



Financial Statements

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Roads And Traffic Authority of New South Wales

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Section cover image: Photo taken by Brett Boardman of Westlink M7.

Independent Audit Report (Page 1)



GPO BOX 12
Sydney NSW 2001

INDEPENDENT AUDITOR'S REPORT

Roads and Traffic Authority of New South Wales and controlled entity

To Members of the New South Wales Parliament

I have audited the accompanying financial report of the Roads and Traffic Authority of New South Wales (the Authority), which comprises the balance sheet as at 30 June 2008, the operating statement, statement of recognised income and expense, and cash flow statement for the year then ended, a summary of significant accounting policies and other explanatory notes for both the Authority and the consolidated entity. The consolidated entity comprises the Authority and any entities it controlled at the year's end or from time to time during the financial year.

Auditor's Opinion

In my opinion, the financial report:

- presents fairly, in all material respects, the financial position of the Authority and the consolidated entity as at 30 June 2008, and of their financial performance and their cash flows for the year then ended in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations)
- is in accordance with section 41B of the *Public Finance and Audit Act 1983* (the PF&A Act) and the Public Finance and Audit Regulation 2005.

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

Chief Executive's Responsibility for the Financial Report

The Chief Executive is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the PF&A Act. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the Authority's preparation and fair presentation of the financial report 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 Authority's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Chief Executive, as well as evaluating the overall presentation of the financial report.

Independent Audit Report (Page 2)

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

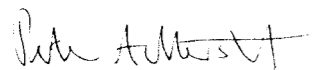
My opinion does *not* provide assurance:

- about the future viability of the Authority or consolidated entity,
- that they have carried out their activities effectively, efficiently and economically, or
- about the effectiveness of their internal controls.

Independence

In conducting this audit, the Audit Office of New South Wales has complied with the independence requirements of the Australian Auditing Standards and other relevant ethical requirements. The PF&A Act further promotes independence by:

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



Peter Achterstraat
Auditor-General

21 October 2008
SYDNEY

Statement by the Chief Executive and the Director, Finance and Commercial Development

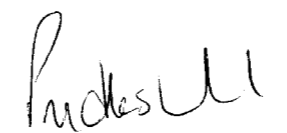
ROADS AND TRAFFIC AUTHORITY

YEAR ENDED 30 JUNE 2008

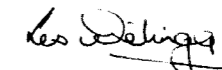
Pursuant to Section 41C (1B) and (1C) of the Public Finance and Audit Act 1983, we declare that in our opinion:

1. The accompanying financial statements exhibit a true and fair view of the Authority's financial position as at 30 June 2008 and transactions for the year then ended
2. The statements have been prepared in accordance with the provisions of the Public Finance and Audit Act 1983, the Public Finance and Audit Regulation 2005, the Treasurer's Directions and the directives of the Financial Reporting Code.

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



Paul Hesford
Director, Finance and Commercial Development
20 October 2008



Les Wielinga
Chief Executive
20 October 2008

Operating Statement For the Year Ended 30 June 2008

	Notes	Consolidated			Parent	
		Budget 2008 \$000	Actual 2008 \$000	Actual 2007 \$000	Actual 2008 \$000	Actual 2007 \$000
Expenses excluding losses						
Operating Expenses						
– Employee Related	2(a)	501,856	607,286	326,482	607,286	326,482
– Other Operating Expenses	2(b)	175,891	453,283	403,869	453,283	403,869
Maintenance	2(b)	774,408	755,365	687,844	755,365	687,844
Depreciation and Amortisation	2(c)	785,639	811,566	774,070	811,566	774,070
Grants and Subsidies	2(d)	40,906	53,573	10,119	53,573	10,119
Finance costs	2(e)	51,352	58,567	60,191	58,567	60,191
Total Expenses excluding losses		2,330,052	2,739,640	2,262,575	2,739,640	2,262,575
Revenue						
Sales of Goods and Services	3(a)	281,821	350,133	296,292	350,133	296,292
Investment Revenue	3(b)	6,385	15,352	7,900	15,352	7,900
Grants and Contributions	3(c)	28,183	190,334	244,599	190,334	244,599
Other Revenue	3(d)	86,691	104,275	104,820	104,275	104,820
Total Revenue		403,080	660,094	653,611	660,094	653,611
Gain on disposal	4(a)	222	15,692	3,337	15,692	3,337
Other losses	4(b)	(1,000)	(41,649)	(89,054)	(41,649)	(89,054)
Net Cost of Services	26	1,927,750	2,105,503	1,694,681	2,105,503	1,694,681
Government Contributions						
Recurrent Appropriation	5	1,429,710	1,421,222	1,449,120	1,421,222	1,449,120
Capital Appropriation	5	1,828,911	1,780,807	1,512,310	1,780,807	1,512,310
Total Government Contributions		3,258,621	3,202,029	2,961,430	3,202,029	2,961,430
SURPLUS FOR THE YEAR	18	1,330,871	1,096,526	1,266,749	1,096,526	1,266,749

The accompanying notes form part of these financial statements.

Statement of Recognised Income and Expense For the Year Ended 30 June 2008

	Notes	Consolidated			Parent	
		Budget 2008 \$000	Actual 2008 \$000	Actual 2007 \$000	Actual 2008 \$000	Actual 2007 \$000
Net increase/(decrease) in asset revaluation reserve	18	–	7,403,578	2,671,298	7,403,578	2,671,298
Total income and expense recognised directly in equity		–	7,403,578	2,671,298	7,403,578	2,671,298
Surplus for the Year	18	1,330,871	1,096,526	1,266,749	1,096,526	1,266,749
Total income and expense recognised for the year		1,330,871	8,500,104	3,938,047	8,500,104	3,938,047

The accompanying notes form part of these financial statements.

Balance Sheet as at 30 June 2008

	Notes	Consolidated			Parent	
		Budget 2008 \$000	Actual 2008 \$000	Actual 2007 \$000	Actual 2008 \$000	Actual 2007 \$000
ASSETS						
Current Assets						
Cash and cash equivalents	8	193,142	179,958	193,142	179,958	193,142
Receivables	9(a)	100,289	129,655	105,693	129,655	105,693
Inventories		8,034	10,245	8,034	10,245	8,034
Other	11(a)	54,799	–	49,395	–	–
		356,264	319,858	356,264	319,858	306,869
Non-current assets held for sale	12	60,958	71,122	60,958	71,122	60,958
Total Current Assets		417,222	390,980	417,222	390,980	367,827
Non-Current Assets						
Other financial assets	9(b)	98,250	98,402	90,763	98,402	90,763
Property, Plant and Equipment						
– Land and Buildings	10(a)	2,788,192	2,890,778	2,785,692	2,890,778	2,785,692
– Plant and Equipment	10(b)	99,807	140,279	97,361	140,279	97,361
– Infrastructure Systems	10(c)	72,331,148	79,784,043	71,422,844	79,784,043	71,422,844
Total property, plant and equipment		75,219,147	82,815,100	74,305,897	82,815,100	74,305,897
Intangible assets	11(c)	22,788	19,599	23,788	19,599	23,788
Other	11(b)	1,209,694	1,119,205	1,022,802	1,119,205	1,022,802
Total Non-Current Assets		76,549,879	84,052,306	75,443,250	84,052,306	75,443,250
Total Assets		76,967,101	84,443,286	75,860,472	84,443,286	75,811,077
LIABILITIES						
Current Liabilities						
Payables	13	436,333	551,601	434,365	955,840	730,875
Borrowings	14	146,946	120,622	146,855	120,622	146,855
Provisions	16	213,315	213,493	216,844	–	–
Other	17	128,172	150,584	132,234	147,544	127,110
Total Current Liabilities		924,766	1,036,300	930,298	1,224,006	1,004,840
Non-Current Liabilities						
Borrowings	14	610,017	632,778	692,080	632,778	692,080
Provisions	16	89,314	187,706	123,937	–	–
Other	17	663,875	667,303	695,551	667,303	695,551
Total Non-Current Liabilities		1,363,206	1,487,787	1,511,568	1,300,081	1,387,631
Total Liabilities		2,287,972	2,524,087	2,441,866	2,524,087	2,392,471
Net Assets		74,679,129	81,919,199	73,418,606	81,919,199	73,418,606
EQUITY						
Reserves	18	30,569,964	37,749,734	30,478,874	37,749,734	30,478,874
Accumulated Funds	18	44,109,165	44,169,465	42,939,732	44,169,465	42,939,732
Total Equity		74,679,129	81,919,199	73,418,606	81,919,199	73,418,606

The accompanying notes form part of these financial statements.

Cash Flow Statement For the Year Ended 30 June 2008

	Notes	Consolidated			Parent	
		Budget 2008 \$000	Actual 2008 \$000	Actual 2007 \$000	Actual 2008 \$000	Actual 2007 \$000
CASH FLOWS FROM OPERATING ACTIVITIES						
Payments						
Employee Related		(540,008)	(497,946)	(480,613)	(497,946)	(480,613)
Grants and Subsidies		(41,716)	(112,264)	(67,229)	(112,264)	(67,229)
Finance costs		(49,617)	(62,304)	(60,979)	(62,304)	(60,979)
Other		(1,204,878)	(1,279,682)	(1,477,556)	(1,279,682)	(1,477,556)
Total Payments		(1,836,219)	(1,952,196)	(2,086,377)	(1,952,196)	(2,086,377)
Receipts						
Sale of Goods and Services		280,821	288,553	495,418	288,553	495,418
Interest Received		6,385	15,416	8,148	15,416	8,148
Other		261,377	277,748	266,110	277,748	266,110
Total Receipts		548,583	581,717	769,676	581,717	769,676
Cash Flows from Government						
Recurrent Appropriation		1,429,710	1,421,222	1,421,070	1,421,222	1,421,070
Capital Appropriation		1,828,911	1,780,807	1,512,310	1,780,807	1,512,310
Net Cash Flows from Government		3,258,621	3,202,029	2,933,380	3,202,029	2,933,380
NET CASH FLOWS FROM OPERATING ACTIVITIES	26	1,970,985	1,831,550	1,616,679	1,831,550	1,616,679
CASH FLOWS FROM INVESTING ACTIVITIES						
Proceeds from Sale of Land and Buildings, Plant and Equipment and Infrastructure Systems		23,247	52,476	29,400	52,476	29,400
Purchases of Land and Buildings, Plant and Equipment and Infrastructure Systems		(1,906,525)	(1,804,037)	(1,595,677)	(1,804,037)	(1,595,677)
Other		(4,000)	–	–	–	–
NET CASH FLOWS FROM INVESTING ACTIVITIES		(1,887,278)	(1,751,561)	(1,566,277)	(1,751,561)	(1,566,277)
CASH FLOWS FROM FINANCING ACTIVITIES						
Proceeds from borrowings and advances		–	–	7,152	–	7,152
Repayment of borrowings and advances		(83,707)	(93,173)	(6,961)	(93,173)	(6,961)
NET CASH FLOWS FROM FINANCING ACTIVITIES		(83,707)	(93,173)	191	(93,173)	191
NET INCREASE /(DECREASE) IN CASH		–	(13,184)	50,593	(13,184)	50,593
Opening Cash and Cash Equivalents		193,142	193,142	142,549	193,142	142,549
CLOSING CASH AND CASH EQUIVALENTS	9	193,142	179,958	193,142	179,958	193,142

The accompanying notes form part of these financial statements.

Program Statement Expenses and Revenues For the Year Ended 30 June 2008

	Road development*		Road management*		Road user*		M4/M5 Cashback Scheme*		Not attributable		Total	
	2008 \$000	2007 \$000	2008 \$000	2007 \$000	2008 \$000	2007 \$000	2008 \$000	2007 \$000	2008 \$000	2007 \$000	2008 \$000	2007 \$000
Expenses excluding losses												
Operating Expenses												
– Employee Related	1,855	3,424	368,661	245,917	236,770	77,141	–	–	–	–	607,286	326,482
– Other Operating Expenses	162,592	170,092	90,120	59,976	104,911	86,777	95,660	87,024	–	–	453,283	403,869
Maintenance	–	–	755,365	687,844	–	–	–	–	–	–	755,365	687,844
Depreciation and Amortisation	794,309	757,716	7,593	7,196	9,664	9,158	–	–	–	–	811,566	774,070
Grants and Subsidies	–	–	–	–	53,573	10,119	–	–	–	–	53,573	10,119
Finance costs	58,567	60,191	–	–	–	–	–	–	–	–	58,567	60,191
Total Expenses excluding losses	1,017,323	991,423	1,221,739	1,000,933	404,918	183,195	95,660	87,024	–	–	2,739,640	2,262,575
Revenue												
Sales of Goods and Services	52,557	53,539	182,830	103,557	114,746	139,196	–	–	–	–	350,133	296,292
Investment Revenue	3,068	1,580	4,607	2,369	7,677	3,951	–	–	–	–	15,352	7,900
Grants and Contributions	175,837	232,006	9,789	9,744	4,708	2,849	–	–	–	–	190,334	244,599
Other Revenue	104,275	104,820	–	–	–	–	–	–	–	–	104,275	104,820
Total Revenue	335,737	391,945	197,226	115,670	127,131	145,996	–	–	–	–	660,094	653,611
Gain/(Loss) on disposal	15,692	3,337	–	–	–	–	–	–	–	–	15,692	3,337
Other gains/(losses)	(41,708)	(88,900)	–	–	59	(154)	–	–	–	–	(41,649)	(89,054)
Net Cost of Services	707,602	685,041	1,024,513	885,263	277,728	37,353	95,660	87,024	–	–	2,105,503	1,694,681
Government Contributions**									3,202,029	2,961,430	3,202,029	2,961,430
NET EXPENDITURE/ (REVENUE) FOR THE YEAR	707,602	685,041	1,024,513	885,263	277,728	37,353	95,660	87,024	(3,202,029)	(2,961,430)	(1,096,526)	(1,266,749)

ADMINISTERED REVENUE	Road development*		Road management*		Road user*		M4/M5 Cashback Scheme*		Not attributable		Total	
	2008 \$000	2007 \$000	2008 \$000	2007 \$000	2008 \$000	2007 \$000	2008 \$000	2007 \$000	2008 \$000	2007 \$000	2008 \$000	2007 \$000
Administered revenues												
Transfer receipts												
Consolidated Fund												
– Taxes, Fees and Fines									403,547	396,498	403,547	396,498
– Other									631,167	579,150	631,167	579,150
Total Administered Revenues	–	–	–	–	–	–	–	–	1,034,714	975,648	1,034,714	975,648

* The description and objectives of each program are summarised in Note 7.

** Appropriations are made on an agency basis and not to individual programs. Consequently, government contributions are included in the "Not Attributable" column.

Summary of Compliance with Financial Directives For the Year Ended 30 June 2008

	2008				2007			
	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
Original Budget Appropriation/ Expenditure								
Appropriation Act	1,429,711	1,406,402	1,828,911	1,775,307	1,412,889	1,407,693	1,524,912	1,512,310
Additional Appropriations								
s21A PF&AA – special appropriation								
s24 PF&AA – transfers of functions between departments								
s26 PF&AA – Commonwealth specific purpose payments			(51,399)					
Other Appropriation/ Expenditure								
Treasurer's advance	9,820	9,820	5,500	5,500	31,529	31,529		
Section 22 – expenditure for certain works and services								
Section 22A(2) – Motor Vehicle Taxation Act (hypothecation of motor vehicle tax)	5,000	5,000			9,000	9,000		
Section 225 – Roads Act (hypothecation of heavy vehicle overloading fines)					898	898		
Transfers to/from another agency (s32 of the Appropriations Act)	(129)				(965)			
* Other adjustments								
Total Appropriations/ Expenditure/Net Claim on Consolidated Fund (includes transfer payments)	1,444,402	1,421,222	1,783,012	1,780,807	1,453,351	1,449,120	1,524,912	1,512,310
Amount drawn down against Appropriation		1,421,222		1,780,807		1,449,120		1,512,310
Liability to Consolidated Fund		–		–		–		–

The summary of Compliance is based on the assumption that Consolidated Fund moneys are spent first.

Consolidated funding for the RTA's Road Program is classified as recurrent and capital appropriation based upon the way in which the appropriations are expended. The Program, as part of its appropriation, receives all the revenue from motor vehicle taxes in accordance with the Motor Vehicle Taxation Act, with the level of the funds from the motor vehicle taxes not known until 30 June each year.

Notes to and forming part of the Financial Statements of the Roads and Traffic Authority for the year ended 30 June 2008

I. Summary of significant accounting policies

(a) Reporting Entity

The Roads and Traffic Authority (the RTA) was established in 1989 under the *Transport Administration Act 1988*. The Authority comprises of all the entities under its control and it reports on the following transactions:

Roads and Traffic Authority

- Testing and licensing drivers and registering and inspecting vehicles;
- Managing road usage to achieve consistent travel times, particularly during peak periods, by reducing congestion delays and helping the community use the road system more effectively;
- Improving road safety by encouraging better road user behaviour, ensuring compliance with regulations, improving roads and enhancing vehicle standards;
- Arterial road development, construction and maintenance, to meet community, environmental, regulatory and economic needs; and
- Administration of the M4/M5 Cashback Scheme.

Roads and Traffic Authority Division (The Division)

The Division was established on 17 March 2006 pursuant to Part 2 of Schedule 1 of the *Public Sector Employment and Management Act 2002*. The Divisions objective is to provide the personnel services to the RTA.

The accounts of the RTA are consolidated as part of the NSW Total State Sector Accounts, except in regard to the reporting of Land Under Roads (AASB 1045 Land Under Roads).

The RTA is a not-for-profit reporting entity for accounting purposes and it has no cash generating units.

This consolidated financial report for the year ended 30 June 2008 has been authorised for issue by the Audit and Risk Committee on 8 October 2008.

(b) Basis of Preparation

The RTA's consolidated financial report is a general purpose financial report which has been prepared in compliance 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 (FRC) for Budget Dependent General Government Sector Agencies or issued by the Treasurer under Section 9(2) (n) of the *Public Finance and Audit Act 1983*.

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

Property, plant and equipment, 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.

Cost is based on the fair value of the consideration given in exchange for assets.

Judgements, estimates and associated assumptions made by management about carrying values of assets and liabilities are disclosed in the relevant notes to the financial statements.

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

(c) New Australian Accounting Standards and Interpretations

The RTA did not early adopt any new accounting standards that are not yet effective.

