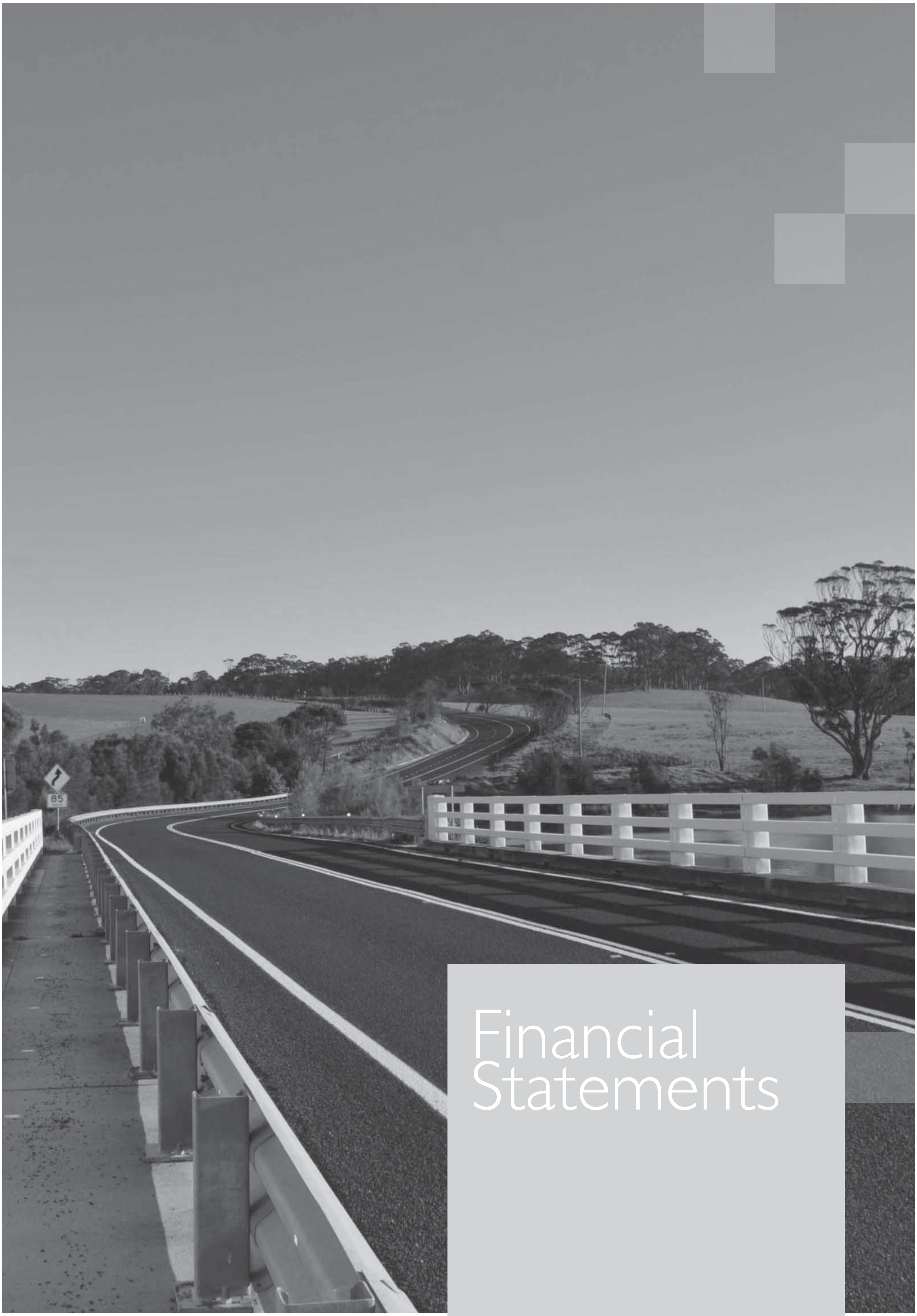

Financial Statements

Contents

Roads And Traffic Authority of New South Wales

Roads And Traffic Authority Division of the Government Services of New South Wales

Section cover image: Corunna Lake Bridge, located on the Princes Highway south of Narooma.
Photo taken by RTA staff member Farhana Jesmin.

AUDITOR-GENERAL
NEW SOUTH WALES

GPO BOX 12
Sydney NSW 2001

INDEPENDENT AUDITOR'S REPORT

Roads and Traffic Authority of New South Wales

To Members of the New South Wales Parliament

I have audited the accompanying financial statements of the Roads and Traffic Authority of New South Wales (the Authority), which comprises the statement of financial position as at 30 June 2010, the statement of comprehensive income, statement of changes in equity, statement of cash flows, service group statements and a summary of compliance with financial directives 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 the 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 statements:

- present fairly, in all material respects, the financial position of the Authority and the consolidated entity as at 30 June 2010, and of their financial performance for the year then ended in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations)
- are in accordance with section 41B of the *Public Finance and Audit Act 1983* (the PF&A Act) and the Public Finance and Audit Regulation 2010

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

Chief Executive's Responsibility for the Financial Statements

The Chief Executive is responsible for the preparation and fair presentation of the financial statements 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 statements that are 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 statements 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 statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the Authority's preparation and fair presentation of the financial statements 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 statements.

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

My opinion does *not* provide assurance:

- about the future viability of the Authority
- that it has carried out its activities effectively, efficiently and economically
- about the effectiveness of its internal controls
- about the assumptions used in formulating the budget figures disclosed in the financial statements.

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
- 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

12 October 2010
SYDNEY

Statement by the Chief Executive and the Director, Finance and Corporate Services

ROADS AND TRAFFIC AUTHORITY

YEAR ENDED 30 JUNE 2010

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 2010 and financial performance 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 2010, 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.

Michael Bushby
Chief Executive
8 October 2010

Paul Hesford
Director, Finance and Corporate Services
8 October 2010

Statement of comprehensive income for the year ended 30 June 2010

			Consolidated		Parent	
	Notes	Budget 2010 $'000	Actual 2010 $'000	Actual 2009 $'000	Actual 2010 $'000	Actual 2009 $'000
Expenses Excluding Losses						
Operating Expenses						
– Employee Related	2(a)	520,841	568,670	553,253	672,767	906,105
– Other Operating Expenses	2(b)	416,773	416,861	473,877	416,861	473,877
Maintenance	2(b)	598,620	572,479	604,661	572,479	604,661
Depreciation and Amortisation	2(c)	915,926	921,125	853,456	921,125	853,456
Grants and Subsidies	2(d)	286,970	743,333	310,026	743,333	310,026
Finance Costs	2(e)	45,372	95,492	102,535	95,492	102,535
Total Expenses Excluding Losses		**2,784,502**	**3,317,960**	**2,897,808**	**3,422,057**	**3,250,660**
Revenue						
Sale of Goods and Services	3(a)	354,669	398,484	386,317	398,484	386,317
Investment Revenue	3(b)	5,594	8,064	10,027	8,064	10,027
Grants and Contributions	3(c)	40,071	359,457	47,707	359,457	47,707
Other Revenue	3(d)	117,697	141,665	112,687	141,665	112,687
Total Revenue		**518,031**	**907,670**	**556,738**	**907,670**	**556,738**
Gain on Disposal	4(a)	231	3,124	1,213	3,124	1,213
Other Gains/(Losses)	4(b)	(1,000)	(54,300)	(34,024)	(54,300)	(34,024)
Net Cost Of Services	**25**	**2,267,240**	**2,461,466**	**2,373,881**	**2,565,563**	**2,726,733**
Government Contributions						
Recurrent Appropriation	5	1,563,835	1,556,214	1,578,527	1,556,214	1,578,527
Capital Appropriation	5	2,456,187	2,215,735	2,144,518	2,215,735	2,144,518
Total Government Contributions		**4,020,022**	**3,771,949**	**3,723,045**	**3,771,949**	**3,723,045**
SURPLUS FOR THE YEAR		**1,752,782**	**1,310,483**	**1,349,164**	**1,206,386**	**996,312**
Other Comprehensive Income						
Net Increase/(decrease) in Asset Revaluation Reserve		429,640	4,534,061	4,579,198	4,534,061	4,579,198
Superannuation Actuarial Gains/(Losses)		-	(104,097)	(352,852)	-	-
Other Comprehensive Income for the year		**429,640**	**4,429,964**	**4,226,346**	**4,534,061**	**4,579,198**
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**2,182,422**	**5,740,447**	**5,575,510**	**5,740,447**	**5,575,510**

The accompanying notes form part of these financial statements.

