

Financial Report 30 June 2002

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FINANCIAL PERFORMANCE SUMMARY

The Department of Transport (Transport NSW) formulates transport policies and strategies. To achieve the Government's objectives, it purchases performance-based transport services from Government-owned and private operators to achieve equitable transport outcomes for the community of New South Wales. It accredits and regulates transport providers and evaluates and audits the performance of transport services.

Transport NSW develops and constructs integrated transport infrastructure and interchange facilities. It is also the Government's safety regulator for the rail industry and for passenger and maritime transport operators. It collects transport data to review performance and underpin decision-making and is the State's transport co-ordinator of major events. This is partly offset by transfer of completed infrastructure systems to other transport agencies.

Transport NSW negotiates, manages and distributes the State's budget allocation to most agencies within the Transport Portfolio.

2001/2002 FINANCIAL PERFORMANCE

The net cost of services was \$2,123M compared to \$2,101M in 2000/2001 and the operating surplus for the year was \$85.7M compared with a surplus of \$29.8M in the previous year. The increase in operating surplus results from the recognition of land assets to the value of \$67.3M which have been brought to account for the first time.

The Statement of Financial Performance shows that expenditure for 2001/02 amounted to \$2,268M compared with a budget of \$2,348M (decrease of 3.4 percent) and expenditure incurred in the previous financial year of \$2,158M (increase of 5.1 percent). Major variances in expenses comprise of:

- Employee related expenses were \$2.738M over the previous year's expenditure figure. The increase of 14.9 percent was mainly due to increases in staff numbers and the grossing of salary expenses, which in the past, were offset against revenue.
- Other operating expenses were \$7.323M (59.2 percent) over the previous year's expenditure figure due to increase in property rental (\$0.675M) and legal expenses of \$4.483M incurred in defending a major court case, engagement of contractors (\$1.146M) and the creation of a provision for doubtful debts for \$0.326M.
- An increase of \$100.845M (4.8 percent) in grants and subsidies reflects the additional funding provided to rail entities for maintenance of country rail tracks and increased SRA deficit funding. \$20M more was expended on providing free transport for school students. Expenditure on the Parramatta to Chatswood rail link accounted for additional expenditure of \$33.150M and \$12.2M was provided to STA for capital works. Savings were achieved in FreightCorp CSO following the sale of FreightCorp to the private sector. A complete list of payments is shown under note 2(d).
- Other expenses were in line with last year's figures with increased expenditure on the Integrated Ticketing project offset by a reduction in expenditure incurred on the Integrated Transport Information Service. These costs were fully recovered.

The revenue for Transport NSW (other than Consolidated Fund allocations) increased from \$57.4M in 2000/2001 to \$145.5M in 2001/2002. The increase in revenue reflects the recognition of land assets (\$67.3M) for the first time and the Department's involvement in promoting major events and recoupment of expenditure incurred on the Integrated Ticketing project and the Integrated Transport Information Service. In addition, funding for the Home and Community Care Program was increased by \$7.0M.

THE 2001/2002 BUDGET

The original Consolidated Fund budget allocation for the year ended 30 June 2002 was \$2.055Bn in Recurrent funding and \$50.7M for Capital funding. The Recurrent funding was supplemented by \$149M to \$2.204Bn, in recognition of the difficulties in the rail industry. These include:

- \$50M to the State Rail Authority for community service obligations (\$41.2M) and accelerated capital grants (\$9.1M).
- Additional funding was provided to the Rail Infrastructure Corporation of \$40M for country rail track maintenance work.
- \$23M to the State Transit Authority in community service obligations (\$10.6M) and in accelerated capital grants (\$12.1M)
- \$21.5M in accelerated capital grants for the Parramatta to Chatswood rail link. In addition, Parliament approved an additional \$100M for this project. These funds had not been utilised.

In addition, funding of \$4.483M was provided to cover the cost of the major court case and \$4.173M to promote public transport for major events.

These supplementations were partly offset by savings in Port Kembla Port Corporation CSO (\$1.270M), Freight CSO (\$38.876M) and private operators of buses, ferries and taxis (\$8.312M).



GPO BOX 12
SYDNEY NSW 2001

INDEPENDENT AUDIT REPORT

DEPARTMENT OF TRANSPORT

To Members of the New South Wales Parliament

Scope

I have audited the accounts of the Department of Transport for the year ended 30 June 2002. The Director-General is responsible for the financial report consisting of the statement of financial position, statement of financial performance, statement of cash flows, program statement, expenses and revenues and summary of compliance with financial directives, together with the notes thereto, and information contained therein. My responsibility is to express an opinion on the financial report to Members of the New South Wales Parliament based on my audit as required by the *Public Finance and Audit Act 1993* (the Act). My responsibility does not extend to an assessment of the assumptions used in formulating budget figures disclosed in the financial report.

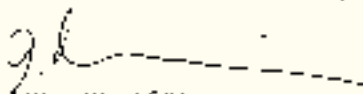
My audit has been conducted in accordance with the provisions of the Act and Australian Auditing Standards to provide reasonable assurance whether the financial report is free of material misstatement. My procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial report, and the evaluation of accounting policies and significant accounting estimates.

These procedures have been undertaken to form an opinion whether, in all material respects, the financial report is presented fairly in accordance with the requirements of the Act, Accounting Standards and other mandatory professional reporting requirements in Australia, so as to present a view which is consistent with my understanding of the Department's financial position, the results of its operations and its cash flows.

The audit opinion expressed in this report has been formed on the above basis.

Audit Opinion

In my opinion, the financial report of the Department of Transport complies with section 45E of the Act and presents fairly in accordance with applicable Accounting Standards and other mandatory professional reporting requirements the financial position of the Department as at 30 June 2002 and the results of its operations and its cash flows for the year then ended.