The following new Accounting Standards and Interpretations have not yet been adopted and are not effective as at 30 June 2008:

AASB & Interpretations	AASB Standards & Interpretations
AASB 8	AASB 8 <i>Operating Segments</i> and 2007–3 Amendments to Australian Accounting Standards arising from AASB 8 (1 January 2009)
AASB 123	AASB 123 <i>Borrowing Costs</i> and 2007–6 Amendments to Australian Accounting Standards arising from AASB 123 (1 January 2009)
AASB 101	AASB 101 <i>Presentation of Financial Statements</i> and 2007–8 Amendments to Australian Accounting Standards arising from AASB 101 (1 January 2009)
AASB 1004	AASB 1004 <i>Contributions</i> (1 July 2008)
AASB 127	AASB 127 <i>Consolidated and Separate Financial Statements</i> and 2008–3 Amendments to Australian Accounting Standards arising from AASB 3 and AASB 127 (1 July 2009)
AASB 1049	AASB 1049 <i>Whole of Government and General Government Sector Financial Reporting</i> and 2007–9 Amendments to Australian Accounting Standards arising from the review of AASs 27, 29 and 31 (1 July 2008)
AASB 1050	AASB 1050 <i>Administered Items</i> (1 July 2008)
AASB 1051	AASB 1051 <i>Land Under Roads</i> (1 July 2008)
Interpretation 4	Interpretation 4 Determining whether an Arrangement contains a Lease (1 January 2008)
Interpretation 12	Interpretation 12 Service Concession Arrangements (1 January 2008) & AASB 2007–2 Amendments to Australian Accounting Standards arising from AASB Interpretation 12 (1 January 2008)
Interpretation 14	Interpretation 14 Limit on a defined benefit asset (1 January 2008)
Interpretation 129	Interpretation 129 Service Concession Arrangements: Disclosures (1 January 2008)

It is considered that the adoption of these Standards and Interpretations in future periods will have no material financial impact on the financial statements of the RTA, except in AASB 1051 where depending on Treasury mandated policy, the impact may be significant. At this time it is not possible to reasonably estimate the impact.

(d) Principles of Consolidation

This financial report has been consolidated in accordance with Australian Accounting Standard AASB 127 *Consolidated and Separate Financial Statements* and includes the assets, liabilities, equities, revenues and expenses of the RTA including those entities controlled by the RTA.

The Division is a controlled entity of the RTA. Control is achieved when one entity has the power to govern the financial and operating policies of another entity.

In the process of preparing the consolidated financial report for the economic entity consisting of the controlling and controlled entities, all inter-entity transactions and balances have been eliminated.

(e) Administered Activities

The RTA administers, but does not control, the collection of various fees, fines and levies on behalf of the Crown Entity. Monies collected on behalf of the Crown Transactions Entity are not recognised as the RTA's revenues but are separately disclosed in the Program Statement – Expenses and Revenues. The RTA 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 its own objectives.

Transactions and balances relating to the administered activities are not recognised as the authority's revenue, expenses, assets and liabilities, but are disclosed in the accompanying schedules as "Administered Revenue and Administered Liabilities".

Expenses incurred in collecting monies on behalf of the Crown Entity are recognised as the RTA's expenses and are reported within the Road Safety Licensing and Vehicle Management Program.

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

(f) Income Recognition

Income is measured at the fair value of the consideration or contribution received or receivable. Income is recognised when the Authority has control of the good or right to receive, it is probable that the economic benefits will flow to the Authority and the amount of the income can be measured reliably. The accounting policies for the recognition of income 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 income when the Authority obtains control over the assets comprising the appropriations and contributions. Control over appropriations and contributions is normally obtained upon the receipt of cash.

Unspent appropriations at year end are accounted for as a liability to the Consolidated Fund.

(ii) Sale of Goods and Rendering of Services

Revenue from the sale of goods is recognised when the agency transfers the significant risks and rewards of ownership of the assets. User charges are recognised as revenue when the RTA obtains control of the assets that result from them.

Revenue from the rendering of services is recognised when the service is provided or by reference to the stage of completion.

(iii) Rental income

Rental income is recognised as revenue on accrual basis, in accordance with AASB 117 *Leases* on a straight – line basis over the lease term.

(iv) Investment Revenue

Interest revenue is recognised using the effective interest method as set out in AASB 139 *Financial Instruments: Recognition and Measurement*.

(v) Gains and Losses (in the Operating Statement)

Gains and losses generally arise from adjustments to the measurement of assets and liabilities. They include gains and losses on asset disposals and fair value adjustments to physical and financial assets.

(vi) Emerging Interests in Private Sector Provided Infrastructure (PSPI) projects

The value of the emerging right to receive the PSPI asset is treated as the compound value of an annuity that accumulates as a series of equal annual receipts together with a calculated notional compound interest. The discount rate used is the NSW TCorp 10-year government bond at the commencement of the concession period.

In relation to the right to receive infrastructure assets, the recognition is on a progressive basis relative to the contract period.

(vii) Amortisation of Deferred Revenue on PSPI Projects

Reimbursement of development costs in the form of up front cash payments are treated as deferred revenue with an annual amortisation amount recognised over the life of the concession period.

(g) Employee Benefits and Other Provisions

(i) Salaries and Wages, Annual Leave, Sick Leave and On costs

Liabilities for salaries, wages (including non-monetary benefits) and annual leave that fall due wholly within 12 month of the reporting date are recognised and measured in respect of employees' services up to the reporting date where it is probable that settlement will be required and where they are capable of being measured reliably on an undiscounted basis.

Long term annual leave that is not expected to be taken within twelve months is measured at present value in accordance with AASB 119 *Employee Benefits*. Market yields on government bonds are used to discount long-term annual leave.

Sick leave accrued by employees of the RTA is all non-vesting and does not give rise to a liability as it is not considered probable that sick leave taken in the future will be greater than the benefits accrued in the future.

The outstanding amounts of payroll tax and fringe benefits tax, which are consequential to employment, are recognised as liabilities and expenses where the employee benefits to which they relate have been recognised. Workers compensation that may be applicable to leave entitlements has not been recognised as this expense is based on actual premiums paid, determined from past claims history, and not as a general percentage raise on salaries and wages.

(ii) Long Service Leave and Superannuation

RTA is responsible for the long service leave liability for employees with 5 or more years of service and all superannuation liabilities. These liabilities are recognised in the Balance Sheet.

The long service leave is measured at present value in accordance with AASB 119 *Employee Benefits*. This is based on the application of the valuation ratio at the 10 year Commonwealth government bond rate at the reporting date to employees with five or more years of service, using current rates of pay. This ratio is determined based on an actuarial review to approximate present value.

In accordance with AASB 101, all annual leave and unconditional long service leave are classified as current liabilities, even where the authority does not expect to settle the liability within 12 months. This does not necessarily align with the distinction between short-term and long-term employee benefits under AASB 119.

Defined contribution plans

Contributions to defined contribution superannuation plans are expensed when incurred.

Defined benefit plans

For defined benefit plans, the actuarial valuations are carried out at each reporting date by Pillar Administration and the actuarial gains and losses are recognised immediately through profit and loss in the period in which they occur as per NSW Treasury's mandate.

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

(iii) Other Provisions

Other provisions exist when, the RTA 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 an agency has a detailed formal plan and the agency 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 6.50%, which is a pre-tax rate that reflects the current market assessments of the time value of money and the risks specific to the liability.

(h) Borrowing Costs

Borrowing costs are recognised as an expense in the period in which they are incurred, in accordance with Treasury's Mandate to general government sector agencies. Financing costs relating to specific assets are capitalised.

(i) Insurance

The RTA's insurance activities are conducted through the NSW Treasury Managed Fund Scheme. The expense (premium) is determined by the Fund Manager based on past experience. CTP Insurance is arranged with a private sector provider by NSW Treasury.

The RTA, from October 2001, introduced a Principal Arranged Insurance Scheme, which provides cover for all parties involved in its construction projects and the premium is amortised over the term of the contract.

(j) Accounting for the Goods and Services Tax (GST)

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

- The amount of GST incurred by the RTA as a purchaser that is not recoverable from the Australian Taxation Office (ATO) is recognised as part of the cost of acquisition of an asset or as part of an item of expense.
- Receivables, payables, accruals and commitments are stated with the amount of GST included.
- Cash flows are included in the cash flow statement 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.

(k) Asset Management Policy

Acquisition

The cost method of accounting is used for the initial recording of all acquisitions of assets controlled by the RTA. Cost is the amount of cash or cash equivalents paid for 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 specific requirements of other Australian Accounting Standards.

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

Assets acquired at no cost, or for nominal consideration, are initially recognised 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 knowledgeable, willing parties in an arm's length transaction.

Capitalisation

Property, plant and equipment and intangible assets costing above \$10,000 individually or forming part of a network costing more than \$10,000 are capitalised. Some computer equipment and intangible assets costing above \$1,000 are capitalised.

Valuation and depreciation

Physical non-current assets are valued in accordance with the 'Valuation of Physical Non-Current Assets at Fair Value' Policy and Guidelines Paper (TPP 07-01). This policy adopts fair value in accordance with AASB 116 *Property, Plant and Equipment*.

Property, plant and equipment is measured on an existing use basis, where there are no feasible alternative uses in the existing natural, legal, financial and socio-political environment. However, in the limited circumstances where there are feasible alternative uses, assets are valued at their highest and best use.

Fair value of property, plant and equipment is determined based on the best available market evidence, including current market selling prices for the same or similar assets. Where there is no available market evidence, the asset's fair value is measured at its market buying price, the best indicator of which is depreciated replacement cost.

The RTA re-values each class of property, plant and equipment at least every five years or with sufficient regularity to ensure the carrying amount of each asset in the class does not differ materially from its fair value at reporting date.

Non-specialised assets with short useful lives are measured at depreciated historical cost, as a surrogate for fair value.

When revaluing non-current assets by reference to current prices for assets newer than those being revalued (adjusted to reflect the present condition of the assets), the gross amount and the related accumulated depreciation are separately restated.

Otherwise, any balances of accumulated depreciation existing at 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 surplus/deficit, the increment is recognised immediately as revenue in the surplus/deficit.

Revaluation decrements are recognised immediately as expenses in the surplus/deficit, except that, to the extent that a credit balance exists in the asset revaluation reserve in respect of the same class of assets, they are debited directly to the asset revaluation reserve.

As a not-for-profit entity, revaluation increments and decrements are offset against one another within a class of non-current assets, but not otherwise.

Where an asset that has previously been revalued is disposed of, any balance remaining in the asset revaluation reserve, in respect of that asset, is transferred to accumulated funds.

Impairment of property, plant and equipment

As a not-for-profit entity with no cash generating units, the Authority is effectively exempted from AASB 136 *Impairment of assets and impairment testing*. This is because AASB 136 modified the recoverable amount test to the higher of fair value less costs to sell and depreciated replacement cost. This means that, for an asset already measured at fair value, impairment can only arise if selling costs are material. Selling costs are regarded as immaterial.

(i) Plant and Equipment

Asset	Valuation Policy	Depreciation Policy
Plant, Equipment and Vehicles	Depreciated historical cost	Depreciated on the straight line method over the estimated useful life of between 5 and 20 years
Computer Hardware	Depreciated historical cost	Depreciated on the straight line method over the estimated useful life of between 3 and 5 years
Electronic Office Equipment	Depreciated historical cost	Depreciated on the straight line method over the estimated useful life of 10 years

The carrying amount is considered to reflect the fair value of these assets.

Depreciation and valuation policies in respect of operational assets are subject to annual review.

Estimates of useful life for depreciation and amortisation purposes have been determined with due regard to a number of factors including the expected retention period by the entity and the underlying physical, technical and commercial nature of the assets as defined in AASB 116 *Property, Plant and Equipment*. In accordance with this standard the shortest alternative useful life is applied.

(ii) Land and Buildings

Asset	Valuation Policy	Depreciation Policy
Land and Buildings in Service Works Administration Properties Officers Residences	Land and buildings in service are generally valued at value in use (land) and written down replacement cost (buildings). Where such properties are rented externally they are valued at current market value. Land and Buildings in Service are revalued annually.	Buildings – Depreciated on the straight line basis over the estimated useful life of 40 years.
Land and Buildings Acquired for Future Roadworks Rentable or Surplus Properties	Current Market Value The average Rateable Value Per Hectare of Urban and Rural Areas within each Local Government Area (LGA). The distinction between urban and rural areas was determined by reference to the general land classification profile within each LGA. Land and Buildings Acquired for Future Roadworks are revalued progressively over a 3 year cycle. The current revaluation cycle commenced 2005/2006.	No depreciation charged as buildings are not purchased to generate revenue but ultimately to be demolished for roadworks.
Vacant land	The average Rateable Value Per Hectare of Urban and Rural Areas within each Local Government Area (LGA). The distinction between urban and rural areas was determined by reference to the general land classification profile within each LGA.	No depreciation charged on vacant land.
Leasehold Improvements (Minimum capital value \$10,000)	Written down historic cost/revalued amount.	Amortised over the period of the lease, or the useful life of the improvement to the RTA, whichever is shorter.

Included in the value of land and buildings in service is an amount of \$14.911 million (2006/2007; \$12.831 million) for buildings on Crown land. As the RTA effectively "controls" this Crown land, it has been included in the RTA's Balance Sheet. Should such Crown land be transferred or disposed of, associated buildings are written off in the year the transfer or disposal takes place.

The RTA's land and buildings are valued by registered valuers. Land and Buildings Acquired for Future Roadworks comprise Untenanted Land for Roads which is revalued annually and Rental Properties and Surplus Properties which are revalued progressively within a 3 year timeframe. The selection of assets within Land and Buildings Acquired for Future Roadworks to be revalued in each reporting period within the current progressive revaluation is made by reference to the asset's acquisition date or previous revaluation date.

Commencement date of the current progressive revaluation: 1 July 2005

Completion date of the current progressive revaluation: 30 June 2008

For details refer to Note 10(a)

(iii) Infrastructure Systems

Asset	Valuation Policy	Depreciation Policy
Roads:		Depreciated over estimated useful life of 100 years
Earthworks	Written down replacement cost	
Pavement	Written down replacement cost	Depreciated over estimated useful life dependant on pavement surface 15 years (unsealed) 20–50 years (flush seal/asphalt) 25–50 years (asphalt/concrete) 40–50 years (concrete)
Bridges:	Written down replacement cost	Depreciated over estimated useful life dependant on bridge type
Timber structure		60 years
Concrete structures		100 years
Steel structures		100 years
X Trusses (timber and steel)		60 years
High Value Bridges		200 years
Bridge Size Culverts/Tunnels		100 years
Traffic Signals	Written down replacement cost	Depreciated over estimated useful life of 20 years
Traffic Control Network:	Written down replacement cost	Depreciated over estimated useful life of
Traffic Systems		5–20 years
Transport Management Centre		5–20 years
Variable Message Signs		30 years
Land under roads and within road reserves	The average Rateable Value Per Hectare of Urban and Rural Areas within each Local Government Area (LGA). The distinction between urban and rural areas was determined by reference to the general land classification profile within each LGA.	No depreciation applied as land does not have a limited useful life

The determination of unit replacement rates for road, bridge and traffic control signal infrastructure valuations is carried out at least every five years by suitably qualified engineering contractors and employees of the RTA.

These assets are recorded initially at construction cost and the annual percentage increase in the Road Cost Index (RCI) is applied each year until the following unit replacement review is undertaken. Subsequent to the review, infrastructure is valued using the unit replacement rates, adjusted by the Road Cost Index as applicable.

In respect of land under roads and within road reserves, for 2007/2008 valuations were calculated using the average Rateable Value Per Hectare of urban and rural areas within each Local Government Area (LGA). The distinction was made between urban and rural areas by reference to the general land classification profile within each LGA.

In 2007/2008 the data was provided by the Local Government Grants Commission and the Valuer General, on which the valuations of average rateable value are ordinarily based.

Major works-in-progress are valued at construction cost and exclude the cost of land, which is currently disclosed as land under roads.

(iv) Intangible Assets

The RTA recognises intangible assets only if it is probable that future economic benefits will flow to the RTA and the cost of the asset can be measured reliably. Intangible assets are measured initially at cost. Where an Intangible asset is acquired at no or nominal cost, the cost is its fair value as at the date of acquisition.

All research costs are expensed. Development costs are only capitalised when the following criteria are met:

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

The useful lives of intangible assets are assessed to be finite and are carried at cost less any accumulated amortisation.

Asset	Valuation Policy	Amortisation Policy
Intangible Assets	Depreciated Historical cost	Amortised on the straight line method over the estimated useful life of between 3 and 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.

(v) Private Sector Provided Infrastructure (PSPI)

The RTA has recognised an infrastructure asset in respect of the Sydney Harbour Tunnel. It has been valued at the estimated current written down replacement cost of the Tunnel at the date of transfer to the RTA in 2022 (refer Note 11 (b)).

In respect of the M2, M4, M5 Motorways, the Eastern Distributor, the Cross City Tunnel, the Westlink M7 Motorway and the Lane Cove Tunnel, the RTA values each right to receive asset by reference to the RTA's emerging share of the written down replacement cost of each asset apportioned using an annuity approach. Under this approach, the ultimate value of the right to receive the property is treated as the compound value of an annuity that accumulates as a series of equal annual receipts together with an amount representing notional compound interest. The discount rate used is the 10-year NSW government bond rate applicable at the commencement of the concession period. The increase in RCI for the financial year ended 30 June 2005/06 of 3.8% was used as the annual index applied to calculate the estimated value of the PSPI projects at the end of their concession periods.

(vi) Cultural Collection Assets

The RTA has minor Cultural Collection items such as prints, drawings and artefacts that cannot be reliably valued and are considered immaterial.

(vii) Leased Assets

A distinction is made between finance leases, which effectively transfer from the lessor to the lessee substantially all the risks and benefits incidental to ownership of the leased assets, and operating leases under which the lessor effectively retains all such risks and benefits.

Where a non-current asset is acquired by means of a finance lease, the asset is recognised at its fair value at the commencement of the lease. The corresponding liability is established at the same amount. Lease payments are allocated between the principal component and the interest incurred.

Operating lease payments are charged to the operating statement in the periods in which they are incurred.

(l) Major Inspection Costs

The labour cost of performing major inspections for faults is recognised in the carrying amount of an asset as a replacement of a part, if the recognition criteria are satisfied.

(m) 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.

(n) Maintenance and Repairs

The costs of day-to-day servicing costs or maintenance are charged as expenses as incurred, except where they relate to the replacement of a part or component of an asset, in which case the costs are capitalised and depreciated over the life of the asset.

(o) Inventories

Inventories held for distribution are stated at cost. Cost is calculated using the weighted average cost or "first in first out" method. Inventories consist mainly of raw materials and supplies used for the construction and maintenance of roads, bridges and traffic signals.

The cost of inventories acquired at no cost or for nominal consideration is the current replacement cost as at the date of acquisition. Current replacement cost is the cost the agency would incur to acquire the asset on the reporting date.

Inventories (other than those held for distribution) are stated at the lower of cost and net realisable value. Cost is calculated using the weighed average cost or "first in first out" method.

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.

(p) Capitalisation of Expenditure

Expenditure (including employee costs and depreciation) in respect of road development and construction, bridge and tunnel replacement and some road safety and traffic management are capitalised as infrastructure systems (refer to Note 2(a)).