Statement of financial position as at 30 June 2010

		Consolidated				Parent		
	Notes	Budget 2010 $'000	Actual 2010 $'000	Actual 2009 $'000	1 July 2008 $'000	Actual 2010 $'000	Actual 2009 $'000	1 July 2008 $'000
ASSETS								
Current Assets								
Cash and Cash Equivalents	8	209,039	184,029	186,179	179,958	184,029	186,179	179,958
Receivables	9(a)	147,538	147,227	147,560	129,655	147,227	147,560	129,655
Inventories		10,715	10,878	10,715	10,245	10,878	10,715	10,245
		367,292	342,134	344,454	319,858	342,134	344,454	319,858
Non-Current Assets Held for Sale	12	40,893	48,647	40,893	71,122	48,647	40,893	71,122
Total Current Assets		**408,185**	**390,781**	**385,347**	**390,980**	**390,781**	**385,347**	**390,980**
Non-Current Assets								
Other Financial Assets	9(b)	114,750	117,946	108,529	98,402	117,946	108,529	98,402
Property, Plant and Equipment								
– Land and Buildings	10(a)	3,225,497	3,024,255	2,996,887	2,890,778	3,024,255	2,996,887	2,890,778
– Plant and Equipment	10(b)	139,773	197,560	161,478	140,279	197,560	161,478	140,279
– Infrastructure Systems	10(c)	87,475,545	58,225,145	52,465,863	46,787,236	58,225,145	52,465,863	46,787,236
Total Property, Plant and Equipment		**90,840,815**	**61,446,960**	**55,624,228**	**49,818,293**	**61,446,960**	**55,624,228**	**49,818,293**
Intangible Assets	11(b)	26,457	26,786	30,788	19,599	26,786	30,788	19,599
Private Sector Provided Infrastructure	11(a)	655,133	527,216	539,105	448,419	527,216	539,105	448,419
Total Non-Current Assets		**91,637,155**	**62,118,908**	**56,302,650**	**50,384,713**	**62,118,908**	**56,302,650**	**50,384,713**
Total Assets		**92,045,340**	**62,509,689**	**56,687,997**	**50,775,693**	**62,509,689**	**56,687,997**	**50,775,693**
LIABILITIES								
Current Liabilities								
Payables	13	608,100	640,064	609,710	551,601	1,541,072	1,386,704	955,840
Borrowings	14	140,548	194,118	140,548	141,306	194,118	140,548	141,306
Provisions	16	242,469	250,013	237,469	213,493	-	-	-
Other	17	149,583	148,316	144,273	138,008	145,142	139,224	134,968
Total Current Liabilities		**1,140,700**	**1,232,511**	**1,132,000**	**1,044,408**	**1,880,332**	**1,666,476**	**1,232,114**
Non-Current Liabilities								
Borrowings	14	1,161,775	1,126,471	1,246,492	1,311,218	1,126,471	1,246,492	1,311,218
Provisions	16	538,854	647,821	534,476	187,706	-	-	-
Other	17	319,006	345,203	357,793	366,730	345,203	357,793	366,730
Total Non-Current Liabilities		**2,019,635**	**2,119,495**	**2,138,761**	**1,865,654**	**1,471,674**	**1,604,285**	**1,677,948**
Total Liabilities		**3,160,335**	**3,352,006**	**3,270,761**	**2,910,062**	**3,352,006**	**3,270,761**	**2,910,062**
Net Assets		**88,885,005**	**59,157,683**	**53,417,236**	**47,865,631**	**59,157,683**	**53,417,236**	**47,865,631**
EQUITY								
Reserves		42,267,482	31,639,207	27,356,026	22,912,873	31,639,207	27,356,026	22,912,873
Accumulated Funds		46,617,523	27,518,476	26,061,210	24,952,758	27,518,476	26,061,210	24,952,758
Total Equity		**88,885,005**	**59,157,683**	**53,417,236**	**47,865,631**	**59,157,683**	**53,417,236**	**47,865,631**

The accompanying notes form part of these financial statements.

Statement of changes in equity for the year ended 30 June 2010

		Accumulated Funds		Asset Revaluation Reserve		Total Equity	
		Consolidated	Parent	Consolidated	Parent	Consolidated	Parent
		2010	2010	2010	2010	2010	2010
	Notes	$'000	$'000	$'000	$'000	$'000	$'000
Balance at 1 July 2009		26,061,210	26,061,210	27,356,026	27,356,026	53,417,236	53,417,236
Change in Accounting Policy		-	-	-	-	-	-
Restated Total Equity at 1 July 2009		**26,061,210**	**26,061,210**	**27,356,026**	**27,356,026**	**53,417,236**	**53,417,236**
Surplus / (Deficit) for the year		**1,310,483**	**1,206,386**	**-**	**-**	**1,310,483**	**1,206,386**
Other Comprehensive Income							
Net Increase / (Decrease) in Asset Revaluation Reserves							
– Land and Buildings		-	-	(42,108)	(42,108)	(42,108)	(42,108)
– Infrastructure		-	-	4,573,820	4,573,820	4,573,820	4,573,820
– Plant and Equipment		-	-	2,349	2,349	2,349	2,349
Superannuation Actuarial Gains/(Losses)		(104,097)	-	-	-	(104,097)	-
Transfer on disposal		-	-	-	-	-	-
Other Comprehensive Income for the year		**(104,097)**	**-**	**4,534,061**	**4,534,061**	**4,429,964**	**4,534,061**
Total Comprehensive Income for the year		**1,206,386**	**1,206,386**	**4,534,061**	**4,534,061**	**5,740,447**	**5,740,447**
Transfers Within Equity							
Asset Revaluation Reserve Balance Transferred to Accumulated Funds on Disposal of Asset		250,880	250,880	(250,880)	(250,880)	-	-
Transactions with owners in their capacity as owners							
Increase/(Decrease) in Net Assets from Equity Transfers	18	-	-	-	-	-	-
Balance as at 30 June 2010		**27,518,476**	**27,518,476**	**31,639,207**	**31,639,207**	**59,157,683**	**59,157,683**

The accompanying notes form part of these financial statements.

Statement of changes in equity for the year ended 30 June 2010

		Accumulated Funds		Asset Revaluation Reserve		Total Equity	
		Consolidated	Parent	Consolidated	Parent	Consolidated	Parent
		2009	2009	2009	2009	2009	2009
	Notes	$'000	$'000	$'000	$'000	$'000	$'000
Balance at 1 July 2008		43,752,057	43,752,057	35,053,304	35,053,304	78,805,361	78,805,361
Change in Accounting Policy	1x(i)	(18,799,299)	(18,799,299)	(12,140,431)	(12,140,431)	(30,939,730)	(30,939,730)
Restated Total Equity at 1 July 2008		**24,952,758**	**24,952,758**	**22,912,873**	**22,912,873**	**47,865,631**	**47,865,631**
Surplus / (Deficit) for the year		**1,349,164**	**996,312**	**-**	**-**	**1,349,164**	**996,312**
Other Comprehensive Income							
Net Increase / (Decrease) in Asset Revaluation Reserves							
– Land and Buildings		-	-	126,671	126,671	126,671	126,671
– Infrastructure		-	-	4,452,527	4,452,527	4,452,527	4,452,527
– Plant and Equipment		-	-	-	-	-	-
Superannuation Actuarial Gains/(Losses)		(352,852)	-	-	-	(352,852)	-
Transfer on disposal		-	-	-	-	-	-
Other Comprehensive Income for the year		**(352,852)**	**-**	**4,579,198**	**4,579,198**	**4,226,346**	**4,579,198**
Total Comprehensive Income for the year		**996,312**	**996,312**	**4,579,198**	**4,579,198**	**5,575.510**	**5,575,510**
Transfers Within Equity							
Asset Revaluation Reserve Balance Transferred to Accumulated Funds on Disposal of Asset		136,045	136,045	(136,045)	(136,045)	-	-
Transactions with owners in their capacity as owners							
Increase/(Decrease) in Net Assets from Equity Transfers	18	(23,905)	(23,905)	-	-	(23,905)	(23,905)
Balance as at 30 June 2009		**26,061,210**	**26,061,210**	**27,356,026**	**27,356,026**	**53,417,236**	**53,417,236**

The accompanying notes form part of these financial statements.

Statement of cash flows
for the year ended 30 June 2010

	Notes	Budget 2010 $'000	Consolidated Actual 2010 $'000	Consolidated Actual 2009 $'000	Parent Actual 2010 $'000	Parent Actual 2009 $'000
CASH FLOWS FROM OPERATING ACTIVITIES						
Payments						
Employee Related		(511,463)	(563,988)	(550,101)	(563,988)	(550,101)
Grants and Subsidies		(214,112)	(283,158)	(232,511)	(283,158)	(232,511)
Finance Costs		(44,596)	(95,033)	(101,882)	(95,033)	(101,882)
Other		(1,386,507)	(1,324,727)	(1,328,291)	(1,324,727)	(1,328,291)
Total Payments		**(2,156,678)**	**(2,266,906)**	**(2,212,785)**	**(2,266,906)**	**(2,212,785)**
Receipts						
Sale of Goods and Services		353,669	453,569	427,637	453,569	427,637
Interest Received		5,616	8,021	10,305	8,021	10,305
Other		395,632	327,916	348,396	327,916	348,396
Total Receipts		**754,917**	**789,506**	**786,338**	**789,506**	**786,338**
Cash Flows from Government						
Recurrent Appropriation		1,563,835	1,556,214	1,578,527	1,556,214	1,578,527
Capital Appropriation		2,456,187	2,215,735	2,144,518	2,215,735	2,144,518
Net Cash Flows from Government		**4,020,022**	**3,771,949**	**3,723,045**	**3,771,949**	**3,723,045**
NET CASH FLOWS FROM OPERATING ACTIVITIES	25	**2,618,261**	**2,294,549**	**2,296,598**	**2,294,549**	**2,296,598**
CASH FLOWS FROM INVESTING ACTIVITIES						
Proceeds from Sale of Land and Buildings, Plant and Equipment and Infrastructure Systems		39,005	70,357	48,647	70,357	48,647
Purchases of Land and Buildings, Plant and Equipment and Infrastructure Systems		(2,550,413)	(2,291,189)	(2,263,412)	(2,291,189)	(2,263,412)
Other		-	-	-	-	-
NET CASH FLOWS FROM INVESTING ACTIVITIES		**(2,511,408)**	**(2,220,832)**	**(2,214,765)**	**(2,220,832)**	**(2,214,765)**
CASH FLOWS FROM FINANCING ACTIVITIES						
Payment of Finance Lease Liabilities		-	(9,417)	(20,684)	(9,417)	(20,684)
Repayment of Borrowings and Advances		(83,993)	(66,450)	(54,928)	(66,450)	(54,928)
NET CASH FLOWS FROM FINANCING ACTIVITIES		**(83,993)**	**(75,867)**	**(75,612)**	**(75,867)**	**(75,612)**
NET INCREASE/(DECREASE) IN CASH		22,860	(2,150)	6,221	(2,150)	6,221
Opening Cash and Cash Equivalents		186,179	186,179	179,958	186,179	179,958
CLOSING CASH AND CASH EQUIVALENTS	8	**209,039**	**184,029**	**186,179**	**184,029**	**186,179**

The accompanying notes form part of these financial statements.

