>allowance for offsite overheads and margin increase/(decrease)</li> <li>replacement cost increase/(decrease)</li> </ul>
Rail Infrastructure (other)	Depreciated replacement cost approach: this valuation method involves establishing the gross current replacement cost of the assets, depreciating them to reflect their anticipated effective working lives, taking into account their estimated residual values, all relevant forms of obsolescence and residual value.	<ul style="list-style-type: none"> <li>Effective life</li> <li>Residual value</li> <li>Average inflation rate to derive indexed historical costs</li> <li>Replacement cost</li> <li>Project cost</li> </ul>	In aggregate \$21.1 billion	<p>The fair value will increase/(decrease) if the estimated:</p> <ul style="list-style-type: none"> <li>effective life increase/(decrease)</li> <li>residual value increase/(decrease)</li> <li>average inflation rate increase/(decrease)</li> <li>replacement cost increase/(decrease)</li> <li>project cost increase/(decrease)</li> </ul>

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Notes to the financial statements  
for the year ended 30 June 2014

### 17. Fair value measurement of non-financial assets (cont'd)

#### (d) Valuation input and relationships to fair value (cont'd)

Assets	Valuation Technique	Significant Unobservable Input	Quantity	Relationship between unobservable inputs and fair value measurement
Rolling Stock	Depreciated replacement cost approach: this valuation method involves establishing the gross current replacement cost of the assets, depreciating them to reflect their anticipated effective working lives, taking into account their estimated residual values, all relevant forms of obsolescence and residual value.	<ul style="list-style-type: none"> <li>Effective life</li> <li>Residual value percentage</li> <li>Average inflation rate to derive indexed historical costs</li> <li>Replacement costs</li> <li>Project cost</li> <li>International prices</li> <li>Foreign exchange rates</li> </ul>	In aggregate \$5.0 billion	<p>The fair value will increase/(decrease) if the estimated:</p> <ul style="list-style-type: none"> <li>effective life increase/(decrease)</li> <li>average inflation rate increase/(decrease)</li> <li>replacement cost increase/(decrease)</li> <li>project cost increase/(decrease)</li> <li>international prices increase/(decrease)</li> <li>foreign exchange rates increase/(decrease)</li> </ul>
Roads	<p>Depreciated replacement cost approach is used for significant road asset components, where assets are depreciated over the estimated useful life depending on road component type.</p> <p>Earthworks are not depreciated and are valued at revalued (by Road Cost Index) historical cost.</p> <p>Fair value is revalued in interim periods between comprehensive revaluations by movements in the Road Cost Index (RCI).</p>	<ul style="list-style-type: none"> <li>Replacement cost per unit of road asset component</li> <li>Road cost index</li> <li>Useful life for each road asset component</li> </ul>	In aggregate \$48.6 billion	<p>The fair value will increase/(decrease) if the estimated:</p> <ul style="list-style-type: none"> <li>Replacement cost for the component increase/(decrease)</li> <li>Current year Road Cost Index is greater than or less than 1</li> <li>Useful life increase/(decrease)</li> </ul>



## Department of Transport

Notes to the financial statements

for the year ended 30 June 2014

### 17. Fair value measurement of non-financial assets (cont'd)

#### (d) Valuation input and relationships to fair value (cont'd)

Assets	Valuation Technique	Significant Unobservable Input	Quantity	Relationship between unobservable inputs and fair value measurement
Land under road	<p>The urban Average Rateable Value (ARV) per hectare within each Local Government Area (LGA) adjusted by an "open spaces ratio".</p> <p>The "open spaces ratio" is derived from open spaces data provided by the NSW Valuer General and is used to adjust average rateable value to approximate englobo value (unimproved and pre-subdivision land).</p>	<ul style="list-style-type: none"> <li>Local Government Area rateable land values provided by the NSW Valuer General</li> <li>Measurements of land area in situ under roads</li> <li>urban Average Rateable Value (ARV) per hectare (by LGA)</li> </ul>	In aggregate \$1.4 billion	<p>The fair value will increase/(decrease) if:</p> <ul style="list-style-type: none"> <li>Weighted current year urban ARV (by LGA) increase/(decrease)</li> </ul>
Road bridges	<p>Depreciated replacement cost approach is used. Cost/m<sup>2</sup> 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.</p> <p>Fair value is revalued in interim periods between comprehensive revaluations by movements in the RCI.</p>	<ul style="list-style-type: none"> <li>Replacement cost per unit of bridge assets</li> <li>Road cost index.</li> <li>Estimated useful life depending on bridge type.</li> </ul>	In aggregate \$13.6 billion	<p>The fair value will increase/decrease if:</p> <ul style="list-style-type: none"> <li>Current replacement cost for the bridge type increase/(decrease)</li> <li>Current year RCI is greater than or less than 1</li> <li>the estimated useful life of the bridge type increase/(decrease)</li> </ul>

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Notes to the financial statements

for the year ended 30 June 2014

### 17. Fair value measurement of non-financial assets (cont'd)

#### (d) Valuation input and relationships to fair value (cont'd)

Assets	Valuation Technique	Significant Unobservable Input	Quantity	Relationship between unobservable inputs and fair value measurement
Sydney Harbour Tunnel	<p>Depreciated replacement cost approach is used.</p> <p>Fair value is revalued in interim periods between comprehensive revaluations by movements in the RCI.</p> <p>Earthworks are not depreciated and are valued at revalued (by RCI) historical cost</p> <p>Depreciation was applied over estimates of useful lives of those component types.</p>	<ul style="list-style-type: none"> <li>Replacement cost</li> <li>Estimated useful life of each asset component</li> <li>Road cost index</li> </ul>	In aggregate \$945 million	<p>The fair value will increase/decrease if:</p> <ul style="list-style-type: none"> <li>Current replacement cost increase/(decrease)</li> <li>Current year RCI is greater than or less than 1</li> <li>The estimated useful life of each asset components increase/(decrease)</li> </ul>
Traffic Signals Network	<p>Depreciated replacement cost approach is used.</p> <p>Fair value is revalued in interim periods between comprehensive revaluations by movements in the RCI.</p>	<ul style="list-style-type: none"> <li>Current unit replacement costs</li> <li>Road cost index</li> <li>useful life of asset components</li> </ul>	In aggregate \$168 million	<p>The fair value will increase/decrease if:</p> <ul style="list-style-type: none"> <li>Current replacement cost for Traffic Signals Network components increase/(decrease)</li> <li>Current year RCI is greater than or less than 1</li> <li>the estimated useful life of Traffic Signals Network components increase/(decrease)</li> </ul>
Traffic Control Network	<p>Depreciated replacement cost approach is used.</p> <p>Assets are depreciated over estimated useful life depending on component type.</p> <p>Fair value is revalued in interim periods between comprehensive revaluations by movements in the RCI.</p>	<ul style="list-style-type: none"> <li>Current unit replacement costs</li> <li>Road cost index</li> <li>useful life of asset components</li> </ul>	In aggregate \$155 million	<p>The fair value will increase/(decrease) if:</p> <ul style="list-style-type: none"> <li>Current replacement cost increase/(decrease)</li> <li>Current year RCI is greater than or less than 1</li> <li>the estimated useful life of Traffic Control Network components increase/(decrease)</li> </ul>

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Notes to the financial statements

for the year ended 30 June 2014

### 17. Fair value measurement of non-financial assets (cont'd)

#### (d) Valuation input and relationships to fair value (cont'd)

Assets	Valuation Technique	Significant Unobservable Input	Quantity	Relationship between unobservable inputs and fair value measurement
Maritime infrastructure assets	<p>Depreciated replacement cost and capitalised revenue approaches are used.</p> <p>Assets are depreciated over estimated useful life depending on asset type.</p> <p>Fair value determined using depreciated replacement cost is re-valued in interim periods between comprehensive revaluations by movements in the RCI.</p> <p>Estimates of total revenue earned on long term mooring and wetland leases are capitalised at net present value.</p>	<ul style="list-style-type: none"> <li>Current unit replacement costs</li> <li>Estimated total lease revenue</li> <li>Useful life of asset components</li> <li>Road cost index</li> </ul>	In aggregate \$521 million	<p>The fair value will increase/(decrease) if:</p> <ul style="list-style-type: none"> <li>Current replacement cost increase/(decrease)</li> <li>Current year RCI is greater than or less than 1</li> <li>the estimated useful life of Maritime assets components increase/(decrease)</li> </ul>
Road infrastructure work in progress	Construction cost approach is used: this valuation method involves the use of actual cost of infrastructure assets under construction.	<ul style="list-style-type: none"> <li>Actual cost</li> </ul>	In aggregate \$4.0 billion	Fair value at actual current cost unlikely to change.
Ferries	Depreciated replacement cost: this valuation method involves application of straight-line depreciation to the vessels to best measure the remaining economic benefits embodied in the asset, taking into account lowest cost of replacing the vessel.	<ul style="list-style-type: none"> <li>Useful lives</li> <li>Optimised replacement costs</li> <li>Residual value</li> </ul>	In aggregate \$66.1 million	<p>The fair value will increase/(decrease) if the estimated:</p> <ul style="list-style-type: none"> <li>useful lives increase/(decrease)</li> <li>optimised replacement cost increase/(decrease)</li> <li>residual value increase/(decrease)</li> </ul>

## Department of Transport

Notes to the financial statements  
for the year ended 30 June 2014

### 17. Fair value measurement of non-financial assets (cont'd)

#### (d) Valuation input and relationships to fair value (cont'd)

Assets	Valuation Technique	Significant Unobservable Input	Quantity	Relationship between unobservable inputs and fair value measurement
Buses	Sales comparison and depreciated replacement cost approaches: these valuation methods involve comparing the subject assets to the comparable sales for second-hand use buses when there is an active market, then uplifted to reflect the benefits a buyer of the bus as part of a business receives over and above the typical market-place buyer; and using current replacement costs based on the most recent advised cost for each type of buses, in the absence of evidence of secondary sales, depreciated to best measure the remaining economic benefit embodied in the assets.	<ul style="list-style-type: none"> <li>Useful lives</li> <li>Residual value</li> <li>Company paint schemes and livery</li> <li>Stamp duty and transfer fees</li> <li>Premium for Fleet compilation and history</li> </ul>	In aggregate \$564.9 million	The fair value will increase/(decrease) if the estimated: <ul style="list-style-type: none"> <li>useful lives increase/(decrease)</li> <li>residual value increase/(decrease)</li> <li>company paint schemes and livery increase/(decrease)</li> <li>stamp duty and transfer fees increase/(decrease)</li> <li>premium for fleet compilation and history increase/decrease</li> </ul>
Assets held for sale	Direct comparison and direct capitalisation approaches: these valuation methods involve comparing the subject asset to comparable sales in similar and surrounding locations on a rate per square metre of the gross floor area, and current market trading value on a price per gaming entitlements and permits basis, adjusted for key attributes such as location, size, demand, sales condition and market condition.	<ul style="list-style-type: none"> <li>Rate per square metre of the gross floor area</li> <li>Market value per block of gaming machine entitlements</li> <li>Market value per poker machine permits</li> <li>Valuation decline factor</li> <li>Sales cost per property</li> </ul>	In aggregate \$29.1 million	The fair value will increase/(decrease) if the estimated: <ul style="list-style-type: none"> <li>rate per square metre of the gross floor area increase/(decrease)</li> <li>market value per block of gaming machine entitlement increase/(decrease)</li> <li>market value of per poker machine permits increase/(decrease)</li> <li>valuation decline factor decrease/(increase)</li> <li>sales cost per property (increase)/decrease</li> </ul>

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Notes to the financial statements  
for the year ended 30 June 2014

### 17. Fair value measurement of non-financial assets (cont'd)

#### (d) Valuation input and relationships to fair value (cont'd)

Assets	Valuation Technique	Significant Unobservable Input	Quantity	Relationship between unobservable inputs and fair value measurement
Emerging Interest Assets	Present value approach: this valuation method involves determining the replacement cost (fair value) of the underlying physical assets at the end of the public private partnership contract, allocating the replacement cost over the contract period as the compounding value of an annuity discounted using the NSW Government bond rate applicable at the commencement of the contract, adjusted for inflation.	<ul style="list-style-type: none"> <li>• Replacement cost</li> <li>• Discount rate</li> <li>• Inflation rate</li> </ul>	In aggregate \$1.2 billion	<p>The fair value will increase/(decrease) if the estimated:</p> <ul style="list-style-type: none"> <li>• replacement cost increase/(decrease)</li> <li>• discount rate decrease/(increase)</li> <li>• inflation rate increase/(decrease)</li> </ul>

There were no significant inter-relations between unobservable inputs that would materially affect the overall valuation.

## Department of Transport

Notes to the financial statements  
for the year ended 30 June 2014

### 17. Fair value measurement of non-financial assets (cont'd)

#### (e) Reconciliation of recurring Level 3 fair value measurement

2014	Buildings \$'000	Plant & equipment \$'000	Infrastructure systems \$'000	Other assets \$'000	Total \$'000
Fair value as at 1 July 2013	665,756	4,769,640	88,195,968	1,027,257	94,658,621
Additions	438	910,496	4,587,050	204,212	5,702,196
Revaluation increments/decrements recognised in Net result - included in the line item 'Other gains/ (losses)'	(1,484)	(8,570)	(94,301)	-	(104,355)
Revaluation increments/ decrements recognised in other comprehensive income - included in line item /Net increase / (decrease) in property, plant and equipment revaluation surplus'	11,917	465,295	2,197,596	-	2,674,808
Transfers from Level 2	-	-	10,512	-	10,512
Transfer (to) / from council	-	-	(16,534)	-	(16,534)
Assets recognised for the first time	-	-	22,396	-	22,396
Transfer (to) / from assets held for sale	(17,562)	2,070	(8,536)	-	(24,028)
Disposals	(1,061)	(6,289)	(634,886)	-	(642,236)
Depreciation	(9,739)	(316,882)	(2,120,453)	-	(2,447,074)
Other movements	(10,792)	31,785	12	-	21,005
<b>Fair value as at 30 June 2014</b>	<b>637,473</b>	<b>5,847,545</b>	<b>92,138,824</b>	<b>1,231,469</b>	<b>99,855,311</b>

\*unrealised gains or (losses) recognised in profit or loss attributable to assets held at the end of the reporting period (included in gains/(losses) recognised in other income above)

### 18. Payables

	Consolidated 2014 \$'000	Consolidated 2013 \$'000	Parent 2014 \$'000	Parent 2013 \$'000
<b>Current payables</b>				
Accrued salaries, wages and on-costs	75,731	64,809	71	265
Trade creditors	350,211	248,412	-	-
Interest	16,484	16,778	-	-
Accruals	1,532,933	1,136,803	590	177
Other creditors	100,765	31,532	16,337	9,907
	<b>2,076,124</b>	<b>1,498,334</b>	<b>16,998</b>	<b>10,349</b>

Details regarding credit risk, liquidity risk and market risk, including a maturity analysis of the above payables are disclosed in note 30.



## Department of Transport

Notes to the financial statements  
for the year ended 30 June 2014

### 19. Borrowings

	Consolidated 2014 \$'000	Consolidated 2013 \$'000	Parent 2014 \$'000	Parent 2013 \$'000
<b>Current borrowings</b>				
NSW Treasury advances repayable	2,173	2,130	-	-
NSW TCorp borrowings	1,134,745	629,571	-	-
Finance leases (note 24)	204,000	140,981	-	-
Other loans and deposits	149	149	-	-
	<b>1,341,067</b>	<b>772,831</b>	-	-
<b>Non-current borrowings</b>				
NSW Treasury advances repayable	2,033	4,206	-	-
NSW TCorp borrowings	969,458	1,063,430	-	-
Finance leases (note 24)	2,890,670	2,251,596	-	-
Other loans and deposits	93	234	-	-
	<b>3,862,254</b>	<b>3,319,466</b>	-	-

The finance leases relate to the provision of a maintenance facility, simulators and trains under a public private partnership (PPP) for rolling stock and 'deemed finance lease' arrangements for buses under the Sydney, metropolitan and outer metropolitan bus contracts with private transport operators.

### Repayment of borrowings

	Consolidated 2014 \$'000	Consolidated 2013 \$'000	Parent 2014 \$'000	Parent 2013 \$'000
Not later than one year	1,341,067	772,831	-	-
Between one and five years	1,547,573	1,545,249	-	-
Later than five years	2,314,681	1,774,217	-	-
<b>Total borrowings at face value</b>	<b>5,203,321</b>	<b>4,092,297</b>	-	-

Details regarding credit risk, liquidity risk and market risk, including a maturity analysis of the above payables, are disclosed in note 30.



## Department of Transport

Notes to the financial statements  
for the year ended 30 June 2014

### 20. Employee benefits

	Consolidated 2014 \$'000	Consolidated 2013 \$'000	Parent 2014 \$'000	Parent 2013 \$'000
<b>Current employee benefits</b>				
Annual leave*	297,130	294,438	620	2,008
Long service leave*	529,071	604,326	84	477
Workers' compensation insurance	20,612	24,570	7	56
Payroll tax	5,340	3,030	21	73
Fringe benefits tax	168	100	168	89
Public holidays	25,216	23,849	-	-
Severance payments / redundancies	49,661	61,573	-	-
Other	-	103	-	-
	<b>927,198</b>	<b>1,011,989</b>	<b>900</b>	<b>2,703</b>
<b>Non-current employee benefits</b>				
Long service leave	43,586	60,212	-	-
Severance payments / redundancies	-	19,977	-	-
Workers' compensation insurance	101,859	106,493	-	-
Superannuation	1,961,665	1,837,872	-	-
	<b>2,107,110</b>	<b>2,024,554</b>	<b>-</b>	<b>-</b>

\* It is estimated that the provision for annual leave includes \$53.7 million and long service leave includes \$230.6 million that are expected to be paid later than 12 months.

#### Defined-benefit superannuation overview

This overview only relates to those employees whose defined benefit superannuation schemes are not assumed by the Crown Entity.

Employer contributions are made to three defined-benefit superannuation schemes administered by the SAS Trustee Corporation (STC): The State Authorities Superannuation Scheme (SASS), the State Authorities Non-Contributory Superannuation Scheme (SANCSS) and the State Superannuation Scheme (SSS), which together form the Pooled Fund. Each scheme is closed to new members and its investments are held in trust by the Pooled Fund. At least a component of the final benefit is derived from a multiple of members' salary and years of membership. All Fund assets are invested by SAS Trustee Corporation at arm's length through independent fund managers.

An under funded scheme is recognised as a provision and an overfunded scheme is recognised as an asset. Details of both provisions and assets are given below.

## Department of Transport

Notes to the financial statements  
for the year ended 30 June 2014

### 20. Employee benefits (cont'd)

Year ended 30 June 2014	SASS	SANCS	SSS	Total
<b>Member numbers</b>				
Contributors	4,175	4,410	235	8,820
Deferred benefits	-	-	43	43
Pensioners	784	-	1,281	2,065
Pensions fully commuted	-	-	501	501
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>Superannuation Position for AASB 119 purposes</b>				
Accrued liability <sup>1</sup>	2,596,297	244,944	1,542,056	4,383,297
Estimated reserve account balance	(1,652,483)	(153,881)	(615,268)	(2,421,632)
Deficit/(surplus)	<b>943,813</b>	<b>91,063</b>	<b>926,788</b>	<b>1,961,665</b>
Future service liability <sup>2</sup>	125,332	87,543	16,779	229,654
Surplus in excess of recovery available from schemes				-
Net (asset)/liability to be recognised in statement of financial position	<b>943,813</b>	<b>91,063</b>	<b>926,788</b>	<b>1,961,665</b>
<b>Year ended 30 June 2013</b>				
<b>Member numbers</b>				
Contributors	5,155	5,516	361	11,032
Deferred benefits	-	-	48	48
Pensioners	643	-	1,213	1,856
Pensions fully commuted	-	-	503	503
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>Superannuation Position for AASB 119 purposes</b>				
Accrued liability <sup>1</sup>	2,661,512	275,684	1,557,929	4,495,125
Estimated reserve account balance	(1,828,769)	(208,385)	(620,099)	(2,657,253)
Deficit/(surplus)	<b>832,743</b>	<b>67,299</b>	<b>937,830</b>	<b>1,837,872</b>
Future service liability <sup>2</sup>	153,857	100,697	25,768	280,322
Surplus in excess of recovery available from schemes				-
Net (asset)/liability to be recognised in statement of financial position	<b>832,743</b>	<b>67,299</b>	<b>937,830</b>	<b>1,837,872</b>
	<b>832,743</b>	<b>67,299</b>	<b>937,830</b>	<b>1,837,872</b>

1. The accrued liability includes a contribution tax provision. This is calculated based on grossing up the deficit less the allowance for past service expenses and insurable death and disability liabilities at a contribution tax rate of 15%.

2. The Future Service Liability (FSL) does not have to be recognised by an employer. It is only used to determine if an asset ceiling limit should be imposed (AASB 119 para 64). Under AASB 119, any prepaid superannuation asset recognised cannot exceed the present value of any economic benefits that may be available in the form of refunds from the plan or reductions in future contributions to the plan. Where the "surplus in excess of recovery" is zero, no asset ceiling limit is imposed. (Note: this also includes a contribution tax provision).

## Department of Transport

Notes to the financial statements  
for the year ended 30 June 2014

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### 20. Employee benefits (cont'd)

- **Nature of the benefits provided by the fund**

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)
- \* Police Superannuation Scheme (PSS)
- \* 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. Members receive lump sum or pension benefits on retirement, death, disablement and withdrawal.

All the Schemes are closed to new members.

- **Description of the regulatory framework**

The schemes in the Pooled Fund are established and governed by the following NSW legislation: Superannuation Act 1916, State Authorities Superannuation Act 1987, Police Regulation (Superannuation) Act 1906, State Authorities Non-Contributory Superannuation Scheme Act 1987, and their associated regulations.

The schemes in the Pooled Fund are exempt public sector superannuation schemes under the Commonwealth Superannuation Industry (Supervision) Act 1993 (SIS). The SIS Legislation treats exempt public sector superannuation funds as complying funds for concessional taxation and superannuation guarantee purposes.

Under a Heads of Government agreement, the New South Wales Government undertakes to ensure that the Pooled Fund will conform with the principles of the Commonwealth's retirement incomes policy relating to preservation, vesting and reporting to members and that members' benefits are adequately protected.

The New South Wales Government prudentially monitors and audits the Pooled Fund and the Trustee Board activities in a manner consistent with the prudential controls of the SIS legislation. These provisions are in addition to other legislative obligations on the Trustee Board and internal processes that monitor the Trustee Board's adherence to the principles of the Commonwealth's retirement incomes policy.

An actuarial investigation of the Pooled Fund is performed every three years. The last actuarial investigation was performed as at 30 June 2012.

- **Description of other entities' responsibilities for the governance of the fund**

The Fund's Trustee is responsible for the governance of the Fund. The Trustee has a legal obligation to act solely in the best interests of fund beneficiaries. The Trustee has the following roles:

- \* Administration of the fund and payment to the beneficiaries from fund assets when required in accordance with the fund rules;
- \* Management and investment of the fund assets; and
- \* Compliance with other applicable regulations.



## Department of Transport

Notes to the financial statements  
for the year ended 30 June 2014

### 20. Employee benefits (cont'd)

- Description of risks

There are a number of risks to which the Fund exposes the Employer. The more significant risks relating to the defined benefits are:

- \* Investment risk - The risk that investment returns will be lower than assumed and the Employer will need to increase contributions to offset this shortfall.
- \* Longevity risk – The risk that pensioners live longer than assumed, increasing future pensions.
- \* Pension indexation risk – The risk that pensions will increase at a rate greater than assumed, increasing future pensions.
- \* Salary growth risk - The risk that wages or salaries (on which future benefit amounts for active members will be based) will rise more rapidly than assumed, increasing defined benefit amounts and thereby requiring additional employer contributions.
- \* Legislative risk - The risk is that legislative changes could be made which increase the cost of providing the defined benefits.

The defined benefit fund assets are invested with independent fund managers and have a diversified asset mix. The Fund has no significant concentration of investment risk or liquidity risk.

- Description of significant events

There were no fund amendments, curtailments or settlements during the year.

- Reconciliation of the Net Defined Benefit Liability/(Asset)

Year ended 30 June 2014	SASS \$'000	SANCS \$'000	SSS \$'000	Total \$'000
Net defined benefit liability/(asset) at start of year	832,743	67,299	937,830	1,837,872
Current service cost	33,756	11,090	3,764	48,610
Net Interest on the net defined benefit liability/(asset)	26,472	2,875	35,792	65,139
Actual return on Fund assets less Interest income	(141,153)	(16,507)	(49,576)	(207,236)
Actuarial (gains)/losses arising from changes in financial assumptions	111,057	16,661	51,701	179,418
Actuarial (gains)/losses arising from liability experience	93,270	13,207	(51,946)	54,531
Employer contributions	(12,332)	(3,562)	(777)	(16,670)
<b>Net defined benefit liability/(asset) at end of year</b>	<b>943,813</b>	<b>91,063</b>	<b>926,788</b>	<b>1,961,665</b>
<b>Year ended 30 June 2013</b>	<b>SASS \$'000</b>	<b>SANCS \$'000</b>	<b>SSS \$'000</b>	<b>Total \$'000</b>
Net defined benefit liability/(asset) at start of year	1,062,292	127,890	1,134,200	2,324,382
Current service cost	41,763	14,194	6,853	62,810
Net Interest on the net defined benefit liability/(asset)	32,272	3,846	34,676	70,794
Actual return on Fund assets less Interest income	(208,480)	(25,669)	(81,052)	(315,201)
Actuarial (gains)/losses arising from changes in demographic assumptions	80,055	(234)	57,153	136,974
Actuarial (gains)/losses arising from changes in financial assumptions	(225,045)	(25,344)	(185,360)	(435,749)
Actuarial (gains)/losses arising from liability experience	65,202	(22,974)	(26,655)	15,573
Employer contributions	(15,316)	(4,410)	(1,985)	(21,711)
<b>Net defined benefit liability/(asset) at end of year</b>	<b>832,743</b>	<b>67,299</b>	<b>937,830</b>	<b>1,837,872</b>

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Notes to the financial statements  
for the year ended 30 June 2014

### 20. Employee benefits (cont'd)

- Reconciliation of the Fair Value of Fund Assets

Year ended 30 June 2014	SASS \$'000	SANCS \$'000	SSS \$'000	Total \$'000
Fair value of fund assets at beginning of the year	1,828,769	208,385	620,099	2,657,253
Interest income	64,368	6,396	22,344	93,108
Actual return on Fund assets less Interest income	141,153	16,507	49,576	207,236
Employer contributions	12,332	3,562	777	16,671
Contributions by participants	22,247	-	5,256	27,503
Benefits paid	(476,735)	(76,624)	(85,095)	(638,454)
Taxes, premiums & expenses paid	60,350	(4,346)	2,310	58,314
<b>Fair value of fund assets at end of the year</b>	<b>1,652,484</b>	<b>153,880</b>	<b>615,267</b>	<b>2,421,631</b>

Year ended 30 June 2013	SASS \$'000	SANCS \$'000	SSS \$'000	Total \$'000
Fair value of fund assets at beginning of the year	1,709,964	189,630	571,723	2,471,317
Interest income	48,979	5,296	16,692	70,967
Actual return on Fund assets less Interest income	208,480	25,669	81,052	315,201
Employer contributions	15,316	4,410	1,985	21,711
Contributions by participants	24,205	-	6,073	30,278
Benefits paid	(219,772)	(34,417)	(64,664)	(318,853)
Taxes, premiums & expenses paid	41,598	17,798	7,237	66,633
<b>Fair value of fund assets at end of the year</b>	<b>1,828,770</b>	<b>208,386</b>	<b>620,098</b>	<b>2,657,254</b>



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Notes to the financial statements  
for the year ended 30 June 2014

### 20. Employee benefits (cont'd)

- Reconciliation of the Defined Benefit Obligation

Year ended 30 June 2014	SASS \$'000	SANCS \$'000	SSS \$'000	Total \$'000
Present value of defined benefit obligations at beginning of the year	2,661,511	275,683	1,557,929	4,495,123
Current service cost	33,757	11,090	3,764	48,611
Interest cost	90,841	9,272	58,136	158,249
Contributions by participants	22,247	-	5,256	27,503
Actuarial (gains)/losses arising from changes in financial assumptions	111,058	16,662	51,701	179,421
Actuarial (gains)/losses arising from liability experience	93,270	13,208	(51,946)	54,532
Benefits paid	(476,735)	(76,624)	(85,095)	(638,454)
Taxes, premiums & expenses paid	60,350	(4,346)	2,310	58,314
<b>Present value of defined benefit obligations at end of the year</b>	<b>2,596,299</b>	<b>244,945</b>	<b>1,542,055</b>	<b>4,383,299</b>
<b>Year ended 30 June 2013</b>	<b>SASS \$'000</b>	<b>SANCS \$'000</b>	<b>SSS \$'000</b>	<b>Total \$'000</b>
Present value of defined benefit obligations at beginning of the year	2,772,255	317,520	1,705,923	4,795,698
Current service cost	41,763	14,194	6,853	62,810
Interest cost	81,250	9,142	51,369	141,761
Contributions by participants	24,205	-	6,073	30,278
Actuarial (gains)/losses arising from changes in demographic assumptions	80,055	(234)	57,153	136,974
Actuarial (gains)/losses arising from changes in financial assumptions	(225,045)	(25,344)	(185,360)	(435,749)
Actuarial (gains)/losses arising from liability experience	65,202	(22,974)	(26,655)	15,573
Benefits paid	(219,772)	(34,417)	(64,664)	(318,853)
Taxes, premiums & expenses paid	41,598	17,798	7,237	66,633
<b>Present value of defined benefit obligations at end of the year</b>	<b>2,661,511</b>	<b>275,685</b>	<b>1,557,929</b>	<b>4,495,126</b>

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Notes to the financial statements  
for the year ended 30 June 2014

### 20. Employee benefits (cont'd)

- Reconciliation of the effect of the Asset Ceiling

Year ended 30 June 2014	SASS \$'000	SANCS \$'000	SSS \$'000	Total \$'000
Adjustment for effect of asset ceiling at beginning of the year	-	-	-	-
Change in the effect of asset ceiling	-	-	-	-
<b>Adjustment for effect of asset ceiling at end of the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

Year ended 30 June 2013	SASS \$'000	SANCS \$'000	SSS \$'000	Total \$'000
Adjustment for effect of asset ceiling at beginning of the year	-	-	-	-
Change in the effect of asset ceiling	-	-	-	-
<b>Adjustment for effect of asset ceiling at end of the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

- Fair value of Fund assets

All Pooled Fund assets are invested by STC at arm's length through independent fund managers, assets are not separately invested for each entity and it is not possible or appropriate to disaggregate and attribute fund assets to individual entities. As such, the disclosures below relate to total assets of the Pooled Fund.

Year ended 30 June 2014	Total \$'000	Quoted prices in active markets for identical assets		
		Significant observable inputs \$'000	Unobservable inputs \$'000	
Short Term Securities	2,453	1,573	880	-
Australian Fixed Interest	2,365	11	2,354	-
International Fixed Interest	881	-	881	-
Australian Equities	11,739	11,495	241	3
International Equities	10,953	8,173	2,781	0
Property	3,273	894	692	1,687
Alternatives	6,329	565	4,897	867
<b>Total*</b>	<b>37,993</b>	<b>22,711</b>	<b>12,726</b>	<b>2,557</b>

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Notes to the financial statements  
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### 20. Employee benefits (cont'd)

- Fair value of Fund assets (cont'd)

Year ended 30 June 2013	Total \$'000	Quoted prices in active markets for identical assets	Significant observable inputs	Unobservable inputs
		\$'000	\$'000	\$'000
Short Term Securities	N/A	N/A	N/A	N/A
Australian Fixed Interest	N/A	N/A	N/A	N/A
International Fixed Interest	N/A	N/A	N/A	N/A
Australian Equities	N/A	N/A	N/A	N/A
International Equities	N/A	N/A	N/A	N/A
Property	N/A	N/A	N/A	N/A
Alternatives	N/A	N/A	N/A	N/A
<b>Total*</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>

The split of fund assets into Level 1, 2 and 3 at 30 was not available as at 30 June 2013.

The percentage invested in each asset class at the reporting date is:

	2014 %	2013 %
Australian equities	31	31
International/overseas equities	29	26
Australian fixed interest securities	6	7
International/overseas fixed interest securities	2	2
Property	9	8
Cash	-	13
Short term Securities	6	-
Alternatives	17	-
Other	-	13
	100	100

\*Additional to the assets disclosed above, at 30 June 2014 Pooled Fund has provisions for receivables/(payables) estimated to be around \$2.2 billion, giving an estimated assets totalling around \$40.2 billion.

## Department of Transport

Notes to the financial statements  
for the year ended 30 June 2014

### 20. Employee benefits (cont'd)

- Fair value of Fund assets (cont'd)

*Level 1 - quoted prices in active markets for identical assets or liabilities. The assets in this levels are listed shares; listed unit trusts.*

*Level 2 - inputs other than quoted prices observable for the asset or liability either directly or indirectly. The assets in this level are cash; notes; government, semi-government and corporate bonds; unlisted trusts containing where quoted prices are available in active markets for identical assets or liabilities.*

*Level 3 - inputs for the asset or liability that are not based on observable market data. The assets in this level are unlisted property; unlisted shares; unlisted infrastructure; distressed debt; hedge funds.*

Derivatives, including futures and options, can be used by investment managers. However, each manager's investment mandate clearly states that derivatives may only be used to facilitate efficient cashflow management or to hedge the portfolio against market movements and cannot be used for speculative purposes or gearing of the investment portfolio. As such managers make limited use of derivatives.

- Fair value of entity's own financial instruments

The fair value of the Pooled Fund assets include as at 30 June 2014 of \$173.9 million in NSW government bonds.

- Significant Actuarial Assumptions at the Reporting Date

Discount rate	3.57% pa	3.8% pa
Salary increase rate (excluding promotional increases)	2.27% pa to 30 June 2015, then 2.5% pa to 30 June 2018, 3.0% pa from 1 July 2018 to 30 June 2023, and 3.5% pa thereafter	2.25% for 2013/2014 (2.95% for PSS), 2.25% pa for 2014/2015, 2.00% pa for 2015/2018 to 2019/2020, and 2.5% pa thereafter
Rate of CPI increase	2.5% pa	2.5% pa
Pensioner mortality	as per the 2012 Actuarial Investigation of the Pooled Fund	as per the 2012 Actuarial Investigation of the Pooled Fund



## 20. Employee benefits (cont'd)

- Sensitivity analysis

The entity's total defined benefit obligation as at 30 June 2014 under several scenarios is presented below. The total defined benefit obligation disclosed is inclusive of the contribution tax provision which is calculated based on the asset level at 30 June 2014.

Scenarios A to F relate to sensitivity of the total defined benefit obligation to economic assumptions, and scenarios G and H relate to sensitivity to demographic assumptions.

	Base case	Scenario A -1% discount rate	Scenario B +1% discount rate
Discount rate	3.57%	2.57%	4.57%
Rate of CPI increase	as above	as above	as above
Salary inflation rate	as above	as above	as above
Defined benefit obligation (A\$)	4,383,298	4,911,374	3,951,688
	Base case	Scenario C +0.5% rate of CPI increase	Scenario D -0.5% rate of CPI increase
Discount rate	as above	as above	as above
Rate of CPI increase	2.5%	3.0%	2.0%
Salary inflation rate	as above	as above	as above
Defined benefit obligation (A\$)	4,383,298	4,562,996	4,219,678
	Base case	Scenario E +0.5% rate of CPI increase	Scenario F -0.5% rate of CPI increase
Discount rate	as above	as above	as above
Rate of CPI increase	as above	above rates plus 0.5%	above rates less 0.5%
Salary inflation rate	as above	pa	pa
Defined benefit obligation (A\$)	4,383,298	4,451,935	4,317,935
	Base case	Scenario G +5% pensioner mortality rates	Scenario H -5% pensioner mortality rates
Defined benefit obligation (A\$)	4,383,298	4,354,642	4,413,626

The defined benefit obligation has been recalculated by changing the assumptions as outlined above, whilst retaining all other assumptions.

## 20. Employee benefits (cont'd)

- **Sensitivity analysis (cont'd)**

The entity's total defined benefit obligation as at 30 June 2013 under several scenarios is presented below. Scenarios A to F relate to sensitivity of the total defined benefit obligation to economic assumptions, and scenarios G and H relate to sensitivity to demographic assumptions.

	Base case	Scenario A -1% discount rate	Scenario B +1% discount rate
Discount rate	N/A	N/A	N/A
Rate of CPI increase	N/A	N/A	N/A
Salary inflation rate	N/A	N/A	N/A
Defined benefit obligation (A\$)	N/A	N/A	N/A

	Base case	Scenario C +0.5% rate of CPI increase	Scenario D -0.5% rate of CPI increase
Discount rate	N/A	N/A	N/A
Rate of CPI increase	N/A	N/A	N/A
Salary inflation rate	N/A	N/A	N/A
Defined benefit obligation (A\$)	N/A	N/A	N/A

	Base case	Scenario E +0.5% rate of CPI increase	Scenario F -0.5% rate of CPI increase
Discount rate	N/A	N/A	N/A
Rate of CPI increase	N/A	N/A	N/A
Salary inflation rate	N/A	N/A	N/A
Defined benefit obligation (A\$)	N/A	N/A	N/A

	Base case	Scenario G +5% pensioner mortality rates	Scenario H -5% pensioner mortality rates
Defined benefit obligation (A\$)	N/A	N/A	N/A

The defined benefit obligation has been recalculated by changing the assumptions as outlined above, whilst retaining all other assumptions.

- **Asset-Liability matching strategies**

The Trustee monitors its asset-liability risk continuously in setting its investment strategy. It also monitors cashflows to manage liquidity requirements.

- **Funding arrangements**

Funding arrangements are reviewed at least every three years following the release of the triennial actuarial review and was last reviewed following completion of the triennial review as at 30 June 2012. Contribution rates are set after discussions between the employer, STC and NSW Treasury.

Funding positions are reviewed annually and funding arrangements may be adjusted as required after each annual review

**Department of Transport**  
Notes to the financial statements  
for the year ended 30 June 2014

**20. Employee benefits (cont'd)**

• **Surplus/deficit**

The following is a summary of the 30 June financial position of the Fund calculated in accordance with AAS 25 "Financial Reporting by Superannuation Plans":

Year ended 30 June 2014	SASS \$'000	SANCS \$'000	SSS \$'000	Total \$'000
Accrued benefits	1,891,989	186,371	840,543	2,918,903
Net market value of Fund assets	(1,652,484)	(153,881)	(615,268)	(2,421,633)
<b>Net (surplus)/deficit</b>	<b>239,505</b>	<b>32,490</b>	<b>225,275</b>	<b>497,270</b>

Year ended 30 June 2013	SASS \$'000	SANCS \$'000	SSS \$'000	Total \$'000
Accrued benefits	2,050,363	225,326	860,305	3,135,994
Net market value of Fund assets	(1,828,769)	(208,385)	(620,099)	(2,657,253)
<b>Net (surplus)/deficit</b>	<b>221,594</b>	<b>16,941</b>	<b>240,206</b>	<b>478,741</b>

\*There is no allowance for a contribution tax provision within the Accrued Benefits figure for AAS 25. Allowance for contributions tax is made when setting the contribution rates.

• **Contribution recommendations**

Year ended 30 June 2014	SASS % p.a.	SANCS % p.a.	SSS % p.a.
Different contributions are recommended for each entity under the reporting entity. The contributions rates were:			
Rail Corporation	-	-	-
NSW Trains	-	-	-
Sydney Trains	-	-	-
RMS employment group (Transport Services)	1.06	2.07	0.15
STA employment group (Transport Services)	2.20	2.50	1.60

Year ended 30 June 2013	SASS % p.a.	SANCS % p.a.	SSS % p.a.
Different contributions are recommended for each entity under the reporting entity. The contributions rates were:			
Rail Corporation	-	-	-
NSW Trains	-	-	-
Sydney Trains	-	-	-
RMS employment group	1.90	2.50	0.93
STA employment group	2.20	2.50	1.60

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Notes to the financial statements  
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- **Economic assumptions**

The economic assumptions adopted for the 30 June 2012 actuarial investigation of the Pooled Fund are:

<b>Weighted-average assumptions</b>	<b>2014</b>	<b>2013</b>
Expected rate of return on Fund assets backing current pension liabilities	8.3% pa	8.3% pa
Expected rate of return on Fund assets backing other liabilities	7.3% pa SASS, SANCS, SSS 2.7% pa (PSS 3.5% pa) to 30 June 2018,	7.3% pa SASS, SANCS, SSS 2.7% pa (PSS 3.5% pa) for 6 years,
Expected salary increase rate (excluding promotional salary increases)	then 4.0% pa thereafter	then 4.0% pa thereafter
Expected rate of CPI increase	2.5% pa	2.5% pa

- **Expected contributions**

<b>Year ended 30 June 2014</b>	<b>SASS \$'000</b>	<b>SANCS \$'000</b>	<b>SSS \$'000</b>	<b>Total \$'000</b>
Expected employer contributions	12,352	3,853	1,085	17,290
<b>Year ended 30 June 2013</b>	<b>SASS \$'000</b>	<b>SANCS \$'000</b>	<b>SSS \$'000</b>	<b>Total \$'000</b>
Expected employer contributions	13,253	4,146	1,315	18,714

- **Maturity profile of defined benefit obligation**

The weighted average duration of the defined benefit obligation is 12.2 years.



## Department of Transport

Notes to the financial statements  
for the year ended 30 June 2014

### 20. Employee benefits (cont'd)

- Profit and loss impact

Year ended 30 June 2014	SASS \$'000	SANCS \$'000	SSS \$'000	Total \$'000
Current service cost	33,757	11,090	3,764	48,611
Net interest	26,473	2,875	35,792	65,140
<b>Defined benefit cost</b>	<b>60,230</b>	<b>13,965</b>	<b>39,556</b>	<b>113,751</b>

Year ended 30 June 2013	SASS \$'000	SANCS \$'000	SSS \$'000	Total \$'000
Current service cost	41,763	14,194	6,853	62,810
Net interest	32,272	3,846	34,676	70,794
<b>Defined benefit cost</b>	<b>74,035</b>	<b>18,040</b>	<b>41,529</b>	<b>133,604</b>

- Other comprehensive income

Year ended 30 June 2014	SASS \$'000	SANCS \$'000	SSS \$'000	Total \$'000
Actuarial (gains) losses on liabilities	204,328	29,869	(245)	233,952
Actual return on Fund assets less Interest income	(141,155)	(16,507)	(49,576)	(207,238)
<b>Total remeasurement in Other Comprehensive Income</b>	<b>63,173</b>	<b>13,362</b>	<b>(49,821)</b>	<b>26,714</b>

Year ended 30 June 2013	SASS \$'000	SANCS \$'000	SSS \$'000	Total \$'000
Actuarial (gains) losses on liabilities	(79,788)	(48,551)	(154,861)	(283,200)
Actual return on Fund assets less Interest income	(208,481)	(25,669)	(81,052)	(315,202)
<b>Total remeasurement in Other Comprehensive Income</b>	<b>(288,269)</b>	<b>(74,220)</b>	<b>(235,913)</b>	<b>(598,402)</b>

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Notes to the financial statements  
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### 21. Other provisions

	Consolidated 2014 \$'000	Consolidated 2013 \$'000	Parent 2014 \$'000	Parent 2013 \$'000
<b>Current other provisions</b>				
Airport Line asset replacement	4,775	3,943	-	-
Ballast disposal	3,930	5,215	-	-
Land and buildings remediation	34,347	22,101	-	-
Lease make good costs	4,118	455	-	-
Legal and related claims	1,551	5,926	-	-
Marine damage claims <sup>(1)</sup>	-	2	-	-
Marine hull damage <sup>(1)</sup>	-	58	-	-
Public liability claims <sup>(1)</sup>	4,755	5,992	-	-
Other <sup>(1)</sup>	8,194	3,343	-	-
	<b>61,670</b>	<b>47,035</b>	-	-
<b>Non-current other provisions</b>				
Airport Line asset replacement	5,664	7,069	-	-
Ballast disposal	8,194	11,509	-	-
Land and buildings remediation	26,143	41,604	-	-
Lease make good costs	22,973	25,469	-	-
Marine damage claims <sup>(1)</sup>	-	2	-	-
Public liability claims <sup>(1)</sup>	2,965	4,327	-	-
Land make good costs <sup>(1)</sup>	-	1,500	-	-
Other <sup>(1)</sup>	4,417	3,972	-	-
	<b>70,356</b>	<b>95,452</b>	-	-

(1) These provisions are amalgamated into other provisions in the movement note below.

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Notes to the financial statements  
for the year ended 30 June 2014

### 21. Other provisions (cont'd)

#### Movement in other provisions

Movements in each class of provision during the financial year, other than employee benefits, are set out below.

Consolidated	Airport Line asset replacement	Ballast disposal	Land and buildings remediation	Legal and related claims	Lease make good	Others	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
2014							
Carrying amount at the beginning of the financial year	11,012	16,724	63,705	5,926	25,924	19,196	142,487
Additional provision recognised	-	10,695	7,629	494	564	8,476	27,858
Amounts used	(1,893)	(10,491)	(5,035)	(3,311)	(185)	(7,281)	(28,196)
Unused amounts reversed	-	(5,074)	(8,075)	(1,558)	(825)	-	(15,532)
Unwinding / change in discount rate	1,320	270	2,266	-	1,613	(60)	5,409
Carrying amount at end of financial year	10,439	12,124	60,490	1,551	27,091	20,331	132,026

Interest expense of \$5.4 million (2013: \$4.8 million) is included in finance costs (note 2(f)) and comprises unwinding or a change in the discount rate on the above provisions.

#### Airport Line asset replacement

The provision of \$10.4 million (2013: \$11.0 million) recognises the reporting entity's contractual obligation to fund the replacement of major track and tunnel assets of the Airport Line by the line's maintenance contractor during the term of the contractor to 2030. Any unused balance of the provision remaining in 2030 will be shared equally with the maintenance contractor.

The liability at year end is the unused portion of the contractually specified maximum sum to be provided. The quantum and timing of payments are inherently uncertain as they are based on unpredictable future claims by the maintenance contractor. This provision has been discounted to a present value that reflects the time value of money.

#### Ballast disposal

The provision of \$12.1 million (2013: \$16.7 million) recognises the reporting entity's legal obligation in relation to the disposal of non recyclable landfill and materials arising from ballast recycling operations.

The liability was assessed at 31 March 2014 by management after investigation of stockpiles at the Chullora site. The liability is inherently uncertain due to the quantum and timing of future disposals.

## Department of Transport

Notes to the financial statements  
for the year ended 30 June 2014

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### 21. Other provisions (cont'd)

#### Land and buildings remediation

The provision of \$60.5 million (2013: \$63.7 million) comprises remediation of asbestos (\$25.6 million (2013: \$30.7 million)) and contaminated land (\$34.9 million (2013: \$33.0 million)). In response to the identification of asbestos contamination in a railway station in March 2006, the reporting entity initiated during 2005-06 a program of hazardous materials surveys to identify the full extent of contamination and remedial action required in stations. During 2006-07 the program was extended to encompass other hazardous materials and operational buildings including signal boxes, depots and maintenance centres as well as rolling stock.

#### Legal and related claims

This provision of \$1.6 million (2013: \$5.9 million) recognises claims against the reporting entity arising from prosecutions or fines in relation to legislative or contractual breaches or other matters. The liability at year end was assessed by management by reviewing individual claims. The liability is inherently uncertain due to disputes over the existence or quantum of individual claims.

#### Lease make good

The lease made good provision of \$27.1 million (2013: \$25.9 million) recognises the reporting entity's obligations to dismantle, remove and restore items of property, plant and equipment on the leased properties to its original condition at the conclusion of the lease. The amount of the provision is the best estimate of the expenditure required to settle the present obligations, discounted to reflect the present value of such expenditures.

#### Other provisions

Other provisions include the public liability provision of \$7.7 million (2013: \$10.3 million) which recognises the claims against the reporting entity arising from personal injuries or property damage occurring on its premises or involving its assets.

The liability at year end was assessed by management. The likely timing of settlement was assessed by reviewing individual claims. The liability is inherently uncertain due to disputes over the existence or quantum of individual claims.

Other provisions also include quarry restoration, marine damage claims, marine hull damage, land make good and other minor provisions. The liabilities at year end were assessed by management and are inherently uncertain due to disputes over the existence or quantum of individual claims or due to the time likely to elapse before restoration is required.



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Notes to the financial statements  
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### 22. Other liabilities

	Consolidated 2014 \$'000	Consolidated 2013 \$'000	Parent 2014 \$'000	Parent 2013 \$'000
<b>Current other liabilities</b>				
Liability to Consolidated Fund (note 3(a) and (b))	5,155	-	-	-
Statutory creditors	13,194	13,808	-	-
Sydney Harbour Tunnel tax liabilities	2,009	1,963	-	-
Holding accounts	110,569	96,887	-	-
Lease incentive	1,477	1,737	-	-
Deferred revenue - private sector provided infrastructure reimbursement	12,065	12,065	-	-
Income received in advance	71,959	71,627	-	-
Liability for former employee's leave entitlements	6,666	8,351	-	-
	<b>223,094</b>	<b>206,438</b>	-	-
<b>Non-current other liabilities</b>				
Sydney Harbour Tunnel tax liabilities	22,402	23,146	-	-
Deferred revenue - private sector provided infrastructure reimbursement	257,757	269,822	-	-
Unearned rent on M5 motorway	5,778	6,487	-	-
Income received in advance	38,917	94,330	-	-
Other	45	45	-	-
	<b>324,899</b>	<b>393,830</b>	-	-

### 23. Financial liabilities at fair value

	Consolidated 2014 \$'000	Consolidated 2013 \$'000	Parent 2014 \$'000	Parent 2013 \$'000
<b>Current financial liabilities at fair value</b>				
Derivative financial instruments	3,895	5,262	-	-
	<b>3,895</b>	<b>5,262</b>	-	-
<b>Non-current financial liabilities at fair value</b>				
Derivative financial instruments	108	302	-	-
	<b>108</b>	<b>302</b>	-	-

Refer to note 10 above.

## Department of Transport

Notes to the financial statements

for the year ended 30 June 2014

### 24. Commitments for expenditure

	Consolidated 2014 \$'000	Consolidated 2013 \$'000	Parent 2014 \$'000	Parent 2013 \$'000
<b>(a) Capital Commitments</b>				
Aggregate capital expenditure for the acquisition of property, plant and equipment contracted for at reporting date and not provided for:				
Not later than one year	1,536,998	2,116,509	-	-
Later than one year and not later than five years	1,826,333	1,830,081	-	-
Later than five years	484,520	-	-	-
<b>Total (including GST)</b>	<b>3,847,851</b>	<b>3,946,590</b>	-	-
<b>(b) Operating Lease Commitments</b>				
Future non-cancellable operating lease rentals not provided for and payable:				
Not later than one year	150,080	174,600	-	-
Later than one year and not later than five years	260,669	227,062	-	-
Later than five years	47,955	49,707	-	-
<b>Total (including GST)</b>	<b>458,704</b>	<b>451,369</b>	-	-
<b>(c) Finance lease commitments</b>				
Minimum lease payment commitments in relation to finance leases payable as follows:				
Not later than one year	321,596	243,592	-	-
Later than one year and not later than five years	1,357,180	1,085,135	-	-
Later than five years	5,882,606	4,100,221	-	-
Minimum lease payments	<b>7,561,382</b>	<b>5,428,948</b>	-	-
Less: future finance charges	4,466,712	3,036,371	-	-
Present value of minimum lease payments	<b>3,094,670</b>	<b>2,392,577</b>	-	-
The present value of finance lease commitments is as follows:				
Not later than one year	204,004	140,981	-	-
Later than one year and not later than five years	978,868	697,053	-	-
Later than five years	1,911,798	1,554,543	-	-
	<b>3,094,670</b>	<b>2,392,577</b>	-	-
Classified as:				
Current borrowings (note 19)	204,000	140,981	-	-
Non current borrowings (note 19)	2,890,670	2,251,596	-	-
	<b>3,094,670</b>	<b>2,392,577</b>	-	-
<b>(d) Other public and private partnerships contract commitments</b>				
Not later than one year	189,399	180,078	-	-
Later than one year and not later than five years	280,258	596,163	-	-
Later than five years	2,800,642	4,958,856	-	-
<b>Total (including GST)</b>	<b>3,270,299</b>	<b>5,735,097</b>	-	-

Input tax on all commitments estimated at \$688.8 million (2013: \$450.3 million) (parent entity: nil (2013: nil)) will be recouped from the Australian Taxation Office.

## Department of Transport

Notes to the financial statements  
for the year ended 30 June 2014

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### 25. Contingent assets and contingent liabilities

The parent entity had no contingent liabilities as at 30 June 2014 (2013: nil). The reporting entity had contingent liabilities and contingent assets at 30 June 2014 in respect of:

#### (i) Public Private Partnership arrangements

Sydney Trains has certain obligations under the contract for the Rollingstock Public Private Partnership (PPP) and the NSW Government guarantees the performance of those obligations. However, there is no expectation that those guarantees will ever be exercised.

The Roads and Maritime Services has certain obligations under contracts with private sector parties with the performance of these obligations guaranteed by the NSW Government. The current guarantees outstanding are for the Sydney Harbour Tunnel, the M2 Motorway, the Eastern Distributor, the Cross City Tunnel, the Western Sydney Orbital and the Lane Cove Tunnel. There is no reason to believe that these guarantees are ever to be exercised.

#### (ii) Litigation

Roads and Maritime Services has a number of contractual disputes with an estimated total contingent liability of \$1.8 million (2013: \$26.2 million). Compulsory property acquisition matters under litigation have an estimated contingent liability of \$104.4 million (2013: \$128.5 million).

Transport for NSW also has a number of contractual and compulsory property acquisition disputes with an estimated contingent liability of \$11.0 million (2013: 19.9 million).

#### (iii) Guarantees and performance bonds

At reporting date the reporting entity holds guarantees and performance bonds totalling \$347.4 million (2013: \$176.9 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.



## Department of Transport

Notes to the financial statements  
for the year ended 30 June 2014

### 26. Budget Review of the parent entity and Transport for NSW

The budget review relates to the Department of Transport, Transport for NSW and The Transport Service as the financial performance of these entities is aggregated for Treasury reporting purposes, including for the State Budget and is in line with the requirements of a Treasury exemption regarding the disclosure of budget information (see note 1(e)).

The budget amounts for the statement of comprehensive income, statement of financial position and statement of cash flows included in this note are drawn from the original budget financial statements presented to Parliament in respect of the reporting period, as adjusted for section 24 of the PAFA where there has been a transfer of functions between departments. Other adjustments made to the budget are not reflected in the budget amounts disclosed.

#### Department of Transport, Transport for NSW and Transport Service of NSW Combined statement of comprehensive income for the year ended 30 June 2014

	Actual 2014 \$'000	Budget 2014 \$'000	Actual 2013 \$'000
<b>Expenses excluding losses</b>			
Operating expenses			
Employee related expenses	992,952	337,326	341,314
Other operating expenses	324,293	555,754	268,390
Maintenance	124,859	-	110,874
Depreciation and amortisation	169,455	172,035	160,700
Grants and subsidies	8,751,558	10,151,957	7,751,852
Finance costs	82,839	92,516	79,668
Other expenses	1,311,525	18,871	1,550,083
<b>Total expenses excluding losses</b>	<b>11,757,481</b>	<b>11,328,459</b>	<b>10,262,881</b>
<b>Revenue</b>			
Recurrent appropriation	7,971,109	8,080,774	7,999,371
Capital appropriation	2,261,580	2,342,962	222,162
Sale of goods and services	259,684	391,468	378,781
Investment revenue	21,111	14,277	27,327
Shared services revenue	-	-	111,871
Retained taxes, fees and fines	2,182	2,256	-
Grants and contributions	864,817	610,691	1,672,615
Acceptance by the Crown Entity of employee benefits and other liabilities	33,470	12,079	10,174
Personnel service revenue	697,058	-	-
Other revenue	2,849	4,208	3,943
<b>Total revenue</b>	<b>12,113,860</b>	<b>11,458,715</b>	<b>10,426,244</b>
Gain / (loss) on disposal	-	68,214	9,684
Other gains / (losses)	(706)	-	5,252
<b>Net result</b>	<b>355,673</b>	<b>198,470</b>	<b>178,299</b>



## Department of Transport

Notes to the financial statements  
for the year ended 30 June 2014

### 26. Budget Review of the parent entity and Transport for NSW (cont'd)

#### Department of Transport, Transport for NSW and Transport Service of NSW Combined statement of financial position as at 30 June 2014

	Actual 2014 \$'000	Budget 2014 \$'000	Actual 2013 \$'000
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	820,507	448,658	354,852
Receivables	1,966,392	145,717	451,409
Inventories	1,304	-	-
Financial assets at fair value	119	-	-
Non-current assets held for sale	17,193	-	-
<b>Total current assets</b>	<b>2,805,515</b>	<b>594,375</b>	<b>806,261</b>
<b>Non-current assets</b>			
Receivables	-	-	15,306
Financial assets at fair value	36	-	-
Other financial assets	733	22,287	22,352
Property, plant and equipment	3,860,489	3,548,902	3,322,424
Intangible assets	422,938	498,099	268,822
Other assets	-	44,661	40,453
<b>Total non-current assets</b>	<b>4,284,196</b>	<b>4,113,949</b>	<b>3,669,357</b>
<b>Total Assets</b>	<b>7,089,711</b>	<b>4,708,324</b>	<b>4,475,618</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Payables	946,563	425,825	608,103
Borrowings	185,892	177,558	176,579
Other provisions	398,258	23,578	35,302
Other	36,536	-	-
Financial liabilities at fair value	2,831	-	-
<b>Total current liabilities</b>	<b>1,570,080</b>	<b>626,961</b>	<b>819,984</b>
<b>Non-current liabilities</b>			
Borrowings	1,273,538	1,439,186	1,190,205
Other provisions	1,371,717	-	-
Other	45	45	45
Financial liabilities at fair value	55	-	-
<b>Total non-current liabilities</b>	<b>2,645,355</b>	<b>1,439,231</b>	<b>1,190,250</b>
<b>Total Liabilities</b>	<b>4,215,435</b>	<b>2,066,192</b>	<b>2,010,234</b>
<b>Net assets</b>	<b>2,874,276</b>	<b>2,642,132</b>	<b>2,465,384</b>
<b>EQUITY</b>			
Accumulated funds	2,874,331	2,642,132	2,465,384
<b>Total equity</b>	<b>2,874,331</b>	<b>2,642,132</b>	<b>2,465,384</b>

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Notes to the financial statements  
for the year ended 30 June 2014

### 26. Budget Review of the parent entity and Transport for NSW (cont'd)

#### Department of Transport, Transport for NSW and Transport Service of NSW Combined statement of cash flows for the year ended 30 June 2014

	Actual 2014 \$'000	Budget 2014 \$'000	Actual 2013 \$'000
<b>Cash flow from operating activities</b>			
<b>Payments</b>			
Employee related	(808,853)	(325,247)	(335,394)
Grants and subsidies	(6,890,161)	(8,114,532)	(6,654,236)
Finance costs	(82,839)	(92,516)	(79,668)
Bus and ferry contract payments	-	-	(1,241,088)
Infrastructure projects	-	-	(1,422,305)
Other	(1,973,370)	(658,808)	(320,829)
<b>Total payments</b>	<b>(9,755,223)</b>	<b>(9,191,103)</b>	<b>(10,053,520)</b>
<b>Receipts</b>			
Recurrent appropriation	7,971,109	8,080,774	7,997,101
Capital appropriation (excluding equity appropriations)	2,266,735	2,342,962	222,162
Sale of goods and services including GST refunds	1,437,324	391,468	689,944
Grants and contributions	868,512	610,691	1,668,649
Retained taxes, fees and fines	2,182	-	-
Interest received	17,613	14,277	15,481
Other	-	102,996	-
<b>Total receipts</b>	<b>12,563,475</b>	<b>11,543,168</b>	<b>10,593,337</b>
<b>Net cash inflows from operating activities</b>	<b>2,808,252</b>	<b>2,352,065</b>	<b>539,817</b>
<b>Cash flows from investing activities</b>			
Proceeds from sale of property, plant and equipment	-	127,667	1,900
Purchases of property, plant and equipment and intangible assets	(2,413,050)	(2,231,493)	(302,251)
Purchases of finance leased assets	-	-	(56,270)
Advances made	-	-	(82)
Purchase of investments	-	-	(1,194)
Other	20	(196,764)	-
<b>Net cash outflows from investing activities</b>	<b>(2,413,030)</b>	<b>(2,300,590)</b>	<b>(357,897)</b>
<b>Cash flows from financing activities</b>			
Proceeds from borrowings and advances	69,698	150,178	111,239
Repayment of borrowings and advances	-	(65,308)	-
<b>Net cash inflows from financing activities</b>	<b>69,698</b>	<b>84,870</b>	<b>111,239</b>
<b>Net (decrease)/increase in cash</b>	<b>464,920</b>	<b>136,345</b>	<b>293,159</b>
Opening cash and cash equivalents	354,852	312,313	234,762
Cash and cash equivalents transferred in as result of administrative restructure	736	-	40,184
Cash reserve transferred to the Crown Entity	-	-	(213,253)
<b>Closing cash balance</b>	<b>820,508</b>	<b>448,658</b>	<b>354,852</b>

## Department of Transport

Notes to the financial statements  
for the year ended 30 June 2014

### 26. Budget Review of the parent entity and Transport for NSW (cont'd)

An explanation of significant variations between the actual and budget in the reporting period are provided below.

#### Net result

The net result in 2013-14 was \$355.7 million surplus compared to a budget of \$198.5 million surplus. However, there are some variations in a number of line items.

One major variance relates to a reduction in grants and subsidies expenses of \$1,400.1 million offset by an increase in other expenses of \$1,292.7 million. This is mainly due to the budget for bus and ferry contract payments being included in grants and subsidies, while the actual expense is included in other expenses.

#### Assets and liabilities

Actual net assets as at 30 June 2014 are almost \$232.2 million higher than the budget. This is primarily due to the transfer of assets and liabilities between Transport for NSW and other agencies, after the budget had been prepared, a valuation adjustment to the country rail network infrastructure assets and an increase in the operating result as compared to Budget.

Other variations in the asset and liability line items include current assets being almost \$2,211.1 million higher than the budget. This is however reflected in total liabilities being \$2,149.2 million more than the budget. These variations mainly reflect the increase in the functions of Transport for NSW and in particular the major rail capital projects now being undertaken by Transport for NSW, including the North West Rail Link and South West Rail Link.

#### Cash flows

Cash during 2013-14 increased by \$464.9 million compared to the budget of \$136.3 million. This increase reflects the increase in the functions of Transport for NSW which is also reflected in an increase in payables as at 30 June 2014.

In the payments in cash flows from operating activities, bus and ferry contract actual payments are disclosed separately, as compared to the Budget where those payments are disclosed as grants and subsidies.