(q) Non-current Assets held for sale

The RTA has certain non-current assets classified as held for sale, where their carrying amount will be recovered principally through a sale transaction, not through continuing use. This condition is regarded as met when the sale is highly probable, the asset is available for immediate sale in its present condition and the sale of the asset is expected to be completed within one year from the date of classification. Non-current assets held for sale are recognised at the lower of carrying amount and fair value less costs to sell. These assets are not depreciated while they are classified as held for sale.

(r) Other Assets

Other assets including prepayments are recognised on a cost basis.

(s) 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 under s21A, s24 and/or s26 of the *Public Finance and Audit Act 1983*.

The budgeted amounts in the Operating Statement and Cash Flow Statement are generally based on the amounts disclosed in the NSW Budget Papers (as adjusted above). However in the Balance Sheet the amounts vary from the Budget Papers, as the opening balances of the budgeted amounts are based on carried forward actual amounts: ie per the audited financial statements (rather than carried forward estimates)

(t) Financial Instruments

The following accounting policies were applied to accounting for financial instruments. Additional disclosures regarding carrying amount and risk management disclosures are presented at Notes 15.

(a) Financial Assets

(i) Cash and Cash Equivalents

Cash and cash equivalents in the balance sheet comprise cash at bank and on hand, short term deposits with an original maturity of three months or less, deposits in the NSW Treasury Corporation's (TCorp) Hour-Glass managed Fund Cash Facility, and at Call deposits with Financial Institutions. These financial assets are not quoted in an active market and are considered to have an insignificant risk of changes in value. Bank overdrafts are included within liabilities.

In accordance with AASBI 39, cash and cash equivalents as disclosed in the Balance Sheet are measured at fair value with interest revenue accrued as earned such that fair value is reflected at no less than the amount payable on demand.

For the purposes of the Cash Flow Statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

(ii) Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These financial assets are recognised initially at fair value, usually based on the transaction cost or face value. Subsequent measurement is at amortised cost using the effective interest method, less an allowance for any impairment of receivables. Short-term receivables with no stated interest rate are measured at the original invoice amount where the effect of discounting is immaterial. An allowance for impairment of receivables is established when there is objective evidence that the entity will not be able to collect all amounts due. The amount of the allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. Bad debts are written off as incurred.

(iii) Other Financial Assets

Other financial assets consist of non-derivative financial assets which are valued using the effective interest rate method (refer Note 9(b)).

(iv) Financial Guarantees

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Financial guarantee contracts are recognised as a liability at the time the guarantee is issued and initially measured at fair value, where material.

After initial recognition, the liability is measured at the higher of the amount determined in accordance with AASB 137 *Provisions, Contingent Liabilities and Contingent Assets* and the amount initially recognised, less accumulated amortisation, where appropriate.

The RTA carries out minor works contracts for entities outside of the NSW public sector. In order to tender for the contracts and remain on an equal footing the RTA is required to lodge a security deposit in the form of bank guarantee. Under the *Public Authorities and (Financial Arrangements) Act 1987*, the RTA has an approved limit of \$3M till 30 June 2010 from TCorp.

The RTA has reviewed its financial guarantees and determined that there is no material liability to be recognised for financial guarantee contracts at 30 June 2008 and at 30 June 2007. However, refer Note 22 regarding disclosures on contingent liabilities.

(v) Impairment of Financial Assets

All financial assets, except those measured at fair value through profit and loss, are subject to an annual review for impairment. An allowance for impairment is established when there is objective evidence that the entity will not be able to collect all amounts due.

For financial assets carried at amortised cost, the amount of the allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the impairment loss is recognised in the operating statement.

Any reversals of impairment losses are reversed through the operating 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.

(vi) Derecognition of Financial Assets

A financial asset is derecognised when the contractual rights to the cash flows from the financial assets expire or if the RTA transfers the financial asset:

- where substantially all the risks and rewards have been transferred; or
- where the RTA has not transferred substantially all the risks and rewards, if the entity has not retained control.

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

(b) Financial Liabilities

(i) Payables

These amounts represent liabilities for goods and services provided to the RTA and other amounts, including interest. Payables are recognised initially at fair value, usually based on the transaction cost or face value. Subsequent measurement is at amortised cost using the effective interest method. Short-term payables with no stated interest rate are measured at the original invoice amount where the effect of discounting is immaterial.

(ii) Borrowings:

Borrowings are recorded initially at fair value, net of transaction costs. Loans are not held for trading and are recognised at amortised cost using the effective interest method. Amortised cost is the face value of the debt less unamortised premiums. The discount or premiums are treated as finance charges and amortised over the term of the debt.

(iii) Derecognition of Financial Liabilities

A financial liability is derecognised when the obligation specified in the contract is discharged or cancelled or expires.

When a lender replaces an existing financial liability with one on significantly different or modified terms, the Authority derecognises the original liability and recognises the new liability. It then recognises the difference in their carrying amounts in the Operating Statement.

(u) Equity transfers

The transfer of net assets between agencies as a result of an administrative restructure, transfer of programs / functions and parts thereof between NSW public sector agencies is designated as a contribution by owners and is 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 departments are recognised at the amount at which the asset was recognised by the transferor government department immediately prior to the restructure. In most instances this will approximate fair value. All other equity transfers are recognised at fair value.

(v) Comparative information

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.

2. Expenses excluding losses

(a) Employee Related Expenses

Employee related expenses comprise the following specific items:

	Consolidated		Parent	
	2008 \$000	2007 \$000	2008 \$000	2007 \$000
Salaries and Wages (including recreation leave)	342,640	325,563	–	–
Skill Hire Contractors	51,710	44,924	51,710	44,924
Long Service Leave	16,307	(4,797)	–	–
Superannuation – defined benefit plan	138,962	(109,256)	–	–
Superannuation – defined contribution	17,403	15,771	–	–
Workers Compensation Insurance	5,133	4,113	–	–
Payroll Tax and Fringe Benefits Tax	26,246	25,041	–	–
Personnel services	–	–	555,576	281,558
Redundancy	3,711	6,848	–	–
Other	5,174	18,275	–	–
	607,286	326,482	607,286	326,482
Allocations of Employee Related Expenses to Programs				
– Capitalised to infrastructure	214,875	201,247	214,875	201,247
– Operating Programs (including maintenance)	607,286	326,482	607,286	326,482
	822,161	527,729	822,161	527,729

Included in the above are employee related expenses of \$280.190million (2007: \$218.507) related to maintenance. In addition to \$607.286 million, employee related expenses of \$214.875 million (2007: \$201.247million) was capitalised to infrastructure assets.

(b) Other Operating Expenses

Auditor's remuneration– audit of financial reports	589	578	589	578
Consultants and other Contractors	54,384	47,387	54,384	47,387
Fleet hire and lease charges	47,405	52,139	47,405	52,139
M4/M5 Cashback refund	95,660	87,024	95,660	87,024
Data processing	43,295	50,810	43,295	50,810
Advertising	21,644	21,466	21,644	21,466
Payments to Councils and ext. bodies	98,073	83,316	98,073	83,316
Lease and property expenses	56,546	67,962	56,546	67,962
Travel and legal expenses	36,152	36,743	36,152	36,743
Office expenses	42,326	14,627	42,326	14,627
Other	84,843	30,994	84,543	30,994
Contract Payments	207,998	235,667	207,998	235,667
Capitilisation	(335,331)	(324,844)	(335,331)	(324,844)
	453,283	403,869	453,283	403,869

(i) Infrastructure Maintenance

Major reconstruction of road segments are capitalised and as such not charged against maintenance expenditure. The RTA capitalised \$138.561 million of such works (2006/2007 \$105.190 million).

The RTA expended \$40.560 million in 2007/2008 (2006/2007; \$13.459 million) on natural disaster restoration works from State funds. The total cost of natural disaster restoration work in 2007/2008 was \$40.560 million (2006/2007 \$13.459 million), which was included as part of maintenance expenditure.

	Consolidated		Parent	
	2008 \$000	2007 \$000	2008 \$000	2007 \$000
Maintenance expenses in operating statement	755,365	687,844	755,365	687,844
Maintenance related employee expenses	280,190	218,507	280,190	218,507
Total maintenance expenses including employee related	1,035,555	906,351	1,035,555	906,351

(c) Depreciation and Amortisation

Depreciation Raised against Operational and Property Assets	17,258	16,353	17,258	16,353
Depreciation raised against Infrastructure	789,710	753,094	789,710	753,094
Amortisation of Intangible Assets	4,598	4,623	4,598	4,623
	811,566	774,070	811,566	774,070

(d) Grants and Subsidies

Grants Under Road Safety Program	10,069	10,119	10,069	10,119
Roads transferred to Council	43,504	–	43,504	–
	53,573	10,119	53,573	10,119

(e) Finance Costs

Interest expense from financial liabilities not at fair value through profit or loss	52,371	52,626	52,371	52,626
Debt Guarantee	3,000	3,000	3,000	3,000
Other	3,196	4,565	3,196	4,565
	58,567	60,191	58,567	60,191

3. Revenue

(a) Sale of Goods and Services

	Consolidated		Parent	
	2008 \$000	2007 \$000	2008 \$000	2007 \$000
Sale of Goods				
Number Plates	72,749	66,842	72,749	66,842
Rendering of Services				
Third Party Insurance Data Access Charges	13,838	13,210	13,838	13,210
Toll Revenue (Sydney Harbour Bridge)	89,930	79,059	89,930	79,059
E-tag Revenue	8,429	4,773	8,429	4,773
Heavy Vehicle Permit Fees	1,290	1,078	1,290	1,078
Sanction Fees Payable under the Fines Act	8,745	7,115	8,745	7,115
Rental Income	23,320	20,073	23,320	20,073
Works and services	58,391	50,514	58,391	50,514
Advertising	10,403	8,589	10,403	8,589
Fees for services	41,689	30,534	41,689	30,534
Publications	6,223	6,524	6,223	6,524
Miscellaneous services	15,126	7,981	15,126	7,981
	350,133	296,292	350,133	296,292

(b) Investment revenue

Interest	15,352	7,900	15,352	7,900
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(c) Grants and Contributions

NSW Government Agencies				
– Ministry of Transport	4,110	28,628	4,110	28,628
– Other	17,495	4,154	17,495	4,154
Local Government	5,645	6,747	5,645	6,747
Queensland Government – Tugun Bypass	143,949	189,611	143,949	189,611
Other Government Agencies	11,406	9,194	11,406	9,194
Private Firms and Individuals	7,729	6,265	7,729	6,265
	190,334	244,599	190,334	244,599

Contributions received during 2007/2008 were recognised as revenue during the financial year and were expended in that period with no balance of those funds available at 30 June 2008 (2007: Nil).

(d) Other Revenue

	Consolidated		Parent	
	2008 \$000	2007 \$000	2008 \$000	2007 \$000
Amortisation of Deferred Revenue on PSPi projects	11,575	9,576	11,575	9,576
Value of Emerging Interest of Private Sector Provided Infrastructure				
– M2 (Refer Note 11(b))	4,291	3,985	4,291	3,985
– M4 (Refer Note 11(b))	21,425	19,610	21,425	19,610
– M5 (Refer Note 11(b))	11,917	10,981	11,917	10,981
– Eastern Distributor (Refer Note 11(b))	3,498	3,259	3,498	3,259
– Cross City Tunnel (Refer Note 11(b))	9,036	8,580	9,036	8,580
– Western Sydney Orbital M7 (Refer Note 11(b))	21,778	29,167	21,778	29,167
– Lane Cove Tunnel (refer Note 11(b))	12,722	12,008	12,723	12,008
– Loan to Sydney Harbour Tunnel Company				
Other Revenue	5,469	5,107	5,469	5,107
M2 and Eastern Distributor Promissory Notes				
Other Revenue	2,169	1,854	2,169	1,854
Fuel Tax Credits	137	983	137	983
Other	258	(290)	257	(290)
	104,275	104,820	104,275	104,820

4. Gains/(losses) on disposal

(a) Gain/(Loss) on Disposal

Gain on Sale of Property, Plant and Equipment				
– Proceeds from Sale	60,828	27,004	60,828	27,004
– Written Down Value of Assets Sold	(45,136)	(23,667)	(45,136)	(23,667)
Net Gain on Sale of Non-Current Assets	15,692	3,337	15,692	3,337

(b) Other Gains/(Losses)

Bad / Doubtful debt expense	(160)	(348)	(160)	(348)
Bad debts written off	101	194	101	194
Written Down Value of Infrastructure Assets Written Off	(41,590)	(88,900)	(41,590)	(88,900)
Total Other Gains/(Losses)	(41,649)	(89,054)	(41,649)	(89,054)

5. Appropriations

	Consolidated		Parent	
	2008 \$000	2007 \$000	2008 \$000	2007 \$000
Recurrent Appropriation				
Total recurrent drawdowns from Treasury (per Summary of Compliance)	1,421,222	1,449,120	1,421,222	1,449,120
	1,421,222	1,449,120	1,421,222	1,449,120
Capital Appropriation				
Total capital drawdowns from Treasury (per Summary of Compliance)	1,780,807	1,512,310	1,780,807	1,512,310
	1,780,807	1,512,310	1,780,807	1,512,310

6. Individually significant items

(a) Superannuation Expense

(Decrease)/Increase in Superannuation Expense due to Tax, Actuarial and Interest Adjustments	138,962	(109,256)	–	–
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(b) Write-Down of Infrastructure Assets

Infrastructure Assets Written Down	41,590	88,900	41,590	88,900
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The following infrastructure assets were written off during 2007/2008.

	Replacement costs \$000	Accumulated depreciation \$000	WDRC \$000
Roads	62,200	(34,483)	27,717
Bridges	19,380	(7,696)	11,684
Traffic Signals Network	280	(78)	202
Traffic Control Network	2,383	(396)	1,987
	84,243	(42,653)	41,590

(c) Capital grants from other State government

	Consolidated		Parent	
	2008 \$000	2007 \$000	2008 \$000	2007 \$000
Infrastructure Assets – Tugun Bypass	143,949	189,611	143,949	189,611

7. Programs/activities of the agency

(a) Road Development

Description:	Planning, designing, scheduling and organising the development of road and bridge works.
Objectives:	To develop the State's Road network focusing on strategic routes to promote economic growth, improve road safety, encourage greater use of public transport and meet environmental targets.

(b) Road Management

Description:	Manage the primary arterial road network infrastructure as a long-term renewable asset through a program of maintenance and reconstruction works. Provide financial assistance grants to Local Government to assist Councils manage their secondary arterial road network. Manage the provision of disaster repairs for public roads.
Objective:	To maintain the RTA's roads and bridges to ensure reliability, safety and retained value. Support Councils' management of their secondary arterial road network.

(c) Road User

Description:	Implementing initiatives to increase safe road use behaviour; ensure that drivers and cyclists are eligible and competent, ensure that vehicles meet roadworthiness and emission standards, and ensure that a high standard of customer service is maintained.
	Improving road network performance through traffic control systems, managing incidents and route management strategies. Providing priority access for buses, improving facilities for cyclists and pedestrians and maintaining traffic facility assets.
Objectives	To reduce the trauma and cost to the community of road deaths and injuries. To reduce adverse impacts of vehicles on roads and the environment. To ensure compliance with driver licensing and vehicle registration requirements.
	To maximise the efficiency of moving people and goods by better managing the road network and encouraging the use of alternatives to the motor car.

(d) M4 / M5 Cashback Scheme

Description:	Reimbursing motorists directly for the toll component paid using Electronic Toll Tags on the M4 and M5 Motorways when driving NSW privately registered cars and motorcycles.
Objective:	To reimburse tolls to motorists driving NSW privately registered vehicles on the M4 and M5 Motorways.

8. Current assets – cash and cash equivalents

	Consolidated		Parent	
	2008 \$000	2007 \$000	2008 \$000	2007 \$000
RTA Operating Account	7,081	13,373	7,081	13,373
Security Deposits	38,962	28,940	38,962	28,940
Remitting Account, Cash in Transit and Cash on Hand	54,498	38,603	54,498	38,603
TCorp – Hour Glass Cash Facility	75,740	108,933	75,740	108,933
On Call Deposits	3,425	3,023	3,425	3,023
Other	252	270	252	270
	179,958	193,142	179,958	193,142

Cash and cash equivalent assets recognised in the Balance Sheet are reconciled at the end of the financial year to the Cash Flow Statement as follows:

Cash and cash equivalents (per Balance Sheet)	179,958	193,142	179,958	193,142
Closing cash and cash equivalents (per Cash Flow Statement)	179,958	193,142	179,958	193,142

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

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

(a) Current Receivables

	Consolidated		Parent	
	2008 \$000	2007 \$000	2008 \$000	2007 \$000
Sale of Goods and Services	25,860	23,122	25,860	23,122
Goods and Services Tax – Claimable from the Commonwealth	30,723	21,179	30,723	21,179
Other (including cost recoveries relating to motor vehicle accident damage to RTA property and road clearing)	2,595	3,491	2,595	3,491
	59,178	47,792	59,178	47,792
Less: Allowance for impairment *	(1,342)	(2,055)	(1,342)	(2,055)
	57,836	45,737	57,836	45,737
Prepayments	3,345	5,404	3,345	5,404
Unissued debtors	42,055	36,291	42,055	36,291
Dishonoured credit cards	469	378	469	378
	103,705	87,810	103,705	87,810
Accrued Income				
– Interest	386	450	386	450
– Property Sales	23,374	15,022	23,374	15,022
– Other	2,190	2,411	2,190	2,411
Total Current	129,655	105,693	129,655	105,693

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

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

Movement in the allowance for impairment				
Balance as at 1 July	2,055	2,439	2,055	2,439
Amounts written off during the year	(911)	(743)	(911)	(743)
Amounts recovered during the year	–	–	–	–
Increase in allowance recognised in profit or loss	198	359	198	359
Balance as at 30 June	1,342	2,055	1,342	2,055

(b) Non-Current Other Financial Assets

Non-Current Financial Assets (at amortised cost)				
Loan to Sydney Harbour Tunnel Company (refer to Note 11(b))	85,738	80,268	85,738	80,268
Promissory Notes (refer to Note 11(b))	12,664	10,495	12,664	10,495
	98,402	90,763	98,402	90,763

10. Non-current assets – property, plant and equipment

	Land and buildings \$000	Plant and equipment \$000	Infrastructure systems \$000	Total \$000
Consolidated and Parent				
As at 1 July 2007				
Gross Carrying Amount	2,801,068	192,474	86,159,158	89,152,700
Accumulated Depreciation	(15,376)	(95,113)	(14,736,314)	(14,846,803)
Net Carrying Amount at Fair Value	2,785,692	97,361	71,422,844	74,305,897
As at 30 June 2008				
Gross Carrying Amount	2,907,716	234,017	95,311,639	98,453,372
Accumulated Depreciation	(16,938)	(93,738)	(15,527,596)	(15,638,272)
Net Carrying Amount at Fair Value	2,890,778	140,279	79,784,043	82,815,100