Service group statements for the year ended 30 June 2010

	Road Development *		Road Management*		Road Use*		M4/M5 Cashback Scheme*		Not Attributable		Total	
	Actual 2010 $'000	Actual 2009 $'000	Actual 2010 $'000	Actual 2009 $'000	Actual 2010 $'000	Actual 2009 $'000	Actual 2010 $'000	Actual 2009 $'000	Actual 2010 $'000	Actual 2009 $'000	Actual 2010 $'000	Actual 2009 $'000
RTA's expenses and income												
Expenses Excluding Losses												
Operating Expenses												
– Employee Related	7,740	12,865	252,363	256,322	305,878	281,158	2,689	2,908	-	-	568,670	553,253
– Other Operating Expenses	-	-	124,118	176,460	196,593	192,815	96,150	104,602	-	-	416,861	473,877
Maintenance	-	-	572,479	604,661	-	-	-	-	-	-	572,479	604,661
Depreciation and Amortisation	-	-	907,181	842,427	13,944	11,029	-	-	-	-	921,125	853,456
Grants and Subsidies	-	-	727,107	298,460	16,226	11,566	-	-	-	-	743,333	310,026
Finance Costs	-	-	95,492	102,535	-	-		-	-	-	95,492	102,535
Total Expenses Excluding Losses	**7,740**	**12,865**	**2,678,740**	**2,280,865**	**532,641**	**496,568**	**98,839**	**107,510**	**-**	**-**	**3,317,960**	**2,897,808**
Revenue												
Sale of Goods and Services	-	-	129,261	123,005	269,223	263,312	-	-	-	-	398,484	386,317
Investment Revenue	-	-	2,016	2,507	6,048	7,520	-	-	-	-	8,064	10,027
Grants and Contributions	11,341	14,794	347,773	31,096	343	1,817	-	-	-	-	359,457	47,707
Other Revenue	-	-	141,665	112,687	-	-	-	-	-	-	141,665	112,687
Total Revenue	**11,341**	**14,794**	**620,715**	**269,295**	**275,614**	**272,649**	**-**	**-**	**-**	**-**	**907,670**	**556,738**
Gain/(Loss) on Disposal	-	-	3,972	1,269	(848)	(56)	-	-	-	-	3,124	1,213
Other Gains/(Losses)	-	-	(49,433)	(31,754)	(4,867)	(2,270)	-	-	-	-	(54,300)	(34,024)
Net Cost Of Services	**(3,601)**	**(1,929)**	**2,103,486**	**2,042,055**	**262,742**	**226,245**	**98,839**	**107,510**	**-**	**-**	**2,461,466**	**2,373,881**
Government contributions**		-		-		-		-	3,771,949	3,723,045	3,771,949	3,723,045
SURPLUS/(DEFICIT) FOR THE YEAR	**3,601**	**1,929**	**(2,103,486)**	**(2,042,055)**	**(262,742)**	**(226,245)**	**(98,839)**	**(107,510)**	**3,771,949**	**3,723,045**	**1,310,483**	**1,349,164**
Other Comprehensive Income												
Increase/(Decrease) In Asset Revaluation Reserve	-	-	4,534,061	4,579,198	-	-	-	-	-	-	4,534,061	4,579,198
Superannuation Actuarial Gains/(Losses)	-	-	(55,171)	(187,012)	(48,926)	(165,840)	-	-	-	-	(104,097)	(352,852)
Total Other Comprehensive Income	**-**	**-**	**4,478,890**	**4,392,186**	**(48,926)**	**(165,840)**	**-**	**-**	**-**	**-**	**4,429,964**	**4,226,346**
TOTAL COMPREHENSIVE INCOME	**3,601**	**1,929**	**2,375,404**	**2,350,131**	**(311,668)**	**(392,085)**	**(98,839)**	**(107,510)**	**3,771,949**	**3,723,045**	**5,740,447**	**5,575,510**

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

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

	Road Development *		Road Management*		Road Use*		M4/M5 Cashback Scheme*		Not Attributable		Total	
	Actual 2010 $'000	Actual 2009 $'000	Actual 2010 $'000	Actual 2009 $'000	Actual 2010 $'000	Actual 2009 $'000	Actual 2010 $'000	Actual 2009 $'000	Actual 2010 $'000	Actual 2009 $'000	Actual 2010 $'000	Actual 2009 $'000

RTA's assets and liabilities

	Road Development * 2010	Road Development * 2009	Road Management* 2010	Road Management* 2009	Road Use* 2010	Road Use* 2009	M4/M5 Cashback Scheme* 2010	M4/M5 Cashback Scheme* 2009	Not Attributable 2010	Not Attributable 2009	Total 2010	Total 2009
Current Assets												
Cash and Cash Equivalents	-	-	46,006	46,545	138,023	139,634	-	-	-	-	184,029	186,179
Receivables	14,999	9,948	92,410	112,237	39,120	24,912	698	463	-	-	147,227	147,560
Inventories	-	-	10,334	10,179	544	536	-	-	-	-	10,878	10,715
Non-Current Assets Held For Sale	-	-	48,642	40,878	5	15	-	-	-	-	48,647	40,893
Total Current Assets	**14,999**	**9,948**	**197,392**	**209,839**	**177,692**	**165,097**	**698**	**463**	**-**	**-**	**390,781**	**385,347**
Non-Current Assets												
Other Financial Assets	-	-	117,946	108,529	-	-	-	-	-	-	117,946	108,529
Property, Plant and Equipment												
– Land and Buildings	-	-	2,667,747	2,642,612	356,508	354,275	-	-	-	-	3,024,255	2,996,887
– Plant and Equipment	-	-	56,051	40,888	141,509	120,590	-	-	-	-	197,560	161,478
– Infrastructure Systems	2,398,655	2,836,719	55,797,935	49,595,374	28,555	33,770		-	-	-	58,225,145	52,465,863
Total Property, Plant and Equipment	**2,398,655**	**2,836,719**	**58,521,733**	**52,278,874**	**526,572**	**508,635**	**-**	**-**	**-**	**-**	**61,446,960**	**55,624,228**
Intangible Assets	-	-	6,696	7,697	20,090	23,091	-	-	-	-	26,786	30,788
Other	-	-	527,216	539,105	-	-	-	-	-	-	527,216	539,105
Total Non-Current Assets	**2,398,655**	**2,836,719**	**59,173,591**	**52,934,205**	**546,662**	**531,726**	**-**	**-**	**-**	**-**	**62,118,908**	**56,302,650**
TOTAL ASSETS	**2,413,654**	**2,846,667**	**59,370,983**	**53,144,044**	**724,354**	**696,823**	**698**	**463**	**-**	**-**	**62,509,689**	**56,687,997**
Current Liabilities												
Payables	264,162	243,099	180,521	174,215	195,315	192,346	66	50	-	-	640,064	609,710
Borrowings	-	-	193,024	139,515	1,094	1,033	-	-	-	-	194,118	140,548
Provisions	-	-	132,005	125,071	115,474	111,356	2,534	1,042	-	-	250,013	237,469
Other	-	-	23,070	25,720	125,198	118,477	48	76	-	-	148,316	144,273
Total Current Liabilities	**264,162**	**243,099**	**528,620**	**464,521**	**437,081**	**423,212**	**2,648**	**1,168**	**-**	**-**	**1,232,511**	**1,132,000**
Non-Current Liabilities												
Borrowings	-	-	1,126,471	1,246,492	-	-	-	-	-	-	1,126,471	1,246,492
Provisions	-	-	343,345	282,022	303,988	250,780	488	1,674	-	-	647,821	534,476
Other	-	-	342,441	354,727	2,762	3,066	-	-	-	-	345,203	357,793
Total Non-Current Liabilities	**-**	**-**	**1,812,257**	**1,883,241**	**306,750**	**253,846**	**488**	**1,674**	**-**	**-**	**2,119,495**	**2,138,761**
TOTAL LIABILITIES	**264,162**	**243,099**	**2,340,877**	**2,347,762**	**743,831**	**677,058**	**3,136**	**2,842**	**-**	**-**	**3,352,006**	**3,270,761**
NET ASSETS	**2,149,492**	**2,603,568**	**57,030,106**	**50,796,282**	**(19,477)**	**19,765**	**(2,438)**	**(2,379)**	**-**	**-**	**59,157,683**	**53,417,236**