### 27. Reconciliation of net cash flows from operating activities to net result

	Consolidated 2014 \$'000	Consolidated 2013 \$'000	Parent 2014 \$'000	Parent 2013 \$'000
<b>Net cash inflows from operating activities</b>	6,237,667	3,878,693	5,046	(81,815)
Acceptance by the Crown Entity of employee benefits and other liabilities	33,470	26,682	(48)	840
Depreciation and amortisation	(2,598,498)	(2,286,836)	-	-
Non-cash revenue and expenses	126,642	1,210,061	48	(840)
Derecognition, impairment and write off assets	(766,899)	(1,317,404)	-	-
Roads and bridges transferred from / (to) councils	(16,547)	24,137	-	-
Revaluation decrement of assets	(1,484)	39,172	-	-
Net gain / (loss) on sale of assets held for sale	(40,294)	(34,784)	-	-
Impairment of receivables / written off	(2,079)	(3,087)	-	-
(Decrease) / increase in receivables, inventories and other assets	141,872	(16,340)	(253)	753
(Increase) / decrease in payables and provisions	(638,735)	(16,212)	(4,793)	81,062
Net gain / (loss) on sale of property, plant and equipment	105,481	47,542	-	-
<b>Net result</b>	<b>2,580,596</b>	<b>1,551,624</b>	-	-



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Notes to the financial statements  
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### 28. Non-cash financing and investing activities

	Consolidated 2014 \$'000	Consolidated 2013 \$'000	Parent 2014 \$'000	Parent 2013 \$'000
<b>Non-cash investing activities</b>				
Assets recognised for the first time	22,396	-	-	-
Acquisition of assets free of charge (transactions with owners as owners)	-	6,041	-	-
Plant and equipment acquired by finance lease	862,681	922,509	-	-
Roads transferred from councils	89,050	44,820	-	-
Roads transferred to councils	(85,584)	(20,683)	-	-
Value of emerging interests in Private Sector Provided Infrastructure	204,211	168,378	-	-
<b>Non-cash financing activities</b>				
Financial lease liabilities in respect of the acquisition of property, plant and equipment	(862,681)	(922,509)	-	-
	<b>210,073</b>	<b>198,556</b>	-	-

### 29. Administered assets and liabilities

	Consolidated 2014 \$'000	Consolidated 2013 \$'000	Parent 2014 \$'000	Parent 2013 \$'000
<b>Administered assets</b>				
Cash	38,558	35,844	-	-
<b>Total administered assets</b>	<b>38,558</b>	<b>35,844</b>	-	-
<b>Administered liabilities</b>				
Payables	299,649	293,010	-	-
<b>Total administered liabilities</b>	<b>299,649</b>	<b>293,010</b>	-	-



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Notes to the financial statements  
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**30. Financial Instruments**

The reporting entity's principal financial instruments are outlined below. These financial instruments arise directly from the reporting entities operations or are required to finance the reporting entity's operations.

The reporting entity does not enter into trade financial instruments, including derivative financial instruments, for speculative purposes. Derivatives are exclusively used for hedging purposes.

The operational activities of the reporting entity expose it to a variety of financial risks: credit risk, liquidity risk and market risk (including interest rate risk, currency risk, and commodity price risk in respect of distillate and electricity purchases). The main risks arising from these financial instruments are outlined below together with the reporting entity's objectives, policies and processes for measuring and managing risk.

Methods used to measure risk include sensitivity analysis in the case of interest rate, foreign exchange and other commodity price risks, and an ageing analysis for credit risk. Further quantitative and qualitative disclosures are included throughout these financial statements.

The Secretary and each of the Chief Executives of the controlled entities have overall responsibility for the establishment and oversight of risk management and review and determine policies for managing each of these risks. Risk management policies are established to identify and analyse the risks faced by the reporting entity, to set limits and to monitor risks. Compliance with these policies is reviewed by the Audit and Risk Committee and internal audit on a regular basis.

**(a) Financial instrument categories**

<b>Financial assets</b>			<b>Carrying amount</b>	<b>Carrying amount</b>
			<b>2014</b>	<b>2013</b>
<b>Consolidated</b>	<b>Note</b>	<b>Category</b>	<b>\$'000</b>	<b>\$'000</b>
<b>Class:</b>				
Cash and cash equivalents	7	N/A	1,447,794	809,201
Receivables <sup>1</sup>	8	Loans and receivables (at amortised cost)	202,157	335,765
Financial assets at fair value		At fair value through profit or loss		
	10	upon initial recognition	58,710	54,028
Other financial assets	12	Loans and receivables (at amortised cost)	178,278	161,178
Financial assets at fair value	10	Fair value through profit or loss	781	2,887
			<b>1,887,720</b>	<b>1,363,059</b>
<b>Financial liabilities</b>				
			<b>Carrying amount</b>	<b>Carrying amount</b>
			<b>2014</b>	<b>2013</b>
<b>Consolidated</b>	<b>Note</b>	<b>Category</b>	<b>\$'000</b>	<b>\$'000</b>
<b>Class:</b>				
	18,			
Payables <sup>2</sup>	22	Financial liabilities measured at amortised cost	2,222,970	1,628,726
Borrowings	19	Financial liabilities measured at amortised cost	5,203,321	4,092,297
Financial liabilities at fair value	23	Fair value through profit or loss	4,003	5,564
			<b>7,430,294</b>	<b>5,726,587</b>

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

2. Excludes statutory payables and unearned revenue (ie not within scope of AASB 7).

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Notes to the financial statements  
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### 30. Financial instruments (cont'd)

#### (a) Financial instrument categories (cont'd)

Financial assets			Carrying amount	Carrying amount
			2014	2013
Parent	Note	Category	\$'000	\$'000
<b>Class:</b>				
Cash and cash equivalents	7	N/A	17,087	12,041
Receivables <sup>1</sup>	8	Loans and receivables (at amortised cost)	790	1,011
			<b>17,877</b>	<b>13,052</b>
<b>Financial liabilities</b>				
Parent	Note	Category	Carrying amount	Carrying amount
			2014	2013
			\$'000	\$'000
<b>Class:</b>				
Payables <sup>2</sup>	18	Financial liabilities measured at amortised cost	16,998	10,349
			<b>16,998</b>	<b>10,349</b>

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

2. Excludes statutory payables and unearned revenue (ie not within scope of AASB 7).

#### (b) Derivatives

The reporting entity only uses derivatives for hedging purposes and not as trading or speculative instruments.

Forward foreign exchange contracts are used to mitigate exchange rate exposure arising from firm commitments for the purchase of goods and services in foreign currency. Forward foreign exchange and commodity swap contracts are used to hedge against commodity price risk on forecast purchase of distillate.

All forward foreign exchange and commodity swap contracts have been designated as hedging instruments in cash flow hedges in accordance with AASB 139 Financial Instruments. The gain or loss from remeasuring the hedging instruments at fair value is recognised in other comprehensive income and deferred in equity in the hedging reserve, to the extent that the hedge is effective. There was no hedge ineffectiveness in the current year.

The reporting entity held \$0.8 million (2013: \$2.9 million) in derivative financial assets and \$4.1 million (2013: \$5.6 million) in derivative financial liabilities.

The following table indicates the periods in which the cash flow associated with cash flow hedges are expected to occur and the carrying amounts of the related hedging instruments.

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Notes to the financial statements  
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### 30. Financial instruments (cont'd)

#### (b) Derivatives (cont'd)

Consolidated	Weighted average exchange rate	Contract Value \$'000	Expected cash flow				Total \$'000
			No Later than 3 months \$'000	Later than 3 months and no later than 12 months \$'000	Later than 12 months \$'000		
<b>2014</b>							
<b>Foreign exchange contracts</b>							
Denominated in US Dollars	0.8109	2,979	2,979	-	-	2,979	
	0.9151	7,667	7,667	-	-	7,667	
	0.8981	14,456	-	14,456	-	14,456	
	0.9157	2,643	-	-	2,643	2,643	
Denominated in Euros	0.6370	30,491	30,491	-	-	30,491	
	0.6493	2,474	-	2,474	-	2,474	
	0.6555	1,547	-	-	1,547	1,547	
	0.6726	5,863	5,863	-	-	5,863	
	0.6663	7,029	-	7,029	-	7,029	
	0.6708	76	-	-	76	76	
	0.6599	414	-	414	-	414	
Denominated in Pounds Sterling	0.5487	1,833	1,833	-	-	1,833	
	0.5433	1,271	-	1,271	-	1,271	
		<b>78,743</b>	<b>48,833</b>	<b>25,644</b>	<b>4,266</b>	<b>78,743</b>	
<b>Commodity hedge contracts</b>							
Favourable		15,381	-	12,727	2,654	15,381	
Non-favourable		5,638	-	5,638	-	5,638	
		<b>21,019</b>	<b>-</b>	<b>18,365</b>	<b>2,654</b>	<b>21,019</b>	
<b>2013</b>							
<b>Foreign exchange contracts</b>							
Denominated in US Dollars	0.9214	14,844	14,844	-	-	14,844	
	0.9826	14,026	-	14,026	-	14,026	
	0.9465	5,361	-	-	5,361	5,361	
Denominated in Euros	0.6385	38,546	38,546	-	-	38,546	
	0.6589	7,804	-	7,804	-	7,804	
	0.6547	4,472	-	-	4,472	4,472	
Denominated in Pounds Sterling	0.6869	35	35	-	-	35	
		<b>85,088</b>	<b>53,425</b>	<b>21,830</b>	<b>9,833</b>	<b>85,088</b>	
<b>Commodity hedge contracts</b>							
Favourable		4,927	-	2,183	2,744	4,927	
Non-favourable		20,022	-	17,152	2,870	20,022	
		<b>24,949</b>	<b>-</b>	<b>19,335</b>	<b>5,614</b>	<b>24,949</b>	



## Department of Transport

Notes to the financial statements  
for the year ended 30 June 2014

### 30. Financial instruments (cont'd)

#### (b) Derivatives (cont'd)

Parent	Weighted average exchange rate	Contract Value \$'000	Expected cash flow			Total \$'000
			No Later than 3 months	later than 3 months and no later than 12 months	Later than 12 months	
<b>2014</b>						
<b>Foreign exchange contracts</b>						
Denominated in US Dollars	-	-	-	-	-	-
Denominated in Euros	-	-	-	-	-	-
Denominated in Pounds Sterling	-	-	-	-	-	-
	-	-	-	-	-	-
<b>Commodity hedge contracts</b>						
Favourable	-	-	-	-	-	-
Non-favourable	-	-	-	-	-	-
	-	-	-	-	-	-
<b>2013</b>						
<b>Foreign exchange contracts</b>						
Denominated in US Dollars	-	-	-	-	-	-
Denominated in Euros	-	-	-	-	-	-
Denominated in Pounds Sterling	-	-	-	-	-	-
	-	-	-	-	-	-
<b>Commodity hedge contracts</b>						
Favourable	-	-	-	-	-	-
Non-favourable	-	-	-	-	-	-
	-	-	-	-	-	-

All derivatives are measured at fair value. Information about the exposure to credit risk, foreign exchange risk, commodity risk the methods and assumptions used in determining fair values of derivatives is provided in note 30(f). Further details on derivatives are provided in notes 10 and 23.

#### (c) Credit risk

Credit Risk arises where a debtor or counterparty does not complete their obligations, resulting in financial risk to the Reporting Entity.

Credit risk can arise from financial assets of the reporting entity, including cash and cash equivalents, derivative financial instruments, deposits with banks and NSW TCorp, as well as credit exposure to customers, including outstanding receivables and committed transactions. The reporting entity holds bank guarantees for significant customers as well as property bonds for some leased premises. The reporting entity has not granted any financial guarantees.

Credit risk policy is aimed at minimising the potential for counter party default.

Credit risk associated with the reporting entity's financial assets, other than receivables, is managed through the sound selection of counterparties and establishment of minimum credit rating standards. All debt management and investment activities are undertaken with NSW TCorp, which is guaranteed by the NSW Government.

Credit risk impacts on the following financial instruments which are discussed below:



### 30. Financial instruments (cont'd)

#### (c) Credit risk (cont'd)

##### 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.

##### 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. Debts which are known to be uncollectible are written off. An allowance for impairment is raised when there is objective evidence that the reporting 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. No interest is earned on trade debtors. Sales are generally made on 30 day terms.

The reporting entity 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 (\$17.5 million (2013: \$248.5 million); parent entity nil (2013: nil)) and not more than 3 months overdue (\$21.6 million (2013: \$42.7 million); parent entity nil (2013: nil)) are not considered impaired. These debtors represent 69.7% (2013: 93%) of the total trade debtors.

The only financial assets that are past due or impaired are "sales of goods and services" in the "receivables" category of the statement of financial position.

Consolidated	Total	Past due but	Considered
	\$'000	not impaired	impaired
	\$'000	\$'000	\$'000
<b>2014</b>			
< 3 months overdue	22,814	21,636	1,178
3 months - 6 months overdue	2,623	1,744	879
> 6 months overdue	13,190	4,271	8,919
	<b>38,627</b>	<b>27,651</b>	<b>10,976</b>
<b>2013</b>			
< 3 months overdue	46,914	46,276	638
3 months - 6 months overdue	11,541	9,434	2,107
> 6 months overdue	18,517	11,807	6,710
	<b>76,972</b>	<b>67,517</b>	<b>9,455</b>

##### Notes

<sup>1</sup> Each column in the table reports "gross receivables".

<sup>2</sup> The aging analysis 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.

<sup>3</sup> There is no credit risk in parent entity.

## Department of Transport

Notes to the financial statements  
for the year ended 30 June 2014

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### 30. Financial instruments (cont'd)

#### (c). Credit risk (cont'd)

##### Derivatives

TfNSW, RailCorp and Sydney Trains have undertaken both forward exchange currency swaps and commodity swaps. The risks associated with these arrangements are mitigated by only entering into arrangements with reputable, well established financial institutions with high level credit ratings.

##### 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.

#### (d) Liquidity risk

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

The reporting entity has access to credit facilities with NSW TCorp of \$2,642.0 million (2013: \$2,087.1 million) of which \$2,104.2 million (2013: \$1,693.0 million) had been used at reporting date.



## Department of Transport

Notes to the financial statements  
for the year ended 30 June 2014

### 30. Financial instruments (cont'd)

#### (d) Liquidity risk (cont'd)

Parent	Weighted average effective interest Rate	Interest rate exposure				Maturity dates		
		Nominal amount (1) \$'000	Fixed Interest Rate \$'000	Variable Interest Rate \$'000	Non-interest bearing \$'000	< 1 yr \$'000	1-5 yrs \$'000	> 5 yrs \$'000
<b>2014</b>								
<b>Payables:</b>								
Trade creditors and accruals	-	16,998	-	-	16,998	16,998	-	-
		<b>16,998</b>	<b>-</b>	<b>-</b>	<b>16,998</b>	<b>16,998</b>	<b>-</b>	<b>-</b>
<b>2013</b>								
<b>Payables:</b>								
Trade creditors and accruals	-	10,349	-	-	10,349	10,349	-	-
		<b>10,349</b>	<b>-</b>	<b>-</b>	<b>10,349</b>	<b>10,349</b>	<b>-</b>	<b>-</b>

(1) The amounts disclosed are the contractual undiscounted cash flows of each class of financial liabilities based on the earliest date on which the entity can be required to pay. Therefore the amounts disclosed will not reconcile to the statement of financial position.



## Department of Transport

Notes to the financial statements  
for the year ended 30 June 2014

### 30. Financial instruments (cont'd)

#### (e) Market risk

Market risk relates to fluctuations in the fair value of future cash flows of financial instruments because of changes in market prices. This applies to the reporting entity's foreign exchange, interest rate and commodity price hedging instruments.

Sensitivity analysis on market risk is based on a reasonably possible price variability taking into account the economic environment in which the reporting entity operates and the time frame for assessment, that is, until the end of the next reporting period. The sensitivity analysis is based on financial instruments held at the balance date. The analysis assumes that all other variables remain constant.

The effect on profit and equity due to a reasonably possible change in risk variable is outlined in the information provided below, for interest rate risk and other price risk including currency movements. A reasonably possible change in risk variable has been determined after taking into account the economic environment in which the reporting entity 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 balance date. The analysis is performed on the same basis as for 2013 and assumes that all other variables remain constant.

The reporting entity is exposed to market risks in respect of:

#### (i) Interest rate risk

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

The reporting entity's exposure to interest rate risk is set out in the table below.

	Carrying amount \$'000	Impact of 1% decrease		Impact of 1% increase	
		Profit \$'000	Equity \$'000	Profit \$'000	Equity \$'000
<b>Consolidated</b>					
<b>2014</b>					
<i>Financial Assets</i>					
Cash and cash equivalents	1,447,794	(13,833)	(13,833)	13,833	13,833
Receivables	202,157	-	-	-	-
Financial assets at fair value	59,491	(587)	(587)	587	587
Other financial assets	178,278	-	-	-	-
<i>Financial Liabilities</i>					
Payables	(2,222,970)	-	-	-	-
Borrowings	(5,203,321)	12,892	12,892	(12,892)	(12,892)
Financial liabilities at fair value	(4,003)	-	-	-	-
<b>Net financial liabilities</b>	<b>(5,542,574)</b>	<b>(1,528)</b>	<b>(1,528)</b>	<b>1,528</b>	<b>1,528</b>
<b>2013</b>					
<i>Financial Assets</i>					
Cash and cash equivalents	809,201	(7,650)	(7,309)	7,650	7,309
Receivables	335,765	-	-	-	-
Financial assets at fair value	56,915	(540)	(540)	540	540
Other financial assets	161,178	-	-	-	-
<i>Financial Liabilities</i>					
Payables	(1,628,726)	15	15	(15)	(15)
Borrowings	(4,092,297)	8,212	8,212	(8,212)	(8,212)
Financial liabilities at fair value	(5,564)	-	-	-	-
<b>Net financial liabilities</b>	<b>(4,363,528)</b>	<b>37</b>	<b>378</b>	<b>(37)</b>	<b>(378)</b>

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## Department of Transport

Notes to the financial statements  
for the year ended 30 June 2014

### 30. Financial instruments (cont'd)

#### (e) Market risk (cont'd)

##### (i) Interest rate risk (cont'd)

	Carrying amount \$'000	Impact of 1% decrease		Impact of 1% increase	
		Profit \$'000	Equity \$'000	Profit \$'000	Equity \$'000
<b>Parent</b>					
<b>2014</b>					
<i>Financial Assets</i>					
Cash and cash equivalents	17,087	(171)	(171)	171	171
Receivables	790	-	-	-	-
<i>Financial Liabilities</i>					
Payables	(16,998)	-	-	-	-
<b>Net financial liabilities</b>	<b>879</b>	<b>(171)</b>	<b>(171)</b>	<b>171</b>	<b>171</b>
<b>2013</b>					
<i>Financial Assets</i>					
Cash and cash equivalents	12,041	(120)	(120)	120	120
Receivables	1,011	-	-	-	-
<i>Financial Liabilities</i>					
Payables	(10,349)	-	-	-	-
<b>Net financial liabilities</b>	<b>2,703</b>	<b>(120)</b>	<b>(120)</b>	<b>120</b>	<b>120</b>

##### (ii) Foreign exchange risk

Exposure to foreign exchange risk arises primarily through the contractual commercial transactions denominated in a foreign currency. The risk is measured using sensitivity analysis and cash flow forecasting.

The reporting entity manages its foreign exchange risk by entering into forward exchange contracts in accordance with each controlled entities' risk management policies.

Foreign exchange risk related to the principal amount of overseas purchase commitments made, that are primarily dominated in Euros, US dollars and Pound Sterling, have been fully hedged using forward contracts that mature on the same dates as the forecast purchase are due for payment. These contracts are designated as cash flow hedges.

The reporting entity's exposure to foreign exchange risk is set out in the table below, with all other variables being held constant. All underlying exposure and related hedges are taken into account. The impact on other comprehensive income is due to changes in the fair value of the financial instruments. The impact on equity is due to changes in the fair value of forward exchange contracts designated as cash flow hedge.

A sensitivity of 10% movement in the exchange rates has been selected for use in the sensitivity analysis at the reporting date, as this is considered reasonable, based on the current Australian dollar level and the historical volatility of the Australian dollar against other currencies. Based on the value of the Australian dollar at the reporting date as compared with the currencies below, adverse or favourable movements in the foreign exchange rates would result in an increase or decrease in the Australian dollar fair value respectively.

## Department of Transport

Notes to the financial statements  
for the year ended 30 June 2014

### 30. Financial instruments (cont'd)

#### (e) Market risk (cont'd)

##### (ii) Foreign rate risk (cont'd)

Consolidated	Contract value \$'000	10%		-10%	
		Profit \$'000	Equity \$'000	Profit \$'000	Equity \$'000
<b>2014</b>					
US Dollars	27,745	-	2,775	-	(2,775)
Euros	47,480	-	4,748	-	(4,748)
Pound Sterling	3,518	-	352	-	(352)
	<b>78,743</b>	<b>-</b>	<b>7,875</b>	<b>-</b>	<b>(7,875)</b>
<b>2013</b>					
US Dollars	34,231	-	3,423	-	(3,423)
Euros	50,822	-	5,082	-	(5,082)
Pound Sterling	35	-	4	-	(4)
	<b>85,088</b>	<b>-</b>	<b>8,509</b>	<b>-</b>	<b>(8,509)</b>

There is no foreign rate risk in parent entity.

##### (iii) Commodity price risk

The reporting entity is exposed to a range of commodity price risks, principally from distillate and electricity purchases.

Australian dollar costs under the supply agreements price mechanism for distillate are reflective of movements in Singapore Gas Oil prices and AUD/USD exchange rates. The reporting entity hedges its distillate exposure by entering into Singapore Gas Oil swap and US Dollar forward contracts.

These commodity swap contracts are designated as cash flow hedges. The reporting entity's exposure to commodity price risk is set out in the table below, with all other variables being held constant. All underlying exposure and related hedges are taken into account. The impact on other comprehensive income is due to changes in the fair value of the financial instruments. The impact on equity is due to changes in the fair value of commodity swap contracts designated as cash flow hedge.

A sensitivity of 10% movement in the Singapore Gas Oil spot price has been selected for use in the sensitivity analysis at the reporting date.

Consolidated	Contract value \$'000	10%		-10%	
		Profit \$'000	Equity \$'000	Profit \$'000	Equity \$'000
<b>2014</b>					
Distillate	21,019	-	2,102	-	(2,102)
	<b>21,019</b>	<b>-</b>	<b>2,102</b>	<b>-</b>	<b>(2,102)</b>
<b>2013</b>					
Distillate	24,949	-	2,495	-	(2,495)
	<b>24,949</b>	<b>-</b>	<b>2,495</b>	<b>-</b>	<b>(2,495)</b>



## Department of Transport

Notes to the financial statements  
for the year ended 30 June 2014

### 30. Financial instruments (cont'd)

#### (e) Market risk (cont'd)

##### (iv) Other price risk – TCorp Hour-Glass facilities

Exposure to other price risk primarily arises through the investment in the NSW TCorp Hour-Glass Investment facilities which are held for strategic rather than trading purposes. The reporting entity has no direct equity investments and holds units in the following Hour-Glass Investment Trusts:

Facility	Investment sectors	Investment horizon	2014 \$'000	2013 \$'000
Cash facility	Cash, money market instruments	Up to 1.5 years	246,657	261,280
Strategic Cash facility	Cash, money market and other interest rates instruments	1.5 years to 3 years	5,300	5,134
Medium term growth facility	Cash, money market instruments, Australian bonds, listed property, and Australian and International shares	3 years to 7 years	38,349	35,622
Long term growth facility	Cash, money market instruments, Australian bonds, listed property, and 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, NSW TCorp has appointed external managers to manage the performance and risks of each facility in accordance with a mandate agreed by the parties. However, NSW TCorp acts as manager for part of the Cash Facility. A significant portion of the administration of the facilities is outsourced to an external custodian.

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

NSW TCorp provides sensitivity analysis information for each of the Investment facilities, using historically based volatility information. The NSW TCorp Hour-Glass Investment facilities are designated at fair value through profit and loss and, therefore, any change in unit price impacts directly on net result (rather than equity). A reasonably possible change is based on the percentage change in unit price (as advised by NSW TCorp) multiplied by the redemption value as at 30 June each year.

The impact on the net result as a result of changes in the unit prices of the investments is not considered to be material.



## Department of Transport

Notes to the financial statements  
for the year ended 30 June 2014

### 30. Financial instruments (cont'd)

#### (f) Fair value compared to carrying amount

Financial instruments are generally recognised at cost, with the exception of the TCorp Hour-Glass facilities and derivatives, which are measured at fair value.

The amortised cost of all other 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, with the exception of TCorp borrowings.

The following table details the financial instruments where the fair value differs from the carrying amount:

Consolidated	2014 Carrying amount \$'000	2014 Fair value \$'000	Fair value level \$'000
<b>Financial liabilities</b>			
Borrowings	2,104,203	2,153,977	-
	<b>2,104,203</b>	<b>2,153,977</b>	

#### (g) Fair value hierarchy

Consolidated	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
<b>30 June 2014</b>				
<b>Financial assets at fair value</b>				
Derivative financial instruments	-	781	-	781
NSW TCorp Hour-Glass - Investment Facility	-	246,657	-	246,657
	-	<b>247,438</b>	-	<b>247,438</b>
<b>Financial liabilities at fair value</b>				
Derivative financial instruments	-	4,003	-	4,003
Borrowing	-	2,153,977	-	2,153,977
	-	<b>2,157,980</b>	-	<b>2,157,980</b>
<b>30 June 2013</b>				
<b>Financial assets at fair value</b>				
Derivative financial instruments	-	2,887	-	2,887
NSW TCorp Hour-Glass - Investment Facility	-	261,280	-	261,280
	-	<b>264,167</b>	-	<b>264,167</b>
<b>Financial liabilities at fair value</b>				
Derivative financial instruments	-	5,564	-	5,564
Borrowing	-	1,352,995	-	1,352,995
	-	<b>1,358,559</b>	-	<b>1,358,559</b>

## Department of Transport

Notes to the financial statements  
for the year ended 30 June 2014

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### 30. Financial instruments (cont'd)

#### (g) Fair value hierarchy (cont'd)

The entity 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).

The reporting entity has assessed the fair value of its financial instruments on the basis of inputs other than quoted prices that are observed directly or indirectly (Level 2).

The fair value of the TCorp Hour-Glass Investments is based on the entity's share of the value of the underlying assets of the facility, based on the market value. All of the Hour-Glass facilities are valued using redemption pricing.

The fair value of forward foreign exchange contracts is determined using forward exchange rates at the reporting date.

The fair value of commodity swap contracts is determined using market prices at the reporting date.

There were no transfers between Level 1, 2 or 3 during the year.

There were no changes in the valuation techniques during the year.

**Department of Transport**  
Notes to the financial statements  
for the year ended 30 June 2014

**31. Equity transfers**

	Consolidated 2014 \$'000	Consolidated 2013 \$'000	Parent 2014 \$'000	Parent 2013 \$'000
Cash reserves transferred to the Crown Entity (a)	-	(213,253)	-	-
Land transferred from Department of Planning and Infrastructure (b)	-	78,000	-	-
Superannuation assumed by the Crown Entity (c)	-	3,406	-	-
Long service leave assumed by the Crown (d)	36,449	-	-	-
Other (e)	-	(1,430)	-	-
	<b>36,449</b>	<b>(133,277)</b>	-	-

- (a) A direction was received from the Treasurer to the Minister of Transport on 10 January 2013 that surplus funds resulting from the dissolution of Sydney Metro be paid to the Crown Entity as a return of equity. A payment of \$209.0 million plus interest was made on 31 January 2013.
- (b) Land valued at \$78.0 million was transferred from Department of Planning and Infrastructure by equity transfer in the prior year.
- (c) Superannuation assumed by the Crown Entity in relation to former and continuing Sydney Ferries employees in the prior year.
- (d) Long service leave assumed by the Crown Entity in respect to the former Roads and Maritime Services staff transferred to Transport Service in 2013/2014.
- (e) Maritime infrastructure transferred to Port Corporations per designated orders in the prior year.

**32. After balance date events**

The NSW Treasurer has approved an equity transfer of Transport for NSW's T-Card debt liabilities amounting to \$116.3 million to the Crown Finance Entity on 1 July 2014.

The NSW Treasury has approved the equity transfer of 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.

RMS vested several owned properties and leasehold improvements with an estimated carrying value of \$95.4 million to Government Property NSW.

On the 28 August 2014 advice was received that the Treasurer provided concurrence on the transfer of superannuation reserve assets and revised superannuation liabilities with respect to previous RMS superannuation assets to private maintenance providers DownerMouchel Services and Leighton Boral Arney, comprising:

- \$5.1 million from the previous RMS' central reserve account to fully fund the DownerMouchel Services reserve account and.
- \$1.6 million from the previous RMS' central reserve account to fully fund the Leighton Boral Arney reserve account.

These superannuation reserve assets and liabilities were part of the transfer of staff to the Transport Service of NSW defined benefit superannuation plans on 24 February 2014.

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

**End of Audited Financial Statements**

**3.3 Transport for NSW**





## INDEPENDENT AUDITOR'S REPORT

### Transport for NSW

To Members of the New South Wales Parliament

I have audited the accompanying financial statements of Transport for NSW (TfNSW), which comprise the statement of financial position as at 30 June 2014, the statement of comprehensive income, statement of changes in equity and statement of cash flows, service group statements and a summary of compliance with financial directives for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information.

### Opinion

In my opinion, the financial statements:

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

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

### The Secretary's Responsibility for the Financial Statements

The Secretary 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 Secretary determines is necessary to enable the preparation of financial statements that give a true and fair view and that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

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

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

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

My opinion does *not* provide assurance:

- about the future viability of TfNSW
- that it has carried out its activities effectively, efficiently and economically
- about the effectiveness of its 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 other information which may have been hyperlinked to/from the financial statements.

### **Independence**

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

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



Grant Hehir  
Auditor-General

18 September 2014  
SYDNEY



## **Transport for NSW**

Annual Financial Statements

*for the year ended 30 June 2014*

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**Transport for NSW**  
**Statement by the Secretary**  
for the year ended 30 June 2014

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

- (a) The accompanying financial statements have been prepared in accordance with:
  - Applicable Australian Accounting Standards (which including Australian Accounting Interpretations);
  - The requirements of the *Public Finance and Audit Act 1983* and Regulation; and
  - The Financial Reporting Directions published in the *Financial Reporting Code for NSW General Government Sector Entities* or issued by the Treasurer under section 9(2) (n) of the Act;
- (b) The statements exhibit a true and fair view of the financial position and financial performance of Transport for NSW; and
- (c) There are no known circumstances, which would render any particulars included in the financial statements to be misleading or inaccurate.



Dave Stewart  
**Secretary**

Date: 17 September 2014

**Transport for NSW**  
**Statement of comprehensive income**  
for the year ended 30 June 2014

	Notes	Actual 2014 \$'000	Budget 2014 \$'000	Actual 2013 \$'000
<b>Expenses excluding losses</b>				
Operating expenses				
Personnel related expenses	2(a)	429,300	337,326	341,314
Other operating expenses	2(b)	287,976	555,754	268,390
Maintenance	2(c)	124,830	-	110,874
Depreciation and amortisation	2(d)	169,455	172,035	160,700
Grants and subsidies	2(e)	8,751,830	10,151,957	7,743,211
Finance costs	2(f)	82,839	92,516	79,668
Other expenses	2(g)	1,311,523	18,871	1,558,724
<b>Total expenses excluding losses</b>		<b>11,157,753</b>	<b>11,328,459</b>	<b>10,262,881</b>
<b>Revenue</b>				
Recurrent appropriations	3(a)	7,971,109	8,080,774	7,999,371
Capital appropriations	3(b)	2,261,580	2,342,962	222,162
Sale of goods and services	3(c)	58,138	391,468	378,781
Investment revenue	3(d)	21,110	14,277	27,327
Shared and corporate services revenue	3(e)	200,892	-	111,871
Retained taxes, fees and fines	3(f)	2,182	2,256	-
Grants and contributions	3(g)	864,818	610,691	1,672,615
Resources received free of charge	3(h)	33,470	12,079	10,174
Other revenue	3(i)	3,507	4,208	3,943
<b>Total revenue</b>		<b>11,416,806</b>	<b>11,458,715</b>	<b>10,426,244</b>
<b>Gain / (loss) on disposal</b>	4	-	68,214	9,684
<b>Other gains / (losses)</b>	5	(710)	-	5,252
<b>Net result</b>		<b>258,343</b>	<b>198,470</b>	<b>178,299</b>
<b>Other comprehensive income</b>				
<i>Items that may be reclassified subsequently to net result</i>				
Net losses in commodity swaps and foreign exchange		1,508	-	-
<i>Items that will not be reclassified to net result</i>				
Net increase in asset revaluation reserve		92,609	-	-
<b>Total other comprehensive income</b>		<b>94,117</b>	<b>-</b>	<b>-</b>
<b>Total comprehensive income</b>		<b>352,460</b>	<b>198,470</b>	<b>178,299</b>

The accompanying notes form part of these financial statements.

**Transport for NSW**  
**Statement of financial position**  
as at 30 June 2014

	Notes	Actual 2014 \$'000	Budget 2014 \$'000	Actual 2013 \$'000
<b>ASSETS</b>				
<b>Current assets</b>				
Cash and cash equivalents	7	762,895	448,658	342,334
Receivables	8	252,526	145,717	457,762
Inventories	9	1,305	-	-
Financial assets at fair value	10	119	-	-
Non-current assets held for sale	11	17,193	-	-
<b>Total current assets</b>		<b>1,034,038</b>	<b>594,375</b>	<b>800,096</b>
<b>Non-current assets</b>				
Receivables	8	-	-	15,307
Financial assets at fair value	10	36	-	-
Other financial assets	12	733	22,287	22,352
Property, plant and equipment				
Land and buildings	13	601,474	596,071	607,770
Infrastructure systems	13	2,110,634	1,883,937	1,704,470
Plant and equipment	13	1,148,381	1,068,894	1,010,184
Property, plant and equipment		3,860,489	3,548,902	3,322,424
Intangibles	14	422,938	498,099	268,822
Other assets	15	-	44,661	40,454
<b>Total non-current assets</b>		<b>4,284,196</b>	<b>4,113,949</b>	<b>3,669,359</b>
<b>Total assets</b>		<b>5,318,234</b>	<b>4,708,324</b>	<b>4,469,455</b>
<b>LIABILITIES</b>				
<b>Current liabilities</b>				
Payables	17	939,103	425,825	627,898
Borrowings	18	185,892	177,558	176,580
Provisions	19	714	23,578	4,250
Other liabilities	20	36,536	-	344
Financial liabilities at fair value	21	2,831	-	-
<b>Total current liabilities</b>		<b>1,165,076</b>	<b>626,961</b>	<b>809,072</b>
<b>Non-current liabilities</b>				
Borrowings	18	1,273,539	1,439,186	1,190,204
Provisions	19	5,233	-	4,750
Other liabilities	20	45	45	45
Financial liabilities at fair value	21	55	-	-
<b>Total non-current liabilities</b>		<b>1,278,872</b>	<b>1,439,231</b>	<b>1,194,999</b>
<b>Total liabilities</b>		<b>2,443,948</b>	<b>2,066,192</b>	<b>2,004,071</b>
<b>Net assets</b>		<b>2,874,286</b>	<b>2,642,132</b>	<b>2,465,384</b>
<b>EQUITY</b>				
Reserves		89,877	-	-
Accumulated funds		2,784,409	2,642,132	2,465,384
<b>Total equity</b>		<b>2,874,286</b>	<b>2,642,132</b>	<b>2,465,384</b>

The accompanying notes form part of these financial statements.

**Transport for NSW**  
**Statement of changes in equity**  
for the year ended 30 June 2014

	Notes	Accumulated funds \$'000	Asset revaluation reserve \$'000	Hedge reserve \$'000	Total equity \$'000
<b>Balance at 1 July 2013</b>		2,465,384	-	-	2,465,384
<b>Net result for the year</b>		258,343	-	-	258,343
<b>Other comprehensive income</b>					
Net increase in asset revaluation reserve		-	92,609	-	92,609
Net gains in commodity swaps and foreign exchange		-	-	1,508	1,508
<b>Total other comprehensive income</b>		-	92,609	1,508	94,117
<b>Total comprehensive income for the year</b>		258,343	92,609	1,508	352,460
<b>Transactions with owners in their capacity as owners</b>					
Initial recognition of reserves on contracts assigned from RailCorp		-	-	(4,240)	(4,240)
Increase in net assets from administrative restructure	28	81,865	-	-	81,865
Derecognition of MTS Holding	12	(21,183)	-	-	(21,183)
<b>Balance at 30 June 2014</b>		2,784,409	92,609	(2,732)	2,874,286
<b>Balance at 1 July 2012</b>		603,747	-	-	603,747
<b>Net result for the year</b>		178,299	-	-	178,299
Other comprehensive income		-	-	-	-
<b>Total other comprehensive income</b>		-	-	-	-
<b>Total comprehensive income for the year</b>		178,299	-	-	178,299
<b>Transactions with owners in their capacity as owners</b>					
Increase in net assets from administrative restructure	28	1,824,632	-	-	1,824,632
Equity transfers	25	(141,294)	-	-	(141,294)
<b>Balance at 30 June 2013</b>		2,465,384	-	-	2,465,384

The accompanying notes form part of these financial statements.



**Transport for NSW**  
**Statement of cash flows**  
for the year ended 30 June 2014

	Notes	Actual 2014 \$'000	Budget 2014 \$'000	Actual 2013 \$'000
<b>Cash flows from operating activities</b>				
<b>Payments</b>				
Personnel services fees		(346,149)	(325,247)	(335,394)
Grants and subsidies		(6,890,433)	(8,114,532)	(6,654,236)
Finance costs		(82,839)	(92,516)	(79,668)
Bus and ferry contract payments		(1,273,379)	-	(1,241,088)
Infrastructure projects		-	-	(327,505)
Other		(700,540)	(658,808)	(306,186)
<b>Total payments</b>		<b>(9,293,340)</b>	<b>(9,191,103)</b>	<b>(8,944,077)</b>
<b>Receipts</b>				
Recurrent appropriations		7,971,109	8,080,774	7,999,371
Capital appropriations		2,266,735	2,342,962	219,892
Sale of goods and services		930,073	391,468	662,783
Grants and contributions		868,784	610,691	1,668,649
Retained taxes, fees and fines		2,182	-	-
Interest received		17,613	14,277	15,481
Other		-	102,996	-
<b>Total receipts</b>		<b>12,056,496</b>	<b>11,543,168</b>	<b>10,566,176</b>
<b>Net cash flows from operating activities</b>	22	<b>2,763,156</b>	<b>2,352,065</b>	<b>1,622,099</b>
<b>Cash flows from investing activities</b>				
Proceeds from sale of land and buildings		-	127,667	1,900
Purchases of land and buildings, plant and equipment and infrastructure systems		(2,352,318)	(2,231,493)	(1,397,051)
Payment of finance lease liabilities		(60,732)	-	(56,270)
Advances made		-	-	(82)
Purchases of investments		-	-	(1,194)
Other		20	(196,764)	-
<b>Net cash flows from investing activities</b>		<b>(2,413,030)</b>	<b>(2,300,590)</b>	<b>(1,452,697)</b>
<b>Cash flows from financing activities</b>				
Proceeds from borrowings and advances		69,698	150,178	111,239
Repayment of borrowings and advances		-	(65,308)	-
<b>Net cash flows from financing activities</b>		<b>69,698</b>	<b>84,870</b>	<b>111,239</b>
<b>Net increase / (decrease) in cash</b>		<b>419,824</b>	<b>136,345</b>	<b>280,641</b>
Opening cash and cash equivalents		342,334	312,313	234,762
Cash transferred in as a result of administrative restructure	28	737	-	40,184
Cash reserves transferred to the Crown Entity	25	-	-	(213,253)
<b>Closing cash and cash equivalents</b>	7	<b>762,895</b>	<b>448,658</b>	<b>342,334</b>

The accompanying notes form part of these financial statements.

**Transport for NSW  
Service group statements**  
for the year ended 30 June 2014

Expenses and income	Asset Maintenance		Services & Operations		Growth & Improvement		Not attributable		Total	
	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
<b>Expenses excluding losses</b>										
Operating expenses										
Personnel related expenses	17,662	-	358,348	341,314	53,270	-	-	-	429,300	341,314
Other operating expenses	4,124	15,875	244,229	225,316	39,623	27,199	-	-	287,976	268,390
Maintenance	124,830	110,874	-	-	-	-	-	-	124,830	110,874
Depreciation and amortisation	-	-	199,455	180,700	-	-	-	-	169,455	160,700
Grants and subsidies	485,920	493,515	2,758,381	2,585,139	5,507,529	4,664,557	-	-	8,751,830	7,743,211
Finance costs	-	-	66,980	66,152	15,859	13,516	-	-	82,839	79,668
Other expenses	1,120	-	1,198,558	1,225,694	111,845	333,030	-	-	1,311,523	1,558,724
<b>Total expenses excluding losses</b>	<b>633,676</b>	<b>620,264</b>	<b>4,795,951</b>	<b>4,604,315</b>	<b>5,728,126</b>	<b>5,038,302</b>	-	-	<b>11,157,753</b>	<b>10,262,881</b>
<b>Revenue</b>										
Recurrent appropriation	-	-	-	-	-	-	7,971,109	7,999,371	7,971,109	7,999,371
Capital appropriation	-	-	-	-	-	-	2,261,580	222,162	2,261,580	222,162
Sale of goods and services	1,782	3,518	56,356	190,380	-	184,883	-	-	58,138	378,781
Investment revenue	1,369	-	18,227	27,327	1,514	-	-	-	21,110	27,327
Shared and corporate services revenue	-	-	200,892	111,871	-	-	-	-	200,892	111,871
Retained taxes, fees and fines	-	-	2,182	-	-	-	-	-	2,182	-
Grants and contributions	-	-	864,818	114,670	-	1,557,945	-	-	864,818	1,672,615
Resources received free of charge	-	-	33,470	10,174	3,507	4,049	-	-	33,470	10,174
Other revenue	-	-	-	(106)	-	-	-	-	3,507	3,943
<b>Total revenue</b>	<b>3,151</b>	<b>3,518</b>	<b>1,175,945</b>	<b>454,316</b>	<b>5,021</b>	<b>1,746,877</b>	<b>10,232,689</b>	<b>8,221,533</b>	<b>11,416,806</b>	<b>10,426,244</b>
<b>Gain / (loss) on disposal</b>										
Other gains / (losses)	-	-	-	9,684	-	-	-	-	-	9,684
<b>Net result</b>	<b>(630,525)</b>	<b>(616,746)</b>	<b>(3,620,716)</b>	<b>(4,135,063)</b>	<b>(5,723,105)</b>	<b>(3,291,425)</b>	<b>10,232,689</b>	<b>8,221,533</b>	<b>258,343</b>	<b>178,299</b>
<b>Other comprehensive income</b>										
Total comprehensive income for the year	(630,525)	(616,746)	(3,526,599)	(4,135,063)	(5,723,105)	(3,291,425)	10,232,689	8,221,533	352,460	178,299

The names and purposes of each service group are summarised in note 6. Appropriations are made on an entity basis and not to individual service groups. Consequently appropriations are included in the "Not attributable" column.

**Transport for NSW  
Service group statements**  
for the year ended 30 June 2014

Assets and liabilities	Asset Maintenance		Services & Operations		Growth & Improvement		Not attributable		Total	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>ASSETS</b>										
Current assets										
Cash and cash equivalents	168,770	116,896	535,588	59,310	58,537	166,128	-	-	762,895	342,334
Receivables	60,849	181,312	188,105	92,011	3,572	184,439	-	-	252,526	457,762
Inventories	-	-	1,305	-	-	-	-	-	1,305	-
Financial assets at fair value	-	-	119	-	-	-	-	-	119	-
Non-current assets held for sale	-	-	-	-	17,193	-	-	-	17,193	-
	<b>229,619</b>	<b>298,208</b>	<b>725,117</b>	<b>151,321</b>	<b>79,302</b>	<b>350,567</b>	-	-	<b>1,034,038</b>	<b>800,096</b>
<b>Non-current assets</b>										
Receivables	-	-	-	15,307	-	-	-	-	-	15,307
Financial assets at fair value	-	-	36	-	-	-	-	-	36	-
Other financial assets	-	-	733	22,352	-	-	-	-	733	22,352
Property, plant and equipment	-	-	-	-	-	-	-	-	-	-
Land and buildings	-	-	577,874	288,187	23,600	319,583	-	-	601,474	607,770
Infrastructure systems	-	-	1,633,814	1,699,596	476,820	4,874	-	-	2,110,634	1,704,470
Plant and equipment	-	-	1,148,381	1,010,184	-	-	-	-	1,148,381	1,010,184
Property, plant and equipment	-	-	<b>3,360,069</b>	<b>2,997,967</b>	<b>500,420</b>	<b>324,457</b>	-	-	<b>3,860,489</b>	<b>3,322,424</b>
Intangibles	-	-	168,800	52,744	254,138	216,078	-	-	422,938	266,822
Other assets	-	-	-	-	40,454	-	-	-	40,454	-
	<b>229,619</b>	<b>298,208</b>	<b>4,254,755</b>	<b>3,239,691</b>	<b>833,860</b>	<b>931,556</b>	-	-	<b>4,284,196</b>	<b>3,669,359</b>
<b>Total assets</b>										
	<b>229,619</b>	<b>298,208</b>	<b>4,254,755</b>	<b>3,239,691</b>	<b>833,860</b>	<b>931,556</b>	-	-	<b>5,318,234</b>	<b>4,469,455</b>
<b>LIABILITIES</b>										
Current liabilities										
Payables	12,306	22,501	797,565	547,697	129,232	57,700	-	-	939,103	627,898
Borrowings	-	-	69,592	62,333	116,300	114,247	-	-	185,892	176,580
Provisions	-	-	714	4,250	-	-	-	-	714	4,250
Other liabilities	-	-	36,536	344	-	-	-	-	36,536	344
Financial liabilities at fair value	-	-	2,831	-	-	-	-	-	2,831	-
	<b>12,306</b>	<b>22,501</b>	<b>907,238</b>	<b>614,624</b>	<b>245,532</b>	<b>171,947</b>	-	-	<b>1,165,076</b>	<b>809,072</b>
<b>Non-current liabilities</b>										
Borrowings	-	-	945,053	929,363	328,486	260,841	-	-	1,273,539	1,190,204
Provisions	-	-	5,233	4,750	-	-	-	-	5,233	4,750
Other liabilities	-	-	45	45	-	-	-	-	45	45
Financial liabilities at fair value	-	-	55	-	-	-	-	-	55	-
	<b>12,306</b>	<b>22,501</b>	<b>1,857,624</b>	<b>1,548,782</b>	<b>574,018</b>	<b>432,788</b>	-	-	<b>2,443,948</b>	<b>2,004,071</b>
<b>Total liabilities</b>										
	<b>217,313</b>	<b>275,707</b>	<b>2,397,131</b>	<b>1,690,909</b>	<b>259,842</b>	<b>498,768</b>	-	-	<b>2,874,286</b>	<b>2,465,364</b>
<b>Net assets</b>										
	<b>229,619</b>	<b>298,208</b>	<b>4,254,755</b>	<b>3,239,691</b>	<b>833,860</b>	<b>931,556</b>	-	-	<b>5,318,234</b>	<b>4,469,455</b>

The names and purposes of each service group are summarised in note 6.

**Transport for NSW  
Service group statements**  
for the year ended 30 June 2014

	Asset Maintenance		Services & Operations		Growth & Improvement		Not attributable		Total	
	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
<b>Administered expenses and income</b>										
Administered expenses										
Transfer of taxes, fees and fines to the Crown Entity	-	-	-	-	-	-	37,842	43,661	37,842	43,661
<b>Total administered expenses</b>	-	-	-	-	-	-	<b>37,842</b>	<b>43,661</b>	<b>37,842</b>	<b>43,661</b>
<b>Administered income</b>										
Consolidated Fund taxes, fees and fines	-	-	-	-	-	-	37,922	44,216	37,922	44,216
<b>Total administered income</b>	-	-	-	-	-	-	<b>37,922</b>	<b>44,216</b>	<b>37,922</b>	<b>44,216</b>
<b>Administered income less expenses</b>	-	-	-	-	-	-	<b>80</b>	<b>555</b>	<b>80</b>	<b>555</b>

The names and purposes of each service group are summarised in note 6.  
Administered assets and liabilities are disclosed in note 30.



**Transport for NSW**  
**Summary of compliance with finance directives**  
for the year ended 30 June 2014

	Recurrent appropriation \$'000	Expenditure / net claim on Consolidated Fund \$'000	Capital appropriation \$'000	Expenditure / net claim on Consolidated Fund \$'000
<b>2014</b>				
<b>Original budget appropriation / expenditure</b>				
Appropriation Act	8,080,774	7,971,109	2,342,962	2,261,580
S 24 PF&AA - transfers of functions between entities	-	-	-	-
	<b>8,080,774</b>	<b>7,971,109</b>	<b>2,342,962</b>	<b>2,261,580</b>
<b>Other appropriation / expenditure</b>				
Treasurer's advance	-	-	-	-
Transfers to / from another entity (s 32 of the Appropriations Act)	(109,662)	-	-	-
	<b>(109,662)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total appropriation / expenditure net claim on Consolidated Fund</b>	<b>7,971,112</b>	<b>7,971,109</b>	<b>2,342,962</b>	<b>2,261,580</b>
Drawdown against appropriations (notes 3(a), 3(b))		7,971,109		2,266,735
<b>Liability to Consolidated Fund (Note 20)</b>		<b>-</b>		<b>(5,155)</b>
<b>2013</b>				
<b>Original budget appropriation / expenditure</b>				
Appropriation Act	9,598,503	7,999,371	280,674	222,162
S 24 PF&AA - transfers of functions between entities	(15,300)	-	-	-
	<b>9,583,203</b>	<b>7,999,371</b>	<b>280,674</b>	<b>222,162</b>
<b>Other appropriation / expenditure</b>				
Treasurer's advance	-	-	2,270	-
Transfers to / from another entity (s 31 of the Appropriations Act)	(1,575,728)	-	-	-
	<b>(1,575,728)</b>	<b>-</b>	<b>2,270</b>	<b>-</b>
<b>Total appropriation / expenditure net claim on Consolidated Fund</b>	<b>8,007,475</b>	<b>7,999,371</b>	<b>282,944</b>	<b>222,162</b>
Drawdown against appropriations (notes 3(a), 3(b))		7,999,371		222,162
<b>Liability to Consolidated Fund</b>		<b>-</b>		<b>-</b>

**Transport for NSW**  
**Notes to the financial statements**  
for the year ended 30 June 2014

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**1. Summary of significant accounting policies**

**(a) Transport for NSW - Reporting entity**

Transport for NSW was established on 1 November 2011 as a statutory authority to take over the roles and functions previously carried out by the Department of Transport including the planning, procurement, delivery and coordination of transport services and infrastructure in NSW.

The *Transport Administration Act 1988* states that the affairs of Transport for NSW are to be managed and controlled by the Secretary of the Department of Transport. Consistent with the Secretary's power of direction it is considered that the Transport for NSW has control for the purposes of preparing consolidated financial statements for the following agencies and special purpose entities or divisions:

- Roads and Maritime Services
- Sydney Ferries
- State Transit Authority
- Rail Corporation of New South Wales
- Sydney Trains (from 7 December 2012)
- NSW Trains (from 7 December 2012)
- MTS Holding Company Pty Limited (from 12 March 2012)

The Treasurer of NSW on 14 March 2012 granted an exemption to Transport for NSW, a controlled entity of the Department of Transport from preparing consolidated financial statements on the basis that the Department of Transport, as the ultimate parent entity, produces consolidated financial statements. These financial statements are for the Transport for NSW parent entity only.

Transport for NSW is a not-for-profit organisation. Transport for NSW is consolidated as part of the NSW Total State Sector Accounts.

The financial statements of Transport for NSW for the year ended 30 June 2014 were authorised for issue by the Secretary on the date the accompanying Statement was signed.

**(b) Basis of preparation**

The financial statements are general purpose financial statements which have been prepared in accordance with: Applicable Australian Accounting Standards (which include Australian Accounting Interpretations); The requirements of the *Public Finance and Audit Act 1983* and Regulation; and The Financial Reporting Directions published in the Financial Reporting Code for NSW General Government Sector Entities or issued by the Treasurer under *section 9(2)(n) of the Act*.

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

All amounts are rounded to the nearest one thousand dollars and are expressed in Australian currency.

**Transport for NSW**  
**Notes to the financial statements**  
for the year ended 30 June 2014

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**1. Summary of significant accounting policies (cont'd)**

**(c) Critical accounting estimates, judgement and assumptions**

In the application of accounting standards and the Financial Reporting Code for NSW General Government Sector Entities (the Code), 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.

The judgements, key assumptions and estimates management has made are disclosed in the relevant notes to the financial statements.

**(d) Statement of compliance**

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

**(e) Administered activities**

Transport for NSW administers, but does not control, certain activities on behalf of the Crown Entity. It is accountable for the transactions relating to those administered activities but does not have discretion, for example, to deploy the resources for the achievement of Transport for NSW's own objectives.

Transactions and balances relating to the administered activities are not recognised as Transport for NSW's income, expenses, assets and liabilities, but disclosed in the accompanying schedules as "Administered income", "Administered expenses", "Administered assets" and "Administered liabilities".

The accrual basis of accounting and applicable accounting standards has been adopted.

**(f) Personnel services**

Transport for NSW cannot directly employ staff. The personnel services are provided by the Transport Service of New South Wales, Department of Transport and various transport agencies until all staff have been transferred to the Transport Service of New South Wales. As a result, Transport for NSW reports personnel service expenses, not employee related expenses.

Personnel service expenses include salaries, wages, leave entitlements, superannuation, workers' compensation insurance premium, payroll tax, fringe benefits tax and redundancies.

For further details on personnel service expenses refer to note 2(a).

Some personnel service expenses are included in the construction costs of intangible assets and rail infrastructure system and are, therefore, not included in the personnel service expenses.



**Transport for NSW**  
**Notes to the financial statements**  
for the year ended 30 June 2014

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**1. Summary of significant accounting policies (cont'd)**

**(g) Other operating expenses and maintenance**

Other operating expenses generally represent the day-to-day running costs incurred in the normal operations of Transport for NSW.

Maintenance costs relate principally to infrastructure systems and interchanges and do not include any personnel service expenses.

**(h) Grants and subsidies**

Grants and subsidies generally comprise contributions in cash or in kind to transport services providers and various local government authorities and not-for-profit community organisations.

**(i) Finance costs**

Finance costs comprise mainly interest on borrowings and finance lease interest charges. In accordance with Treasury's mandate for the not-for-profit general government sector agencies, finance costs are expensed and recognised in the statement of comprehensive income in the period in which they are incurred.

**(j) Insurance**

Transport for NSW arranges insurance cover through the NSW Treasury Managed Fund apart from country rail infrastructure cover which is arranged through private insurance providers. The cost of insurance is expensed in the period to which the insurance cover relates.

**(k) Other expenses**

Other expenses include payments to bus and ferry operators for the provision of bus and ferry services in the metropolitan, regional and rural areas of New South Wales.

**(l) 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 Transport for NSW as a purchaser that is not recoverable from the Australian Taxation Office is recognised as part of the cost of acquisition of an asset or as part of an item of expense; and receivables and payables are stated with the amount of GST included.

Cash flows are included in the statement of cash flows on a gross basis. However, the GST components of cash flows arising from investing and financing activities which is recoverable from, or payable to, the Australian Taxation Office are classified as operating cash flows.



**Transport for NSW**  
**Notes to the financial statements**  
for the year ended 30 June 2014

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**1. Summary of significant accounting policies (cont'd)**

**(m) Income recognition**

Income is recognised and measured at the fair value of the consideration or contribution received or receivable to the extent that it is probable that the economic benefit will flow to Transport for NSW and the income can be reliably measured. The following specific criteria must also be met before income is recognised:

**(i) Parliamentary appropriations and contributions**

Parliamentary appropriations and contributions from other bodies (including grants and contributions) are generally recognised as income when Transport for NSW obtains control over the assets comprising the appropriations/ contributions. Control over appropriations/ contributions are normally obtained upon the receipt of cash. At 30 June unspent appropriations are recognised as liabilities rather than income, as the authority to spend the money lapses and the unspent amount must be repaid to the Consolidated Fund. Any liability is disclosed in note 20 as part of "Other liabilities". The amount will be repaid and the liability will be extinguished in the next financial year.

**(ii) Sale of goods and services**

Revenue from the sale of goods is recognised as revenue when Transport for NSW transfers the significant risks and rewards of ownership of the assets.

Revenue from the provision of services (including passenger transport services) is recognised as revenue when the service is provided or by reference to the stage of completion.

**(iii) Retained taxes, fines and fees**

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

**(iv) Investment revenue**

Interest revenue on cash and cash equivalents is recognised using the effective interest method as set out AASB 139 *Financial Instruments: Recognition and Measurement*. Rental revenue is recognised in accordance with AASB 117 *Leases* on a straight line basis over the lease term. Royalty revenue is recognised in accordance with AASB 118 *Revenue* on an accrual basis in accordance with the substance of the relevant agreement.

**(v) Shared and corporate services revenue**

Shared and corporate services revenue represents revenue for the provision of shared and other corporate services to various transport operating entities and is recognised when the service is provided.

**(vi) Other revenue**

Other revenue comprises the value of the emerging interest in the Ultimo Pyrmont Light Rail. The non-cash revenue is also recognised as an asset (note 15).

**Transport for NSW**  
**Notes to the financial statements**  
for the year ended 30 June 2014

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**1. Summary of significant accounting policies (cont'd)**

**(n) Property, plant and equipment**

**(i) Property plant and equipment**

Property, plant and equipment comprise land and buildings, plant and equipment (general plant and equipment and finance lease assets) and infrastructure systems.

**(ii) Capitalisation and initial recognition**

The cost method of accounting is used for the initial recording of all acquisitions of assets controlled by Transport for NSW in accordance with AASB 116 *Property, Plant and Equipment*. 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.

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

The cost of assets constructed for own use includes the purchase cost, other directly attributable costs and the initial estimates of dismantling and restoration costs.

Generally property, plant and equipment and intangible assets with a greater value than \$5,000 are capitalised except for computer equipment which is normally capitalised irrespective of the \$5,000 threshold where it is considered to be part of a network of assets.

**(iii) Valuation of property, plant and equipment**

Subsequent to initial recognition, property, plant and equipment 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.

**Transport for NSW**  
**Notes to the financial statements**  
for the year ended 30 June 2014

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**1. Summary of significant accounting policies (cont'd)**

**(n) Property, plant and equipment (cont'd)**

**(iv) Revaluation of property, plant and equipment**

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. Refer to note 13 and note 16 for further information regarding fair value of PPE assets.

Where there is no available market evidence, the asset's fair value is measured at its market buying price, the best indicator of which is depreciated replacement cost.

The depreciated replacement cost is used to revalue specialised buildings (designed for a specific limited purpose), infrastructure systems and certain plant and equipment. Depreciated replacement cost for these types of assets is based on "incremental optimised replacement cost". Optimised replacement cost is the minimum cost, in the normal course of business, to replace the existing asset with a technologically modern equivalent asset with the same economic benefits, adjusting for any overdesign, overcapacity and redundant components. Incremental optimisation is limited to the extent that optimisation can occur in the normal course of business with commercially available technology.

Non-specialised assets with short useful lives are measured at depreciated historical cost, as a surrogate for fair value. This is because any difference between fair value and depreciated historical cost is unlikely to be material.

Transport for NSW revalues each class of property, plant and equipment at least every five years or with sufficient regularity to ensure that the carrying amount of each asset in the class does not differ materially from its fair value at reporting date. Revaluations are performed by independent and/ or in-house professionally qualified valuers.

When revaluing non-current assets using the cost approach, the gross amount and the related accumulated depreciation are separately restated.

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

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

Revaluation decrements are recognised immediately as expenses in the net result, 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 reporting 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.



**Transport for NSW**  
**Notes to the financial statements**  
for the year ended 30 June 2014

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**1. Summary of significant accounting policies (cont'd)**

**(n) Property, plant and equipment (cont'd)**

**(v) Impairment of property, plant and equipment**

As a not-for-profit reporting 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.

**(vi) Depreciation of property, plant and equipment**

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

Land is not a depreciable asset. Buildings which have been acquired for future transport infrastructure are not depreciated as these assets are not purchased to generate revenue and are ultimately demolished for transport infrastructure projects. The expected useful lives of property, plant and equipment for depreciation purposes are as follows:

Depreciation Rates	Useful Lives
Buildings	40 years
Plant and equipment	3- 30 years
Finance leased buses	15 years
Infrastructure systems	10 -100 years

The asset residual values, useful lives and depreciation methods are reviewed, and adjusted, if appropriate, at each financial year end.

**(vii) Major inspection costs**

When each major inspection is performed, 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. Any remaining carrying amount of the cost of the previous inspection (as distinct from physical parts) is derecognised.

**(viii) 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. If the effect of the time value of money is material, these costs are discounted at the appropriate market yields on government bonds.

**(ix) 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 a component of an asset, in which case the costs are capitalised and depreciated.



**Transport for NSW**  
**Notes to the financial statements**  
for the year ended 30 June 2014

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**1. Summary of significant accounting policies (cont'd)**

**(n) Property, plant and equipment (cont'd)**

**(x) 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 its fair value 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.

Under the Sydney Metropolitan Bus Services Contracts and Outer Metropolitan Bus System Contracts, payments to bus operators for the acquisition of new buses are considered to be in the nature of finance leases and are recognised in accordance with *AASB 117 Leases*.

Operating lease payments are charged to the statement of comprehensive income in the periods in which they are incurred.

**(xi) Derecognition**

An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal. Gains and losses on disposal are determined by comparing the proceeds with the carrying amount of the asset and are included in the Statement of comprehensive income.

**(o) Intangible assets**

Intangible assets are recognised only if it is possible that future economic benefits will flow to Transport for NSW and the cost of the asset can be measured reliably. Intangible assets are measured initially at cost which includes the purchase price and any costs directly attributable to preparing the asset for its intended use. Where an 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 certain criteria are met in accordance with *AASB 138 Intangible Assets*.

The useful lives of intangible assets are assessed to be finite.

Intangible assets are subsequently measured at fair value only if there is an active market. As there is no active market for Transport for NSW's intangible assets, the assets are carried at cost less any accumulated amortisation.

Transport for NSW's intangible assets comprise principally information technology systems which are amortised using the straight line method over periods ranging from 2 to 10 years.

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

**Transport for NSW**  
**Notes to the financial statements**  
for the year ended 30 June 2014

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**1. Summary of significant accounting policies (cont'd)**

**(p) Financial instruments recognition and Measurement**

Financial assets and financial liabilities are recognised when Transport for NSW becomes a party to the contractual provisions of the financial instrument.

Financial assets are classified, at initial recognition, as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

Financial assets and financial liabilities are measured initially at fair value (usually cost) plus transactions costs, except for financial assets and financial liabilities carried at fair value through profit or loss, and measured initially at fair value. Subsequent measurement of financial assets and financial liabilities are described below.