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

Consolidated and Parent				
Year ended 30 June 2008				
Net carrying amount at start of year	2,785,692	97,361	71,422,844	74,305,897
Additions	118,850	56,787	2,973,446	3,149,083
Disposals	(42,881)	(2,219)	(85,093)	(130,193)
Net revaluation increment less revaluation decrements	110,616	–	6,306,034	6,416,650
Depreciation expense	(7,254)	(10,004)	(789,710)	(806,968)
Transfer to assets held for sale	(8,490)	(1,674)	–	(10,164)
RCI and other Adjustments/WIP	(4)	–	974,671	974,667
Transfer out	(65,751)	–	(1,083,900)	(1,149,651)
Transfers in	–	28	65,751	65,779
Net carrying amount at end of year	2,890,778	140,279	79,784,043	82,815,100

	Land and buildings \$000	Plant and equipment \$000	Infrastructure systems \$000	Total \$000
As at 1 July 2006				
Gross Carrying Amount	2,865,751	214,041	81,886,691	84,966,483
Accumulated Depreciation	(20,680)	(113,280)	(14,051,199)	(14,185,159)
Net Carrying Amount at Fair Value	2,845,071	100,761	67,835,492	70,781,324
As at 30 June 2007				
Gross Carrying Amount	2,801,068	192,474	86,159,158	89,152,700
Accumulated Depreciation	(15,376)	(95,113)	(14,736,314)	(14,846,803)
Net Carrying Amount at Fair Value	2,785,692	97,361	71,422,844	74,305,897

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

Consolidated and Parent				
Year ended 30 June 2007				
Net carrying amount at start of year	2,845,071	100,761	67,835,492	70,781,324
Additions	157,799	17,252	2,592,156	2,767,207
Disposals	(21,894)	(1,182)	(88,900)	(111,976)
Net revaluation increment less revaluation decrements	(63,321)	–	1,672,192	1,608,871
Depreciation expense	(8,106)	(8,247)	(753,093)	(769,446)
Transfer to assets held for sale	(22,312)	–	–	(22,312)
RCI and other Adjustments/WIP	(64)	–	1,030,429	1,030,365
Transfer out	(101,481)	(11,223)	(975,740)	(1,088,444)
Transfers in	–	–	110,308	110,308
Net carrying amount at end of year	2,785,692	97,361	71,422,844	74,305,897

(a) Land and Buildings – Consolidated and Parent

Works Administration Properties and Officers Residences Land and Buildings Acquired for Future Roadworks

	Works administration properties and officers' residences		Land and buildings acquired for future roadworks	Leasehold improvements	Total
	Land \$000	Buildings \$000	\$000	\$000	
Year ended 30 June 2008					
Net carrying amount at start of year	139,412	121,588	2,518,685	6,007	2,785,692
Additions	–	3,189	108,777	6,884	118,850
Disposals	–	3	(42,884)	–	(42,881)
Net revaluation increment less revaluation decrements	–	–	110,616	–	110,616
Depreciation expense	–	(4,720)	–	(2,534)	(7,254)
Transfer to assets held for sale	–	–	(8,490)	–	(8,490)
Reclassifications	769	(9,369)	(699)	9,299	–
Adjustments/WIP	(42)	(4)	42	–	(4)
Transfer to infrastructure	–	–	(65,751)	–	(65,751)
Net carrying amount at end of year	140,139	110,687	2,620,296	19,656	2,890,778
Year ended 30 June 2007					
Net carrying amount at start of year	73,325	113,492	2,649,772	8,482	2,845,071
Additions	–	9,473	147,792	534	157,799
Disposals	–	41	(21,935)	–	(21,894)
Net revaluation increment less revaluation decrements	28,854	4,745	(96,920)	–	(63,321)
Depreciation expense	–	(4,351)	–	(37,555)	(8,106)
Transfer to assets held for sale	37,786	–	(60,098)	–	(22,312)
Reclassifications	(553)	(1,748)	1,555	746	–
Adjustments/WIP	–	(64)	–	–	(64)
Transfer to infrastructure	–	–	(101,481)	–	(101,481)
Net carrying amount at end of year	139,412	121,588	2,518,685	6,007	2,785,692

Land and buildings for future road works comprise untenanted land for road works (average rateable value \$1,723 million), surplus properties (market value – \$458.549 million) and rentable properties (market value – \$439.082 million).

Category of Land and Building Acquired for Future Roadworks

Aggregate carrying amount \$000

Carried at cost of acquisition less, where applicable, any accumulated depreciation.	–
Carried at revalued amounts determined prior to the beginning of the current progressive revaluation less, where applicable, any accumulated depreciation.	–
Revalued as part of the current progressive revaluation and carried at fair value as at 30 June 2008 less, where applicable, any subsequent accumulated depreciation.	897,631
Revalued as part of the current progressive revaluation and carried at an amount other than fair value as at 30 June 2007 less, where applicable, any subsequent accumulated depreciation.	–
Carried at recoverable amount less, where applicable, any subsequent accumulated depreciation.	–
Untenanted land for Roads – revalued annually not subject to progressive revaluation.	1,722,665
Total Land and Buildings Acquired for Future Roadworks at 30 June 2008.	2,620,296

(b) Plant and Equipment – Consolidated and Parent

	Plant equipment and motor vehicles	Computer hardware and software	Electronic office equipment	Total
	\$000	\$000	\$000	
Year ended 30 June 2008				
Net carrying amount at start of year	84,388	12,306	667	97,361
Additions	48,182	8,561	44	56,787
Disposals	(2,055)	(84)	(80)	(2,219)
Depreciation expense	(7,701)	(2,186)	(117)	(10,004)
Transfer to Assets held for sale	(1,674)	–	–	(1,674)
Reclassifications	(1,364)	1,452	(88)	–
Transfers in	2	26	–	28
Net carrying amount at end of year	119,778	20,075	426	140,279
Year ended 30 June 2007				
Net carrying amount at start of year	91,657	8,279	825	100,761
Additions	12,967	4,232	53	17,252
Disposals	(1,059)	(69)	(54)	(1,182)
Depreciation expense	(7,956)	(136)	(155)	(8,247)
Transfer to traffic control network	(8,795)	–	–	(8,795)
Reclassifications	–	–	–	–
Transfer to Infrastructure / Recordable items	(2,426)	–	(2)	(2,428)
Net carrying amount at end of year	84,388	12,306	667	97,361

(c) Infrastructure Systems – Consolidated and Parent

Infrastructure systems are valued as follows:

	Roads \$'000	Land under Roads \$'000	Bridges \$'000	Traffic Signals Network \$'000	Traffic Control Network \$'000	Major Works in Progress \$'000	TOTAL \$'000
Year ended 30 June 2008							
Net carrying amount at start of year	26,916,861	35,192,088	7,097,723	211,769	39,807	1,964,596	71,422,844
Additions	1,170,787	–	405,230	19,932	19,046	1,358,451	2,973,446
Disposals	(71,220)	–	(11,684)	(202)	(1,987)	–	(85,093)
Net revaluation less revaluation decrements	–	2,700,907	3,471,871	131,827	1,429	–	6,306,034
Depreciation expense	(662,357)	–	(87,696)	(34,708)	(4,949)	–	(789,710)
Transfers in	–	65,751	–	–	–	–	65,751
Transfers out	–	–	–	–	–	(1,083,900)	(1,083,900)
RCI and other adjustments / WIP	966,594	5,729	(517)	–	2,865	–	974,671
Net carrying amount at end of year	28,320,665	37,964,475	10,874,927	328,618	56,211	2,239,147	79,784,043
Year ended 30 June 2007							
Net carrying amount at start of year	25,842,952	33,418,415	6,576,500	212,556	35,095	1,749,974	67,835,492
Additions	1,117,364	–	282,799	370	1,261	1,190,362	2,592,156
Disposals	(71,736)	–	(16,546)	(193)	(425)	–	(88,900)
Net revaluation less revaluation decrements	–	1,672,192	–	–	–	–	1,672,192
Depreciation expense	(649,615)	–	(85,497)	(14,662)	(3,320)	–	(753,093)
Transfers in	–	101,481	–	–	8,827	–	110,308
Transfers out	–	–	–	–	–	(975,740)	(975,740)
RCI and other adjustments/WIP	677,896	–	340,467	13,697	(1,631)	–	1,030,429
Net carrying amount at end of year	26,916,861	35,192,088	7,097,723	211,769	39,807	1,964,596	71,422,844

Traffic signals, traffic control network and all bridges were subject to a full revaluation in 2007/2008.

II. Current/non-current assets – intangible assets and other

(a) Current

These comprise:

	Consolidated		Parent	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
Prepaid Superannuation (Note 16)	–	49,395	–	–
	–	49,395	–	–

(b) Non-current

Private Sector Provided Infrastructure

Sydney Harbour Tunnel (SHT)

Carrying amount at start of year	659,050	627,188	659,050	627,188
Revaluation increment	11,736	31,862	11,736	31,862
Carrying amount at end of year	670,786	659,050	670,786	659,050

M2 Motorway

Carrying amount at start of year	29,211	25,226	29,211	25,226
Annual Increment – Emerging Right to Receive	4,291	3,985	4,291	3,985
Carrying amount at end of year	33,502	29,211	33,502	29,211

M4 Motorway

Carrying amount at start of year	162,211	142,601	162,211	142,601
Annual Increment – Emerging Right to Receive	21,425	19,610	21,425	19,610
Carrying amount at end of year	183,636	162,211	183,636	162,211

M5 Motorway

Carrying amount at start of year	82,739	71,758	82,739	71,758
Annual Increment – Emerging Right to Receive	11,917	10,981	11,917	10,981
Carrying amount at end of year	94,656	82,739	94,656	82,739

Eastern Distributor

Carrying amount at start of year	20,630	17,371	20,630	17,371
Annual Increment – Emerging Right to Receive	3,498	3,259	3,498	3,259
Carrying amount at end of year	24,128	20,630	24,128	20,630

Cross City Tunnel (CCT)

Carrying amount at start of year	16,726	8,146	16,726	8,146
Annual Increment – Emerging Right to Receive	9,036	8,580	9,036	8,580
Carrying amount at end of year	25,762	16,726	25,762	16,726

	Consolidated		Parent	
	2008 \$000	2007 \$000	2008 \$000	2007 \$000
Western Sydney Orbital (M7)				
Carrying amount at start of year	40,227	11,060	40,227	11,060
Annual Increment – Emerging Right to Receive	21,778	29,167	21,778	29,167
Carrying amount at end of year	62,005	40,227	62,005	40,227
Lane Cove Tunnel				
Carrying amount at start of year	12,008	–	12,008	–
Annual Increment – Emerging Right to Receive	12,722	12,008	12,722	12,008
Carrying amount at end of year	24,730	12,008	24,730	12,008
Total carrying amount at end of year	1,119,205	1,022,802	1,119,205	1,022,802
Totals				
Carrying amount at start of year	1,022,802	903,350	1,022,802	903,350
Revaluation increments	11,736	31,862	11,736	31,862
Annual increment – Emerging Rights to Receive	84,667	87,590	84,667	87,590
Carrying amount at end of year	1,119,205	1,022,802	1,119,205	1,022,802

Sydney Harbour Tunnel

The RTA's interest in the Sydney Harbour Tunnel has been valued based on the RTA's right to the time share of its ownership, total service potential and remaining useful life at the date of its transfer to the RTA in 2022. At the date of this transfer, the value will equate to the current written down replacement cost of the Tunnel. The original cost of constructing the Tunnel was \$683.3 million.

The construction of the Tunnel was financed by 30 year inflation linked bonds issued by the Concession Holder to the private sector in the amount of \$486.7 million. The Concession Holder shareholders' loans (repaid in 1992) of \$40 million, and an interest free, subordinated loan (the Net Bridge Revenue Loan) provided by the RTA of \$222.6 million, based on the projected net toll revenue from the Sydney Harbour Bridge during the construction period. Under the Ensured Revenue Stream Agreement (ERS), the Government has agreed to make ERS payments (net of tolls collected from the Tunnel) to enable the Concession Holder to meet financial obligations arising from the operation and maintenance of the Tunnel and repayment of principal and interest on funds borrowed by it for the design, construction and operation of the Tunnel.

During the year ended 30 June 2008, tolls collected from the Tunnel amounted to \$39.473 million (2006/2007; \$43.708 million). These tolls were applied to the financial obligations of the Tunnel and resulted in a reduction in ERS payments from \$98.424 million to \$58.951 million (2006/2007; \$95.740 million to \$52.032 million).

From 1993 the RTA listed a possible tax liability as a contingent liability in the annual accounts until the liability crystallised during the 2002/2003 financial year. Following negotiations between interested parties including the Australian Tax Office, a settlement agreement was entered into between the RTA, the State Government, the Concession Holder and an associated entity. The past and future tax liabilities are disclosed at net present value in Note 17.

The RTA however now revalues the Tunnel each year. Based on movements in the Road Cost Index during the 2007/2008 reporting period, the RTA's interest in the Tunnel was \$670.787 million as at 30 June 2008, which equated to an increase in the value of the Tunnel during 2007/2008 of \$11.737 million (2006/2007; \$31.862 million).

M2 Motorway

To facilitate the financing, design and construction of the Motorway, the RTA leased land detailed in the M2 Motorway Project Deed for the term of the Agreement.

Until the project realises a real after tax internal rate of return of 12.25 percent per annum, the rent is payable, at the Lessee's discretion, in cash or by promissory note. On achievement of the required rate, the rent is payable in cash. Under the terms of the lease, the RTA must not present any of the promissory notes for payment until the earlier of the end of the term of Agreement or the achievement of the required rate of return.

Payments for the rents for the Trust Lease and the Trust Concurrent Lease for the year ended 30 June 2008 have been made by promissory notes in the value of \$7.55 million and \$1.888 million respectively. The RTA, as at 30 June 2008, has received promissory notes for rent on the above leases totalling \$96.563 million. The term of the Agreement ends on the forty fifth anniversary of the M2 commencement date, (ie 26 May 2042), subject to the provisions of the M2 Motorway Project Deed. The net present value of these promissory notes, as at 30 June 2008, is \$5.181 million.

The RTA has, from the date of completion of the M2 Motorway on 26 May 1997, valued the asset by reference to the RTA's emerging share of the written down replacement cost of the asset at date of handback over the concession period calculated using the effective interest rate method (refer Note 1(f)(vi)).

Under the terms of the Project Deed, ownership of the M2 Motorway will revert to the RTA on the earlier of the achievement of specified financial returns outlined in the Deed or 45 years from the M2 Commencement Date of 26 May 1997. Based on the historical rental returns, the conservative period of 45 years has been used to calculate the RTA's emerging share of the asset.

M4 and M5 Motorways

The RTA has valued the infrastructure assets in respect of the M4 and M5 Motorways by reference to the RTA's emerging share of the written down replacement cost of each asset apportioned over the period of the respective concession agreement calculated using the effective interest rate method (refer Note 1(f)(vi)).

Ownership of the M4 Motorway and M5 Motorway will revert to the RTA in 2010 and 2023 respectively. The initial concession period for the M5 Motorway was for the period 14 August 1992 to 14 August 2022. In consideration for the Concession Holder undertaking construction of an interchange at Moorebank (M5 Improvements), the initial concession period was extended by 1.11 years to 23 September 2023.

The M5 Motorway Call Option Deed provides that if, after at least 25 years from the M5 Western Link commencement date of 26 June 1994, the RTA determines that the expected financial return has been achieved, the RTA has the right to purchase either the business from ILR or the shares in ILR from Infrastructure Trust of AustralAsia Ltd (ITA) and the Commonwealth Bank of Australia (CBA). The exercise price under the M5 Call Option Deed will be based on open market valuation of the business or shares.

Eastern Distributor

An agreement was signed with the Concession Holder in August 1997 to finance, design, construct, operate, maintain and repair the Eastern Distributor which was opened to traffic on 18 December 1999.

In consideration of the RTA granting to the Concession Holder the right to levy and retain tolls on the Eastern Distributor, the Concession Holder is required to pay concession fees in accordance with the Agreement. From the date of Financial Close, which occurred on 18 August 1997, the Concession Holder has paid \$165 million by way of promissory notes (being \$15 million on Financial Close and \$15 million on each anniversary of Financial Close). A further \$2.2 million was received in cash six months after Financial Close and \$8 million in cash on the third anniversary of Financial Close. Under the Agreement, the promissory notes show a payment date (subject to provisions in the Project Deed) of 31 December 2042 and, as at 30 June 2008, the promissory notes have a net present value of \$7.483 million.

Under the terms of the Project Deed, ownership of the Eastern Distributor will revert to the RTA on the earlier of the achievement of specified financial returns outlined in the Deed or 48 years from the Eastern Distributor Commencement Date of 18 December 1999. The conservative period of 48 years has been used to calculate the RTA's emerging share of the asset.

Cross City Tunnel

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

The Concession Holder was placed into receivership in 2006/07. The Receivers subsequently sold the CCT asset to a private operator in June 2007.

The construction cost was \$642 million with the cost being met by the private sector. Under the terms of the agreement, an external party will operate the motorway for a total of 30 years and 2 months from the opening of the Tunnel to traffic, after which the motorway will be transferred back to the Government.

The RTA values the asset by reference to the RTA's emerging share of the written down replacement cost of the asset over the period of the concession period calculated using the effective interest rate method (refer Note 1(f)(vi)).

Reimbursement of certain development costs was received by the RTA from the operator in the form of an upfront cash payment. The amount of this payment was \$96.860 million.

Westlink M7 Motorway

An agreement was signed with the Concession Holder in February 2003 to design, construct, operate and maintain the Westlink M7 Motorway. Major construction started on 7 July 2003 and the completed motorway was opened to traffic on 16 December 2005.

The construction cost was \$1.54 billion. The Federal Government contributed \$356 million towards the cost of the project with the remainder of the cost being met by the private sector. The RTA had responsibility under the contract for the provision of access to property required for the project. Under the terms of the agreement, the Concession Holder will operate the motorway for a total of 31 years to Feb 2037, after which the motorway will be transferred back to the Government.

The RTA values the asset by reference to the RTA's emerging share of the written down replacement cost of the asset over the period of the concession period calculated using the effective interest rate method (refer Note 1(f)(vi)).

Reimbursement of certain development costs were received by the RTA from the operator in the form of an upfront cash payment. The amount of this payment was \$193.754 million.

Lane Cove Tunnel

An agreement was signed with the Concession Holder in December 2003 to finance, design, construct, operate and maintain the Lane Cove Tunnel Project. Major construction started on 24 June, 2004 and was opened to traffic on 20 March 2007.

The construction cost was \$1.1 billion, with the cost being met by the private sector. The RTA was responsible under the contract for the provision of access to property required for the project, which were identified by the Project Deed. Under the terms of the agreement, the Concession Holder designed and constructed the motorway and is now operating the motorway for the remainder of the term of 29 years and 9 months. The term commenced on the date the agreement with the Concession Holder became effective, and will end on 9 January 2037 after which the motorway will be transferred back to the Government.