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

Administered expense and income

	Road Development * 2010	Road Development * 2009	Road Management* 2010	Road Management* 2009	Road Use* 2010	Road Use* 2009	M4/M5 Cashback Scheme* 2010	M4/M5 Cashback Scheme* 2009	Not Attributable 2010	Not Attributable 2009	Total 2010	Total 2009
Administered Income												
Transfer Receipts	-	-	-	-	-	-	-	-	-	-	-	-
Consolidated Fund												
– Taxes, Fees and Fines	-	-	-	-	-	-	-	-	495,279	435,593	495,279	435,593
– Stamp Duty	-	-	-	-	-	-	-	-	586,300	538,164	586,300	538,164
– Motor Vehicle Weight Tax and Fines	-	-	-	-	-	-	-	-	1,316,612	1,236,331	1,316,612	1,236,331
– Other	-	-	-	-	-	-	-	-	33,237	34,877	33,237	34,877
Total Administered Income	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**2,431,428**	**2,244,965**	**2,431,428**	**2,244,965**
Administered Income less Expense	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**2,431,428**	**2,244,965**	**2,431,428**	**2,244,965**

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

** Administered liabilities are disclosed in Note 23.

Summary of compliance with financial directives for the year ended 30 June 2010

	2010				2009			
	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	1,563,835	1,556,214	2,456,187	2,215,735	1,536,128	1,523,361	2,115,154	2,115,118
S26 PF&AA – Commonwealth Specific Purpose Payments	-	-	-	-	55,000	55,000	29,400	29,400
Other Appropriations/ Expenditure								
Treasurer's Advance	-	-	-	-	166	166	-	-
Section 22A(2) – Motor Vehicle Taxation Act (Hypothecation of Motor Vehicle Tax)	-	-	-	-	-	-	-	-
Transfers To/From Another Agency (S31 of The Appropriation Act)	-	-	-	-	(3,522)	-	-	-
Other Adjustments	(1,967)	-	-	-	(1,325)	-	-	-
Total Appropriations/ Expenditure/Net Claim on Consolidated Fund (Includes Transfer Payments)	1,561,868	1,556,214	2,456,187	2,215,735	1,586,447	1,578,527	2,144,554	2,144,518
Amount Drawn Down Against Appropriation		1,556,214		2,215,735		1,578,527		2,144,518
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.

Liability to Consolidated Fund represents the difference between the 'Amount drawn down against Appropriation' and the 'Total Appropriations/Expenditure/Net Claim on Consolidated Fund'.

Notes to and forming part of the Financial Statements of the Roads and Traffic Authority for the year ended 30 June 2010

1. 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* and is a Statutory Body pursuant to Schedule 2 of the *Public Finance and Audit Act 1983* (PFAA). The Authority comprises 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 Division's 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.

The RTA has been assessed as a not-for-profit entity for accounting purposes.

These consolidated financial statements for the year ended 30 June 2010 has been authorised for issue by the Audit and Risk Committee on 8 October 2010.

(b) Basis of preparation

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

- Applicable Australian Accounting Standards (includes Australian Accounting Interpretations);
- The requirements of the *Public Finance and Audit Act 1983* and Public Finance and Audit Regulation 2010; and
- The Financial Reporting Directions published in the TPP 10-1 '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 statement items are prepared in accordance with the 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.

The accounting policies set out below have, except where stated, been applied consistently to all periods presented in these consolidated financial statements, and have been applied consistently by the consolidated and parent entities.

Certain comparative amounts have been restated due to the change in accounting policy for Land under Roads (refer to note 1(x)), and a change in capitalisation methodology (refer to note 1(y)).

(c) Principles of consolidation

These financial statements have 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 statements for the economic entity consisting of the controlling and controlled entities, all inter-entity transactions and balances have been eliminated.

(d) New and revised Australian Accounting Standards and Interpretations

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

The following new or revised Accounting Standards and Interpretations have not yet been adopted and are not effective as at 30 June 2010:

AASB & Interpretations	AASB Standards & Interpretations
AASB 9 & AASB 2009-11	AASB 2009-11 – Amendments to Australian Accounting Standards arising from AASB 9 Financial Instruments [AASB 1, 3, 4, 5, 7, 101, 108, 112, 118, 121, 127, 128, 131, 132, 136, 139, 1023 & 1038 and Interpretations 10 & 12] [1 Jan 2013]
AASB 2009-5	AASB 2009-5 – Further amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 5, 8, 101, 107, 117, 118, 136 & 139] (1 Jan 2010)
AASB 2009-9	AASB 2009-9 – Amendments to Australian Accounting Standards – Additional Exemptions for First-time Adopters
AASB 124 & AASB 2009-12	2009-12 – Amendments to Australian Accounting Standards [AASB 5, 8, 108, 110, 112, 119, 133, 137, 139, 1023 & 1031 and interpretations 2, 4, 16, 1039 & 1052] (1 January 2011)
AASB 2009-13 & Interpretation 19	AASB 2009-13 Amendments to Australian Accounting Standards arising from Interpretation 19 [AASB 1] (1 July 2010)
AASB 2010-1	AASB 2010-1 Amendments to Australian Accounting Standards – Limited Exemption from Comparative AASB 7 Disclosures for First-time Adopters [AASB 1 and AASB 7] (1 July 2009)

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.

(e) Service groups

AASB 1052 Disaggregated Disclosures requires agencies to disclose financial information about service costs and achievements on an activity basis. RTA discloses expenses and income in the Statement of Comprehensive Income that can be attributable to each of the major service activities. It also discloses the assets deployed and liabilities incurred that are reliably attributable to their activities. Attributions were primarily based on specific service group's general ledger program codes. Government contributions are disclosed in the "Not Attributable" column.

(f) 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 income but are separately disclosed in the Service Group Statements – Administered Expenses and Income. 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 income, expenses, assets and liabilities, but are disclosed in the accompanying schedules as "Administered Income", "Administered Assets and Administered Liabilities" in accordance with AASB 1050 Administered Items.

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

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

(g) Income recognition

Income is measured at the fair value of the consideration or contribution received or receivable. Income is recognised in accordance with AASB 118 *Revenue* 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

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 recognised as liabilities as the authority to spend the money lapses and the unspent amount must be repaid to the Consolidated Fund.

(ii) Sale of goods and rendering of services

Revenue from the sale of goods is recognised when the RTA 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 an accrual basis, in accordance with AASB117 Leases on a straight-line basis over the lease term.

(iv) Investment revenue

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

(v) Gains and losses

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

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

The value of the emerging right to receive 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 TCorp10-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 concession 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.

(h) Employee benefits and other provisions

(i) Salaries and wages, annual leave, sick leave and on-costs

Liabilities for salaries and wages (including non-monetary benefits), annual leave and paid sick leave that fall due wholly within 12 months 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 based on the amounts expected to be paid when the liabilities are settled.

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 10 year 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 assumes the long service leave liability for employees with 5 or more years of service and all superannuation liabilities. These liabilities are recognised in the Statement of Financial Position. 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 *Presentation of Financial Statements*, 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 *Employee Benefits*.

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 superannuation gains and losses are recognised outside operating surplus in the Statement of Changes in Equity in the period in which they occur as per NSW Treasury's mandate.

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

(iii) 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 RTA 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 5.25%, 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.

(i) Borrowing costs

Borrowing costs are recognised as expenses in the period in which they are incurred, in accordance with Treasury's Mandate to not-for-profit general government sector agencies.

(j) Insurance

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

The RTA also arranges Principal Arranged Insurance (PAI) Scheme, which provides cover for all parties involved in its construction projects. The premium cost is amortised over the term of the contract.

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

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

- The amount of GST incurred by 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 Statement of Cash Flows on a gross basis. However, the GST components of cash flows arising from investing and financing activities which is recoverable from, or payable to, the Australian Taxation Office are classified as operating cash flows.

(l) Asset management policy

Acquisition of assets

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 or the fair value of the other consideration given to acquire the asset at the time of its acquisition or construction or, where applicable, the amount attributed to that asset when initially recognised in accordance with the requirements of other Australian Accounting Standards.

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

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

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

Capitalisation thresholds

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

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 revalues 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. The last revaluation was completed on 30 June 2010 (vehicular ferries) and was based on an independent assessment. Further details on asset revaluations can be found in note 10.

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

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

Otherwise, any balances of accumulated depreciation at the revaluation date in respect of those assets are credited to the asset accounts to which they relate. The net asset accounts are then increased or decreased by the revaluation increments or 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 modifies the recoverable amount test to the higher of fair value less costs to sell and depreciated replacement cost. This means that, for an asset already measured at fair value, impairment can only arise if selling costs are material. Selling costs are regarded as immaterial.