 Keith Blec, FCPA
 Director of Audit

SYDNEY
 18 October 2002

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DEPARTMENT OF TRANSPORT

STATEMENT BY DEPARTMENTAL HEAD DEPARTMENT OF TRANSPORT For the Year Ended 30 June 2002

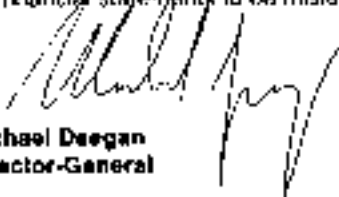
Pursuant to section 45F of the Public Finance and Audit Act 1983, I state that:

(a) The accompanying financial statements have been prepared in accordance with:

- Applicable Australian Accounting Standards
- Other authoritative pronouncements of the Australian Accounting Standards Board;
- Urgent Issues Group Consensus Views;
- The requirements of the Public Finance and Audit Act and Regulations; and
- The Financial Reporting Directions published in the Financial Reporting Code for Budget Dependent General Government Sector Agencies 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 transactions of the Department of Transport; and

(c) There are no circumstances, which would render any particulars included in the financial statements to be misleading or inaccurate.



Michael Deegan
Director-General

Date 19 June 2002

DEPARTMENT OF TRANSPORT STATEMENT OF FINANCIAL PERFORMANCE

For the year ended 30 June 2002

	Notes	Actual 2002 \$'000	Budget 2002 \$'000	Actual 2001 \$'000
Expenses				
<i>Operating Expenses</i>				
Employee related	2(a)	21,143	20,158	18,405
Other operating expenses	2(b)	19,694	22,230	12,371
Depreciation	2(c)	854	1,026	775
Grants and subsidies	2(d)	2,177,209	2,187,038	2,105,934
Other expenses	2(e)	19,836	17,630	20,978
Total Expenses		2,238,736	2,248,082	2,158,463
Less:				
Retained Revenue				
Sale of services	3(a)	11,678	717	4,550
Investment income	3(b)	1,369	1,308	2,371
Retained taxes, fees and fines	3(c)	611	1,833	600
Grants and contributions	3(d)	30,387	21,698	26,252
Other revenue	3(e)	71,913	4,580	23,659
Total Retained Revenue		115,958	30,136	57,432
NET COST OF SERVICES	20	2,122,778	2,217,946	2,101,031
Government Contributions				
Recurrent appropriation	5	2,151,691	2,162,172	2,082,864
Capital appropriation	5	54,263	50,734	45,979
Acceptance by the Crown Entity of employee entitlements and other liabilities	6	2,504	2,220	2,022
Total Government Contributions		2,208,458	2,215,126	2,130,865
SURPLUS/(DEFICIT) FOR THE YEAR FROM ORDINARY ACTIVITIES		85,680	(2,820)	29,834
Total revenues, expenses and valuation adjustments recognised directly in equity		—	—	—
TOTAL CHANGES IN EQUITY OTHER THAN THOSE RESULTING FROM TRANSACTIONS WITH OWNERS AS OWNERS	15	85,680	(2,820)	29,834

The accompanying notes form part of these statements.

DEPARTMENT OF TRANSPORT STATEMENT OF FINANCIAL POSITION

As at 30 June 2002

	Notes	Actual 2002 \$'000	Budget 2002 \$'000	Actual 2001 \$'000
Assets				
Current Assets				
Cash	8	24,506	1,760	14,153
Receivables	9	13,937	9,699	9,762
Other	11	6,560	7,050	6,259
Total Current Assets		45,003	18,509	30,174
Non—Current Assets				
Receivables	9	108	201	144
<i>Property, plant and equipment</i>				
Land	10	67,272	—	—
Leasehold improvements	10	2,794	293	542
Plant and equipment	10	4,129	3,821	2,859
Infrastructure systems	10	46,050	71,258	33,892
<i>Total Property, plant and equipment</i>		<i>120,245</i>	<i>75,372</i>	<i>37,293</i>
Total Non—Current Assets		120,353	75,573	37,437
Total Assets		165,356	94,082	67,611
Liabilities				
Current Liabilities				
Payables	12	35,907	33,511	25,040
Employee entitlements	13	2,469	1,351	3,008
Other	14	2,488	230	717
Total Current Liabilities		40,864	35,092	28,765
Non—Current Liabilities				
Other	14	39	105	73
Total Non—Current Liabilities		39	105	73
Total Liabilities		40,903	35,197	28,838
Net Assets		124,453	58,885	38,773
Equity				
Accumulated funds	15	124,453	58,885	38,773
Total Equity		124,453	58,885	38,773

The accompanying notes form part of these statements.

DEPARTMENT OF TRANSPORT STATEMENT OF CASH FLOWS

For the year ended 30 June 2002

	Actual 2002 \$'000	Budget 2002 \$'000	Actual 2001 \$'000
Cash flows from operating activities			
Payments			
<i>Employee related</i>	(19,905)	(18,213)	(15,790)
<i>Grants and subsidies</i>	(2,177,465)	(2,149,662)	(2,123,002)
<i>Other</i>	(18,974)	(29,976)	(12,242)
<i>Goods and Services Tax paid</i>	(52,175)	—	(43,265)
Total Payments	(2,268,519)	(2,197,851)	(2,194,299)
Receipts			
<i>Sale of services</i>	44,283	717	37,547
<i>Retained taxes, fines and fees</i>	611	—	600
<i>Interest Received</i>	1,393	1,678	1,983
<i>Goods and Services Tax received</i>	50,666	23,596	38,827
Total Receipts	96,953	25,991	78,957
Cash flows from Government			
<i>Recurrent appropriation</i>	2,154,146	2,162,172	2,083,532
<i>Capital appropriation</i>	54,263	50,734	45,979
<i>Cash reimbursements from the Crown Entity</i>	726	315	556
<i>Cash transfers to the Consolidated Fund</i>	(668)	—	—
Net Cash flows from Government	2,208,467	2,213,221	2,130,067
Net Cash flows from operating activities (Note 20)	36,901	41,361	14,725
Cash flows from investing activities			
<i>Net new advances</i>	36	—	56
<i>Purchase of leasehold improvements, plant and equipment and infrastructure systems</i>	(26,584)	(50,734)	(10,554)
Net Cash flows from investing activities	(26,548)	(50,734)	(10,498)
Net Increase/(Decrease) in Cash	10,353	(9,373)	4,227
<i>Opening cash and cash equivalents</i>	14,153	11,133	9,926
CLOSING CASH AND CASH EQUIVALENTS (Note 8)	24,506	1,760	14,153