The RTA values the asset by reference to the RTA's emerging share of the written down replacement cost of the asset over the period of the concession period calculated using the effective interest rate method (refer Note 1(f)(vi)).

Reimbursement of certain development costs were received by the RTA from the operator in the form of an upfront cash payment. The amount of this payment was \$79.301 million.

(c) Other Intangible Assets – Consolidated and Parent

	Software	
	2008 \$'000	2007 \$'000
Balance at start of the year 1 July	88,841	88,781
Additions	516	90
Disposals	(914)	(30)
Balance at close of the year 30 June	88,443	88,841
Accumulated Amortisation		
Balance at start of the year 1 July	65,053	60,452
Amortisation expense	4,598	4,623
Write Back on Disposal	(807)	(22)
Balance at close of the year 30 June	68,844	65,023
Written Down Value		
As at close of the year 30 June	19,599	23,788
As at start of the year July 2007	23,788	28,329

12. Non-current assets held for sale

	Consolidated		Parent	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
Assets held for sale				
Balance 1 July				
Land and buildings ⁽ⁱ⁾	60,099	37,743	60,099	37,743
Plant and equipment	859	539	859	539
Transfer from Land & Buildings	8,490	22,356	8,490	22,356
Transfer from Plant and Equipment	1,674	320	1,674	320
	71,122	60,958	71,122	60,958
Balance 30 June				
Land and buildings	68,589	60,099	68,589	60,099
Plant and equipment	2,533	859	2,533	859
	71,122	60,958	71,122	60,958

(i) The RTA has an annual sales program for the sale of surplus properties that are placed on the market throughout the year. No impairment loss was recognised on reclassification of the land as held for sale as at the reporting date.

13. Current liabilities – payables

	Consolidated		Parent	
	2008 \$000	2007 \$000	2008 \$000	2007 \$000
Trade creditors ⁽ⁱ⁾	101,091	84,666	101,091	84,666
Creditors arising from compulsory acquisitions	8,856	11,118	8,856	11,118
Personnel Services	–	–	410,254	300,914
Accrued expenses				
– Salaries, wages and oncost	6,015	4,403	–	–
– Works contract expenditure	235,722	163,870	235,722	163,870
– Work carried out by councils	57,803	57,597	57,803	57,597
– Interest	7,927	11,664	7,927	11,663
– Other (including non works contracts)	134,006	99,297	134,006	99,297
Other	181	1,750	181	1,750
	551,601	434,365	955,840	730,875

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

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

14. Current/non-current liabilities – borrowings

At Amortised Cost

Current

T-Corp Borrowings	119,024	145,348	119,024	145,348
Treasury advances repayable	1,598	1,507	1,598	1,507
	120,622	146,855	120,622	146,855

Non-Current

T-Corp Borrowings	617,543	674,555	617,543	674,555
Treasury advances repayable	13,732	16,057	13,732	16,057
Other	1,503	1,468	1,503	1,468
	632,778	692,080	632,778	692,080

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

15. Financial instruments

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

The Chief Executive has overall responsibility for the establishment and oversight of risk management and reviews and agrees policies for managing each of these risks. Risk management policies are established to identify and analyse the risks faced by the RTA to set risk limits and controls and to monitor risks. Compliance with policies is reviewed by the Audit and Risk Committee on a continuous basis.

(a) 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 RTA's exposures to market risk are primarily through interest rate risk on borrowings and other price risks associated with the movement in the unit price of the Hour Glass Investment facilities. The RTA has no exposure to foreign currency risk and does not enter into commodity contracts.

The effect on profit and equity due to a reasonably possible change in risk variable is outlined in the table below, for interest rate risk and other price risk. A reasonably possible change in risk variable has been determined after taking into account the economic environment in which the RTA operates and the time frame for the assessment (ie until the end of the next annual reporting period). The sensitivity analysis is based on risk exposures in existence at the balance sheet date. The analysis is performed on the same basis for 2007 and assumes that all other variables remain constant.

(i) Interest Rate Risk

Exposure to interest rate risk arises primarily through the RTA's interest bearing liabilities. This risk is minimised by undertaking mainly fixed rate borrowings, primarily with NSW Treasury Corporation (NSWTCorp).

NSWTCorp manages interest rate risk exposures applicable to specific borrowings of the RTA in accordance with the debt management policies determined by the NSW Debt Management Committee (DMC), to a benchmark and other criteria similar to those applying to the Crown debt portfolio and receives a fee for this service.

TCorp uses derivatives, primarily interest rate futures, to establish short-term (tactical) and longer term (strategic) positions within agreed tolerance limits to manage portfolio duration and maturity profiles. At reporting date the carrying value of borrowings and derivatives (net of funds held at call) managed by TCorp stood at \$736.567million (2007: \$819.903million).

The RTA does not account for any fixed rate financial instruments at fair value through profit or loss or as available for sale.

Therefore for these financial instruments a change in interest rates would not affect profit or loss or equity. The RTA's exposure to interest rate risk is set out in the table on the following page.

	Carrying amount	\$'000 -1%		\$'000 1%	
		Profit	Equity	Profit	Equity
2008					
Financial assets					
Cash and cash equivalents	179,958	(1,799)	(1,799)	1,799	1,799
Financial liabilities					
Borrowings	753,400	(15,971)	(15,971)	15,971	15,971
2007					
Financial assets					
Cash and cash equivalents	193,142	(1,931)	(1,931)	1,931	1,931
Financial liabilities					
Borrowings	838,935	(19,485)	(19,485)	19,485	19,485

(ii) Other price risk – TCorp Hour Glass facilities

Exposure to 'other price risk' primarily arises through the investment in the TCorp Hour Glass Investment facilities, which are held for strategic rather than trading purposes. The RTA has no direct equity investments and holds units in the following Hour-Glass investment trusts:

Facility	Investment Sectors	Investment horizon	2008 \$'000	2007 \$'000
Cash facility	Cash, money market instruments	Daily	75,740	108,933

The unit price of each facility is equal to the total fair value of 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 as trustee for each of the above facilities is required to act in the best interest of the unit-holders and to administer the trusts in accordance with the trust deeds. As trustee, TCorp has appointed external managers to manage the performance and risks of each facility in accordance with a mandate agreed by the parties. However, TCorp, acts as manager for part of the Cash Facility. A significant portion of the administration of the facilities is outsourced to an external custodian.

Investment in the Hour Glass facilities limits the RTA'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 facilities, using historically based volatility information. The TCorp Hour Glass Investment facilities are designated at fair value through profit or loss and therefore any change in unit price impacts directly on profit (rather than equity).

	Change in unit price	Impact on profit/loss	
		2008 \$'000	2007 \$'000
Hour Glass Investment – Cash facility	+/- 1%	1,087	1,087
Approximate increase (decrease) in fair value of financial liabilities assuming one percentage point decrease (increase) in interest rates			

(b) Credit Risk

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

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

	Banks		Governments		Other		Total	
	2008 \$000	2007 \$000	2008 \$000	2007 \$000	2008 \$000	2007 \$000	2008 \$000	2007 \$000
Financial Assets								
Cash	104,218	84,209	75,740	108,933	–	–	179,958	193,142
Receivables	–	–	–	–	95,587	73,706	95,587	73,706
Other	–	–	–	–	98,402	90,763	98,402	90,763
Total Financial Assets	104,218	84,209	75,740	108,933	193,989	164,469	373,947	357,611

(i) Cash

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

(ii) Receivables – Trade Debtors

All trade debtors are recognised as amounts receivable at balance date. Collectibility of trade debtors is reviewed on an ongoing basis. Procedures as established in the Treasurer's Directions are followed to recover outstanding amounts, including letters of demand. An allowance for impairment is raised when there is objective evidence that the entity will not be able to collect all amounts due. This evidence includes past experience, and current and expected changes in economic conditions and debtor credit ratings. Debts which are known to be uncollectible are written off. No interest is earned on trade debtors. Sales are made on 35 day terms.

The RTA 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 (2008: \$9.672million; 2007: \$15.838million) and not less than 6 months past due (2008: \$0.852million; 2007: \$1,401million) are not considered impaired and together these represent 40% of the total trade debtors. There are no debtors which are currently not past due or impaired whose terms have been renegotiated. The only financial assets that are past due or impaired are 'sales of goods and services' in the 'receivables' category of the balance sheet.

	\$'000		
	Total	Past due but not impaired	Considered impaired
2008			
< 3 months overdue	5,248	5,141	107
3 months – 6 months overdue	10,349	10,101	248
> 6 months overdue	3,403	2,773	630
2007			
< 3 months overdue	3,891	3,824	67
3 months – 6 months overdue	5	5	–
> 6 months overdue	3,389	1,401	1,988

The ageing analysis excludes statutory receivables, as these are not within the scope of AASB 7.

(iii) Other Financial Assets

The repayment of the Sydney Harbour Tunnel Loan ranks behind all creditors to be paid. Redemption of the M2 and Eastern Distributor promissory notes is dependent upon counterparties generating sufficient cash flows to enable the face value to be repaid.

(iv) Authority Deposits

The RTA has placed funds on deposit with TCorp, (which has been rated "AAA" by Standard and Poor's) and other financial institutions. These deposits are similar to money market or bank deposits and can be placed "at call" or for a fixed term. For fixed term deposits, the interest rate payable by TCorp is negotiated initially and is fixed for the term of the deposit, while the interest rate payable on at call deposits vary. The deposits at balance date were earning an average interest rate of 6.818% (2007: 6.135%), while over the year the weighted average interest rate was 6.807% (2007: 6.125%) on a weighted average balance during the year of \$11.451 million (2007: \$16.962 million). None of these assets are past due or impaired.

(c) Fair Value

Financial instruments are generally recognised at cost, with the exception of the TCorp Hour Glass facilities, which are measured at fair value. As discussed, the value of the Hour Glass Investments is based on the Authority's share of the value of the underlying assets of the facility, based on the market value. All of the Hour Glass facilities are valued using 'redemption' pricing.

The amortised cost of financial instruments recognised in the balance sheet approximates the fair value, because of the short term nature of many of the financial instruments. The future cash flows of the Sydney Harbour Tunnel loan and M2 and Eastern Distributor promissory notes are discounted using standard valuation techniques at the applicable yield having regard to the timing of the cash flows.

(d) Liquidity Risk

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

Liquidity risk is the risk that the RTA will be unable to meet its payment obligations when they fall due. The RTA 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 RTA has a Come and Go Facility with TCorp valued at \$100 million that has current approval to 30 June 2008 for cash management purposes. This year the facility was used occasionally to fund shortfalls incurring a total interest charge of \$Nil (2006/2007; \$0.150 million).

Financing arrangements	Consolidated		Parent	
	2008 \$000	2007 \$000	2008 \$000	2007 \$000
Unrestricted access was available at the balance sheet date to the <i>Come and Go</i> facility				
Total facility	100,000	100,000	100,000	100,000
Used at balance sheet date	–	–	–	–
Unused at balance sheet date	100,000	100,000	100,000	100,000

During the current and prior years, there were no defaults or breaches on any loans payable. No assets have been pledged as collateral. The RTA's exposure to liquidity risk is deemed insignificant based on prior periods' data and current assessment of risk.

The liabilities are recognised for amounts due to be paid in the future for goods or services received, whether or not invoiced. Amounts owing to suppliers (which are unsecured) are settled in accordance with the policy set out in Treasurer's Direction 219.01. If trade terms are not specified, payment is made no later than the end of the month following the month in which an invoice or a statement is received.

The table summarises the maturity profile of the RTA's financial liabilities, together with the interest rate exposure.

Maturity Analysis and interest rate exposure of financial liabilities

	Weighted Average Effective Int. Rate	Nominal Amount	\$'000 Interest Rate Exposure			\$'000 Maturity Dates		
			Fixed Interest Rate	Variable Interest Rate	Non- interest bearing	< 1 yr	1-5 yrs	> 5 yrs
2008								
Payables:								
Accrued salaries, wages and on-costs	–	6,015	–	–	6,015	6,015	–	–
Trade payables	–	101,091	–	–	101,091	101,091	–	–
Other current payables	–	8,856	–	–	8,856	8,856	–	–
Accrued expenses	–	397,886	–	–	397,886	397,886	–	–
Other payables	–	30,512	–	–	30,512	30,512	–	–
Statutory creditors		14,891	–	–	14,891	14,891	–	–
Principal outstanding on bonds issued to private sector	–	313,149	–	–	313,149	15,933	75,076	222,140
Sydney Harbour Tunnel tax liability	–	25,450	–	–	25,450	1,754	9,046	14,650
Holding Accounts	–	87,084	–	–	87,084	87,084	–	–
Borrowings:								
Bank overdraft	–	–	–	–	–	–	–	–
Advances repayable	–	15,330	–	15,330	–	1,598	7,395	6,337
TCorp borrowings	6.41%	736,567	736,567	–	–	119,024	486,626	130,917
Other loans and deposits	5.92%	1,503	–	1,503	–	–	1,174	329
2007								
Payables:								
Accrued salaries, wages and on-costs	–	4,403	–	–	4,403	4,403	–	–
Trade payables	–	84,666	–	–	84,666	84,666	–	–
Other current payables	–	11,118	–	–	11,118	11,118	–	–
Accrued expenses	–	334,177	–	–	334,177	334,177	–	–
Other payables	–	31,041	–	–	31,041	31,041	–	–
Statutory creditors		14,657	–	–	14,657	14,657	–	–
Principal outstanding on bonds issued to private sector	–	329,735	–	–	329,735	15,933	79,052	234,750
Sydney Harbour Tunnel tax liability	–	25,751	–	–	25,751	1,716	8,633	15,402
Holding Accounts	–	71,584	–	–	71,584	71,584	–	–
Borrowings:								
Bank overdraft	–	–	–	–	–	–	–	–
Advances repayable	–	17,564	–	17,564	–	1,507	10,769	52,88
TCorp borrowings	6.69%	819,903	819,903	–	–	145,348	351,892	322,663
Other loans and deposits	6.68%	1,468	–	1,468	–	–	1,269	199

16. Current/non-current liabilities – provisions

	Consolidated		Parent	
	2008 \$000	2007 \$000	2008 \$000	2007 \$000
Employee Benefits and related On-costs				
Current				
Annual Leave ⁽ⁱ⁾	38,686	38,728	–	–
Long Service Leave ⁽ⁱⁱ⁾	167,168	171,959	–	–
Employee related on costs	7,639	6,157	–	–
	213,493	216,844	–	–
Non-Current				
Superannuation	155,495	109,764	–	–
Long Service Leave	7,962	13,631	–	–
Other	24,249	542	–	–
	187,706	123,937	–	–
Total Provisions	401,199	340,781	–	–
Aggregate Employee Benefits and related On-costs				
Provisions – current	213,493	216,844	–	–
Provisions – non-current	187,706	123,937	–	–
Accrued salaries, wages and on-costs (Note 13)	6,015	4,404	–	–
	407,214	345,185	–	–

(i) The value of annual leave, including on costs, expected to be taken within twelve months is \$32.832 million (2006-07: \$27.110 million) and \$17.936 million (2006-07: \$11.618 million) after twelve months.

(ii) The value of long service leave expected to be taken within twelve months is \$24.059 million (2006-07: \$7.172 million) and \$171.339 million (2006/07: \$158.180 million) after twelve months.

Provision for Superannuation – Consolidated

Superannuation statements include both employer and employee superannuation assets and liabilities as prescribed by AASB 119 *Employee Benefits*.

General description of the plan

The Pooled Fund holds in trust the investments of the closed NSW public sector superannuation schemes:

- State Authorities Superannuation Scheme (SASS)
- State Superannuation Scheme (SSS)
- State Authorities Non-contributory Superannuation Scheme (SANCS).

These schemes are all defined benefit schemes – at least a component of the final benefit is derived from a multiple of member salary and years of membership. All the Schemes are closed to new members.

Actuarial gains and losses are recognised in profit or loss in the year they occur.

The following information has been prepared by the scheme actuary.

Superannuation position for AASB 119 purposes

	SASS Financial year to 30 June 2008 \$000	SANCS Financial year to 30 June 2008 \$000	SSS Financial year to 30 June 2008 \$000	Total
Accrued liability	472,399	70,460	740,966	1,283,825
Estimated reserve account balance	(457,610)	(69,275)	(601,445)	(1,128,330)
	14,789	1,185	139,521	155,495
Future Service Liability	(53,716)	(24,883)	(26,379)	(104,978)
Net (asset)/liability to be recognised in balance sheet	14,789	1,185	139,521	155,495

	SASS Financial year to 30 June 2007 \$000	SANCS Financial year to 30 June 2007 \$000	SSS Financial year to 30 June 2007 \$000	Total
Accrued liability	489,099	69,623	734,718	1,293,440
Estimated reserve account balance	(411,205)	(37,753)	(784,113)	(1,233,071)
	77,894	31,870	(49,395)	60,369
Future Service Liability	(58,953)	(26,480)	(25,547)	(114,980)
Prepayment	–	–	49,395	49,395
Net (asset)/liability to be recognised in balance sheet	77,894	31,870	–	109,764

All Fund assets are invested by Superannuation Trustee Corporation at arm's length through independent fund managers.