(i) Plant and Equipment

Asset	Valuation Policy	Depreciation Policy
Plant, Equipment and Vehicles	Depreciated historical cost	Depreciated on the straight-line method over the estimated useful life between 5 and 60 years
Computer Hardware	Depreciated historical cost	Depreciated on the straight-line method over the estimated useful life between 3 and 5 years
Electronic Office Equipment	Depreciated historical cost	Depreciated on the straight-line method over the estimated useful life between 5 and 10 years

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

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

Estimates of useful life for depreciation and amortisation purposes have been determined with regard to a number of factors including the expected retention period by the entity and the underlying physical, technical and commercial nature of the assets as defined in AASB116 *Property, Plant and Equipment*. In accordance with this standard the shortest alternative useful life is applied.

(ii) Land and buildings

Asset	Valuation Policy	Depreciation Policy
Land and Buildings in Service Works Administration Properties Officers Residences	Land and buildings in service are generally valued at value in use (land) and depreciated replacement cost (buildings). Where such properties are rented externally they are valued at current market value. Land and Buildings in Service are revalued biannually.	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.	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)	Depreciated historic cost/revalued amount.	Amortised over the period of the lease, or the useful life if the leasehold improvement, whichever is shorter.

Included in the value of land and buildings in service is an amount of $14.330 million (2009: $14.330 million) for buildings on Crown land. As the RTA effectively "controls" this Crown land, it has been included in the RTA's Statement of Financial Position. 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 2008

Completion date of the current progressive revaluation: 30 June 2011

For details refer to Note 10(a)

(iii) Infrastructure systems

Asset	Valuation Policy	Depreciation Policy
Roads:		
Earthworks	Depreciated replacement cost	Indefinite life with the exception of road segments subject to: Slope instability (25-50 years); Mine subsidence (100 years); Unsealed pavement surface (100 years).
Pavement	Depreciated 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)
Corridor assets	Depreciated replacement cost	Depreciated over estimated useful life of 100 years
Bridges:	Depreciated replacement cost	Depreciated over estimated useful life dependant on bridge type
Timber structure		60 years
Concrete structures		100 years
Steel structures		100 years
X Trusses (timber and steel)		60 years
High Value Bridges		200 years
Bridge Size Culverts/Tunnels		100 years
Traffic Signals:	Depreciated replacement cost	Depreciated over estimated useful life of 20 years
Traffic Control Network:	Depreciated replacement cost	Depreciated over estimated useful life of
Traffic Systems		5-20 years
Transport Management Centre		5-20 years
Variable Message Signs		30 years
Land under roads and within road reserves	The urban Average Rateable Value per hectare within each Local Government Area (LGA) adjusted by an "open spaces ratio". The "open spaces ratio" is derived from open spaces data provided by the Valuer-General and is used to adjust average rateable value to approximate englobo value.	No depreciation applied as land does not have a limited useful life
Sydney Harbour Tunnel:	Depreciated replacement cost	Depreciated over estimated useful life depending on asset type:
Immersed Tube		100 years
Mechanical & Electrical		20 years
Pavement		20 years
Earthworks		100 years

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

Land under roads and within road reserves are revalued annually by applying the most recent urban rateable average value per hectare provided by the Valuer-general to the land under roads and within reserves within each Local Government Area (LGA), and adjusting this value by the "open spaces ratio" (see note 1(x) for more details). The valuations are based on certain assumptions including property being vacant and therefore do not take into account costs that may be incurred in removing roads and other improvements. The Valuer-General's urban average rateable values are calculated by reference to land values only and do not include the value of any improvements.

The Australian Valuer-General are currently developing a standard methodology for valuing Land under Roads. This method may differ from the methodology currently used by the RTA.

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:

i. the technical feasibility of completing the intangible asset so that it will be available for use or sale;

ii. the intention to complete the intangible asset and use or sell it;

iii. the ability to use or sell the intangible asset;

iv. the intangible asset will generate probable future economic benefits;

v. the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and

vi. 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)

In respect of the infrastructure assets; M2, M4 Service Centre, 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 equa l annual receipts together with an amount representing notional compound interest.

(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 the lower of its fair value and the present value of minimum lease payments at the commencement of the lease term. The corresponding liability is established at the same amount. Lease payments are allocated between the principal component and the interest expense. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that class of asset.

Operating lease payments are charged to the Statement of Comprehensive Income in the periods in which they are incurred.

(m) Major inspection costs

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

(n) Restoration costs

The estimated cost of dismantling and removing an asset and restoring the site is included in the cost of an asset, to the extent it is recognised as a liability.

(o) Maintenance

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

(p) Inventories

Inventories 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.

(q) 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)).

(r) 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. Refer to Note 12 for details.

(s) Other assets

Other assets including prepayments are recognised on a cost basis.

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

(u) Financial instruments

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

(a) Financial assets

(i) Cash and cash equivalents

Cash and cash equivalents in the Statement of Financial Position comprise cash on hand, cash at bank and short-term deposits and include deposits in the NSW Treasury Corporation's (TCorp) Hour-Glass cash facility, Treasury Corporation deposits (less than 30 days) and other at-call deposits that are not quoted in an active market. These are considered to have an insignificant risk of changes in value. Bank overdrafts are included within liabilities.

In accordance with AASB139, cash and cash equivalents are measured at fair value with interest revenue accrued as earned such that fair value is reflected at no less than the amount payable on demand.

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

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These financial assets are recognised initially at fair value, usually based on the transaction cost or face value. Subsequent measurement is at amortised cost using the effective interest method, less an allowance for any impairment of receivables. Short-term receivables with no stated interest rate are measured at the original invoice amount where the effect of discounting is immaterial.

An allowance for impairment of receivables is established when there is objective evidence that the entity will not be able to collect all amounts due. The amount of the allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. Bad debts are written off as incurred.

(iii) Other financial assets

Other financial assets consist of non-derivative financial assets measured at amortised cost, using the effective interest method (refer Note 9(b)).

(iv) Impairment of financial assets

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

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

Any reversals of impairment losses are reversed through the Statement of Comprehensive Income, where there is objective evidence. Reversals of impairment losses of financial assets carried at amortised cost cannot result in a carrying amount that exceeds what the carrying amount would have been had there not been an impairment loss.

(v) Derecognition of financial assets

A financial asset is derecognised 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 Authority'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.

Finance lease liabilities are recognised in accordance with AASB117 Leases. Minimum lease payments made under finance leases are apportioned between the interest expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a consistent periodic rate of interest on the remaining balance of the liability.

(iii) Derecognition of financial liabilities

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

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

(iv) Financial guarantees

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

Under AASB 139, 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.

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 as at 30 June 2010 and as at 30 June 2009. However, refer Note 21 regarding disclosures on contingent liabilities.

(v) Equity transfers

The transfer of net assets between agencies as a result of an administrative restructure, transfers of programs / functions and parts thereof between NSW public sector agencies are designated as contributions by owners and recognised as an adjustment to "Accumulated Funds". This treatment is consistent with AASB 1004 *Contributions* and Australian *Interpretation 1038 Contributions by Owners Made to Wholly Owned Public Sector Entities*.

Transfers arising from an administrative restructure between not-for-profit entities and for-profit government departments are recognised at the amount at which the asset was recognised by the transferor immediately prior to the restructure. In most instances this will approximate fair value.

All other equity transfers are recognised at fair value, except for intangibles. Where an intangible has been recognised at amortised cost by the transferor because there is no active market, the Authority recognises the asset at the transferor's carrying amount. Where the transferor is prohibited from recognising internally generated intangibles, the Authority does not recognise that asset.

(w) 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.

(x) Changes in accounting policies & accounting estimates

(i) Land under roads

In accordance with NSW Treasury Circular 10/07 – *Land under Roads,* the RTA has changed its accounting policy in regards to the valuation of Land under Roads (LUR) and will now value all Land under Roads and in Road Reserves at englobo (unimproved & pre-subdivision) value.

The RTA will be using a proxy for englobo value derived from "open spaces" data to value LUR. The RTA's new valuation methodology involves applying a ratio (derived from the average difference between Urban Average Rateable Value (ARV) and Open Spaces data) to Urban ARV data to arrive at englobo value.

Open Spaces is a LGA zoning classification that includes parks, easements, beach surrounds, reserves, golf courses and other disused unclassified vacant land. The Open Space zoning classification is consistent with the generally accepted meaning of englobo as open spaces, similar to land under roads, have no feasible alternative use and are largely undeveloped. Englobo value provides a more relevant means of valuing LUR when contrasted to ARV, as ARV reflects the value of land that is developed, and has alternative uses, for example commercial and residential land.

The change in accounting policy decreases the RTA's 30 June 2009 Land under Roads asset balance from $37,337.08m to $4,079.73m, with $14,481.82m of this decrease applied to the asset revaluation reserve, and the remaining amount to accumulated funds. Prior year grants to councils and NCOS were also reduced by $35.134m. Prior period comparatives have been restated to reflect the new accounting policy. See note 27 for further details.

(ii) Vehicular ferries useful lives

The RTA has assessed the useful lives of its vehicular ferry assets and will now depreciate all newly constructed vehicular ferries over a useful life of 60 years. The useful lives of all existing ferries have also been reviewed and in some cases, the useful lives have been revised.

This change has been treated as a change in accounting estimates as required by AASB 116 – Property Plant and Equipment, and no retrospective adjustments to accumulated depreciation have been made. As a result of this change in accounting estimates yearly depreciation expense for the ferries asset class will decrease from $0.538m to $$0.448m.