DEPARTMENT OF TRANSPORT SUMMARY OF COMPLIANCE WITH FINANCIAL DIRECTIVES

For the year ended 30 June 2002

	2002				2001			
	Recurrent Appropriation \$'000	Expenditure/ Net Claimed on Con. Fund \$'000	Capital Appropriation \$'000	Expenditure/ Net Claimed on Con. Fund \$'000	Recurrent Appropriation \$'000	Capital Appropriation \$'000	Expenditure \$'000	Expenditure \$'000
<i>Original Budget Appropriation/ Expenditure</i>								
— Appropriation Act	2,055,057	2,044,577	50,734	50,734	1,802,427	44,729	1,801,759	44,729
— Additional Appropriations S21A PF & AA	42,700	42,700	1,000	1,000	255,238	—	255,238	—
Special Appropriation S24 PF & AA	2,097,757	2,087,277	51,734	51,734	2,057,665	44,729	2,056,997	44,729
Other Appropriations/Expenditure Treasurer's advance	24,332	24,332	3,000	3,000	23,821	1,250	23,821	1,250
S22 – expenditure for certain works & services	40,083	40,083	—	—	90,000	—	2,046	—
Transfer from another agency (S25 Appropriation Act)	64,415	64,415	3,000	3,000	113,821	1,250	25,867	1,250
Total appropriation /Exps	2,162,172	2,151,692	54,734	54,734	2,171,486	45,979	2,082,864	45,979
Drawdowns from Treasury	—	2,154,146	—	54,734*	—	—	2,083,532	45,979
Liability to Consolidated Fund	—	2,454	—	—	—	—	668	—

The Summary of Compliance is based on the assumption that Consolidated Fund moneys are spent first (except where otherwise identified or prescribed).

* Figure does not include refund of penalties paid to Office of State Revenue of \$471,000 which were not processed through Treasury ledgers.

DEPARTMENT OF TRANSPORT PROGRAM STATEMENT – EXPENSES AND REVENUE

For the year ended 30 June 2002

	Program 1.1		Program 2.1		Program 2.2		Not Attributable		Total
	2002 \$'000	2001 \$'000	2002 \$'000	2001 \$'000	2002 \$'000	2001 \$'000	2002 \$'000	2001 \$'000	
Expenses									
Operating expenses									
Employee Related	(21,143)	(18,405)	—	—	—	—	—	—	(18,405)
Operating Expenses	(19,694)	(12,371)	—	—	—	—	—	—	(12,371)
Depreciation	(854)	(775)	—	—	—	—	—	—	(854)
Grants & Subsidies	(171,588)	(171,900)	(279,408)	(328,674)	(1,726,213)	(1,605,360)	—	—	(2,177,209)
Other	(15,872)	(16,907)	—	—	(3,964)	(4,071)	—	—	(19,836)
Total Expenses	(229,151)	(220,358)	(279,408)	(328,674)	(1,730,177)	(1,609,431)	—	—	(2,238,736)
Retained Revenue									
Sale of Services	11,678	4,550	—	—	—	—	—	—	11,678
Investment Income	1,369	2,371	—	—	—	—	—	—	1,369
Retained Taxes, Fees & Fines	611	600	—	—	—	—	—	—	611
Grants/Contributions	13,622	14,857	—	—	16,765	11,395	—	—	30,387
Other Revenue	67,272	19,018	—	—	—	—	—	—	67,272
Emerging Value of UPLRT	4,641	4,641	—	—	—	—	—	—	4,641
Total Revenue	99,193	46,037	—	—	16,765	11,395	—	—	115,958
Net cost of services	(129,958)	(174,321)	(279,408)	(328,674)	(1,713,412)	(1,598,036)	—	—	(2,122,778)
Government Contributions	—	—	—	—	—	—	2,208,458	2,130,865	2,208,458
Net (Exp)/Revenue	(129,958)	(174,321)	(279,408)	(328,674)	(1,713,412)	(1,598,036)	2,208,458	2,130,865	85,680
Administered Revenue									
Fees							7,689	10,581	7,689
Port Cargo Access Charges							11,147	11,130	11,147
Fines							118	43	118
TOTAL							18,954	21,754	18,954

The names and purpose of each program is summarised in note 7. Appropriations are made on an agency basis and not to individual program

DEPARTMENT OF TRANSPORT

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2002

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Reporting Entity

The Department of Transport, as a reporting entity, comprises all the operating activities and entities under its control excluding operations reported under separate financial statements for the Air Transport Council. The Department of Transport provides administrative support to this entity but is not a controlling entity.

The reporting entity is consolidated as part of the NSW Total State Sector and as part of the NSW Public Accounts.

(b) Basis of Accounting

The Department of Transport's financial statements are a general purpose financial report, which has been prepared on an accruals basis and in accordance with:

- applicable Australian Accounting Standards;
- other authoritative pronouncements of the Australian Accounting Standards Board (AASB);
- Urgent Issues Group (UIG) Consensus Views;
- the requirements of the Public Finance and Audit Act and Regulations; and
- the Financial Reporting Directions published in the Financial Reporting Code for Budget Dependent General Government Sector Agencies or issued by the Treasurer under Section 9(2)(n) of the Act.

Where there are inconsistencies between the above requirements, the legislative provisions have prevailed.

In the absence of a specific Accounting Standard, other authoritative pronouncements of the AASB or UIG Consensus View, the hierarchy of other pronouncements as outlined in AAS 6 "Accounting Policies" is considered.

Except for certain infrastructure assets, which are recorded at valuation, the financial statements are prepared in accordance with the historical cost convention. All amounts are rounded to the nearest thousand dollars and are expressed in Australian currency.

(c) Administered Activities

The Department of Transport 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 Department of Transport's own objectives.

Transactions and balances relating to the administered activities are not recognised as the Department of Transport's revenues, expenses, assets and liabilities, but are disclosed in Notes 22 to 24 as Administered Assets and Liabilities, Administered Revenue – Crown Revenue and Administered Revenue – Schedule of Uncollected Amounts.

The accrual basis of accounting and all applicable accounting standards have been adopted for the reporting of the administered activities.