For the purpose of subsequent measurement, financial assets other than those designated as hedging instruments (non derivative financial assets) are classified into the following categories upon initial recognition:

- Loans and receivables;
- Financial assets at Fair Value Through Profit or Loss;
- Held-To-Maturity investments;
- Available-For-Sale financial assets.

The category determines subsequent measurement and whether any resulting income or expense is recognised in profit or loss or other comprehensive income. Refer to note 1(q) to 1(s) for further disclosure regarding the accounting policy on subsequent measurement of non derivative financial assets.

Financial liabilities other than those designated as hedging instruments (non derivative financial liabilities) are subsequently measured at amortised cost using the effective interest method, which is a reasonable approximation of their fair value; except for financial liabilities held for trading or designated at fair value through profit or loss, that are carried subsequently at fair value with any gain or loss recognised in profit or loss. Refer to note 1(y) for further disclosure regarding the accounting policy on financial liabilities.

Financial assets and financial liabilities carried at amortised cost after initial recognition, is considered as a reasonable approximation of their fair value.

**(q) Cash and cash equivalents**

Cash and cash equivalents in the statement of financial position comprises cash at bank and in hand and NSW Treasury Corporation (TCorp) Hour-Glass Cash Facility. The TCorp Hour-Glass Cash Facility is designated at fair value through the profit and loss.

For the purposes of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above.

**Transport for NSW**  
**Notes to the financial statements**  
for the year ended 30 June 2014

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**1. Summary of significant accounting policies (cont'd)**

**(r) Loans and receivables**

Loans and receivables are non derivative financial assets with fixed or determined 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. Any changes are recognised in the net result for the period when impaired, derecognised or through the amortisation process.

Short-term receivables with no stated interest rate are measured at the original invoice amount where the effect of discounting is immaterial.

**(s) Investments**

Investments are initially recognised at fair value plus, in the case of investments not at fair value through profit and loss, transaction costs. Transport for NSW determines the classification of its financial assets after initial recognition and, when allowed and appropriate, re-evaluates this at each financial year end.

*(i) Fair value through profit and loss:* Transport for NSW subsequently measures investment classified as "held for trading" or designated upon initial recognition "at fair value through profit and 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. Derivatives are also classified as held for trading. Gains or losses on these assets are recognised in the net result for the period.

*(ii) Held-to-maturity investments:* Non derivative financial investments with fixed or determinable payments and fixed maturity that Transport for NSW has the positive intention and ability to hold to maturity are classified as "held to maturity". These investments are measured at amortised cost using the effective interest rate method. Changes are recognised in the net result for the period when impaired, derecognised or through the amortisation process.

*(iii) Available-for-sale investments:* Any residual investments that do not fall into any other category are accounted for as available-for-sale investments and measured at fair value in other comprehensive income until disposed or impaired, at which time the cumulative gain or loss previously recognised in other comprehensive income is recognised in the net result for the period. However, interest calculated using the effective interest method and dividends are recognised in the net result for the period.

Purchases or sales of investment under contract that require delivery of the asset within the timeframe established by convention or regulation are recognised on the trade date, i.e. the date Transport for NSW commits to purchase or sell the asset.

The fair value of investments that are traded at fair value in an active market is determined by reference to quoted current bid prices at the close of business on the statement of financial position date.

Unquoted investment in subsidiaries incorporated as proprietary companies are stated at cost less accumulated impairment in the parent entity's statement of financial position. The investment is subject to at least annual reviews for impairment.



**Transport for NSW**  
**Notes to the financial statements**  
for the year ended 30 June 2014

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**1. Summary of significant accounting policies (cont'd)**

**(t) Derivative financial instruments and hedge accounting**

Transport for NSW holds derivative financial instruments to hedge its foreign currency risk exposure arising from overseas purchase commitments. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. Embedded derivatives are separated from the host contract and accounted for separately if certain criteria are met.

Specific accounting treatment is required for derivatives designated as hedging instruments in cash flow hedge relationships. To qualify for hedge accounting, the hedging relationship must meet several strict conditions with respect to documentation, probability of occurrence of the hedged transaction and hedge effectiveness. All other derivative financial instruments are accounted for at fair value through profit or loss.

At the inception of a hedge relationship, Transport for NSW formally designates and documents the hedge relationship to which Transport for NSW wishes to apply hedge accounting. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

For the purpose of hedge accounting, hedges are classified as:

- Fair value hedges when hedging the exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment
- Cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognised firm commitment
- Hedges of a net investment in a foreign operation

Transport for NSW has designated its forward currency contracts as cash flow hedges. The effective portion of the gain or loss on the hedging instrument is recognised in other comprehensive income and included within the cash flow hedge reserve in equity, while any ineffective portion is recognised immediately in profit or loss.

At the time the hedged item affects profit or loss, any gain or loss previously recognised in other comprehensive income is transferred from equity to profit or loss and presented as a reclassification adjustment within other comprehensive income. However, if the hedged item is the cost of a non-financial asset or liability, the gains and losses previously recognised in other comprehensive income are included in the initial measurement of the hedged item.

If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover (as part of the hedging strategy), or if its designation as a hedge is revoked, or when the hedge no longer meets the criteria for hedge accounting or hedge accounting is discontinued, any cumulative gain or loss previously recognised in other comprehensive income remains separately in equity until the forecast transaction occurs. However, if the forecast transaction is no longer expected to occur, the cumulated gain or loss in equity is transferred to profit or loss.



**Transport for NSW**  
**Notes to the financial statements**  
for the year ended 30 June 2014

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**1. Summary of significant accounting policies (cont'd)**

**(u) 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 Transport for NSW 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 net result for the period.

When an available for sale financial asset is impaired, the amount of the cumulative loss is removed from equity and recognised in the net result for the period, based on the difference between the acquisition cost (net of any principal repayment and amortisation) and current fair value, less any impairment loss previously recognised in the net result for the period.

Any reversals of impairment losses are reversed through the net result for the period, where there is objective evidence, except reversals of impairment losses on an investment in an equity instrument classified as available - for - sale must be made through the reserve. 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 and financial liabilities**

A financial asset is derecognised when the contractual rights to the cash flows from the financial assets expire; or if Transport for NSW transfers the financial assets:

- where substantially all the risks and rewards have been transferred; or
- where Transport for NSW has not transferred substantially all the risks and rewards, if the reporting entity has not retained control.

Where Transport for NSW has neither transferred nor retained substantially all the risk and rewards or transferred control, the asset is recognised to the extent of Transport for NSW's continuing involvement in the asset.

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

**(w) Non-current assets (or disposal groups) held for sale**

Certain non-current assets (or disposal groups) are classified as held for sale, where their carrying amount will be recovered principally through a sale transaction, not through continuing use.

Non-current assets (or disposal groups) held for sale are recognised at the lower of carrying amount and fair value less costs to sell, in accordance with *AASB 5 Non-Current Assets held for Sale and Discontinued Operations*. These assets are not depreciated while they are classified as held for sale.

**Transport for NSW**  
**Notes to the financial statements**  
for the year ended 30 June 2014

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**1. Summary of significant accounting policies (cont'd)**

**(x) Other assets – private sector provided infrastructure**

In these private sector provided infrastructure arrangements, the grantor (Transport for NSW) gives the service concession in exchange for the right to receive the infrastructure from the operator (private sector entity) at the end of the concession period. The operator is required to design, finance and build the infrastructure and use it to provide services directly to the public during the concession period. The operator is permitted to charge the public for the services it provides. The services concession arrangement infrastructure is operator-controlled during the concession period and grantor-controlled thereafter.

In the absence of a specified Australian Accounting Standard, Treasury Policy and Guidelines Paper Accounting for Privately Financed Projects (TP06-08) applies. The policy requires Transport for NSW to initially determine the estimated written down replacement cost by reference to the project's historical cost escalated by a construction index and the system's estimated working life. The estimated written down replacement cost is then allocated on a systematic basis over the concession period using the annuity method and the government bond rate at the commencement of the project. During the concession period, the reporting entity recognises the annual value of the right to receive the infrastructure as an asset and revenue.

**(y) Liabilities**

**(i) Payables**

These amounts represent liabilities for goods and services provided to Transport for NSW and other amounts. 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 not held for trading or designated at fair value through profit or loss. Borrowings are initially measured at the fair value of the consideration received. Any difference between the proceeds and the redemption amount (premium or discount) is recognised in the net result over the period of the borrowings using the effective interest method.

The finance lease liability is determined in accordance with *AASB 117 Leases*.

Borrowings are removed from the statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid is recognised in profit or loss as other income or finance costs.

Borrowings are classified as current liabilities unless the reporting entity has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

**(iii) Other provisions**

Other provisions exist when Transport for NSW 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 Transport for NSW has a detailed formal plan and it has raised a valid expectation in those affected by the restructuring by starting to implement the plan or announcing its main features to those affected.

**Transport for NSW**  
**Notes to the financial statements**  
for the year ended 30 June 2014

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**1. Summary of significant accounting policies (cont'd)**

**(y) Liabilities (cont'd)**

**(iii) Other provisions (cont'd)**

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 risk specific to the liability.

**(z) 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 to note 16 and note 27 for further disclosures regarding fair value measurements of financial and non-financial assets.

**(aa) 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 Transport for NSW's policy on the revaluation of property, plant and equipment as discussed in note 1(n)(iv).

**(ii) Hedge reserve**

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income and is accumulated in the hedge reserve. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss, and is included in the 'other gains and losses' line item. Amounts previously recognised in other comprehensive income and accumulated in equity are reclassified to profit or loss in the periods when the hedged item is recognised in profit or loss, in the same line as the recognised hedged item.

**(iii) Accumulated funds**

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

**(iv) Equity transfer**

Equity transfers represent 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 and "equity appropriations". These equity transfers are designated or required by Accounting Standards to be treated 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*.



**Transport for NSW**  
**Notes to the financial statements**  
for the year ended 30 June 2014

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**1. Summary of significant accounting policies (cont'd)**

**(aa) Equity and reserves (cont'd)**

**(iv) Equity transfers (cont'd)**

Transfers arising from an administrative restructure involving not-for-profit and for-profit government departments are recognised at the amount at which the assets and liabilities were recognised by the transferor immediately prior to the restructure. Subject to below, in most instances this will approximate fair value.

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

**(bb) 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 *Public Finance and Audit Act 1983* where there has been a transfer of functions between departments. Other amendments made to the budget are not reflected in the budgeted amounts.

**(cc) Service groups costing**

Service Groups costs comprise direct costs and indirect costs. Direct and indirect costs include employee related expenses, depreciation and amortisation, grants and subsidies, finance charges and operating expenses. Direct costs relate to those activities that contribute specifically to the service delivery of one of the Service Groups. Indirect costs relate to those general activities that benefit all Service Groups. Indirect costs are allocated across the three service groups on a pro-rata basis having regard to the direct allocations to each service groups with this method considered to be both systematic and rational and is applied consistently to all costs having similar characteristics.

Assets and liabilities that could be attributed to one of the service groups were allocated to that service group. The other assets and liabilities are allocated across the three service groups on a pro-rata basis having regard to the direct allocations to each service groups with this method considered to be both systematic and rational and is applied consistently to all assets and liabilities having similar characteristics.

**(dd) Changes in accounting policy, including new or revised Australian Accounting Standards**

**(i) Effective for the first time in 2013-14**

At reporting date all the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board ("the AASB") that are effective for the current annual reporting period have been adopted.

The accounting policies applied in 2013-14 are consistent with those of the previous financial year except as a result of the new Australian Accounting Standard, AASB 13 Fair Value Measurement, that has been applied for the first time in 2013-14.

AASB 13 explains how to measure fair value and aims to enhance fair value disclosures; it does not change when an entity is required to use fair value to measure an asset or liability. The scope of the new Standard is broad and applies to both financial and non financial items for which other Standards require or permit fair value measurement or disclosures about fair value measurement except in certain circumstances. The standard defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (exit price). There are also extensive disclosure requirements under the new AASB 13. AASB 13 applies prospectively for annual periods beginning on or after 1 January 2013. Its disclosure requirements need not be applied to comparative information in the first year of application.



**Transport for NSW**  
**Notes to the financial statements**  
for the year ended 30 June 2014

**1. Summary of significant accounting policies (cont'd)**

**(dd) Changes in accounting policy, including new or revised Australian Accounting Standards (cont'd)**

**(i) Effective for the first time in 2013-14 (cont'd)**

These amendments have had no significant impact on the carrying values of assets and liabilities recognised by the entity.

**(ii) Issued but not yet effective**

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective have not been adopted for the financial reporting period ended 30 June 2014 in accordance with Treasury mandated policy. The impact of these standards in the period of initial application will not be significant.

Standard	Applicable to annual reporting periods beginning on or after
AASB 9 Financial Instruments and AASB 2010-7 Amendments to Australian Accounting Standards arising from AASB 9	1 January 2018
AASB 10 Consolidated Financial Statements and AASB 2012-10 Amendment to Australian Accounting Standards – Transition Guidance and Other Amendments	1 January 2014
AASB 11 Joint Arrangements and AASB 2012-10 Amendment to Australian Accounting Standards – Transition Guidance and Other Amendments	1 January 2014
AASB 12 Disclosure of Interests in other Entities and AASB 2012-10 Amendment to Australian Accounting Standards – Transition Guidance and Other Amendments	1 January 2014
AASB 127 Separate Financial Statements	1 January 2014
AASB 128 Investments in Associates and Joint Ventures	1 January 2014
AASB 1031 Materiality	1 January 2014
AASB 1055 Budgetary Reporting and AASB 2013-1 Amendments to AASB 1049 – Relocation of Budgetary Reporting Requirements	1 July 2014
AASB 2011-7 Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards	1 January 2014
AASB 2012-3 Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities	1 January 2014
AASB 2013-3 Amendments to AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets	1 January 2014
AASB 2013-4 Amendments to Australian Accounting Standards – Novation of Derivatives and Continuation of Hedge Accounting	1 January 2014
AASB 2013-5 Amendments to Australian Accounting Standards – Investment Entities	1 January 2014
AASB 2013-8 Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not-for-Profit Entities – Control and Structured Entities	1 January 2014
AASB 2013-9 Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments	1 January 2014 (Part B) 1 January 2015 (Part C)
AASB 2014-1 Amendments to Australian accounting standards	1 July 2014 (Part A) 1 July 2014 (Part B) 1 July 2014 (Part C) 1 January 2016 (Part D) 1 January 2015 (Part E)

A number of other new standards have been identified and assessed and it is expected that they will have no significant impact on the financial statements of the entity.

**Transport for NSW**  
**Notes to the financial statements**  
for the year ended 30 June 2014

**2. Expenses excluding losses**

**(a) Personnel related expenses**

	2014	2013
	\$'000	\$'000
(i) Personnel services:		
Salaries (including recreation leave)	312,254	270,215
Superannuation - defined benefits plan	4,417	4,513
Superannuation - defined contribution plan	21,223	9,597
Long service leave	28,830	5,539
Workers' compensation insurance	542	1,104
Payroll tax and fringe benefit tax	17,615	9,649
Redundancies	4,192	5,346
Other employee expenses	908	1,447
	*	
	389,981	307,410
(ii) Skill hire contractors	39,319	33,904
	<b>429,300</b>	<b>341,314</b>

\* In addition to the above, \$87.7 million (2013: \$55.6 million) has been included in major rail project expenses, non-cash grant expenses, and capitalised in intangible assets (information technology systems).

**(b) Other operating expenses**

Advertising and marketing	30,763	20,374
Consultants	10,088	8,610
Monorail Expenses	14,560	-
Specialist contractors	89,507	102,018
Other contractors	34,771	38,062
Electricity	1,952	577
Auditor's remuneration - audit of the financial statements	260	478
Fleet hire and leasing charges including contingent rents and rail access fees	992	375
Fuel costs	98	87
Information technology	11,504	8,730
Insurance	1,476	1,657
Internal audit fees	930	488
Legal services	4,894	4,732
Office expenses	43,496	47,284
Property rent and other related expenses	27,235	21,456
Security costs	3,026	3,475
Telecommunications	4,418	2,315
Travel expenses - domestic and international	1,144	1,096
General expenses	6,862	6,576
	<b>287,976</b>	<b>268,390</b>

**(c) Maintenance**

Maintenance	4,419	4,235
Maintenance - infrastructure	120,411	106,639
	<b>124,830</b>	<b>110,874</b>

There is no maintenance costs included in employee related expenses.

**Transport for NSW**  
**Notes to the financial statements**  
for the year ended 30 June 2014

**2. Expenses excluding losses (cont'd)**

**(d) Depreciation and amortisation**

	2014	2013
	\$'000	\$'000
<b>Depreciation:</b>		
Infrastructure systems (note 13)	91,569	91,524
Buildings (note 13)	4,509	5,732
Plant and equipment (note 13)	6,415	3,974
Finance leased buses (note 13)	60,733	56,270
Rolling stock (note 13)	477	-
	<b>163,703</b>	<b>157,500</b>
<b>Amortisation:</b>		
Information technology systems (note 14)	5,752	3,200
	<b>5,752</b>	<b>3,200</b>
	<b>169,455</b>	<b>160,700</b>

**(e) Grants and subsidies**

Taxi Transport Subsidy Scheme	28,597	25,871
Community transport groups	65,557	55,676
Private Vehicle Conveyance	22,441	22,868
Rail Entities	4,143,005	3,340,150
Sydney Ferries	-	20,362
Carparks and interchanges	14,018	7,024
Roads and Maritime Services	4,389,184	4,208,190
Grants to councils - maintenance of transport infrastructure	66	3,843
National transport regulators	20,154	7,597
Road safety grant to NSW Police	29,884	29,355
Others	38,924	22,275
	<b>8,751,830</b>	<b>7,743,211</b>

**(f) Finance costs**

Finance lease interest charge	66,980	66,152
Interest expense on TCorp borrowings	15,790	13,508
Other finance costs	69	8
	<b>82,839</b>	<b>79,668</b>

**(g) Other expenses**

Bus contract payments - metropolitan and outer metro bus operators	801,709	769,699
Major events - hire of bus and rail services	9,806	8,094
Bus contract payments - rural and regional bus operators	388,040	389,905
Ferry contract payments	83,630	81,484
Light rail contract payments	17,661	-
Nightride services	9,137	8,641
Infrastructure projects	1,540	300,901
	<b>1,311,523</b>	<b>1,558,724</b>



**Transport for NSW**  
**Notes to the financial statements**  
for the year ended 30 June 2014

**3. Revenue**

**(a) Recurrent appropriations**

	2014 \$'000	2013 \$'000
Total recurrent draw-downs from NSW Treasury (per Summary of compliance with financial directives)	7,971,109	7,999,371
Less: Liability to Consolidated Fund (per Summary of compliance with financial directives)	-	-
	<b>7,971,109</b>	<b>7,999,371</b>
Comprising:		
Recurrent appropriations (per Statement of comprehensive income)	7,971,109	7,999,371
	<b>7,971,109</b>	<b>7,999,371</b>

**(b) Capital appropriations**

Total capital draw-downs from NSW Treasury (per Summary of compliance with financial directives)	2,266,735	222,162
Less: Liability to Consolidated Fund (per Summary of compliance with financial directives)	(5,155)	-
	<b>2,261,580</b>	<b>222,162</b>
Comprising:		
Capital appropriations (per Statement of comprehensive income)	2,261,580	222,162
	<b>2,261,580</b>	<b>222,162</b>

**(c) Sale of goods and services**

Recoupment of project costs	16,200	307,575
Access fees <sup>1</sup>	10,629	11,571
Fees for personnel services	19,116	47,323
Major events revenue	6,444	6,118
Other	5,749	6,194
	<b>58,138</b>	<b>378,781</b>

<sup>1</sup> Transport for NSW has entered into multi-year infrastructure access agreements with its customers. The dollar value of the business generated by the agreements depends on the rates charged, which are negotiated annually over the life of the agreements, and the annual level of customer usage.

**(d) Investment revenue**

Rents	4,797	12,430
Interest revenue from financial assets at fair value through profit or loss (TCorp Hour-Glass Cash Facility)	1,380	6,477
Interest on bank account	14,933	8,420
	<b>21,110</b>	<b>27,327</b>

**(e) Shared and corporate services revenue**

Shared and corporate services revenue	200,892	111,871
	<b>200,892</b>	<b>111,871</b>

Shared and corporate services revenue comprises fees charged by the entity for the provision of shared and other corporate services to other transport entities.



**Transport for NSW**  
**Notes to the financial statements**  
for the year ended 30 June 2014

**3. Revenue (cont'd)**

**(f) Retained taxes, fees and fines**

	2014	2013
	\$'000	\$'000
Taxi operators' accreditation renewal fees	2,182	-
	<b>2,182</b>	<b>-</b>

Transport for NSW collects taxi operators' accreditation fees which can only be used to fund taxi industry related operations and initiatives. In 2012-13 the funding was given to Roads and Maritime Services in that year only.

**(g) Grants and contributions**

Community transport groups	57,522	49,625
Crown Entity	766,771	1,620,907
Other	40,525	2,083
	<b>864,818</b>	<b>1,672,615</b>

Transport for NSW received grants of \$57.5 million (2013: \$49.6 million) from the Department of Aging Disability and Home Care for the Community Transport Group funding scheme.

Transport for NSW received grants from the Crown Entity of \$109.7 million (2013: \$1,558.0 million) to fund major rail infrastructure projects, \$193.0 million (2013: \$62.9 million) to fund redundancy grants in the Transport cluster, \$424.1 million (2013: nil) for the RMS Restart program and \$40.0 million (2013: nil) for natural disaster monies.

Other includes \$20.0 million (2013: nil) received from Bangaroo Development Authority as a contribution towards the Wynyard Walk development.

**(h) Resources received free of charge**

Resources received free of charge represents acceptance by the Crown Entity of employee benefits and other liabilities.

Personnel services - superannuation - defined benefit	4,417	4,513
Personnel services - long service leave	28,830	5,539
Personnel services - payroll tax	223	122
	<b>33,470</b>	<b>10,174</b>

**(i) Other revenue**

Emerging interest in Ultimo Pyrmont Light Rail (note 15)	3,507	3,943
	<b>3,507</b>	<b>3,943</b>

**4. Gain / (loss) on disposal**

	2014	2013
	\$'000	\$'000
Proceeds from disposal	-	45,000
Written down value of land and buildings disposed (note 13)	-	(35,316)
	<b>-</b>	<b>9,684</b>

**Transport for NSW**  
**Notes to the financial statements**  
for the year ended 30 June 2014

**5. Other gains / (losses)**

	2014	2013
	\$'000	\$'000
Allowances for impairment of receivables	(886)	(59)
Gain on disposal of non-current assets held for sale	176	5,311
	<b>(710)</b>	<b>5,252</b>

**6. Service groups of Transport for NSW**

Transport for NSW has three service groups namely:

**Asset maintenance**

*Description:* 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.

**Services and Operations**

*Description:* 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 and 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.

**Growth and Improvement**

*Description:* 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, pioneering 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.

**Transport for NSW**  
**Notes to the financial statements**  
for the year ended 30 June 2014

**7. Cash and cash equivalents**

	2014	2013
	\$'000	\$'000
Cash at bank and on hand	714,324	295,143
TCorp Hour-Glass Cash Facility	48,571	47,191
	<b>762,895</b>	<b>342,334</b>

For the purposes of the statement of cash flows, cash and cash equivalents include cash at bank, cash on hand, and TCorp Hour-Glass Cash Facility.

Cash and cash equivalent assets recognised in the statement of financial position are reconciled at the end of the financial year to the statement of cash flows as follows:

	2014	2013
	\$'000	\$'000
Cash and cash equivalents (per statement of financial position)	762,895	342,334
<b>Closing cash and cash equivalents (per statement of cash flows)</b>	<b>762,895</b>	<b>342,334</b>

Refer note 27 for details regarding credit risk, liquidity risk and market risk arising from financial instruments.

**Restricted cash and cash equivalents**

Cash and cash equivalent assets include restricted cash of \$106.4 million (2013: \$177.9 million) which has been quarantined specifically in relation to the Parking Space Levy (PSL) and Community Transport Groups.

PSL funds can only be used for the purposes outlined in Section 11(3) of the *Parking Space Levy Act* and therefore are not available to fund the ongoing operations of Transport for NSW.

The Commonwealth provides funding for the delivery of activities under certain aged care programs known as Aged Care Funding. These funds are required to be quarantined for specific use as defined by the terms and conditions for Aged Care Funding, including for the provisions of transport services by Community Transport Groups.

The Community Road Safety Fund legislation, which came into effect on 1 May 2013, requires that all money raised from speed camera offences is to be spent on road safety. At balance date there was no surplus fund to be quarantined.

**Transport for NSW**  
**Notes to the financial statements**  
for the year ended 30 June 2014

**8. Receivables**

	2014	2013
	\$'000	\$'000
<b>Current receivables</b>		
Sale of goods and services	91,462	164,587
Goods and Services Tax recoverable	105,415	51,900
Prepayments	21,689	15,515
Income receivable	27,780	217,648
Investment income receivable	7,035	3,550
Crown Entity	-	3,966
Other debtors <sup>1</sup>	31	681
	<b>253,412</b>	<b>457,847</b>
Less: Allowance for impairment	(886)	(85)
	<b>252,526</b>	<b>457,762</b>

**Movements in the allowance for impairment**

Balance at 1 July	(85)	(26)
Decrease in allowance recognised in net result	85	-
Increase in allowance recognised in net result	(886)	(59)
<b>Balance at 30 June</b>	<b>(886)</b>	<b>(85)</b>

**Non-current receivables**

Other debtors <sup>1</sup>	-	15,307
	-	<b>15,307</b>

<sup>1</sup> These items include the sale of land to Newcastle Port Corporation on deferred settlement terms in 2012-13.

Details regarding credit risk, liquidity risk and market risk, including financial assets that are either past due or impaired, are disclosed in note 27.

**9. Inventories**

	2014	2013
	\$'000	\$'000
<b>Current inventories held for distribution</b>		
Materials, spare parts and other stores	1,305	-
	<b>1,305</b>	-

**10. Financial assets at fair value**

	2014	2013
	\$'000	\$'000
<b>Current</b>		
Derivatives	119	-
	<b>119</b>	-
<b>Non-current</b>		
Derivatives	36	-
	<b>36</b>	-



**Transport for NSW**  
**Notes to the financial statements**

for the year ended 30 June 2014

**11. Non-current assets held for sale**

	2014	2013
	\$'000	\$'000
Land and buildings held for sale	17,193	-
	<b>17,193</b>	<b>-</b>

Non-current assets held for sale comprise land and buildings transferred from Transport Construction Authority and Sydney Metro as part of administrative restructures in 2011-12. These assets are not required for any future transport infrastructure projects and accordingly are earmarked for sale in 2014-15.

**12. Other financial assets**

	2014	2013
	\$'000	\$'000
<b>Non-current other financial assets</b>		
Interest free advances to taxi operators	733	753
Investment in MTS Holding Company Pty Limited	-	21,183
Loan to MTS Holding Company Pty Limited	-	416
	<b>733</b>	<b>22,352</b>

**Interest free advances to taxi operators:**

Transport for NSW provides repayable interest-free advances to assist taxi operators (in rural and regional NSW) to make their taxis wheel-chair accessible. Transport for NSW holds bills of sale as security for these advances and has recorded its financial interests in the vehicles in the Register of Encumbered vehicles.

**Investment in and loans to MTS Holding Company Pty Limited:**

MTS Holding Company Pty Limited (formerly ACN 156 211 906 Pty Limited) is a for-profit proprietary company limited by shares and domiciled in Australia. The company was incorporated on 12 March 2012 and is a fully owned subsidiary of Transport for NSW.

On 1 June 2012, Transport for NSW provided a short term interest bearing loan to MTS Holding Company Pty Limited.

On 5 May 2014, via a vesting order signed by the Minister for Transport, all the assets, rights and liabilities of MTS Holding Company Pty Limited (MTSH) were transferred to TfNSW. Arrangements are now in place to deregister MTSH. These processes in effect extinguished the TfNSW investment in MTSH.

Refer to note 27 for further information regarding credit risk, liquidity risk, and market risk arising from financial instruments.

**Transport for NSW**  
**Notes to the financial statements**  
for the year ended 30 June 2014

**13. Property, plant and equipment**

	Land and buildings			Infrastructure systems			Plant and equipment				Total property, plant and equipment \$'000	
	Land and buildings \$'000	Assets under construction \$'000	Total \$'000	Infrastructure systems \$'000	Assets under construction \$'000	Total \$'000	Plant and equipment \$'000	Finance leased buses \$'000	Rolling stock \$'000	Assets under construction \$'000		
<b>At 30 June 2014</b>												
At cost	-	232,906	232,906	-	246,059	246,059	-	1,164,250	-	-	-	1,643,215
At fair value	283,263	95,559	378,822	2,350,046	-	2,350,046	110,159	-	35,062	-	-	2,874,089
Accumulated depreciation and impairment	(10,254)	-	(10,254)	(485,471)	-	(485,471)	(11,007)	(149,606)	(477)	-	-	(656,815)
<b>Net carrying amount</b>	<b>273,009</b>	<b>328,465</b>	<b>601,474</b>	<b>1,864,575</b>	<b>246,059</b>	<b>2,110,634</b>	<b>99,152</b>	<b>1,014,644</b>	<b>34,585</b>	<b>-</b>	<b>-</b>	<b>3,860,489</b>
<b>At 30 June 2013</b>												
At cost	-	217,389	217,389	-	188,629	188,629	-	1,080,749	-	-	-	1,486,767
At fair value	283,004	113,121	396,125	1,607,365	-	1,607,365	23,106	-	-	-	-	2,026,596
Accumulated depreciation and impairment	(5,744)	-	(5,744)	(91,524)	-	(91,524)	(4,618)	(89,053)	-	-	-	(190,939)
<b>Net carrying amount</b>	<b>277,260</b>	<b>330,510</b>	<b>607,770</b>	<b>1,515,841</b>	<b>188,629</b>	<b>1,704,470</b>	<b>18,488</b>	<b>991,696</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,322,424</b>

**Transport for NSW**  
**Notes to the financial statements**  
for the year ended 30 June 2014

**13. Property, plant and equipment (cont'd)**

**Reconciliation**

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

	Land and Buildings			Infrastructure Systems			Plant and equipment			Total property, plant and equipment \$'000		
	Land and buildings \$'000	Assets under construction \$'000	Total \$'000	Infrastructure systems \$'000	Assets under construction \$'000	Total \$'000	Plant and equipment \$'000	Rolling stock \$'000	Assets under construction \$'000			
<b>Year ended 30 June 2014</b>												
Net carrying amount at start of year	277,260	330,510	607,770	1,515,841	188,629	1,704,470	18,488	991,696	-	1,010,184	3,322,424	
Acquisition through administrative restructure (note 28)	-	-	-	74,189	-	74,189	-	-	6,430	-	6,430	80,619
Additions	-	15,817	15,817	108,658	2,088,238	2,196,896	311	83,681	-	-	83,992	2,296,705
Transfers to other transport entities	-	-	-	-	(1,881,290)	(1,881,290)	-	-	-	-	-	(1,881,290)
Reclassification from other asset	-	-	-	43,961	-	43,961	-	-	-	-	-	43,961
Transfers from intangibles	-	-	-	-	-	-	86,768	-	-	-	86,768	86,768
Transfers from assets under construction	300	(300)	-	120,886	(149,518)	(28,632)	-	-	28,632	-	28,632	-
Net revaluation increments less revaluation decrements	-	-	-	92,609	-	92,609	-	-	-	-	-	92,609
Assets transferred to/from non-current assets held for sale	-	(17,562)	(17,562)	-	-	-	-	-	-	-	-	(17,562)
Disposals	(42)	-	(42)	-	-	-	-	-	-	-	-	(42)
Depreciation expense (note 2 (d))	(4,509)	-	(4,509)	(91,569)	-	(91,569)	(6,415)	(60,733)	(477)	-	(67,625)	(163,703)
<b>Net carrying amount at end of year</b>	<b>273,009</b>	<b>328,465</b>	<b>601,474</b>	<b>1,864,575</b>	<b>246,059</b>	<b>2,110,634</b>	<b>99,152</b>	<b>1,014,644</b>	<b>34,585</b>	<b>-</b>	<b>1,148,381</b>	<b>3,860,489</b>

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**13. Property, plant and equipment (cont'd)**

**Reconciliation**

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

	Land and buildings			Infrastructure systems			Plant and equipment			Total property, plant and equipment \$'000		
	Land and buildings \$'000	Assets under construction \$'000	Total \$'000	Infrastructure systems \$'000	Assets under construction \$'000	Total \$'000	Plant and equipment \$'000	Finance leased buses \$'000	Rolling stock \$'000		Assets under construction \$'000	Total \$'000
<b>Year ended 30 June 2013</b>												
Net carrying amount at start of year	128	317,940	318,068	-	55,638	55,638	3,306	958,492	-	290	962,068	1,335,794
Acquisition through administrative restructure (note 28)	250,919	-	250,919	1,552,733	10,065	1,562,798	605	-	-	-	605	1,814,322
Additions	5,873	1,988	7,872	44,567	1,227,791	1,272,358	1,073	89,474	-	17,188	107,735	1,387,965
Reclassifications from WJP	26,072	(28,072)	-	10,065	(10,065)	-	17,478	-	-	(17,478)	-	-
Transfers from other non-transport entities (note 25)	-	78,000	78,000	-	-	-	-	-	-	-	-	78,000
Transfers to other transport entities (note 25)	-	(6,041)	(6,041)	-	-	-	-	-	-	-	-	(6,041)
Transfers to RailCorp	-	-	-	-	(1,094,800)	(1,094,800)	-	-	-	-	-	(1,094,800)
Disposals	-	(35,316)	(35,316)	-	-	-	-	-	-	-	-	(35,316)
Depreciation expense (note 2 (d))	(5,732)	-	(5,732)	(91,524)	-	(91,524)	(3,974)	(56,270)	-	-	(60,244)	(157,500)
<b>Net carrying amount at end of year</b>	<b>277,260</b>	<b>330,510</b>	<b>607,770</b>	<b>1,515,841</b>	<b>188,629</b>	<b>1,704,470</b>	<b>18,488</b>	<b>991,696</b>	<b>-</b>	<b>-</b>	<b>1,010,184</b>	<b>3,322,424</b>



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**14. Intangibles**

	2014	2013
	\$'000	\$'000
<b>Information technology systems</b>		
At cost (gross carrying amount)	433,129	273,261
Accumulated amortisation and impairment	(10,191)	(4,439)
	<b>422,938</b>	<b>268,822</b>

**Reconciliation**

Net carrying amount at beginning of year	268,822	171,341
Additions	246,636	100,681
Reclassifications to PPE	(86,768)	-
Amortisation expense (note 2 (d))	(5,752)	(3,200)
<b>Net carrying amount at end of year</b>	<b>422,938</b>	<b>268,822</b>

**15. Other assets**

	2014	2013
	\$'000	\$'000
<b>Non-current other assets</b>		
Emerging interest in Ultimo Pyrmont Light Rail		
Balance at 1 July	40,454	36,511
Emerging interest (note 3(i))	3,507	3,943
Transferred to PPE (note 13)	(43,961)	-
	-	<b>40,454</b>

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**16. Fair value measurement of non-financial assets**

(a) Fair value hierarchy

Fair value measurements recognised in the balance sheet are categorised into the following levels at 30 June 2014. Comparative information for non-financial assets has not been provided as permitted by the transitional provision of AASB 13 Fair Value Measurement.

2014	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
<b>Property, plant and equipment (Note 13)</b>				
Land and buildings				
- Land and building	-	-	270,068	270,068
- Asset under construction	-	-	95,559	95,559
Plant and equipment				
- Furniture and equipment	-	-	424	424
- Rolling stock	-	-	34,585	34,585
Infrastructure systems	-	-	1,864,575	1,864,575
<b>Non-current assets held for sale (Note 11)</b>	-	-	17,193	17,193
	-	-	<b>2,282,404</b>	<b>2,282,404</b>

\* The above property, plant and equipment exclude assets measured at depreciated replacement cost as a surrogate for fair value.

(b) Valuation techniques and input

Transport for NSW obtains independent valuations for its non financial assets at least every 5 years.

At the end of each reporting period, Transport for NSW updates its assessment of the fair value of each category of non financial asset, taking into account the most recent independent valuation. The best evidence of fair value is current prices in an active market for similar assets. Where such information is not available, Transport for NSW considers information from a variety of other sources and uses specific valuation techniques including:

- current prices in an active market for assets of a similar nature or recent prices of similar assets in less active markets, adjusted to reflect those differences
- depreciated replacement cost where the selling price is not available, with reference to most appropriate modern, depreciated equivalent replacement asset that provides similar economic benefits
- construction costs incurred by the entity
- indexation of rates used in previous valuation assessments, including review of the rates against current market conditions
- discounted cash flow projections based on estimates of future cash flows

These valuation techniques maximise the use of observable inputs where available and rely as little as possible on entity or asset specific estimates. The level in the fair value hierarchy is determined on the basis of the lowest level input that is significant to the measurement in its entirety. If significant inputs required to measure fair value of an asset are observable, the asset is included in level 2 of the fair value hierarchy. If one or more of the significant inputs is not based on observable market data, the asset is included in level 3 of the fair value hierarchy. All resulting fair value estimates for non financial assets are included in level 3.

There were no changes to the valuation techniques used during the year.

**Transport for NSW**  
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**16. Fair value measurement of non-financial assets (cont'd)**

**(c) Valuation processes**

Transport for NSW engages external professionally qualified valuers to determine the fair value of the entity's non financial assets at least every 5 years. As at 30 June 2014, the fair value of country rail infrastructure assets was determined by Aquenta Consulting, the fair value of rolling stock and light rail infrastructure assets were determined by PricewaterhouseCoopers; and the fair value of other non financial assets were not required to be revalued. Changes in the valuation are analysed at each reporting date during the discussion between management and the valuer.

The main level 3 inputs used are as follows:

- **Land and building** - acquisition cost, sale prices for comparable properties, land size are determined by the external valuer and/or management, based on the most comparable sales evidence applicable for each property, adjusted for the specific attributes of the property being revalued, such as location, land use and landing values applying in the locality. Construction costs incurred are determined by management in accordance with applicable Australian Accounting Standards.
- **Plant and equipment** - replacement cost for modern equivalent assets, expected useful life and remaining life of the assets are estimated and reviewed by management, based on inputs principally obtained from the manufacturer of the assets.
- **Light rail infrastructure and rolling stocks** - replacement costs for the Pyrmont Light Rail network assets, construction project costs for the Inner West Light Rail extension network assets, length of the tracks, overhead power and stabling yards, number of stops/stations, economic working lives of the assets, expired and remaining economic life, depreciation methods, residual values, indexed historical costs and gross replacements costs were estimated by the external valuer and/or management taking into consideration the physical age of the assets, their physical condition, repair and maintenance records, allowance for obsolescence, residual value at the end of the asset's economic life, and construction project budget/forecast.
- **Country rail infrastructure assets** - replacement cost for modern equivalent assets, unit of measure for each asset, appropriate indexation factors, expected useful life and remaining life of the assets are estimated by the external valuer and/or management based on recently completed transactions, projects, and current market rates where available, with allowances for demolition of the existing property, contractor's off-site overheads and margin, and the location factor.
- **Non-current asset held for sale** - rate per square meter of gross floor area, land size, estimated sale costs, valuation decline factor, market trading value per gaming machine entitlements and permits, and development costs incurred are determined by the external valuer and/or management, based on the most comparable sales evidence applicable for each parcel of land adjusted for specific factor attributable to the asset and market condition.
- **Leasehold improvement make good** - restoration cost per square metre, inflation rate, market yield on Government bonds, lease terms are estimated and obtained by management.

There were no transfers between level 1, 2 and 3 for recurring and non-recurring fair value measurements during the year.

**(d) Valuation input and relationships to fair value**

The following table summarises the quantitative information about the significant unobservable inputs used in level 3 fair value measurements.

**Transport for NSW**  
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**16. Fair value measurement of non-financial assets (cont'd)**

**(d) Valuation input and relationships to fair value (cont'd)**

Description	Valuation Technique	Significant Unobservable Input	Range of Inputs (probability or weighted average)	Relationship between unobservable inputs and fair value measurement
Land	Direct comparison approach: this valuation method involves comparing the subject property to comparable sale prices in similar location on a rate per square metre basis, adjusted for differences in key attributes of the land such as size, location and land use.	Rate per square metre	\$0.0048 - \$350.00	The higher the rate, the higher the fair value.
Building	Depreciated replacement cost approach: this valuation method involves establishing the current replacement cost of the modern equivalent asset for each type of buildings on a rate per square metre basis, taking in account the allowance for preliminaries and contractor's offsite overheads and profits; depreciated to reflect the building's remaining useful life.	Useful life	25-80 years	The longer the useful life, the higher the fair value.
		Allowance for preliminaries	10% - 20%	The higher the percentage, the higher the fair value.
		Allowance for offsite overheads and profit	5%	The higher the percentage, the higher the fair value.
		Replacement cost rate per square metre	\$970 - \$6,360	The higher the rate, the higher the fair value.
Leasehold Improvement Make Good	Depreciated replacement cost and discounted cash flow approaches: this	Discount rate	2.440% - 3.905%	The higher the rate, the lower the fair value.



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**16. Fair value measurement of non-financial assets (cont'd)**

**(d) Valuation input and relationships to fair value (cont'd)**

Description	Valuation Technique	Significant Unobservable Input	Range of Inputs (probability or weighted average)	Relationship between unobservable inputs and fair value measurement
	valuation method involves estimating of the restoration costs on the leased property on the rate per square metre basis, adjusted for inflation, discounted and depreciated to reflect the remaining lease period.	Restoration rate per square metre	\$200	The higher the rate, the higher the fair value.
		Inflation rate	2.9%	The higher the rate, the higher the fair value.
Plant and Equipment	Depreciated replacement cost approach: this valuation method involves establishing the current replacement cost of the modern equivalent asset for each asset class, depreciated to reflect the asset's remaining useful life.	Useful life	30 years	The longer the useful life, the higher the fair value.
		Replacement cost	\$1.243 million	The higher the cost, the higher the fair value.
Country Rail Infrastructure	Depreciated replacement cost approach: this valuation method involves establishing the current replacement cost of the modern equivalent asset for each asset class, adjusted for overdesign, overcapacity and redundant components; depreciated to reflect the asset's remaining useful life. The replacement costs are reviewed and adjusted	Useful life	20-100 years	The longer the useful life, the higher the fair value.
		Indexation factor	1.79% - 2.89%	The higher the indexation factor, the higher the fair value.
		Allowance for design, preliminaries, test and commissioning	10% - 30%	The higher the percentage, the higher the fair value
		Allowance for offsite overheads and margin	12% - 22.5%	The higher the percentage, the higher the fair value.

**Transport for NSW**  
**Notes to the financial statements**  
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**16. Fair value measurement of non-financial assets (cont'd)**

**(d) Valuation input and relationships to fair value (cont'd)**

Description	Valuation Technique	Significant Unobservable Input	Range of Inputs (probability or weighted average)	Relationship between unobservable inputs and fair value measurement
	regularly.	Total replacement cost	\$7,360 million	The higher the cost, the higher the fair value.
Light Rail Infrastructure	Depreciated replacement cost approach: this valuation method involves establishing the gross current replacement cost of the assets, depreciating them to reflect their anticipated effective working lives, taking into account their estimated residual values, all relevant forms of obsolescence and residual value.	Effective life	70 years	The longer the effective life, the higher the fair value.
		Residual value percentage	0% - 5%	The higher residual value, the higher the fair value.
		Average inflation rate to derive indexed historical costs	3.5%	The higher the inflation rate, the higher the fair value.
		Total replacement cost for the Pyrmont Light Rail Infrastructure System	\$210.15 million	The higher the cost, the higher the fair value.
		Total project cost for the Inner West Extension Rail Infrastructure System	\$187.72 million	The higher the cost, the higher the fair value.
Rolling Stock	Depreciated replacement cost approach: this valuation method involves establishing the gross current replacement cost of the assets, depreciating them to reflect their anticipated effective working lives, taking into account their	Effective life	30 years	The longer the effective life, the higher the fair value.
		Residual value percentage	0% - 5%	The higher residual value, the higher the fair value.
		Average inflation rate	3.5%	The higher the inflation rate, the higher the fair value.

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**16. Fair value measurement of non-financial assets (cont'd)**

**(d) Valuation input and relationships to fair value (cont'd)**

Description	Valuation Technique	Significant Unobservable Input	Range of Inputs (probability or weighted average)	Relationship between unobservable inputs and fair value measurement
	estimated residual values, all relevant forms of obsolescence and residual value.	Total replacement cost for the Pymont Light Rail network rolling stock	\$14.57 million	The higher the cost, the higher the fair value.
		Total project cost for the Inner West Extension network rolling stock	\$28.63 million	The higher the cost, the higher the fair value.
Asset held for sale	Direct comparison and direct capitalisation approaches: these valuation methods involve comparing the subject asset to comparable sales in similar and surrounding locations on a rate per square metre of the gross floor area, and current market trading value on a price per gaming entitlements and permits basis, adjusted for key attributes such as location, size, demand, sales condition and market condition.	Rate per square metre of the gross floor area	\$475	The higher the rate, the higher the fair value.
		Market value per block of gaming machine entitlements	\$180,000	The higher the market value, the higher the fair value
		Market value per poker machine permits	\$130,000	The higher the market value, the higher the fair value
		Valuation decline factor	5%	The higher the factor, the lower the fair value.
		Sales cost per property	\$590,000	The higher the cost, the lower the fair value.

There were no significant inter-relations between unobservable inputs that would materially affect the overall valuation.

**Transport for NSW**  
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**16. Fair value measurement of non-financial assets (cont'd)**

**(e) Reconciliation of level 3 fair value measurement**

	Land and building \$'000	Land and Building AUC \$'000	Plant and equipment \$'000	Infrastructure systems \$'000	Total \$'000
Fair value as at 1 July 2013	273,864	113,121	393	1,515,841	1,903,219
Additions	-	-	35,290	347,694	382,984
Revaluation increments/ decrements recognised in other comprehensive income	-	-	-	92,609	92,609
Disposals	(41)	-	-	-	(41)
Transfers to non-current assets held for sale	-	(17,562)	-	-	(17,562)
Depreciation	(3,755)	-	(674)	(91,569)	(95,998)
<b>Fair value as at 30 June 2014</b>	<b>270,068</b>	<b>95,559</b>	<b>35,009</b>	<b>1,864,575</b>	<b>2,265,211</b>



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**17. Payables**

	2014	2013
	\$'000	\$'000
<b>Current payables</b>		
Trade creditors	90,392	71,225
Accrued expenses	848,604	556,673
Other creditors	107	-
	<b>939,103</b>	<b>627,898</b>

Details regarding credit risk, liquidity risk and market risk, including a maturity analysis of the above payables, are disclosed in note 27.

**18. Borrowings**

	2014	2013
	\$'000	\$'000
<b>Current borrowings</b>		
TCorp borrowings	116,300	114,247
Finance leases	69,592	62,333
	<b>185,892</b>	<b>176,580</b>
<b>Non-current borrowings</b>		
TCorp borrowings	328,486	260,841
Finance leases	945,053	929,363
	<b>1,273,539</b>	<b>1,190,204</b>
<b>Repayment of borrowings</b>		
Not later than one year	185,892	176,580
Between one and five years	472,132	367,951
Later than five years	801,407	822,253
	<b>1,459,431</b>	<b>1,366,784</b>

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**19. Provisions**

	2014	2013
	\$'000	\$'000
<b>Current provisions</b>		
Legal claims	714	3,795
Lease make good costs	-	455
	<b>714</b>	<b>4,250</b>
<b>Non-current provisions</b>		
Lease make good costs	5,233	4,750
	<b>5,233</b>	<b>4,750</b>

**Movements in provisions**

	Legal claims	Lease make good costs	Total
	\$'000	\$'000	\$'000
Net carrying amount at beginning of the year	3,795	5,205	9,000
Payment of claims	(3,081)	-	(3,081)
Increase in provisions	-	431	431
Unused amounts reversed	-	(455)	(455)
Unwinding of discount or change in discount rate	-	52	52
<b>Net carrying amount at end of the year</b>	<b>714</b>	<b>5,233</b>	<b>5,947</b>

**20. Other liabilities**

	2014	2013
	\$'000	\$'000
<b>Current other liabilities</b>		
Opal card holding accounts	31,381	344
Liabilities to Consolidated Fund (note 3(b))	5,155	-
	<b>36,536</b>	<b>344</b>
<b>Non-current other liabilities</b>		
Security deposit	45	45
	<b>45</b>	<b>45</b>

**21. Financial liabilities at fair value**

	2014	2013
	\$'000	\$'000
<b>Current financial liabilities at fair value</b>		
Derivatives	2,831	-
	<b>2,831</b>	<b>-</b>
<b>Non-current financial liabilities at fair value</b>		
Derivatives	55	-
	<b>55</b>	<b>-</b>

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**22. Reconciliation of cash flows from operating activities to net result**

	2014	2013
	\$'000	\$'000
Net cash inflow from operating activities	2,763,156	1,622,099
Non-cash revenue and losses	(1,879,571)	(1,071,433)
Depreciation / amortisation	(169,455)	(160,700)
Decrease in receivables	(111,358)	(51,145)
Increase in payables	(344,429)	(160,522)
<b>Net result</b>	<b>258,343</b>	<b>178,299</b>

**23. Non-cash financing and investing activities**

	2014	2013
	\$'000	\$'000
<b>Non-cash financing activities</b>		
Financial lease liabilities in respect of acquisition of plant and equipment	83,681	89,474
	<b>83,681</b>	<b>89,474</b>
<b>Non-cash investing activities</b>		
Plant and equipment acquired by finance lease	83,681	89,474
Value of emerging interest in Ultimo Pymont Light Rail	3,507	3,943
Transfer in of MTS Holding net assets	81,865	-
	<b>169,053</b>	<b>93,417</b>

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**24. Commitments for expenditure**

	2014	2013
	\$'000	\$'000
<b>(a) Capital commitments</b>		
Aggregate capital expenditure for the acquisition of property, plant and equipment contracted for at reporting date and not provided for:		
Not later than one year	980,953	1,461,241
Later than one year and not later than five years	62,281	403,216
<b>Total including GST</b>	<b>1,043,234</b>	<b>1,864,457</b>

<b>(b) Operating lease commitments</b>		
Future non-cancellable operating lease rentals not provided for and payable:		
Not later than one year	30,909	23,918
Later than one year and not later than five years	46,892	53,998
Later than five years	7,688	6,896
<b>Total (including GST)</b>	<b>85,489</b>	<b>84,812</b>

Operating leases include office accommodation and plant and equipment.

<b>(c) Finance lease commitments</b>		
Minimum lease payment commitments in relation to finance leases payable as follows:		
Not later than one year	134,360	126,763
Later than one year and not later than five years	537,437	503,055
Later than five years	746,239	784,558
Minimum lease payments	<b>1,418,036</b>	1,414,376
Less: future finance charges	(403,391)	(422,680)
<b>Present value of minimum lease payments</b>	<b>1,014,645</b>	<b>991,696</b>

The present value of finance lease commitments is as follows:

<b>Finance leased buses</b>		
Not later than one year	69,592	62,333
Later than one year and not later than five years	329,862	293,498
Later than five years	615,191	635,865
	<b>1,014,645</b>	<b>991,696</b>

Finance lease commitments are classified as:		
Current borrowings (Note 18)	69,592	62,333
Non-current borrowings (Note 18)	945,053	929,363
	<b>1,014,645</b>	<b>991,696</b>

Input tax on all commitments estimated at \$102.6 million (2013: \$177.2 million) will be recouped from the Australian Taxation Office.



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**25. Equity transfers**

	2014	2013
	\$'000	\$'000
Cash reserves transferred to the Crown Entity <sup>1</sup>	-	(213,253)
Land transferred from Department of Planning and Infrastructure <sup>2</sup>	-	78,000
Land transferred to Rail Corporation of New South Wales <sup>2</sup>	-	(6,041)
	-	<b>( 141,294)</b>

<sup>1</sup> A direction was received from the Treasurer to the Minister of Transport on 10 January 2013 that surplus funds resulting from the dissolution of Sydney Metro be paid to the Crown Entity as a return of equity. A payment of \$209.0 million plus interest was made on 31 January 2013.

<sup>2</sup> In 2012-13 land valued at \$78.0 million was transferred from Department of Planning and Infrastructure by equity transfer. Land valued at \$6.0 million was transferred to Rail Corporation of New South Wales also by way equity transfer. The residual land will be retained by Transport for NSW for future infrastructure projects.

**26. Contingent liabilities and contingent assets**

In the ordinary course of business, contract disputes have been notified to and by Transport for NSW in relation to its construction activities. As the outcomes of these disputes remain uncertain, it is not practicable to estimate any potential financial effect from these disputes.

There are a number of compulsory property acquisitions and contract claims subject to litigation which management have assessed as totalling up to \$10.0 million. Additionally, Transport for NSW has recorded estimated total contingent assets of less than \$1m arising from other contract disputes.

Apart from the contract disputes and compulsory property acquisition mentioned above, Transport for NSW does not have any other contingent liability or contingent assets that would significantly impact on the state of affairs of Transport for NSW or have a material effect on these financial statements.

*Guarantees and performance bonds*

At reporting date, Transport for NSW holds guarantees and performance bonds totalling \$347.4 million (2013: \$176.9 million).

**Transport for NSW**  
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**27. Financial instruments**

Transport for NSW's principal financial instruments are outlined below. These financial instruments are required to finance Transport for NSW's operations.

Transport for NSW does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

The operational activities of Transport for NSW expose it to a variety of financial risks: credit risk, liquidity risk and market risk including interest rate risk. The main risks arising from these financial instruments are outlined below together with Transport for NSW's objectives, policies and processes for measuring and managing risk.

Methods used to measure risk include sensitivity analysis in the case of interest rate, foreign exchange and other commodity price risks, and an ageing analysis for credit risk. Further quantitative and qualitative disclosures are included throughout these financial statements.

The Secretary has overall responsibility for the establishment and oversight of risk management and review, and determines policies for managing each of these risks. Risk management policies are established to identify and analyse the risks faced by the reporting entity, to set limits and to monitor risks. Compliance with these policies is subject to review by the internal audit.

**(a) Financial instrument categories**

<b>Financial Assets</b>	<b>Category</b>	<b>2014</b>	<b>2013</b>
<b>Class:</b>		<b>\$'000</b>	<b>\$'000</b>
Cash and cash equivalents (note 7)	N/A	762,895	342,334
Receivables <sup>1</sup> (note 8)	Loans and receivables (at amortised cost)	125,422	405,654
Other financial assets (note 12)	Loans and receivables (at amortised cost)	733	22,352
Derivative financial instruments (note 10)	Derivatives designated as hedging instruments (at fair value)	155	-
		<b>889,205</b>	<b>770,340</b>
<b>Financial Liabilities</b>	<b>Category</b>	<b>2014</b>	<b>2013</b>
<b>Class:</b>		<b>\$'000</b>	<b>\$'000</b>
Payables <sup>2</sup> (note 17)	Financial liabilities measured at amortised cost	939,103	627,898
Borrowings (note 18)	Financial liabilities measured at amortised cost	1,459,431	1,366,784
Derivative financial instruments (Note 21)	Derivatives designated as hedging instruments (at fair value)	2,886	-
		<b>2,401,420</b>	<b>1,994,682</b>

During the year ended 30 June 2014, there were no defaults on any loans payable (2013: nil).

<sup>1</sup> Excludes statutory receivables and prepayments (i.e. not within scope of AASB 7).

<sup>2</sup> Excludes statutory payables and unearned revenue (i.e. not within scope of AASB 7).

**(b) Derivatives**

Transport for NSW only uses derivatives for hedging purposes and not as trading or speculative instruments. Forward foreign exchange contracts are used to mitigate exchange rate exposure arising from firm commitments for the purchase of goods and services in foreign currency.

**Transport for NSW**  
**Notes to the financial statements**  
for the year ended 30 June 2014

**27. Financial instruments (cont'd)**

**(b) Derivatives (cont'd)**

All forward currency contracts have been designated as hedging instruments in cash flow hedges in accordance with AASB 139 Financial Instruments. The gain or loss from remeasuring the hedging instruments at fair value is recognised in other comprehensive income and deferred in equity in the hedging reserve, to the extent that the hedge is effective. There was no hedge ineffectiveness in the current year.

Transport for NSW held \$0.2 million (2013: nil) in derivative financial assets and \$2.9 million (2013: nil) in derivative financial liabilities.

The following table indicates the periods in which the cash flow associated with cash flow hedges are expected to occur and the carrying amounts of the related hedging instruments.

	Weighted average exchange rate	Contract Value \$'000	Expected cash flow			Total \$'000
			No Later than 3 months \$'000	Later than 3 months and no later than 12 months \$'000	Later than 12 months \$'000	
<b>2014</b>						
<b>Foreign exchange contracts</b>						
Denominated in US Dollars	0.9420	2,979	2,979	-	-	2,979
Denominated in Euros	0.6847	34,513	30,491	2,474	1,548	34,513
		<b>37,492</b>	<b>33,470</b>	<b>2,474</b>	<b>1,548</b>	<b>37,492</b>
<b>2013</b>						
<b>Foreign exchange contracts</b>						
Denominated in US Dollars	-	-	-	-	-	-
Denominated in Euros	-	-	-	-	-	-
		-	-	-	-	-

Information about the exposure is provided: credit risk in note 27(c), foreign exchange risk in note 27(e), the methods and assumptions used in determining fair values of derivatives in note 27(f).

**(c) Credit risk**

Credit risk arises where a debtor or counterparty does not complete their obligations, resulting in financial loss to Transport for NSW.

Credit risk can arise from financial assets of the reporting entity, including cash and cash equivalents, deposits with banks and TCorp, as well as credit exposure to customers, including outstanding receivables and committed transactions. Transport for NSW holds bank guarantees for significant customers as well as property bonds for some leased premises. Transport for NSW has not granted any financial guarantees.



**Transport for NSW**  
**Notes to the financial statements**  
for the year ended 30 June 2014

**27. Financial instruments (cont'd)**

**(c) Credit risk (cont'd)**

Credit risk policy is aimed at minimising the potential for counter party default.

Credit risk associated with Transport for NSW's financial assets other than receivables, is managed through the sound selection of counterparties and establishment of minimum credit rating standards. All debt management and investment activities are undertaken with TCorp, which is guaranteed by the NSW Government.

Credit risk impacts on the following financial instruments which are discussed below:

**Cash**

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

**Derivatives**

All derivatives are entered into with bank and financial institutions counterparties, which are rated A or greater, based on a Standard & Poor's long term credit rating.

**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. Debts which are known to be uncollectible are written off. An allowance for impairment is raised when there is objective evidence that the reporting 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. No interest is earned on trade debtors. Sales are generally made on 30 day terms.

Transport for NSW is not materially exposed to concentrations of credit risk to a single trade debtor or group of debtors. Debtors of \$0.1 million (2013: \$0.1 million) is considered impaired of debtors of \$58.3 million (2013: \$7.7 million) as at 30 June 2014.

The only financial assets that are past due are "Sale of goods and services" in the "Receivables" category of the statement of financial position.

	Past due but not impaired \$'000	Considered impaired \$'000	Total \$'000
<b>2014</b>			
< 3 months overdue	47,561	-	47,561
3 months - 6 months overdue	617	-	617
> 6 months overdue	9,299	886	10,185
	<b>57,477</b>	<b>886</b>	<b>58,363</b>
<b>2013</b>			
< 3 months overdue	3,075	-	3,075
3 months - 6 months overdue	4,555	85	4,640
> 6 months overdue	-	-	-
	<b>7,630</b>	<b>85</b>	<b>7,715</b>



**Transport for NSW**  
**Notes to the financial statements**  
for the year ended 30 June 2014

**27. Financial instruments (cont'd)**

**(d) Liquidity risk**

Liquidity risk is the risk that Transport for NSW will be unable to meet its payment obligations when they fall due. Transport for NSW 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 loans and other advances.

Transport for NSW has access to credit facilities with TCorp of \$467.0 million (2013: \$467.0 million) of which \$444.8 million (2013: \$375.1 million) had been used at reporting date.

During the current and prior year, there were no defaults of loans payable and no assets have been pledged as collateral. Transport for NSW's exposure to liquidity risk is deemed insignificant based on prior periods' data and current assessment of risk.

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

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

	Weighted average effective interest rate	Nominal Amount \$'000	Interest Rate Exposure			Maturity Dates		
			Fixed Interest Rate \$'000	Variable Interest Rate \$'000	Non- interest bearing \$'000	< 1 year \$'000	1 -5 years \$'000	> 5 years \$'000
<b>2014</b>								
<b>Payables:</b>								
Trade creditors	-	90,392	-	-	90,392	90,392	-	-
Accrued expenses	-	848,604	-	-	848,604	848,604	-	-
Other current payables	-	107	-	-	107	107	-	-
<b>Borrowings:</b>								
Come and Go facility - Litigation	2.78%	33,150	-	33,150	-	33,150	-	-
Come and Go facility - Other	2.78%	6,150	-	6,150	-	6,150	-	-
Tcorp borrowings - short term	2.49%	77,000	-	77,000	-	77,000	-	-
Tcorp borrowings - long term	4.45%	435,956	435,956	-	-	-	167,428	268,528
Finance leases	-	1,014,645	1,014,645	-	-	69,592	329,862	615,191
		<b>2,506,004</b>	<b>1,450,601</b>	<b>116,300</b>	<b>939,103</b>	<b>1,124,995</b>	<b>497,290</b>	<b>883,719</b>

**Transport for NSW**  
**Notes to the financial statements**  
for the year ended 30 June 2014

**27. Financial instruments (cont'd)**

**(d) Liquidity risk (cont'd)**

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

	Weighted average effective interest rate	Nominal Amount \$'000	Interest Rate Exposure			Maturity Dates		
			Fixed Interest Rate \$'000	Variable Interest Rate \$'000	Non- interest bearing \$'000	< 1 year \$'000	1 -5 years \$'000	> 5 years \$'000
<b>2013</b>								
<b>Payables:</b>								
Trade creditors	-	71,225	-	-	71,225	71,225	-	-
Accrued expenses	-	556,673	-	-	556,673	556,673	-	-
<b>Borrowings:</b>								
Come and Go facility								
- Litigation	3.38%	33,150	-	33,150	-	33,150	-	-
Come and Go facility								
- Other	3.38%	6,150	-	6,150	-	6,150	-	-
Tcorp borrowings - short term	3.34%	74,947	-	74,947	-	74,947	-	-
Tcorp borrowings - long term	4.70%	371,075	371,075	-	-	-	93,452	277,623
Finance leases	-	991,696	991,696	-	-	62,333	293,498	635,865
		<b>2,104,916</b>	<b>1,362,771</b>	<b>114,247</b>	<b>627,898</b>	<b>804,478</b>	<b>386,950</b>	<b>913,488</b>

**Transport for NSW**  
**Notes to the financial statements**  
for the year ended 30 June 2014

**27. Financial instruments (cont'd)**

**(e) Market risk**

Market risk relates to fluctuations in the fair value of future cash flows of financial instruments because of changes in market prices. Transport for NSW's exposure to market risk is primarily through interest rate risk on Transport for NSW's borrowings, foreign exchange risks associated with overseas purchase commitments and other price risks associated with the movement in the unit price of the TCorp Hour-Glass Investment Facility.