(y) Changes to prior year comparative information

The RTA has completed a review of its capitalisation methodology and has made revisions to the way it reports capitalised expenditure. From this review, RTA is able to offset all capitalised expenditure items against their original expenditure type. This revised methodology provides a more accurate presentation of non-capitalised expenditure items. Prior year comparatives for Note 2 have been re-stated as per the requirements of AASB 101 – P*resentation of Financial Statements*. Prior year employee related expenditure has been restated to $553.253m (previously $533.543m); operating expenditure has been restated to $473.877m (previously $403.477m) and maintenance to $604.661m (previously $694.771m). The net impact on total expenses from the changes is nil.

(z) Equity and reserves

(i) Asset revaluation reserve

The asset revaluation reserve is used to record increments and decrements on the revaluation of non-current assets. This accords with the agency's policy on the revaluation of property, plant and equipment as discussed in note 1(l).

(ii) Accumulated funds

The category of accumulated funds includes all current and prior period retained funds.

2. Expenses excluding losses

(a) Employee related expenses

Employee related expenses comprise the following specific items:

	Consolidated		Parent	
	2010 $'000	2009 $'000	2010 $'000	2009 $'000
Salaries and Wages (Including Recreation Leave)	411,919	390,206	-	-
Skill Hire Contractors	66,147	60,617	66,147	60,617
Long Service Leave	20,471	19,729	-	-
Superannuation – Defined Benefit Plans *	15,762	7,650	-	-
Superannuation – Defined Contribution Plans	20,765	21,154	-	-
Workers' Compensation Insurance	4,899	5,250	-	-
Payroll Tax And Fringe Benefits Tax	26,262	29,110	-	-
Personnel Services	-	-	606,620	845,488
Redundancy	1,668	4,263	-	-
Other	777	15,274	-	-
	568,670	**553,253**	**672,767**	**906,105**
Allocations of Employee Related Expenses To Programs				
– Capitalised to Infrastructure	226,716	210,272	226,716	210,272
– Operating Programs (Including Maintenance)	568,670	553,253	672,767	906,105
	795,386	**763,525**	**899,483**	**1,116,377**

Included in the above are employee related expenses of $214.758 million (2009: $206.580 million) related to maintenance.

* Superannuation actuarial losses of $104.097 million (2009 $352.852 million loss) are recognised in the Statement of Comprehensive Income. Total Superannuation expense, including actuarial gains/losses recognised in the Statement of Comprehensive Income is $140.624 million (2009: $381.656 million).

(b) Other operating expenses

Auditor's Remuneration – Audit of Financial Statements	595	572	595	572
Consultants and Other Contractors	48,088	60,233	48,088	60,233
Fleet Hire and Lease Charges	12,230	11,687	12,230	11,687
Sydney Harbour Tunnel Operating Fees	25,973	25,215	25,973	25,215
ERS Agreement Contingent Expense	433	3,228	433	3,228
M4/M5 Cashback Refund	94,012	102,046	94,012	102,046
Data Processing	18,920	16,217	18,920	16,217
Advertising	19,314	16,160	19,314	16,160
Payments to Councils And External Bodies	25,480	45,868	25,480	45,868
Lease and Property Expenses	47,689	40,108	47,689	40,108
Travel and Legal Expenses	15,734	19,791	15,734	19,791
Office Expenses	31,345	28,360	31,345	28,360
Other	42,687	40,658	42,687	40,658
Contract Payments	34,361	63,734	34,361	63,734
	416,861	**473,877**	**416,861**	**473,877**

Infrastructure maintenance

Major reconstruction of road segments on State Roads are capitalised and as such not charged against maintenance expenditure. The RTA capitalised $202.346million of such works (2009: $209.859 million).

The RTA expended $80.446 million in 2010 (2009: $47.218 million) on natural disaster restoration works from State funds, and $184.542 million in 2010 (2009: $180.047 million) on block grants and other maintenance grants to councils for Regional and Local Roads. The majority of this expenditure was classified as maintenance grants to councils.

	Consolidated		Parent	
	2010 $'000	2009 $'000	2010 $'000	2009 $'000
Maintenance Expenses in Statement of Comprehensive Income	572,479	604,661	572,479	604,661
Maintenance Related Employee Expenses (refer to Note 2a)	214,758	206,580	214,758	206,580
Total Maintenance Expenses Including Employee Related	**787,237**	**811,241**	**787,237**	**811,241**
Maintenance Grants to Councils (refer to Note 2d)	252,228	219,901	252,228	219,901
Capitalised Maintenance	202,346	209,859	202,346	209,859
Total Maintenance Program	**1,241,811**	**1,241,001**	**1,241,811**	**1,241,001**

(c) Depreciation and amortisation

Depreciation Raised Against Operational and Property Assets	24,260	20,717	24,260	20,717
Depreciation Raised Against Infrastructure	890,908	828,203	890,908	828,203
Amortisation of Intangible Assets	5,957	4,536	5,957	4,536
	921,125	**853,456**	**921,125**	**853,456**

(d) Grants and subsidies

Grants Under Road Safety Program	16,224	12,610	16,224	12,610
Maintenance Grants to Councils	252,228	219,901	252,228	219,901
Roads and Bridges Transferred to Councils	474,881	77,515	474,881	77,515
	743,333	**310,026**	**743,333**	**310,026**

(e) Finance costs

Interest Expense From Financial Liabilities Not At Fair Value Through Profit and Loss	38,181	41,994	38,181	41,994
Debt Guarantee	3,000	3,000	3,000	3,000
Finance Lease Interest Charges	50,222	51,894	50,222	51,894
Other	4,089	5,647	4,089	5,647
	95,492	**102,535**	**95,492**	**102,535**

3. Revenue

(a) Sale of goods and services

	Consolidated		Parent	
	2010 $'000	2009 $'000	2010 $'000	2009 $'000
Sale of goods				
Number Plates	81,690	75,295	81,690	75,295
Rendering of services				
Third Party Insurance Data Access Charges	15,607	14,617	15,607	14,617
Toll Revenue (Sydney Harbour Bridge)	83,170	82,344	83,170	82,344
Toll Revenue (Sydney Harbour Tunnel)	42,619	41,787	42,619	41,787
E-Tag Revenue	11,786	10,424	11,786	10,424
Heavy Vehicle Permit Fees	1,419	1,359	1,419	1,359
Sanction Fees Payable Under the Fines Act	10,315	9,006	10,315	9,006
Rental Income	24,992	25,225	24,992	25,225
Works and Services	37,891	37,654	37,891	37,654
Advertising	16,014	14,740	16,014	14,740
Fees for Services	55,320	45,972	55,320	45,972
Publications	7,578	8,110	7,578	8,110
Miscellaneous Services	10,083	19,784	10,083	19,784
	398,484	**386,317**	**398,484**	**386,317**

(b) Investment revenue

Interest	**8,064**	**10,027**	**8,064**	**10,027**

(c) Grants and Contributions

NSW Government Agencies				
– MOT / Transport NSW / Transport Infrastructure	5,523	10,993	5,523	10,993
– Other	21,534	15,097	21,534	15,097
Local Government	3,784	5,077	3,784	5,077
Roads and Bridges Transferred from Councils	313,422	-	313,422	-
Other Government Agencies	3,261	4,206	3,261	4,206
Private Firms and Individuals	11,933	12,334	11,933	12,334
	359,457	**47,707**	**359,457**	**47,707**

Contributions received during 2009/2010 were recognised as revenue during the financial year and were expended in that period with no balance of those funds available at 30 June 2010 (2009: Nil).

(d) Other revenue

	Consolidated		Parent	
	2010 $'000	2009 $'000	2010 $'000	2009 $'000
Amortisation of Deferred Revenue on Private Sector Provided Infrastructure (PSPI) Projects	11,575	11,575	11,575	11,575
Value of Emerging Interest of PSPI				
– M2 (Refer Note 11(a))	4,789	4,620	4,789	4,620
– M4 (Refer Note 11(a))	19,846	23,410	19,846	23,410
– M5 (Refer Note 11(a))	17,119	12,935	17,119	12,935
– Eastern Distributor (Refer Note 11 (a))	5,531	3,754	5,531	3,754
– Cross City Tunnel (Refer Note 11 (a))	16,219	9,517	16,219	9,517
– Western Sydney Orbital M7 (Refer Note 11 (a))	32,123	22,970	32,123	22,970
– Lane Cove Tunnel (Refer Note 11(a))	24,864	13,480	24,864	13,480
– Loan to Sydney Harbour Tunnel Company	6,222	5,826	6,222	5,826
M2 And Eastern Distributor Promissory Notes	3,195	4,301	3,195	4,301
Fuel Tax Credits	182	314	182	314
Other	-	(15)	-	(15)
	141,665	**112,687**	**141,665**	**112,687**

4. Gains/(losses) on disposal

(a) Gains/(losses) on disposal

Gain on Sale of Property, Plant and Equipment				
– Proceeds from Sale	34,674	66,068	34,674	66,068
– Carrying Amount of Assets Sold	(31,550)	(64,855)	(31,550)	(64,855)
Net Gain on Sale of Property Plant and Equipment	**3,124**	**1,213**	**3,124**	**1,213**

(b) Other gains/(losses)

Allowance for Impairment of Receivables	(3,349)	(3,033)	(3,349)	(3,033)
Bad Debts (Written Off) / Recovered	(3,140)	6	(3,140)	6
Carrying Amount of Infrastructure Assets Written Off	(47,811)	(30,997)	(47,811)	(30,997)
Total Other Gains/(Losses)	**(54,300)**	**(34,024)**	**(54,300)**	**(34,024)**

5. Appropriations

Recurrent Appropriation				
Total Recurrent Drawdowns from NSW Treasury (Per Summary of Compliance)	1,556,214	1,578,527	1,556,214	1,578,527
	1,556,214	**1,578,527**	**1,556,214**	**1,578,527**
Capital Appropriation				
Total Capital Drawdowns from NSW Treasury (Per Summary of Compliance)	2,215,735	2,144,518	2,215,735	2,144,518
	2,215,735	**2,144,518**	**2,215,735**	**2,144,518**

6. Individually significant items

(a) Write-down of infrastructure assets

	Consolidated		Parent	
	2010 $'000	2009 $'000	2010 $'000	2009 $'000
Infrastructure Assets Written Down	**47,810**	**30,997**	**47,810**	**30,997**

The following infrastructure assets were written off during 2009/2010.