(d) Revenue Recognition

Revenue is recognised when the Department of Transport has control of the good or right to receive, it is probable that the economic benefits will flow to The Department of Transport and the amount of revenue can be measured reliably. Additional comments regarding the accounting policies for the recognition of revenue are discussed below:

(i) Parliamentary Appropriations and Contributions from other Bodies:

Parliamentary appropriations and contributions from other bodies (including grants and donations) are generally recognised as revenues when the Department of Transport obtains control over the assets comprising the appropriations/contributions. Control over appropriations and contributions is normally obtained upon the receipt of cash.

An exception to the above is when appropriations are unspent at year-end. In this case the authority to spend the money lapses and generally the unspent amount must be repaid to the Consolidated Fund in the following financial year. As a result, unspent appropriations are accounted for as liabilities rather than revenue.

The liability is disclosed in Note 14 as part of "Other Current Liabilities". The amount will be repaid and the liability will be extinguished next financial year. Any liability in respect of transfer payments is disclosed in Note 22 "Administered Assets and Liabilities".

(ii) Sale of Services:

Revenue from the sale of services comprises revenue from the provision of services ie user charges. User charges are recognised as revenue when the Department of Transport obtains control of the assets that result from them.

(iii) Investment Income:

Interest revenue is recognised as it accrues.

(iv) Grants and contributions:

Grants and contributions relating to reimbursement of costs incurred are recognised as revenue when the services are provided.

(e) Employee Entitlements

(i) Salaries and wages, Annual Leave, Sick Leave and oncosts:

Liabilities for salaries and wages, annual leave and vesting sick leave are recognised and measured as the amount unpaid at the reporting date at current pay rates in respect of employees' services up to that date.

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 entitlements accrued in the future.

The outstanding amounts of payroll tax, workers' compensation insurance premiums and fringe benefits tax, which are consequential to employment, are recognised as liabilities and expenses where the employee entitlements to which they relate have been recognised.

(ii) Long Service Leave and Superannuation:

The Department of Transport's liabilities for long service and superannuation are assumed by the Crown Entity. The agency 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 Entitlements and other Liabilities". Long service leave is measured on a nominal basis. The nominal method is based on the remuneration rates at year-end for all employees with five or more years of service. It is considered that this measurement technique produces results not materially different from the estimate determined by using the present value basis of measurement.

The superannuation expense for the financial year is determined by using the formulae specified in the Treasurer's Directions. The expense for certain superannuation schemes (ie. Basic Benefit and First State Super) is calculated as a percentage of the employees' salary. For other superannuation schemes (ie. State Superannuation Scheme and State Authorities Superannuation Scheme), the expense is calculated as a multiple of the employees' superannuation contributions.

(f) Insurance

The Department of Transport's insurance activities are conducted through the NSW Treasury Managed Fund scheme of self-insurance for Government agencies. The expense (premium) is determined by the Fund Manager based on past experience.

(g) Accounting for Goods and Services (GST)

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

- The amount of GST incurred by the Department of Transport 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.
- Receivables and payables are stated with the amount of GST included.

(h) Acquisitions of Assets

The cost method of accounting is used for the initial recording of all acquisitions of assets controlled by the agency. Cost is determined as the fair value of the assets given as consideration plus costs incidental to the acquisition.

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

Fair value means the amount for which an asset could be exchanged between a knowledgeable, willing buyer and a knowledgeable, willing seller in an arm's length transaction.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value at the date of acquisition. The discount rate used is the incremental borrowing rate, being the rate at which a similar borrowing could be obtained.

(i) Plant and Equipment

Plant and equipment costing \$5,000 and above individually are capitalised.

(j) Depreciation

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 entity. The principal rates used for office furniture and equipment and computer equipment and systems were 20 percent.

The Department of Transport owns a number of physical non-current assets that have been fully depreciated. These consist mainly of office equipment and computers and it is considered that their value would be of immaterial value if re-recognised.

(k) Leased Non-Current 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 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 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.

Operating lease payments are charged to the Statement of Financial Performance in the periods in which they are incurred.

(l) Receivables

Receivables are recognised and carried at cost, based on the original invoice amount less a provision for any uncollectable debts. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off as incurred.

(m) Other Assets

Other assets including prepayments are recognised on a cost basis.

(n) Payables

These amounts represent liabilities for goods and services provided to the Department of Transport.

(o) Private Sector Provided Infrastructure

The Department of Transport's reversionary interest in the Ultimo-Pyrmont Light Rail Train system has been valued by reference to the emerging share of the gross replacement cost of the asset apportioned over the period of the agreement (Note 10).

(p) Grants and Subsidies

Grants and subsidies payable under the private bus operators scheme and community and certain individuals scheme are accounted for on an accrual basis in accordance with the various contractual and scheme rates applicable. Grants and subsidies payable to State-owned transport agencies are accounted for when paid.

(q) Maintenance Expenses

In accordance with Treasury guidelines the Department of Transport is not required to report maintenance expenditure as a separate Statement of Financial Performance item as no major assets, other than land, were owned at 30 June 2002.

(r) Budgeted Amounts

The budgeted amounts are drawn from the budgets as formulated at the beginning of the financial year and with any adjustments for the effects of additional appropriations, S 21A, S24 and/or S26 of the Public Finance and Audit Act 1983.

The budgeted amounts in the Statement of Financial Performance and the Statement of Cash Flows are generally based on the amounts disclosed in the NSW Budget Papers (as adjusted above). However, in the Statement of Financial Position, the amounts vary from the Budget Papers, as the opening balances of the budgeted amounts are based on carried forward actual amounts i.e. per the audited financial statements (rather than carried forward estimates).

(s) Financial Instruments

Financial instruments give rise to positions that are a financial asset of either the Department of Transport or its counter-party and a finance liability of the other party. For the Department of Transport, these include cash at bank, receivables, trade creditors and accruals. In accordance with AAS 33 "Presentation and Disclosure of Financial Instruments" information is disclosed in Note 25.