The effect on net result and equity due to a reasonable possible change in risk variable is outlined in the information provided below, for interest rate risk and other price risk including currency movements. A reasonable possible change in risk variable has been determined after taking into account the economic environment in which Transport for NSW 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 balance date. The analysis assumes that all other variables remain constant.

Transport for NSW does not enter into commodity contracts.

**Interest rate risk**

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

Transport for NSW's exposure to interest rate risk is set out in the table below:

	Carrying amount \$'000	-1%		+1%	
		Profit \$'000	Equity \$'000	Profit \$'000	Equity \$'000
<b>2014</b>					
<b>Financial assets</b>					
Cash and cash equivalents	762,895	(7,629)	(7,629)	7,629	7,629
Receivables	125,422	-	-	-	-
Financial assets at fair value	155	-	-	-	-
Other financial assets	733	-	-	-	-
<b>Financial liabilities</b>					
Payables	939,103	-	-	-	-
Financial liabilities at fair value	2,886	-	-	-	-
Borrowings	1,459,431	4,057	4,057	(4,057)	(4,057)
<b>2013</b>					
<b>Financial assets</b>					
Cash and cash equivalents	342,334	(3,427)	(3,427)	3,427	3,427
Receivables	405,654	-	-	-	-
Other financial assets	22,352	-	-	-	-
<b>Financial liabilities</b>					
Payables	627,898	-	-	-	-
Borrowings	1,366,784	3,193	3,193	(3,193)	(3,193)

**Transport for NSW**  
**Notes to the financial statements**  
for the year ended 30 June 2014

**27. Financial instruments (cont'd)**

**(e) Market risk (cont'd)**

**Foreign exchange risk**

Exposure to foreign exchange risk arises primarily through the contractual commercial transactions denominated in a foreign currency. The risk is measured using sensitivity analysis and cash flow forecasting.

Transport for NSW manages its foreign exchange risk by entering into forward exchange contracts in accordance with the Transport for NSW risk management policies.

Foreign exchange risk related to the principal amount of overseas purchase commitments made, that are primarily dominated in Euros and US dollars, have been fully hedged using forward contracts that mature on the same dates as the forecast purchase are due for payment. These contracts are designated as cash flow hedges.

Transport for NSW's exposure to foreign exchange risk is set out in the table below, with all other variables being held constant. All underlying exposure and related hedges are taken into account. The impact on other comprehensive income is due to changes in the fair value of the financial instruments. The impact on equity is due to changes in the fair value of forward exchange contracts designated as cash flow hedge.

A sensitivity of 10% movement in the exchange rates has been selected for use in the sensitivity analysis at the reporting date, as this is considered reasonable, based on the current Australian dollar level and the historical volatility of the Australian dollar against other currencies. Based on the value of the Australian dollar at the reporting date as compared with the currencies below, adverse or favourable movements in the foreign exchange rates would result in an increase or decrease in the Australian dollar fair value respectively.

	Contract value \$'000	10%		-10%	
		Profit \$'000	Equity \$'000	Profit \$'000	Equity \$'000
<b>2014</b>					
US Dollars	2,979	-	298	-	(298)
Euros	34,513	-	3,451	-	(3,451)
<b>2013</b>					
US Dollars	-	-	-	-	-
Euros	-	-	-	-	-



**Transport for NSW**  
**Notes to the financial statements**  
for the year ended 30 June 2014

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**27. Financial instruments (cont'd)**

**(e) Market risk (cont'd)**

**Other price risk – TCorp Hour-Glass facilities**

Exposure to other price risk primarily arises through the investment in the TCorp Hour-Glass Cash Facility, which is held for up to 1.5 years.

The unit price of each facility is equal to the total fair value of the net assets held by the facility divided by the number of units on issues for that facility. United prices are calculated and published daily.

TCorp is 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 and Strategic Cash Facilities and also manages the Australian Bond portfolio. A significant portion of the administration of the facilities is outsourced to an external custodian.

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

TCorp provides sensitivity analysis information for each of the investment facilities, using historically based volatility information. TCorp's Hour-Glass Investment facilities are designed at fair value through profit or loss and, therefore, any change in unit price impacts directly on the result (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 for each facility.

Given that the TCorp Hour-Glass Cash Facility is held for a short period of time, the impact on any price changes on the net result would be immaterial.

**(f) Fair value compared to carrying amount**

Financial instruments are generally recognised at cost, with the exception of the TCorp Hour-Glass facilities and derivatives, which are measured at fair value.

The fair values of financial instrument assets and liabilities are determined as follow:

- the fair value of financial instrument assets and liabilities with standard terms and conditions and traded in active liquid markets are determined with reference to quoted market prices; and
- the fair value of other financial instrument assets and liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

The amortised cost of all other 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, with the exception of TCorp borrowings.

**Transport for NSW**  
**Notes to the financial statements**  
for the year ended 30 June 2014

**27. Financial instruments (cont'd)**

**(f) Fair value compared to carrying amount (cont'd)**

The following table details the financial instruments where the fair value differs from the carrying amount:

	2014 Carrying amount \$'000	2014 Fair value \$'000	Fair value level	2013 Carrying amount \$'000	2013 Fair value \$'000
<b>Financial Assets</b>					
Derivative financial instrument	155	2,106	2	-	-
	<b>155</b>	<b>2,106</b>		<b>-</b>	<b>-</b>
<b>Financial Liabilities</b>					
Borrowings	444,786	461,241	2	375,087	382,310
Derivative financial instrument	2,886	32,655	2	-	-
	<b>447,672</b>	<b>493,896</b>		<b>375,087</b>	<b>382,310</b>

**(g) Fair value recognised in the statement of financial position**

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
<b>2014</b>				
<b>Financial assets at fair value</b>				
Derivative financial instruments	-	2,106	-	2,106
Tcorp Hour-Glass Investment Facility	-	48,571	-	48,571
	<b>-</b>	<b>50,677</b>	<b>-</b>	<b>50,677</b>
<b>Financial liabilities at fair value</b>				
Derivative financial instruments	-	32,655	-	32,655
	<b>-</b>	<b>32,655</b>	<b>-</b>	<b>32,655</b>
<b>2013</b>				
<b>Financial assets at fair value</b>				
Derivative financial instruments	-	-	-	-
Tcorp Hour-Glass Investment Facility	-	47,191	-	47,191
	<b>-</b>	<b>47,191</b>	<b>-</b>	<b>47,191</b>
<b>Financial liabilities at fair value</b>				
Derivative financial instruments	-	-	-	-
Tcorp Hour-Glass Investment Facility	-	-	-	-
	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

**Transport for NSW**  
**Notes to the financial statements**  
for the year ended 30 June 2014

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**27. Financial instruments (cont'd)**

**(g) Fair value recognised in the statement of financial position (cont'd)**

The entity 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)

Transport for NSW has assessed the fair value of its financial instruments on the basis of inputs other than quoted prices that are observed directly or indirectly (Level 2).

The fair value of the TCorp Hour-Glass Investments is based on the entity's share of the value of the underlying assets of the facility, based on the market value. All of the Hour-Glass facilities are valued using 'redemption' pricing. The fair value of forward foreign exchange contracts is determined using forward exchange rates at the reporting date.

There were no transfers between Level 1, 2 or 3 during the year.

There were no changes in the valuation techniques during the year.

**Transport for NSW**  
**Notes to the financial statements**  
for the year ended 30 June 2014

**28. Administrative restructure**

Net assets and liabilities transferred to Transport for NSW were as follows:

	MTS	Total	Country Rail Infrastructure Authority	Sydney Metro	Total
	2014	2014	2013	2013	2013
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>ASSETS</b>					
<b>Current assets</b>					
Cash and cash equivalents	737	737	35,285	4,899	40,184
Receivables	893	893	20,880	1	20,881
	<b>1,630</b>	<b>1,630</b>	<b>56,165</b>	<b>4,900</b>	<b>61,065</b>
<b>Non-current assets</b>					
Property, plant and equipment					
Land and buildings	-	-	250,919	-	250,919
Infrastructure systems	74,189	74,189	1,562,798	-	1,562,798
Rolling stock	6,430	6,430	-	-	-
Plant and equipment	-	-	605	-	605
Property, plant and equipment	<b>80,619</b>	<b>80,619</b>	<b>1,814,322</b>	<b>-</b>	<b>1,814,322</b>
Inventory	1,304	1,304	-	-	-
	<b>81,923</b>	<b>81,923</b>	<b>1,814,322</b>	<b>-</b>	<b>1,814,322</b>
<b>Total assets</b>	<b>83,553</b>	<b>83,553</b>	<b>1,870,487</b>	<b>4,900</b>	<b>1,875,387</b>
<b>LIABILITIES</b>					
<b>Current liabilities</b>					
Payables	1,260	1,260	42,604	-	42,604
Borrowings	428	428	-	-	-
Provisions <sup>1</sup>	-	-	8,151	-	8,151
	<b>1,688</b>	<b>1,688</b>	<b>50,755</b>	<b>-</b>	<b>50,755</b>
<b>Non-current liabilities</b>					
Borrowings	-	-	-	-	-
Other	-	-	-	-	-
	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Liabilities</b>	<b>1,688</b>	<b>1,688</b>	<b>50,755</b>	<b>-</b>	<b>50,755</b>
<b>Net assets</b>	<b>81,865</b>	<b>81,865</b>	<b>1,819,732</b>	<b>4,900</b>	<b>1,824,632</b>

1. Prior year includes \$4.0 million relating to legal claims, and \$4.1 million relating to employee entitlements which were transferred to Transport Services as the employing entity.



**Transport for NSW**  
**Notes to the financial statements**  
for the year ended 30 June 2014

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**29. Budget review**

The budget amounts disclosed in the Statement of comprehensive income, Statement of financial position and Statement of cash flows are drawn from the original budget financial statements presented to Parliament in respect of the reporting period, as adjusted for section 24 of the PAFA where there has been a transfer of functions between departments. Other adjustments made to the budget are not reflected in the budget amounts disclosed.

An explanation of significant variations between the actual and budget in the reporting period is provided below.

**Net result**

The net result in 2013-14 in Transport for NSW of \$258.3 million represented an improvement on the budget of \$198.5 million. This was mainly due to lower than budget expenditure. There are some variations in a number of line items.

One major variance relates to a reduction in grants and subsidies expenses of \$1,400.1 million offset by an increase in other expenses of \$1,292.7 million. This is mainly due to the budget for bus and ferry contract payments being included in grants and subsidies, while the actual expense is included in other expenses.

In addition, the actual results for 2013-14 included separate disclosure of shared and corporate services revenue, which in the Budget was part of sale of goods service revenue.

**Assets and liabilities**

Actual net assets in Transport for NSW as at 30 June 2014 are almost \$232.2 million higher than the budget. This is primarily due to the transfer of assets and liabilities between Transport for NSW and other agencies, after the budget had been prepared, a valuation adjustment to the country rail network infrastructure assets and an increase in the operating result as compared to Budget.

Other variations in the asset and liability line items include current assets being almost \$439.7 million higher than the budget. This is however reflected in current payables being \$513.3 million more than the budget. These variations mainly reflect the increase in the functions of Transport for NSW and in particular the major rail capital projects now being undertaken by Transport for NSW, including the North West Rail Link and South West Rail Link.

**Cash flows**

Cash during 2013-14 increased to \$762.9 million compared to the budget of \$448.7 million. This increase reflects the increase in the activities of Transport for NSW, which is also reflected in an increase in payables as at 30 June 2014.

In the payments in cash flows from operating activities, bus and ferry contract actual payments are disclosed separately, as compared to the Budget where those payments are disclosed as grants and subsidies.

**Transport for NSW**  
**Notes to the financial statements**  
for the year ended 30 June 2014

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**30. Administered assets and liabilities**

	2014	2013
	\$'000	\$'000
<b>Administered Assets</b>		
Cash	635	555
	<b>635</b>	<b>555</b>
<b>Administered Liabilities</b>		
Other	635	555
	<b>635</b>	<b>555</b>

**31. After balance date events**

On 23 June 2014 two orders on that date commencing 1 July 2014 resulted in Sydney Ports Corporation transferring \$1.2 million of assets to Transport for NSW. These assets are associated with the Port Botany Landside Improvement Strategy (PBLIS) whose operations were transferred to Transport for NSW.

- Ports Assets (Authorised Transactions) (PBLIS Operations) Order 2014;
- Ports Assets (Authorised Transactions) (PBLIS Vehicles) Order 2014.

The NSW Treasurer has approved an equity transfer of Transport for NSW's (TfNSW) T-Card debt liabilities amounting to \$116.3 million to the Crown Finance Entity on 1 July 2014.

End of audited financial statements.

**3.4 Transport Service of NSW**



## INDEPENDENT AUDITOR'S REPORT

### Transport Service of New South Wales

To Members of the New South Wales Parliament

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

#### Opinion

In my opinion the financial statements:

- give a true and fair view of the financial position of the Service as at 30 June 2014 and of its financial performance for the year ended on that date in accordance with Australian Accounting Standards
- are in accordance with section 41B of the *Public Finance and Audit Act 1983* (the PF&A Act) and the Public Finance and Audit Regulation 2010.

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

#### Secretary's Responsibility for the Financial Statements

The Secretary 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 Secretary determines is necessary to enable the preparation of financial statements that give a true and fair view and that are free from material misstatement, whether due to fraud or error.

#### Auditor's Responsibility

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

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

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



My opinion does *not* provide assurance:

- about the future viability of the Service
- that it has carried out its activities effectively, efficiently and economically
- about the effectiveness of its internal control
- about the security and controls over the electronic publication of the audited financial statements on any website where they may be presented
- about other information 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 relevant ethical pronouncements. The PF&A Act further promotes independence by:

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



C J Giumelli  
Director, Financial Audit Services

2 October 2014  
SYDNEY



## Transport Service of New South Wales

Annual financial statements

*for the year ended 30 June 2014*

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**Transport Service of New South Wales**  
**Statement by the Secretary**  
for the year ended 30 June 2014

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

- (a) The accompanying financial statements have been prepared in accordance with:
  - Applicable Australian Accounting Standards (which including Australian Accounting Interpretations);
  - The requirements of the *Public Finance and Audit Act 1983* and Regulation: and
- (b) The statements exhibit a true and fair view of the financial position and financial performance of Transport Service of NSW: and
- (c) There are no known circumstances, which would render any particulars included in the financial statements to be misleading or inaccurate.



Dave Stewart  
**Secretary**

Date: 1 October 2014



**Transport Service of New South Wales**  
**Statement of comprehensive income**  
for the year ended 30 June 2014

	Notes	2014 \$'000	2013 \$'000
<b>Expenses excluding losses</b>			
Employee related	2(a)	966,422	207,264
Other operating	2(b)	36,491	25
<b>Total expenses excluding losses</b>		<b>1,002,913</b>	<b>207,289</b>
<b>Revenue</b>			
Personnel services revenue	3(a)	1,066,677	197,931
Acceptance by the Crown Entity of employee benefits and other liabilities	3(b)	33,518	9,333
Grants and contributions	3(c)	42	25
<b>Total revenue</b>		<b>1,100,237</b>	<b>207,289</b>
<b>Net result</b>		<b>97,324</b>	<b>-</b>
<b>Other comprehensive income</b>			
<i>Items that will not be reclassified to net result</i>			
Remeasurement of Defined Benefits Superannuation	7	(133,773)	-
<b>Total other comprehensive income</b>		<b>(133,773)</b>	<b>-</b>
<b>Total comprehensive income for the year</b>		<b>(36,449)</b>	<b>-</b>

The accompanying notes form part of these financial statements.

**Transport Service of New South Wales**  
**Statement of financial position**  
as at 30 June 2014

	Notes	2014 \$'000	2013 \$'000
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	4	40,526	476
Receivables	5	412,571	29,960
<b>Total current assets</b>		<b>453,097</b>	<b>30,436</b>
<b>Non current assets</b>			
Receivables	5	1,366,485	-
<b>Total non current assets</b>		<b>1,366,485</b>	<b>-</b>
<b>Total assets</b>		<b>1,819,582</b>	<b>30,436</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Payables	6	56,453	4,076
Provisions	7	396,644	26,360
<b>Total current liabilities</b>		<b>453,097</b>	<b>30,436</b>
<b>Non current liabilities</b>			
Provisions	7	1,366,485	-
<b>Total current liabilities</b>		<b>1,366,485</b>	<b>-</b>
<b>Total liabilities</b>		<b>1,819,582</b>	<b>30,436</b>
<b>Net assets</b>		<b>-</b>	<b>-</b>
<b>EQUITY</b>			
Accumulated funds		-	-
<b>Total equity</b>		<b>-</b>	<b>-</b>

The accompanying notes form part of these financial statements.

**Transport Service of New South Wales**  
**Statement of changes in equity**  
for the year ended 30 June 2014

	Notes	Accumulated funds \$'000	Total \$'000
<b>Balance at 1 July 2013</b>		-	-
<b>Net result for the year</b>		97,324	97,324
<b>Other comprehensive income</b>			
Remeasurement of Defined Benefits Superannuation		(133,773)	(133,773)
<b>Total other comprehensive income</b>		<b>(133,773)</b>	<b>(133,773)</b>
<b>Total comprehensive income for the year</b>		<b>(36,449)</b>	<b>(36,449)</b>
<b>Transactions with owners in their capacity as owners</b>			
Equity transfers	11	36,449	36,449
<b>Balance at 30 June 2014</b>		-	-
<b>Balance at 1 July 2012</b>		-	-
<b>Net result for the year</b>		-	-
<b>Other comprehensive income</b>		-	-
<b>Total comprehensive income for the year</b>		-	-
<b>Balance at 30 June 2013</b>		-	-

The accompanying notes form part of these financial statements.

**Transport Service of New South Wales**  
**Statement of cash flows**  
for the year ended 30 June 2014

		2014	2013
		\$'000	\$'000
<b>Cash flows from operating activities</b>			
<b>Payments</b>			
Employee related		(862,475)	(195,603)
<b>Total payments</b>		<b>(862,475)</b>	<b>(195,603)</b>
<b>Receipts</b>			
Personnel services		902,525	195,588
<b>Total receipts</b>		<b>902,525</b>	<b>195,588</b>
<b>Net cash inflows / (outflows) from operating activities</b>	8	<b>40,050</b>	<b>(15)</b>
<b>Net increase / (decrease) in cash</b>			
Opening cash and cash equivalents		476	491
<b>Closing cash and cash equivalents</b>	4	<b>40,526</b>	<b>476</b>

The accompanying notes form part of these financial statements.



**Transport Service of New South Wales**  
Notes to the financial statements  
for the year ended 30 June 2014

---

**1. Summary of significant accounting policies**

**(a) Reporting entity**

The Transport Service of New South Wales (Transport Service) was established on 1 November 2011 as an agency to employ staff to enable Transport for NSW, which cannot directly employ staff, to undertake its functions.

Since 1 July 2013, Transport Service has also directly employed the senior executives of Roads and Maritime Services, State Transit Authority, Sydney Trains and NSW Trains. The salaries and related costs (including external audit fees) are recovered from the relevant entity to which the employees are assigned, including TfNSW.

Additionally the Roads and Maritime Services Division and the State Transit Authority and Western Sydney Buses Divisions were abolished on 24 February 2014 with the assets and liabilities as at that date transferred to Transport Service (Note 10). The RMS and STA Employment Groups of Transport Service recover the salary and related costs from Roads and Maritime Services and State Transit Authority.

The Transport Service is controlled by the Department of Transport. The financial statements of the Transport Service are consolidated in the Department of Transport financial statements.

The Transport Service is consolidated as part of the NSW Total State Sector financial statements.

The financial statements of Transport Service for the year ended 30 June 2014 were authorised for issue by the Secretary on the date the accompanying statement was signed.

**(b) Basis of preparation**

The financial statements are general purpose financial statements which have been prepared in compliance with:

- Applicable Australian Accounting Standards (which include Australian Accounting Interpretations); and
- The requirements of the *Public Finance and Audit Act 1983* and Regulation.

Financial report items are prepared in accordance with the historical cost convention.

All amounts are rounded to the nearest one thousand dollars and are expressed in Australian currency.

**(c) 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 estimates are 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.

**(d) Statement of compliance**

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

**Transport Service of New South Wales**  
Notes to the financial statements  
for the year ended 30 June 2014

---

**1. Summary of significant accounting policies (cont'd)**

**(e) Employee related**

Employee related expenses include salaries, wages, leave entitlements, superannuation, workers' compensation insurance premium, payroll tax, fringe benefit tax and redundancies.

**(f) Income recognition**

Income is recognised and measured at the fair value of the consideration or contribution received or receivable to the extent that it is probable that the economic benefit will flow to the reporting entity and the income can be reliably measured.

Revenue from the rendering of personnel services is recognised when the service is provided and only to the extent that the associated recoverable expenses are recognised.

**(g) Cash and cash equivalents**

Cash and cash equivalents in the statement of financial position comprise cash at bank.

For the purposes of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above.

**(h) Receivables**

Receivables are recognised when it is probable that the future cash inflows associated with them will be realised and they have a value that can be measured reliably. They are derecognised when the contractual or other rights to future cash flows from it expire or are transferred.

Receivables are recognised initially at fair value, usually based on the transaction cost or face value. Subsequent measurement is at amortised cost using the effective interest method, less an allowance for any impairment of receivables. Any changes are recognised in the net result for the year when impaired, derecognised or through the amortisation process.

Short-term receivables with no stated interest rate are measured at the original invoice amount where the effect of discounting is immaterial.

**(i) Payables**

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

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

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



**Transport Service of New South Wales**  
Notes to the financial statements  
for the year ended 30 June 2014

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**1. Summary of significant accounting policies (cont'd)**

**(j) Employee benefits provisions and expenses**

**(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 (although short-cut methods are permitted). Actuarial advice obtained by Treasury has confirmed that the use of a nominal approach plus the annual leave on annual leave liability (using 7.9% of the nominal value of annual leave) can be used to approximate the present value of the annual leave liability. The entity has assessed the actuarial advice based on the entity's circumstances and has determined that the effect of discounting is immaterial to annual leave.

Unused non-vesting sick leave 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**

The entity's liabilities for long service leave and defined benefit superannuation are either assumed by the Crown Entity or the entity itself.

For liabilities that are assumed by the Crown Entity, the entity accounts for the liability as having been extinguished, resulting in the amount assumed being shown as part of the non-monetary revenue item described as 'Acceptance by the Crown Entity of employee benefits and other liabilities'.

Long service leave is measured at present value in accordance with AASB 119 Employee Benefits. This is based on the application of certain factors (specified in NSWTC 14/04) to employees with five or more years of service, using current rates of pay. These factors were determined based on an actuarial review to approximate present value.

The superannuation expense recognised in the statement of comprehensive income comprises:

- defined contribution plans, the expense is calculated as a percentage of the employees' salary
- defined benefit plans, the expense is a multiple of the employees' superannuation contributions as specified in the Treasury Circular "Accounting for Superannuation" (NSWCT 14/03)

When liabilities that are assumed by the entity, they are recognised in the statement of financial position and measured as follows:

- Long service leave is measured as the present value of expected future payments to be made in respect of employee's service up to the reporting date, in accordance with AASB 119 Employee Benefits. This is based on an actuarial assessment. Consideration is given to the expected future wage and salary levels, experience of employee departures and period of service.
- Contributions to defined contribution plans are expensed when incurred. The superannuation expense is calculated as a percentage of the employee's salary. A liability is recognised only to the extent of unpaid employer contributions at reporting date.

**1. Summary of significant accounting policies (cont'd)**

**(j) Employee benefits provisions and expenses (cont'd)**

- For defined benefit plans, actuarial valuations are carried out at each reporting date by Pillar Administration and the actuarial gains and losses are recognised outside of the net result in the other comprehensive income in the year in which they occur. Expenses are recognised based on service costs plus net interest on the net liability or asset for the reporting period as calculated and advised by Pillar Administration. A net liability or asset is recognised based on the difference between the present value of the entity's defined benefit obligations and the fair value of fund assets as at the reporting date, as adjusted for any asset ceiling. The net liability or asset is actuarially determined.

**(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, workers' compensation insurance premiums and fringe benefits tax.

**(k) 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 revised AASB 119 Employee Benefits (as revised in 2011) been applied for the first time in 2013-14. The amendments to AASB 119 made a number of changes to the accounting for employee benefits, the main changes relates to defined benefit superannuation plans and annual leave liabilities.

Defined Benefit Superannuation Plans:

- eliminate the 'corridor method' and requires the recognition of re-measurements (including actuarial gains and losses) arising in the reporting period in other comprehensive income;
- change the measurement and presentation of certain components of the defined benefit cost. The net amount in profit or loss is affected by the removal of the expected return on plan assets and interest cost components and their replacement by a net interest expense or income based on the net defined benefit asset or liability; and
- enhance disclosures, including more information about the characteristics of defined benefit plans and related risks.

Under the revised AASB 119, employee benefits 'expected to be settled wholly' (as opposed to 'due to be settled' under the superseded version of AASB 119) within 12 months after the end of the reporting period are short-term benefits, and are therefore not discounted when calculating leave liabilities. As the entity does not expect all annual leave for all employees to be used wholly within 12 months of the end of reporting period, annual leave is included in 'other long-term benefit' and discounted when calculating the leave liability. This change has had no impact on the presentation of annual leave as a current liability in accordance with AASB 101 Presentation of Financial Statements.

These amendments have had no significant impact on the entity, as the entity had no define benefit superannuation plans at 1 July 2013.



**Transport Service of New South Wales**  
**Notes to the financial statements**  
for the year ended 30 June 2014

**1. Summary of significant accounting policies (cont'd)**

**(k) Changes in accounting policy, including new or revised Australian Accounting Standards (cont'd)**

**(ii) Issued but not effective**

At reporting date all the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board ("the AASB") that are relevant to the reporting entity and effective for the current annual reporting period have been adopted. Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective, have not been adopted for the financial reporting period from 1 July 2013 to 30 June 2014.

The reporting entity's assessment of the impact of these new standards and interpretations is set out below:

The impact of these standards in the period of initial application will not be significant.

<b>Standard</b>	<b>Applicable to annual reporting periods beginning on or after</b>
AASB 9 Financial Instruments and AASB 2010-7 Amendments to Australian Accounting Standards arising from AASB 9	1 January 2017
AASB 1031 Materiality	1 January 2014
AASB 2012-3 Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities	1 January 2014
AASB 2013-9 Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments	1 January 2014 (Part B) 1 January 2015 (Part C)
AASB 2014-1 Amendments to Australian accounting standards	1 July 2014 (Part A) 1 July 2014 (Part B) 1 July 2014 (Part C) 1 January 2016 (Part D) 1 January 2015 (Part E)

A number of other new standards have been identified and assessed and it is expected that they will have no impact on the financial statements of the entity.

**Transport Service of New South Wales**  
Notes to the financial statements  
for the year ended 30 June 2014

**2. Expenses excluding losses**

**(a) Employee related expenses**

	2014	2013
	\$'000	\$'000
Salaries (including annual leave)	732,944	172,082
Superannuation - defined benefits plan	27,773	4,001
Superannuation - defined contribution plan	60,434	12,183
Long service leave	62,983	5,238
Workers' compensation insurance <sup>1</sup>	(276)	1,340
Payroll tax and fringe benefit tax	46,532	10,988
Redundancies	32,904	1,146
Other employment benefits	3,128	286
	<b>966,422</b>	<b>207,264</b>

<sup>1</sup> Includes a credit resulting from the State Transit Authority self insurance arrangements.

**(b) Other operating expenses**

Auditor's remuneration - audit of the financial statements	42	25
Debt waiver <sup>1</sup>	36,449	-
	<b>36,491</b>	<b>25</b>

<sup>1</sup> The Crown Finance Entity assumed responsibility for former Roads and Maritime Services (RMS) staff long service leave liabilities via an equity transfer to the Transport Service on 30 June 2014 which in effect eliminated the corresponding debt owing by RMS to the Transport Service (see Note 11).

**3. Revenue**

**(a) Personnel services**

	2014	2013
	\$'000	\$'000
Fee for personnel services	1,066,677	197,931
	<b>1,066,677</b>	<b>197,931</b>

**(b) Acceptance by the Crown Entity of employee benefits and other liabilities**

Long service leave liability assumed by Crown	29,097	5,238
Superannuation liability assumed by Crown	4,209	4,001
Payroll tax on superannuation assumed by Crown	212	94
	<b>33,518</b>	<b>9,333</b>

**(c) Grants and contributions**

Grant from Transport for New South Wales	42	25
	<b>42</b>	<b>25</b>

**Transport Service of New South Wales**  
Notes to the financial statements  
for the year ended 30 June 2014

**4. Cash and cash equivalents**

	2014	2013
	\$'000	\$'000
Cash at bank	40,526	476
	<b>40,526</b>	<b>476</b>

For the purposes of the statement of cash flows, cash and cash equivalents include cash at bank

**5. Receivables**

	2014	2013
	\$'000	\$'000
<b>Current</b>		
Personnel services debtor	412,571	29,960
	<b>412,571</b>	<b>29,960</b>
<b>Non current</b>		
Personnel services debtor	1,366,485	-
	<b>1,366,485</b>	<b>-</b>

**6. Payables**

	2014	2013
	\$'000	\$'000
Other creditors	2,038	1,705
Accruals - salaries and oncosts	28,833	2,371
Payable to Crown Entity long service leave	25,582	-
	<b>56,453</b>	<b>4,076</b>



**Transport Service of New South Wales**  
**Notes to the financial statements**  
for the year ended 30 June 2014

**7. Provisions**

	2014	2013
	\$'000	\$'000
<b>Employee benefits and related on-costs</b>		
<b>Current</b>		
Provision for annual leave <sup>1</sup>	131,589	20,746
Provision for long service leave <sup>2</sup>	253,353	3,990
Provision for payroll tax	5,319	972
Provision for workers' compensation insurance <sup>3</sup>	5,999	652
Provision for public holidays	384	-
	<b>396,644</b>	<b>26,360</b>
<b>Non current</b>		
Provision for long service leave <sup>2</sup>	22,123	-
Provision for superannuation	1,320,546	-
Provision for workers' compensation insurance <sup>3</sup>	23,816	-
	<b>1,366,485</b>	<b>-</b>

<sup>1</sup> It is estimated that the provision for annual leave includes an amount of \$2.9 million that is expected to be taken after 30 June 2015.

<sup>2</sup> The provision for long service leave represents consequential costs not assumed by the Crown Entity for the TfNSW Employment Group and the provision for long service leave and associated consequential costs for the RMS and STA Employment Groups of Transport Service as per NSW TC 14/04.

<sup>3</sup> Relates to State Transit Authority (STA) self insurance arrangement for workers compensation.

**Defined benefit superannuation overview**

This overview only relates to the RMS and STA Employment Groups whose defined benefit superannuation schemes are not presently assumed by the Crown Entity. There is no comparative data as the two new employment groups only joined Transport Service on 24 February 2014.

Employer contributions are made to three defined benefit superannuation schemes administered by the SAS Trustee Corporation (STC): The State Authorities Superannuation Scheme (SASS), the State Authorities Non-contributory Superannuation Scheme (SANCCS) and the State Superannuation Scheme (SSS), which together form the Pooled Fund. Each scheme is closed to new members and its investments are held in trust by the Pooled Fund. At least a component of the final benefit is derived from a multiple of members' salary and years of membership. All Fund assets are invested by SAS Trustee Corporation at arm's length through independent fund managers.

An underfunded scheme is recognised as a provision and an overfunded scheme is recognised as an asset. Details of both provisions and assets are given below.



**Transport Service of New South Wales**  
**Notes to the financial statements**  
for the year ended 30 June 2014

**7. Provisions (cont'd)**

Year ended 30 June 2014	SASS	SANCS	SSS	Total
<b>Member numbers</b>				
Contributors	1,535	1,764	229	3,528
Deferred benefits	-	-	42	42
Pensioners	392	-	1,262	1,654
Pensions fully commuted	-	-	501	501
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>Superannuation Position for AASB 119 purposes</b>				
Accrued liability (Note 1)	912,335	97,016	1,495,334	2,504,685
Estimated reserve account balance	(546,979)	(44,256)	(592,904)	(1,184,139)
Deficit/(surplus)	<b>365,356</b>	<b>52,760</b>	<b>902,430</b>	<b>1,320,546</b>
Future service liability (Note 2)	47,440	26,361	16,165	89,966
Surplus in excess of recovery available from schemes	-	-	-	-
Net (asset)/liability to be recognised in statement of financial position	<b>365,356</b>	<b>52,760</b>	<b>902,430</b>	<b>1,320,546</b>

<sup>1</sup> The accrued liability includes a contribution tax provision. This is calculated based on grossing up the deficit less the allowance for past service expenses and insurable death and disability liabilities at a contribution tax rate of 15%.

<sup>2</sup> The Future Service Liability (FSL) does not have to be recognised by an employer. It is only used to determine if an asset ceiling limit should be imposed (AASB 119 para 64). Under AASB 119, any prepaid superannuation asset recognised cannot exceed the present value of any economic benefits that may be available in the form of refunds from the plan or reductions in future contributions to the plan. Where the "surplus in excess of recovery" is zero, no asset ceiling limit is imposed.

• **Nature of the benefits provided by the fund – Para 139(a)(i)**

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)
- \* Police Superannuation Scheme (PSS)
- \* 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. Members receive lump sum or pension benefits on retirement, death, disablement and withdrawal.

All the Schemes are closed to new members.

**7. Provisions (cont'd)**

• **Description of the regulatory framework - Para 139(a)(ii)**

The schemes in the Pooled Fund are established and governed by the following NSW legislation: Superannuation Act 1916, State Authorities Superannuation Act 1987, Police Regulation (Superannuation) Act 1906, State Authorities Non-Contributory Superannuation Scheme Act 1987, and their associated regulations.

The schemes in the Pooled Fund are exempt public sector superannuation schemes under the Commonwealth Superannuation Industry (Supervision) Act 1993 (SIS). The SIS Legislation treats exempt public sector superannuation funds as complying funds for concessional taxation and superannuation guarantee purposes.

Under a Heads of Government agreement, the New South Wales Government undertakes to ensure that the Pooled Fund will conform with the principles of the Commonwealth's retirement incomes policy relating to preservation, vesting and reporting to members and that members' benefits are adequately protected.

The New South Wales Government prudentially monitors and audits the Pooled Fund and the Trustee Board activities in a manner consistent with the prudential controls of the SIS legislation. These provisions are in addition to other legislative obligations on the Trustee Board and internal processes that monitor the Trustee Board's adherence to the principles of the Commonwealth's retirement incomes policy.

An actuarial investigation of the Pooled Fund is performed every three years. The last actuarial investigation was performed as at 30 June 2012.

• **Description of other entities' responsibilities for the governance of the fund - Para 139(a)(iii)**

The Fund's Trustee is responsible for the governance of the Fund. The Trustee has a legal obligation to act solely in the best interests of fund beneficiaries. The Trustee has the following roles:

- \* Administration of the fund and payment to the beneficiaries from fund assets when required in accordance with the fund rules;
- \* Management and investment of the fund assets; and
- \* Compliance with other applicable regulations.

• **Description of risks - Para 139(b)**

There are a number of risks to which the Fund exposes the Employer. The more significant risks relating to the defined benefits are:

- \* Investment risk - The risk that investment returns will be lower than assumed and the Employer will need to increase contributions to offset this shortfall.
- \* Longevity risk - The risk that pensioners live longer than assumed, increasing future pensions.
- \* Pension indexation risk - The risk that pensions will increase at a rate greater than assumed, increasing future pensions.
- \* Salary growth risk - The risk that wages or salaries (on which future benefit amounts for active members will be based) will rise more rapidly than assumed, increasing defined benefit amounts and thereby requiring additional employer contributions.
- \* Legislative risk - The risk is that legislative changes could be made which increase the cost of providing the defined benefits.

The defined benefit fund assets are invested with independent fund managers and have a diversified asset mix. The Fund has no significant concentration of investment risk or liquidity risk.

• **Description of significant events - Para 139(c)**

There were no fund amendments, curtailments or settlements during the year.



**Transport Service of New South Wales**  
Notes to the financial statements  
for the year ended 30 June 2014

**7. Provisions (cont'd)**

• **Reconciliation of the Net Defined Benefit Liability/(Asset) - Para 140(a)**

Year ended 30 June 2014	SASS \$'000	SANCS \$'000	SSS \$'000	Total \$'000
Net defined benefit liability/(asset) at start of year	-	-	-	-
Transfer from RMS and STA Divisions	327,829	49,223	793,517	1,170,569
Current service cost	5,251	1,541	(2,656)	4,136
Net Interest on the net defined benefit liability/(asset)	4,328	534	12,055	16,917
Actual return on Fund assets less Interest income	(10,844)	(186)	(1,094)	(12,124)
Actuarial (gains)/losses arising from changes in financial assumptions	42,660	4,400	140,141	187,201
Actuarial (gains)/losses arising from liability experience	(269)	(1,717)	(39,318)	(41,304)
Employer contributions	(3,597)	(1,035)	(217)	(4,849)
<b>Net defined benefit liability/(asset) at end of year</b>	<b>365,358</b>	<b>52,760</b>	<b>902,428</b>	<b>1,320,546</b>

• **Reconciliation of the Fair Value of Fund Assets – Para 140(a)(i)**

Year ended 30 June 2014	SASS \$'000	SANCS \$'000	SSS \$'000	Total \$'000
Fair value of fund assets at beginning of the year	-	-	-	-
Transfer from RMS and STA Divisions	607,164	59,617	618,337	1,285,118
Interest income	7,135	814	7,384	15,333
Actual return on Fund assets less Interest income	10,844	186	1,094	12,124
Employer contributions	3,597	1,035	217	4,849
Contributions by participants	2,834	-	1,210	4,044
Benefits paid	(93,261)	(17,251)	(37,218)	(147,730)
Taxes, premiums & expenses paid	8,665	(146)	1,880	10,399
<b>Fair value of fund assets at end of the year</b>	<b>546,978</b>	<b>44,255</b>	<b>592,904</b>	<b>1,184,137</b>

• **Reconciliation of the Defined Benefit Obligation – Para 140(a)(ii)**

Year ended 30 June 2014	SASS \$'000	SANCS \$'000	SSS \$'000	Total \$'000
Present value of defined benefit obligations at beginning of the year	-	-	-	-
Transfer from RMS and STA Divisions	934,994	108,840	1,411,853	2,455,687
Current service cost	5,251	1,541	(2,656)	4,136
Interest cost	11,462	1,348	19,440	32,250
Contributions by participants	2,834	-	1,210	4,044
Actuarial (gains)/losses arising from changes in demographic assumptions	-	-	-	-
Actuarial (gains)/losses arising from changes in financial assumptions	42,660	4,400	140,141	187,201
Actuarial (gains)/losses arising from liability experience	(269)	(1,717)	(39,318)	(41,304)
Benefits paid	(93,261)	(17,251)	(37,218)	(147,730)
Taxes, premiums & expenses paid	8,665	(146)	1,880	10,399
<b>Present value of defined benefit obligations at end of the year</b>	<b>912,336</b>	<b>97,015</b>	<b>1,495,332</b>	<b>2,504,683</b>

**Transport Service of New South Wales**  
Notes to the financial statements  
for the year ended 30 June 2014

**7. Provisions (cont'd)**

- Reconciliation of the effect of the Asset Ceiling - Para 140(a)(iii)

Year ended 30 June 2014	SASS \$'000	SANCS \$'000	SSS \$'000	Total \$'000
Adjustment for effect of asset ceiling at beginning of the year	-	-	-	-
Change in the effect of asset ceiling	-	-	-	-
<b>Adjustment for effect of asset ceiling at end of the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

- Fair value of Fund assets - Para 142

All Pooled Fund assets are invested by STC at arm's length through independent fund managers, assets are not separately invested for each entity and it is not possible or appropriate to disaggregate and attribute fund assets to individual entities. As such, the disclosures below relate to total assets of the Pooled Fund.

Year ended 30 June 2014	Total \$M	Quoted prices in active markets for identical assets \$M	Significant observable inputs \$M	Unobservable inputs \$M
Short Term Securities	2,453	1,573	880	-
Australian Fixed Interest	2,365	11	2,354	-
International Fixed Interest	881	-	881	-
Australian Equities	11,739	11,494	241	3
International Equities	10,953	8,173	2,781	-
Property	3,272	894	692	1,686
Alternatives	6,329	565	4,897	867
<b>Total*</b>	<b>37,992</b>	<b>22,710</b>	<b>12,726</b>	<b>2,556</b>

The percentage invested in each asset class at the reporting date is:

	2014 %
Short term securities	6.5%
Australian fixed interest	6.2%
International fixed interest	2.3%
Australian equities	30.9%
International equities	28.8%
Property	8.6%
Alternatives	16.7%
<b>Total</b>	<b>100%</b>

\*Additional to the assets disclosed above, at 30 June 2014 Pooled Fund has provisions for receivables/(payables) estimated to be around \$2.2 billion, giving an estimated assets totalling around \$40.2 billion.



**Transport Service of New South Wales**  
**Notes to the financial statements**  
for the year ended 30 June 2014

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**7. Provisions (cont'd)**

• **Fair value of Fund assets - Para 142 (cont'd)**

*Level 1 - quoted prices in active markets for identical assets or liabilities. The assets in this level are listed shares; listed unit trusts.*

*Level 2 - inputs other than quoted prices observable for the asset or liability either directly or indirectly. The assets in this level are cash; notes; government, semi-government and corporate bonds; unlisted trusts containing where quoted prices are available in active markets for identical assets or liabilities.*

*Level 3 - inputs for the asset or liability that are not based on observable market data. The assets in this level are unlisted property; unlisted shares; unlisted infrastructure; distressed debt; hedge funds.*

Derivatives, including futures and options, can be used by investment managers. However, each manager's investment mandate clearly states that derivatives may only be used to facilitate efficient cashflow management or to hedge the portfolio against market movements and cannot be used for speculative purposes or gearing of the investment portfolio. As such managers make limited use of derivatives.

• **Significant Actuarial Assumptions at the Reporting Date - Para 144**

Discount rate	3.57% pa
Salary increase rate (excluding promotional increases)	2.27% pa to 30 June 2015, then 2.5% pa to 30 June 2018, 3.0% pa from 1 July 2018 to 30 June 2023, and 3.5% pa thereafter
Rate of CPI increase	2.5% pa
Pensioner mortality	as per the 2012 Actuarial Investigation of the Pooled Fund

**Transport Service of New South Wales**  
Notes to the financial statements  
for the year ended 30 June 2014

**7. Provisions (cont'd)**

• **Sensitivity analysis – Para 145**

The entity's total defined benefit obligation as at 30 June 2014 under several scenarios is presented below. Scenarios A to F relate to sensitivity of the total defined benefit obligation to economic assumptions, and scenarios G and H relate to sensitivity to demographic assumptions.

	<b>Base case</b>	<b>Scenario A -1% discount rate</b>	<b>Scenario B +1% discount rate</b>
Discount rate	3.57%	2.57%	4.57%
Rate of CPI increase	as above	as above	as above
Salary inflation rate	as above	as above	as above
Defined benefit obligation (A\$'000)	2,504,683	2,826,146	2,241,997
	<b>Base case</b>	<b>Scenario C +0.5% rate of CPI increase</b>	<b>Scenario D -0.5% rate of CPI increase</b>
Discount rate	as above	as above	as above
Rate of CPI increase	2.5%	3.0%	2.0%
Salary inflation rate	as above	as above	as above
Defined benefit obligation (A\$'000)	2,504,683	2,637,467	2,383,672
	<b>Base case</b>	<b>Scenario E +0.5% rate of CPI increase</b>	<b>Scenario F -0.5% rate of CPI increase</b>
Discount rate	as above	as above	as above
Rate of CPI increase	as above	above rates	above rates
Salary inflation rate	as above	plus 0.5% pa	less 0.5% pa
Defined benefit obligation (A\$'000)	2,504,683	2,525,112	2,485,048
	<b>Base case</b>	<b>Scenario G +5% pensioner mortality rates</b>	<b>Scenario H -5% pensioner mortality rates</b>
Defined benefit obligation (A\$'000)	2,504,683	2,483,137	2,527,497

The defined benefit obligation has been recalculated by changing the assumptions as outlined above, whilst retaining all other assumptions.

• **Asset-Liability matching strategies - Para 146**

The Trustee monitors its asset-liability risk continuously in setting its investment strategy. It also monitors cashflows to manage liquidity requirements.



**Transport Service of New South Wales**  
Notes to the financial statements  
for the year ended 30 June 2014

**7. Provisions (cont'd)**

• **Funding arrangements - Para 147(a)**

Funding arrangements are reviewed at least every three years following the release of the triennial actuarial review and was last reviewed following completion of the triennial review as at 30 June 2012. Contribution rates are set after discussions between the employer, STC and NSW Treasury.

Funding positions are reviewed annually and funding arrangements may be adjusted as required after each annual review.

• **Surplus/deficit**

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":

Year ended 30 June 2014	SASS \$'000	SANCS \$'000	SSS \$'000	Total \$'000
Accrued benefits	677,685	75,124	815,820	1,568,629
Net market value of Fund assets	(546,977)	(44,256)	(592,904)	(1,184,137)
<b>Net (surplus)/deficit</b>	<b>130,708</b>	<b>30,868</b>	<b>222,916</b>	<b>384,492</b>

• **Contribution recommendations**

Year ended 30 June 2014	SASS % p.a.	SANCS % p.a.	SSS % p.a.
Recommended contributions rates were:			
RMS employment group	1.1%	2.1%	0.2%
STA employment group	2.2%	2.5%	1.6%

• **Economic assumptions**

The economic assumptions adopted for the 30 June 2012 actuarial investigation of the Pooled Fund are:

Weighted-average assumptions	2014 % p.a.
Expected rate of return on Fund assets backing current pension liabilities	8.3% pa
Expected rate of return on Fund assets backing other liabilities	7.3% pa
	SASS, SANCS, SSS 2.7% pa (PSS 3.5% pa) to 30 June 2018, then 4.0% pa thereafter
Expected salary increase rate (excluding promotional salary increases)	then 4.0% pa thereafter
Expected rate of CPI increase	2.5% pa

• **Expected contributions - Para 147(b)**

Year ended 30 June 2014	SASS \$'000	SANCS \$'000	SSS \$'000	Total \$'000
Expected employer contributions	12,352	3,853	1,085	17,290

**Transport Service of New South Wales**  
**Notes to the financial statements**  
for the year ended 30 June 2014

**7. Provisions (cont'd)**

- **Maturity profile of defined benefit obligation - Para 147(c)**

The weighted average duration of the defined benefit obligation is:

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RMS employment group – 12.6 years.  
STA employment group – 10.3 years.

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- **Profit and loss impact**

Year ended 30 June 2014	SASS \$'000	SANCS \$'000	SSS \$'000	Total \$'000
Current service cost	5,251	1,541	(2,656)	4,136
Net interest	4,328	534	12,055	16,917
Past service cost	-	-	-	-
(Gains)/Loss on settlement	-	-	-	-
<b>Defined benefit cost</b>	<b>9,579</b>	<b>2,075</b>	<b>9,399</b>	<b>21,053</b>

- **Other comprehensive income**

Year ended 30 June 2014	SASS \$'000	SANCS \$'000	SSS \$'000	Total \$'000
Actuarial (gains) losses on liabilities	42,391	2,682	100,824	145,897
Actual return on Fund assets less Interest income	(10,844)	(186)	(1,094)	(12,124)
Adjustment for effect of asset ceiling	-	-	-	-
<b>Total remeasurement in Other Comprehensive Income</b>	<b>31,547</b>	<b>2,496</b>	<b>99,730</b>	<b>133,773</b>



**Transport Service of New South Wales**  
Notes to the financial statements  
for the year ended 30 June 2014

**8. Reconciliation of cash flows from operating activities to net result**

	<b>2014</b>	<b>2013</b>
	<b>\$'000</b>	<b>\$'000</b>
Net cash inflows / (outflows) from operating activities	40,050	(15)
Non cash expense (long service leave and superannuation assumed by the Crown Entity)	(33,518)	(9,333)
Non cash acceptance by the Crown Entity of employee entitlements	33,518	9,333
Non cash expense debt waiver - equity transfer	(36,449)	-
Increase in receivables	164,194	17,965
Increase in payables	(44,891)	(2,512)
Increase in employee related provisions	(25,580)	(15,438)
<b>Net result</b>	<b>97,324</b>	<b>-</b>

**Transport Service of New South Wales**  
**Notes to the financial statements**  
for the year ended 30 June 2014

**9. Financial instruments**

The reporting entity's principal financial instruments are outlined below. These financial instruments arise directly from the reporting entity's operations or are required to finance the reporting entity's operations.

The reporting entity does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

The operational activities of the reporting entity do not expose it to a variety of financial risks such as credit, liquidity or market risk. The main risks arising from any financial instrument of the reporting entity are outlined below together with the reporting entity's objectives, policies and processes for measuring and managing the risks.

Further quantitative and qualitative disclosures are included throughout these financial statements.

The Secretary of the reporting entity has overall responsibility for the establishment and oversight of risk management and review and determines policies for managing each of these risks. Risk management policies are established to identify and analyse the risks faced by the reporting entity, to set limits and to monitor risks. Compliance with these policies is reviewed by the Audit and Risk Committee and internal audit on a regular basis.

**(a) Financial instrument categories**

<b>Financial assets</b>	<b>Note</b>	<b>Category</b>	<b>2014</b>	<b>2013</b>
<b>Class:</b>			<b>\$'000</b>	<b>\$'000</b>
Cash and cash equivalents	4	N/A	40,526	476
Receivables <sup>1</sup>	5	Loans and receivables (at amortised cost)	1,779,056	29,960
<b>Financial liabilities</b>	<b>Note</b>	<b>Category</b>	<b>2014</b>	<b>2013</b>
<b>Class:</b>			<b>\$'000</b>	<b>\$'000</b>
Payables <sup>2</sup>	6	Financial liabilities (at amortised cost)	56,453	4,076

<sup>1</sup> Excludes statutory receivables and prepayments (i.e. not within scope of AASB7)

<sup>2</sup> Excludes statutory payables and unearned revenue (i.e. not within scope of AASB7)

**(b) Credit risk**

Credit risk arises where a debtor or counterparty does not complete their obligations, resulting in financial loss to Transport Services.

Credit risk can arise from financial assets of the reporting entity, including cash and cash equivalents, deposits with banks and TCorp, as well as credit exposure to customers, including outstanding receivables and committed transactions.

Credit risk impacts on the following financial instruments which are discussed below:

**Cash**

Cash comprises bank balances within the NSW Treasury Banking System.

**Receivables – personnel services debtor**

All personnel services debtors are recognised as amounts receivable at balance date. Personnel services debtors are employee related and therefore will not be past due or impaired for 2014 financial year. All debtors are NSW government agencies and no debtor balances are considered impaired as at 30 June 2014.

**Transport Service of New South Wales**  
Notes to the financial statements  
for the year ended 30 June 2014

**9. Financial instruments (cont'd)**

**(c) Liquidity risk**

Liquidity risk is the risk that Transport Service will be unable to meet its payment obligations when they fall due. Transport Services continuously manages risk through monitoring future cash flows and maturities planning to ensure adequate holding of high quality liquid assets primarily in the form of cash at bank.

During the current and prior year, there were no defaults of loans payable and no assets have been pledged as collateral.

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

	Weighted average effective int. rate	Nominal amount \$'000	Interest rate exposure			Maturity dates		
			Fixed interest Rate \$'000	Variable interest rate \$'000	Non- interest bearing \$'000	< 1 year \$'000	1 -5 years \$'000	> 5 years \$'000
<b>2014</b>								
<b>Payables:</b>								
Accrued salaries, wages and on- costs	-	28,833	-	-	28,833	28,833	-	-
Other creditors	-	27,620	-	-	27,620	27,620	-	-
		<b>56,453</b>	-	-	<b>56,453</b>	<b>56,453</b>	-	-
<b>2013</b>								
<b>Payables:</b>								
Accrued salaries, wages and on- costs	-	2,371	-	-	2,371	2,371	-	-
Other creditors	-	1,705	-	-	1,705	1,705	-	-
		<b>4,076</b>	-	-	<b>4,076</b>	<b>4,076</b>	-	-

**(d) Market risk**

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The entity has no exposure to foreign currency risk and does not enter into commodity contracts.

**(e) Fair value compared to carrying amount**

Financial instruments are recognised at amortised cost. The carrying value 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.



**Transport Service of New South Wales**  
Notes to the financial statements  
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**10. Administrative restructures**

There were two transfers of staff to the Transport Services as at 24 February 2014 as a result of an administrative restructure. Details of expenses, revenues, assets and liabilities transferred are as follows:

i. Transfer of Roads and Maritime Services Division (RMS) staff to Transport Service of New South Wales (TS).

	RMS 01.07.13 to 23.02.2014 \$'000	TS 24.02.14 to 30.06.2014 \$'000	2014 Total \$'000	2013 Total \$'000
<b>Expenses excluding losses</b>				
Employee related	569,324	277,385	846,709	838,699
<b>Total expenses excluding losses</b>	<b>569,324</b>	<b>277,385</b>	<b>846,709</b>	<b>838,699</b>
<b>Revenue</b>				
Personnel services revenue	403,437	414,035	817,472	514,490
<b>Total revenue</b>	<b>403,437</b>	<b>414,035</b>	<b>817,472</b>	<b>514,490</b>
<b>Net result</b>	<b>(165,887)</b>	<b>136,650</b>	<b>(29,237)</b>	<b>(324,209)</b>
<b>Other comprehensive income</b>				
Remeasurement of Defined Benefits Superannuation	165,887	(136,650)	29,237	324,209
<b>Total other comprehensive income</b>	<b>165,887</b>	<b>(136,650)</b>	<b>29,237</b>	<b>324,209</b>
<b>Total comprehensive income for the year</b>	-	-	-	-

ii. Transfer of State Transit Authority (STA) and Western Sydney Buses Division (WSB) staff to Transport Service of New South Wales.

	STA & WBS 01.07.13 to 23.02.2014 \$'000	TS 24.02.14 to 30.06.2014 \$'000	2014 Total \$'000	2013 Total \$'000
<b>Expenses excluding losses</b>				
Employee related	265,603	143,771	409,374	398,498
<b>Total expenses excluding losses</b>	<b>265,603</b>	<b>143,771</b>	<b>409,374</b>	<b>398,498</b>
<b>Revenue</b>				
Personnel services revenue	265,603	140,894	406,497	362,657
<b>Total revenue</b>	<b>265,603</b>	<b>140,894</b>	<b>406,497</b>	<b>362,657</b>
<b>Net result</b>	-	<b>(2,877)</b>	<b>(2,877)</b>	<b>(35,841)</b>
<b>Other comprehensive income</b>				
Remeasurement of Defined Benefits Superannuation	-	2,877	2,877	35,841
<b>Total other comprehensive income</b>	-	<b>2,877</b>	<b>2,877</b>	<b>35,841</b>
<b>Total comprehensive income for the year</b>	-	-	-	-



**Transport Service of New South Wales**  
Notes to the financial statements  
for the year ended 30 June 2014

**10. Administrative restructures (cont'd)**

Net assets and liabilities transferred to Transport Service were as follows:

	Roads and Maritime Services Division 2014 \$'000	State Transit Authority and Western Sydney Buses Divisions 2014 \$'000	Total 2014 \$'000	Total 2013 \$'000
<b>ASSETS</b>				
<b>Current assets</b>				
Receivables	250,679	116,976	367,655	568,037
<b>Total current assets</b>	<b>250,679</b>	<b>116,976</b>	<b>367,655</b>	<b>568,037</b>
<b>Non current assets</b>				
Receivables	1,004,735	212,512	1,217,247	1,356,701
<b>Total current assets</b>	<b>1,004,735</b>	<b>212,512</b>	<b>1,217,247</b>	<b>1,356,701</b>
<b>Total assets</b>	<b>1,255,414</b>	<b>329,488</b>	<b>1,584,902</b>	<b>1,924,738</b>
<b>LIABILITIES</b>				
<b>Current liabilities</b>				
Payables	7,486	-	7,486	145,695
Provisions	243,193	116,976	360,169	422,342
<b>Total current liabilities</b>	<b>250,679</b>	<b>116,976</b>	<b>367,655</b>	<b>568,037</b>
<b>Non current liabilities</b>				
Provisions	1,004,735	212,512	1,217,247	1,356,701
<b>Total non current liabilities</b>	<b>1,004,735</b>	<b>212,512</b>	<b>1,217,247</b>	<b>1,356,701</b>
<b>Total liabilities</b>	<b>1,255,414</b>	<b>329,488</b>	<b>1,584,902</b>	<b>1,924,738</b>
<b>Net assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

**Transport Service of New South Wales**  
Notes to the financial statements  
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**11. Equity Transfers**

	2014	2013
	\$'000	\$'000
Transfer of Transport long service leave liability to Crown Entity	36,449	-
	<b>36,449</b>	<b>-</b>

On the 30 June 2014 the Treasurer approved the equity transfer of long service liability to the Crown Finance Entity in respect to the former Roads and Maritime Services staff transferred to Transport Service in 2013/2014.

**12. After balance date events**

On the 28 August 2014 advice was received that the Treasurer provided concurrence on the transfer of superannuation reserve assets and revised superannuation liabilities with respect to previous Roads and Maritime (RMS) superannuation assets to private maintenance providers DownerMouchel Services and Leighton Boral Amey, comprising:

- \$5.072M from the previous RMS' central reserve account to fully fund the DownerMouchel Services reserve account and
- \$1.597M from the previous RMS' central reserve accounts to fully fund the Leighton Boral Amey reserve account.

These above mentioned superannuation reserve assets and liabilities were part of the transfer of RMS division staff to the Transport Service of NSW defined benefit superannuation plans on 24 February 2014.

**End of audited financial statements.**

## **3.5 Sydney Ferries**



## INDEPENDENT AUDITOR'S REPORT

### Sydney Ferries

To Members of the New South Wales Parliament

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

### Opinion

In my opinion, the financial statements:

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

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

### The Acting Chief Executive's Responsibility for the Financial Statements

The Acting Chief Executive are 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 Acting Chief Executive determines is necessary to enable the preparation of financial statements that give a true and fair view and that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

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

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

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



My opinion does *not* provide assurance

- about the future viability of the Sydney Ferries
- that it has carried out its activities effectively, efficiently and economically
- about the effectiveness of its internal control
- about the security and controls over the electronic publication of the audited financial statements on any website where they may be presented
- about other information which may have been hyperlinked to/from the financial statements.

### **Independence**

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

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



C J Giumelli  
Director, Financial Audit Services

18 September 2014  
SYDNEY



## **Sydney Ferries**

Annual Financial Statements

*for the year ended 30 June 2014*

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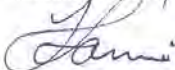
**Sydney Ferries**  
**Statement by the Chief Executive**  
for the year ended 30 June 2014

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

- 1) The accompanying financial statements, consisting of the statement of comprehensive income, statement of financial position, statement of changes in equity, statement of cash flows and the notes accompanying and forming part of the financial statements, exhibit a true and fair view of the financial position of Sydney Ferries as at 30 June 2014, and of its financial performance for the year ended on that date.
- 2) These financial statements have been prepared in accordance with the provisions of the applicable Australian Accounting Standards, including Australian Accounting Interpretation, and other mandatory and statutory reporting requirements, including the *Public Finance and Audit Act 1983*, the *Public Finance and Audit Regulation 2010* and NSW Treasurer's Directions.

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



**Fergus Gammie**  
Acting Chief Executive  
16 September 2014



**Sydney Ferries**  
**Statement of comprehensive income**  
for the year ended 30 June 2014

	Notes	Actual 2014 \$'000	Actual 2013 \$'000
<b>EXPENSES EXCLUDING LOSSES</b>			
Fleet running expenses	2(a)	-	2,026
Employees' benefits	2(b)	1,255	11,327
Depreciation, amortisation and impairment	2(c)	14,854	19,080
General operating expenses	2(d)	148	3,594
<b>Total expenses excluding losses</b>		<b>16,257</b>	<b>36,027</b>
<b>REVENUE</b>			
Operational revenue	3(a)	5,742	10,556
Other revenue	3(b)	6,183	46,158
<b>Total revenue</b>		<b>11,925</b>	<b>56,714</b>
Other gains/(losses)	4	(5,754)	36,689
<b>NET RESULT</b>		<b>(10,086)</b>	<b>57,376</b>
<b>OTHER COMPREHENSIVE INCOME</b>			
<i>Items that will not be reclassified to net result</i>			
Ferries revaluation increment		-	1,799
Land, buildings and improvements revaluation		(1,570)	-
<b>Other comprehensive income for the year</b>		<b>(1,570)</b>	<b>1,799</b>
<b>Total comprehensive income for the year</b>		<b>(11,656)</b>	<b>59,175</b>

The accompanying notes form part of these financial statements.

**Sydney Ferries**  
**Statement of financial position**  
as at 30 June 2014

		Actual 2014 \$'000	Actual 2013 \$'000
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	5	15,820	15,538
Trade and other receivables	6	599	2,235
<b>Total current assets</b>		<b>16,419</b>	<b>17,773</b>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	7	85,032	106,783
Intangibles	8	42,015	33,685
<b>Total non-current assets</b>		<b>127,047</b>	<b>140,468</b>
<b>Total assets</b>		<b>143,466</b>	<b>158,241</b>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Trade and other payables	10	806	1,489
Employee benefits	11	427	830
Other liabilities	12	6,666	8,351
Provisions	13	-	2
<b>Total current liabilities</b>		<b>7,899</b>	<b>10,672</b>
<b>NON-CURRENT LIABILITIES</b>			
Provisions	13	-	346
<b>Total non-current liabilities</b>		<b>-</b>	<b>346</b>
<b>Total liabilities</b>		<b>7,899</b>	<b>11,018</b>
<b>Net Assets</b>		<b>135,567</b>	<b>147,223</b>
<b>EQUITY</b>			
Accumulated funds		128,531	138,617
Reserves		7,036	8,606
<b>Total Equity</b>		<b>135,567</b>	<b>147,223</b>

The accompanying notes form part of these financial statements.

**Sydney Ferries**  
**Statement of changes in equity**  
for the year ended 30 June 2014

	Accumulated funds \$'000	Asset revaluation reserve \$'000	Total equity \$'000
<b>Balance at 1 July 2013</b>	138,617	8,606	147,223
<b>Net result</b>	(10,086)	-	(10,086)
<b>Other comprehensive income</b>			
Land, buildings and improvements reserve increment / (decrement)	-	(1,570)	(1,570)
<b>Total other comprehensive income</b>	-	(1,570)	(1,570)
<b>Total comprehensive income/(loss) for the year</b>	(10,086)	(1,570)	(11,656)
<b>Balance at 30 June 2014</b>	<b>128,531</b>	<b>7,036</b>	<b>135,567</b>
<b>Balance at 1 July 2012</b>	77,835	6,807	84,642
<b>Net result</b>	57,376	-	57,376
<b>Other comprehensive income</b>			
Ferries: revaluation reserve increment / (decrement)	-	1,799	1,799
<b>Total other comprehensive income</b>	-	1,799	1,799
<b>Total comprehensive income/(loss) for the year</b>	<b>57,376</b>	<b>1,799</b>	<b>59,175</b>
<b>Transactions with owners in their capacity as owners</b>			
Superannuation assumed by Crown (Note 14)	3,406	-	3,406
<b>Balance at 30 June 2013</b>	<b>138,617</b>	<b>8,606</b>	<b>147,223</b>

The accompanying notes form part of these financial statements.