Reconciliation of the present value of the defined benefit obligation

	SASS Financial year to 30 June 2008 \$000	SANCS Financial year to 30 June 2008 \$000	SSS Financial year to 30 June 2008 \$000	Total
Present value of partly funded defined benefit obligation at the beginning of the year	489,099	69,623	734,718	1,293,440
Current service cost	11,152	3,746	5,056	19,954
Interest cost	30,055	4,226	45,987	80,268
Contributions by Fund participants	6,903	–	6,632	13,535
Actuarial (gains)/losses	(23,538)	138	(11,564)	(34,964)
Benefits paid	(41,272)	(7,273)	(39,863)	(88,408)
Present value of partly funded defined benefit obligation at the end of the year	472,399	70,460	740,966	1,283,825

	SASS Financial year to 30 June 2007 \$000	SANCS Financial year to 30 June 2007 \$000	SSS Financial year to 30 June 2007 \$000	Total
Present value of partly funded defined benefit obligation at the beginning of the year	471,698	70,058	750,582	1,292,338
Current service cost	11,762	3,995	5,301	21,058
Interest cost	26,951	3,930	43,592	74,473
Contributions by Fund participants	6,770	–	6,724	13,494
Actuarial (gains)/losses	7,547	(1,540)	(54,318)	(48,311)
Benefits paid	(35,629)	(6,820)	(17,163)	(59,612)
Present value of partly funded defined benefit obligation at the end of the year	489,099	69,623	734,718	1,293,440

Reconciliation of the present value of fund assets

	SASS Financial year to 30 June 2008 \$000	SANCS Financial year to 30 June 2008 \$000	SSS Financial year to 30 June 2008 \$000	Total
Present value of Fund assets at the beginning of the year	411,205	37,754	784,113	1,233,072
Expected return on Fund assets	30,654	2,913	61,199	94,766
Actuarial gains/(losses)	(57,145)	(6,081)	(106,961)	(170,187)
Employer contributions	107,266	41,962	(103,675)	45,553
Contributions by Fund participants	6,902	–	6,632	13,534
Benefits paid	(41,272)	(7,273)	(39,863)	(88,408)
Present value of partly funded defined benefit obligation at the end of the year	457,610	69,275	601,445	1,128,330

	SASS Financial year to 30 June 2007 \$000	SANCS Financial year to 30 June 2007 \$000	SSS Financial year to 30 June 2007 \$000	Total
Present value of Fund assets at the beginning of the year	370,708	34,720	669,479	1,074,907
Expected return on Fund assets	27,748	2,570	50,979	81,297
Actuarial gains/(losses)	21,801	2,159	46,741	70,701
Employer contributions	19,807	5,125	27,353	52,285
Contributions by Fund participants	6,770	–	6,724	13,494
Benefits paid	(35,629)	(6,820)	(17,163)	(59,612)
Present value of partly funded defined benefit obligation at the end of the year	411,205	37,754	784,113	1,233,072

Reconciliation of the assets and liability recognised in the balance sheet

	SASS Financial year to 30 June 2008 \$000	SANCS Financial year to 30 June 2008 \$000	SSS Financial year to 30 June 2008 \$000	Total
Present value of partly funded defined benefits at the beginning of the year	472,399	70,460	740,966	1,283,825
Fair value of Fund assets at end of year	(457,610)	(69,275)	(601,445)	(1,128,330)
Net Liability/(Asset) recognised in balance sheet at end of the year	14,789	1,185	139,521	155,495

	SASS Financial year to 30 June 2007 \$000	SANCS Financial year to 30 June 2007 \$000	SSS Financial year to 30 June 2007 \$000	Total
Present value of partly funded defined benefits at the beginning of the year	489,099	69,623	734,718	1,293,440
Fair value of Fund assets at end of year	(411,205)	(37,754)	(784,113)	(1,233,072)
Net Liability/(Asset) recognised in balance sheet at end of the year	77,894	31,869	(49,395)	60,368

Expense recognised in income statement

	SASS Financial year to 30 June 2008 \$000	SANCS Financial year to 30 June 2008 \$000	SSS Financial year to 30 June 2008 \$000	Total
Current service cost	11,152	3,746	5,056	19,954
Interest on obligation	30,055	4,225	45,987	80,267
Expected return on Fund assets (net of expenses)	(30,654)	(2,913)	(61,199)	(94,766)
Actuarial losses (gains) recognised in year	33,607	6,219	95,396	135,222
Expense/(income) recognised	44,160	11,277	85,240	140,677

	SASS Financial year to 30 June 2007 \$000	SANCS Financial year to 30 June 2007 \$000	SSS Financial year to 30 June 2007 \$000	Total
Current service cost	11,763	3,995	5,301	21,059
Interest on obligation	26,951	3,930	43,592	74,473
Expected return on Fund assets (net of expenses)	(27,748)	(2,570)	(50,978)	(81,296)
Actuarial losses (gains) recognised in year	(14,254)	(3,699)	(101,060)	(119,013)
Expense/(income) recognised	(3,288)	1,656	(103,145)	(104,777)

Actual Return on Fund Assets

	SASS Financial year to 30 June 2008 \$000	SANCS Financial year to 30 June 2008 \$000	SSS Financial year to 30 June 2008 \$000	Total
Actual return on plan assets	(28,132)	(3,168)	(48,131)	(79,431)

	SASS Financial year to 30 June 2007 \$000	SANCS Financial year to 30 June 2007 \$000	SSS Financial year to 30 June 2007 \$000	Total
Actual return on plan assets	53,188	4,729	96,106	154,023

Valuation method and principal actuarial assumptions at the reporting date

a) Valuation Method

The Projected Unit Credit (PUC) valuation method was used to determine the present value of the defined benefit obligations and the related current service costs. This method sees each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final obligation.

b) Economic Assumptions

	30 June 2008	30 June 2007
Salary increase rate (excluding promotional increases)	3.5%pa	4.0% pa to June 2008; 3.5%pa thereafter
Rate of CPI Increase	2.5%pa	2.5%
Expected rate of return on assets backing current pension liabilities	8.3%	7.6%
Expected rate of return on assets backing other liabilities	7.3%	7.6%
Discount rate	6.55%pa	6.4%pa

Historical information

	SASS Financial year to 30 June 2008 \$000	SANCS Financial year to 30 June 2008 \$000	SSS Financial year to 30 June 2008 \$000	Total
Present value of defined benefit obligation	472,399	70,460	740,966	1,283,825
Fair value of Fund assets	(457,610)	(69,275)	(601,445)	(1,128,330)
(Surplus)/Deficit in Fund	14,789	1,185	139,521	155,495
Experience adjustments – Fund liabilities	(23,538)	138	(11,564)	(34,964)
Experience adjustments – Fund assets	57,145	6,080	106,691	169,916

	SASS Financial year to 30 June 2007 \$000	SANCS Financial year to 30 June 2007 \$000	SSS Financial year to 30 June 2007 \$000	Total
Present value of defined benefit obligation	489,099	69,623	734,718	1,293,440
Fair value of Fund assets	(411,205)	(37,754)	(784,113)	(1,233,072)
(Surplus)/Deficit in Fund	77,894	31,870	(49,395)	60,369
Experience adjustments – Fund liabilities	7,547	(1,540)	(54,318)	(48,311)
Experience adjustments – Fund assets	(21,801)	(2,159)	(46,741)	(70,701)

Expected contributions

	SASS Financial year to 30 June 2008 \$000	SANCS Financial year to 30 June 2008 \$000	SSS Financial year to 30 June 2008 \$000	Total
Expected employer contributions	19,312	5,077	25,775	50,164

	SASS Financial year to 30 June 2007 \$000	SANCS Financial year to 30 June 2007 \$000	SSS Financial year to 30 June 2007 \$000	Total
Expected employer contributions	18,940	5,196	26,348	50,484

Funding arrangements for employer contributions

The following is a summary of the 30 June 2008 financial position of the Fund calculated in accordance with AAS 25 – Financial Reporting by Superannuation Plans.

	SASS Financial year to 30 June 2008 \$000	SANCS Financial year to 30 June 2008 \$000	SSS Financial year to 30 June 2008 \$000	Total
Accrued benefits	468,896	70,757	682,075	1,221,728
Net market value of Fund assets	(457,610)	(69,275)	(601,445)	(1,128,330)
Net (surplus)/deficit	11,286	1,482	80,630	93,398

	SASS Financial year to 30 June 2007 \$000	SANCS Financial year to 30 June 2007 \$000	SSS Financial year to 30 June 2007 \$000	Total
Accrued benefits	481,427	68,921	664,340	1,214,688
Net market value of Fund assets	(411,205)	(37,754)	(784,113)	(1,233,072)
Net (surplus)/deficit	70,222	31,167	(119,773)	(18,384)

Recommended contribution rates for the entity are:

SASS	SANCS	SSS
multiple of member contributions	% member salary	multiple of member contributions
2.80	3.00% pa	4.10

Funded method

The method used to determine the employer contribution recommendations at the last actuarial review was the Aggregate Funding method. The method adopted affects the timing of the cost to the employer.

Under the Aggregate Funding method, the employer contribution rate is determined so that sufficient assets will be available to meet benefit payments to existing members, taking into account the current value of assets and future contributions.

Economic assumptions

The economic assumptions adopted for the current actuarial review of the Fund were:

Weighted-average assumptions	2008	2007
Expected rate of return on Fund assets backing current pension liabilities	7.7% pa	7.7% pa
Expected rate of return on Fund assets backing other liabilities	7.0%pa	7.0%pa
Expected salary increase rate	4.0% pa	4.0% pa
Expected rate of CPI increase	2.5%	2.5%

Nature of asset/liability

If a surplus exists in the employer's interest in the Fund, the employer may be able to take advantage of it in the form of a reduction in the required contribution rate, depending on the advice of the Fund's actuary.

Where a deficiency exists, the employer is responsible for any difference between the employer's share of fund assets and the defined benefit obligation.

Provision for Long Service Leave (LSL)

Long service leave is measured at present value in accordance with AASB 119 Employee Benefits. This is based on the application of the valuation ratio at the Commonwealth government bond rate at the reporting date to employees with five or more years of service, using current rates of pay. This ratio is determined based on an actuarial review to approximate present value.

The actuarial assessment is based on the accrued long service leave liabilities and employee data of the RTA as at 31 December 2007. Long Service leave accrued at the rate of 4.4 days per annum for the first ten years of service and then at the rate of 11 days per annum.

Employees who exit with less than five years service get no benefits. Those who leave with between five and seven years service have been assumed to only receive benefits if exiting due to death, disability or age retirement. Benefits are paid in service or on exit after seven years service on a pro rata basis.

Assumptions:

An allowance has been determined for each relevant on-cost separately to the LSL liability, as their accounting treatment and the adoption of liability is different to the LSL liability. The on-costs to LSL present value liabilities are:

Payroll Tax	6.0 %
Superannuation	9.0 %
Superannuation accruing while on LSL	3.6 %
LSL accruing while on LSL	1.6 %
Annual Leave accruing while on LSL	3.0 %

As workers compensation is determined without direct reference to salary, and does not accrue while an employee is on long service leave there is no future workers compensation expense that will be incurred when currently accrued LSL is taken during future service, and hence there is no attaching on-cost.

Assumptions about rates of taking leave in service are based on historical details of payments of LSL for calendar years 2005–2007 and projected future payments are broadly consistent with this data. It has been assumed that 6 days of LSL will be taken per year by employees who are eligible.

General salary increases of 3.5% per annum have been assumed for all future years, consistent with NSW Treasury expectations for the NSW public sector in the medium term.

Promotional salary increases have been assumed at rates based on NSW public sector superannuation scheme rates expected to reasonably reflect employees' promotional salary experience.

The rates of resignation, death, age retirement and ill-health retirement assumed have been adopted from superannuation valuations of NSW public servants. Withdrawal rates for those with less than 10 years of service are based on experience from NSW and other superannuation schemes.

The discount rate is based on the 10 year bond rate at 30 June, but adjusted from a semi-annual rate to an annual rate.

17. Current/non-current liabilities – other

	Consolidated		Parent	
	2008 \$000	2007 \$000	2008 \$000	2007 \$000
Current				
Statutory Creditors	14,891	14,657	14,891	14,657
Principal Outstanding on Bonds Issued to Private Sector	15,933	15,933	15,933	15,933
Unearned Rent on M4 and M5 Motorways	3,106	3,201	3,106	3,201
Sydney Harbour Tunnel Tax Liabilities	1,754	1,716	1,754	1,716
Income Received in Advance	16,241	13,568	16,241	13,568
Holding Accounts	87,084	71,584	84,044	66,460
Deferred Revenue – Reimbursement on Private Sector Provided Infrastructure	11,575	11,575	11,575	11,575
	150,584	132,234	147,544	127,110
Non-current				
Principal Outstanding on Bonds Issued to Private Sector	297,216	313,802	297,216	313,802
Unearned Rent on M4 and M5 Motorways	11,165	14,271	11,165	14,271
Sydney Harbour Tunnel Tax Liabilities	23,696	24,035	23,696	24,035
Make Good Provisions	3,358	–	3,358	–
Deferred Revenue – Reimbursement on Private Sector Provided Infrastructure	331,868	343,443	331,868	343,443
	667,303	695,551	667,303	695,551
Current				
Sydney Harbour Tunnel Past Tax Liability	1,416	1,378	1,416	1,378
Sydney Harbour Tunnel Future Tax Liability	338	338	338	338
	1,754	1,716	1,754	1,716
Non-current				
Sydney Harbour Tunnel Past Tax Liability	14,884	15,410	14,884	15,410
Sydney Harbour Tunnel Future Tax Liability	8,812	8,625	8,812	8,625
	23,696	24,035	23,696	24,035

Under the M4 lease agreement, \$46.615 million was received from the Concession Holder as rent in advance. In accordance with generally accepted accounting principles, this revenue is brought to account over the period of the lease. This treatment is summarised as follows:

	Consolidated		Parent	
	2008 \$000	2007 \$000	2008 \$000	2007 \$000
Rent earned in prior years	40,370	37,995	40,370	37,995
Rent earned in current year	2,375	2,375	2,375	2,375
Unearned rent as at 30 June 2008	3,870	6,245	3,870	6,245
	46,615	46,615	46,615	46,615

The land acquisition loan of \$22.000 million, based on the cost of land under the M5 originally purchased by the RTA, was repaid in June 1997 by the Concession Holder. The repayment of the loan is considered to be a prepayment of the remaining rental over the period of the concession agreement. In accordance with AASB 117, this revenue is brought to account over the period of the lease.

In consideration for the Concession Holder undertaking construction of an interchange at Moorebank (M5 Improvements) on the M5 Motorway, the original concession period (to 14 August 2022) has been extended by 1.11 years to 23 September 2023.

The treatment is summarised as follows:

	2008	2007	2008	2007
Rent earned in prior years	10,870	10,139	10,870	10,139
Rent earned in current year	731	731	731	731
Unearned rent as at 30 June 2008	10,399	11,130	10,399	11,130
	22,000	22,000	22,000	22,000

Under the various Private Sector Provided Infrastructure \$369.915 million was received following the letting of the Lane Cove Tunnel, Cross City Tunnel and Western M7 Motorway contracts as reimbursement of development costs. NSW Treasury have mandated the adoption of TPP 06–08 "Accounting for Privately Funded Projects", which requires revenue to be brought to account over the period of the concessions. The treatment is summarised as follows.

	2008	2007	2008	2007
Amortisation of deferred revenue in prior years	14,897	5,321	14,897	5,321
Amortisation of deferred revenue in current year	11,575	9,576	11,575	9,576
Unearned reimbursement as at 30 June 2008	343,443	355,018	343,443	355,018
	369,915	369,915	369,915	369,915

18. Changes in equity

	Consolidated		Parent	
	2008 \$000	2007 \$000	2008 \$000	2007 \$000
Reserves				
Accumulated Funds	44,169,465	42,939,732	44,169,465	42,939,732
Asset Revaluation Reserve	37,749,734	30,478,874	37,749,734	30,478,874
	81,919,199	73,418,606	81,919,199	73,418,606

	Accumulated funds				Asset revaluation				Total equity			
	Consolidated		Parent		Consolidated		Parent		Consolidated		Parent	
	2008 \$000	2007 \$000	2008 \$000	2007 \$000	2008 \$000	2007 \$000	2008 \$000	2007 \$000	2008 \$000	2007 \$000	2008 \$000	2007 \$000
Balance at beginning of the financial year	42,939,732	41,650,892	42,939,732	41,650,892	30,478,874	27,829,667	30,478,874	27,829,667	73,418,606	69,480,559	73,418,606	69,480,559
Changes in equity – other than transactions with owners as owners												
Surplus/(deficit) for Year	1,096,526	1,266,749	1,096,526	1,266,749	–	–	–	–	1,096,526	1,266,749	1,096,526	1,266,749
Increment/(Decrement) on revaluation of												
– Land and Buildings	–	–	–	–	110,616	(63,278)	110,616	(63,278)	110,616	(63,278)	110,616	(63,278)
– Authority Infrastructure	–	–	–	–	7,292,962	2,734,576	7,292,962	2,734,576	7,292,962	2,734,576	7,292,962	2,734,576
Total	1,096,526	1,266,749	1,096,526	1,266,749	7,403,578	2,671,298	7,403,578	2,671,298	8,500,104	3,938,047	8,500,104	3,938,047
Transfers within equity												
Asset Revaluation Reserve balance transferred to accumulated funds on disposal of asset	132,718	22,091	132,718	22,091	(132,718)	(22,091)	(132,718)	(22,091)	–	–	–	–
Total	132,718	22,091	132,718	22,091	(132,718)	(22,091)	(132,718)	(22,091)	–	–	–	–
Changes in equity – transaction with owners as owners												
Increase/(decrease) in net assets from equity transfers	489	–	489	–	–	–	–	–	489	–	489	–
Total	489	–	489	–	–	–	–	–	489	–	489	–
Balance at the end of the financial year	44,169,465	42,939,732	44,169,465	42,939,732	37,749,734	30,478,874	37,749,734	30,478,874	81,919,199	73,418,606	81,919,199	73,418,606

19. Increase/decrease in net assets from equity transfer

On 30 November 2007, the Tow Truck Industry Amendment Act 2007 abolished the Tow Truck Authority and replaced it with RTA. From 1 December 2007, the assets, rights and liabilities of the Tow Truck Authority have been merged with the assets, rights and liabilities of the Authority.

	Consolidated		Parent	
	2008 \$000	2007 \$000	2008 \$000	2007 \$000
Total assets	823	–	823	–
Total liabilities	(334)	–	(334)	–
Net increase/(decrease)	489	–	489	–

20. Commitments for expenditure

(a) Capital Commitments

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

	Consolidated		Parent	
	2008 \$000	2007 \$000	2008 \$000	2007 \$000
Payable no later than 1 year				
– Value of work to be completed	254,957	390,680	254,957	390,680
Payable later than 1, but not later than 5 years				
– Value of work to be completed	1,455,616	355,790	1,455,616	355,790
Payable later than 5 years	111,513	176,184	111,513	176,184
Total (including GST)	1,822,086	922,654	1,822,086	922,654

(b) Other Expenditure Commitments

Aggregate other expenditure for the acquisition of goods and services contracted for at balance date and not provided for:

Payable no later than 1 year				
– Value of work to be completed	287,695	180,540	287,695	180,540
Payable later than 1, but not later than 5 years	204,234	29,916	204,234	29,916
Payable later than 5 years	43,192	11,321	43,192	11,321
Total (including GST)	535,121	221,777	535,121	221,777

(c) Operating Lease Commitments

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

Not later than 1 year	52,026	53,791	52,026	53,791
Later than 1 year and not later than 5 years	44,071	57,736	44,071	57,736
Later than 5 years	25,218	27,764	25,218	27,764
Total (including GST)	121,315	139,291	121,315	139,291

In respect of property leases, the RTA has various lessors with leases that have specific lease periods ranging from 1 year to 20 years.

The property operating lease commitments are as follows:

Not later than 1 year	19,385	23,850	19,385	23,850
Later than 1 year and not later than 5 years	20,125	30,149	20,125	30,149
Later than 5 years	25,218	27,764	25,218	27,764
Total	64,728	81,763	64,728	81,763

IT equipment operating leases are existing leases negotiated with Dell Computer Pty Ltd., Fujitsu Australia Ltd. and Macquarie IT Pty Ltd. The RTA has changed its policy effective 2007/08, to purchasing rather than leasing IT assets.