2. EXPENSES

	2002 \$'000	2001 \$'000
(a) Employee related expenses		
<i>comprise the following specific items:</i>		
Salaries and wages (including recreation leave)	17,279	14,809
Superannuation	1,696	1,444
Long service leave	702	486
Workers' compensation insurance	131	143
Payroll tax and fringe benefit tax	1,335	1,143
Redundancies	—	380
	21,143	18,405

During the year salaries and oncost of employees (\$190,420) (2000/01 – \$362,000) engaged on specific capital programs were charged to those projects (Note3(a))

(b) Other operating expenses

<i>Accommodation</i>		
Property rentals	2,100	1,443
Other property costs	158	142
<i>External services</i>		
Consultants	230	1,018
Contractors	4,146	2,344
Legal Services – Cubic Case	4,483	—
Legal Services	899	1,034
Audit fees – Internal Audits	77	60
Audit fees – External Audits	72	75
Others	293	417
<i>Information Technology</i>		
Computer leasing	376	254
Communication lines	125	72
Consultants	—	146
Contractors	753	301
Other computer costs	433	279
<i>Motor Vehicle running expenses</i>		
Operating lease rentals	134	131
Other motor vehicle costs	258	263

	2002 \$'000	2001 \$'000
<i>Advertising and promotion</i>	1,044	1,265
<i>Staff training and development costs</i>	440	340
Administration		
<i>Printing and stationery</i>	505	496
<i>Telephones</i>	346	440
<i>Postage and courier</i>	231	224
<i>Travel</i>	255	300
<i>Insurance</i>	453	459
<i>Bad Debts</i>	348	—
<i>Others</i>	1,535	868
	19,694	12,371
(c) Depreciation		
<i>Leasehold Improvements</i>	96	45
<i>Plant and equipment</i>	758	730
	854	775
(d) Grants and subsidies Summary Table		
<i>State Rail Authority</i>	1,103,982	994,900
<i>Private Bus Operators</i>	374,250	353,351
<i>Rail Infrastructure Corporation</i>	247,487	167,908
<i>Rail Access Corporation</i>	—	122,029
<i>State Transit Authority</i>	234,109	205,655
<i>Parramatta Rail Link</i>	78,306	74,726
<i>Community groups including SSTS private vehicle conveyance</i>	35,915	28,881
<i>Freight Rail Corporation</i>	32,780	72,221
<i>Completed Assets transferred to other Transport Agencies</i>	32,591	25,457
<i>Capital Infrastructure Systems</i>	18,662	38,758
<i>Port Corporations Grants</i>	9,417	10,788
<i>Other</i>	9,710	11,260
	2,177,209	2,105,934

	2002 \$'000	2001 \$'000
Detailed Tables		
State Rail Authority		
<i>Community service obligations</i>	423,992	351,204
<i>Capital grant</i>	282,030	256,380
<i>Concessions</i>	188,017	188,712
<i>Maintenance</i>	141,270	123,600
<i>Transitional funding</i>	34,600	42,100
<i>SSTS #</i>	22,073	23,204
<i>Redundancies</i>	12,000	9,700
	1,103,982	994,900
Private operators		
<i>SSTS private buses #</i>	331,350	311,892
<i>Pensioner half fare concession</i>	29,708	29,810
<i>Taxi transport subsidy scheme</i>	13,192	11,649
	374,250	353,351
Rail Infrastructure Corporation*		
<i>Community service obligations</i>	246,628	141,969
<i>Capital grant</i>	859	25,939
	247,487	167,908
Rail Access Corporation *		
<i>Social program</i>	—	114,484
<i>Capital grant</i>	—	7,545
	—	122,029
*The Rail Infrastructure Corporation was established on 1 January 2001 and comprises the former Rail Services Australia and Rail Access Corporation.		
State Transit Authority		
<i>Concessions</i>	106,649	103,088
<i>Community service obligations</i>	68,231	56,003
<i>SSTS #</i>	36,327	35,652
<i>Capital grant</i>	22,902	10,912
	234,109	205,655

	2002 \$'000	2001 \$'000
<i>Parramatta Rail Link Company</i>	—	74,726
<i>Parramatta Rail Link – Grants to SRA</i>	64,654	—
<i>Parramatta Rail Link – Grants to RIC</i>	13,652	—
	78,306	74,726
<i>Community Transport Groups</i>	19,548	13,629
<i>Private vehicle conveyance SSTS #</i>	16,367	15,252
	35,915	28,881
Freight Rail Corporation		
Community service obligations	32,780	72,221
Construction costs of completed assets transferred to other Transport Agencies	32,591	25,457
# The Department of Transport paid \$406m (2000-01 - \$386m) under the School Student Transport Scheme (SSTS) in the year to 30 June 2002.		
Capital Infrastructure Systems		
<i>Transitway Parramatta/Liverpool</i>	10,194	14,294
<i>Freight general</i>	4,000	17,757
<i>Corridor preservation</i>	1,901	1,946
<i>Transport interchanges – Country</i>	1,472	1,488
<i>Sydney – Newcastle high speed train</i>	1,000	369
<i>Epping Castle Hill Rail line</i>	95	2,904
	18,662	38,758
Port Corporations		
<i>Port Kembla Port Corporation</i>	9,290	10,662
<i>Newcastle Port Corporation</i>	127	126
	9,417	10,788
Other		
<i>Major Events</i>	6,534	3,900
<i>Others</i>	3,176	827
<i>Walsh Bay Development</i>	—	1,033
<i>Compensation for damages</i>	—	4,500
<i>Taxi Shelters</i>	—	1,000
	9,710	11,260

	2002 \$'000	2001 \$'000
(e) Other expenses		
<i>Integrated transport information service</i>	9,266	14,285
<i>Integrated ticketing project</i>	5,995	2,021
<i>Contracted passenger services</i>	3,964	4,072
<i>Taxi Advisory Committee</i>	611	600
	19,836	20,978

3. REVENUES

(a) Sale of services		
<i>Rendering of services</i>	11,678	4,550
b) Investment income		
<i>Interest</i>	1,369	2,371
(c) Retained taxes, fees and fines		
<i>Taxi Drivers Accreditation Renewal fees</i>	611	600
(d) Grants and contributions		
<i>Community transport projects</i>	16,765	11,395
<i>Integrated transport inform. service</i>	7,627	12,805
<i>Integrated Ticketing Project</i>	5,995	2,052
	30,387	26,252
(e) Other Revenue		
<i>Re-instatement of infrastructure systems previously expensed</i>	—	19,019
<i>Land transferred from SRA</i>	67,272	—
<i>Emerging value of private sector provided infrastructure</i>	4,641	4,640
	71,913	23,659

Land purchases for use as works offices and for storage of equipment used during the course of construction of the Parramatta to Chatswood rail line are brought to account for the first time in the Department's Statement of Financial Position. This land will be disposed of on completion of the project.