**Sydney Ferries**  
**Statement of cash flows**  
for the year ended 30 June 2014

	Notes	2014 \$'000	2013 \$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Operational revenue <sup>1</sup>		6,408	11,002
Other receipts		2,704	5,647
Interest received		575	327
Grants		-	45,251
Payments to suppliers		(2,083)	(13,867)
Payments for employees and former employees		(3,504)	(44,611)
<b>Net cash inflows/(outflows) from operating activities</b>	17	<b>4,100</b>	<b>3,749</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of property, plant and equipment		(3,818)	(3,308)
<b>Net cash inflows/(outflows) from investing activities</b>		<b>(3,818)</b>	<b>(3,308)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
<b>Net cash inflows/(outflows) from financing activities</b>		<b>-</b>	<b>-</b>
Net increase/(decrease) in cash and cash equivalents		282	441
Cash and cash equivalents at the beginning of the year		15,538	15,097
<b>Cash and cash equivalents at 30 June</b>	5	<b>15,820</b>	<b>15,538</b>

<sup>1</sup> Cash flow from vessel lease payment.

The accompanying notes form part of these financial statements.



## Sydney Ferries

### Notes to the financial statements

for the year ended 30 June 2014

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#### 1. Summary of significant accounting policies

##### (a) Reporting entity

Sydney Ferries is a statutory corporation established by the *Transport Administration Act 1988*. Sydney Ferries is a "statutory authority" for the purposes of the *Public Finance and Audit Act 1983* and is a controlled entity of Transport for NSW and the Department of Transport and is consolidated as part of the NSW Total State Sector Accounts.

Sydney Ferries was initially established to deliver safe and reliable Sydney ferry services in an efficient, effective and financially responsible manner. On 3 May 2012 the Minister for Transport announced that Harbour City Ferries (HCF) was awarded a contract to operate ferry services on Port Jackson and the Parramatta River for seven years under a new Ferry System Contract. The contract commenced on 28 July 2012.

As a result of the new Ferry System Contract, Sydney Ferries business model changed from owning ferries and related assets and operating ferry services to owning the ferry vessels and Balmain Shipyard and fixed plant and equipment.

While the change in the business model had minor impact on the accounting policies of Sydney Ferries, there has been significant changes in the amounts and types of revenue earned and expenses incurred.

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

The financial statements were authorised for issue by the Acting Chief Executive Officer on the date on which the accompanying Statement by the Acting Chief Executive was signed.

##### (b) Basis of preparation

###### Statement of compliance

The financial statements of Sydney Ferries have been prepared as general purpose financial statements on an accrual basis in accordance with:

- applicable Australian Accounting Standards and Interpretations;
- the requirements of the NSW *Public Finance and Audit Act 1983*;
- the NSW Public Finance and Audit Regulation 2010; and
- Treasurer's Directions and Treasury Circulars.

All amounts are rounded to the nearest one thousand dollars unless otherwise stated and are expressed in Australian currency.

###### Basis of measurement

These financial statements have been prepared under the historical cost convention except for certain classes of property, plant and equipment, intangible assets, assets held for sale, and financial assets held for trading and available for sale which are measured at fair value.

###### Use of estimates and judgments

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimate are recognised in the period in which the estimate is revised and in any future periods affected.

**Sydney Ferries**  
**Notes to the financial statements**  
for the year ended 30 June 2014

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**1. Summary of significant accounting policies (cont'd)**

**(b) Basis of preparation (cont'd)**

**Use of estimates and judgments (cont'd)**

Information about significant areas of estimation uncertainty in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are described in the following notes:

Note 7 – Property, plant & equipment

Note 8 – Intangibles

Note 11 – Employee benefits

Note 13 – Provisions

**Critical judgements in applying the accounting policies:**

*Determination of for-profit or not-for-profit*

Sydney Ferries is a not-for-profit entity as profit is not its principal objective.

*Going concern*

The financial statements have been prepared on a going concern basis which assumes that payment of liabilities will be met, as and when they fall due, without any intention or necessity to liquidate assets or otherwise wind up operations.

The contract with Harbour City Ferries for the provision of ferries services provides for assets to be returned to Sydney Ferries at the end of the contract. Those assets have been brought to account as an intangible.

**(c) Revenue**

Revenue is measured at the fair value of the consideration or contributions received or receivable. In most cases this is the value of the cash exchanged or exchangeable. Revenue is not recognised unless receipt is probable and the amount is reliably measurable. Revenue is recognised on major income categories as follows:

**Service Contract Payments**

Service Contract Payments were made to Sydney Ferries in July 2012 by Transport for NSW in accordance with an existing Ferry System Contract. The payments included a fixed and a variable component that was based on patronage and meeting Key Performance Indicators and took into account farebox collections.

These payments ceased in July 2012.

**Grants**

Income from grants is recognised when all of the following conditions are satisfied: the entity obtains control of the grant or the right to receive the grant; it is probable that the economic benefits comprising the grant will flow to the entity, and the amount of the grant can be measured reliably. Income from grants is measured at the fair value of the grant received or receivable. Unspent grants are accounted for as liabilities if there is a contractual obligation to refund the unspent amounts.

**Investment revenue**

Interest revenue is recognised in the statement of comprehensive income as it accrues, using the effective interest method.

**Rental revenue**

Rental revenue is recognised in accordance with *AASB 117 Leases* on a straight-line basis over the lease term.

**Sydney Ferries**  
**Notes to the financial statements**  
for the year ended 30 June 2014

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**1. Summary of significant accounting policies (cont'd)**

**(d) Leases**

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 its fair value 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.

Operating lease payments are charged to the statement of comprehensive income in the periods in which they are incurred.

**(e) Employee benefits and other provisions**

**Wages and salaries, annual leave and on-costs**

Liabilities for wages, salaries (including non monetary benefits) and annual leave that are expected to be settled wholly within 12 months of the reporting date are recognised and measured in respect of employees' services up to the reporting date at undiscounted amounts based on the amounts expected to be paid when the liabilities are settled. The leave liabilities for staff that transferred to HCF are retained by Sydney Ferries, with HCF submitting claims to Sydney Ferries on a regular basis for leave taken that relates to the leave entitlements accrued by staff up to and including 27 July 2012.

Unused non-vesting sick leave 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.

Outstanding amounts of payroll tax, workers compensation insurance premiums and superannuation, which are consequential to employment, are recognised as liabilities and expenses where the employee benefits to which they relate have been recognised.

**Long service leave**

The long service leave liabilities for staff that transferred to HCF are retained by Sydney Ferries, with HCF submitting claims to Sydney Ferries on a regular basis for leave taken that relates to the leave entitlements accrued by staff up to and including 27 July 2012.

The liability for long service leave for Sydney Ferries employees is recognised in the provision for employee benefits and measured on a nominal basis having regard to the terms and conditions of these employees.

**Superannuation**

Sydney Ferries' defined benefit superannuation liability has been assumed by the Crown Entity. The entity accounts for the liability as having been extinguished, resulting in the amount assumed being shown as part of the non-monetary revenue item described as 'Acceptance by the Crown Entity of employee benefits and other liabilities'.

The superannuation expense recognised in the statement of comprehensive income comprises:

- defined contribution plans (the expense is calculated as a percentage of the employees' salary); and
- defined benefit plans (the expense is a multiple of the employees' superannuation contributions as specified in the Treasury Circular "Accounting for Superannuation" (NSWTC 14/05)).

**(f) Insurance**

Appropriate insurances are purchased to cover material liability, physical damage, business interruption, and other exposures arising out of normal business operations. The cost of the insurance is expensed over the period to which the insurance cover relates.



**Sydney Ferries**  
**Notes to the financial statements**  
for the year ended 30 June 2014

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**1. Summary of significant accounting policies (cont'd)**

**(g) Taxes**

**Accounting for Goods and Services Tax (GST)**

In relation to GST, revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred by Sydney Ferries as a purchaser is not recoverable from the Australian Taxation Office. In such cases, the GST incurred is recognised as part of the cost of acquisition of an asset or as part of an item of expense.

Receivables and payables are stated with the amount of GST included. However, the GST components of cash flows arising from investing activities which is recoverable or payable to the Australian Taxation Office are classified as operating cash flows.

**Income Tax**

NSW Treasury has advised that Sydney Ferries is exempt from the Tax Equivalent Regime for Government Businesses (Treasury Policy Paper 03-4). Accordingly, tax effect accounting is not prepared.

**State Taxes**

Sydney Ferries is exempt from land tax.

**(h) Cash and cash equivalents**

Cash is carried at its principal amount and is subject to an insignificant risk of changes in value. Cash includes cash on hand and at bank.

**(i) Trade and other receivables**

Trade and other 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. Any changes are accounted for in the statement of comprehensive income when impaired, derecognised or through the amortisation process. Short-term receivables with no stated interest rate are measured at the original invoice amount where the effect of discounting is immaterial.

**(j) Impairment of financial assets**

All financial assets, except those measured at fair value through profit or 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.

When an available for sale financial asset is impaired, the amount of the cumulative loss is removed from equity and recognised in the Statement of Comprehensive Income, based on the difference between the acquisition cost (net of any principal repayment and amortisation) and current fair value, less any impairment loss previously recognised in the statement of comprehensive income.

Any reversals of impairment losses are reversed through the income statement, where there is objective evidence, except reversals of impairment losses on an investment in an equity instrument classified as "available for sale" must be made through the reserve. 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.



**Sydney Ferries**  
**Notes to the financial statements**  
for the year ended 30 June 2014

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**1. Summary of significant accounting policies (cont'd)**

**(k) Trade and other payables**

These amounts represent liabilities for goods and services provided to Sydney Ferries and other amounts. Trade and other 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.

**(l) De-recognition of financial assets and financial liabilities**

A financial asset is de-recognised when the contractual rights to the cash flows from the financial assets expire or if the agency transfers the financial asset:

- where substantially all the risks and rewards have been transferred; or
- where the agency has not transferred substantially all the risks and rewards, if the entity has not retained control.

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

A financial liability is de-recognised when the obligation specified in the contract is discharged or cancelled or expires.

**(m) Property, Plant and Equipment**

**Acquisition of assets and capitalisation threshold**

The cost method of accounting is used for the initial recording of all acquisitions of assets controlled by Sydney Ferries. Cost is the amount of cash or cash equivalents paid or the fair value of the other consideration given to acquire the asset when initially recognised in accordance with the specific requirements of other Australian Accounting Standards. Assets acquired at no cost, or for nominal consideration, are initially recognised at their fair value at the date of acquisition. Fair value is the amount for which an asset could be exchanged between knowledgeable, willing parties in an arm's length transaction. Where payment for an item is deferred beyond normal credit terms, its cost is the cash equivalent. The deferred payment amount is effectively discounted at an asset-specific rate.

Property, plant and equipment costing \$1,000 or more individually and having a minimum expected useful life of one year or more is capitalised.

Major spares purchased specifically for particular assets or class of assets are, at the time of acquisition, included in the cost of the assets and depreciated accordingly.

**Revaluation of Property, Plant and Equipment**

Physical non-current assets are valued in accordance with the 'Valuation of Physical Non-Current Assets at Fair Value' Policy and Guidelines Paper (TPP 14-1). This policy adopts fair value in accordance with AASB 13 *Fair Value Measurement* and AASB 116 *Property, Plant and Equipment*.

Each class of physical non-current asset is revalued at least every five years or with sufficient regularity to ensure that the carrying amount of each asset in the class does not differ materially from its fair value at reporting date. The last revaluation for ferries was completed in June 2013. Freehold land, buildings and improvements were valued on 30 June 2014 based on an independent assessment.

Where available, fair value is determined having regard to the highest and best use of the asset on the basis of current market selling prices for the same or similar assets. Where market selling price is not available, the asset's fair value is measured at depreciated replacement cost. For vessels which are specialised assets, depreciated replacement cost is determined by reference to the most appropriate modern, depreciated equivalent replacement asset that provided similar economic benefits.

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

**Sydney Ferries**  
**Notes to the financial statements**  
for the year ended 30 June 2014

**1. Summary of significant accounting policies (cont'd)**

(m). **Property, Plant and Equipment (cont'd)**

**Revaluation of Property, Plant and Equipment (cont'd)**

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. The accumulated depreciation is restated proportionately with the change in the gross carrying amount so that the carrying amount of the asset after revaluation equals its revalued amount.

In all other cases the accumulated depreciation is eliminated against the gross carrying amount of the asset and the net carrying amount is restated to the revalued amount of the asset.

Increases in the carrying amounts arising on revaluation are credited to the asset revaluation reserve. To the extent that the increase reverses a decrease previously recognised profit or loss, the increase is first recognised in profit or loss. Decreases that reverse previous increases of the same asset are first charged against revaluation reserves directly in equity to the extent of the remaining reserve attributable to the asset; all other decreases are charged to the statement of comprehensive income.

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

**Work in progress**

Costs relating to property, plant and equipment that are under construction, or are otherwise incomplete, are shown in the statement of financial position as work in progress and are not depreciated until the assets are brought into service.

**Impairment of Property, Plant and Equipment**

In respect of a not-for-profit entity, value in use is the depreciated replacement cost. Hence an impairment loss is unlikely to arise on any of Sydney Ferries' assets because the carrying amount (usually depreciated replacement cost) is unlikely to exceed the recoverable amount. For vessels (which are specialised assets) held for sale, an impairment loss would arise when they are valued at market value and not disposed off in the same financial year.

**Depreciation of Property, Plant and Equipment**

Property, plant and equipment, excluding freehold land and work in progress, are depreciated over their estimated useful lives as follows:

Asset Class	Life	Method
Freehold buildings	40 Yrs	Straight Line
Plant and Equipment	3 to 20 Yrs	Straight Line
Ferries	15 to 40 Yrs	Straight Line

**Dry Docking**

As part of the long-term maintenance program for the fleet, all vessels undergo a major refit (dry docking) on a regular basis (every 5 years for the Freshwater class of ferries and every 2 years for the remainder of the fleet). The cost of these dockings are capitalised and depreciated over the period to the subsequent docking.

**Repairs and maintenance**

The cost of routine maintenance and repairs are expensed as incurred, except where they relate to the replacement of a component of an asset that increases the service potential of the asset, in which case the cost is capitalised and depreciated.



**Sydney Ferries**  
**Notes to the financial statements**  
for the year ended 30 June 2014

---

**1. Summary of significant accounting policies (cont'd)**

**(n) Intangible assets**

**i. Right to receive**

Sydney Ferries recognises the right to receive ferry spare parts inventory and fuel stocks which Harbour City Ferries (HCF) under its contract must return at the end of that contract. HCF advises Sydney Ferries the value of the right to receive assets as at 30 June each year based on the amount of fuel and of each inventory item and relevant values, of each of the right to receive items at the reporting date. The advice from HCF is used for the purpose of assessing impairment to the right to receive assets as at 30 June each year.

**ii. Computer software**

The Ferry Operations Customer Information System (FOCIS) is delivered as computer software and amortised over its useful life of 5 years.

**(o) Provisions**

A provision is recognised in the statement of financial position when Sydney Ferries has a present legal or constructive obligation as a result of past event, and it is probable that an outflow of economic benefits will be required to settle the obligation, and the amount has been reliably estimated.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

If the effect of the time value of money is material, provisions are measured using the present value of the expenditure expected to be required to settle the obligation and using a discount rate that reflects current market assessments of the time value of money and the risks specific to the liability.

**Restructuring**

A provision for restructuring/redundancy is recognised when Sydney Ferries has approved a detailed and formal restructuring plan, and the restructuring has either commenced or has been announced publicly. Termination benefits are recognised as an expense when Sydney Ferries is committed to terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognised as an expense if Sydney Ferries has made an offer of voluntary redundancy, it is probable that the offer will be accepted and the number of acceptances can be estimated reliably.

**(p) Non-current assets held for sale**

Non-current assets are classified as held for sale when their carrying amount will be recovered principally through a sale transaction not through continuing use. Non-current assets held for sale are recognised at the lower of carrying amount and fair value less costs to sell.

For any assets classified as "Non-current assets held for sale", an impairment loss will be recognised where the asset's carrying value is greater than its fair value less costs to sell.

Non-current assets classified as held for sale are not depreciated or amortised while they are classified as held for sale.

Non-current assets classified as held for sale are presented separately from the other assets in the statement of financial position.

**(q) Comparatives**

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

**Sydney Ferries**  
**Notes to the financial statements**  
for the year ended 30 June 2014

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**1. Summary of significant accounting policies (cont'd)**

**(r) Allocation between current and non-current assets and liabilities**

In the determination of whether an asset or liability is current or non-current, consideration is given to the time when each asset or liability is expected to be settled. The asset or liability is classified as current if it is expected to be settled within the ensuing 12 months, being Sydney Ferries operational cycle. In the case of liabilities where Sydney Ferries does not have the unconditional right to defer settlement beyond 12 months, such as vested long service leave, the liability is classified as current even if not expected to be settled within the next 12 months.

**(s) Fair value hierarchy**

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

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

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

Refer Note 9 and Note 18 for further disclosures regarding fair value measurements of financial and non-financial assets

**(t) Equity and reserves**

**Asset Revaluation Reserve**

The asset revaluation reserve is used to record increments and decrements on the revaluation of noncurrent assets. This accords with Sydney Ferries policy on the revaluation of property, plant and equipment as discussed in note 1(m).

Separate reserve accounts are recognised in the financial statements only if such accounts are required by specific legislation or Australian Accounting Standards (e.g. asset revaluation reserve).

**(u) Equity transfers**

The transfer of net assets between agencies as a result of an administrative restructure, transfers of 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 Australian Interpretation 1038 *Contributions by Owners Made to Wholly-Owned Public Sector Entities*.

Transfers arising from an administrative restructure between government agencies are recognised at the amount at which the asset was recognised by the transferor government agency immediately prior to the restructure. Subject to below, in most instances this will approximate fair value.

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



**Sydney Ferries**  
**Notes to the financial statements**  
for the year ended 30 June 2014

**1. Summary of significant accounting policies (cont'd)**

(v) **Changes in accounting policy, including new or revised Australian Accounting Standards**

**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. These standards include the revised AASB 119 *Employee Benefits* and AASB 13 *Fair Value*.

The impact of the revised AASB 119 in the period of initial application includes the requirement to classify Annual leave as a long term employee benefit where 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.

Under AASB 13, Sydney Ferries is required to categorise, for disclosure purposes, the valuation techniques based on the inputs (Level 1, 2 and 3) and fair value hierarchy for non-current assets.

**Issued but not yet effective**

At reporting date all the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board ("the AASB") that are relevant to operations and effective for the current annual reporting period have been adopted.

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective have not been adopted for the financial reporting period ended 30 June 2014 in accordance with Treasury mandated policy. The impact of these standards in the period of initial application will not be significant.

Standard	Applicable to annual reporting periods beginning on or after
AASB 9 Financial Instruments and AASB 2010-7 Amendments to Australian Accounting Standards arising from AASB 9	1 January 2018
AASB 2013-3 Amendments to AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets	1 January 2014
AASB 2013-9 Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments	1 January 2014 (Part B) 1 January 2015 (Part C)
AASB 2014-1 Amendments to Australian accounting standards	1 July 2014 (Part A) 1 July 2014 (Part B) 1 July 2014 (Part C) 1 January 2016 (Part D) 1 January 2015 (Part E)

A number of other new standards have been identified and assessed and it is expected that they will not impact the financial statements of the entity.

**Sydney Ferries**  
**Notes to the financial statements**  
for the year ended 30 June 2014

**2. Expenses**

(a) Fleet running expense

	Notes	2014 \$'000	2013 \$'000
Fuel and Inventory expense - labour hire, spare parts and consumables		-	2,026
<b>Total fleet running expenses</b>		<b>-</b>	<b>2,026</b>

(b) Employee benefits

Wages and salaries		899	7,860
Redundancy and restructuring		240	10
Annual leave		(11)	334
Long service leave		(3)	51
Superannuation - defined benefit plan		-	207
Superannuation - defined contribution plan		102	857
Workers' compensation		(10)	208
Payroll tax		38	1,800
<b>Total employee benefits</b>		<b>1,255</b>	<b>11,327</b>

(c) Depreciation, amortisation and impairment

Depreciation	7	12,915	19,080
Amortisation - intangibles (amortisation expense for FOCIS)		1,939	-
<b>Total depreciation, amortisation and impairment costs</b>		<b>14,854</b>	<b>19,080</b>

**Sydney Ferries**  
**Notes to the financial statements**  
for the year ended 30 June 2014

**2. Expenses (cont'd)**

(d) General operating expenses

	Notes	2014 \$'000	2013 \$'000
Insurances		-	502
Operating leases		113	244
Auditor's remuneration - audit of financial statements		96	128
Hire of private ferries		-	453
Labour related costs		-	216
Temporary staff		-	305
Marketing		-	5
IT & Communications		(43)	772
Professional services		71	366
Property		-	191
Printing		-	47
Travel & Accommodation		-	124
Administration		(89)	235
Other expenses		-	6
<b>Total general operating expenses</b> <sup>1</sup>		<b>148</b>	<b>3,594</b>

<sup>1</sup> Decrease in expense reflects changes in Sydney Ferries Model (Note 1(a)).

**3. Revenue**

(a) Operational revenue

	2014 \$'000	2013 \$'000
Service contract revenue	-	5,435
Lease revenue	5,742	5,121
<b>Total operational revenue</b> <sup>1</sup>	<b>5,742</b>	<b>10,556</b>

<sup>1</sup> Decrease in operational revenue reflects change in Sydney Ferries business model (Note 1(a)).

(b) Other revenue

Interest	575	327
NSW Government Grant <sup>2</sup>	-	22,620
Rent and advertising	-	7
Commission	-	21
Superannuation assumed by Crown	-	16,508
Other revenue	668	1,941
MPM Revenue <sup>3</sup>	4,940	4,733
<b>Total other revenue</b>	<b>6,183</b>	<b>46,158</b>

<sup>2</sup> Funding for restructuring arising from franchising of Sydney Ferries operations.

<sup>3</sup> MPM Revenue related to major periodic maintenance work undertaken by the Ferry Services Contractor, Harbour City Ferries, on Sydney Ferries vessels.

**Sydney Ferries**  
**Notes to the financial statements**  
for the year ended 30 June 2014

**4. Other gains/(losses)**

	2014	2013
	\$'000	\$'000
Impairment on Right to Receive assets	(4,270)	(421)
Write-down on WIP assets	-	(2,062)
Write-down on land assets	(1,484)	-
Ferries Revaluation	-	39,172
<b>Total gains/(losses) on disposal of assets</b>	<b>(5,754)</b>	<b>36,689</b>

**5. Cash and cash equivalents**

	2014	2013
	\$'000	\$'000
Cash	15,820	15,538
<b>Total cash and cash equivalents</b>	<b>15,820</b>	<b>15,538</b>

**6. Trade and other receivables**

	2014	2013
	\$'000	\$'000
Trade debtors	599	2,235
<b>Total trade and other receivables</b>	<b>599</b>	<b>2,235</b>

**7. Property, plant and equipment**

(a) Classes

	2014	2013
	\$'000	\$'000
<b>Land - freehold</b>		
Gross carrying amount	2,700	5,737
<b>Buildings - freehold</b>		
Gross carrying amount	15,482	15,130
Less: accumulated depreciation and impairment	(10,063)	(9,317)
<b>Total buildings - freehold</b>	<b>5,419</b>	<b>5,813</b>
<b>Plant and equipment</b>		
Gross carrying amount	13,720	13,720
Less: accumulated depreciation and impairment	(8,273)	(7,985)
<b>Total plant and equipment</b>	<b>5,447</b>	<b>5,735</b>
<b>Ferries</b>		
Gross carrying amount	278,854	273,915
Less: accumulated depreciation and impairment	(209,607)	(197,357)
<b>Total ferries</b>	<b>69,247</b>	<b>76,558</b>
<b>Work in progress</b>		
Gross carrying amount	2,219	12,940
<b>Total work in progress</b>	<b>2,219</b>	<b>12,940</b>
<b>Total property, plant and equipment</b>	<b>85,032</b>	<b>106,783</b>



**Sydney Ferries**  
**Notes to the financial statements**  
for the year ended 30 June 2014

**7. Property, plant and equipment (cont'd)**

**(b) Reconciliation of property, plant and equipment**

Reconciliation of carrying amounts of each class of property, plant and equipment at the beginning and at the end of the reporting period are set out below:

	Land - freehold \$'000	Buildings - freehold \$'000	Plant and equipment \$'000	Ferries \$'000	Work in progress \$'000	Total \$'000
<b>Gross carrying amount</b>						
Balance at 1 July 2013	5,737	15,130	13,720	273,915	12,940	321,442
Additions	-	-	-	-	3,818	3,818
Revaluations	(3,037)	352	-	-	-	(2,685)
MPM additions	-	-	-	4,939	-	4,939
Transfer to intangibles	-	-	-	-	(14,539)	(14,539)
<b>Balance at 30 June 2014</b>	<b>2,700</b>	<b>15,482</b>	<b>13,720</b>	<b>278,854</b>	<b>2,219</b>	<b>312,975</b>
Balance at 1 July 2012	5,737	15,130	8,050	233,304	12,405	274,626
Additions	-	-	5,670	7,138	2,597	15,405
Disposals/derecognition/write-offs	-	-	-	-	(2,062)	(2,062)
Revaluations	-	-	-	33,473	-	33,473
<b>Balance at 30 June 2013</b>	<b>5,737</b>	<b>15,130</b>	<b>13,720</b>	<b>273,915</b>	<b>12,940</b>	<b>321,442</b>
<b>Accumulated depreciation</b>						
Balance at 1 July 2013	-	(9,317)	(7,985)	(197,357)	-	(214,659)
Depreciation for the year	-	(377)	(288)	(12,250)	-	(12,915)
Revaluations	-	(369)	-	-	-	(369)
<b>Balance at 30 June 2014</b>	<b>-</b>	<b>(10,063)</b>	<b>(8,273)</b>	<b>(209,607)</b>	<b>-</b>	<b>(227,943)</b>
Balance at 1 July 2012	-	(8,942)	(6,728)	(187,407)	-	(203,077)
Depreciation for the year	-	(375)	(1,257)	(17,448)	-	(19,080)
Revaluations	-	-	-	7,498	-	7,498
<b>Balance at 30 June 2013</b>	<b>-</b>	<b>(9,317)</b>	<b>(7,985)</b>	<b>(197,357)</b>	<b>-</b>	<b>(214,659)</b>
<b>Net carrying amounts</b>						
At 1 July 2012	5,737	6,188	1,322	45,897	12,405	71,549
At 1 July 2013	5,737	5,813	5,735	76,558	12,940	106,783
<b>At 30 June 2014</b>	<b>2,700</b>	<b>5,419</b>	<b>5,447</b>	<b>69,247</b>	<b>2,219</b>	<b>85,032</b>

**Estimates:**

Management has estimated expected usage and assessed the assets for impairment.

**Valuations:**

(a) Property, plant and equipment were revalued in accordance with the basis of valuation set out in Note 1(m).

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

Class of assets	Date of valuation	Registered valuers
Freehold land	30-Jun-14	Preston Rowe Paterson NSW Pty. Ltd.
Buildings	30-Jun-14	MDA Australia Pty. Ltd.
Ferries	30-Jun-13	Rodney Hyman Asset Services Pty. Ltd.

**Sydney Ferries**  
**Notes to the financial statements**  
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**8. Intangibles**

	Notes	2014 \$'000	2013 \$'000
<b>Right to Receive Assets</b>			
Right to Receive - Plant & Equipment		5,161	4,817
Right to Receive - Intangibles		1,135	4,405
Right to Receive - Leasehold Improvements		14,753	16,393
Right to Receive - Inventory (incl fuel)		8,366	8,070
<b>Total Right to Receive Assets</b>		<b>29,415</b>	<b>33,685</b>
Computer software		12,600	-
<b>Total computer software</b>		<b>12,600</b>	-
<b>Total intangibles</b>		<b>42,015</b>	<b>33,685</b>

The contract with Harbour City Ferries for the provision of ferry services provides for assets to be returned to Sydney Ferries at the end of the contract. Those assets have been brought to account as a Right to Receive Intangible Asset.

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

	Right to receive \$'000	Computer software \$'000	Total \$'000
<b>Gross carrying amount</b>			
Balance at 1 July 2013	33,685	-	33,685
Transfers in from PPE	-	14,539	14,539
Impairment (refer Note 4)	(4,270)	-	(4,270)
Amortisation	-	(1,939)	(1,939)
<b>Balance at 30 June 2014</b>	<b>29,415</b>	<b>12,600</b>	<b>42,015</b>

**9. Fair value measurement of non-financial assets**

(a) Fair value hierarchy

Fair value measurements recognised in the balance sheet are categorised into the following levels at 30 June 2014. Comparative information for non-financial assets has not been provided as permitted by the transitional provision of the new standard.

2014	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
<b>Property, plant and equipment (Note 7)</b>				
Land, buildings and improvements	-	-	8,119	8,119
Ferries	-	-	64,308	64,308
	-	-	<b>72,427</b>	<b>72,427</b>

**Sydney Ferries**  
**Notes to the financial statements**  
for the year ended 30 June 2014

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**9. Fair value measurement of non-financial assets (cont'd)**

**(b) Valuation techniques and input**

Sydney Ferries obtains independent valuations for its non financial assets at least every 5 years.

At the end of each reporting period, Sydney Ferries updates its assessment of the fair value of each category of non financial asset, taking into account the most recent independent valuation.

The best evidence of fair value is current prices in an active market for similar assets. Where such information is not available, Sydney Ferries considers information from a variety of other sources including:

- Current prices in an active market for assets of a similar nature or recent prices of similar assets in less active markets, adjusted to reflect those differences.
- Depreciated replacement cost where the selling price is not available, with reference to most appropriate modern, depreciated equivalent replacement asset that provides similar economic benefits.
- Discounted cash flow projections based on realisable estimates of future cash flows.

All resulting fair value measurements were classified under level 3 of the fair value hierarchy, with the exception of major periodic maintenance work on ferries and work in progress carried at cost under level 2.

There were no changes in the valuation techniques used during the year.

**(c) Valuation processes**

Sydney Ferries engages external professionally qualified valuers to determine the fair value of the entity's non financial assets at the end of the reporting period, at least every 5 years.

As at 30 June 2014, the fair value of land has been determined by Preston Rowe Paterson, the fair value of buildings has been determined by MDA Australia, and the last valuation of vessels was determined by RHAS during the 2012-13 financial year.

The main level 2 and level 3 inputs used by the valuers for Property, plant and equipment are as follows:

- Land – rate per square metre of land area derived from the most comparable land sales evidence are estimated by Preston Rowe Paterson based on comparable industrial zoned land sales, adjusted for the specific attributes of the land and taking into consideration the implications of the existing lease over the property.
- Building – current building and civil engineering costs and techniques, measured cost plans were estimated by MDA Australia based on industry practice.
- Vessels – depreciated replacement cost, including delivery and professional fees were estimated by RHAS based on the advice of a locally-based, reputable and long-standing boat-builder, assuming the lowest cost of replacing the vessel with a vessel based on the agreed criteria with management. Costs incurred on major periodic maintenance are determined by management based on the applicable Australian Accounting Standards
- Work in progress – construction costs incurred by the entity are determined by management based on the applicable Australian Accounting Standards.

There were no transfers between level 1, 2 and 3 for recurring and non-recurring fair value measurements during the year.



**Sydney Ferries**  
**Notes to the financial statements**  
for the year ended 30 June 2014

**9. Fair value measurement of non-financial assets (cont'd)**

(d) Valuation input and relationships to fair value

The following table summarises the quantitative information about the significant unobservable inputs used in recurring level 3 fair value measurements.

Description	Valuation Technique	Significant Unobservable Input	Range of Inputs (probability or weighted average)	Relationship between unobservable inputs and fair value measurement
Land	Direct comparison approach: this valuation method involves comparing the subject property to comparable sales on a rate per square metre of land area basis, and discount the estimated land value to account for the impact of the existing lease which will expire in July 2019.	Rate per square metre of land area	\$600 - \$700	The higher the rate, the higher the fair value.
		Discount Rate	8%	The higher the discount rate, the lower the fair value.
Building	Depreciated replacement cost: this valuation method involves application of straight-line depreciation to the building, taking into account the marked up replacement costs for each construction component.	Useful lives	40 years	The longer the useful life, the higher the fair value.
		mark up rate on replacement cost for each construction component	0.5%	The higher the rate, the higher the fair value.
		Adjusted replacement costs	\$15.482 million	The higher the replacement cost, the higher the fair value.
Ferries	Depreciated replacement cost: this valuation method involves application of straight-line depreciation to the vessels to best measure the remaining economic benefits embodied in the asset, taking into account lowest cost of replacing the vessel.	Useful lives	15 – 40 years	The longer the useful life, the higher the fair value.
		Optimised replacement costs per vessel	\$2.728 million - \$24.530 million	The higher the optimised replacement cost, the higher the fair value.

There were no significant inter-relations between unobservable inputs that would materially affect the overall valuation.



**Sydney Ferries**  
**Notes to the financial statements**  
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**9. Fair value measurement of non-financial assets (cont'd)**

(e) Reconciliation of recurring Level 3 fair value measurements

2014	Land \$'000	Buildings \$'000	Ferries \$'000	Total \$'000
Fair value as at 1 July 2013	5,737	5,813	76,558	88,108
Additions	-	-	-	-
Revaluation increments/decrements recognised in Net result - included in the line item 'Other gains/ (losses)'	(1,484)	-	-	(1,484)
Revaluation increments/ decrements recognised in other comprehensive income - included in line item 'Net increase / (decrease) in property, plant and equipment revaluation surplus'	(1,553)	(17)	-	(1,570)
Depreciation	-	(377)	(12,250)	(12,627)
<b>Fair value as at 30 June 2014</b>	<b>2,700</b>	<b>5,419</b>	<b>64,308</b>	<b>72,427</b>
*unrealised gains or (losses) recognised in profit or loss attributable to assets held at the end of the reporting period (included in gains/(losses) recognised in other income above)	-	-	-	-

**10. Trade and other payables**

	2014 \$'000	2013 \$'000
Accrued salaries, wages and on-costs	16	176
Trade creditors	126	197
Goods and services tax payable	72	61
Other creditors and accruals	592	1,055
<b>Total payables</b>	<b>806</b>	<b>1,489</b>

**11. Employee benefits**

	2014 \$'000	2013 \$'000
<b>(a) Employee benefits - provisions</b>		
<b>Current</b>		
Provision for annual leave - short term	162	449
Provision for superannuation	-	8
Provision for long service leave - short term	265	373
<b>Total current employee benefits liabilities</b>	<b>427</b>	<b>830</b>
<b>(b) Aggregate employee benefit and related on-costs</b>		
<b>Current</b>		
Accrued salaries, wages and on-costs	16	176
<b>Total employee benefits and related on-costs</b>	<b>443</b>	<b>1,006</b>

**Sydney Ferries**  
**Notes to the financial statements**  
for the year ended 30 June 2014

**12. Other liabilities**

	2014 \$'000	2013 \$'000
<b>Current</b>		
Liability for former employees' leave entitlements	6,866	8,351
<b>Total</b>	<b>6,666</b>	<b>8,351</b>

**13. Provisions**

	Notes	2014 \$'000	2013 \$'000
Current provisions		-	2
Non-current provisions		-	346
<b>Total provisions</b>		<b>-</b>	<b>348</b>
<b>The balance of provisions consists of:</b>			
Provision for marine damage claims	(i)	-	5
Provision for public liability claims	(i)	-	285
Provision for marine hull damage	(i)	-	58
<b>Total provisions</b>		<b>-</b>	<b>348</b>

**(i) Movement in provisions**

Sometime ago provisions were established in relation to potential public liability, rivercat wash and marine hull damages claims. A comprehensive assessment of the potential for claims in that regard was undertaken during 2013-14 and indicated that no further claims are likely. As such, each of the provisions was written back to nil in this financial year.

**Movements in provisions**

2014	Opening balance \$'000	Increase / (decrease) in provision \$'000	Payments \$'000	Closing balance \$'000
<b>Class of provision</b>				
Marine damage claims	5	(5)	-	-
Public liability claims	285	(285)	-	-
Marine hull claims	58	(58)	-	-
<b>Total</b>	<b>348</b>	<b>(348)</b>	<b>-</b>	<b>-</b>

2013	Opening balance \$'000	Increase / (decrease) in provision \$'000	Payments \$'000	Closing balance \$'000
<b>Class of provision</b>				
Marine damage claims	5	-	-	5
Public liability claims	320	-	(35)	285
Marine hull claims	58	-	-	58
Restructuring/redundancy	26,881	-	(26,881)	-
<b>Total</b>	<b>27,264</b>	<b>-</b>	<b>(26,916)</b>	<b>348</b>

**Sydney Ferries**  
**Notes to the financial statements**  
for the year ended 30 June 2014

**14. Transactions with owners in their capacity as owners**

	2014 \$'000	2013 \$'000
Superannuation assumed by Crown	-	3,406
<b>Total other comprehensive income</b>	<b>-</b>	<b>3,406</b>

**15. Contingent liabilities**

Contingent liabilities represent matters that are unconfirmed (pending the occurrence or non-occurrence of an uncertain future event), or not reliably measurable or unlikely to be settled. However, their probability of settlement is not remote. Contractual and other claims against Sydney Ferries arise in the ordinary course of operations. The existence or quantum of each claim is usually in dispute and the outcome cannot be measured reliably. Sydney Ferries has made an assessment that it has one contingent liability in the amount of \$816k and another contingent liability to the value of \$13k as at 30 June 2014. The contingent liabilities relate to contractual disputes.

**16. Commitments**

	2014 \$'000	2013 \$'000
<b>Capital Commitments</b>		
Aggregate capital commitments for property, plant & equipment contracted for at reporting date and not provided for:		
Not later than one year	-	1,789
Later than one year	-	-
<b>Total (including GST)</b>	<b>-</b>	<b>1,789</b>

**17. Reconciliation of operating result to net cash from operating activities**

(a) Reconciliation of operating result to net cash from operating activities

	2014 \$'000	2013 \$'000
Net result	(10,086)	57,376
<b>Adjustments to reconcile net operating result to net cash from operating activities</b>		
Derecognition, impairment and write off of assets	4,270	421
Revaluation (increment) / decrement	1,484	(39,172)
Depreciation and amortisation of non-current assets	14,854	19,080
Other non cash items	(4,940)	(7,900)
<b>Changes in assets and liabilities</b>		
(Increase) / decrease in receivables	1,637	26,708
(Increase) / decrease in other assets	-	520
Increase / (decrease) in trade and other payables	(683)	(6,277)
Increase / (decrease) in employee entitlements	(403)	(28,442)
Increase / (decrease) in other liabilities	(1,685)	8,351
Increase / (decrease) in other provisions	(348)	(26,916)
<b>Net cash flows from operating activities</b>	<b>4,100</b>	<b>3,749</b>

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**Sydney Ferries**  
**Notes to the financial statements**  
for the year ended 30 June 2014

**17. Reconciliation of operating result to net cash from operating activities (cont'd)**

(b) Non cash financing and investing activities

	2014	2013
	\$'000	\$'000
Superannuation assumed by the Crown	-	3,406
Major Periodic Maintenance work by HCF	4,939	4,733
Recognition of Manly Hydraulic Ramps and other assets	-	5,670

**18. Financial instruments**

Sydney Ferries' principal financial instruments are outlined below. These financial instruments arise directly from Sydney Ferries' operations or are required to finance Sydney Ferries' operations. Sydney Ferries does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

Sydney Ferries' main risks arising from financial instruments are outlined below, together with the Sydney Ferries' objectives, policies and processes for measuring and managing risk. Further quantitative and qualitative disclosures are included throughout this financial report.

Risk management policies are established to identify and analyse the risks faced by Sydney Ferries, to set risk limits and control and monitor risks. Compliance with policies is reviewed by Management on a continuous basis. There have been no changes to Sydney Ferries' exposure to credit, liquidity, market and interest rate risk or objectives, policies and processes for managing the risk and the methods used to measure the risks from the prior year.

(a) Financial instrument categories

Financial Assets	Note	Category	Carrying Amount	Carrying Amount
			2014	2013
			\$'000	\$'000
Class:				
Cash and cash equivalents	5	n/a	15,820	15,538
Receivables	6	Loans and receivables	530	2,105
<b>Financial Liabilities</b>	<b>Note</b>	<b>Category</b>		
Class:				
		Financial liabilities measured at amortised		
Trade Creditors	10	cost <sup>2</sup>	734	1,428
Other liabilities	12	Financial liabilities measured at amortised cost	6,666	8,351

<sup>1</sup> Excludes statutory receivables and prepayments which are not within the scope of AASB 7.

<sup>2</sup> Excludes statutory payables and unearned revenue which are not within the scope of AASB 7.

(b) Credit Risk

Credit risk arises when there is the possibility of Sydney Ferries' debtors defaulting on their contractual obligations, resulting in a financial loss to Sydney Ferries. 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 Sydney Ferries, including cash and cash equivalents and receivables and authority deposits. No collateral is held by Sydney Ferries. Sydney Ferries has not granted any financial guarantees.

Credit risk associated with Sydney Ferries financial assets, other than receivables, is managed through the selection of counterparties and establishment of minimum credit rating standards.



**Sydney Ferries**  
**Notes to the financial statements**  
for the year ended 30 June 2014

**18. Financial instruments (cont'd)**

**(b) Credit risk (cont'd)**

**i) Cash**

Cash comprises cash on hand and bank balances with NSW Treasury Corporation (TCorp). Interest is earned on daily bank balances at the monthly average TCorp 11am unofficial cash rate, adjusted for a management fee payable to NSW Treasury.

**ii) Receivables**

At the end of the reporting period there were no significant concentrations of credit risk. Credit risk is the risk of financial loss arising from another party to a contract or financial position failing to discharge a financial obligation there under. Sydney Ferries' maximum exposure to credit risk is represented by the carrying amounts of the financial assets included in the Statement of Financial Position.

	Government \$'000	Other \$'000	Total \$'000
<b>2014</b>			
Receivables	-	530	530
<b>Total receivables</b>	<b>-</b>	<b>530</b>	<b>530</b>
<b>2013</b>			
Receivables	1,812	293	2,105
<b>Total receivables</b>	<b>1,812</b>	<b>293</b>	<b>2,105</b>

Sydney Ferries has a small amount of sundry debtors who operate on 14 days payment terms. This is reconciled and reviewed on a monthly basis. There are currently no debtors whose terms are past due or impaired whose terms have been renegotiated.

	Total \$'000	Past due but not impaired \$'000	Considered impaired \$'000
<b>2014</b>			
< 3 months overdue	-	-	-
3 months - 6 months overdue	-	-	-
> 6 months overdue	-	-	-
<b>2013</b>			
< 3 months overdue	-	-	-
3 months - 6 months overdue	-	-	-
> 6 months overdue	-	-	-

The ageing analysis excludes statutory receivables and prepayments, as these are not within the scope of AASB 7.

**(c) Liquidity Risk**

Liquidity risk is the risk that Sydney Ferries will be unable to meet its payment obligations when they fall due. Sydney Ferries continuously manages risk through monitoring cash flows and debt maturities and 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. Until July 2012 Sydney Ferries received fixed monthly income from Transport for NSW which assisted in managing cashflow. Details of credit standby arrangements of Sydney Ferries are disclosed in Note 18(b).

No assets have been pledged as collateral. Sydney Ferries' exposure to liquidity risk is deemed insignificant based on prior periods' data and current assessment of risk.

**Sydney Ferries**  
**Notes to the financial statements**  
for the year ended 30 June 2014

**18. Financial instruments (cont'd)**

**(c) Liquidity risk (cont'd)**

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 Sydney Ferries' financial liabilities, together with the interest rate exposure.

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

Exposure to interest rate risk and the effective interest rates of financial liabilities, both recognised and unrecognised at balance date, are as follows. Trade creditors are non-interest bearing and are normally settled on 30 day terms.

	Financial instruments maturing in					
	Carrying amount \$'000	Contractual cash flows \$'000	1 year of less \$'000	Over 1 to 5 years \$'000	More than 5 years \$'000	Non-interest bearing \$'000
<b>2014</b>						
<b>Financial liabilities</b>						
Payables	734	-	-	-	-	734
	<b>734</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>734</b>
<b>2013</b>						
<b>Financial liabilities</b>						
Payables	1,428	-	-	-	-	1,428
	<b>1,428</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,428</b>

**(d) Fair Value**

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.

**(e) 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. Sydney Ferries 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 information 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 Sydney Ferries operates and the time frame for the assessment (that is, until the end of the next annual reporting period). The sensitivity analysis is based on risk exposures in existence at the end of the reporting period. The analysis is performed on the same basis as for 2013. The analysis assumes that all other variables remain constant.

**Sydney Ferries**  
**Notes to the financial statements**  
for the year ended 30 June 2014

**18. Financial instruments (cont'd)**

(e) Market risk (cont'd)

**Interest rate risk**

As Sydney Ferries has repaid all its borrowings, it does not have any interest rate risk exposure at the balance sheet date.

**Sensitivity Analysis**

	Carrying amount \$'000	-1% Surplus / Deficit \$'000	Equity \$'000	+1% Surplus / Deficit \$'000	Equity \$'000
<b>2014</b>					
<b>Financial assets</b>					
Cash and cash equivalents	15,820	(158)	(158)	158	158
<b>2013</b>					
<b>Financial assets</b>					
Cash and cash equivalents	15,538	(155)	(155)	155	155

**19. Events occurring after balance date**

There are no events occurring after the reporting period.

**End of audited financial statements**

**3.6 MTS Holding Company Pty Limited**





## INDEPENDENT AUDITOR'S REPORT

### MTS Holding Company Pty Limited

To Members of the New South Wales Parliament

I have audited the accompanying financial statements of MTS Holding Company Pty Limited (the Company), which comprise the statement of financial position as at 30 June 2014, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information.

### Opinion

In my opinion the financial statements:

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

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

### Directors' Responsibility for the Financial Statements

The directors of the Company are 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 directors determine 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 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 directors, as well as evaluating the overall presentation of the financial statements.

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

My opinion does *not* provide assurance:

- about the future viability of the Company
- that it has carried out its activities effectively, efficiently and economically
- about the effectiveness of its internal control
- about the security and controls over the electronic publication of the audited financial statements on any website where they may be presented
- about other information 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 roles by the possibility of losing clients or income.



C J Giumelli  
Director, Financial Audit Services

19 September 2014  
SYDNEY

MTS HOLDING COMPANY PTY LIMITED

FINANCIAL STATEMENTS

2013-14

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**MTS Holding Company Pty Limited**

**Declaration**

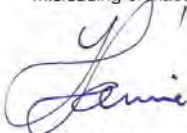
Pursuant to section 41C (1B) and 1(C) of the *Public Finance and Audit Act 1983*, I state that:

(a) The accompanying financial statements have been prepared in accordance with:

- Applicable Australian Accounting Standards (which include Australian Accounting Interpretations); and
- The requirements of the *Public Finance and Audit Act 1983* and Regulation.

(b) The statements exhibit a true and fair view of the financial position and transactions of MTS Holding Company Pty Limited; and

(c) There are no known circumstances, which would render any particulars included in the financial statements to be misleading or inaccurate.



Fergus Gammie

Person responsible  
Pursuant to Section 43A (3) of the  
*Public Finance and Audit Act 1983*

18 September 2014



**MTS Holding Company Pty Limited**  
**Statement of comprehensive income**  
**For the period ended 30 June 2014**

	Notes	2014	2013	
		\$'000	Consolidated \$'000	Parent \$'000
<b>Revenue</b>				
Passenger service revenue		915	16,192	2,708
Advertising		285	649	76
Interest revenue		7	14	14
Other revenue		157	985	306
Grant income	3(l)	13,712		
		<u>15,076</u>	<u>17,840</u>	<u>3,104</u>
<b>Expenses</b>				
Management fees	3(a)	236	15,562	2,303
Employee related	3(b)	539	684	117
Maintenance expenses	3(c)	156	822	763
Auditors' remuneration	3(d)	48	91	91
Borrowing costs	3(e)	12	18	15
Depreciation	3(f)	288	326	59
Other expenses	3(g)	118	664	240
Monorail expenses	3(l)	13,712	-	-
		<u>15,109</u>	<u>18,167</u>	<u>3,588</u>
<b>Other gains/(losses)</b>	3(h)	24	(14,637)	(14,637)
		<u>24</u>	<u>(14,637)</u>	<u>(14,637)</u>
<b>(Loss)/Profit before tax</b>		(9)	(14,964)	(15,121)
Tax equivalent expense	4	-	-	-
<b>(Loss)/Profit after tax</b>		(9)	(14,964)	(15,121)
<b>Other comprehensive income</b>				
<b>Items that will not be reclassified to net results</b>				
Net increase in asset revaluation reserve	8	75,955	656	656
<b>Total other comprehensive income</b>		<u>75,946</u>	<u>(14,308)</u>	<u>(14,465)</u>
<b>Total comprehensive income for the period</b>		<u>75,946</u>	<u>(14,308)</u>	<u>(14,465)</u>

This statement should be read in conjunction with the notes to the financial statements.

**MTS Holding Company Pty Limited**  
**Statement of financial position**  
**As at 30 June 2014**

		2014	2013	
	Notes	\$'000	Consolidated \$'000	Parent \$'000
<b>ASSETS</b>				
<b>Current assets</b>				
Cash and cash equivalents	5	-	41	41
Trade and other receivables	8	-	1,773	1,773
Inventory	7	-	1,304	1,304
<b>Total current assets</b>		<u>-</u>	<u>3,118</u>	<u>3,118</u>
<b>Non-current assets</b>				
Property, plant and equipment	8	-	4,952	4,952
<b>Total non-current assets</b>		<u>-</u>	<u>4,952</u>	<u>4,952</u>
<b>Total assets</b>		<u>-</u>	<u>8,070</u>	<u>8,070</u>
<b>LIABILITIES</b>				
<b>Current liabilities</b>				
Trade and other payables	10	-	1,580	1,580
Borrowings	11	-	415	415
Employee benefits	12	-	169	169
<b>Total current liabilities</b>		<u>-</u>	<u>2,164</u>	<u>2,164</u>
<b>Total liabilities</b>		<u>-</u>	<u>2,164</u>	<u>2,164</u>
<b>Net assets</b>		<u>-</u>	<u>5,906</u>	<u>5,906</u>
<b>Equity</b>				
Share capital	13	-	20,916	20,916
Retained earnings	14	-	(15,666)	(15,666)
Revaluation Reserve	15	-	656	656
<b>Total equity</b>		<u>-</u>	<u>5,906</u>	<u>5,906</u>

This statement should be read in conjunction with the notes to the financial statements.

**MTS Holding Company Pty Limited**  
**Statement of changes in equity**  
**For the year ended at 30 June 2014**

	Notes	Contributed equity \$'000	Other reserves \$'000	Retained earnings \$'000	Total \$'000
<b>Balance at 1 July 2013</b>	13	20,916	656	(15,666)	5,906
<b>(Loss)/ Profit for the year</b>		-	-	(9)	(9)
<b>Net increase in asset revaluation reserve</b>	8	-	75,955	-	75,955
<b>Total other comprehensive income</b>		-	75,955	-	75,955
<b>Total comprehensive income for the year</b>		-	75,955	(9)	75,946
<b>Transactions with owners in their capacity as owners</b>					
Equity transfer on restructure		-	-	(81,852)	(81,852)
Release of remaining equity balances to retained earnings		(20,916)	(76,611)	97,527	-
		(20,916)	(76,611)	15,675	(81,852)
<b>Balance at 30 June 2014</b>		-	-	-	-
<b>Consolidated</b>					
	Notes	Contributed equity \$'000	Other reserves \$'000	Retained earnings \$'000	Total \$'000
<b>Balance at 1 July 2012</b>	13	19,738	-	(702)	19,036
<b>(Loss)/ Profit for the year</b>		-	-	(14,964)	(14,964)
<b>Net increase in asset revaluation reserve</b>		-	656	-	656
<b>Total other comprehensive income</b>		-	656	-	656
<b>Total comprehensive income for the year</b>		-	656	(14,964)	(14,308)
<b>Transactions with owners in their capacity as owners</b>					
Issue of equity	13	1,178	-	-	1,178
		1,178	-	-	1,178
<b>Balance at 30 June 2013</b>		20,916	656	(15,666)	5,906
<b>Parent</b>					
	Notes	Contributed equity \$'000	Other reserves \$'000	Retained earnings \$'000	Total \$'000
<b>Balance at 1 July 2012</b>	13	19,738	-	(23)	19,715
<b>(Loss)/ Profit for the year</b>		-	-	(15,121)	(15,121)
<b>Net increase in asset revaluation reserve</b>		-	656	-	656
<b>Total other comprehensive income</b>		-	656	-	656
<b>Total comprehensive income for the year</b>		-	656	(15,121)	(14,465)
<b>Transactions with owners in their capacity as owners</b>					
Net assets transferred from subsidiaries		-	-	(522)	(522)
Issue of equity	13	1,178	-	-	1,178
		1,178	-	(522)	656
<b>Balance at 30 June 2013</b>		20,916	656	(15,666)	5,906

This statement should be read in conjunction with the notes to the financial statements.

**MTS Holding Company Pty Limited**  
**Statement of cash flows**  
**For the year ended at 30 June 2014**

		2014	2013	
	Notes	\$'000	Consolidated \$'000	Parent \$'000
<b>Cash Flows From operating activities</b>				
Receipts from customers		2,261	15,127	2,586
Net Interest received (paid)		7	10	2
Employees related payments		(708)	(659)	(108)
Payment to suppliers and other		(863)	(14,624)	(2,682)
<b>Net cash flows from/(used in) operating activities</b>	16	<u>697</u>	<u>(146)</u>	<u>(202)</u>
<b>Cash flows from investing activities</b>				
Purchases of property, plant and equipment		-	(352)	(12)
<b>Net cash flows used in investing activities</b>		<u>-</u>	<u>(352)</u>	<u>(12)</u>
Net Increase/(Decrease) in cash and cash equivalents		697	(498)	(214)
Opening cash and cash equivalents		41	539	-
Cash and cash equivalent acquired on transfer of business to parent		-	-	255
Cash transferred out as a result of administrative restructure		(738)	-	-
<b>Closing cash and cash equivalents</b>	5	<u>-</u>	<u>41</u>	<u>41</u>

This statement should be read in conjunction with the notes to the financial statements.



**MTS Holding Company Pty Limited**  
**Notes to the financial statements**  
**For the year ended 30 June 2014**

**1. Corporate Information**

MTS Holding Company Pty Limited, formerly A.C.N.156 211 906 Pty Limited, is a for-profit proprietary company limited by shares and domiciled in Australia. The company was incorporated on 12 March 2012 and is a fully owned subsidiary of Transport for NSW (TfNSW), a general government sector agency of the NSW Government. The company's ultimate parent is the NSW Government and it is consolidated as part of the Total State Sector Accounts. The registered address of the company is Level 6, 18 Lee Street Chippendale NSW 2008.

On 23 March 2012 Transport for NSW, acting on behalf of MTS Holding Company Pty Limited, paid \$19.738m for the 100% acquisition of Metro Transport Sydney Pty Ltd and its Group, the owners of the Light Rail and Monorail Systems in Sydney. MTS Holding Company Pty Limited issued 20 million shares of \$1 each fully paid to Transport for NSW to fund this acquisition and related stamp duty costs (Note 13).

As a result of this acquisition the principal activities of MTS Holding Company Pty Limited comprise the operations and management of the Light Rail and Monorail Systems in Sydney.

On 22 June 2012, the NSW Government announced the closure of monorail on 30 June 2013 and subsequent removal of the infrastructure to accommodate the new convention centre at Darling Harbour. During 2013-14 TfNSW, the parent undertook the decommissioning and removal of the monorail infrastructure on behalf of and as agent for MTS Holding Company Pty Limited. The demolition and removal expenses of monorail infrastructure were funded by TfNSW in form of grant to MTS Holding Company Pty Limited.

A contract was signed on 28 June 2013 between TfNSW, Transdev (Veolia) and MTS Holding Company Pty Limited (MTSH) regarding the Sydney Light Rail operation & maintenance. TfNSW has contracted Transdev (Veolia) to conduct the operation of the light rail and MTSH remained the asset owner.

*Previous restructure*

On 24 April 2013 the Minister for Transport signed an Order pursuant to section 94(1) of the *Transport Administration Act 1988* to transfer the assets, rights and liabilities of all the acquired subsidiary entities to MTS Holding Company Pty Limited. As a result, MTS Holding Company Pty Limited took responsibility for the operations and financial activities of those entities from 29 April 2013 onwards. The six subsidiary entities were deregistered on 17 July 2013.

*Current restructure of Light Rail operations*

Pursuant to section 94 (1) of the *Transport Administration Act 1988 (NSW)*, on 5 May 2014, the Minister for Transport signed an Order to transfer all assets, rights and liabilities of MTS Holding Company Pty Limited to Transport for NSW. This order was effective on and from 5 May 2014.

This is the last financial report for MTS Holding Company Pty Limited. MTS Holding company Pty Limited will be deregistered and there will no longer be any financial or annual reporting obligations for MTS Holding Company Pty Limited, with NSW Treasury providing an exemption in that regard for 2014-15.

The financial statements cover the period from 1 July 2013 to 30 June 2014 and were approved and authorised for issue by the board of directors on the same date the accompanying declaration was signed.

**2. Summary of Accounting Policies**

*(a) Basis of preparation*

The financial statements are general purpose financial statements prepared on an accruals basis and in accordance with applicable Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board, the requirements of the *Public Finance and Audit Act 1983* and *Public Finance and Audit Regulation 2010*.

**MTS Holding Company Pty Limited**  
**Notes to the financial statements**  
**For the year ended 30 June 2014**

**2. Summary of Accounting Policies (Cont'd)**

*(a) Basis of preparation (Cont'd)*

The financial statements have been prepared on the basis of historical cost except for property, plant and equipment. The methods used to measure the fair values of these assets are discussed in Note 2 (k).

- i. The financial statements are presented in Australian dollars, which was the functional currency. All values are rounded to the nearest thousand dollars (\$'000) unless otherwise stated.
- ii. Non going concern basis of preparation

At 5 May 2014, and at the direction of the Minister for Transport, the directors transferred the entire business of the company to its intermediate parent entity. Consequently the directors have determined that the going concern basis of preparation is no longer appropriate.

The financial report has been prepared in accordance with guidance in TPP 09-3 *Contributions by Owners made to Wholly Owned Public Sector Entities* which requires distributions to owners to be accounted for at fair value to the transferee. Accordingly, the company's property plant and equipment has been revalued upwards to its depreciated replacement cost prior to transfer, as this valuation basis represents fair value to Transport for NSW as transferee (Note 8). No additional liabilities have been recognised as result of the decision to transfer the business and deregister the company.

*(b) Statement of Compliance*

The general purpose financial statements have been prepared in accordance with the requirements of the Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board.

*(c) Significant accounting judgements, estimates and assumptions*

Prior to transfer of assets and liabilities, in the application of accounting standards, management were required to make judgements, estimates and assumptions about the carrying values of assets and liabilities that were not readily apparent from other sources. The estimates and associated assumptions were based on historical experience and various factors that were 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 were recognised in the period in which the estimate was revised if the revision affects only that period or in the period of the revision and future periods if the revision effects both current and future periods.

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

- **Impairment:**  
In assessing impairment, management estimated the recoverable amount of each asset or cash generating units based on expected future cash flows and uses an interest rate to discount them. Estimation uncertainty relates to assumptions about future operating results and the determination of a suitable discount rate.
- **Useful lives of depreciable assets:**  
Management reviews its estimate of the useful lives of depreciable assets at each reporting date, based on the expected utility of the asset. Uncertainties in these estimates relate to economic useful life of the assets.
- **Revaluation of assets:**  
The light rail infrastructure assets were valued by an independent valuer on a depreciated replacement cost basis (DRC) in accordance with TPP 14-01: *Valuation of Physical Non-Current Assets at Fair Value*.

**MTS Holding Company Pty Limited**  
**Notes to the financial statements**  
**For the year ended 30 June 2014**

**2. Summary of Accounting Policies (Cont'd)**

*(d) Revenue*

Revenue was recognised when the company was legally entitled to the income and the amount can be quantified with reasonable accuracy. The company's principal sources of revenue were:

*(i) Rendering of services*

The company's source of revenue included the monthly access fees received from The Star City Casino for using the Light Rail services in Sydney. Revenue from the provision of this service was recognised as revenue when the cash consideration was received or receivable.

*ii) Sale of advertising space*

Revenue from sale of advertising space was recognised as revenue when the service was provided. Fees for the provision of services received but not earned in the period are recognised as income in advance under current liabilities.

*(e) Expenses*

Operating expenses comprise depreciation, employee entitlements, maintenance and administration and marketing expenses. Operating expenses were recognised in profit or loss on an accrual basis as services are utilised.

*(f) Insurance*

The company arranged insurance cover for workers' compensation and monorail decommissioning on an required basis through a private insurance company. The operator of light rail arranged the insurance cover for property and public liability.

*(g) Taxation*

• **Tax equivalent regime**

As a NSW Government owned company, the company is exempt from paying Commonwealth income tax on profits. However, the for-profit company is subject to the NSW Tax Equivalent regime so that tax prevailing rate of company income tax (30% for 2013-14) is payable on the accounting profit earned to the NSW Office of State Revenue. Under this tax equivalent regime deferred tax assets and liabilities are not recognised in the financial statements.

• **Goods and Services Tax (GST)**

Revenues, expenses and assets were recognised net of the amount of GST except where the amount of GST incurred was not recoverable from the Australian Taxation Office, in which case it is recognised as part of the cost of acquisition of an asset or as part of an item of expense.

Receivables and payables were recognised inclusive of GST. The net amount of GST recoverable from or payable to the Australian Taxation Office was included as part of receivables or payables.

Cash flows were included in the statement of cash flows on a net basis exclusive of GST. The GST component of cash flows arising from investing and financing activities which is recoverable from or payable to the Australian Taxation Office was classified as operating cash flows.

*(h) Cash and cash equivalents*

Cash and cash equivalents in the statement of financial position comprise cash at bank. For the purposes of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above.



**MTS Holding Company Pty Limited**  
**Notes to the financial statements**  
**For the year ended 30 June 2014**

**2. Summary of Accounting Policies (Cont'd)**

*(j) Trade and other receivables*

Trade receivables, which comprise amounts due from sales of goods and from services provided to customers, are recognised and carried at original invoice amount less an allowance for any uncollectable amounts. Normal terms of settlement are 30 days. The carrying amount of the receivable was deemed to reflect fair value.