	Replacement Costs $'000	Accumulated Depreciation $'000	WDRC $'000
Bridges	28,767	(12,273)	16,494
Traffic Signals Network	228	(88)	140
Traffic Control Network	12,044	(5,868)	6,176
WIP	25,000	-	25,000
	66,039	**(18,229)**	**47,810**

(b) Transfers resulting from the road re-classification review

	Consolidated		Parent	
	2010 $'000	2009 $'000	2010 $'000	2009 $'000
Infrastructure Assets Transferred to Councils	(361,335)	-	(361,335)	-
Infrastructure Assets Transferred from Councils	313,422	-	313,422	-
	(47,913)	**-**	**(47,913)**	**-**

7. Service groups of the agency

(a) Road development

Description: This service group seeks to ensure safe and efficient movement of people and goods on the arterial road network to facilitate and support changes in land use and the economy, facilitate greater use of public transport and meet environmental targets. Services include planning, designing, scheduling and delivering the development of the road network capacity.

(b) Road management

Description: This service group seeks to ensure safe, reliable movement of people and goods on the arterial road network and manage the primary arterial network to retain the value and quality of the infrastructure as a long-term renewable asset. Services include maintenance and rebuilding works, traffic control systems, incident and special event management systems, route management strategies including the provision of priority for buses and facilities for cyclists and pedestrians, maintaining traffic facilities and providing financial assistance grants to local government to assist councils to manage their infrastructure on the secondary arterial road network

(c) Road use

Description: This service group seeks to implement initiatives to increase safe road use behaviour, to ensure that drivers and riders are eligible, competent and identified, and vehicles meet roadworthiness and emission standards, and a high standard of customer service is maintained. Service objectives include reducing the trauma and cost to the community of road deaths and injuries. The program aims to reduce adverse impacts of vehicles on roads and the environment and ensure compliance with licensing, registration and network access requirements.

(d) M4 / M5 Cashback Scheme

Description: This service group covers the reimbursement of motorists for the toll component paid using Electronic Toll Tags on the M4 and M5 Motorways when driving NSW privately registered cars and motorcycles.

8. Current assets – cash and cash equivalents

	Consolidated		Parent	
	2010 $'000	2009 $'000	2010 $'000	2009 $'000
RTA Operating Account	15,784	9,007	15,784	9,007
Security Deposits	50,580	49,370	50,580	49,370
Remitting Account, Cash in Transit and Cash on Hand	48,759	52,952	48,759	52,952
TCorp – Hour Glass Cash Facility	64,678	70,927	64,678	70,927
On Call Deposits	3,966	3,725	3,966	3,725
Other	262	198	262	198
	184,029	**186,179**	**184,029**	**186,179**

Cash and cash equivalent assets recognised in the Statement of Financial Position are reconciled at the end of the financial year to the Statement of Cash Flows as follows:

Cash and Cash Equivalents (Per Statement of Financial Position)	184,029	186,179	184,029	186,179
Closing Cash and Cash Equivalents (Per Statement of Cash Flows)	**184,029**	**186,179**	**184,029**	**186,179**

Refer to Note 15 for details regarding credit risk, liquidity, risk and market risk arising from financial instruments.

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

(a) Current Receivables

Sale of Goods and Services	27,692	29,088	27,692	29,088
Goods and Services Tax – Claimable from the Commonwealth	34,881	23,134	34,881	23,134
Other	106	3,636	106	3,636
	62,679	**55,858**	**62,679**	**55,858**
Less: Allowance for Impairment *	(3,411)	(3,741)	(3,411)	(3,741)
	59,268	**52,117**	**59,268**	**52,117**
Prepayments	33,551	5,765	33,551	5,765
Unissued Debtors	47,503	44,175	47,503	44,175
Dishonoured Credit Cards	189	244	189	244
	140,511	**102,301**	**140,511**	**102,301**
Accrued Income				
– Interest	151	108	151	108
– Property Sales	5,112	40,795	5,112	40,795
– Other	1,453	4,356	1,453	4,356
Total Current	**147,227**	**147,560**	**147,227**	**147,560**

* 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.

Refer to Note 15 for details regarding credit risk, liquidity risk, and market risk, including financial assets that are either past due or impaired.

Movement in the Allowance for Impairment				
Balance as at 1 July	3,741	1,342	3,741	1,342
Amounts Written Off During the Year	(3,679)	(634)	(3,679)	(634)
Increase in Allowance Recognised in Statement of Comprehensive Income	3,349	3,033	3,349	3,033
Balance as at 30 June	**3,411**	**3,741**	**3,411**	**3,741**

(b) Non-current other financial assets

Non-Current Financial Assets (at Amortised Cost)				
Loan to Sydney Harbour Tunnel Company	97,786	91,564	97,786	91,564
Promissory Notes (refer to Note 11(a))	20,160	16,965	20,160	16,965
	117,946	**108,529**	**117,946**	**108,529**

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

Consolidated and Parent	Land and Buildings $'000	Plant and Equipment $'000	Infrastructure Systems $'000	Total $'000
As at 1 July 2009 – Fair Value				
Gross Carrying Amount	3,008,522	263,986	74,034,536	77,307,044
Accumulated Depreciation	(11,635)	(102,508)	(21,568,673)	(21,682,816)
Net Carrying Amount	**2,996,887**	**161,478**	**52,465,863**	**55,624,228**
As at 30 June 2010 – Fair Value				
Gross Carrying Amount	3,043,054	314,411	77,118,242	80,475,707
Accumulated Depreciation	(18,799)	(116,851)	(18,893,097)	(19,028,747)
Net Carrying Amount	**3,024,255**	**197,560**	**58,225,145**	**61,446,960**

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

Year ended 30 June 2010				
Net Carrying Amount at Start of Year	2,996,887	161,478	52,465,863	55,624,228
Additions	191,405	51,819	2,078,739	2,321,963
Disposals	(28,828)	(1,577)	(47,810)	(78,215)
Transfers to Councils	-	-	(474,881)	(474,881)
Transfers from Councils	-	-	313,422	313,422
Net Revaluation Increment Less Revaluation Decrements	(41,869)	-	455,256	413,387
Depreciation Expense	(9,917)	(14,343)	(890,908)	(915,168)
Transfer to/from Assets Held for Sale	(8,786)	1,033	-	(7,753)
RCI And Other Adjustments/WIP	(217)	2,349	4,027,442	4,029,574
Transfer Out	(74,420)	(3,199)	(2,220,542)	(2,298,161)
Transfers In	-	-	2,518,564	2,518,564
Net Carrying Amount at End of Year	**3,024,255**	**197,560**	**58,225,145**	**61,446,960**
As at 1 July 2008 – Fair Value				
Gross Carrying Amount	2,907,716	234,017	62,502,912	65,644,645
Accumulated Depreciation	(16,938)	(93,738)	(15,715,676)	(15,826,352)
Net Carrying Amount	**2,890,778**	**140,279**	**46,787,236**	**49,818,293**
As at 30 June 2009 – Fair Value				
Gross Carrying Amount	3,008,522	263,986	74,034,536	77,307,044
Accumulated Depreciation	(11,635)	(102,508)	(21,568,673)	(21,682,816)
Net Carrying Amount	**2,996,887**	**161,478**	**52,465,863**	**55,624,228**

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

Consolidated and Parent	Land and Buildings $'000	Plant and Equipment $'000	Infrastructure Systems $'000	Total $'000
Year ended 30 June 2009				
Net Carrying Amount as at Start of Year	2,890,778	140,279	77,726,966	80,758,023
Change in Accounting Policy (See Note 1(x))	-	-	(30,939,730)	(30,939,730)
Restated Carrying Amount at Start of Year	2,890,778	140,279	46,787,236	49,818,293
Additions	151,142	51,549	2,058,877	2,261,568
Disposals	(86,732)	(1,678)	(30,997)	(119,407)
Transfers to Councils	-	-	(77,515)	(77,515)
Net Revaluation Increments less Revaluation Decrements	126,492	-	6,179,797	6,306,289
Depreciation Expense	(7,176)	(13,541)	(828,203)	(848,920)
Transfer (to)/from Assets Held for Sale	29,240	989	-	30,229
RCI and Other Adjustments/WIP	(75)	-	(1,650,119)	(1,650,194)
Transfer Out	(106,782)	(16,120)	(755,721)	(878,623)
Transfers In	-	-	782,508	782,508
Net Carrying Amount at End of Year	**2,996,887**	**161,478**	**52,465,863**	**55,624,228**