4. CONDITIONS ON GRANTS AND CONTRIBUTIONS RECEIVED

In 2001-2002 the Department of Transport received the conditional grants itemised in note 3(d). These grants can only be used for specific purposes. The Department of Transport has fully complied with these conditions and accordingly there is no liability for repayment of these grants arising from failure to meet these conditions.

5. APPROPRIATIONS

	2002 \$'000	2001 \$'000
Recurrent appropriations		
<i>Total recurrent drawdowns from Treasury (per Summary of Compliance)</i>	2,154,146	2,083,532
<i>Less: Liability to Consolidated Fund (per Summary of Compliance)</i>	2,455	668
Recurrent appropriations (per Statement of Financial Performance)	2,151,691	2,082,864
Capital appropriations		
<i>Total capital drawdowns from Treasury (per Summary of Compliance)</i>	54,263	45,979
<i>Less: Liability to Consolidated Fund (per Summary of Compliance)</i>	—	—
Capital appropriations (per Statement of Financial Performance)	54,263	45,979

6. ACCEPTANCE BY THE CROWN ENTITY OF EMPLOYEE ENTITLEMENTS AND OTHER LIABILITIES

The following liabilities and/or expenses have been assumed by the Crown Entity:

<i>Superannuation</i>	1,696	1,444
<i>Long service leave</i>	702	486
<i>Payroll tax on superannuation</i>	106	92
	2,504	2,022

7. PROGRAM INFORMATION

The Department of Transport has 3 programs namely:

Program 66.1.1 – Development, Co-Ordination and Planning of Transport Services

Objective: To meet the transport needs of the New South Wales community in an optimal way, balancing social and economic objectives.

Program Description: Development of transport objectives in New South Wales and the overall strategies and policies for achieving them. Advice to the Minister, implementation of self-regulation by the private sector. Development of appropriate monitoring and regulatory activities.

Program 66.2.1 – Assistance for General Track and Freight Services

Objective: Maintain the rail network at its existing standard and assist freight transport users confronted with long distances to markets and ports.

Program Description: A subsidy to the Rail Infrastructure Corporation to ensure rail infrastructure is maintained at its existing standard and provision of subsidies for rail freight services which it would not otherwise provide at the price charged to freight users.

Program 66.2.2 – Purchase of Public Transport Services

Objective: To improve community mobility on public and private transport.

Program Description: Provision of funds to the State Rail Authority, State Transit Authority, Rail Infrastructure Corporation and private transport operators for services and concessions which would not otherwise be provided by them at the current fare and/or services levels, and for new rail infrastructure, to enable rail entities to operate more efficiently and to community groups and certain individuals for particular services.

8. CURRENT ASSETS – CASH

	2002 \$'000	2001 \$'000
Cash at bank and on hand	24,506	14,153

For the purposes of the Statement of Cash Flows, cash includes cash on hand and cash at bank. Cash assets recognised in the Statement of Financial Position are reconciled to cash at the end of the financial year as shown in the Statement of Cash Flows as follows:

Cash (per Statement of Financial Position)	24,506	14,153
Closing Cash and Cash equivalents (per Statement of Cash Flows)	24,506	14,153

Cash on hand includes Parking Space Levy funds of \$11.6m (2000-01 - \$2.1m) and Taxi Accreditation Fees of \$3.1m (2000-01 - \$1.9m). These funds earn interest at the going Treasury interest rate. These funds can only be used for specific purposes.

Parking Space Levy Fund

Cash on hand at 1 July	2,123	—
Parking space levy received	41,671	36,502
Payments made in year	(32,602)	(34,452)
Interest Receivable	420	73
Cash on hand at 30 June	11,612	2,123

9. CURRENT/NON-CURRENT ASSETS – RECEIVABLES

Current receivables:

Sale of services	8,069	5,042
Goods and Services Tax – recoverable	6,116	4,607
Special Purpose Taxi Loans	78	113
	14,263	9,762
Less: Provision for doubtful debts	(326)	—
	13,937	9,762

In addition, to the provision for doubtful debts, the Department of Transport wrote off \$22,827 relating to the leased premises.

	2002 \$'000	2001 \$'000
Non-current receivables:		
<i>Special Purpose Taxi Loans</i>	108	144
Special Purpose Taxi Loans		
<i>Later than 1 year but not later than 2 years</i>	55	49
<i>Later than 2 years but not later than 3 years</i>	39	49
<i>Later than 3 years but not later than 4 years</i>	11	46
<i>Later than 4 years but not later than 5 years</i>	3	—
	108	144

10. NON-CURRENT ASSETS – FIXED ASSETS

Land		
At cost	67,272	—
Leasehold Improvements		
At cost	2,928	680
Less: Accumulated depreciation	(134)	(138)
	2,794	542
Plant and equipment		
At cost	5,759	5,332
Less: Accumulated depreciation	(1,630)	(2,473)
	4,129	2,859
Infrastructure Systems		
At cost - in course of construction	23,166	15,649
At valuation – Ultimo Pymont Rail Train	22,884	18,243
	46,050	33,892
Total Property, Plant and Equipment		
At Net Book Value	120,245	37,293

Reconciliation of the carrying amounts of each class of leasehold improvements, plant, equipment and infrastructure systems at the beginning and end of the current and previous financial year are set out below:

2002	Land \$'000	Leasehold Improvements \$'000	Plant and Equipment \$'000	Infrastructure Systems \$'000	Total \$'000
<i>Carrying amount 1 July</i>	—	542	2,859	33,892	37,293
<i>Additions</i>	67,272	2,353	2,023	44,749	116,397
<i>Write back adjustment to Prime cost</i>	—	(105)	(1,596)	—	(1,701)
<i>Depreciation expense</i>	—	(96)	(758)	—	(854)
<i>Write back adjustment to Accumulated Depreciation</i>	—	100	1,601	—	1,701
<i>Transfer to other Transport agencies</i>	—	—	—	(32,591)	(32,591)
Carrying amount 30 June	67,272	2,794	4,129	46,050	120,245
2001	Land \$'000	Leasehold Improvements \$'000	Plant and Equipment \$'000	Infrastructure Systems \$'000	Total \$'000
<i>Carrying amount 1 July</i>	—	—	1,527	13,604	15,131
<i>Additions</i>	—	587	2,062	45,745	48,394
<i>Depreciation expense</i>	—	(45)	(730)	—	(775)
<i>Transfer to other Transport agencies</i>	—	—	—	(25,457)	(25,457)
Carrying amount 30 June	—	542	2,859	33,892	37,293

The Department of Transport offset \$1.701M against the accumulated depreciation account representing the value of assets which have been fully depreciated as at 30 June 2002. Assets held by the Department of Transport are not for re-sale, apart from the land which will be sold when its intended use is exhausted.