An allowance for impairment is made when there is objective evidence that the company will not be able to collect the debts. Bad debts are written off when identified.

*(l) Inventory*

Inventory of spare parts used for asset maintenance was valued at lower of cost and net realisable value.

*(k) Property, plant and equipment*

Property, plant and equipment relate mainly to the Light Rail systems in Sydney and comprise mainly rolling stock and related plant and equipment (rail infrastructure assets).

▪ *Capitalisation and initial recognition*

The cost method of accounting was used for the initial recording of all acquisitions of assets controlled by the company in accordance with AASB 116 Property, Plant and Equipment. Cost was 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.

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

Fair value was determined by reference to market-based evidence, which is the amount for which the assets could be exchanged between a knowledgeable willing buyer and a knowledgeable willing seller in an arm's length transaction as at the valuation date.

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

The cost of assets constructed for own use includes the purchase cost, other directly attributable costs and the initial estimate of dismantling and restoration costs. Borrowing costs on qualifying assets are capitalised during the construction period.

Property, plant and equipment and intangible assets with a value greater than \$300 are assessed on a case-by-case basis to determine whether the expenditure should be capitalised or not.

▪ *Subsequent valuation of property, plant and equipment*

Following initial recognition at cost, rail infrastructure assets carried at a revalued amount which was the fair value at the date of the revaluation less any subsequent accumulated depreciation and any subsequent accumulated impairment losses.

In the absence of market-based evidence of the fair value, the company uses the income approach to estimate the fair value of property, plant and equipment.

Plant and equipment with short working lives are measured at depreciated historical cost as a surrogate for fair value.



**MTS Holding Company Pty Limited**  
**Notes to the financial statements**  
**For the year ended 30 June 2014**

**2. Summary of Accounting Policies (Cont'd)**

*(k) Property, plant and equipment (cont'd)*

• *Revaluation of property, plant and equipment*

The company revalues property, plant and equipment at least every five years or with sufficient regularity to ensure that the carrying amount of each asset in the class does not differ materially from its fair value at reporting date.

Revaluations were performed by independent professionally qualified valuers.

Rail infrastructure assets which include mainly rolling stock and related plant and equipment are treated as one class of assets for the purpose of these financial statements. Revaluation increments are credited directly to the asset revaluation reserve, except to the extent that, where an Increment reverses a revaluation decrement for an asset previously recognised as a loss in the statement of comprehensive income, the increment is recognised as a gain in the statement of comprehensive income.

Revaluation decrements were recognised immediately in the statement of comprehensive income, except that they are debited directly to the asset revaluation reserve to the extent that a credit exists in the asset revaluation reserve in respect of the asset.

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

• *Depreciation of property, plant and equipment*

All material separately identifiable components of assets are depreciated over their shorter useful lives. A component was accounted for separately if it has a useful life materially different from that of the prime asset and, therefore, requires separate replacement during the life of the prime asset; was material enough to justify separate tracking; and is capable of having a reliable value attributed to it. A dedicated spare part does not normally have a useful life of its own.

Items of property, plant and equipment are depreciated over their useful lives to the company commencing from the time the asset is held ready for use. Depreciation was calculated on a straight line basis over the expected useful economic lives of the assets as follows:

	%
Rail Infrastructure assets	6.15

The assets residual values, useful lives and depreciation methods are reviewed, and adjusted, if appropriate, at each financial year end.

• *Impairment*

The carrying values of property, plant and equipment are reviewed for impairment at each reporting date, with the recoverable amount being estimated when events or changes in circumstances indicate that the carrying value may be impaired.

For impairment assessment purposes, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units). The Light Rail was the main cash generating units of the company.

An impairment loss is recognised for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount, which is the higher of fair value less costs to sell and value-in-use. To determine the value-in-use, management estimates expected future cash flows from each cash-generating unit and determines a suitable interest rate in order to calculate the present value of those cash flows.

The data used for impairment testing procedures are directly linked to the company's latest approved budget adjusted as necessary to exclude the effects of future reorganisations and asset enhancements.

Discount factors were determined individually for each cash-generating unit and reflect management's assessment of respective risk profiles, such as market and asset-specific risks factors.

**MTS Holding Company Pty Limited**  
**Notes to the financial statements**  
**For the year ended 30 June 2014**

**2. Summary of Accounting Policies (Cont'd)**

*(k) Property, plant and equipment (cont'd)*

Impairment losses for cash-generating units reduce first the carrying amount of any goodwill allocated to that cash-generating unit. Any remaining impairment loss is charged pro rata to the other assets in the cash-generating unit. With the exception of goodwill, all assets are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist. An impairment charge is reversed if the cash-generating unit's recoverable amount exceeds its carrying amount.

• **Derecognition and disposal**

An item of property, plant and equipment is derecognised upon disposal when the item is no longer used in the operations of the company or when it has no sale value. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year the asset is derecognised.

*(l) Intangible assets*

Any part of the asset revaluation reserve attributable to the asset disposed of or derecognised is transferred to retained earnings at the date of disposal.

The company recognises intangible assets only if it was probable that future economic benefits will flow to the company and the cost of the asset can be measured reliably. Intangible assets were measured at cost less accumulated amortisation and accumulated impairment losses. Where the asset was acquired at no or nominal cost, the cost was its fair value as at the date of acquisition. Intangible assets are reviewed for impairment at each reporting date.

*(m) Trade and other payables*

Trade payables and other payables represent liabilities for goods and services provided to the company prior to the end of the financial year that were unpaid. Payables were generally short-term and were recognised at fair value, usually based on the transaction cost or face value.

*(n) Borrowings*

Borrowings were not held for trading or designated at fair value through profit or loss. Borrowings were initially measured at the fair value of the consideration received. Borrowings were subsequently measured at amortised cost using the effective interest method.

Borrowings were removed from the statement of financial position when the obligation specified in the contract was discharged, cancelled or expired. The difference between the carrying amount of the borrowings that has been extinguished or transferred to another party and the consideration paid was recognised in the profit or loss as other income or finance costs. Borrowings were classified as current liabilities unless the company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

*(o) Employee benefits*

Employee benefits comprise wages and salaries, annual, non-accumulating sick and long service leave, and contributions to defined contributions superannuation plans.

Liabilities for salaries and wages (including non-monetary benefits), annual leave and paid sick leave that fall due wholly within twelve months of the reporting date were recognised and measured in respect of employees' service up to the reporting date at undiscounted amounts based on the amounts expected to be paid when the liabilities are settled.

Long-term annual leave that was not expected to be taken within twelve months was measured at present value. Market yields on government bonds were used to discount long-term annual leave.

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method.

**MTS Holding Company Pty Limited**  
**Notes to the financial statements**  
**For the year ended 30 June 2014**

**2. Summary of Accounting Policies (Cont'd)**

*(o) Employee benefits (cont'd)*

The company pays contributions to certain defined contribution superannuation plans. Contributions were recognised in the statement of comprehensive income when they were due. The company has no obligation to make further contributions to these plans if the plans do not hold sufficient assets to pay all employee benefits relating to employee service in current and prior periods.

*(p) Provisions*

Provisions for legal disputes, onerous contracts or other claims are recognised when the company has a present legal or constructive obligation as a result of a past event, it was probable that an outflow of economic resources will be required from the company and amounts can be estimated reliably. Timing or amount of the outflow may still be uncertain.

Restructuring provisions were recognised only if a detailed formal plan for the restructuring has been developed and implemented, or management has at least announced the plan's main features to those affected by it. Provisions were not recognised for future operating losses.

Provisions were measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. Provisions were discounted to their present values, where the time value of money is material.

Any reimbursement that the company can be virtually certain to collect from a third party with respect to the obligation was recognised as a separate asset. However, this asset may not exceed the amount of the related provision.

In those cases where the possible outflow of economic resources as a result of present obligations is considered improbable or remote, no liability was recognised.

*(q) Equity and reserves*

The components of equity and reserves include:

- Share capital represents the fair value of shares that have been issued to Transport for NSW. Any transaction costs such as stamp duty associated with the issuing of shares are deducted from share capital.
- Retained earnings include all current and prior period retained earnings.
- Revaluation reserve comprises gains and losses from revaluation of property, plant and equipment (mainly rail infrastructure assets).
- Dividend distributions payable to equity shareholders are included in other liabilities when the dividends have been approved in a general meeting prior to the reporting date.
- All transactions with owners are recorded within equity.

*(r) New Australian Accounting Standards issued but not effective*

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2014 reporting periods and have not yet been applied in the financial statements. As the company will be de-registered prior to its next reporting deadline and these 2014 financial statements will be its last authorised for issue, the company has not included an assessment of the expected impact of these new standards and interpretations.



**MTS Holding Company Pty Limited**  
**Notes to the financial statements**  
**For the year ended 30 June 2014**

**3. Expenses**

Expenses consist of:

	2014	2013	
	\$'000	Consolidated \$'000	Parent \$'000
(a) Management fees			
Include contractors and fees payable to operator of Light Rail	236	15,562	2,303
	<u>236</u>	<u>15,562</u>	<u>2,303</u>
(b) Employee related			
Salaries	51	634	109
Redundancies and bonuses	472	-	-
Workers' compensation insurance	8	6	1
Superannuation - defined contribution plans	8	44	7
	<u>539</u>	<u>684</u>	<u>117</u>
(c) Maintenance expenses			
Rail infrastructure assets	156	822	763
	<u>156</u>	<u>822</u>	<u>763</u>
Maintenance expenses comprise cost of spare parts and contractors.			
(d) Auditors' remuneration			
Audit services - audit and review of Financial Report	48	91	91
	<u>48</u>	<u>91</u>	<u>91</u>
(e) Borrowing costs			
Borrowing costs on loan from parent entity	12	14	14
Other	-	4	1
	<u>12</u>	<u>18</u>	<u>15</u>
(f) Depreciation			
Rail infrastructure assets (Note 8)	288	326	59
	<u>288</u>	<u>326</u>	<u>59</u>
(g) Other expenses			
Include communications, office expenses, insurance, computer expenses and general expenses.	118	664	240
	<u>118</u>	<u>664</u>	<u>240</u>
(h) Other gains and/(losses)			
(Impairment) of Inner West Extension intangible asset (Note 9)	-	(14,002)	(14,002)
(Impairment) of Mono Rail (Note 8)	-	(635)	(635)
Impairment adjustment on receivables (Note 6)	24		
	<u>24</u>	<u>(14,637)</u>	<u>(14,637)</u>
(i) Monorail expenses			
Monorail demolition expenses	13,712	-	-
	<u>13,712</u>	<u>-</u>	<u>-</u>

MTS Holding Company Pty Limited was given a grant of \$13.712 million by TfNSW to fund the Monorail expenses.



**MTS Holding Company Pty Limited**  
**Notes to the financial statements**  
**For the year ended 30 June 2014**

**4. Tax Equivalent expenses**

Tax Equivalent expense is calculated in accordance with the Accounting Profit Model prescribed in the NSW Treasury Policy Paper 03-4 *Tax Equivalent Regime for Government Businesses* (Note 2(g)).

	2014	2013	
	\$'000	Consolidated \$'000	Parent \$'000
(Loss) / Profit before tax (As per statement of comprehensive income)	(9)	(14,964)	(15,121)
Tax equivalent at 30% on accounting (loss)/profit	-	-	-
Provision for Tax Equivalent for the period	-	-	-
<b>Less:</b> Payments to NSW Office of State Revenue	-	-	-
Tax Equivalent outstanding at balance date	-	-	-

**5. Cash and cash equivalents**

Cash and cash equivalents in the statement of financial position comprise cash at bank and in hand. Cash and cash equivalent assets recognised in the statement of financial position are reconciled at the end of the financial period to the statement of cash flows as follows:

	2014	2013	
	\$'000	Consolidate \$'000	Parent \$'000
Cash at bank and on hand	-	41	41
	-	41	41
Cash and cash equivalents (per statement of financial position)	-	41	41
Cash and cash equivalents (per statement of cash flows)	-	41	41

Details of credit risk, liquidity risk and market risk from financial instruments are set out in Note 18.

**MTS Holding Company Pty Limited**  
**Notes to the financial statements**  
**For the year ended 30 June 2014**

**6. Trade and other receivables**

	2014	2013	
	\$'000	Consolidated \$'000	Parent \$'000
Sale of services	-	1,522	1,522
Income receivable	-	273	273
Prepayments	-	2	2
	-	1,797	1,797
Allowance for impairment	-	(24)	(24)
	-	1,773	1,773

Impairment allowances recognised at the reporting date have been determined after a review of amounts outstanding. The movement in the allowances for impairment in respect of trade debtors during the period was as follows:

	2014	2013	
	\$'000	Consolidated \$'000	Parent \$'000
Opening balance	24	24	-
Increase/(decrease) in allowance	(24)	-	24
Closing balance	-	24	24

Details regarding credit risk, liquidity risk and market risk including financial assets that are either past due or impaired are disclosed in Note 18.

**7. Inventory**

	2014	2013	
	\$'000	Consolidated \$'000	Parent \$'000
Inventory - spare parts	-	1,304	1,304
	-	1,304	1,304

The basis of inventory valuation is set out in Note 2(j).

**MTS Holding Company Pty Limited**  
**Notes to the financial statements**  
**For the year ended 30 June 2014**

**8. Property, plant and equipment**

Details of property, plant and equipment and the carrying amounts are as follows:  
as follows:

	2014	2013	
	\$'000	Consolidated \$'000	Parent \$'000
<b>Rail Infrastructure Assets</b>			
Gross carrying amount	-	5,011	5,011
Accumulated depreciation	-	(59)	(59)
Net carrying amount at 30 June 2014	-	<u>4,952</u>	<u>4,952</u>

A reconciliation of the carrying amount of rail infrastructure assets at the beginning and end of the current reporting period is set out below:

Net carrying amount at 30 June 2013	4,952	4,854	-
Transfer from subsidiaries	-	-	4,927
Additions	-	403	63
Depreciation expense (Note 3(f))	(288)	(326)	(59)
Net revaluation increment	75,955	656	656
Impairment of losses (Note 3(h))	-	(635)	(635)
Assets transferred to parent	(80,619)	-	-
Net carrying amount at 30 June 2014	-	<u>4,952</u>	<u>4,952</u>

On 22 June 2012, the NSW Government announced the closure of the monorail on 30 June 2013 and subsequent removal of the infrastructure to accommodate the new convention centre at Darling Harbour. As a result, the monorail infrastructure system and rolling stock have been fully written down with an impairment charge of \$635,000 at 30 June 2013.

The light rail infrastructure assets were valued by an independent valuer at 30 June 2013, using the income approach as permitted in Treasury Circular 12/05 Fair Value of Specialised Physical Assets. The carrying amount of the light rail infrastructure had the assets been recognised at cost is \$4.3 million at 30 June 2013 excluding the revaluation amount of \$656,000.

*Transfer of PPE to parent at fair value to the transferee*

Pursuant to section 94 (1) of the *Transport Administration Act 1988 (NSW)*, on 5 May 2014, the Minister for Transport signed an Order to transfer assets, rights and liabilities of MTS Holding Company Pty Limited to Transport for NSW. This order was effective on and from 5 May 2014. The light rail infrastructure assets were valued by an independent valuer on a depreciated replacement cost basis (DRC) in accordance with TPP 14-01: *Valuation of Physical Non-Current Assets at Fair Value*. This resulted in the recognition of a net \$75,955 million revaluation increment prior to transfer of the PPE to the company's parent at fair value.

TPP 09-03: *Contributions by Owners Made to Wholly-Owned Public Sector Entities* requires equity transfers to be valued at fair value to the transferee. In this case, Transport for NSW is the transferee, and it uses the DRC method to revalue its assets.

**MTS Holding Company Pty Limited**  
**Notes to the financial statements**  
**For the year ended 30 June 2014**

**9. Intangible assets**

	2014	2013	
	\$'000	Consolidated \$'000	Parent \$'000
Right to undertake the extension of Inner West Light Rail	-	14,002	14,002
Impairment (note 3(h))	-	(14,002)	(14,002)
	-	-	-

The MTS Holding company Pty Limited held a right in relation to the construction of the Inner West Extension of the light rail which is now being carried out by Transport for NSW. As the agreement that gave rise to the right to undertake the work on the Inner West Extension is not operating as initially intended, the intangible asset in that regard was fully written down in MTS Holding Company Pty Limited in the prior year.

**10. Trade and other payables**

	2014	2013	
	\$'000	Consolidated \$'000	Parent \$'000
Trade payable	-	304	304
Other creditors	-	49	49
Accrued expenses	-	1,227	1,227
	-	1,580	1,580

Details regarding credit risk, liquidity risk and market risk including maturity analysis of the above payables are disclosed in Note 18.

**11. Borrowings**

	2014	2013	
	\$'000	Consolidated \$'000	Parent \$'000
Short-term interest bearing loan Transport for NSW	-	415	415
	-	415	415

Transport for NSW provided a short-term interest bearing loan to MTS Holding Company Pty Limited for working capital purposes. The loan was repayable to Transport for NSW prior to 30 June 2014 and the liability has been transferred back to Transport to NSW as part of the restructure on 5 May 2014.

Details regarding credit risk, liquidity risk and market risk including maturity analysis of the above borrowings are disclosed in Note 18.

**12. Employee benefits**

	2014	2013	
	\$'000	Consolidated \$'000	Parent \$'000
Recreation leave	-	101	101
Long service leave	-	64	64
Payroll tax	-	4	4
	-	169	169

The company has no liability for superannuation obligations apart from making the periodic statutory and contractual employer's contributions to superannuation defined contribution plans.



**MTS Holding Company Pty Limited**  
**Notes to the financial statements**  
**For the year ended 30 June 2014**

**13. Share Capital**

The share capital of MTS Holding Pty Limited is held by the Transport for NSW. The issued shares were used to fund the acquisition of Metro Transport Sydney Pty Ltd group (Note 1). Details of shares issued during the period covered by this report are detailed below:

	2014	2013	
	\$'000	Consolidated \$'000	Parent \$'000
Shares approved for issue	-	21,244	21,244
Shares issued but not paid (Note (a))	-	-	-
Shares cancelled (Note (a))	-	(62)	(62)
Shares issued and fully paid	-	21,182	21,182
Stamp duty relating to shares issued	-	(266)	(266)
	-	<u>20,916</u>	<u>20,916</u>

- a) As part of this acquisition MTS Holding Company Pty Limited undertook due diligence reviews of the acquiree's working capital, which resulted in an adjustment to the final acquisition consideration of \$62K. As a result of this adjustment there was no need to subscribe in full for the shares approved for issue. The company's capital management objective is to use shares to fund the long-term assets employed in the business.
- b) Pursuant to section 94 (1) of the *Transport Administration Act 1988 (NSW)*, on 5 May 2014, the Minister for Transport signed an Order to transfer assets, rights and liabilities of MTS Holding Company Pty Limited to Transport for NSW. This order was effective on and from 5 May 2014.
- c) A shareholder resolution approving a share capital reduction in MTS Holding Company Pty Limited was passed by TfNSW, as sole shareholder, on 29 April 2014. The resolution was passed in anticipation of the transfer of all of the Company's assets, rights and liabilities to TfNSW by order made on 5 May 2014.

Notification of the resolution was filed with the Australian Securities & Investment Commission (ASIC) on 13 May 2014 and notice of the change to company details was filed on 19 May 2014.

**MTS Holding Company Pty Limited**  
**Notes to the financial statements**  
**For the year ended 30 June 2014**

**14. Reconciliation of cash flows from operating activities**

	2014	2013	
	\$'000	Consolidated \$'000	Parent \$'000
Net cash flows used in operating activities	697	(146)	(202)
Adjustment of non cash items:			
Depreciation and impairment charges	(288)	(14,963)	(14,696)
Non cash acquisition of inventory	-	(1,178)	(1,178)
Changes in current assets and current liabilities:			
(Decrease)/Increase in trade & other receivables	(881)	830	1,775
(Decrease)/Increase in inventory	-	1,214	51
(increase)/Decrease in trade & other payables	463	(696)	(862)
(Increase)/Decrease in provision	-	(25)	(9)
<b>(Loss) / Profit for the period</b>	<u>(9)</u>	<u>(14,964)</u>	<u>(15,121)</u>

Non-cash investing and financing activities represent the payments made by Transport for NSW on behalf of MTS Holding Company Pty Limited. Details of these non-cash activities are provided below.

**Non cash investing activities:**

	2014	2013	
	\$'000	Consolidated \$'000	Parent \$'000
Short term interest bearing loan to Metro Transport Sydney Pty Ltd	-	-	(12)
Investment in subsidiary	-	-	(1,178)
Reduction in loan and investment	-	-	21,329
Net assets from subsidiaries	-	-	(6,805)
IWE intangible asset	-	-	(14,002)
Transaction with owners	-	-	(522)
Acquisition of inventory in return for share issue	-	(1,178)	-
<b>Total</b>	<u>-</u>	<u>(1,178)</u>	<u>(1,190)</u>
<b>Non cash financing activities:</b>			
Issue of shares to parent	-	1,178	1,178
Short term borrowing from Transport for NSW	-	-	12
<b>Total</b>	<u>-</u>	<u>(1,178)</u>	<u>1,190</u>

**15. Segment reporting**

The company operates in one segment – transport service, and, therefore, there is no requirement to prepare separate segment reporting.

**16. Contingent assets and contingent liabilities**

MTS Holding Company Pty Limited has no contingent assets and liabilities as at 30 June 2014.

**17. Commitments**

MTS Holding Company Pty Limited has no capital contracts and as such no commitments at balance date.

**MTS Holding Company Pty Limited**  
**Notes to the financial statements**  
**For the year ended 30 June 2014**

**18. Financial Instruments**

*(a) Financial risk management – objectives and policies*

The company's financial instruments comprise cash and cash equivalents, trade and other receivables, trade and other payables and borrowings.

The company board of directors has overall responsibility for risk management, including risks associated with financial instruments. Risk management policies are established to identify and analyse the risks associated with the company's financial instruments, to set appropriate risk limits and controls and to monitor the risks and adherence to limits.

The company's current exposure to liquidity risk, credit risk and market price risk are insignificant as detailed below. Accordingly the company does not use derivative instruments to manage risks associated with its financial instruments.

This note presents information about the company's exposure to liquidity, credit and market price risk and its objectives, policies and processes for measuring and managing risk. Further quantitative disclosures are included throughout these financial statements.

*(b) Financial Instruments:*

	Note	Category	2014 \$'000	2013 Consolidated \$'000	2013 Parent \$'000
<b>Financial assets</b>					
<b>Class:</b>					
Cash and cash equivalents	5	N/A	-	41	41
Trade and other receivables	6	Loans and receivables	-	1,771	1,771
			-	1,812	1,812
<b>Financial liabilities</b>					
<b>Class:</b>					
Trade and other payables	10	Financial liabilities at amortised cost	-	1,510	1,510
Borrowings	11	Financial liabilities at amortised cost	-	415	415
			-	1,925	1,925

*(c) Liquidity risk*

Liquidity risk is the risk that the company will not be able to fund its obligations as they fall due.

The company manages liquidity risk by monitoring forecast cash flows and ensuring that adequate liquid funds are available to meet normal operating expenses. Where the forecast cash flows have identified a liquidity shortfall, the company board submits a funding request to Transport for NSW, as the sole shareholder, for bridging finance to meet this shortfall.

*(d) Credit risk*

Credit risk is the risk of financial loss to the company if a customer or counterparty to a financial instrument fails to meet its contractual obligations.

The company manages credit risk by monitoring regularly its trade and other receivables. The company's credit risk is minimal on the basis of materiality of the company's trade and other receivables. The company does not carry "past due" or impaired debtors at balance date.

*(e) Market price risk*

Market price risk is the risk that changes in market prices such as interest rates, foreign exchange rates, and equity prices will affect the company's income or the value of its holdings of financial instruments.

The company is not exposed to changes in market prices that will affect the company's financial performance as detailed below:

*(i) Interest rate risk*

Interest rate risk refers to the risk that the value of financial instruments or cash flows associated with the instrument will fluctuate due to changes in market interest rates.

**MTS Holding Company Pty Limited**  
**Notes to the financial statements**  
**For the year ended 30 June 2014**

**18. Financial Instruments (Cont'd)**

*(i) Interest rate risk (cont'd)*

The company has no material exposure to interest rate fluctuations on its cash at bank and cash on deposit. It does not have a material risk in relation to its interest-bearing loans.

*Sensitivity analysis:* A change of 1% in interest rates at the reporting date would, with all other variables held constant, would have minimal impact on the company's profits.

*(ii) Currency risks*

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The company has no material exposure to currency risks because it sources its goods and services in Australia.

*(iii) Equity price risk*

Equity price risk arises from fluctuations in the market values of available-for-sale securities. The company does not hold available-for-sale securities and, therefore, has no exposure to equity price risks.

**19. Related parties and related-party transactions**

*(a) Directors' compensation*

The directors, who are all officers of Transport for NSW, act in an honorary capacity and receive no compensation for their services or reimbursement of incidental expenses.

*(b) Transactions with related parties and economic dependency*

On 5 May 2014, the company transferred its Light Rail operations, including all assets, liabilities, rights and obligations to its parent. The net amount of the business transferred was \$81.852m. Until deregistration the company is dependent on the ongoing financial support of Transport for NSW.

*(c) Key management personnel compensation*

Mr K. Warrell was the Chief Executive Officer of MTS Holding Company Pty Limited. The compensation paid to him before tax was \$588k including superannuation.

**20. Restructure of Light Rail operations**

Pursuant to section 94(1) of the *Transport Administration Act 1988*, the Minister for Transport signed the Transport Administration order 2014 on 5 May 2014. This Order transferred all assets, rights and liabilities of MTS Holding Company Pty Limited to Transport for New South Wales prior to the dissolution of MTS Holding Company Pty Limited.

The assets and liabilities including cash and cash equivalents \$0.738m, receivables \$0.893m, inventory \$1.304m, Plant & Equipment \$80.619m, and liabilities including payables and borrowings \$1.702m were transferred to Transport for NSW.

**21. After balance date events**

Australian Securities & Investments Commission (ASIC) advised that MTS Holding Company Pty Limited was deregistered on 11 September 2014.

**End of audited financial statements**



## 4 Appendices

### Appendix 1: Acts and subordinate legislation

#### Acts and subordinate legislation administered by the Minister for Transport

*Air Navigation Act 1938*

*Air Transport Act 1964*

Air Transport Amendment (Deregulated Routes) Order 2008

Air Transport Regulation 2006

*Broken Hill to South Australian Border Railway Agreement Act 1968*

*City of Sydney Act 1988*

(Part 4A and Schedule 2, jointly with the Minister for Roads and Freight (remainder, the Minister for Local Government))

*Civil Aviation (Carriers' Liability) Act 1967*

*National Rail Corporation (Agreement) Act 1991*

*Parking Space Levy Act 2009*

Parking Space Levy Regulation 2009

*Passenger Transport Act 1990*

Passenger Transport (Drug and Alcohol Testing) Regulation 2010

Passenger Transport Regulation 2007

*Rail Safety (Adoption of National Law) Act 2012*

Rail Safety National Law National Regulations 2012 (South Australian regulations adopted for NSW by the Rail Safety National Law)

Rail Safety (Adoption of National Law) Regulation 2012

*Railway Construction (Maldon to Port Kembla) Act 1983*

*Transport Administration Act 1988*

(except parts, the Minister for Roads and Freight)

Transport Administration (General) Regulation 2005  
(provisions relating to the parts of the Act administered by the Minister for Transport – until 31.08.2013)

Transport Administration (General) Regulation 2013  
(provisions relating to the parts of the Act administered by the Minister for Transport – from 01.09.2013)

Transport Administration (Staff) Regulation 2012  
(provisions relating to the parts of the Act administered by the Minister for Transport)

**Changes to Acts and subordinate legislation administered by the Minister for Transport 2013 – 2014**

Legislation name	Commencement	Description of change
<p><i>Transport Administration Act 1988</i></p> <p>Transport Administration (Dissolution of Sydney Metro) Proclamation 2013</p> <p>(Proclamation 2013 No 346)</p>	<p>Commenced on 28.06.2013 with effect on 01.07.2013.</p>	<p>Proclamation pursuant to clause 8 of Schedule 8A of the <i>Transport Administration Act 1988</i> to appoint 1 July 2013 as the day Sydney Metro is dissolved.</p>
<p>Transport Administration (General) Amendment (Miscellaneous) Regulation 2013</p> <p>(2013 No 347)</p>	<p>Commenced on 01.07.2013.</p>	<p>Amended the Transport Administration (General) Regulation 2005 to make further provision in relation to the operation of Sydney Trains and NSW Trains to:</p> <p>(a) make it clear that the regulations do not prevent the establishment of separate funds in relation to the operation of Sydney Trains and NSW Trains, and</p> <p>(b) provide for the application, to Sydney Trains and NSW Trains, of Independent Pricing and Regulatory Tribunal pricing determinations made in respect of railway passenger services supplied by RailCorp.</p>
<p>Transport Administration (General) Amendment (Sydney Metro) Regulation 2013</p> <p>(2013 No 348)</p>	<p>Commenced on 01.07.2013.</p>	<p>Provides how references to Sydney Metro in State Environmental Planning Policy (Infrastructure) 2007 are to be interpreted after Sydney Metro was dissolved on 01.07.2013.</p>

## Changes to Acts and subordinate legislation administered by the Minister for Transport 2013 – 2014

Legislation name	Commencement	Description of change
<p><i>Marine Safety Amendment (Domestic Commercial Vessel National Law Application) Act 2012</i></p> <p>(2012 No 90)</p> <p>(Commencement Proclamation 2013 No 233)</p>	Commenced on 01.07.2013.	<p>Various amendments of legislation related to the application of the <i>Domestic Commercial Vessel National Law</i> (by Schedule 2) including the following administered by the Minister for Transport:</p> <p><i>Passenger Transport Act 1990</i> (by Schedule 2.10)</p> <p>Passenger Transport (Drug and Alcohol Testing) Regulation 2010 (by Schedule 2.11)</p> <p>Passenger Transport Regulation 2007 (by Schedule 2.12)</p> <p><i>Transport Administration Act 1988</i> (by Schedule 2.15 [1] – [2])</p>
<p>Rail Safety National Law National Regulations (Fees) Variation Regulations 2013</p> <p>(2013 No 362)</p>	Commenced on 01.07.2013.	<p>Variation of the Rail Safety National Law National Regulations 2012 which is a South Australian Regulation applied to NSW by the <i>Rail Safety National Law</i>. Provision for annual fees was inserted as Part 2 of Schedule 3 of the Principal Regulations.</p>
<p><i>Statute Law (Miscellaneous Provisions) Act 2013</i></p> <p>(2013 No 47)</p> <p>Amendment of the Act:</p> <p><i>Transport Administration Act 1988</i></p>	Commenced on 05.07.2013.	<p>(by Schedule 2.32)</p> <p>Schedule 7 (Savings, transitional and other provisions) at clauses 188(4) and 189(4).</p> <p>Corrected references to read –Transport for NSW”</p>

## Changes to Acts and subordinate legislation administered by the Minister for Transport 2013 – 2014

Legislation name	Commencement	Description of change
Passenger Transport Amendment (Pre-payment of Fares) Regulation 2013  (2013 No 450)	Commenced on 23.08.2013.	This Regulation amended the Passenger Transport Regulation 2007 to permanently establish the fare pre-payment scheme for taxi cabs hired by passengers at specified taxi zones in the Kings Cross area. The trial was to end on 13.10.2013.
Transport Administration (General) Regulation 2013  (2013 No 489)	Commenced on 01.09.2013.	This Regulation remakes, with increases in certain penalties and various other changes, the provisions of the Transport Administration (General) Regulation 2005, which was repealed on 1 September 2013 by section 10 (2) of the <i>Subordinate Legislation Act 1989</i> .  The Regulation makes provision with respect to the following: <ul style="list-style-type: none"> <li>(a) traffic control on land that is vested in Transport for NSW, RailCorp, Sydney Trains, NSW Trains, Sydney Ferries or the State Transit Authority,</li> <li>(b) Sydney Trains, NSW Trains, Transport Cleaning Services and Western Sydney Buses,</li> <li>(c) leases, licences and other arrangements relating to the Australian Rail Track Corporation Ltd and matters relating to its staff,</li> <li>(d) penalty notices for certain offences.</li> </ul>



## Changes to Acts and subordinate legislation administered by the Minister for Transport 2013 – 2014

Legislation name	Commencement	Description of change
<i>Government Sector Employment Act (2013 No 40)</i>  <i>Amendments to the Transport Administration Act 1988</i>	Schedule 6.10 Commenced on 16.09.2013.	Schedule 6.10 amended the <i>Transport Administration Act 1988</i> at Schedule 2, clause 1A, and Schedule 7, clause 175(7) to effect transfer of the employment of the heads of certain transport authorities from the Government Service to the Transport Service.
<i>Passenger Transport Amendment (Central Coast Taxis Fare Pre-payment Trial Further Extension) Regulation 2013</i>  (2013 No 590)	Commenced on 12.10.2013.	This Regulation further extended to 13.10.2014 the taxi fare pre-payment trial scheme for taxi cabs for which a booking service is provided by Combined District Radio Cabs Pty Ltd trading as Central Coast Taxis. Receipt arrangements were revised and are now consistent with those applying to the Kings Cross fare pre-payment scheme.
<i>Air Transport Act 1964</i>  <i>Passenger Transport Act 1990</i>  <i>Rail Safety (Adoption of National Law) Act 2012</i>	Commenced on 01.01.2014.	Acts amended to update references from the Administrative Decisions Tribunal to the NSW Administrative and Civil Tribunal.  Amendments made by the <i>Civil and Administrative Legislation (Repeal and Amendment) Act 2013</i> (Schedule 2.5, 2.109 and 2.125).
<i>Statute Law (Miscellaneous Provisions) Act (No 2) (2013 No 111)</i>	Commenced on 03.01.2014.	The Passenger Transport Regulation 2007 was amended by Schedule 3.18 to correct a cross-reference in clause 163A(8):  The <i>Transport Administration Act 1988</i> was amended by Schedule 1.13 to repeal redundant provisions relating to Sydney Metro, which was dissolved on 01.07.2013.

## Changes to Acts and subordinate legislation administered by the Minister for Transport 2013 – 2014

Legislation name	Commencement	Description of change
<p>Transport Administration (Staff) Amendment Regulation 2014</p> <p>(2014 No 63)</p>	Commenced on 24.02.2014.	This Regulation amended the Transport Administration (Staff) Regulation 2012 as a consequence of the repeal of the <i>Public Sector Employment and Management Act 2002</i> by the <i>Government Sector Employment Act 2013</i> and the transfer, by administrative arrangements order under Part 7 of the <i>Constitution Act 1902</i> , of staff employed in the RMS and STA Divisions of the Government Service to the Transport Service.
<p><i>Graffiti Control Amendment Act (2014 No 11)</i></p> <p>Passenger Transport Regulation 2007</p> <p>Clause 61 Vandalism</p>	Commenced on 14.05.2014.	Clause 61 was amended as a consequential amendment under the <i>Graffiti Control Amendment Act 2014</i> to omit matter concerned with the fixing of posters. The <i>Graffiti Control Act 2008</i> has a revised section 6 –“Posting Bills”.

**Acts and subordinate legislation administered by the Minister for Roads and Freight (title changed from Minister for Roads and Ports on and from 23 April 2014)**

*City of Sydney Act 1988*

(Part 4A and Schedule 2, jointly with the Minister for Transport (remainder, the Minister for Local Government))

*Driving Instructors Act 1992*

Driving Instructors Regulation 2009

*Heavy Vehicle (Adoption of National Law) Act 2013*

(commenced on 10.02.2014)

Heavy Vehicle (Adoption of National Law) Regulation 2013 (commenced on 10.02.2014)

*Heavy Vehicle National Law (NSW)*

(commenced on 10.02.2014)

Heavy Vehicle (Fatigue Management) National Regulation (NSW) (commenced on 10.02.2014)

Heavy Vehicle (General) National Regulation (NSW) (commenced on 10.02.2014)

Heavy Vehicle (Mass, Dimension and Loading) National Regulation (NSW) (commenced on 10.02.2014)

Heavy Vehicle (Transitional) National Regulation (NSW) (commenced on 10.02.2014)

Heavy Vehicle (Vehicle Standards) National Regulation (NSW) (commenced on 10.02.2014)

*Marine Pollution Act 1987*

Marine Pollution Regulation 2006

*Marine Pollution Act 2012* (uncommenced)

*Marine Safety Act 1998*

Marine Safety (General) Regulation 2009

Marine Safety (General) Exemption Order 2009

*Marine Safety Legislation (Lakes Hume and Mulwala) Act 2001*

*Maritime Services Act 1935*

Management of Waters and Waterside Lands Regulations – N.S.W.

Port Authority – Land Traffic Control Regulations – N.S.W.

*Motor Vehicles Taxation Act 1988*

Motor Vehicles Taxation Regulation 2008

*Navigation Act 1901* (repealed on 02.06.2014)

**Acts and subordinate legislation administered by the Minister for Roads and Freight (title changed from Minister for Roads and Ports on and from 23 April 2014)**

*Photo Card Act 2005*

Photo Card Regulation 2005

*Ports and Maritime Administration Act 1995*

Ports and Maritime Administration Regulation 2012

*Recreation Vehicles Act 1983*

(Parts 4 and 6 (remainder, the Minister for the Environment))

*Road Transport Act 2013* (commenced 01.07.2013)

Road Rules 2008

Road Transport (Driver Licensing) Regulation 2008

Road Transport (General) Regulation 2013 (commenced 01.07.2013)

Road Transport (Vehicle Registration) Regulation 2007

*Road Transport (Vehicle and Driver Management) Act 2005* (previous to 01.07.2013 named the *Road Transport (General) Act 2005*) (to 09.02.2014, repealed 10.02.2014)

Road Transport (Mass, Loading and Access) Regulation 2005 (on 10.02.2014 made a Regulation under the *Road Transport Act 2013* by the *Heavy Vehicle (Adoption of National Law) Amendment Act 2013*)

Road Transport (Vehicle and Driver Management) Regulation 2005 (previous to 01.07.2013 named the *Road Transport (General) Regulation 2005*) (to 09.02.2014, repealed 10.02.2014)

*Roads Act 1993*

(except parts administered, jointly the Minister for Primary Industries and other Ministers, parts, the Minister for the Environment, and parts, the Minister for Local Government)

Roads Regulation 2008

*Sydney Harbour Tunnel (Private Joint Venture) Act 1987*

*Tow Truck Industry Act 1998*

Tow Truck Industry Regulation 2008

*Transport Administration Act 1988*

Part 4A, Divisions 1 to 3, so far as it relates to Roads and Maritime Services, Part 6, and so much of the Act as relates to Roads and Maritime Services (remainder, the Minister for Transport)

Transport Administration (General) Regulation 2005

(provisions relating to the parts of the Act administered by the Minister for Roads and Freight – until 31.08.2013)



**Acts and subordinate legislation administered by the Minister for Roads and Freight (title changed from Minister for Roads and Ports on and from 23 April 2014)**

Transport Administration (General) Regulation 2013  
(provisions relating to the parts of the Act administered by the Minister for Roads and Freight – from 01.09.2013)

Transport Administration (Staff) Regulation 2012  
(provisions relating to the parts of the Act administered by the Minister for Roads and Freight)

Changes to Acts and subordinate legislation administered by the Minister for Roads and Freight 2013 – 2014 (title changed from Minister for Roads and Ports on and from 23 April 2014)

Legislation name	Commencement	Description of change
Management of Waters and Waterside Lands Amendment (Fees) Regulation 2013  (2013 No 195)	Commenced on 01.07.2013.	Amended the Management of Waters and Waterside Lands Regulation – NSW to adjust the fees relating to occupation licences payable under the <i>Maritime Services Act 1935</i> .  Fee increases were generally in line with movements in the Consumer Price Index.
Marine Safety (General) Amendment (Fees) Regulation 2013  (2013 No 196)	Commenced on 01.07.2013.	Amended the Marine Safety (General) Regulation 2009 to increase certain fees payable under the <i>Marine Safety Act 1998</i> .  Fee increases were generally in line with movements in the Consumer Price Index.  Certain other fees were not increased and the fee for one type of licence was reduced.
Driving Instructors Amendment (Fees) Regulation 2013  (2013 No 217)	Commenced on 01.07.2013.	Amended the Driving Instructors Regulation 2009 to increase certain fees payable in connection with the administration of the <i>Driving Instructors Act 1992</i> .  The increases were generally in line with movements in the Consumer Price Index.

Changes to Acts and subordinate legislation administered by the Minister for Roads and Freight 2013 – 2014 (title changed from Minister for Roads and Ports on and from 23 April 2014)

Legislation name	Commencement	Description of change
Photo Card Amendment (Fee and Penalty Notices Offences) Regulation 2013  (2013 No 218)	Commenced on 01.07.2013.	Amended the Photo Card Regulation 2005:  (a) to increase the fee for the issue of a Photo Card  (b) to increase the penalties for certain offences dealt with by way of a penalty notice.  The increases were generally in line with movements in the Consumer Price Index.
Road Transport Legislation Amendment (Fees, Penalty Levels and Charges) Regulation 2013  (2013 No 219)	Commenced on 01.07.2013.	Amended the following Regulations:  Road Transport (Driver Licensing) Regulation 2008 Road Transport (General) Regulation 2013 Road Transport (Vehicle Registration) Regulation 2007  to increase certain fees, penalty levels and charges, and  to provide for annual registration charges for chargeable heavy vehicles for the 2013–2014 financial year.  The fees and tow away charge increases were generally in line with movements in the Consumer Price Index.  The registration charges were consistent with those set for the 2013-2014 financial year by the National Transport Commission.

Changes to Acts and subordinate legislation administered by the Minister for Roads and Freight 2013 – 2014 (title changed from Minister for Roads and Ports on and from 23 April 2014)

Legislation name	Commencement	Description of change
Road Transport (Mass, Loading and Access) Amendment (Fees) Regulation 2013  (2013 No 220)	Commenced on 01.07.2013.	Amended the Road Transport (Mass, Loading and Access) Regulation 2005 to increase fees for the issue of certain permits.  The increases were generally in line with movements in the Consumer Price Index.
Roads Amendment (Penalty Notice Offences) Regulation 2013  (2013 No 221)	Commenced on 01.07.2013.	Amended the Roads Regulation 2008 to increase the penalty for offences dealt with by way of a penalty notice issued under section 243 the <i>Roads Act 2008</i> .  The increases were generally in line with movements in the Consumer Price Index.
Tow Truck Industry Amendment (Fees) Regulation 2013  (2013 No 222)	Commenced on 01.07.2013.	Amended the Tow Truck Industry Regulation 2008:  (a) to increase the application fee for the amendment of a licence or drivers certificate and an administration fee, and  (b) to increase certain maximum fees that can be charged by the holder of a tow truck operator's licence or a tow truck driver's certificate for the towing, salvage or storage of a motor vehicle that has been involved in an accident or that has been stolen, or any service that is related to the towing, salvage or storage of such a motor vehicle.  The fee increases were generally in line with movements in the Consumer Price Index.



Changes to Acts and subordinate legislation administered by the Minister for Roads and Freight 2013 – 2014 (title changed from Minister for Roads and Ports on and from 23 April 2014)

Legislation name	Commencement	Description of change
<p>Marine Safety Amendment (Domestic Commercial Vessel National Law) Regulation 2013</p> <p>(2013 No 239)</p>	<p>Clause 3 and Schedule 3 (Amendment of <i>Marine Safety (General) Regulation 2009</i> consequent on enactment of National law) commenced on 01.07.2013.</p> <p>(Remainder of regulation had commenced on 31.05.2013).</p>	<p>The Marine Safety (Commercial Vessels) Regulation 2010 was repealed.</p> <p>Consequential amendments were made to the Marine Safety (General) Regulation 2009 (by Schedule 3).</p>
<p>Road Transport Amendment (Learner, Provisional and Visiting Drivers) Regulation 2013</p> <p>(2013 No 258)</p>	<p>Commenced on 01.07.2013.</p>	<p>The Regulation amended:</p> <p>(a) the Road Transport (Driver Licensing) Regulation 2008:</p> <p>(i) to impose certain additional licence conditions on holders of learner licences, P1 licences and P2 licences, and</p> <p>(ii) to provide an offence for failure to comply with licence conditions – NSW and other Australian jurisdiction driver licences, and</p> <p>(iii) to clarify the kinds of driver licensing requirements under the <i>Road Transport Act 2013</i> and the Regulations from which interstate or foreign visiting licensed drivers are exempted, and</p> <p>(b) the Road Rules 2008 to increase the default speed limit for holders of learner driver licences issued in NSW from 80 kph to 90 kph.</p>

Changes to Acts and subordinate legislation administered by the Minister for Roads and Freight 2013 – 2014 (title changed from Minister for Roads and Ports on and from 23 April 2014)

Legislation name	Commencement	Description of change
<p><i>Road Transport Act 2013</i></p> <p>(2013 No 18)</p> <p>(Commencement Proclamation 2013 No 328)</p>	<p>Commenced on 01.07.2013.</p>	<p>The Act consolidated most of the existing statutory provisions concerning road users, road transport and the improvement of road safety in NSW, (section 3(a) Objects of Act).</p> <p>Other purposes as set out in section 3(b) – (d).</p>

Changes to Acts and subordinate legislation administered by the Minister for Roads and Freight 2013 – 2014 (title changed from Minister for Roads and Ports on and from 23 April 2014)

Legislation name	Commencement	Description of change
<p><i>Road Transport Legislation (Repeal and Amendment) Act 2013</i></p> <p>(2013 No 19)</p> <p>(Commencement Proclamation 2013 No 329)</p>	<p>Commenced on 01.07.2013.</p>	<p>Repealed the following road transport legislation:</p> <ul style="list-style-type: none"> <li>(a) <i>Road Transport (Driver Licensing) Act 1998</i></li> <li>(b) <i>Road Transport (Safety and Traffic Management) Act 1999</i></li> <li>(c) <i>Road Transport (Safety and Traffic Management) Regulation 1999</i></li> <li>(d) <i>Road Transport (Vehicle Registration) Act 1997</i></li> </ul> <p>(Schedule 1)</p> <p>Renamed (as the <i>Road Transport (Vehicle and Driver Management) Act 2005</i>) and made other amendments to the <i>Road Transport (General) Act 2005</i>. (Schedule 2)</p> <p>Made numerous amendments to other legislation to replace references to road transport Acts with <i>Road Transport Act 2013</i>. (Schedule 3)</p> <p>Made numerous consequential amendments to other legislation to replace references to road transport Acts with <i>Road Transport Act 2013</i>. (Schedule 4)</p>

Changes to Acts and subordinate legislation administered by the Minister for Roads and Freight 2013 – 2014 (title changed from Minister for Roads and Ports on and from 23 April 2014)

Legislation name	Commencement	Description of change
<p><i>Road Transport (Statutory Rules) Act 2013</i></p> <p>(2013 No 20)</p>	<p>Commenced on 01.07.2013.</p>	<p>Amended existing road transport statutory rules that were continued in force, (Schedule 1):</p> <ul style="list-style-type: none"> <li>1.1 Road Rules 2008</li> <li>1.2 Road Transport (Driver Licensing) Regulation 2008</li> <li>1.3 Road Transport (Mass, Loading and Access) Regulation 2005</li> <li>1.4 Road Transport (Vehicle Registration) Regulation 2007</li> </ul> <p>Renamed (as the Road Transport (Vehicle and Driver Management) Regulation 2005) and amended the Road Transport (General) Regulation 2005, (Schedule 2)</p> <p>Made the Road Transport (General) Regulation 2013, (by Schedule 3). (2013-367)</p>
<p>Road Transport (General) Amendment (Documentation) Regulation 2013</p> <p>(2013 No 345)</p>	<p>Commenced on: 01.07.2013.</p>	<p>The Regulation amended the Road Transport (General) Regulation 2013:</p> <ul style="list-style-type: none"> <li>(a) to enable certain types of documents prepared for use in administering or enforcing the former road transport legislation to be used, for a 12 month transitional period, in administering or enforcing the new road transport legislation, and</li> <li>(b) to relocate an existing saving and transitional provision.</li> </ul>



Changes to Acts and subordinate legislation administered by the Minister for Roads and Freight 2013 – 2014 (title changed from Minister for Roads and Ports on and from 23 April 2014)

Legislation name	Commencement	Description of change
<p><i>Marine Safety Amendment (Domestic Commercial Vessel National Law Application) Act 2012</i></p> <p>(2012 No 90)</p>	Commenced on 01.07.2013	<p>Various amendments to the <i>Marine Safety Act 1998</i> to apply the <i>Domestic Commercial Vessel National Law</i> (by Schedule 1)</p> <p>Various related amendments of other legislation (by Schedule 2) including the following administered by the Minister for Roads and Freight:</p> <p>Management of Waters and Waterside Lands Regulations – NSW (by Schedule 2.5)</p> <p><i>Marine Pollution Act 2012</i> (by Schedule 2.6)</p> <p>Marine Pollution Regulation 2006 (by Schedule 2.7)</p> <p><i>Maritime Services Act 1935</i> (by Schedule 2.8)</p> <p><i>Navigation Act 1901</i> (by Schedule 2.9)</p> <p><i>Ports and Maritime Administration Act 1995</i> (by Schedule 2.13)</p> <p><i>Transport Administration Act 1988</i> (by Schedule 2.15 [3])</p>

Changes to Acts and subordinate legislation administered by the Minister for Roads and Freight 2013 – 2014 (title changed from Minister for Roads and Ports on and from 23 April 2014)

Legislation name	Commencement	Description of change
<p><i>Statute Law (Miscellaneous Provisions) Act 2013</i></p> <p>(2013 No 47)</p> <p>Amendments by the Act:</p> <p>Transport Administration (General) Regulation 2005</p>	<p>Commenced on: 05.07.2013.</p>	<p>See following items</p> <p>Clause 35 (Additional classes of person to whom RMS may delegate functions)</p> <p>Updated references to <del>RTA</del> to <del>RMS</del></p> <p>Updated reference to an agreement authorising the performance of functions relating to vehicle registration (<del>ANVIS agreement</del> to <del>DVRS agreement</del> <del>Authorised New Vehicle Inspection Scheme</del> to <del>Dealer Vehicle Registration Scheme</del>).</p> <p>(by Schedule 2.33)</p>
<p>Road Transport (Vehicle Registration) Regulation 2007</p>		<p>Clause 95 (Transitional provision – registration labels) repealed.</p> <p>(by Schedule 3, clause 1)</p>

Changes to Acts and subordinate legislation administered by the Minister for Roads and Freight 2013 – 2014 (title changed from Minister for Roads and Ports on and from 23 April 2014)

Legislation name	Commencement	Description of change
<p><i>Ports Assets (Authorised Transactions) Amendment Act 2013</i></p> <p>(2013 No 52)</p>	Commenced on 01.07.2013.	<p>An Act to:</p> <p>(a) amend the principal Act to extend that Act to the Port of Newcastle so as to authorise and facilitate the transfer to the private sector of the State's ports assets at the Port of Newcastle, and</p> <p>(b) make consequential amendments to the <i>Ports and Maritime Administration Act 1995</i> to extend the private ports regulatory scheme to the private port operator of the Port of Newcastle and to authorise the private port operator to impose navigation service charges for the port.</p>
<p>Marine Safety (General) Amendment Regulation 2013</p> <p>(2013 No 395)</p>	Commenced on 01.10.2013.	The Regulation defines the waters of Lake Oberon as alpine waters for the purpose of making the wearing of lifejackets on board vessels operating on that lake compulsory.

Changes to Acts and subordinate legislation administered by the Minister for Roads and Freight 2013 – 2014 (title changed from Minister for Roads and Ports on and from 23 April 2014)

Legislation name	Commencement	Description of change
Road Transport (Vehicle Registration) Amendment (Heavy Vehicles) Regulation 2013  (2013 No 406)	Commenced on 01.08.2013.	<p>The Regulation amended the Road Transport (Vehicle Registration) Regulation 2007 to enable RMS to suspend the registration of a heavy vehicle for up to three months if an offence is committed under:</p> <p>(a) specified rules of the Road Rules 2008 involving driving a vehicle past a sign erected for the purposes of those rules on or near a road, bridge, causeway or tunnel, or</p> <p>(b) specified sections of the <i>Heavy Vehicle National Law</i> (NSW) (when it came into force) involving driving the vehicle on a road, bridge, or causeway, or through a tunnel, in contravention of a mass or dimension requirement.</p> <p>The vehicle registration can be suspended immediately if it appears to RMS that one of the offences has been committed in <i>circumstances of aggravation</i>, namely, the vehicle has been involved in an accident or caused damage to any road infrastructure, a danger or obstruction to traffic, or an adverse effect on public amenity.</p>
<i>Road Transport Amendment (Obstruction and Hazard Safety) Act (2013 No 58)</i>	Commenced on 23.08.2013.	Amended the <i>Road Transport Act 2013</i> section 117 Negligent, furious or reckless driving to make it clear that a court is to take into account the presence of obstructions and hazards on a road in determining whether a person has committed an offence of driving a motor vehicle negligently, furiously, recklessly or at a speed or in a manner dangerous to the public.



Changes to Acts and subordinate legislation administered by the Minister for Roads and Freight 2013 – 2014 (title changed from Minister for Roads and Ports on and from 23 April 2014)

Legislation name	Commencement	Description of change
<p><i>Road Transport Amendment (Electronic Traffic Infringement Notices Trial) Act 2013</i></p> <p>(2013 No 61)</p>	Commenced on 03.09.2013.	Amendment of the <i>Road Transport Act 2013</i> (new section 196A) to establish a two year trial (able to be extended by regulation) for the service of penalty notices by authorised police officers (only) to email addresses or mobile phone numbers where persons (aged 16 years or older) voluntarily elect to have the penalty notices served on them in that way.
<p>Road Amendment (Riding on a Footpath) Rules 2013</p> <p>(2013 No 526)</p>	Commenced on 06.09.2013.	Amended the Road Rules 2008 to except bicycle riders who are carrying a child under 10 years old as a passenger (either on the bicycle or in or on a bicycle trailer being towed by the bicycle) from the offence of riding a bicycle on a footpath.
<p><i>Heavy Vehicle (Adoption of National Law) Amendment Act (2013 No 71)</i></p>	Commenced on 24.09.2013.	<p>Schedule 1 Amendment of <i>Heavy Vehicle (Adoption of National Law) Act 2013</i></p> <p>Schedule 2.2 [29] <i>Road Transport Act 2013</i> insert new Part 3 Provisions consequent on enactment of <i>Heavy Vehicles (Adoption of National Law) Amendment Act 2013</i>.</p> <p>Schedule 2.4 [10] Road Transport (General) Regulation 2013 insert new clause 144A number plate confiscation notices.</p> <p>Schedule 2.6 Road Transport (Vehicle and Driver Management) Regulation 2005 omit Part 4 number plate confiscation.</p>

Changes to Acts and subordinate legislation administered by the Minister for Roads and Freight 2013 – 2014 (title changed from Minister for Roads and Ports on and from 23 April 2014)

Legislation name	Commencement	Description of change
Road Transport (Vehicle Registration) Amendment (Indicator Lights) Regulation 2013  (2013 No 577)	Commenced on 04.10.2013.	<p>The Regulation replaced certain requirements in a vehicle standard under the Road Transport (Vehicle Registration) Regulation 2007 for the spacing of direction indicator lights on motor bikes and the front of motor trikes with those that apply under</p> <p>Australian Design Rule 19/02 — Installation of Lighting and Light Signalling Devices on L-Group Vehicles to motor bikes and motor trikes manufactured on or after 1 January 1997.</p> <p>In substituting the relevant vehicle standard, this Regulation also repealed and restated existing requirements for the spacing of such lights at the rear of motor trikes and on other vehicles.</p>

Changes to Acts and subordinate legislation administered by the Minister for Roads and Freight 2013 – 2014 (title changed from Minister for Roads and Ports on and from 23 April 2014)

Legislation name	Commencement	Description of change
<p>Transport Administration (General) Amendment (WestConnex Delivery Authority) Regulation 2013</p> <p>(2013 No 608)</p>	<p>Commenced on 01.11.2013.</p>	<p>The Regulation amended the Transport Administration (General) Regulation 2013:</p> <p>(a) to insert a new Part 4A to constitute the WestConnex Delivery Authority as a public subsidiary corporation of Roads and Maritime Services and to enable the corporation to exercise certain functions of RMS (primarily under the <i>Roads Act 1993</i>) in relation to the delivery of the WestConnex program of works in Sydney,</p> <p>(b) to provide for the transfer of assets, rights and liabilities to or by WestConnex Delivery Authority,</p> <p>(c) to provide for a board of the WestConnex Delivery Authority to provide advice in connection with the WestConnex program of works.</p>
<p><i>Marine Safety Act 1998</i></p> <p>(Commencement Proclamation 2013 No 632)</p>	<p>Commenced on 08.11.2013.</p>	<p>The Proclamation commenced certain formal provisions of the <i>Marine Safety Act 1998</i> including its long title and some headings to Parts and Schedules.</p>

Changes to Acts and subordinate legislation administered by the Minister for Roads and Freight 2013 – 2014 (title changed from Minister for Roads and Ports on and from 23 April 2014)

Legislation name	Commencement	Description of change
Road Transport (Vehicle Registration) Amendment (Vehicle Standards) Regulation 2013  (2013 No 634)	Commenced on 08.11.2013.	The Regulation amended the Road Transport (Vehicle Registration) Regulation 2007:  (a) to provide that, if modifications to a vehicle are carried out in a manner that complies with certain specifications accepted by RMS or published by the Commonwealth Department of Infrastructure and Transport, those modifications, or the vehicle, as the case may be, will be taken to comply with the applicable vehicle standards and a compliance certificate may be issued in relation to the vehicle, and  (b) to provide for RMS to publish guidelines as to how to ensure that a vehicle complies with the applicable vehicle standards.
<i>Road Transport Act 2013</i>  Road Transport (Driver Licensing) Regulation 2008  Road Transport (General) Regulation 2013  Road Transport (Vehicle Registration) Regulation 2007	Commenced on 01.12.2013.	Consequential and related amendments were made to the specified Act and Regulations by the <i>Fines Amendment Act 2013</i> . The amendments replaced references to the State Debt Recovery Office with references to the Commissioner of Fines Administration; amended the visiting driver provisions of the Road Transport (Driver Licensing) Regulation 2008; and provided a transitional provision concerning authorised officers in the Road Transport (General) Regulation 2013.  (Reference: Schedule 2.13, 2.14, 2.15 and 2.16)



Changes to Acts and subordinate legislation administered by the Minister for Roads and Freight 2013 – 2014 (title changed from Minister for Roads and Ports on and from 23 April 2014)

Legislation name	Commencement	Description of change
Road Amendment (Emergency Worker) Rules 2013  (2013 No 695)	Commenced on 13.12.2013.	The Rules amended the Road Rules 2008 to ensure that emergency services workers and vehicles of the Commonwealth and other States and Territories (including Airservices Australia) operating in NSW are treated in the same way as NSW emergency services workers and vehicles under the Road Rules 2008.
Road Transport (Driver Licensing) Amendment (Miscellaneous) Regulation 2013  (2013 No 696)	Commenced on 13.12.2013.	The Regulation amended the Road Transport (Driver Licensing) Regulation 2008:  (a) to allow a NSW police officer, and anyone residing with that police officer, to display an address other than a residential address on their driver licence, if those details have been suppressed in the driver licence register, and  (b) to make provision for the date on which certain exemptions given to interstate drivers cease, and  (c) to allow Roads and Maritime Services to carry out a manual search of the NSW driver licence register, to verify the validity of a driver licence issued in NSW and provide the retrieved information to a participant in the Document Verification System (DVS), if a verification request from that participant via the DVS has failed to verify the validity of that driver licence.