The IT operating lease commitments are as follows:

	Consolidated		Parent	
	2008 \$000	2007 \$000	2008 \$000	2007 \$000
Not later than 1 year	645	2,328	645	2,328
Later than 1 year and not later than 5 years	140	1,145	140	1,145
Later than 5 years	–	–	–	–
Total	785	3,473	785	3,473

The Light Motor Vehicle Lease is with State Fleet Services and is financed by Macquarie Bank.

The light motor vehicle operating lease commitments are as follows:

Not later than 1 year	26,781	22,317	26,781	22,317
Later than 1 year and not later than 5 years	16,383	16,199	16,383	16,199
Later than 5 years	–	–	–	–
Total	43,164	38,516	43,164	38,516

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

The heavy motor vehicle operating lease commitments are as follows:

Not later than 1 year	5,215	5,296	5,215	5,296
Later than 1 year and not later than 5 years	7,423	10,243	7,423	10,243
Later than 5 years	–	–	–	–
Total	12,638	15,539	12,638	15,539

The total commitments detailed above include GST input tax credits of \$225.320 million (2006/2007; \$116.702 million) that are expected to be recoverable from the ATO.

(d) Sydney Harbour Tunnel – Ensured Revenue Stream Agreement (ERS)

Under the ERS, the Government has agreed to make ERS payments (net of tolls collected from the tunnel) to enable the concession holder to meet financial obligations arising from the operation and maintenance of the tunnel and repayment of principal and interest on funds borrowed by it for the design, construction and operation of the tunnel. The RTA has recognised the estimated gross ERS payments to the end of the concession period in August 2022 as a commitment as follows:

Not later than 1 year	63,818	57,067	63,818	57,067
Later than 1 year and not later than 5 years	292,469	277,362	292,469	2,747,362
Later than 5 years	772,532	851,458	772,532	851,458
Total	1,128,819	1,185,887	1,128,819	1,185,887

21. After balance sheet date event

Premiers Memorandum No. 2008–06 instructed that all General Government Sector and Public Trading Enterprise (excluding State Owned Corporations) agency-owned office buildings will vest in the State Property Authority (the Authority) from 1 July 2008.

NSW Treasury Policy & Guidelines Paper TPP 06–7 “Contributions by Owners made to Wholly-Owned Public Sector Entities”, sets out the accounting implications for property transfers to statutory bodies. This Policy requires that agencies revalue the properties to fair value immediately prior to transfer and that the fair value is to be based upon the transferee’s perspective.

The Written down value of the properties to be transferred as at 30 June 2008 was \$21.327 million.

22. Contingent assets and liabilities

There is one significant contractual dispute (2006/2007: 3 disputes) with an estimated total contingent liability of \$25.000 million (2006/2007:\$56.000 million). Compulsory property acquisition matters under litigation have an estimated contingent liability of \$75.260 million.

The RTA has certain obligations under contracts with private sector parties with the performance of these obligations guaranteed by the State. The current guarantees outstanding are for the Sydney Harbour Tunnel, the M2 Motorway, The Eastern Distributor, the Cross City Tunnel, the Western Sydney Orbital and the Lane Cove Tunnel. There is no reason to believe that these guarantees are ever to be exercised.

23. Native title

The Commonwealth’s legislation (Native Title Act) and the New South Wales statute (Native Title (New South Wales) Act) have financial implications for New South Wales Government Agencies generally.

In this regard the RTA has undertaken an assessment of the impact on its financial position. This assessment indicates as at 30 June 2008, there were no Native Title claims which had been initiated against the RTA.

24. Administered liabilities

The amount of multiple licence fees is approximately \$90 million. The maximum period of licence is 5 years. First year licences are not deemed to be a liability. The remaining 4 years licence fee is approx \$151 million

25. Budget review

(a) Net Cost of Services

The actual net cost of services of \$2,105.5 million was \$177.8 million more than budget. The variance was primarily due to defined benefit superannuation expenses of \$139.0m, an increase in depreciation of \$25.9, grants in the form of roads to local councils of \$43.5 million partially offset by the receipt of the NSW portion of the Tugun bypass as revenue of \$143.9 million.

(b) Assets and Liabilities

Non-current assets have increased by \$7,502.4 million when compared to budget. This is principally due to the periodic revaluation of bridges that occurred at the end of the financial year resulting in an increase in bridge value of \$3,471.9 million combined with an increase of Land under Roads of \$2,700.9 million due general increases.

The value of land and buildings held for sale increased by \$10.26 million when compared to budget. Current assets decreased by \$26.2 million due primarily to decrease in cash and cash equivalents of \$13.2 million.

Current liabilities were \$111.5 million over the budgeted amount primarily due to general increases in accrued expenses. Non-current liabilities decreased by \$124.6m largely as a result of decreases in employee related provisions of \$98.4m.

(c) Cash Flows

Net cash flow from operating activities is \$139.4 million more than budget. This was mainly due to a decrease in payments of \$115.9 million and lower than budgeted capital appropriation in the amount of \$48.1m

Net cash outflow in relation to investing activities is \$135.7 million less than the budget due primarily to purchases of land and buildings, plant and equipment and infrastructure systems being \$102.5 million less than the budget.

26. Reconciliation of cash flows from net cost of services to operating activities

	Consolidated		Parent	
	2008 \$000	2007 \$000	2008 \$000	2007 \$000
Net Cash used on Operating Activities	1,831,550	1,616,679	1,831,550	1,616,679
Cash Flows from Government/Appropriations	(3,202,029)	(2,961,430)	(3,202,029)	(2,961,430)
Adjustments for revenues & expenses not involving cash				
Non-cash/Revenue/expenses				
Tugun Bypass	143,949	189,611	143,949	189,611
Net (loss)/gain on sale of plant and equipment	15,692	3,337	15,692	3,337
Right to receive on PSPI	84,668	87,589	84,668	87,589
Infrastructure assets written down (Note 6 (b))	(41,590)	(88,900)	(41,590)	(88,900)
Depreciation/amortisation	(811,566)	(774,070)	(811,566)	(774,070)
	(608,847)	(582,433)	(608,847)	(582,433)
Adjustments for cash movement in operating assets and liabilities				
Increase/(Decrease) in receivables	75,555	(107,788)	75,555	(107,788)
Increase/(Decrease) in inventories	2,211	389	2,211	389
(Increase)/Decrease in creditors	(145,610)	230,077	(145,610)	230,077
(Increase)/Decrease in provisions	(58,333)	109,825	(58,333)	109,825
	(126,177)	232,503	(126,177)	232,503
Net Cost of Services (as per operating statement)	(2,105,503)	(1,694,681)	(2,105,503)	(1,694,681)

Reconciliation of cash flows from the net cost of services as reported in the operating statement to the net cash used on operating activities.

27. Non cash financing and investing activities

Non-cash/Revenue/expenses				
Tugun Bypass	143,949	189,611	143,949	189,611
Right to receive on PSPI	84,668	87,589	84,668	87,589
	228,617	277,200	228,617	277,200

In investing and financing transactions which did not result in cash flow are the grant given by the Queensland Department of Motor Transport (Tugun Bypass) and the emerging interest of the private sector provided infrastructure (PSPI).

28. Prior period errors

(a) Tugun Bypass Project

The Queensland Government contracted the design and construction of the Tugun Bypass Tunnel which connects the Stewart Road interchange at Currumbin with the Tweed Heads Bypass in NSW. The Tunnel was opened to traffic on 2 June 2008. Approximately 67.25% of the cost of the project is attributable to that portion of the bypass constructed in NSW. This NSW portion has now been handed over to the NSW Government and is included in the RTA's roads database as at 30 June 2008. The value of the NSW portion has been assessed at \$333.56 million transferred to the RTA over 2 financial years (2006/07: \$189.611 million and 2007/08: \$143.949 million). A corresponding revenue amount has been included in the financial statements as a grant received (note 3(c)). The amount transferred for 2006/07 was recognised as a grant by Queensland government in the prior year and prior period adjustment for \$189.611 million has been recognised by the RTA for 2007/08.

(b) Private Sector Provided Infrastructure (PSPI)

A proportion of the valuation movements of PSPI were incorrectly recognised in the 2006-07 financial statements through the asset revaluation reserve. These valuations have now been restated at their 30 June 2006 amount with the 2007 revaluation adjustments reversed. The 2006-07 comparatives have been restated in the 2008 financial statements.

Under AASB 108 requirements, an entity shall correct material prior period errors retrospectively by restating the comparative amounts for the prior period in which the error occurred as per below.

Financial Impact of prior period adjustments	Restated 2006/07 Consolidated & Parent \$'000	Original 2006/07 Consolidated & Parent \$'000
Revenue		
Grants and contributions (a)	244,599	54,988
Other revenue (b)	104,820	132,993
Total revenue	653,611	492,173
Net cost of services	1,694,681	1,856,119
Surplus for the year		
Surplus for the year stated in the Operating Statement for the year ending 30 June 2007	1,266,749	1,105,311
Recognised income and expense		
Net increase/(decrease) in asset revaluation reserve	2,671,298	2,762,388
Total income and expense recognised directly in equity	2,671,298	2,762,388
Surplus for the year	1,266,749	1,105,311
Total income and expense recognised for the year	3,938,047	3,867,699
Non-current assets		
<i>Property Plant and Equipment</i>		
Infrastructure	71,422,844	71,233,233
Total property, plant and equipment	74,305,897	74,116,286
Other	1,022,802	1,142,065
Total non-current assets	75,443,250	75,372,902
Total Assets		
Total assets stated in the Balance sheet as at 30 June 2007	75,860,472	75,790,124
Net Assets		
Net assets stated in the Balance sheet as at 30 June 2007	73,418,606	73,348,258
Accumulated Funds		
Accumulated funds stated in the Balance sheet as at 30 June 2007	42,939,732	42,778,294
Total Equity		
Total equity stated in the Balance sheet as at 30 June 2007	73,418,606	73,348,258
Program Statement – Road Development		
<i>Revenue</i>		
Grants and contributions	232,006	42,395
Other revenue	104,820	132,993
Total revenue	391,945	230,507
Net cost of services	685,041	846,479
Net expenditure/(revenue) for the year	685,041	846,479

End of Audited Financial Statements



GPO BOX 12
Sydney NSW 2001

INDEPENDENT AUDITOR'S REPORT
Roads and Traffic Authority Division

To Members of the New South Wales Parliament

I have audited the accompanying financial report of the Roads and Traffic Authority Division (the Division), which comprises the balance sheet as at 30 June 2008, the income statement, statement of recognised income and expense and cash flow statement for the year then ended, a summary of significant accounting policies and other explanatory notes.

Auditor's Opinion

In my opinion, the financial report:

- presents fairly, in all material respects, the financial position of the Division as at 30 June 2008, and its financial performance and cash flows for the year then ended in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations)
- is in accordance with section 41B of the *Public Finance and Audit Act 1983* (the PF&A Act) and the Public Finance and Audit Regulation 2005.

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

The Chief Executive's Responsibility for the Financial Report

The Chief Executive of the Division is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the PF&A Act. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the Division's preparation and fair presentation of the financial report 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 Division's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Chief Executive, as well as evaluating the overall presentation of the financial report.

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

My opinion does *not* provide assurance:

- about the future viability of the Division,
- that it has carried out its activities effectively, efficiently and economically, or
- about the effectiveness of its internal controls.

Independence

In conducting this audit, the Audit Office of New South Wales has complied with the independence requirements of the Australian Auditing Standards and other relevant ethical requirements. The PF&A Act further promotes independence by:

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

Peter Achterstraat
Auditor-General

21 October 2008
SYDNEY

Statement by the Chief Executive
and the Director, Finance and Commercial Development

ROADS AND TRAFFIC AUTHORITY DIVISION

YEAR ENDED 30 JUNE 2008

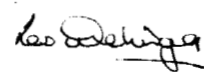
Pursuant to Section 41C (1B) and (1C) of the Public Finance and Audit Act 1983, we declare that in our opinion:

1. The accompanying financial statements exhibit a true and fair view of the Division's financial position as at 30 June 2008 and transactions for the year then ended
2. The statements have been prepared in accordance with the provisions of the Public Finance and Audit Act 1983, the Public Finance and Audit Regulation 2005 and the Treasurer's Directions.

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



Paul Hesford
Director, Finance and Commercial Development
20 October 2008



Les Wielinga
Chief Executive
20 October 2008

Income Statement
For the year ended 30 June 2008

	2008 \$000	2007 \$000
Income		
Personnel Services	555,576	281,558
Total Income	555,576	281,558
Expenses		
Salaries and Wages (including recreation leave)	342,640	325,563
Long Service Leave	16,307	(4,797)
Superannuation – defined benefit plan	138,962	(109,256)
Superannuation – defined contribution plan	17,403	15,771
Workers Compensation Insurance	5,133	4,113
Payroll Tax and Fringe Benefits Tax	26,246	25,041
Redundancy	3,711	6,848
Other	5,174	18,275
Total expenses	555,576	281,558
Operating Result	–	–

The accompanying notes form part of these financial statements.

Statement of Recognised Income and Expense
For the year ended 30 June 2008

	June 2008 \$000	June 2007 \$000
Total Income and Expenses recognised directly in equity	–	–
Operating Result	–	–
Total Income and expense recognised for the year	–	–

The accompanying notes form part of these financial statements.

Balance Sheet as at 30 June 2008

	Notes	30 June 2008 \$000	30 June 2007 \$000
Assets			
Receivables	2(a)	451,279	335,945
Prepayment	2(b)		49,395
Total Assets		451,279	385,340
Liabilities			
Current Liabilities			
Payables	3(a)	50,080	44,559
Provisions	3(b)	213,493	216,844
Total Current Liabilities		263,573	261,403
Non-current Liabilities			
Provisions	3(c)	187,706	123,937
Total Non-current Liabilities		187,706	123,937
Total Liabilities		451,279	385,340
Net Assets		–	–
Equity			
Accumulated Funds		–	–
Total Equity		–	–

The accompanying notes form part of these financial statements.

Cash Flow Statement For the year ended 30 June 2008

	Notes	2008 \$000	2007 \$000
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments			
Employee Related		–	–
Total Payments		–	–
Receipts			
Sale of Services		–	–
Total Receipts		–	–
NET CASH FLOWS FROM OPERATING ACTIVITIES		–	–
CASH FLOWS FROM INVESTING ACTIVITIES		–	–
CASH FLOWS FROM FINANCING ACTIVITIES		–	–
NET INCREASE / (DECREASE) IN CASH		–	–
Opening Cash and Cash Equivalents		–	–
CLOSING CASH AND CASH EQUIVALENTS		–	–

The accompanying notes form part of these financial statements

Notes to and forming part of the Financial Statements of the Roads and Traffic Authority division for the year ended 30 June 2008

I. Summary of significant accounting policies

(a) Reporting Entity

The Roads and Traffic Authority Division (The Division) is a division of the Government Service of NSW, established pursuant to Part 2 of Schedule 1 to the *Public Sector Employment and Management Act 2002* as amended. It is a not-for-profit entity as profit is not its principal objective. It is consolidated as part of the NSW Total State Sector Accounts. It is domiciled in Australia and its principal office is at 260 Elizabeth Street Surry Hills NSW.

The Division's objective is to provide personnel services to the Roads and Traffic Authority of NSW (RTA).

These financial statements have been authorised for issue by the Audit Committee on 8 October 2008.

(b) Basis of Preparation

The Division's financial statements are a general purpose financial report which has been prepared in accordance with:

- applicable Australian Accounting Standards and interpretations (which include Australian equivalents to International Financial Reporting Standards (AIFRS)); and
- the requirements of the *Public Finance and Audit Act 1983 and Regulations*.

In the event of any inconsistency between accounting standards and legislative requirements, the latter are given precedence.

Generally, the historical cost basis of accounting has been adopted and the financial report does not take into account changing money values or current valuations. However, certain provisions are measured at fair value. See note 1(g).

Judgements, estimates and associated assumptions about carrying values of assets and liabilities that are not readily apparent from other sources are based on historical experience and various other factors that are believed to be reasonable under the circumstance. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised. Judgements, estimates and assumptions made by management are disclosed in the relevant notes to the financial statements.

Accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability.

Unless otherwise stated all amounts are rounded to the nearest one thousand dollars and are expressed in Australian currency.

(c) New Accounting Standards and Interpretation

The Division did not early adopt any new accounting standards that are not yet effective.

The following new Accounting Standards and Interpretations have not yet been adopted and are not effective as at 30 June 2008:

AASB & Interpretations	AASB Standards & Interpretations
AASB 8	AASB 8 <i>Operating Segments</i> and 2007-3 Amendments to Australian Accounting Standards arising from AASB 8 (1 January 2009)
AASB 123	AASB 123 <i>Borrowing Costs</i> and 2007-6 Amendments to Australian Accounting Standards arising from AASB 123 (1 January 2009)
AASB 101	AASB 101 <i>Presentation of Financial Statements</i> and 2007-8 Amendments to Australian Accounting Standards arising from AASB 101 (1 January 2009)
AASB 1004	AASB 1004 <i>Contributions</i> (1 July 2008)
AASB 127	AASB 127 <i>Consolidated and Separate Financial Statements</i> and 2008-3 Amendments to Australian Accounting Standards arising from AASB 3 and AASB 127 (1 July 2009)
AASB 1049	AASB 1049 <i>Whole of Government and General Government Sector Financial Reporting</i> and 2007-9 Amendments to Australian Accounting Standards arising from the review of AASs 27, 29 and 31 (1 July 2008)
AASB 1050	AASB 1050 <i>Administered Items</i> (1 July 2008)
AASB 1051	AASB 1051 <i>Land Under Roads</i> (1 July 2008)
Interpretation 4	Interpretation 4 <i>Determining whether an Arrangement contains a Lease</i> (1 January 2008)
Interpretation 12	Interpretation 12 <i>Service Concession Arrangements</i> (1 January 2008) & AASB 2007-2 Amendments to Australian Accounting Standards arising from AASB Interpretation 12 (1 January 2008)
Interpretation 14	Interpretation 14 <i>Limit on a defined benefit asset</i> (1 January 2008)
Interpretation 129	Interpretation 129 <i>Service Concession Arrangements: Disclosures</i> (1 January 2008)

It is considered that the adoption of these Standards and Interpretations in future periods will have no material financial impact on the financial statements of the Division.

(d) Income Recognition

Income is measured at the fair value of the consideration received or receivable. Revenue from the rendering of personnel services is recognised when the service is provided and only to the extent that the associated recoverable expenses are recognised.

(e) Receivables

A receivable is recognised when it is probable that the future cash inflows associated with it will be realised and it has a value that can be measured reliably. It is derecognised when the contractual or other rights to future cash flows from it expire or are transferred.

Receivables are recognised initially at fair value, usually based on the transaction cost or face value. Subsequent measurement is at amortised cost using the effective interest method, less an allowance for any impairment of receivables. Short-term receivables with no stated interest rate are measured at the original invoice amount where the effect of discounting is immaterial. An allowance for impairment of receivables is established when there is objective evidence that the entity will not be able to collect all amounts due. The amount of the allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. Bad debts are written off as incurred.