	2002 \$'000	2001 \$'000
11. CURRENT ASSETS OTHER		
<i>Prepayments made under various schemes</i>	6,133	5,991
<i>Prepaid expenses</i>	427	268
	6,560	6,259
12. CURRENT LIABILITIES - PAYABLES		
<i>Creditors</i>	2,053	691
<i>Accruals</i>	25,270	20,728
<i>Prepaid Income</i>	8,584	3,621
	35,907	25,040
13. CURRENT LIABILITIES - EMPLOYEE ENTITLEMENTS		
<i>Accrued salaries and payroll tax</i>	604	472
<i>Provision for recreation leave</i>	1,865	2,536
	2,469	3,008
14. CURRENT/NON-CURRENT LIABILITIES – OTHER		
CURRENT LIABILITIES – OTHER		
<i>Liability to Consolidated Fund</i>	2,454	668
<i>Lease Liability</i>	34	49
	2,488	717
NON-CURRENT LIABILITIES – OTHER		
<i>Lease Liability</i>	39	73
<p>The lease liability represents the rent-free period for office accommodation in Parramatta. The lease liability is reduced by allocating future rental payments between rental expense and reduction in the liability.</p>		
15. CHANGES IN EQUITY		
<i>Balance at the beginning of the financial year</i>	38,773	120,814
<i>Changes in equity – transactions with Owners as owners</i>		
<i>Transfer of shares in National Rail Corporation for no consideration</i>	—	(111,875)
Total	—	(111,875)
<i>Changes in equity – other than transactions with owners as owners</i>		
<i>Surplus/(deficit) for year</i>	85,680	29,834
Total	85,680	29,834
Balance at the end of the financial year	124,453	38,773

	2002 \$'000	2001 \$'000
16. COMMITMENTS FOR EXPENDITURE		
(a) Capital Commitments		
<i>Aggregate capital expenditure contracted at balance date and not provided for:</i>	24,561	41,902
<i>Not later than 1 year</i>	24,525	34,092
<i>Later than 1 year but not later than 5 years</i>	36	7,810
<i>Later than 5 years</i>	—	—
Total (including GST)	24,561	41,902
(b) Other Expenditure Commitments		
<i>Aggregate other expenditure contracted for at balance date and not provided for:</i>		
<i>Not later than 1 year</i>	2,302	300
<i>Later than 1 year but not later than 5 years</i>	1	—
<i>Later than 5 years</i>	—	—
Total (including GST)	2,303	300
(c) Operating Lease Commitments		
<i>Future non-cancellable operating lease rentals not provided for and payable:</i>		
<i>Not later than 1 year</i>	3,034	2,884
<i>Later than 1 year but not later than 5 years</i>	8,460	8,505
<i>Later than 5 years</i>	—	1,008
Total (including GST)	11,494	12,397

The Department of Transport leases its motor vehicles, computers and office accommodation.

17. CONTINGENT ASSETS

The Department of Transport held performance bonds and deeds including bonds for \$110M relating to the sale of Freight Corporation.

18. CONTINGENT LIABILITIES

The Department of Transport has been involved in a court case relating to the introduction of smart cards. On 26 July 2002, Justice Adams of the NSW Supreme Court dismissed Cubic Transportation System's case. On 16 August 2002, Cubic Transportation System indicated their intention to appeal. They have three months from this date to outline the basis of the appeal.

The Department of Transport has commissioned a private sector study for the extension of the light rail in the Sydney central business district. The Department of Transport may be liable for reimbursement of the study costs if the extension does not go ahead. The compensation is not considered to be material.

In addition, the Department of Transport is involved in a number of contractual disputes relating to the construction of car parks/interchanges at Holsworthy, Wyong and Kogarah. At balance date the damages, if any, cannot be quantified but are not considered to be material.

19. BUDGET REVIEW

Net Cost of Services

The net cost of services for the year ended 30 June 2002 is \$95.2M below the budget of \$2.218Bn. The major contributions to this saving include:

- **Grants and subsidies** are \$9.829M under budget. While concessions funding to private bus and ferry operators increased by \$19.7M from 2000-01 to 2000-02, patronage growth was lower than budgeted for. Other contributing variances included reduction in the Port Kembla CSO funding requirements due to conditions in the international coal market and \$1.0M on Parramatta Rail Link project.
- **Employee-related expenses** are \$0.985M above budget due to grossing of salary charges. These additional costs were recovered and the revenue is included under sale of services.
- **Other expenses increased** by \$2.206M compared to budget. The increase is attributable to the Integrated Transport Ticketing project (introduction of smart cards). The additional costs were recovered from other transport agencies and the revenue is included under grants and contributions. There was a reduction in expenditure on the Integrated Transport Information Service with a corresponding reduction in income.
- **Sale of goods and services** are \$10.961M above budget due to higher sale of services including bus services for major events, recoupment of salaries and expenditure incurred on transitways. The budget figures were low, as it is difficult to predict with accuracy the level of services provided.
- **Retained taxes and fines** related to taxi drivers' accreditation fees collected for use by the Taxi Advisory Committee. The fees collected during the year amounted to \$1.702M of which only \$611K was spent during the year and is reported in the Statement of Financial Performance with the balance reported as prepaid revenue under current liabilities.
- **Grants and contributions:** At \$30.387M, grants and contributions are \$8.689M above budget. This increase is attributable to the cost of the integrated ticketing project system recouped from other transport agencies and an increase in HACC contributions of \$5.067M. These increases are partly offset by a reduction in the cost of the integrated transport information service.