Changes to Acts and subordinate legislation administered by the Minister for Roads and Freight 2013 – 2014 (title changed from Minister for Roads and Ports on and from 23 April 2014)

Legislation name	Commencement	Description of change
<p>Marine Safety (General Amendment (Exemptions Relating to Safety Equipment and Facilities) Regulation 2013</p> <p>(2013 No 739)</p>	<p>Commenced on 20.10.2013.</p>	<p>The Regulation modified existing exemptions from the provisions of the Marine Safety (General) Regulation 2009 that require certain safety equipment to be carried on recreational vessels and lifejackets to be worn on those vessels and that regulate the construction of hatches and exterior doors.</p> <p>The amendments have particular relevance to surf row boats, vessels used in connection with lifesaving or surf rescue. References are updated to Surf Life Saving New South Wales.</p>
<p>Road Amendment (Booster Seats and Child Restraints) Rules 2013</p> <p>(2013 No 742)</p>	<p>Commenced on 20.10.2013.</p>	<p>The Rules updated the definitions of approved booster seat and approved child restraint in the Road Rules 2008 to reflect the introduction of certain new types of approved booster seats and child restraints that are designed under the relevant Australian Standard.</p>
<p><i>Marine Pollution Act 2012</i></p> <p><i>Marine Safety Act 1998</i></p> <p><i>Photo Card Act 2005</i></p> <p><i>Roads Act 1993</i></p> <p><i>Tow Truck Industry Act 1998</i></p>	<p>Commenced on 01.01.2014</p>	<p>Acts amended to update references from the Administrative Decisions Tribunal to the NSW Administrative and Civil Tribunal.</p> <p>Amendments made by the <i>Civil and Administrative Legislation (Repeal and Amendment) Act 2013</i> (Schedule 2.93, 2.94, 2.115, 8.16 and 2.145).</p>

Changes to Acts and subordinate legislation administered by the Minister for Roads and Freight 2013 – 2014 (title changed from Minister for Roads and Ports on and from 23 April 2014)

Legislation name	Commencement	Description of change
<p><i>Statute Law (Miscellaneous Provisions) Act (No 2) (2013 No 111)</i></p>	Commenced on 03.01.2014.	<p>Amendments:</p> <p>The <i>Marine Safety Act 1998</i> was amended by Schedule 4, clause 2 to remove redundant content in Schedule 2.</p> <p>The <i>Photo Card Act 2005</i> was amended by Schedule 1.7 to update references in the Act to provisions of the <i>Crimes Act 1900</i>.</p> <p>The Road Rules 2008 were amended by Schedule 3.25 to insert a missing word “than” in Rule 297(4).</p>
<p><i>Heavy Vehicle (Adoption of National Law) Act 2013</i></p> <p>(2013 No 42)</p> <p>(Commencement Proclamation 2014 No 24)</p>	Commenced on 10.02.2014.	<p>An Act to make provision for a national scheme for facilitating and regulating the use of heavy vehicles on roads, and for other purposes.</p>
<p><i>Heavy Vehicle (Adoption of National Law) Amendment Act 2013</i></p> <p>(2013 No 71)</p>	Commenced on 10.02.2014.	<p>To support the original Act for introduction of the national regulator and national law in NSW.</p> <p>The Act:</p> <p>Section 4:</p> <ul style="list-style-type: none"> <li>repeal the <i>Road Transport (Vehicle and Driver Management) Act 2005</i> and the Road Transport (Vehicle and Driver</li> </ul>

Changes to Acts and subordinate legislation administered by the Minister for Roads and Freight 2013 – 2014 (title changed from Minister for Roads and Ports on and from 23 April 2014)

Legislation name	Commencement	Description of change
		<p>Management) Regulation 2005</p> <ul style="list-style-type: none"> <li>provide that the Road Transport (Mass, Loading and Access) Regulation 2005 is taken to have been made under the <i>Road Transport Act 2013</i></li> </ul> <p>Schedule 1 (this Schedule commenced on Assent)</p> <p>Schedule 2 (Items 2.2[29], 2.4[10] and 2.6 of this Schedule commenced on Assent)</p> <ul style="list-style-type: none"> <li>Amended other NSW road transport legislation:</li> </ul> <p>Road Rules 2008 <i>Road Transport Act 2013</i> Road Transport (Driver Licensing) Regulation 2008 Road Transport (General) Regulation 2013 Road Transport (Mass, Loading and Access) Regulation 2005 Road Transport (Vehicle and Driver Management) Regulation 2005 Road Transport (Vehicle Registration) Regulation 2007</p> <p>Schedule 3</p> <ul style="list-style-type: none"> <li>Amended other NSW legislation: <i>Law Enforcement (Powers and Responsibilities) Act 2002</i></li> </ul>



Changes to Acts and subordinate legislation administered by the Minister for Roads and Freight 2013 – 2014 (title changed from Minister for Roads and Ports on and from 23 April 2014)

Legislation name	Commencement	Description of change
		<p>Passenger Transport Regulation 2007  <i>Roads Act 1993</i>  <i>Transport Administration Act 1988</i></p> <p>Schedule 4</p> <ul style="list-style-type: none"> <li>• Makes the Heavy Vehicle (Adoption of National Law) Regulation 2013 (2014 No 55)</li> </ul> <p>The remainder of the Act commenced 10.02.2014.</p>
<p>Heavy Vehicle (Mass, Dimension and Loading) National Amendment Regulation</p> <p>(2014 No 20)</p>	Commenced on 10.02.2014	<p>An amendment Regulation under the <i>Heavy Vehicle National Law</i> as applied in NSW.</p> <p>Amended Schedule 1 (General mass limits) and Schedule 5 (Higher mass limits).</p>
<p>Heavy Vehicle (Transitional) National Regulation</p> <p>(2014 No 21)</p>	Commenced on 10.02.2014	<p>An amendment Regulation under the <i>Heavy Vehicle National Law</i> as applied in NSW.</p> <p>Modified Part 3.3 of the <i>Heavy Vehicle National Law</i> pending the commencement of section 84 of that Law.</p>

Changes to Acts and subordinate legislation administered by the Minister for Roads and Freight 2013 – 2014 (title changed from Minister for Roads and Ports on and from 23 April 2014)

Legislation name	Commencement	Description of change
Road Amendment (Vehicle Registration) Amendment (State Emergency Services Vehicles) Regulation 2014  (2014 No 70)	Commenced on 21.02.2014.	Amended the Road Transport (Vehicle Registration) Regulation 2007 to enable SES vehicles to be fitted with sirens and flashing or rotating lights for use in emergency situations by amending the Dictionary definition of “emergency vehicle” to provide that a vehicle driven by a person who is a member of the State Emergency Service vehicle is included.  Amendments of a law revision nature were also made.
Ports and Maritime Administration Amendment (Transport for NSW) Regulation 2014  (2014 No 125)	Commenced on 01.04.2014.	Amended the Ports and Maritime Administration Regulation 2012 to make changes as a consequence of the fact that functions and staff of Sydney Ports Corporation dedicated to the Port Botany Landside Improvement Strategy were to be transferred to Transport for NSW.  Also provided for the delegation and sub-delegation of functions of the Minister under the marine legislation to Transport for NSW and to members of staff or employees of the Transport Service. Those functions were not limited to those relating to the Port Botany Landside Improvement Strategy.

Changes to Acts and subordinate legislation administered by the Minister for Roads and Freight 2013 – 2014 (title changed from Minister for Roads and Ports on and from 23 April 2014)

Legislation name	Commencement	Description of change
Road Amendment (Sirens and Prohibited Lights) Rules 2014  (2014 No 138)	Commenced on 21.03.2014.	Amended the <i>Road Rules 2008</i> to: <ul style="list-style-type: none"> <li>• Specifically enable the use of restricted rotating and flashing lights by police officers for law enforcement purposes</li> <li>• Generally limit the use of devices capable of making a sound like the sound of a siren to certain vehicles responding to an emergency or being used for law enforcement purposes</li> <li>• Prescribe the unauthorised use of such devices as a penalty notice offence and prescribe a penalty amount</li> <li>• Make amendments of a law revision nature.</li> </ul>
Road Transport (General) Amendment (North Sydney Local Health District) Regulation 2014  (2014 No 263)	Commenced on 16.05.2014.	The Regulation amended the Road Transport (General) Regulation 2013 at Schedule 2 (Declared organisations) to prescribe the Northern Sydney Local Health District as a declared organisation in respect of specified car parks at the Royal North Shore Hospital.  This made the Northern Sydney Local Health District the parking authority for the car parks.

Changes to Acts and subordinate legislation administered by the Minister for Roads and Freight 2013 – 2014 (title changed from Minister for Roads and Ports on and from 23 April 2014)

Legislation name	Commencement	Description of change
Road Transport (Vehicle Registration) Amendment (Motor Bikes) Regulation 2014  (2014 No 269)	Commenced on 23.05.2014.	The Regulation amended the Road Transport (Vehicle Registration) Regulation 2007: <ul style="list-style-type: none"> <li>to extend the date until which a superficially-damaged motor bike will be exempt from certain requirements to 31 December 2015 motor bikes assessed as a total loss up until that date may in some circumstances be eligible for an authorisation to repair and an exemption from the obligation to be the subject of a certificate of compliance,</li> <li>to make other miscellaneous amendments of a statute law revision nature.</li> </ul>
<i>Navigation Act 1901</i>  (Commencement Proclamation 2014 No 283)	Repeal provision commenced on 02.06.2014.	The Act was repealed by commencement of the repeal provision in Schedule 2 of the <i>Marine Safety Act 1998</i> .



Changes to Acts and subordinate legislation administered by the Minister for Roads and Freight 2013 – 2014 (title changed from Minister for Roads and Ports on and from 23 April 2014)

Legislation name	Commencement	Description of change
<p><i>Ports and Maritime Administration Act 1995</i></p> <p>(Commencement Proclamation 2014 No 283)</p>	Commenced on 02.06.2014.	<p>Certain amendments to ss 23 (Functions under marine legislation), 25 (Particular marine safety functions), and 42 (Waterways fund).</p> <p>The amendments were made by commencement of Schedule 3.17 [3], [5], [6] and [8] of the <i>Marine Safety Act 1998</i>.</p>
<p><i>Marine Safety Act 1995</i></p> <p>(Commencement Proclamation 2014 No 283)</p>	Commenced on 02.06.2014.	<p>The amendment was made by commencement of clause 6 of Schedule 4 –“Savings, transitional and other provisions” relating to the operation of s.34 –“Proof of certain matters not required” of the <i>Maritime Services Act 1935</i>.</p>
<p>Road Transport (General) Amendment (Enforcement Documents) Regulation 2014</p> <p>(2014 No 358)</p>	Commenced on 13.06.2014.	<p>The Regulation amended the Road Transport (General) Regulation 2013 to extend until 30.09.2014 the transitional period during which existing enforcement documents prepared under the former road transport legislation can be used under the new road transport legislation.</p>

Changes to Acts and subordinate legislation administered by the Minister for Roads and Freight 2013 – 2014 (title changed from Minister for Roads and Ports on and from 23 April 2014)

Legislation name	Commencement	Description of change
Road Transport (General) Amendment (Penalty Notice Offences) Regulation 2014  (2014 No 369)	Commenced on 13.06.2014.	The Regulation amended the Road Transport (General) Regulation 2013 to prescribe offences under clause 74 of the Road Transport (Mass, Loading and Access) Regulation 2005 as penalty notice offences.
<i>Maritime and Transport Licensing Legislation Amendment Act 2014</i>  (2014 No 38)	Schedule 2 commenced on 24.06.2014.  Remainder uncommenced.	Schedule 2 of the Act amended the <i>Ports and Maritime Administration Act 1995</i> to enable the regulations under that Act to make provision for the management of dangerous goods in ports and to make a consequential amendment to the Work Health and Safety Regulation 2011.

## Significant Judicial Decisions

Significant judicial decisions affecting Transport for NSW or the users of the services provided by Transport for NSW.

### Subpoena for Bus Service Contracts set aside

*In the matter of North Coast Transit Pty Limited* [2013] NSWSC 1912; [2014] NSWSC 268

A subpoena served on Transport for NSW required it to produce copies of specified Sydney Metropolitan Bus Service Contracts. Certain parties in the matter, Transport for NSW and other non-party applicants whose service contracts were to be produced, successfully sought orders setting aside the subpoena on the basis that producing them would cause substantial detriment to Transport for NSW and others by disclosing confidential material related to the bus contract tender process.

(-NSWSC" denotes the NSW Supreme Court)

### Compulsory Acquisition

*Camilleri v. Transport for NSW* [2013] NSWLEC 104

*Attard J & R Services Pty Ltd v. Transport for New South Wales* [2013] NSWLEC 107

*Attard and Ors v. Transport for New South Wales* [2013] NSWLEC 176

*Cudgegong Australia Pty Limited v. Transport for NSW* [2014] NSWLEC 19

*Bonomo v. Transport for New South Wales* [2014] NSWLEC 25

*Cudgegong Australia Pty Limited v. Transport for NSW (No 2)* [2014] NSWLEC 36

*Zappia & Ors v. Transport for NSW* [2014] NSWLEC 38

*De Battista v. Transport for New South Wales* [2014] NSWLEC 39

*Attard & Ors v. Transport for NSW* [2014] NSWLEC 44

*Chircop v. Transport for NSW* [2014] NSWLEC 63

(-NSWLEC" denotes the NSW Land and Environment Court)

The NSW Land and Environment Court established a "North West Rail Compensation List" as a subset of its Class 3 Compensation List. The judgments identified above (in citation sequence) were on interlocutory or final judgments concerning compensation for the compulsory acquisition of land under the *Transport Administration Act 1988* and the *Land Acquisition (Just Terms Compensation) Act 1991* for the North West Rail Link.

## Appendix 2: Obligations under the GIPA Act

### **Review of proactive release program – Clause 7(a)**

Under section 7 of the *Government Information (Public Access) Act 2009* (GIPA Act), agencies must review their programs for the release of government information to identify the kinds of information that can be made publicly available. This review must be done at least once annually.

Transport for NSW provides a wide range of transport services and is responsible for improving the customer experience, planning, program administration, policy, regulation, procuring transport services, infrastructure and freight. By performing these functions, TfNSW actively releases information about current and planned transport projects and initiatives. The detail of information released ranges from media releases through to detailed information about contracts and infrastructure projects.

Operating as a Transport cluster, TfNSW also supports the work of the other transport agencies in releasing information and proposes new categories of information which could be considered for release.

### **Number of access applications received - Clause 7(b)**

During 2013-14, TfNSW received 106 formal access applications (including withdrawn applications but not invalid applications).

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

During the reporting period, TfNSW refused a total of 17 formal access applications because the information requested was information referred to in Schedule 1 to the GIPA Act. Of those applications, five were refused in full, and 12 were refused in part.



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

Table A: Number of applications by type of applicant and outcome*								
	Access in full	Access in part	Access refused in full	Information not held	Information already available	Refuse to deal with application	Refuse to confirm/deny whether information is held	Application withdrawn
Media	10	9	3	1	0	0	0	1
Members of Parliament	11	13	0	0	0	0	0	0
Private sector business	2	0	0	1	0	0	0	0
Not for profit organisations or community groups	1	1	0	0	0	0	0	0
Members of the public - application by legal representative	2	1	3	2	0	0	0	0
Members of the public (other)	5	5	0	1	0	1	0	1

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

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

	Access granted in full	Access granted in part	Access refused in full	Information not held	Information already available	Refuse to deal with application	Refuse to confirm/deny whether information is held	Application withdrawn
Personal information applications*	0	0	0	0	0	0	0	0
Access applications (other than personal information applications)	29	29	6	5	0	1	0	2
Access applications that are partly personal information applications and partly other	2	0	0	0	0	0	0	0

\*A *personal information application* is an access application for personal information (as defined in clause 4 of Schedule 4 to the Act) about the applicant (the applicant being an individual).

**Table C: Invalid applications**

Reason for invalidity	Number of applications
Application does not comply with formal requirements (section 41 of the Act)	8
Application is for excluded information of the agency (section 43 of the Act)	0
Application contravenes restraint order (section 110 of the Act)	0
Total number of invalid applications received	8
Invalid applications that subsequently became valid applications	0

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

	Number of times consideration used*
Overriding secrecy laws	0
Cabinet information	14
Executive Council information	0
Contempt	2
Legal professional privilege	3
Excluded information	0
Documents affecting law enforcement and public safety	0
Transport safety	1
Adoption	0
Care and protection of children	0
Ministerial code of conduct	0
Aboriginal and environmental heritage	0

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

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

	Number of occasions when application not successful
Responsible and effective government	16
Law enforcement and security	0
Individual rights, judicial processes and natural justice	11
Business interests of agencies and other persons	16
Environment, culture, economy and general matters	0
Secrecy provisions	0
Exempt documents under interstate Freedom of Information legislation	0

**Table F: Timeliness**

	Number of applications
Decided within the statutory timeframe (20 days plus any extensions)	45
Decided after 35 days (by agreement with applicant)	25
Not decided within time (deemed refusal)	4
Total	74



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

	Decision varied	Decision upheld	Total
Internal review	0	3	3
Review by Information Commissioner*	0	1	1
Internal review following recommendation under section 93 of Act	1	0	1
Review by ADT	0	0	0
Total	1	4	5

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

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

	Number of applications for review
Applications by access applicants	4
Applications by persons to whom information the subject of access application relates (see section 54 of the Act)	1

## Appendix 3: Privacy Management Plan

Clause 6 of the Annual Reports (Department) Regulation 2010 requires NSW Government Agencies to provide a statement of the action taken by the Department in complying with the requirements of the *Privacy and Personal Information Protection Act 1998* (PPIP Act) and provide statistical details of any review carried out under Part 5 of the PPIP Act.

In compliance with section 33 of the PPIP Act, Transport for NSW (TfNSW) has a Privacy Management Plan which includes: information about the development of policies and practices to ensure compliance by the agency with the requirements of the PPIP Act and the *Health Records and Information Privacy Act 2002* (HRIP Act); the communication of those policies and practices to persons within TfNSW; the procedures that the agency adopts in relation to any internal review under Part 5 of the PPIP Act; and such other matters as are considered relevant by TfNSW in relation to privacy and the protection of personal (and health) information held by the agency.

The Plan is located on the website at - <http://www.transport.nsw.gov.au/aboutus/privacy>

TfNSW and the other agencies in the Transport cluster have been working towards creating greater consistency in the management of personal information to achieve the best possible results for members of the public. This is demonstrated in the review and development of the privacy management plans for the transport agencies. The new plans are designed to provide the highest standard of information about the compliance with the information protection and health records principles in the PPIP and HRIP Acts.

As a demonstration of TfNSW's commitment to privacy, TfNSW became an official partner of Privacy Awareness Week (4-10 May 2014). TfNSW took this opportunity to officially launch its Privacy Management Plan, update and revise the information for its customers about privacy on its website, and distribute new privacy resources for its officers.

Questions, compliments or complaints about TfNSW's management of personal and health information can be directed to the Privacy Officer by:

Post:           The Privacy Officer  
                  Information & Privacy Unit  
                  Transport for NSW  
                  PO Box K659  
                  Haymarket NSW 1240

Phone:         02 8202 3768

Email:         [privacy@transport.nsw.gov.au](mailto:privacy@transport.nsw.gov.au)

### Privacy Reviews

During 2013-14 TfNSW did not receive any applications for any review of conduct under Part 5 of the PPIP Act.

## Appendix 4: Public Interest Disclosures Act 1994

In accordance with section 31 of the *Public Interest Disclosures Act 1994* (the Act), Transport for NSW must include in its annual report the following information:

### 1. Whether the public authority has a Public Interest Disclosures policy in place.

The *Public Interest Disclosures Policy and Procedures* document for TfNSW was launched when the agency was established in November 2011. The policy has been amended in relation to the recent amendments to the Act.

### 2. What action has the head of the public authority taken to ensure that his or her staff awareness responsibilities under section 6E(1)(b) of the Act have been met?

The Secretary has approved and undertaken the following activities to ensure TfNSW staff and contractors are aware of the Act and TfNSW's internal reporting policies and procedures:

- The *Public Interest Disclosures Policy and Procedures* document is on TfNSW's intranet under a *Conduct and Ethics* page, where internal reporting hotlines and the Code of Conduct are also located. This page provides information on the significance and purpose of the Act.
- The Code of Conduct which refers to the Act as a key document presented to staff upon commencement and promoted during the Welcome Day for new employees and contractors.
- New employees and contractors also receive an email with an online video message from Minister Berejiklian. This includes the requirement to read and confirm that the Code of Conduct is understood.
- TfNSW's Statement of Business Ethics includes information regarding the Act. All vendors were sent a copy in September 2012.
- A number of training and presentation sessions have been provided to TfNSW staff and senior officers on corruption awareness and the role of the Corruption Prevention Unit. These included information about the Act and its protections.
- The March edition of the Secretary's Team Brief package included information to staff on internal reporting.

## Information requests

TfNSW reports for 2013-14:

Information requested	Number
Number of public officials who have made a Public Interest Disclosure (PID) to TfNSW	10
Number of PIDs received	2
<b>Of PIDs received, numbers primarily about, by category:</b>	
<ul style="list-style-type: none"><li>• corrupt conduct</li></ul>	10
<ul style="list-style-type: none"><li>• maladministration</li></ul>	2
<ul style="list-style-type: none"><li>• serious and substantial waste of public money or local government money (as appropriate)</li></ul>	0
<ul style="list-style-type: none"><li>• government information contraventions</li></ul>	0
<ul style="list-style-type: none"><li>• local government pecuniary interest contraventions</li></ul>	0
<b>The number of PIDs finalised by TfNSW:</b>	
1. public interest disclosures made by public officials in performing their day to day functions;	5
2. public interest disclosures not covered by (1) that are made under a statutory or other legal obligation; and	0
3. all other public interest disclosures.	7



## Appendix 5: Management remuneration, structure and responsibilities

### Transport for NSW – Senior Service Level 2 to 6

Financial Year 2013 - 2014					
Transport Senior Service Level	Female	Male	Total	Average of TRP	% of Total Employee related expenditure relating to Senior Executives (aggregated)
Senior Service Level 2	20	76	96	\$223,853	15.1% (1)
Senior Service Level 3	25	67	92	\$251,448	
Senior Service Level 4	5	34	39	\$315,746	
Senior Service Level 5	2	10	12	\$379,411	
Senior Service Level 6	3	6	9	\$436,106	
<b>Grand Total</b>	<b>55</b>	<b>193</b>	<b>248</b>		

(1) 5.6% of Senior Executive employee related expenditure relates to Capital Projects

### The names, offices, qualifications and responsibilities of principal officers at 30 June 2014:

Department of Transport Senior Executive Service  
TfNSW Transport Executive

Name	Position	Qualifications
Dave Stewart	Secretary	Bachelor of Engineering Hons (Civil), Master of Business Administration, Master of Engineering Science, Construction and Project Management

### TfNSW Transport Executive

Name	Position	Qualifications
Tony Braxton-Smith	Deputy Director General Customer Experience	Master of Business Administration

<b>Name</b>	<b>Position</b>	<b>Qualifications</b>
Rachel Johnson	Deputy Director General Freight and Regional Development	Certificate in Education (Mathematics and Science), Bachelor of Science Hons Aeronautical Engineering Science
Tim Reardon	Deputy Director General Policy and Regulation	Bachelor of Technology (Engineering and Management); Graduate Certificate in Natural Resources; Diploma of Engineering (Civil); Business Management Certificate, AIM; Company Directors Diploma, AICD
Carolyn McNally	Deputy Director General Planning and Programs	Bachelor of Arts (Sociology & English Literature)
Chris Lock	Deputy Director General Transport Projects	Bachelor of Science Hons Building Economics and Measurement
Fergus Gammie	Deputy Director General Transport Services	Bachelor of Arts, Executive Certificate in Management
Arthur Diakos	Chief Financial Officer Finance, Audit and Strategy	Bachelor of Business (Accounting Major and Finance Sub-major), FCPA
Fran McPherson PSM	Executive Director People and Corporate Services	Executive Management Certificate at University of Technology, FAIM Graduate studies in Public Sector Management
Rodd Staples	Project Director North West Rail Link	Bachelor of Engineering (Civil), Masters of Finance (Business)

## **Secretary**

### **Dave Stewart**

- Lead, direct and control the affairs of Transport for NSW, its core and support divisions, public service delivery agencies and, through the implementation of Government plans and policies, achieve delivery of the TfNSW vision: To make New South Wales a better place to live, do business and visit, by managing and shaping the future of the whole transport system.
- Provide expert and independent advice to the Premier and Portfolio Ministers on strategies and policies to further the objectives of the Government for delivery of the NSW transport system.
- Forge effective partnerships and networks with all levels of Government, industry and other key stakeholders to:
- Lead and contribute to strategic thinking on State-wide and national transport policies and plans
- Negotiate key transport outcomes for NSW
- Foster effective business relationships
- Ensure positive engagement of stakeholders to effect strategic outcomes

## **Deputy Director General**

### **Customer Experience**

#### **Tony Braxton-Smith**

- Apply an evidence base of customer and stakeholder insights to inform customer-centric policy, planning and service delivery.
- Develop and implement customer-based performance standards and measures, including a customer satisfaction index, to guide service improvements.
- Guide key service improvement programs across the Transport cluster.
- Develop and implement transport brand strategies and marketing activities that reflect the core value proposition of transport products and services.
- Deliver and coordinate public affairs, communications and engagement programs.
- Coordinate the provision of advice to Ministers to enable them to fulfil Parliamentary obligations and respond to correspondence.
- Manage the customer information systems, channels and tools that help customers to get the information from Transport they need and want.
- Design and deliver a new wayfinding system that helps customers to better navigate the transport system.
- Establish standards and processes for responding effectively to customer feedback and complaints, and gain insights that inform thinking about service improvements.

## **Deputy Director General**

### **Freight and Regional Development**

#### **Rachel Johnson**

- Drive implementation of the first NSW Freight and Ports Strategy.

- Develop strategic planning for key freight precincts, including ports and intermodal terminals, to support regional development.
- Develop a freight evidence base.
- Monitor and benchmark freight performance.
- Provide a central point of contact for freight customers and the freight industry to raise issues and concerns.
- Develop freight policy and manage reform.
- Ensure that State marine pollution response arrangements are effective.
- Ensure that economic analysis supports freight business cases and funding submissions.
- Provide expert advice on the regulation for freight movements of dangerous goods, and of emissions and noise.
- Review port access arrangements.
- Coordinate key commodity chains.

### **Deputy Director General**

#### **Policy and Regulation**

##### **Tim Reardon**

- Lead customer-focused strategic policy for the transport portfolio.
- Drive integration and simplification of regulatory and legislative instruments.
- Engage with industry and key stakeholders on policy reforms.
- Deliver evidence based policy reforms for the transport portfolio.
- Facilitate efficient and innovative transportation service delivery.
- Establish consistent transportation pricing policy frameworks.
- Shape the national transport policy and reform agenda to benefit NSW.
- Drive 'over the horizon' policy challenges and responses.

### **Deputy Director General**

#### **Planning and Programs**

##### **Carolyn McNally**

- Identify transport needs, develop strategic transport plans and progress initiatives of the Long Term Transport Master Plan, Regional Transport Plans, city access strategies and modal strategies.
- Deliver an integrated approach to transport planning, funding and delivery in NSW.
- Ensure the customer experience is central to transport planning and program outcomes.
- Determine investment priorities for transport infrastructure, including the Transport Access Program.
- Collect, analyse and present transport statistics and conduct modelling to provide an evidence-base to support effective decision-making.



## **Deputy Director General**

### **Transport Projects**

#### **Chris Lock**

- Drive the planning, construction and delivery of current infrastructure and fleet asset projects.
- Promote safety in all aspects of infrastructure delivery.
- Employ sustainable practices, innovation and excellence in design and delivery of a quality product.
- Ensure value for money for stakeholders through the effective and efficient delivery of transport infrastructure.
- Ensure best practice business systems exceed customer and stakeholder expectations.

## **Deputy Director General**

### **Transport Services**

#### **Fergus Gammie**

- Develop and improve service plans for rail, bus and ferry services, including timetable specification.
- Develop the rail Standard Working Timetable for passengers and freight.
- Coordinate service plan delivery and timetable integration across all transport modes.
- Purchase rail, bus, ferry and light rail services and develop associated contracts.
- Develop community transport agreements and strategies.
- Develop agreements with transport agencies and other government departments to enable close working relationships and delivery of the NSW Government's goals for the transport sector.
- Drive improvements in service performance.
- Coordinate service activities such as incident management, special events, security and emergency management, interchange/precinct management and transport operational improvements.
- Manage ticketing services, including purchase of integrated electronic ticketing services, management of passes, concessions and subsidy schemes, and revenue protection strategies.
- Manage the country rail network.

## **Chief Financial Officer**

### **Arthur Diakos**

- Lead strategic financial management and resource allocation across the Transport cluster.
- Drive the TfNSW corporate planning strategy and strategic alignment across the Transport cluster.
- Provide strategic finance services so that TfNSW and the Transport cluster can deliver its business objectives.

- Ensure priority programs and services operate within available resources and allocated budgets.
- Drive financial and corporate frameworks, analysis, assurance and advice to enable TfNSW operations.
- Develop best practice performance measurement, audit, risk, corruption prevention and strategic procurement processes that focus on improving performance.

## **Executive Director**

### **People and Corporate Services**

#### **Fran McPherson**

- Lead business and commercial management of human resources, information technology, shared services, learning and development, information and investigations and legal services across the Transport cluster.
- Drive organisational efficiency through the development, implementation and continuous improvement of business systems and processes for the best provision of services, systems and projects.
- Drive a wide range of strategic projects and initiatives to continue to progress the overall reform agenda to maximise operational effectiveness and efficiency across the cluster.
- Drive internal legal services in the portfolio to improve efficiencies and value for money, including the provision of external expert legal services by a portfolio-wide legal panel.
- Provide a strategic human resources program across the cluster.
- Lead consolidation and optimisation of the provision of shared services to the Transport cluster that ensures compliance and supports core business outcomes.
- Ensuring the capability of the workforce to meet organisational demands and requirements.
- Lead the implementation of governance frameworks for TfNSW and the operating agencies to comply with best practice risk management and legislative requirements.

## **Project Director**

### **North West Rail Link**

#### **Rodd Staples**

- Lead development of new rail technology in Sydney as part of Sydney's Rail Future, ensuring excellence in safety, environment and quality
- Lead customer driven outcomes
- Lead the tender and award of major construction and delivery contracts, including a Public Private Partnership (PPP) for the systems, trains and operations of the new rail line
- Lead the construction and delivery of the tunnel and surface works and operating PPP on time and on budget
- Lead the integration of the new rail line with the rest of the transport network and with surrounding land uses in the north-west of Sydney.

## Appendix 6: Management and activities

The table below summarises a selection of performance measures for the different modes of public transport in NSW. It also includes measures from *NSW 2021*, the NSW Government's 10-year plan to make NSW number one. Up-to-date public reporting against *NSW 2021* is available and can be accessed at: [http://www.nsw.gov.au/sites/default/files/initiatives/2014-15\\_performance\\_report\\_-\\_2021.pdf](http://www.nsw.gov.au/sites/default/files/initiatives/2014-15_performance_report_-_2021.pdf).

Performance indicator	10-11	11-12	12-13	13-14
<b>Customer satisfaction (%)</b>				
	-	-	(June '13)	(May '14)
Trains	n/a	n/a	81	85
Buses	n/a	n/a	85	87
Ferries	n/a	n/a	95	96
Light Rail	n/a	n/a	94	89
Taxis	n/a	n/a	79	81
<b>Passenger journeys (m)</b>				
CityRail	294.5	303.5	306.2	-
Sydney Trains	-	-	272.3	281.2
NSW TrainLink – unbooked	-	-	33.9	32.9
NSW TrainLink – booked	1.89	2.0	1.87	1.81
Sydney Ferries	14.5	14.8	14.9	16.0
Metropolitan buses - STA	153.7	154.1	154.0	154.8
Metropolitan buses - PBO	45.0	49.2	50.6	54.1
Outer metropolitan buses	15.5	15.9	15.5	15.2
Light Rail	2.7	4.0	4.2	3.9
<b>Passenger journeys growth (%)</b>				
CityRail	1.8	3.1	0.9	-
Sydney Trains	-	-	-	3.3
NSW TrainLink – unbooked	-	-	-	-2.8
NSW TrainLink – booked	4.5	5.8	-6.5	-3.4

Performance indicator	10-11	11-12	12-13	13-14
Sydney Ferries	1.1	1.8	1.2	6.9
Metropolitan buses - STA	0.1	0.3	-0.1	0.5
Metropolitan buses - PBO	9.3	9.3	2.8	6.9
Outer metropolitan buses	3.4	2.3	-2.0	-2.5
Light Rail	-1.4	45.2	4.4	-6.3
<b>Reliability (%)</b>				
CityRail <sup>1)</sup>	94.6	93.4	94.2	-
Sydney Trains <sup>2)</sup>	-	-	-	94.1
NSW TrainLink – unbooked <sup>2)</sup>	--	-	-	89.3
NSW TrainLink – booked <sup>1)</sup>	72.7	62.1	73.7	73.5
Sydney Ferries <sup>3)</sup>	98.5	98.8	99.1	99.1
Metropolitan buses – STA <sup>3)</sup>	91.2	90.8	90.3	91.8
Metropolitan buses – PBO <sup>3)</sup>	91.5	93.3	94.8	96.6
<b>Complaints (per 100,000 passenger journeys)</b>				
CityRail	7.3	7.7	7.1	-
Sydney Trains	-	-	7.9	10.5
NSW TrainLink – unbooked	-	-	20.4	29.9
NSW TrainLink – booked	139.7	154.8	142.2	146.5
Sydney Ferries	4.7	3.3	4.1	2.1
Metropolitan buses – STA	18.5	17.3	17.1	22.1
Metropolitan buses – PBO	27.9	26.5	21.1	31.1
Outer metropolitan buses	25.8	24.2	28.0	32.9

Notes:

n/a Data not available or not available at the time of publication

<sup>1)</sup> Measured as 'on-time running' by sample at destination of trip

<sup>2)</sup> Measured as 'punctuality' reflecting stricter standards

<sup>3)</sup> Measured as 'on-time running' by sample survey at commencement of trip

PBO: privately-owned bus operators

STA: State Transit Authority



## External performance reviews

TfNSW is performance-focused, where individuals and teams are accountable for delivering outcomes. It measures performance based on how effectively TfNSW contributes to what it must deliver for customers and the community.

Enhancing performance measurement capability is an ongoing priority. While many performance indicators are already measured and monitored, including the targets outlined in the NSW Government's 10 year strategic plan *NSW 2021*, TfNSW will continue to develop ways of demonstrating the achievement of outcomes and strategies in its performance frameworks.

The performance of TfNSW's service providers is also important, not only because TfNSW provides funding, but because often the providers are responsible for service interactions with TfNSW's customers.

Statements of Expectations, Statements of Intent and service contracts are some of the mechanisms used to drive performance with TfNSW's service providers and to make sure all are working together. TfNSW measures the performance of its service providers according to the transactional elements of service contracts as well as their contribution to organisational outcomes.

An integrated performance reporting structure provides comprehensive information on Transport cluster-wide performance to support government objectives in integrated planning, strategic decision making and resource allocation.

TfNSW's formal performance management tools include:

- *NSW 2021* Performance Report – a report to Cabinet of the Transport cluster's contribution to achieving the goals of the NSW Government's 10 year strategic plan, *NSW 2021*.
- Executive Dashboard Reporting System – a regular report to the Executive on the status of a range of high-level corporate performance indicators.
- TfNSW Secretary performance meetings – regular forums between the Secretary and each member of the Executive and the respective senior management team. This is to discuss the performance of each Division against agreed strategies, initiatives and risk mitigation.
- Individual performance reviews – a formal agreement between the Secretary and each member of the Executive that defines responsibilities and deliverables. The actions outlined in these reviews are delivered through the business planning process. Performance reviews also reflect the personal contribution of individuals to the organisation achieving its goals.

TfNSW manages performance in an ongoing performance cycle. It has the following phases and key elements:

Plan	Commit	Monitor and act	Review
Purpose and values	Senior Service and individual performance reviews	Regular performance meetings	Mid- and full year performance reports
Direction setting	Business plans	<i>NSW 2021</i> performance reporting	Mid- and full year business plan reports
Resource allocation, decision making	Budget Papers	Business planning process	Annual Report

### 2013-14 Internal reviews

During the year the following internal audits were performed:

- Assessments of Phases 1 and 2B of Enterprise Resource Planning Program Governance.
- Construction readiness review of the North West Rail Link project.
- Health check of the delivery of an integrated Information Technology strategy to enable business transformation.
- Review of the effectiveness of strategies, frameworks, processes and practices to manage crises and issues communications.
- Health check on the establishment of Transport Shared Services, including a review of Service Level Agreements, Service catalogues, governance and risk.
- Early effectiveness review of the Asset Standard Authority to achieve its purpose and objectives.
- Review of the effective implementation of the operating model within TfNSW and across the Transport cluster.
- Review of the effectiveness of Opal electronic ticketing system Scope Change Control.
- Review of the adequacy and efficacy of Rail Fleet Planning processes.
- Review of the internal framework, processes and practices that support delivery of consistent, valuable and valid information/correspondence to TfNSW's Ministers.
- Review of online banking.
- Review of petty cash, purchasing cards and expense reporting.
- Advisory project assisted the Planning and Programs Division to build a better practice framework to support and guide consistency development of the NSW Long Term Transport Master Plan and supporting plans.

## **Value added**

Results of these reviews included improvements to how management:

- framed and applied corporate strategies, policies and regulations
- governed corporate accountabilities
- managed infrastructure asset portfolios, programs and projects
- optimised operational performance, and
- procured and managed the supply of goods, services and human resources.

During the year, the NSW Auditor General reviewed the performance of: use of purchasing cards and electronic payment methods; regional road funding - block grant and repair programs; and making the most of government purchasing power – telecommunications. These reviews included TfNSW and/or the Transport cluster.

Recommendations by the Auditor General are supported and were being implemented by TfNSW. All management action plans arising from reviews undertaken by Internal Audit and the NSW Auditor General were reported to and monitored by the Secretary. They were also overseen by TfNSW's Audit and Risk Committee.

## **Infrastructure Expenditure**

In the 2013-14 the NSW Government announced a major focus on building new transport infrastructure. The total transport infrastructure expenditure in 2013-14 was \$6.9 billion, funded from a variety of funding sources including State Government funding, Public Private Partnerships and contributions from the Federal Government. 2013-14 represented a record level of transport infrastructure expenditure for NSW.

Major infrastructure expenditure in 2013-14 included:

- \$3.0 billion on Roads and Maritime Services, including major upgrades on the Pacific Highway, continuing work on the Hunter Expressway and ancillary works and works on the Great Western Highway, Princes Highway, Hume Highway and Central Coast Highway
- \$3.2 billion on rail including the South West Rail Link, the North West Rail Link, improving the capacity and reliability of the Northern Sydney Freight Corridor, a Transport Access Program, Country Rail and rolling stock
- \$83.5 million for new buses for State Transit and for private operators
- \$218.9 million for Light Rail – Sydney Central Business District and South West and Inner West
- \$125 million on the Opal electronic ticketing system

## Roads and Maritime Services

Project Description	Location	Status (as at 30 June 2014)	Announced Completion Date	Announced estimate total cost (\$'000)	2013-14 exp (\$'000)	Expenditure in previous years (\$'000)
<b>Established Sydney Roads</b>						
Alfords Point Road, Brushwood Drive to Georges River (planning)	Alfords Point	Planning	N/A	N/A	1,476	1,632
Centenary Drive Improvements	Homebush	Planning	N/A	N/A	34	1,136
Mona Vale Road, McCarrs Creek Road to Powder Works Road	Ingleside	Planning	N/A	N/A	3,591	2,405
Northern Beaches Hospital Road Upgrades	Frenchs Forest	Planning	2018	N/A	6,929	1,005
Prospect Highway and Blacktown Road widening, Reconciliation Road to St Martins Crescent	Prospect	Planning	N/A	N/A	1,598	1,691
Showground Road, Old Northern Road to Carrington Road	Castle Hill	Planning	N/A	N/A	1,483	1,630
Windsor Bridge over Hawkesbury River (Replacement)	Windsor	Planning	N/A	N/A	2,113	12,487
<b>Westconnex Motorway Enabling Works</b>						
General Holmes Drive, Remove Rail Level Crossing (State and Federal Funding)	Mascot					
Joyce Drive, O'Riordan Street to Mill Pond Road	Mascot	Planning	N/A	N/A	2,712	2,362
Mill Pond Widening	Botany					



Project Description	Location	Status (as at 30 June 2014)	Announced Completion Date	Announced estimate total cost (\$'000)	2013-14 exp (\$'000)	Expenditure in previous years (\$'000)
<b>Western Sydney Growth Roads</b>						
Bringelly Road, Camden Valley Way To King Street	Leppington	Planning	2017	N/A	5,243	6,875
Camden Valley Way, Bringelly Road to Ingleburn Road	Leppington	Construction	2015	95,000	19,198	11,928
Camden Valley Way, Ingleburn Road to Raby Road,	Leppington, Catherine Field	Construction	2015	110,000	36,308	35,394
Camden Valley Way, Raby Road To Oran Park Drive,	Catherine Field	Construction	2014	75,000	33,294	18,061
Campbelltown Road, Camden Valley Way To Denham Court Road	Ingleburn	Planning	N/A	N/A	1,097	2,949
Garfield Road, Windsor Road To Richmond Road,	Riverstone	Planning	N/A	N/A	1,070	3,374
Memorial Avenue, Old Windsor Road To Windsor Road	Kellyville	Planning	N/A	N/A	816	59
Narellan Road, Camden Valley Way to Blaxland Road	Narellan- Campbelltown	Construction	2018	114,000	4,790	3,447
Erskine Park Link Road, Old Wallgrove Road To Lenore Lane (Western Sydney Employment Lands)	Eastern Creek	Completed	26/07/2013	45,000	2,176	42,875
Old Wallgrove Road, Erskine Park Link Road To M7 (Western Sydney Employment Lands)	Eastern Creek	Planning	2016	95,000	4,590	5,434

Project Description	Location	Status (as at 30 June 2014)	Announced Completion Date	Announced estimate total cost (\$'000)	2013-14 exp (\$'000)	Expenditure in previous years (\$'000)
Richmond Road Stage 1, Bells Creek to Townson Road	Marsden Park, Colebee	Construction	2014	39000	26,011	10,921
Richmond Road Stage 2, Townson Road to Grange Avenue	Marsden Park					
Richmond Road Stage 3A, Grange Avenue To Garfield Road	Marsden Park	Construction	2016	96,000	7,467	4,735
Richmond Road Stage 3B, North of Garfield Road	Marsden Park					
Schofields Road Stage 1, Windsor Road to Tallawong Road	Rouse Hill	Completed	30/06/2014	65,000	25,834	38,052
Schofields Road Stage 2 , Tallawong Road To Vernon Road	Schofields	Construction	2017	135,000	32,889	7,015
Schofields Road Stage 3 , Vernon Road To Richmond Road Via South Street (planning)	Schofields	Planning	N/A	N/A	1,292	1,600
The Northern Road, Camden Valley Way To Peter Brock Drive	Oran Park	Planning	N/A	N/A	1,312	66
Werrington Arterial Road Stage 1, M4 to Great Western Highway (State and Federal Funded)	Oran Park	Planning	N/A	N/A	4,384	1,733
Central Coast Highway, Brisbane Water Drive, Manns Road Intersection upgrade	West Gosford	Construction	2016	170,000	38,032	74,851
Central Coast Highway, Matcham Road to Ocean View Drive	Wamberal	Completed	29/08/2013	98,000	20,831	76,954

Project Description	Location	Status (as at 30 June 2014)	Announced Completion Date	Announced estimate total cost (\$'000)	2013-14 exp (\$'000)	Expenditure in previous years (\$'000)
Pacific Highway Narara to Lisarow Upgrade, Manns Road to Railway Crescent	Narara - Lisarow	Planning	N/A	N/A	658	9,401
Pacific Highway Railway Crescent , Lisarow to Ourimbah Street, Lisarow	Lisarow	Planning	N/A	N/A	910	230
Pacific Highway Ourimbah Street, Lisarow to Glen Road, Ourimbah	Ourimbah	Planning	N/A	N/A	457	14,489
Pacific Highway Wyong Road Intersection Upgrade	Tuggerah	Planning	N/A	N/A	3,166	3,294
Pacific Highway Wyong Town Centre upgrade	Wyong	Planning			2,880	3,799
Pacific Motorway (F3), Kariong Interchange Upgrade (State and Federal funded)	Kariong					
Pacific Motorway (F3), Widening, Kariong Interchange to Somersby Interchange (State and Federal funded)	Somersby	Planning	N/A	N/A	2,263	743
Pacific Motorway (F3), Widening, Wyong Road to Doyalson Link (State and Federal funded)	Tuggerah, Wamervale	Planning	N/A	N/A	1,540	3,652
Sparks Road, New intersection for Wamervale Town Centre	Wamervale	Construction	2015	23,000	8,854	1,929
Terrigal Drive, Charles Kay Drive Intersection Upgrade	Terrigal	Construction	2016	25,000	1,521	2,860

Project Description	Location	Status (as at 30 June 2014)	Announced Completion Date	Announced estimate total cost (\$'000)	2013-14 exp (\$'000)	Expenditure in previous years (\$'000)
Wyong Road, Enterprise Drive Intersection Upgrade	Chittaway Bay	Planning	2016		1,254	314
Wyong Road, Mingara Drive to Tumbi Road upgrade	Tumbi Umbi	Planning	N/A	N/A	1,348	427
Woodford to Hazelbrook (State and Federal funded)	Woodford, Hazelbrook	Construction	2014	225,000	55,246	158,410
Bullaburra Ridge Street to Genevieve Road	Bullaburra	Construction	2015	75,000	20,725	19,206
Bullaburra to Wentworth Falls, Genevieve Road to Tableland Road	Bullaburra, Wentworth Falls	Construction	2014	85,000	16,452	47,127
Katoomba to Lithgow Safety Works (State and Federal funded)	Various	Planning	N/A	N/A	5,340	14,476
Forty Bends Upgrade (Federal funded)	Hartley	Planning	2016	N/A	1,617	7,546
Kelso, Ashworth Drive to Stockland Drive	Kelso	Planning	2016	85,000	5,682	11,202
Cormorant Road, Industrial Drive to Stockton Bridge, widen to four lanes	Kooragang Island	Planning	N/A	N/A	942	1,010
Hunter Expressway (F3 to Branxton)	Seahampton - Branxton	Completed	22/03/2014	1,700,000	192,714	1,430,190
Nelson Bay Road, Bobs Farm to Anna Bay Stage 3	Anna Bay	Construction	2015	45,000	12,542	6,536
New England Highway, Belford to Golden Highway Duplication	Belford	Planning	N/A	N/A	338	0



Project Description	Location	Status (as at 30 June 2014)	Announced Completion Date	Announced estimate total cost (\$'000)	2013-14 exp (\$'000)	Expenditure in previous years (\$'000)
New England Highway, Gowrie Gates, Widening Rail Underpass	Singleton	Planning	N/A	N/A	28	270
New England Highway, Muswellbrook Bypass (Federal funded)	Muswellbrook	Planning	N/A	N/A	681	1,794
New England Highway, Scone, Rail Level Crossing (State and Federal funded)	Scone	Planning	N/A	N/A	221	1,415
New England Highway, Upgrade of Roundabouts	Maitland	Construction	2016	45,000	11,880	2,278
Newcastle Inner Bypass, Shortland to Sandgate	Sandgate	Completed	23/01/2014	143,000	35,119	104,095
Pacific Motorway (F3) and Weakleys Drive Intersection (State and Federal Funded)	Beresfield	Planning	N/A	N/A	30	0
Pacific Motorway (F3) Extension to Raymond Terrace (planning)	Hexham	Planning	N/A	N/A	1,033	13,635
Hérons Creek to Stills Road (State and Federal Funded)	Hérons Creek	Completed	6/12/2013	60,000	14,049	46,092
Oxley Highway to Kempsey (State and Federal Funded)	Port Macquarie, Kempsey	Planning	N/A	N/A	11,764	81,153
Oxley Highway to Kundabung (State and Federal Funded)	Kundabung, Thrumster	Construction	2017	820,000	38,746	968
Kundabung to Kempsey (State and Federal Funded)	Kempsey, Kundabung	Construction	2016	230,000	1,944	86

Project Description	Location	Status (as at 30 June 2014)	Announced Completion Date	Announced estimate total cost (\$'000)	2013-14 exp (\$'000)	Expenditure in previous years (\$'000)
Frederickton to Eungai (State and Federal Funded)	Clybucca	Construction	2016	675,000	205,375	90,396
Warrell Creek to Urunga (State and Federal Funded)	Nambucca Heads	Planning	N/A	N/A	11,560	75,062
Warrell Creek to Nambucca Heads (State and Federal Funded)	Macksville	Planning	2017	830,000	37,398	5,136
Nambucca Heads to Urunga (State and Federal Funded)	Urunga	Construction	2016	780,000	120,066	38,542
Coffs Harbour Bypass (State and Federal Funded)	Coffs Harbour	Planning	N/A	N/A	5,143	45,548
Coffs Harbour (Sapphire) to Woolgoolga (State and Federal Funded)	Woolgoolga	Construction	2014	860,000	207,396	627,526
Woolgoolga to Ballina (Planning and Preconstruction) (State and Federal Funded)	Grafton, Maclean	Planning	N/A	N/A	37,500	139,106
Devils Pulpit Upgrade (State and Federal Funded)	Tabbimoble	Completed	2/04/2014	90,000	26,508	54,435
Tintenbar to Ewingsdale (State and Federal Funded)	Bangalow	Construction	2015	862,000	253,072	328,638
Princes Motorway (Mount Ousley Road) Climbing Lanes (State and Federal Funded)	Cataract	Planning	N/A	N/A	3,823	2,362
Albion Park Rail Bypass, Yallah to Oak Flats	Albion Park Rail	Planning	N/A	N/A	2,280	246

Project Description	Location	Status (as at 30 June 2014)	Announced Completion Date	Announced estimate total cost (\$'000)	2013-14 exp (\$'000)	Expenditure in previous years (\$'000)
Gerringong Upgrade, Mount Pleasant to Toolijooa Road	Gerringong	Construction	2015	329,000	11,395	130,734
Foxground and Berry Bypass, Toolijooa Road to South Berry	Berry	Planning	2018	580,000	34,381	63,431
Berry to Bomaderry	Berry, Bomaderry	Planning	N/A	N/A	7,966	6,098
South Nowra, Kinghorne Street to Forest Road	Nowra	Completed	29/03/2014	72,000	26,590	43,353
Termeil Creek Realignment	Termeil	Planning	N/A	N/A	491	1,305
Dignams Creek Realignment	Dignams Creek	Planning	N/A	N/A	820	5,391
Bega Bypass (Federal Funded)	Bega	Completed	16/10/2013	55,000	10,519	38,267
Barton Highway Safety improvements (Federal Funded)	Murrumbateman	Construction	2015	N/A	2,586	3,019
Hume Highway, Holbrook Bypass (Federal Funded)	Holbrook	Completed	7/08/2013	227,000	10,872	203,589
Mitchell Highway, Goanna Hill Realignment	Molong	Planning	N/A	N/A	1,673	1,036
Newell Highway, Trewilga realignment	Trewilga	Planning	N/A	N/A	983	893
New England Highway, Bolivia Hill Upgrade (Federal Funded)	Bolivia	Planning	N/A	N/A	287	1,423
New England Highway, Tenterfield Heavy Vehicle Bypass	Tenterfield	Planning	N/A	N/A	578	974
Summerland Way, Additional Clarence River Crossing	Grafton	Planning	N/A	N/A	6,094	13,873

Project Description	Location	Status (as at 30 June 2014)	Announced Completion Date	Announced estimate total cost (\$'000)	2013-14 exp (\$'000)	Expenditure in previous years (\$'000)
<b>Bridges for the Bush</b>						
Olympic Highway, Kapooka Bridge Replacement (State and Federal Funded)	Kapooka	Construction	2016	N/A	3,212	4,486
Oxley Highway, Gunnedah bridge over rail	Gunnedah	Planning	N/A	N/A	950	815
Kamilaroi Highway, Tulladunna Bridge Replacement	Wee Waa	Construction	2016	12,200	1,670	673
Cobb Highway, Second Bridge over Murray River (NSW contribution)	Moama - Echuca	Planning	N/A	N/A	670	4,115
<b>Other Major Programs</b>						
Transport Access Program - Commuter Wharf Upgrades	Various	Construction	2015	N/A	8,876	39,772

## TFNSW

Rail	Location	Status	Completion Date	Announced est. total cost \$000	Annual expenditure 2013/14
Fixing the Trains investment	Various		2019		75,600
Automatic Train Protection	Various		2017		29,400
Clearways	Various	Complete	2014	2,019,505	34,200
Digital Train Radio	Various		2015	358,000	83,700



Rail	Location	Status	Completion Date	Announced est. total cost \$000	Annual expenditure 2013/14
Internal Emergency Door release	Various		2015	51,730	8,300
Lidcombe to Granville - Corridor Upgrade	Various		2017		64,300
Mechanised Track Patrol	Various		2015	38,810	13,502
North West Rail Link (inc. rolling stock)	Various		2019	8,279,000	658,700
Northern Sydney Freight Corridor	Various		2016		309,400
Power Supply	Various				127,900
South West Rail Link	Various		2015	2,122,255	354,800
Transport Access Program	Various				113,900
Wynyard Walk	Sydney		2015	306,000	57,200

## STA and Ferries

	Location	Status	Announced completion year	Announced est. total cost \$000	Previous year expenditure to 30 June 2013	Annual expenditure 2013/14	Total expenditure to 30 June 2014
Depot Facilities Upgrade	Various		2015	9,500	3,931	1,222	5,153
Depot upgrade - North Sydney	North Sydney		2014	1,600	218	54	272
Depot upgrade Leichhardt	Leichhardt	complete	2014	1,400	1,187	206	1,393
Replace Ferry Fleet	Various		2017	34,565	0	2,218	2,218

## Appendix 7: Response to Matters raised by Auditor General

The Auditor General in the Statutory Audit Reports for the year ended 30 June 2014 has raised no matters of significance.

## Appendix 8: After balance date events

On 23 June 2014, two orders were made by the Treasurer resulting in Sydney Port Corporation transferring \$1.2 million worth of assets to Transport for NSW on 1 July 2014. These assets were associated with the Port Botany Landside Improvement Strategy (PBLIS) whose operations were transferred to Transport for NSW.

- Ports Assets (Authorised Transactions) (PBLIS Operations) Order 2014; and
- Ports Assets (Authorised Transactions) (PBLIS Vehicles) Order 2014.

The NSW Treasurer has approved an equity transfer of TfNSW's T-Card debt liabilities amounting to \$116.3 million to the Crown Finance Entity on 1 July 2014.

## Appendix 9: Exemptions from Financial Reporting Code

The Treasurer, under section 45E of the *Public Finance & Audit Act 1983*, has approved exemptions from full compliance with the Financial Reporting Code.

The exemptions were:

- Transport for NSW is not required to prepare consolidated financial statements on the basis that its controlled entities are included in the Department of Transport's consolidated financial statements.
- Department of Transport is not required to include the Budget column in its consolidated financial statements. However, a note must be included in the consolidated financial statements to disclose the budget and aggregated actual expenditure and revenue of the Department of Transport and TfNSW and explain variances in the budget review note.

## Appendix 10: Major assets

Transport for NSW's major assets are country rail infrastructure, land and buildings and the light rail network from Central Station to Dulwich Hill.

Other assets include rolling stock, office leasehold fit-outs, computer equipment and systems and office furniture. TfNSW leases its motor vehicles and office space.

In addition, TfNSW reports in its financial statements work-in-progress relating to: future extensions to the Light Rail network; its electronic ticketing system; its Enterprise Resource Planning program; property acquisitions for transport corridors; and funding of new buses

under the Sydney Metropolitan Bus Services and Metropolitan and Outer Metropolitan bus system contracts. The new buses are brought to account as deemed finance leased assets.

## Appendix 11: Land disposals

Transport for NSW acquires and holds properties to construct major transport projects in accordance with its functions under the *Transport Administration Act*.

After completing the projects, and subject to the land not being required for operational purposes, the assets are either transferred to other government agencies for approved functions or divested in accordance with Government guidelines.

For the financial year ended 30 June 2014, a property at 51 Kissing Point Road, Dundas was sold for \$548,000. Proceeds are being used to fund ongoing transport projects.

No properties were sold to people with a family or business connection to the person responsible for approving the disposal. All documents relating to the disposal of properties are available under the *Government Information (Public Access) Act 2009*.

## Appendix 12: Disclosure of controlled entities

The Department of Transport for the purpose of financial reporting had the following controlled entities for which it prepared consolidated financial statements as at 30 June 2014:

- Transport for NSW
- Transport Service of NSW
- Rail Corporation of NSW
- Sydney Trains
- NSW Trains
- Roads and Maritime Services
- State Transit Authority
- Sydney Ferries
- MTS Holding Company Pty Limited

Each of the entities provides transport related services and while the consolidated financial statements provide the financial results of the group, each entity also prepared separate financial statements as at 30 June 2014.

It should however be noted that all of the assets, rights and liabilities of MTS Holding Company Pty Limited were transferred to TfNSW on 5 May 2014 and the Australian Securities and Investments Commission has advised that the company was deregistered 11 September 2014.



## **Appendix 13: Disclosure of subsidiaries**

MTS Holding Company Pty Limited, a proprietary limited liability company, was a wholly owned subsidiary of Transport for NSW.

TfNSW incorporated the company on 12 March 2012, with the company subsequently acquiring all the shares of the Metro Transport Sydney Pty Ltd group, the owners of the monorail and the light rail network in Sydney at that time.

On 5 May 2014 all of the assets, rights and liabilities of MTS Holding Company Pty Limited were transferred to TfNSW. The company was deregistered 11 September 2014.

## Appendix 14: Internal audit and risk management disclosure



### Internal Audit and Risk Management Disclosure for the 2013 – 2014 Financial Year

- Department of Transport
- Transport for NSW
- Transport Service of NSW
- MTS Holding Company Pty Limited
- Sydney Ferries

I, Dave Stewart, am of the opinion that the entities listed above have internal audit and risk management processes in operation that are, in all material respects, compliant with the core requirements set out in Treasury Circular NSW TC 09/08 Internal Audit and Risk Management Policy.

These processes provide a level of assurance that enables the senior management of the entities listed above to understand, manage and satisfactorily control risk exposures.

I am of the opinion that the Audit and Risk Committees for the entities listed above are constituted and operate in accordance with the independence and governance requirements of Treasury Circular NSW TC 09/08.

The Chair and Members of the Audit and Risk Committee are:

Name	Term Commences	Term Finishes
Alex Smith (Chair)	27 November 2013	26 November 2017
Gerry Brus	18 November 2011	17 November 2015
Carolyn Burlew	3 March 2014	2 Mar 2018

NSW Treasury issued Guidance on Shared Arrangements and Subcommittees for Audit and Risk Committees (TPP 12-04). I am aware of the implications of this guidance in relation to the above entities and arrangements are being developed to manage this transition.

Dave Stewart  
**Secretary**

25 JUN 2014

**Internal Audit and Risk Management Attestation  
for the 2013 – 2014 Financial Year**

- Department of Transport
- Transport for NSW
- Transport Service of NSW
- MTS Holding Company Pty Limited
- Sydney Ferries

I, Dave Stewart, am of the opinion that the entities listed above have internal audit and risk management processes in operation that are, in all material respects, compliant with the core requirements set out in Treasury Circular NSW TC 09/08 Internal Audit and Risk Management Policy.

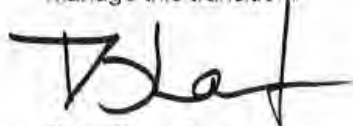
These processes provide a level of assurance that enables the senior management of the entities listed above to understand, manage and satisfactorily control risk exposures.

I am of the opinion that the Audit and Risk Committees for the entities listed above are constituted and operate in accordance with the independence and governance requirements of Treasury Circular NSW TC 09/08.

The Chair and Members of the Audit and Risk Committee are:

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Dave Stewart  
**Secretary**

25 JUL 2014

## Appendix 15: Risk management and insurance

### Risk management

The Transport for NSW approach to risk management is embodied in a framework that complies with the NSW Treasury Audit and Risk Management Policy (TPP 09-05) and conforms to the Australian and New Zealand International Standard for Risk Management (AS/NZS ISO 31000).

The TfNSW Risk Management Framework assists TfNSW to identify, assess, manage and report risks and opportunities and sets limits to manage exposure to risks. The framework is reviewed annually. TfNSW continues to improve both its capacity and capability to manage risk. It is focused on the following supporting elements:

- policy and processes
- strategy and plans
- people and culture
- information technology
- performance measurement.

The Risk Management Policy and supporting Standard and Procedures commits TfNSW to managing risk as a strategic business objective. The policy recognises that effective management of risk increases the likelihood of success, and reduces the probability of failure and the uncertainty of achieving TfNSW's overall objectives.

Risk management processes and outcomes are key inputs to the running of TfNSW's business and are integrated within business strategy, planning and budgeting processes. Business units include material risks within their business plans and report to the Executive quarterly on management of these risks.

TfNSW has allocated appropriate resources to training and enhancing the awareness and competence of key stakeholders to continually improve its capability to manage risks and opportunities. The risk management process also enables continuous feedback at all stages and promotes a transparent and learning environment for managing risks and opportunities.

An online Risk Management Information System is being introduced to help embed a risk management culture within the business. This software will be used to help manage risks at all levels within the agency and to manage enterprise and operational risk registers and reporting.

Executive committees meet quarterly to monitor and review identified and emerging risks and opportunities, as well as the associated management strategies and plans. The committees also provide strategic leadership and program assurance by identifying, monitoring, and reviewing opportunities to continually improve TfNSW's risk management performance.

### Insurance

TfNSW is insured under NSW's Treasury Managed Fund (TMF). TfNSW's policy is based on TMF's Statement of Cover. TMF is a self-insurance scheme provided by SICorp, a branch within the NSW Department of Finance and Services to cover all the insurable risks of the participating government agencies. The TMF provides the following areas of cover for TfNSW:

- Workers Compensation



- Liability (Public Liability, Professional Indemnity, Directors and Officers Liability and Product Liability)
- Property
- Comprehensive Motor Vehicle
- Miscellaneous Risks

The NSW Treasury now requires all NSW Government agencies, other than State Owned Corporations, to place Principal Arranged Insurance (PAI) through SICorp for all government capital works projects estimated to cost \$10 million or more. Contractor-arranged insurances (CAI) are required for any contract not covered by PAI. CAI is taken out by the contractor to protect themselves against potential risks and liabilities that could arise as a result of services provided under the contract. A certificate of currency must be provided by contractors engaged by TfNSW.

TfNSW also purchased commercial insurance policies for NSW Heritage Railways and Country Rail Network (CRN). CRN was previously managed by the Country Rail Infrastructure Authority until its functions were absorbed into TfNSW on 1 July 2012.

Previous combined commercial insurance arrangements continued between CRN, Sydney Trains and NSW Trains. The insurance provided includes Industrial Special Risks and Comprehensive Liability Insurance. Broadform Liability Insurance is provided for NSW Heritage Railways.

TfNSW owned MTS Holding Company Pty Limited. MTS owned and operated the light rail network in Sydney. MTS obtained its own commercial insurance to cover workers compensation, Directors and Officers liability, Compulsory Third Party, Industrial Special Risks, Combined Liability, Excess Liability, Marine Property in Transit and Motor Vehicles.

### **Digital Information and Security Attestation Statement**

The NSW Government's Digital Information Security Policy requires that each NSW Government Department and Statutory Body must include a Digital Information Security Annual Attestation Statement in its Annual Report under the section dealing with risk management and insurance activities.

Mr Phillip Gaetjens  
Chair, ICT Board  
Secretary of the Treasury and Finance  
Level 27, Governor Macquarie Tower  
1 Farrer Place SYDNEY NSW 2000

Dear Chair

As required by the NSW Government Digital Information Security Policy, Transport for NSW provides the following attestation in relation to its digital information security practices for the 2013-14 financial year.

I am of the opinion that Transport for NSW had an Information Security Management System in place during the financial year being reported on consistent with the Core Requirements set out in the Digital Information Security Policy for the NSW Public Sector.

I am of the opinion that the security controls in place to mitigate identified risks to the digital information and digital information systems of Transport for NSW are adequate for the foreseeable future.

I am also of the opinion that all Public Sector Agencies, or part thereof, under the control of Transport for NSW with a risk profile sufficient to warrant an independent Information Security Management System have developed an Information Security Management System in accordance with the Core Requirements of the Digital Information Security Policy for the NSW Public Sector, except for the requirement to implement an information classification and labelling scheme. Implementation, as required by the Policy, is in progress.

I am of the opinion that, where necessary in accordance with the Digital Information Security Policy for the NSW Public Sector, certified compliance with AS/NZS ISO/IEC 27001 Information technology - Security techniques - Information security management systems - Requirements had been maintained by all or part of Transport for NSW and all or part of any Public Sector Agencies under its control.

Yours sincerely



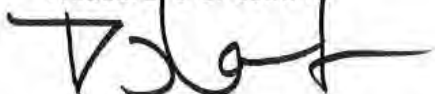
**Dave Stewart**  
Secretary

16 JUL 2014

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PO Box K659 Haymarket NSW 1240  
T 8202 2200 F 8202 2209  
[www.transport.nsw.gov.au](http://www.transport.nsw.gov.au)  
ABN 18 804 239 602

## Appendix 16: Credit card certification

*I certify that Credit Card usage in Transport for NSW during the year ended 30 June 2014 was in accordance with the Premier's Memoranda and Treasurer's Directions.*



**Dave Stewart**  
Secretary

24 JUL 2014

## Appendix 17: Human resources

Transport for NSW's human resources policy framework aligns to its corporate values and HR strategy. This is to develop consistent policies reflecting TfNSW commitments and expected standards of behaviour.

During 2013-14, three policies were published: Use of Social Media, Prevention and Management of Bullying and Harassment, and Discrimination Free Workplace.

### Workforce

The TfNSW headcount (inclusive of Department of Transport) increased to 3023, a full time equivalent (FTE) of 2964.80. Growth in capitally funded projects within TfNSW contributed to this increase which was partially offset by reform driven decreases in headcount.