(f) Payables

Payables include accrued wages, salaries, and related on costs (such as payroll tax, fringe benefits tax and workers' compensation insurance) where there is certainty as to the amount and timing of settlement.

A payable is recognised when a present obligation arises under a contract or otherwise. It is derecognised when the obligation expires or is discharged, cancelled or substituted.

Payables are recognised initially at fair value, usually based on the transaction cost or face value. Subsequent measurement is at amortised cost using the effective interest method. Short-term payables with no stated interest rate are measured at the original invoice amount where the effect of discounting is immaterial.

(g) Employee benefit provisions and expenses

Provisions are made for liabilities of uncertain amount or uncertain timing of settlement.

Employee benefit provisions represent expected amounts payable in the future in respect of unused entitlements accumulated as at the reporting date. Liabilities associated with, but that are not, employee benefits (such as payroll tax) are recognised separately.

Superannuation and leave liabilities are recognised as expenses and provisions when the obligations arise, which is usually through the rendering of service by employees.

Long-term annual leave (ie that is not expected to be taken within twelve months) is measured at present value using a discount rate equal to the market yield on government bonds.

Superannuation and long service leave provisions are actuarially assessed at each reporting date and are measured at the present value of the estimated future payments.

All other employee benefit liabilities (ie for benefits falling due wholly within twelve months after reporting date) are assessed by management and are measured at the undiscounted amount of the estimated future payments.

The amount recognised for superannuation provision is the net total of the present value of the defined benefit obligation at the reporting date, minus the fair value at that date of any plan assets out of which the obligation are to be settled directly.

The amount recognised in the income statement for superannuation is the net total of current service cost, interest cost, the expected return on any plan assets, and actuarial gains and losses. Actuarial gains or losses are recognised as income or expense in the year they occur.

The actuarial assessment of superannuation provisions uses the Projected Unit Credit Method and reflects estimated future salary increases and the benefits set out in the terms of the plan. The liabilities are discounted using the market yield rate on government bonds of similar maturity to those obligations. Actuarial assumptions are unbiased and mutually compatible and financial assumptions are based on market expectations for the period over which the obligations are to be settled.

In accordance with AASB 101, all annual leave and unconditional long service leave are classified as current liabilities, even where the Division does not expect to settle the liability within 12 months. As this does not necessarily align with the distinction between short-term and long-term employee benefits under AASB 119, the Division has disclosed the amount expected to be settled after more than 12 months for each liability line item that combines amounts expected to be settled no more than 12 months after the reporting date and more than 12 months after the reporting date.

(h) Comparative information

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.

2. Current assets

(a) Receivables

	30 June 2008 \$000	30 June 2007 \$000
Inter entity receivable – RTA	451,279	335,945

(b) Prepayments

Superannuation	–	49,395
	–	49,395

3. Current liabilities/non-current liabilities

(a) Payables

Accrued expenses	6,015	4,404
Payroll Tax	3,040	5,124
GST Payable	41,025	35,031
	50,080	44,559

(b) Provisions – current

Annual Leave ⁽ⁱ⁾	38,686	38,728
Long service leave ⁽ⁱⁱ⁾	167,168	171,959
Employee Related on costs	7,639	6,157
	213,493	216,844

(c) Provisions – non-current

Superannuation	155,495	109,764
Long Service Leave	7,962	13,631
Employee related on costs	24,249	542
	187,706	123,937

(d) Aggregate Employee Benefits and related On-costs

Provisions – current	213,493	216,844
Provisions – non-current	187,706	123,937
Accrued salaries, wages and on-costs	6,015	4,404
	407,214	345,185

(i) The value of annual leave, including on costs, expected to be taken within twelve months is \$32.832 million (2006-07: \$27.110 million) and \$17.936 million (2006-07: \$11.618 million) after twelve months.

(ii) The value of long service leave expected to be taken within twelve months is \$24.059 million (2006-07: \$7.172 million) and \$171.339 million (2006/07: \$158.180 million) after twelve months.

Provision for Superannuation

Superannuation statements include both employer and employee superannuation assets and liabilities as prescribed by AASB 119 *Employee Benefits*.

General description of the plan

The Pooled Fund holds in trust the investments of the closed NSW public sector superannuation schemes:

- State Authorities Superannuation Scheme (SASS)
- State Superannuation Scheme (SSS)
- State Authorities Non-contributory Superannuation Scheme (SANCS).

These schemes are all defined benefit schemes – at least a component of the final benefit is derived from a multiple of member salary and years of membership. All the Schemes are closed to new members.

Actuarial gains and losses are recognised in profit or loss in the year they occur.

The following information has been prepared by the scheme actuary.

Superannuation position for AASB 119 purposes

	SASS Financial year to 30 June 2008 \$000	SANCS Financial year to 30 June 2008 \$000	SSS Financial year to 30 June 2008 \$000	Total
Accrued liability	472,399	70,460	740,966	1,283,825
Estimated reserve account balance	(457,610)	(69,275)	(601,445)	(1,128,330)
	14,789	1,185	139,521	155,495
Future Service Liability	(53,716)	(24,883)	(26,379)	(104,978)
Net (asset)/liability to be recognised in balance sheet	14,789	1,185	139,521	155,495

	SASS Financial year to 30 June 2007 \$000	SANCS Financial year to 30 June 2007 \$000	SSS Financial year to 30 June 2007 \$000	Total
Accrued liability	489,099	69,623	734,718	1,293,440
Estimated reserve account balance	(411,205)	(37,753)	(784,113)	(1,233,071)
	77,894	31,870	(49,395)	60,369
Future Service Liability	(58,953)	(26,480)	(25,547)	(114,980)
Prepayment	–	–	49,395	49,395
Net (asset)/liability to be recognised in balance sheet	77,894	31,870	–	109,764

All Fund assets are invested by Superannuation Trustee Corporation at arm's length through independent fund managers.

Reconciliation of the present value of the defined benefit obligation

	SASS Financial year to 30 June 2008 \$000	SANCS Financial year to 30 June 2008 \$000	SSS Financial year to 30 June 2008 \$000	Total
Present value of partly funded defined benefit obligation at the beginning of the year	489,099	69,623	734,718	1,293,440
Current service cost	11,152	3,746	5,056	19,954
Interest cost	30,055	4,226	45,987	80,268
Contributions by Fund participants	6,903	–	6,632	13,535
Actuarial (gains)/losses	(23,538)	138	(11,564)	(34,964)
Benefits paid	(41,272)	(7,273)	(39,863)	(88,408)
Present value of partly funded defined benefit obligation at the end of the year	472,399	70,460	740,966	1,283,825

	SASS Financial year to 30 June 2007 \$000	SANCS Financial year to 30 June 2007 \$000	SSS Financial year to 30 June 2007 \$000	Total
Present value of partly funded defined benefit obligation at the beginning of the year	471,698	70,058	750,582	1,292,338
Current service cost	11,762	3,995	5,301	21,058
Interest cost	26,951	3,930	43,592	74,473
Contributions by Fund participants	6,770	–	6,724	13,494
Actuarial (gains)/losses	7,547	(1,540)	(54,318)	(48,311)
Benefits paid	(35,629)	(6,820)	(17,163)	(59,612)
Present value of partly funded defined benefit obligation at the end of the year	489,099	69,623	734,718	1,293,440

Reconciliation of the present value of fund assets

	SASS Financial year to 30 June 2008 \$000	SANCS Financial year to 30 June 2008 \$000	SSS Financial year to 30 June 2008 \$000	Total
Present value of Fund assets at the beginning of the year	411,205	37,754	784,113	1,233,072
Expected return on Fund assets	30,654	2,913	61,199	94,766
Actuarial gains/(losses)	(57,145)	(6,081)	(106,961)	(170,187)
Employer contributions	107,266	41,962	(103,675)	45,553
Contributions by Fund participants	6,902	–	6,632	13,534
Benefits paid	(41,272)	(7,273)	(39,863)	(88,408)
Present value of partly funded defined benefit obligation at the end of the year	457,610	69,275	601,445	1,128,330

	SASS Financial year to 30 June 2007 \$000	SANCS Financial year to 30 June 2007 \$000	SSS Financial year to 30 June 2007 \$000	Total
Present value of Fund assets at the beginning of the year	370,708	34,720	669,479	1,074,907
Expected return on Fund assets	27,748	2,570	50,979	81,297
Actuarial gains/(losses)	21,801	2,159	46,741	70,701
Employer contributions	19,807	5,125	27,353	52,285
Contributions by Fund participants	6,770	–	6,724	13,494
Benefits paid	(35,629)	(6,820)	(17,163)	(59,612)
Present value of partly funded defined benefit obligation at the end of the year	411,205	37,754	784,113	1,233,072

Reconciliation of the assets and liability recognised in the balance sheet

	SASS Financial year to 30 June 2008 \$000	SANCS Financial year to 30 June 2008 \$000	SSS Financial year to 30 June 2008 \$000	Total
Present value of partly funded defined benefits at the beginning of the year	472,399	70,460	740,966	1,283,825
Fair value of Fund assets at end of year	(457,610)	(69,275)	(601,445)	(1,128,330)
Net Liability/(Asset) recognised in balance sheet at end of the year	14,789	1,185	139,521	155,495

	SASS Financial year to 30 June 2007 \$000	SANCS Financial year to 30 June 2007 \$000	SSS Financial year to 30 June 2007 \$000	Total
Present value of partly funded defined benefits at the beginning of the year	489,099	69,623	734,718	1,293,440
Fair value of Fund assets at end of year	(411,205)	(37,754)	(784,113)	(1,233,072)
Net Liability/(Asset) recognised in balance sheet at end of the year	77,894	31,869	(49,395)	60,368

Expense recognised in income statement

	SASS Financial year to 30 June 2008 \$000	SANCS Financial year to 30 June 2008 \$000	SSS Financial year to 30 June 2008 \$000	Total
Current service cost	11,152	3,746	5,056	19,954
Interest on obligation	30,055	4,225	45,987	80,267
Expected return on Fund assets (net of expenses)	(30,654)	(2,913)	(61,199)	(94,766)
Actuarial losses (gains) recognised in year	33,607	6,219	95,396	135,222
Expense/(income) recognised	44,160	11,277	85,240	140,677

	SASS Financial year to 30 June 2007 \$000	SANCS Financial year to 30 June 2007 \$000	SSS Financial year to 30 June 2007 \$000	Total
Current service cost	11,763	3,995	5,301	21,059
Interest on obligation	26,951	3,930	43,592	74,473
Expected return on Fund assets (net of expenses)	(27,748)	(2,570)	(50,978)	(81,296)
Actuarial losses (gains) recognised in year	(14,254)	(3,699)	(101,060)	(119,013)
Expense/(income) recognised	(3,288)	1,656	(103,145)	(104,777)

Actual Return on Fund Assets

	SASS Financial year to 30 June 2008 \$000	SANCS Financial year to 30 June 2008 \$000	SSS Financial year to 30 June 2008 \$000	Total
Actual return on plan assets	(28,132)	(3,168)	(48,131)	(79,431)

	SASS Financial year to 30 June 2007 \$000	SANCS Financial year to 30 June 2007 \$000	SSS Financial year to 30 June 2007 \$000	Total
Actual return on plan assets	53,188	4,729	96,106	154,023

Valuation method and principal actuarial assumptions at the reporting date

a) Valuation Method

The Projected Unit Credit (PUC) valuation method was used to determine the present value of the defined benefit obligations and the related current service costs. This method sees each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final obligation.

b) Economic Assumptions

	30 June 2008	30 June 2007
Salary increase rate (excluding promotional increases)	3.5%pa	4.0% pa to June 2008; 3.5%pa thereafter
Rate of CPI Increase	2.5%pa	2.5%
Expected rate of return on assets backing current pension liabilities	8.3%	7.6%
Expected rate of return on assets backing other liabilities	7.3%	7.6%
Discount rate	6.55%pa	6.4%pa

Historical information

	SASS Financial year to 30 June 2008 \$000	SANCS Financial year to 30 June 2008 \$000	SSS Financial year to 30 June 2008 \$000	Total
Present value of defined benefit obligation	472,399	70,460	740,966	1,283,825
Fair value of Fund assets	(457,610)	(69,275)	(601,445)	(1,128,330)
(Surplus)/Deficit in Fund	14,789	1,185	139,521	155,495
Experience adjustments – Fund liabilities	(23,538)	138	(11,564)	(34,964)
Experience adjustments – Fund assets	57,145	6,080	106,691	169,916

	SASS Financial year to 30 June 2007 \$000	SANCS Financial year to 30 June 2007 \$000	SSS Financial year to 30 June 2007 \$000	Total
Present value of defined benefit obligation	489,099	69,623	734,718	1,293,440
Fair value of Fund assets	(411,205)	(37,754)	(784,113)	(1,233,072)
(Surplus)/Deficit in Fund	77,894	31,870	(49,395)	60,369
Experience adjustments – Fund liabilities	7,547	(1,540)	(54,318)	(48,311)
Experience adjustments – Fund assets	(21,801)	(2,159)	(46,741)	(70,701)

Expected contributions

	SASS Financial year to 30 June 2008 \$000	SANCS Financial year to 30 June 2008 \$000	SSS Financial year to 30 June 2008 \$000	Total
Expected employer contributions	19,312	5,077	25,775	50,164

	SASS Financial year to 30 June 2007 \$000	SANCS Financial year to 30 June 2007 \$000	SSS Financial year to 30 June 2007 \$000	Total
Expected employer contributions	18,940	5,196	26,348	50,484

Funding arrangements for employer contributions

The following is a summary of the 30 June 2008 financial position of the Fund calculated in accordance with AAS 25 – Financial Reporting by Superannuation Plans.

	SASS Financial year to 30 June 2008 \$000	SANCS Financial year to 30 June 2008 \$000	SSS Financial year to 30 June 2008 \$000	Total
Accrued benefits	468,896	70,757	682,075	1,221,728
Net market value of Fund assets	(457,610)	(69,275)	(601,445)	(1,128,330)
Net (surplus)/deficit	11,286	1,482	80,630	93,398

	SASS Financial year to 30 June 2007 \$000	SANCS Financial year to 30 June 2007 \$000	SSS Financial year to 30 June 2007 \$000	Total
Accrued benefits	481,427	68,921	664,340	1,214,688
Net market value of Fund assets	(411,205)	(37,754)	(784,113)	(1,233,072)
Net (surplus)/deficit	70,222	31,167	(119,773)	(18,384)

Recommended contribution rates for the entity are:

SASS	SANCS	SSS
multiple of member contributions	% member salary	multiple of member contributions
2.80	3.00% pa	4.10

Funded method

The method used to determine the employer contribution recommendations at the last actuarial review was the Aggregate Funding method. The method adopted affects the timing of the cost to the employer.

Under the Aggregate Funding method, the employer contribution rate is determined so that sufficient assets will be available to meet benefit payments to existing members, taking into account the current value of assets and future contributions.

Economic assumptions

The economic assumptions adopted for the current actuarial review of the Fund were:

Weighted-average assumptions	2008	2007
Expected rate of return on Fund assets backing current pension liabilities	7.7% pa	7.7% pa
Expected rate of return on Fund assets backing other liabilities	7.0%pa	7.0%pa
Expected salary increase rate	4.0% pa	4.0% pa
Expected rate of CPI increase	2.5%	2.5%

Nature of asset/liability

If a surplus exists in the employer's interest in the Fund, the employer may be able to take advantage of it in the form of a reduction in the required contribution rate, depending on the advice of the Fund's actuary.

Where a deficiency exists, the employer is responsible for any difference between the employer's share of fund assets and the defined benefit obligation

Provision for Long Service Leave (LSL)

Long service leave is measured at present value in accordance with AASB 119 *Employee Benefits*. This is based on the application of the valuation ratio at the Commonwealth government bond rate at the reporting date to employees with five or more years of service, using current rates of pay. This ratio is determined based on an actuarial review to approximate present value.

The actuarial assessment is based on the accrued long service leave liabilities and employee data of the RTA as at 31 December 2007. Long Service leave accrued at the rate of 4.4 days per annum for the first ten years of service and then at the rate of 11 days per annum.

Employees who exit with less than five years service get no benefits. Those who leave with between five and seven years service have been assumed to only receive benefits if exiting due to death, disability or age retirement. Benefits are paid in service or on exit after seven years service on a pro rata basis.

Assumptions:

An allowance has been determined for each relevant on-cost separately to the LSL liability, as their accounting treatment and the adoption of liability is different to the LSL liability. The on-costs to LSL present value liabilities are:

Payroll Tax	6.0 %
Superannuation	9.0 %
Superannuation accruing while on LSL	3.6 %
LSL accruing while on LSL	1.6 %
Annual Leave accruing while on LSL	3.0 %

As workers compensation is determined without direct reference to salary, and does not accrue while an employee is on long service leave there is no future workers compensation expense that will be incurred when currently accrued LSL is taken during future service, and hence there is no attaching on-cost.

Assumptions about rates of taking leave in service are based on historical details of payments of LSL for calendar years 2005-2007 and projected future payments are broadly consistent with this data. It has been assumed that 6 days of LSL will be taken per year by employees who are eligible.

General salary increases of 3.5% per annum have been assumed for all future years, consistent with NSW Treasury expectations for the NSW public sector in the medium term.

Promotional salary increases have been assumed at rates based on NSW public sector superannuation scheme rates expected to reasonably reflect employees' promotional salary experience.

The rates of resignation, death, age retirement and ill-health retirement assumed have been adopted from superannuation valuations of NSW public servants. Withdrawal rates for those with less than 10 years of service are based on experience from NSW and other superannuation schemes.

The discount rate is based on the 10 year bond rate at 30 June, but adjusted from a semi-annual rate to an annual rate.

4. Audit fee

During 2007-08 an expense of \$7,000 (2006-07 - \$6,540) excluding GST was incurred by the Division for the audit of the financial statements by The Audit Office of NSW which was fully paid for by the Roads and Traffic Authority of NSW.

5. Related party transaction

(a) Relationship between between RTA and the Division

As a result of the Public Sector Employment Legislation Amendment Act 2006 (PSELAA), from 17th March 2006 previous employees of the RTA are now employees of the RTA Division of the Government Service of New South Wales (the Division).

The Division is a controlled entity of the RTA and its only function is to provide personnel services in the form of employee related activity to the RTA.

(b) Transactions between RTA and the Division

RTA Division provides personnel services to RTA. Information related to personnel services is as follows:

(i) Personnel services provided	\$555.576 million
(ii) Receivable due from the RTA	\$451.279 million

The receivable is unsecured and the consideration to be provided on settlement will be equal to the total payables and provisions of the Division. No provision for doubtful debts relating to the receivable has been raised nor has an expense been recognised during the period in respect of bad or doubtful debts due from the RTA.

6. After balance sheet date event

There are no significant after balance sheet date events

End of audited financial statements