Assets and Liabilities

The main changes in the statement are set out below:

- Cash held is over budget by \$22.746M. The Department of Transport holds Parking Space Levy funds of \$11.6M, Taxi Advisory Council \$3.1M, payments received in advance of \$6.6M and unspent Consolidated Fund allocation (to be returned to Treasury) of \$2.5M as at 30 June 2002.
- The higher receivables are due to outstanding Goods and Services Tax recoverable of \$6.116M, outstanding interest earnings of \$0.740M, project related recoupment of expenditure \$3.076M and Transport Administration fees of \$0.799M.
- **Non-Current Assets** – Infrastructure Systems include the cost of infrastructure projects (such as bus/rail interchanges and commuter carparks) in course of construction. In line with accounting policy, the cost of these projects is capitalised during the construction phase and then expensed on completion when the assets are transferred to other transport agencies for no consideration.

Land purchases at \$67M for use as works offices and for storage of equipment used during the course of construction of the Parramatta to Chatswood rail line are brought to account for the first time in the Department of Transport's Statement of Financial Position. This land will be disposed of on completion of the project.

	2002 \$'000	2001 \$'000
20. RECONCILIATION OF CASH FLOWS FROM OPERATING ACTIVITIES TO NET COST OF SERVICES		
<i>Net Cash (used) on Operating Activities</i>	36,901	14,725
<i>Cash flows from Government/Appropriations</i>	(2,208,467)	(2,130,067)
<i>Non-cash emerging value of private sector provided infrastructure</i>	4,641	4,640
<i>Reinstatement of infrastructure systems and land previously written off</i>	67,272	19,019
<i>Completed infrastructure assets</i>	(17,846)	(13,882)
<i>Acceptance by the Crown Entity of Employee Entitlements</i>	(1,778)	(1,465)
<i>Goods and Services Tax</i>	1,509	4,438
<i>Depreciation</i>	(854)	(775)
<i>Increase/(Decrease) in prepayments</i>	243	(1,414)
<i>Increase/(Decrease) in receivables</i>	2,723	(3,635)
<i>Increase/(Decrease) in creditors</i>	(7,122)	7,385
Net Cost of Services	(2,122,778)	(2,101,031)
21. NON-CASH FINANCING AND INVESTING ACTIVITIES		
During the year, the Department of Transport undertook the following non-cash financing and investing activities:		
<i>Employees' entitlements and liabilities assumed by the Crown Entity (Note 6)</i>	2,504	2,022
<i>National Rail Corporation shares transferred to NSW Treasury</i>	—	111,875
	2,504	113,897

	2002 \$'000	2001 \$'000	
22. ADMINISTERED ASSETS AND LIABILITIES			
Administered Assets			
<i>Cash (1)</i>	286	286	
<i>Receivables (2)</i>	1,223	1,009	
Total Administered Assets	1,509	1,295	
Administered Liabilities			
<i>Payables</i>	—	—	
Total Administered Liabilities	—	—	
<p>(1) This amount represents the unspent funds transferred from the Crown Entity for eventual expenditure on remediation of Lady Robinson's Beach, Botany Bay.</p> <p>(2) Port Cargo Access Charge accrued from Port Corporations for payment to the Crown Entity.</p>			
23. ADMINISTERED REVENUE – CROWN REVENUE			
<i>Private transport operators fees</i>	5,757	9,195	
<i>Rail operators accreditation fees</i>	1,932	1,386	
<i>Fines</i>	118	43	
<i>Port Cargo Access Charge</i>	11,147	11,130	
	18,954	21,754	
24. ADMINISTERED REVENUE – SCHEDULE OF UNCOLLECTED AMOUNTS			
<i>Uncollected administered revenue</i>	1,223	1,009	
	30 Days \$'000	90 Days \$'000	Total \$'000
<i>Receivables – rail accreditation fees</i> 2002	260	963	1,223
2001	954	55	1,009

25. FINANCIAL INSTRUMENTS

Cash

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

Receivables

All trade debtors are recognised as amount receivable at balance date. Collectability of trade debtors is reviewed on an ongoing basis. Debts, which are known to be uncollectable are written off. A provision for doubtful debts is raised when some doubt as to collection exists. The credit risk is the carrying amount (net of any provision for doubtful debts). No interest is earned on trade debtors. The carrying amount approximates net fair value. Sales are made on 30 days terms.

Trade creditors and Accruals

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. Treasurer's Direction 219.01 allows the Minister to award interest up to 20 percent for late payment.

(a) Interest Rate Risk

Interest rate risk is the risk that the value of the financial instruments will fluctuate due to changes in market interest rates. The exposure to interest rate risk and the effective interest rates of financial assets and liabilities both recognised and unrecognised at 30 June 2002 are as follows:

	Floating Interest rate		Non-Interest bearing		Total carrying amount as per statement of Financial Position		Weighted average effective interest rate	
	2002 \$'000	2001 \$'000	2002 \$'000	2001 \$'000	2002 \$'000	2001 \$'000	2002 %	2001 %
Financial Assets								
Cash	24,506	14,153	—	—	24,506	14,153	1.9	4.50
Receivables	—	—	14,045	9,906	14,045	9,906	N/A	N/A
Total	24,506	14,153	14,045	9,906	38,551	24,059		
Financial Liabilities								
Payable	—	—	40,903	28,838	40,903	28,838	N/A	N/A
Total	—	—	40,903	28,838	40,903	28,838	—	—

(b) 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 thereunder. The Department of Transport was not exposed to a credit risk from carrying amounts of financial assets in the Statement of Financial Position.

26. INVESTIGATION OF FRAUDULENT PRACTICES

The Department of Transport is investigating alleged fraudulent practices relating to the Taxi Transport Subsidy Scheme. The alleged fraudulent practices have been perpetrated by both users and suppliers of the service. Some cases are currently before the courts for amounts estimated up to \$150,000.

27. AFTER BALANCE DATE EVENTS

On 6 July 2002, the Director General, the Department of Transport, in his capacity as agent for Rail Infrastructure Corporation (RIC) and State Rail Authority (SRA), signed a contract valued at \$878.47M for the civil and systems works on the Parramatta Rail Link project. In this regard, RIC has a total commitment under the contract of \$748.84M with the Department of Transport having a commitment of \$129.63M.

End of audited financial statements