**Table 1. Transport for NSW workforce (excludes cadets and contractors/skill hire)**

Annual Salary	Gender		Total count
	Female	Male	
<\$50,000	5	7	12
\$50,001 - \$75,000	376	233	609
\$75,001- \$100,000	445	381	826
\$100,001 - \$125,000	278	379	657
\$125,001 - \$150,000	62	136	198
\$150,001> *	170	526	696
<b>Total</b>	<b>1336</b>	<b>1662</b>	<b>2998</b>

**Notes:**

Employees in acting arrangements are recorded in the applicable salary range

Part-time employees annual salary reflects part-time hours worked

\* Includes TfNSW Senior Service receiving a total remuneration package

**Table 2. Department of Transport (excludes casuals and contractors/skill hire)**

Annual Salary	Gender		Total count
	Female	Male	
<\$50,000	0	1	1
\$50,001 - \$75,000	1	0	1
\$75,001- \$100,000	2	0	2
\$100,001 - \$125,000	3	7	10
\$125,001 - \$150,000	2	4	6
\$150,001>	2	3	5
<b>Total</b>	<b>10</b>	<b>15</b>	<b>25</b>

**Notes:**

Headcount and FTE includes Secretary's position

Part-time employees annual salary reflects part-time hours worked.

**Table 3. Department of Transport, Chief Executive Service at 30 June 2014**

	Financial Year 2013 - 14	
	Male	Total
Department of Transport		
CES8 to Transition to Executive Service L4	1	1
<b>Total</b>	<b>1</b>	<b>1</b>

Average Total Remuneration Package (TRP) not provided in this instance due to population size

Following the introduction of the Government Sector Employment Alignment Bill into the NSW Parliament the Transport Senior Service population Level 2 to Level 6, as reflected in Appendix 5, has been identified for transition to Executive Service. A total of 432 Transport Senior Service Level 1 staff are represented in the Transport for NSW Workforce Table.

**Senior Service administration**

The Statutory Offices Remuneration Tribunal determination was applied for the role of Secretary, Department of Transport.

**Transport Senior Service administration**

The Statutory Offices Remuneration Tribunal determination was adopted by the Secretary to be applied to the Transport Senior Service. This provided a 2.5 per cent increase in



remuneration for members of the Transport Senior Service who successfully delivered their key goals.

### **Movement in salaries, wages and allowances**

Staff employed under the provisions of the Transport Service of NSW Salaries and Conditions of Employment Award 2011 received annual increases of 2.5 per cent from 1 July 2013 and 2.27 per cent plus an increase of 0.25 per cent in superannuation from 1 July 2014.

### **Industrial Relations Commission**

No disputes were notified to the Industrial Relations Commission of NSW.

### **Organisational development**

Activities included:

- Delivering initial training programs for front line staff to ensure an adequate supply of train drivers, guards, stations staff and bus drivers.
- Enhanced the development of trainers within the Transport cluster, including those who undertake initial training activities and perform on the job training and assessment functions for front-line staff.
- A Transport cluster Leadership Development Strategy (Drive it) was completed and a core development program targeting the team leader level, including front line leaders, was implemented. Work is now proceeding on a core development program for those progressing to business unit leadership roles.
- Transport cluster leaders at the Senior Executive Service 4-6 Equivalent Level took part in the Public Service Commission Executive Development Program.
- Cluster-wide tertiary and vocational talent pipeline programs were improved. This resulted in more effective and efficient programs that continue to meet business requirements. Mentoring arrangements for graduates were further developed.
- A range of new targeted capability programs was developed and delivered to Transport cluster staff in line with the Public Sector Capability Framework and Australian Qualifications Framework.

### **Communication and consultation**

- A two year program of work was completed as part of a TfNSW internal communications framework. This included a series of new face-to-face forums that provided information sharing and engagement opportunities for staff. As an example, the Insight series informed staff about major projects and other Divisions' activities.
- The Transport Staff Forum gives an opportunity for a broad audience from across the Transport cluster to see and hear from the Transport leadership team.
- The Transport Exchange series for Senior Staff promotes interactivity, networking and cross-cluster participation.
- The original TfNSW Director General, Mr Les Wielinga, retired during the year. An extensive program of staff engagement and information activities introduced his successor, Mr Dave Stewart.

## Appendix 18: Work Health and Safety

Transport for NSW's Safety Management System is part of the wider Integrated Management System and is designed to manage health and safety of TfNSW workers and contractors and to achieve the safety objectives of the department.

In 2013-14 the system was updated and improved to reflect the changing nature of TfNSW's scope and operations. This included developing specific Work Health and Safety procedures on matters such as hazardous manual tasks and workplace environments.

The system was reviewed against work, health and safety and rail safety legislation. A number of improvement opportunities were identified.

Collaboration with stakeholders was done through forums such as the TfNSW Systems Forum and regular engagement with health and safety representatives.

### Training

In 2013-14, safety related training included:

- preventing bullying and harassment
- workplace health and safety induction
- ergonomic workstation set-up workshops.

Mandatory officer due diligence training was provided for TfNSW's Executive and senior management. It reinforced their understanding of the obligations placed upon officers by work, health and safety legislation. It provided examples of how individuals could demonstrate due diligence.

### Programs

In 2012-13 TfNSW conducted a Safety and Culture survey. Its results provided the basis for a number of the programs delivered in 2013-14.

A survey in 2013-14 helped develop a health and wellbeing program tailored to employee needs. It addresses mental health, increasing physical activity, healthy eating and health conditions.

Almost 1000 vaccinations were delivered, while an intranet webpage offers health and wellbeing information.

## Governance

TfNSW's monthly Executive Health and Safety Committee were provided information and reports about the health and safety performance of the organisation. This allows quality, risk-based decisions to be made by the Executive.

TfNSW work health and safety 2013-14	
Number of reported work-related injuries	56
Total days lost due to workplace-related injuries or illness	36
Workers compensation claims	19
Prosecutions reported	0
Loss Time Injury Frequency Rate	2.28
Prosecutions under the Act	0
Workplace safety inspections	25
Percentage of planned Work Health and Safety consultation meetings held	100%. Two planned and held.

## Appendix 19: Workforce diversity

A new Transport cluster-wide Diversity and Inclusion Plan and Policy was developed in 2013-14. The Plan identifies priority areas for action to ensure that the cluster not only reflects the community it serves, but enables it to increase and better leverage the diversity of its workforce to deliver customer- focussed service.

The Plan has a particular concentration on developing leader awareness, accountability and capability. Implementation has progressed through:

- the first cluster-wide leadership development program that incorporates diversity and inclusion principles and capabilities
- An International Women's Day conference for Transport executives
- Specific awareness sessions (including unconscious bias training and disability awareness training) for recruiting staff and hiring managers on recruitment panels.
- Awareness amongst staff about employment equity was built by:
- establishing a cross-Transport cluster employee resource groups for key diversity areas
- promoting and participating in cluster-wide events associated with Mardi Gras, NAIDOC week and International Women's Day.
- Measuring is being progressively implemented across the cluster to drive accountability for diversity and inclusion outcomes. This includes diversity targets in recruitment of Tertiary Talent Program participants.
- Cluster-wide Discrimination-Free Work Place and Anti-Bullying and Harassment policies were published.
- Strategic partnerships were developed to build diversity and inclusion across the cluster. This includes specialised employment agencies and participating in outreach programs in partnership with Wollongong University that target women in non-traditional occupations.

### Priorities for 2014-15

In the next financial year, diversity and inclusion objectives are:

- to further embed diversity and inclusion principles and capabilities in leadership development programs
- to continue to integrate its strategies and metrics into business plans
- to deliver supporting communications and events that further engage managers and staff about the benefits of diversity and inclusion
- to develop the diversity and inclusion capabilities of human resources practitioners (business partners, trainers, recruiters, case managers, and human resources advisory) to enhance support to business units.



**Table 1 – Trends in the representation of groups**

Groups	Benchmark/Target %	2012	2013	2014
Women	50	42.7%	43.9%	#
Aboriginal People and Torres Strait Islanders	2.6%	0.3%	0.5%	#
People whose first language is not English	19%	23.3%	22.4%	#
People with a disability	N/A	4.8%	2.6%	#
People with a disability requiring adjustment	1.5%	0.0%	0.4%	#

**Table 2 – Trends in the Distribution of Groups**

Groups	Benchmark/Target %	2012	2013	2014
Women	100	86	90	#
Aboriginal People and Torres Strait Islanders	100	N/A	N/A	#
People whose first language is not English	100	98	97	#
People with a disability	100	99	96	#
People with a disability requiring adjustment	100	N/A	N/A	#

Note: A Distribution Index of 100 indicates that the centre of the distribution of the equal employment opportunity (EEO) group across salary levels is equivalent to that of other staff. Values less than 100 indicate that the EEO group tends to be more concentrated at lower salary levels than is the case for other staff. The more pronounced this tendency, the lower the index will be. In some cases the index may be more than 100, indicating that the EEO group is less concentrated at lower salary levels. The Distribution Index is not calculated where group numbers are less than 20.

# Data to be reported is provided by NSW Public Service Commission, based on workforce profile data provided by each agency. The data is usually not received until late August at the earliest. We rely on PSC data as agencies don't have the formula for translating raw data into a distribution index.

## Appendix 20: Multicultural Policies and Services Plan

Transport for NSW delivered its first Multicultural Policies and Services Plan in 2012-13. This was a significant step in demonstrating the Transport cluster's commitment to the principles of multiculturalism.

The Plan outlines how TfNSW, and its operating agencies, will respond to the NSW Government's multicultural objectives and incorporate multicultural principles into their processes and systems.

Under the *Community Relations Commission and Principles of Multiculturalism Act 2000*, TfNSW is required to deliver and report against a current multicultural policies and services plan. These address the Community Relations Commission's Multicultural Planning Framework.

TfNSW continued to work towards meeting the five objectives identified for multicultural customers:

- able to confidently use transport services
- able to equitably access transport services and information
- satisfied with the quality of communications and cultural sensitivity of transport service and program delivery
- able to have their views and concerns heard on policy and program development and service delivery
- embedding multicultural activity as a core function of the transport agencies.

Significant achievements across TfNSW in each of the Community Relations Commission's outcome areas in 2013-14 have included:

### 1. Planning

Business planning guidelines require divisions and agencies to highlight the principles of multiculturalism in their planning documents. TfNSW operating agencies, the State Transit Authority, Sydney Trains, NSW Trains and Roads and Maritime Services, have adopted the TfNSW Plan. Each agency has an implementation plan that is agency specific and draws on operational activities and priorities. Each Chief Executive has committed to working with TfNSW to implement the actions identified in the TfNSW Plan.

### 2. Consultation and feedback

Culturally and Linguistically Diverse (CALD) stakeholders include those who represent diverse community groups as well as organisations who work alongside or provide services to the CALD community.

A Transport cluster Social Access Framework is being developed to identify and implement policies and programs to address transport inequality disadvantage experienced by particular customer groups, including people from CALD communities.

Stakeholder and community engagement guidelines and practices across the Transport cluster are being reviewed.

An employee resource group was established to provide CALD employees in the Transport cluster the opportunity to have input to policies and programs, service delivery and to advise on cultural appropriateness.

### **3. Leadership**

A Multicultural Policies and Services Plan has been endorsed and supported by the TfNSW Secretary and Executive. Multicultural activities across TfNSW and its operating agencies, such as Harmony Day morning teas and lunches encouraged staff to consider the diversity of the workplace and among transport customers.

### **4. Human resources**

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

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

Diversity and inclusion (specifically CALD training) is incorporated in induction programs for all staff. Recruited customer facing staff, such as bus drivers, train guards and platform attendants receive diversity and/or multicultural training.

### **5. Access and equity**

A review of the TfNSW transport information website extensively tested user accessibility. It informed the layout, navigation and functionality of a new website, which features simpler language to allow browser-based translation tools to be used by customers.

A Translating and Interpreting Service for non-English speakers is promoted prominently on the [www.transportnsw.info](http://www.transportnsw.info) website. It continues to be available by phone calls on the transport info line 131500.

### **6. Communication**

TfNSW is committed to further developing and disseminating material for customers in language that the customer can read and understand, in plain English or languages other than English.

The delivery of messages about the electronic ticketing system Opal was a significant project. Customer brochures about Opal were produced in up to five languages and distributed at train stations. Opal card information is available in 10 languages on the Opal website, [www.opal.com.au](http://www.opal.com.au). An Opal campaign targeted at Chinese news media gained coverage across a number of media outlets.

Expenditure for ethnic electronic media generally exceeded the minimum requirements outlined in the NSW Government Advertising Guidelines. Targeted road safety campaigns during 2013-14 focused on reaching the three largest community language groups in NSW who as a percentage do not speak English at all, or not well. These were the Chinese, Vietnamese and Arabic communities.

Campaigns which had CALD advertising were:

- speeding Don't Rush
- speed Camera Enforcement Don't Rush
- drink driving Plan B
- driver fatigue Don't Trust Your Tired Self

- double demerits
- mobile phone distraction Get your hands off it
- school zone safety
- child car safety They're counting on you.

Communication channels used to reach these audiences included television, radio (including community radio) and print through local newspapers.

TfNSW will be working with the Department of Premier and Cabinet to develop public transport messages in different languages for major events being held in New South Wales in 2015. These will include the Asian Football Confederation Asian Cup and the ICC Cricket World Cup. These will be attended by thousands of attendees who may have limited or no English.

## **7. Social and economic development**

Projects in rural and regional areas throughout New South Wales support CALD communities. On the Central Coast, Murrumbidgee/Griffith areas and Murray Darling/Deniliquin areas projects assist with identified transport disadvantage. This has included taxi vouchers or chartered bus services to provide access between villages, and to access employment opportunities, training courses and support services.

TfNSW and Department of Immigration and Department of Social Services have begun working together to improve the accessibility of public transport services for newly arrived immigrants and refugees.

## **Appendix 21: Agreements with the Community Relations Commission**

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



## Appendix 22 - Disability Action Plan

In 2012 Transport for NSW developed a five year Disability Action Plan that detailed more than 150 actions to improve transport accessibility for people with disability. TfNSW monitors its implementation several times each year.

More than 99 per cent of actions have been completed or are on schedule to be completed by due dates. Highlights of 2013-2014 against the six Disability Action Plan outcome areas are:

Outcome areas	Target	Performance
<b>Building an accessible transport network</b>	Physical barriers that prevent customers from accessing public transport are removed	<ul style="list-style-type: none"> <li>• Accessibility continued to improve across the train, bus and ferry networks: 147 of 308 stations on the Sydney Trains and NSW Trains (Intercity) networks are wheelchair accessible. This is 48 per cent of stations and some 82.5 per cent of trips</li> <li>• 18 wharves (39 per cent) serviced by Sydney Ferries are accessible.</li> <li>• 82 per cent of the State Transit Authority bus fleet is wheelchair accessible.</li> <li>• 67 per cent of the private bus fleet is wheelchair accessible.</li> <li>• 100 per cent of light rail services are accessible.</li> </ul>
<b>Reducing transport disadvantage for people with disability</b>	Transport disadvantaged customers with disability who are unable to use public transport are provided affordable travel and services	<p>The Community Transport Driver Safety Framework began for all new drivers. Focused on safety, it applies consistent standards for drivers, which are equivalent to those for bus and taxi drivers.</p> <p>The <i>Passenger Transport Bill 2014</i> was introduced into Parliament. It recognises Community Transport in passenger transport legislation for the first time and provides for an accreditation regime for operators and driver authorisation for community transport bus drivers where the service is provided under an agreement with TfNSW.</p> <p>A Wheelchair Accessible Taxi customer service review was completed.</p>

Outcome areas	Target	Performance
<p><b>Improving the journey experience for people with disability</b></p>	<p>Customers can access information throughout their journey and receive a high standard of service, including boarding assistance</p>	<p>New customer information screens have been installed on rail platforms.</p> <p>Real time accessible information is now available onboard Harbour City ferries and at ferry wharves.</p> <p>Development began of smartphone accessibility apps that provide real time public transport information.</p> <p>The <a href="http://www.transportnsw.info">www.transportnsw.info</a> website achieved compliance with the level AA of the international World Wide Web Consortium (W3C) Web Content Accessibility Guidelines 2.0. Conformance helps make the Web more accessible to users with disabilities and will benefit all users.</p> <p>Sydney Trains' customer service staff and train guards were given training in clear voice announcements by the Australian Film Television and Radio School.</p> <p>New wayfinding systems are being developed, with accessibility as a key factor.</p>
<p><b>Enhancing customer insight and engagement of people with disability or restricted mobility</b></p>	<p>Decisions are informed by what customers with disability want</p>	<p>The Accessible Transport Advisory Committee, comprising representatives from diverse disability and ageing organisations, met on four occasions to provide expert guidance on access and inclusion.</p> <p>TfNSW consulted extensively with people with disability across urban, rural and remote communities. This was to identify barriers to access and opportunities to develop a Social Access Framework for TfNSW.</p> <p>People with disability and older people were included in mainstream customer research and satisfaction surveys.</p>

Outcome areas	Target	Performance
<p><b>Supporting accessibility through partnerships</b></p>	<p>Customers receive the maximum benefit from transport access improvements by encouraging non-transport partners to deliver complementary accessible services</p>	<p>TfNSW is a participant in the whole of government strategies on disability, ageing and accessible events.</p> <p>TfNSW encourages transport agencies to purchase goods and services directly from disability organisations where appropriate.</p> <p>The Department of Family and Community Services and TfNSW are collaborating to develop a transport and mobility plan for older people.</p>
<p><b>Increasing employment opportunities for people with disability in TfNSW agencies</b></p>	<p>Transport for NSW is an employer of choice for people with disability</p>	<p>TfNSW is a Gold Member of the Australian Disability Network. TfNSW continues to work closely with it to build capacity to recruit and retain high quality employees with disability.</p> <p>Across the Transport cluster, 2.1 per cent of employees identify as having a disability. This exceeds the EmployABILITY target of 1.5 per cent.</p>

## Appendix 23: Implementation of price determinations

The Independent Pricing and Regulatory Tribunal (IPART) determines maximum fares for the following services:

- Sydney Trains and NSW TrainLink Intercity Services
- Metropolitan and outer metropolitan buses
- Rural and regional buses
- Sydney Ferries
- Stockton Ferry.

Transport for NSW sets maximum fares for private ferry and taxi services based on recommendations from IPART. In January 2014, the NSW Government increased public transport fares in line with increases in the cost of living.

### Metropolitan

Fares for Sydney Trains and NSW TrainLink intercity services, buses in Sydney, Newcastle, Wollongong, Central Coast and the Hunter, and Sydney Ferries services increased in line with the Consumer Price Index, rounded to accommodate ticket vending machines. This increase was below the increases allowable under IPART's maximum fare determination.

### Rural and regional buses

On 1 January 2014, rural and regional bus fares increased by 1.9 per cent (before rounding) as determined by IPART.

### Stockton Ferry

In January 2014, Stockton Ferry fares rose in line with increases in the cost of living.

### Taxis:

In September 2013, daytime and weeknight taxi fares were frozen to keep everyday taxi travel affordable. A surcharge of \$2.50 was introduced to encourage more taxi drivers to stay on the road during the hours customers say they need them most.

### Private Ferries

On 20 December 2013, the maximum fares for slow ferry services were increased by 2.4 per cent, while for fast ferry services maximum fares were increased by 2.3 per cent. These were consistent with IPART's recommendations.



## Appendix 24: Payment of Accounts

### Payment of Accounts - Part A

Quarter	0-30	30-60	60-90	90+	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Payment of Accounts					
September	704,870	47,279	10,118	2,699	764,965
December	725,943	46,619	7,429	7,431	787,422
March	536,051	94,052	21,737	18,166	670,006
June	733,044	70,439	10,291	8,348	822,121
<b>Total</b>					<b>3,044,515</b>

### Payment of Accounts - Part B

Quarter	Sept	Dec	Mar	Jun
Dollar amount of accounts due for payment (\$'000)	764,965	787,422	670,006	822,121
Dollar amount of accounts paid on time (\$'000)	704,870	725,943	536,051	733,044
Actual percentage of accounts paid on time (based on \$)	92.14%	92.19%	80.01%	89.16%
Target	95%	95%	95%	95%

### Time for Payment of accounts

Quarter	Sept	Dec	Mar	Jun
Number of payments for interest on overdue accounts	9	3	6	1
Interest paid on overdue accounts	672.99	112.04	401.73	298.83

## Appendix 25: Time for Payment of Accounts

Time for Payment of Accounts					
Quarter	<30	<60	<90	90+	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>All suppliers</b>					
September	704,870	47,279	10,118	2,699	764,965
December	725,943	46,619	7,429	7,431	787,422
March	536,051	94,052	21,737	18,166	670,006
June	733,044	70,439	10,291	8,348	822,121
<b>Small business suppliers</b>					
September	2,334	135	7	6	2,482
December	2,322	129	7	0	2,458
March	1,643	170	11	61	1,885
June	2,160	84	35	2	2,281

## Appendix 26: 2013-14 Grants to non-government community organisations

### Country Passenger Transport Infrastructure Grants Scheme

Local Govt. Area	State Electorate	Proponent	Project description	Towns	Funding approved
Ballina	Ballina	Ballina Shire Council/Northern Rivers Social Development Council	Bus shelter at intersection of Southern Cross Drive and Boeing Avenue	Ballina	\$14,869
Bega Valley	Bega	Bega Valley Shire Council	Bus shelter at Pacific Way and Government Road	Tura Beach, Eden	\$60,000
Bland	Murrumbidgee	Bland Shire Council	Awning for taxi shelter at Church Street	West Wyalong	\$20,000
Coffs Harbour	Coffs Harbour	NSW Trains t/a NSW TrainLink	Development of outdoor area at Angus McLeod Place	Coffs Harbour	\$2,500
Coonamble	Barwon	Coonamble Shire Council	Bus shelters at six locations	Coonamble	\$23,972
Deniliquin	Murray-Darling	Deniliquin Municipal Council	Bus shelter at End Street	Deniliquin	\$15,000
Dubbo	Dubbo	Dubbo City Council	DDA compliant Public Transport Infrastructure	Dubbo	\$29,000
Dubbo	Dubbo	Dubbo City Council	DDA Compliant Public Transport Infrastructure	Dubbo	\$29,000

Local Govt. Area	State Electorate	Proponent	Project description	Towns	Funding approved
Eurobodalla	Bega	Eurobodalla Shire Council	DDA Compliant Public Transport Infrastructure	Dubbo	\$174,850
Forbes	Dubbo	Forbes Shire Council	Bus shelter at Rankin Street and Court Lane	Forbes	\$13,419
Glen Innes Severn	Northern Tablelands	Glen Innes Severn Shire Council	Bus shelter upgrade at Tenterfield Street	Deepwater	\$18,898
Glen Innes Severn	Northern Tablelands	Glen Innes Severn Shire Council	Bus shelter upgrade at Grahams Valley Road	Glencoe	\$16,244
Gloucester	Upper Hunter	Gloucester Shire Council	Barrington Bus Interchange upgrade	Barrington	\$27,750
Great Lakes	Myall Lakes	Great Lakes Shire Council	Bus shelter at Moorrooba Road	Coomba Park	\$11,732
Inverell	Northern Tablelands	Inverell Shire Council	Bus shelter at TAFE Campus	Inverell	\$17,000
Inverell	Northern Tablelands	Inverell Shire Council	Bus shelter at Rifle Range Road	Inverell	\$17,000
Inverell	Northern Tablelands	Inverell Shire Council	Bus shelter at Brewery Street	Inverell	\$17,000
Kempsey	Oxley	Kempsey Shire Council	Bus shelters at three locations	Kempsey	\$77,909



Local Govt. Area	State Electorate	Proponent	Project description	Towns	Funding approved
Kyogle	Lismore	Kyogle Shire Council	Bus shelter at Unumgar Street and Summerland Way	Woodenbong, Wiangaree	\$25,526
Lake Macquarie	Lake Macquarie	Hunter Valley Buses	Bus stops at 127 locations	Lake Macquarie	\$22,722
Lake Macquarie	Lake Macquarie	Lake Macquarie City Council	Bus shelters at seven locations	Terilba, Carey Bay, Coal Point, Toronto, Wangi Wangi	\$210,000
Maitland	Maitland	Maitland City Council	DDA Compliant Public Transport Infrastructure	Maitland	\$119,220
Mid Western	Upper Hunter/Orange	Mid Western Regional Council	Bus shelter at Ulan Road and Henry Lawson Drive	Mudgee	\$46,325
Murray	Murray-Darling	Murray Shire Council	Bus shelter at Nile Street	Moama	\$15,000
Orange	Orange	Orange City Council	Bus shelters at seven locations. Bus stops at five locations	Orange	\$82,713
Palerang	Monaro	Palerang Council /Palerang Local Action Network for Sustainability Inc.	Bus signage installed at Gibraltar Street	Bungendore	\$18,500

Local Govt. Area	State Electorate	Proponent	Project description	Towns	Funding approved
Port Macquarie - Hastings	Port Macquarie	Port Macquarie-Hastings Council	Bus shelters installed at nine locations	Bonny Hills, Kendall, Lakewood, Laurieton, Port Macquarie	\$100,000
Port Stephens	Port Stephens	Port Stephens Council	DDA Compliant Public Transport Infrastructure	Anna Bay	\$20,106
Port Stephens	Port Stephens	Port Stephens Council	DDA Compliant Public Transport Infrastructure	Salt Ash, Fern Bay	\$62,500
Queanbeyan	Monaro	Queanbeyan City Council	Bus stop installed	Queanbeyan	\$58,816
Richmond Valley	Clarence	Richmond Valley Council	Taxi shelter at Canterbury Street	Casino	\$13,968
Upper Hunter	Upper Hunter	Scone Neighbourhood Resource Centre	Bus shelter at New England Highway	Scone	\$13,875
Singleton	Upper Hunter	Singleton Council	Bus shelters at three locations	Singleton	\$44,400
Tamworth	Tamworth	Tamworth Regional Council	Bus stop	Tamworth	\$54,227
Tenterfield	Northern Tablelands	Tenterfield Council	Bus shelter at Manners Street	Tenterfield	\$53,390
Warren	Barwon	Warren Council	Bus shelter at Narromine Street	Nevertire	\$8,125

Local Govt. Area	State Electorate	Proponent	Project description	Towns	Funding approved
Wingecarribee	Kiama/ Goulburn	Wingecarribee Shire Council	DDA Compliant Public Transport Infrastructure	Robertson, Burrawang, Moss Vale	\$88,875
Wollondilly	Wollondilly	Wollondilly Shire Council	Bus stop	Wollondilly	\$23,000
				<b>TOTAL</b>	<b>\$1,667,432</b>

## Community Transport Program (CTP) and Home and Community Care (HACC)

In 2013-14 TfNSW provided funding to 111 service providers around NSW. Of these, 81 are non-government organisations; the remainder are NSW State and Federal Government organisations)

Service Provider	Funding (\$)		
	CTP	HACC	Total
Accessible Bridge Services Inc		225,048	225,048
Awabakal Newcastle Aboriginal Co-Operative Limited	7,152	193,184	200,336
Bankstown Canterbury Community Transport Incorporated	23,196	1,596,694	1,619,890
BaptistCare NSW and ACT	105,373	661,481	766,854
Bathurst Community Transport Group Incorporated	104,460	367,344	471,804
Bega Valley Community Transport Service Incorporated	54,154	267,519	321,674
Blacktown Community Transport Incorporated	64,572	1,246,627	1,311,199
Blayney Shire Council		4,585	4,585
Blind and Vision Impaired Support Group (NSW Far North Coast) Incorporated	14,967		14,967
Blue Mountains Aboriginal Culture	5,180	60,015	65,195
Bungree Aboriginal Assn	10,111	165,247	175,357
Carewest Limited	30,948	497,095	528,044
Cessnock Community Transport Inc	197,182	270,119	467,302
Clarence Community Transport Incorporated	116,129	1,125,537	1,241,667
Coalfields Neighbour Aid Service Incorporated	6,642	290,382	297,024
Coffs Harbour, Bellingen & Nambucca Community Transport Incorporated	202,137	1,270,601	1,472,738
Community Transport Central Coast Limited	87,793	3,037,082	3,124,875



<b>Service Provider</b>	<b>Funding (\$)</b>		
Community Transport Port Stephens Limited	115,160	564,663	679,823
Community Transport Warren Incorporated	30,100	97,857	127,957
Community Wheels Incorporated	151,089	1,262,426	1,413,514
Cowra Community Information & Neighbourhood Centre Incorporated	73,025	137,905	210,930
Disabled Alternative Road Travel Service	45,795	363,445	409,240
Dubbo Neighbourhood Centre Incorporated	36,905	355,518	392,423
Dungog & District Neighbourcare Incorporated	24,069	250,218	274,287
Far West Hacc Services Inc	48,305	156,393	204,698
Gandangara Transport Services Ltd	40,324	636,983	677,307
Gilgai Aboriginal Centre Inc		80,000	80,000
GREAT Community Transport Incorporated	143,125	1,168,737	1,311,862
Gwydir HACC Services Incorporated	51,001	239,014	290,015
Hastings Macleay Community Transport Service Incorporated	42,733	1,241,943	1,284,676
Holdsworth Street Community Centre Woollahra Incorporated	10,825	399,088	409,913
Hornsby Ku-ring-gai Community Aged/Disabled Transport Service Incorporated	12,758	999,925	1,012,683
Inner West Community Transport Incorporated	49,127	1,069,616	1,118,744
Intereach Limited	118,458	532,769	651,227
Inverell HACC Services Incorporated	36,957	256,082	293,039
Kalianna Enterprises Incorporated	53,836	578,623	632,459
Lake Cargelligo & District Care for the Aged Association Incorporated	31,890	134,124	166,014
Lane Cove Meeting House Association Incorporated		50,274	50,274

<b>Service Provider</b>	<b>Funding (\$)</b>		
Leichhardt Community Transport Group Incorporated	92,892	1,017,963	1,110,855
Liverpool District Combined Senior Citizens Progress Association Incorporated	33,246		33,246
Lockhart and District Community Services Incorporated	53,606	85,320	138,926
Lower North Shore Community Transport Incorporated	54,616	695,240	749,856
Maari Ma Health Aboriginal Corporation		80,000	80,000
Maitland Community Care Services Incorporated	87,982	589,330	677,312
Manly-Warringah Pittwater Community Transport Incorporated	57,539	784,301	841,840
Manning Valley and Area Community Transport Group Incorporated	178,933	1,268,920	1,447,853
Mercy Services	107,957	1,153,708	1,261,665
Murrumburrah Harden Flexible Care Services Incorporated	30,505	38,488	68,993
Narrabri Home and Community Care Incorporated		144,781	144,781
Newcastle Community Transport Group Incorporated	7,150	809,237	816,387
Northern Illawarra Neighbour Aid Incorporated	23,430	76,965	100,395
Northern Rivers Community Transport Incorporated	140,336	1,229,304	1,369,640
Northern Rivers Social Development Council	98,803		98,803
Ourcare Services Limited	16,418	299,873	316,292
Oxley Community Transport Service Incorporated	155,511	501,324	656,834
Parkes & District Neighbourhood & Community Information Centre Inc.	104,600	314,788	419,387
Peak Hill Community Bus Incorporated		18,842	18,842

<b>Service Provider</b>	<b>Funding (\$)</b>		
Peppercorn Services Incorporated	194,459	494,462	688,921
Randwick Waverley Community Transport Group Incorporated	24,824	1,165,190	1,190,015
Ryde Hunters Hill Community Transport Association Incorporated	11,733	639,467	651,200
Rylstone District Care & Transport Incorporated	6,978	91,549	98,527
Scotland Island Residents Association Incorporated	30,677		30,677
Shoalhaven Community Transport	203,378	874,545	1,077,924
South East Neighbourhood Centre Incorporated	5,244	324,311	329,554
South East Sydney Community Transport Incorporated	96,438	1,205,192	1,301,630
South West Community Transport Incorporated	53,786	3,070,943	3,124,729
Southern Highlands Community Transport Incorporated	96,166	892,412	988,578
St George Community Transport Project Incorporated	72,340	1,348,612	1,420,952
Sutherland Shire Community Transport Incorporated	45,051	1,229,743	1,274,794
Tenterfield Total Care & Transport Incorporated	43,019	261,071	304,090
TransCare Hunter Limited	180,243	431,643	611,886
TRANSLINC Incorporated	52,250	235,648	287,897
Tweed, Byron and Ballina Community Transport Incorporated	112,832	1,617,884	1,730,716
Valmar Support Services Limited	52,856	308,064	360,920
Weddin Community Services Incorporated	46,590	90,829	137,419
Wee Waa Community Care Service Incorporated	87,819	26,083	113,902
Wesley Community Services Limited		80,000	80,000

<b>Service Provider</b>	<b>Funding (\$)</b>		
Western Region Community Transport Forum Incorporated		21,692	21,692
Western Sydney Community Forum Incorporated	179,528		179,528
Wyalong & District Community Transport Group Incorporated	19,566	134,244	153,810
Young Community Transport Service	61,249	153,509	214,759
<b>Total</b>	<b>5,066,028</b>	<b>45,659,641</b>	<b>50,725,669</b>

## Appendix 27: Overseas travel by Transport for NSW officers

Division	Officer position	Date	Destination	Purpose	Cost \$
North West Rail Link	Contract Manager	14-20 December 2013	France, Lyons and Tours,	Site Inspection of manufacturing facilities for tunnel boring machines	12,985.57
North West Rail Link	Contract Manager	2-6 June 2014	China, Shenyang	Factory inspection of tunnel boring machine assembly	5,039.81
TfNSW – Freight & Regional Development Division	Deputy Director General	16 – 22 March 2014	Hong Kong	Speak at Asia Pacific Rail 2014 Conference Program	2,978
TfNSW – Planning & Programs Division	Deputy Director General	2 - 10 November 2013	United Kingdom and France	To inform Sydney's Rail and Light Rail Future of best practice in strategies to modernise the rail system	14,106
TfNSW – Planning & Programs Division	Principal Manager, Rail Transport Strategy	31 August - 10 September 2013	United Kingdom	To inform Sydney's Rail and Light Rail Future of best practice in strategies to modernise the rail system	15,549.59
TfNSW – Planning & Programs Division	Manager Rail Fleet and Stabling Strategy	31 August - 10 September 2013	United Kingdom	To inform Sydney's Rail and Light Rail Future of best practice in strategies to modernise the rail system	12,722.26



Division	Officer position	Date	Destination	Purpose	Cost \$
TfNSW – Planning & Programs Division	Principal Manager, Land Use and Integrated Transport	23 - 27 November 2013	New Zealand	Attend Australia and New Zealand School of Government (ANSOG) final residential program for the Executive Masters of Public Administration degree	1,228.66
TfNSW - Policy & Regulation Division	Manager, Safer Vehicles, Centre for Road Safety, Policy & Regulation	4-6 March 2014	New Zealand	Attend Australasian New Car Assessment Program (ANCAP) Council Meeting	1,065.35
TfNSW - Policy & Regulation Division	General Manager, Maritime Management Centre	14-17 April 2014	USA	Attend International Boating & Water Safety Summit	937.49
TfNSW - Policy & Regulation Division	Manager, Road Safety Strategy, Centre for Road Safety	22-27 November 2013	New Zealand	Attend ANZSOG work base project subject	1,196.18
TfNSW - Policy & Regulation Division	Deputy Director General, Policy & Regulation	22 June - 5 July 2013	China	Attend ANZSOG China Reciprocal Program	7,192.31
TfNSW - Transport Services Division	Senior Test Coordinator, Electronic Ticketing System	4-24 June 2013	United Kingdom	Risk assessment on development progress for bus electronic ticketing system (ETS).	8,666.58
TfNSW - Transport Services Division	Principal Manager, Solution Design & Contract Management, Electronic Ticketing System	29 November - 10 December 2013	United Kingdom	Witnessing visit to ETS contractor sites and risk assessment on bus, ETS channel strategy and light rail progress.	6,371.84

Division	Officer position	Date	Destination	Purpose	Cost \$
TfNSW - Transport Services Division	Logistics Officer, Electronic Ticketing System	10 -19 January 2014	USA	Quality Assurance witnessing associated with production by contractor of Electronic Ticketing System equipment	6,570.86
TfNSW - Transport Services Division	General Manager, Electronic Ticketing System	29 November -9 December 2013	United Kingdom	Witnessing visit to Electronic Ticketing System contractor sites and risk assessment on bus, ETS channel strategy and light rail progress	6,915.90
TfNSW - Transport Services Division	Executive General Manager, Service Procurement & Performance	5-12 October 2013	Singapore	Speak at UITP (International Association of Public Transport ) Advancing Public Transport conference	5,238
TfNSW - Transport Services Division	Technical Lead Bus Increment, Electronic Ticketing System	15 June-28 July 2013	United Kingdom	Risk assessment on development progress for bus ETS	19,448.65
TfNSW - Transport Services Division	Principal Manager, Operations Management, Electronic Ticketing System	10 -19 January 2014	USA	Quality Assurance - witnessing associated with production by contractor of Electronic Ticketing System equipment	9,051.11
TfNSW - Transport Services Division	Engineering Infrastructure Manager, Electronic Ticketing System	17 February - 15 March 2014	United Kingdom	Witnessing visit to the Electronic Ticketing System contractor sites about ETS bus solution including software	12,267.26

Division	Officer position	Date	Destination	Purpose	Cost \$
TfNSW - Transport Services Division	Engineering Infrastructure Manager, Electronic Ticketing System	29 March - 5 April 2014	United Kingdom	Witnessing visit to Electronic Ticketing System contractor sites about ETS bus solution, including software	5,053.48
TfNSW - Transport Services Division	Solution Release Manager, Electronic Ticketing System	29 March- 17 April 2014	United Kingdom	Witnessing visit to the Electronic Ticketing System contractor sites about ETS bus solution including software	9,183.42
TfNSW – Finance Audit and Strategy	Director Corporate Planning and Performance	20 September – 4 October 2013	United Republic of Tanzania	Participate in World Road Association Technical Committee meeting as Chair of the Technical Committee 1.1 on Performance of Transport Administrations	2,535.32
TfNSW – Finance Audit and Strategy	Director Corporate Planning and Performance	26 April – 6 May 2014	London, England	Participate in World Road Association Technical Committee meeting as Chair of the Technical Committee 1.1 on Performance of Transport Administrations	4,348.19
TfNSW - Transport Projects Division	Deputy Director General	2-13 November 2013	London, Bordeaux, France and Madrid, Spain	Meet with contractors developing large scale heavy and light rail projects and industry suppliers to obtain best practice advice	14,914

Division	Officer position	Date	Destination	Purpose	Cost \$
TfNSW - Transport Projects Division	Project Director Systems	21 December 2013 – 12 January 2014	Paris and London	European Traction Control System – Lessons Learnt and advice from European operators	1,616 (accommodation and land based travel)
TfNSW - Transport Projects Division	Project Director Systems and	31 March – 9 April 2014	Istanbul, Turkey and Madrid	Attend European Rail Train Management System World Conference in Istanbul and visit rail operator in Madrid	9,229
TfNSW - Transport Projects Division	Project Engineer	4-11 October 2013	Changchun China	Re-qualification testing – Waratah trains	5,943

## Appendix 28: Payments to consultants

Name of Consultant	Purpose	\$'000
<b>Consultants Over \$50,000</b>		
ISG Consulting Pty Ltd	ICT Infrastructure Sourcing Services	841
Everything Infrastructure	Program Management Services for Freight, Ports Strategies and Regional Development	750
The Boston Consulting Group Pty Ltd	Network Strategy	495
GHD Pty Ltd	Development of Regional Boating Plans.	494
Aecom Australia Pty Ltd	Rapid Transit Network Plan	477
Ernst & Young	Future Ticketing Revenue and Strategy & Rail Access Pricing	423
Technology Partners International	Lead Support for the Next Generation Infrastructure Services Program	423
Parsons Brinckerhoff Aus Pty Ltd	Engineering and Environment Services	353
Cleanstar Australia	Grain Harvest Management Scheme Proposal	303
Price Waterhouse Coopers	Integrated Transition Program	225
GHD Pty Ltd	Sydney Motorway Strategy	211
Mecone Pty Ltd	Freight Bypass, Line and Terminal Investigation	209
Deloitte Touche Tohmatsu	Transport Cluster IT Governance Framework and Roadmap Implementation	187
Mecone Pty Ltd	Freight Corridor Planning	172
Everything Infrastructure	Rail Enterprise Agreement Negotiations.	166
ISG Consulting Pty Ltd	Next Generation infrastructure Services Program	163
Crowe Horwath Sydney Pty Ltd	Ticketing Revenue Management Strategy	155
Price Waterhouse Coopers	Transport for NSW Vehicle Registration Initiatives Project	155
Conrad Consulting & Capital Pty Ltd	RailCorp Reform Program	150
The Connolly Partnership P/L	Strategic Communications for Freight and Regional Development	136



Name of Consultant	Purpose	\$'000
Deloitte Touche Tohmatsu	Strategic Review of Bureau of Transport Statistics (BTS)	135
Indec Pty Ltd	Review Implications of Rapid Transit	124
Cox Inall Ridgeway	Research and Consultation Services to Gather Evidence for Future Decision Making	116
Price Waterhouse Coopers	Develop MST Retirement Strategy	114
Campbell Macpherson Pty Ltd	Harmonisation of the Regulations Project	110
Deloitte Touche Tohmatsu	Congestion Management	101
Aecom Australia Pty Ltd	Development of Business Case, Conduct GIS Mapping and Analysis	100
Deloitte Touche Tohmatsu	SAP Security System	99
Ernst & Young	Interchange Operation and Maintenance Strategy.	93
KPMG	Transport Freight & Logistics Sector Demographics	89
Ernst & Young	ETS Revenue, Costs and Benefits Model	83
Stanley, Paul Graham	Container Rail Share Improvement Program	81
Price Waterhouse Coopers	Slopes & Plains Containerised Cargo Demand Assessment	80
Intelligent Business Research	End User Commuting Scenarios	78
Deloitte Touche Tohmatsu	Development of Maritime Property Policies.	77
Deloitte Touche Tohmatsu	Develop HR Metrics and Reporting Frame Work	75
KPMG	Congestion Management	75
O'Connor Marsden & Associates	Next Generation Infrastructure Services Program	73
PWC Strategy & Australia Pty Ltd	Risk Analysis for Potential Microsoft License Breaches	70
Parsons Brinckerhoff Aus Pty Ltd	Conduct GIS Constraint Study for Rail Freight Bypass Alignment Options	69
Ernst & Young	Management Assurance Framework - Governance and Processes	65
Ernst & Young	Transport Shared Services Management Assurance Frame Work	65

Name of Consultant	Purpose	\$'000
Gillespie Family Trust	Strategic Planning on the Grain Harvest Management Scheme	64
Acil Allen Consulting Pty Ltd	Cost Benefit Analysis for Glebe Island Bridge	59
Aecom Australia Pty Ltd	Assessment of Performance and Future Needs for CBD Stations	58
O'Connor Marsden & Associates	NSW Freight & Ports Strategy	58
GHD Pty Ltd	Development of Pricing Model Options for High Productivity Vehicles in Port Botany	56
Allens Arthur Robinson	Next Generation Infrastructure Services	55
Nera Australia Pty Ltd	KPI for the NSW Freight Network	53
		<b>8,863</b>
<b>Consultants Under \$50,000</b>		
		<b>\$'000</b>
51 engagements		1,225
<b>Total Payment to Consultants in 2013-14</b>		<b>10,088</b>

## Appendix 29: Research and development

Transport for NSW's Bureau of Transport Statistics provides objective and credible transport data, advice and analysis for the broader transport portfolio and its stakeholders.

Achievements in 2013-14 included:

### Data collection and analysis

- The Household Travel Survey is the largest and most comprehensive source of personal travel data for the Greater Metropolitan Area. As a continuous survey, it collects detailed information on the travel patterns of residents of Sydney, Newcastle and Illawarra. This is used to inform transport planning and policy and major infrastructure and project development. It is also used to monitor the NSW Government's strategic *NSW 2021* targets for public transport mode share.
- The annual Sydney cycling survey in 2013 measured performance against the *NSW 2021* cycling targets. The survey also collected information on the community's cycling participation and perceptions toward cycling.
- Rail barrier counts were collected at all Sydney Central Business District (CBD) stations and selected stations across the network in May 2014. The information is a key input to rail patronage estimates and for strategic rail planning, station planning and timetabling.
- Train loads surveys in September 2013 and March 2014 collected information across various parts of the network to inform service planning.
- Bus passenger counts were performed to understand the movement of passengers in and out of the Sydney CBD during morning and evening peak periods.
- Counts of traffic and bus passengers were done at key locations to support model development and feed into project related business cases.
- Surveys were done of train passengers' origins and destinations for better estimating future rail modelling.
- Sydney CBD Shuttle Service customer surveys and passenger counts were performed to provide insights about trip characteristics and customer profiles to inform a review of these services.
- An evaluation template was researched and produced for the Macquarie Park Transport Management Association pilot program.
- A total of 690 responses were made to requests for data, advice and analysis.

### Model development

Modelling supports strategic planning, options assessment and business cases. Patronage forecasts were produced for large infrastructure projects. Some of the major modelling projects for the year included:

- Improvements were implemented to the Strategic Travel Model, enhancing its forecasting capabilities.
- Enhanced project-specific demand models for public transport projects including the North West Rail Link, Second Harbour Rail Crossing, Northern Beaches Transport Strategy and Bus Rapid Transit, Parramatta Road Revitalisation, Newcastle Light Rail and Sydney Light Rail.

- Developed a new model to estimate travel time savings associated with the Northern Beaches Transport Strategy.
- Developed a Sydney Airport Land Access Transport Model.

### **Publications and statistical products**

- 2011-12 Household Travel Survey (HTS) Summary Report, 2013 release
- Detailed tables and graphs from the 2011-12 HTS Report
- Summary transport statistics by Local Government Area, based on the 2011-12 Household Travel Survey
- Summary of Employment and Commuting to Centres
- Historical rail and ferry patronage data
- 2012 Sydney Cycling Survey Report
- BTS News – July 2013, October 2013 and January 2014
- Journey to Work Infosheet for 2011 Census
- Journey to Work User Guide for 2011 Census
- Station barrier counts database documentation
- Rail Journeys and ticket issues database documentation
- Ferry patronage database documentation

### **Website**

The BTS website had 125,000 page views in 2013-14, up 16 per cent on last year. The statistics and data visualisation pages were the most visited. The website was reviewed and redesigned to improve its usability and accessibility.

A new Journey to Work Visualiser tool was developed. It shows commuting flows into and out of areas of interest. It was significantly improved after user feedback.

## Appendix 30: Resource efficiency

Transport for NSW has a program to improve resource efficiency in its property portfolio in energy, water and waste.

The National Australian Built Environment Rating System's (NABERS) tenancy energy rating tool is used to measure operational energy consumption of a given tenancy. It is also used to monitor its energy efficiency performance.

During the 2013-14 the NABERS tenancy energy rating was implemented for 11 of 15 TfNSW office tenancies with a net lettable area greater than 2000 square metres. Two tenancies were rated as 5-stars, demonstrating market leading performance, while three met the minimum 4.5-star rating stipulated by the NSW Government Resource Efficiency Policy.

Other energy saving initiatives included optimising operational hours of air-conditioning to match working hours, replacing old lights with energy efficient alternatives and cleaning air-conditioner coils to enhance efficiency.

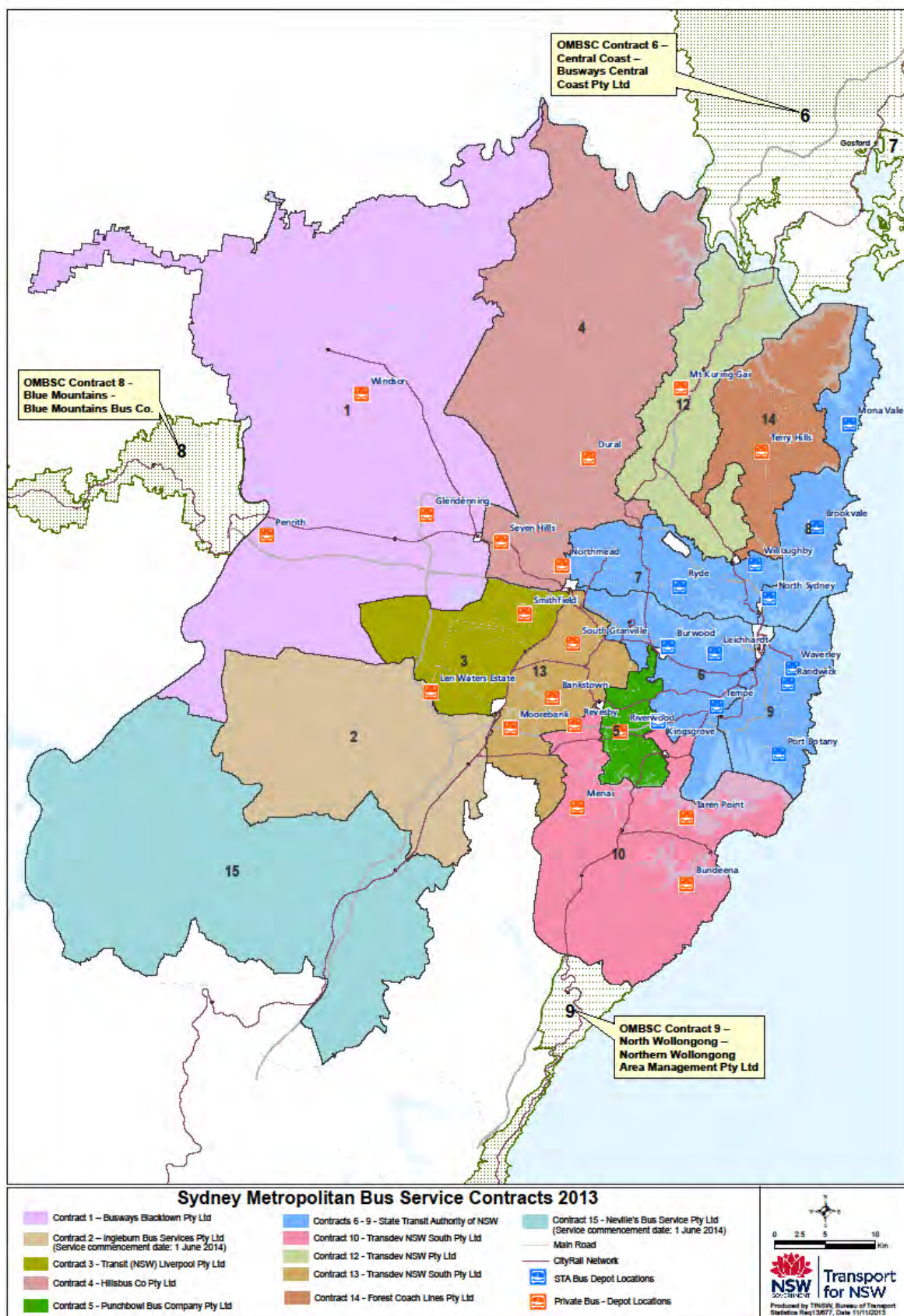
Water efficiency was improved. Water-inefficient fixtures and fittings were replaced with more efficient alternatives. These included single flush toilets replaced with water-efficient dual flush systems, and high-flow taps and showerheads with low-flow substitutes. Office refurbishment saw purchasing of products and appliances with a minimum of a 4-star water efficiency labelling and standard ratings.

Across TfNSW offices, the following waste reduction measures were in place:

- All photocopy and printing materials purchased for day-to-day use contained at least 50 per cent recycled content.
- Mobile phones and toner cartridges were recycled.
- Where practical, co-mingle waste bins were introduced to separate recyclable waste from general waste.



# Appendix 31: Sydney metropolitan bus contract regions 2013

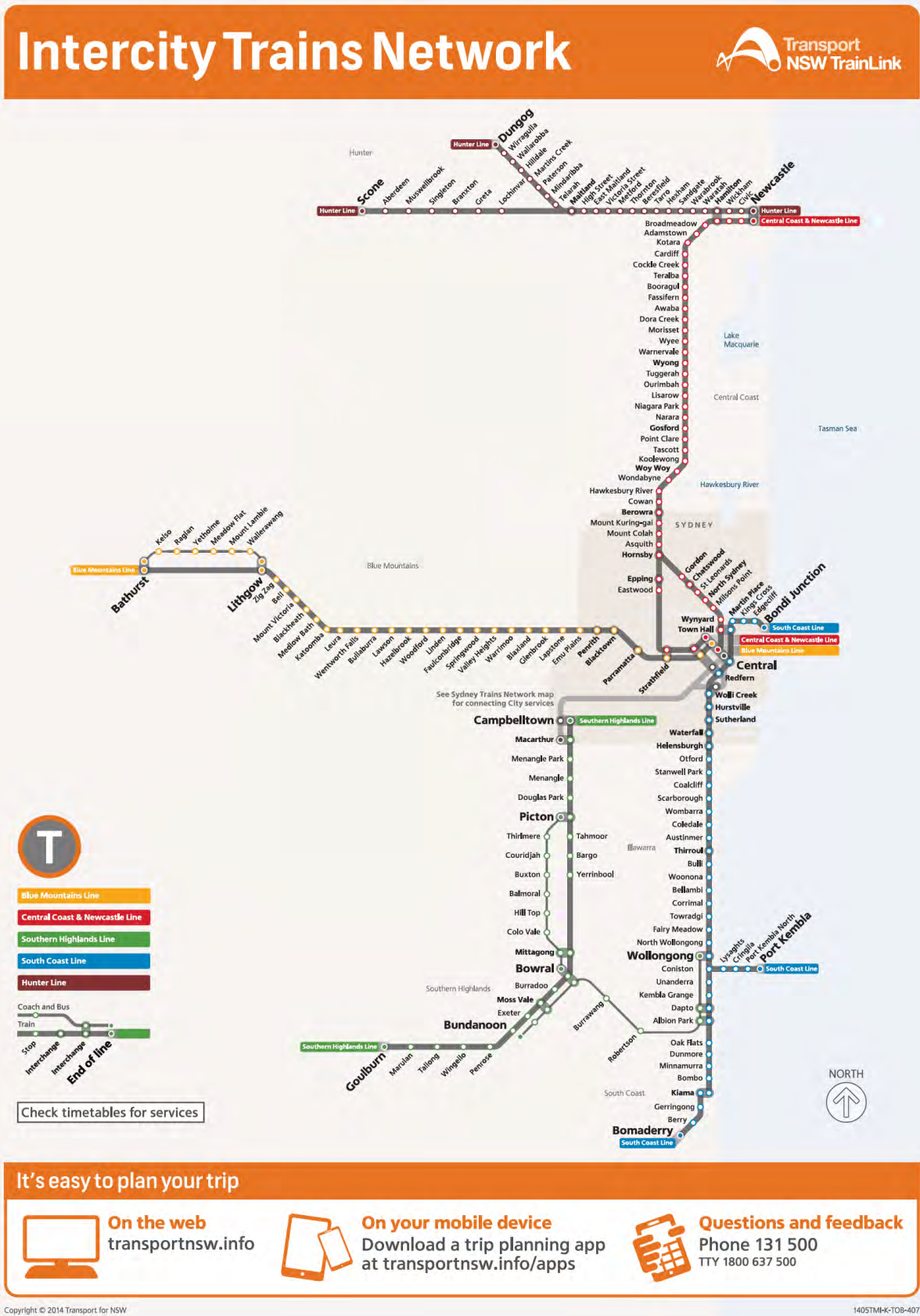


# Appendix 32: Sydney Trains network





# Appendix 33: Intercity rail network

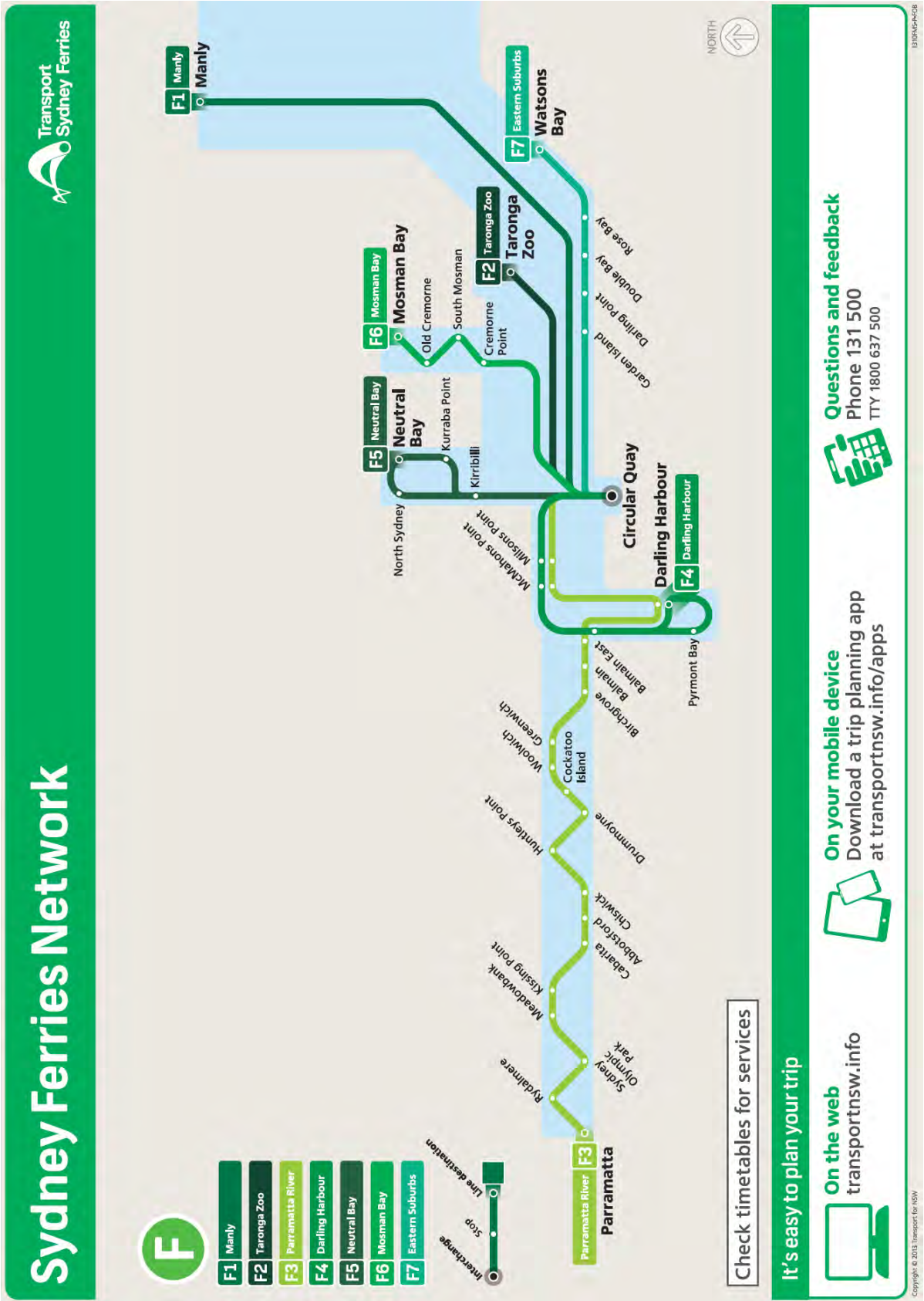


# Appendix 34: Regional train and coach network



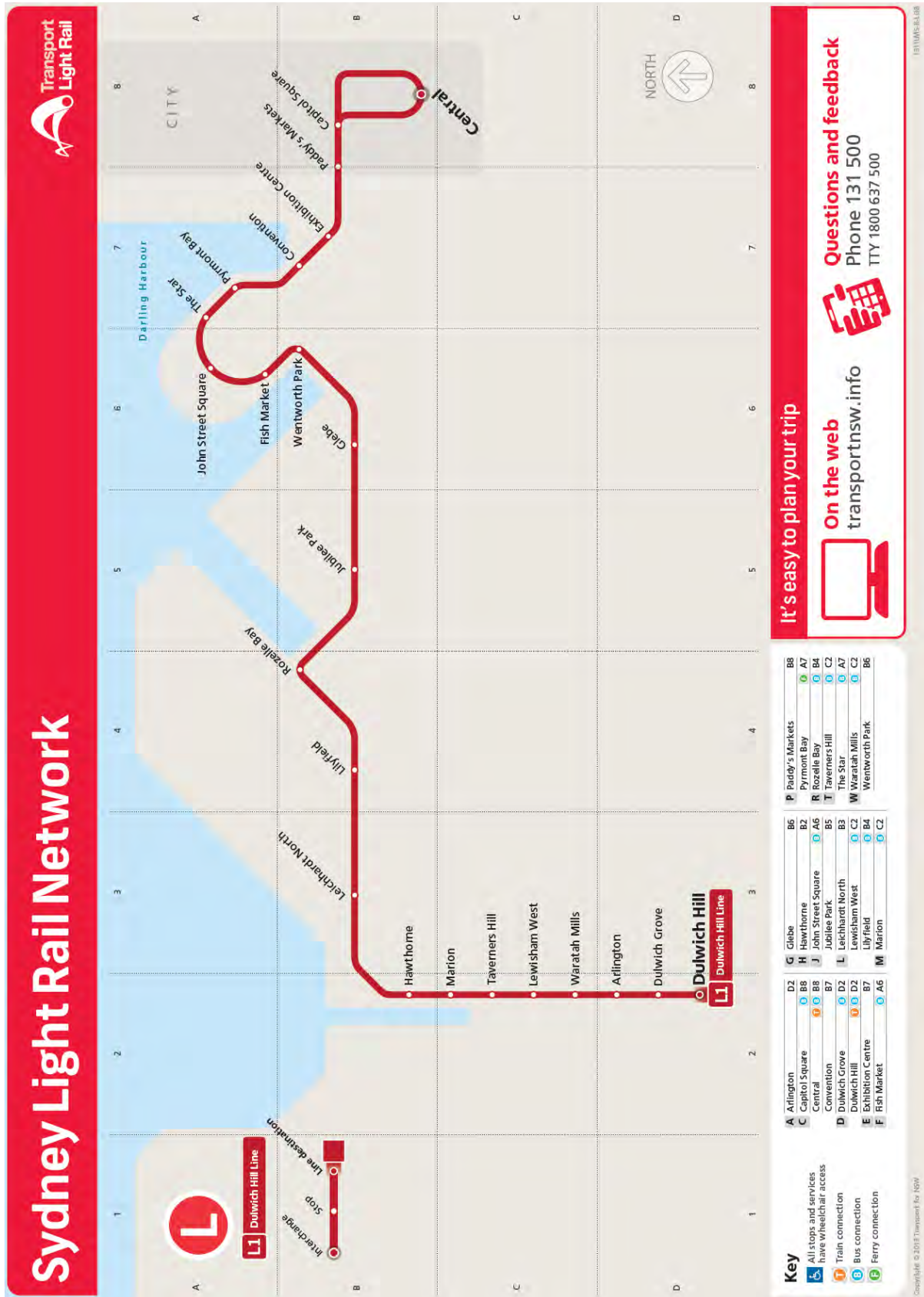


# Appendix 35: Sydney Ferries network





# Appendix 36: Sydney Light Rail network



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