(a) Land and buildings – consolidated and parent

	Works Administration Properties and Officers' Residences		Land and Buildings Acquired for Future Roadworks	Leasehold Improvements	Total
	Land $'000	Buildings $'000	$'000	$'000	$'000
Year ended 30 June 2010					
Net Carrying Amount At Start of Year	168,569	125,065	2,664,311	38,942	2,996,887
Additions	-	13,686	177,719	-	191,405
Disposals	-	-	(28,828)	-	(28,828)
Net Revaluation Increments less Revaluation Decrements	(60)	-	(41,809)	-	(41,869)
Depreciation Expense	-	(3,549)	-	(6,368)	(9,917)
Transfer to Assets Held for Sale	-	-	(8,786)	-	(8,786)
Reclassifications	60	(11,714)	(60)	11,714	-
Adjustments/WIP	-	(217)	-	-	(217)
Transfer to Infrastructure	-	-	(74,420)	-	(74,420)
Net Carrying Amount at End of Year	**168,569**	**123,271**	**2,688,127**	**44,288**	**3,024,255**
Year ended 30 June 2009					
Net Carrying Amount At Start of Year	140,139	110,687	2,620,296	19,656	2,890,778
Additions	-	5,146	123,823	22,173	151,142
Disposals	-	108	(86,840)	-	(86,732)
Net Revaluation Increments less Revaluation Decrements	35,488	30,805	60,199	-	126,492
Depreciation Expense	-	(3,428)	-	(3,748)	(7,176)
Transfer to Assets Held for Sale	-	-	29,240	-	29,240
Reclassifications	(7,058)	(18,178)	24,375	861	-
Adjustments/WIP	-	(75)	-	-	(75)
Transfer to Infrastructure	-	-	(106,782)	-	(106,782)
Net Carrying Amount at End of Year	**168,569**	**125,065**	**2,664,311**	**38,942**	**2,996,887**

Land and buildings for future road works comprise untenanted land for road works (average rateable value $1,869 million), surplus properties (market value: $373.672 million) and rentable properties (market value: $493.555 million).

Category of Land and Building Acquired for Future Roadworks	Aggregate carrying amount $'000
Revalued as part of the current progressive revaluation and carried at fair value as at 30 June 2010 less, where applicable, any subsequent accumulated depreciation.	819,092
Untenanted land for Roads – revalued annually not subject to progressive revaluation.	1,869,035
Total Land and Buildings Acquired for Future Roadworks at 30 June 2010	2,688,127

(b) Plant and equipment – consolidated and parent

	Plant Equipment and Motor Vehicles $'000	Computer Hardware $'000	Electronic Office Equipment $'000	Total $'000
Year ended 30 June 2010				
Net Carrying Amount at Start of Year	118,307	42,823	348	161,478
Additions	8,706	41,133	1,980	51,819
Disposals	(1,573)	(1)	(3)	(1,577)
Depreciation Expense	(9,706)	(4,559)	(78)	(14,343)
Transfer from Assets Held for Sale	1,033	-	-	1,033
Reclassifications	2,349	-	-	2,349
Transfers Out	-	(3,099)	(100)	(3,199)
Net Carrying Amount at End of Year	**119,116**	**76,297**	**2,147**	**197,560**
Year ended 30 June 2009				
Net Carrying Amount at Start of Year	119,778	20,075	426	140,279
Additions	13,357	38,171	21	51,549
Disposals	(1,309)	(365)	(4)	(1,678)
Depreciation Expense	(8,821)	(4,625)	(95)	(13,541)
Transfer from Assets Held for Sale	989	-	-	989
Reclassifications	668	(668)	-	-
Transfers Out	(6,355)	(9,765)	-	(16,120)
Net Carrying Amount at End of Year	**118,307**	**42,823**	**348**	**161,478**

(c) Infrastructure Systems – consolidated and parent

Infrastructure systems are valued as follows:

	Roads $'000	Land under Roads $'000	Bridges $'000	Sydney Harbour Tunnel $'000	Traffic Signals Network $'000	Traffic Control Network $'000	Major Works in Progress $'000	TOTAL $'000
Year ended 30 June 2010								
Carrying Amount at Start of Year	34,581,028	4,079,734	9,335,365	706,100	327,637	58,953	3,377,046	52,465,863
Additions	288,575	-	27,892	-	7,401	30,833	1,724,038	2,078,739
Disposals	-	-	(16,494)	-	(140)	(6,176)	(25,000)	(47,810)
Transfers to Councils	(383,650)	(62,108)	(29,123)	-	-	-	-	(474,881)
Transfers from Councils	263,984	33,395	16,043	-	-	-	-	313,422
Net Revaluation Increments less Revaluation Decrements	-	431,291	-	23,965	-	-	-	455,256
Depreciation Expense	(712,602)	-	(120,638)	(21,397)	(26,923)	(9,348)	-	(890,908)
Transfers In	2,185,176	74,420	258,968	-	-	-	-	2,518,564
Transfers Out	-	-	-	-	-	-	(2,220,542)	(2,220,542)
RCI and Other Adjustments / WIP	3,387,502	-	609,363	-	27,967	2,610	-	4,027,442
Net carrying amount at end of year	**39,610,013**	**4,556,732**	**10,081,376**	**708,668**	**335,942**	**76,872**	**2,855,542**	**58,225,145**
Year ended 30 June 2009								
Previously Reported Carrying Amount at Start of Year	28,669,792	34,855,376	10,874,927	702,895	328,618	56,211	2,239,147	77,726,966
Change in Accounting Policy – Note 1(x)	-	(30,939,730)	-	-	-	-	-	(30,939,730)
Restated Carrying amount at start of year	28,669,792	3,915,646	10,874,927	702,895	328,618	56,211	2,239,147	46,787,236
Additions	125,921	-	17,570	-	11,015	10,751	1,893,620	2,058,877
Disposals	-	-	(29,967)	-	(172)	(858)	-	(30,997)
Transfers to councils	(43,864)	(11,497)	(22,154)	-	-	-	-	(77,515)
Net revaluation less revaluation decrements	6,007,121	148,798	-	23,878	-	-	-	6,179,797
Depreciation expense	(661,449)	-	(113,552)	(20,673)	(25,086)	(7,443)	-	(828,203)
Transfers in	483,507	26,787	272,214	-	-	-	-	782,508
Transfers out	-	-	-	-	-	-	(755,721)	(755,721)
RCI and other adjustments / WIP	-	-	(1,663,673)	-	13,262	292	-	(1,650,119)
Net carrying amount at end of year	**34,581,028**	**4,079,734**	**9,335,365**	**706,100**	**327,637**	**58,953**	**3,377,046**	**52,465,863**

Traffic signals, traffic control network and all bridges were subject to a full revaluation in 2007/08 and roads were subject to a full revaluation in 2008/09.

The RTA leases the Sydney Harbour Tunnel under agreement with the Sydney Harbour Tunnel Company (SHTC). The agreement transfers ownership of the tunnel to the RTA at the end of the lease term in 2022 (see note 19 for further details). At 30 June 2010 the net carrying amount of leased infrastructure assets was $708.668 million (2009: $706.100 million).

11. Non-current assets – intangible assets and other

(a) Private Sector Provided Infrastructure

	Consolidated		Parent	
	2010	2009	2010	2009
	$'000	$'000	$'000	$'000
M2 Motorway				
Carrying Amount at Start of Year	38,122	33,502	38,122	33,502
Valuation Increment/(Decrement)	(1,426)	-	(1,426)	-
Annual Increment – Emerging Right to Receive	4,789	4,620	4,789	4,620
Carrying Amount at End of Year	**41,485**	**38,122**	**41,485**	**38,122**
M4 Motorway/Service Centre*				
Carrying Amount at Start of Year	207,046	183,636	207,045	183,636
Reclassification of M4 infrastructure assets	(223,502)	-	(223,502)	-
Valuation Increment/(Decrement)	(368)	-	(368)	-
Annual Increment – Emerging Right to Receive	19,846	23,410	19,846	23,410
Carrying Amount at End of Year	**3,022**	**207,046**	**3,022**	**207,046**
M5 Motorway				
Carrying Amount at Start of Year	107,591	94,656	107,591	94,656
Valuation Increment/(Decrement)	24,860	-	24,860	-
Annual Increment – Emerging Right to Receive	17,119	12,935	17,119	12,935
Carrying Amount at End of Year	**149,570**	**107,591**	**149,570**	**107,591**
Eastern Distributor				
Carrying Amount at Start of Year	27,882	24,128	27,882	24,128
Valuation Increment/(Decrement)	11,771	-	11,771	-
Annual Increment – Emerging Right to Receive	5,531	3,754	5,531	3,754
Carrying Amount at End of Year	**45,184**	**27,882**	**45,184**	**27,882**
Cross City Tunnel (CCT)				
Carrying Amount at Start of Year	35,279	25,762	35,279	25,762
Valuation Increment/(Decrement)	21,595	-	21,595	-
Annual Increment – Emerging Right to Receive	16,219	9,517	16,219	9,517
Carrying Amount at End of Year	**73,093**	**35,279**	**73,093**	**35,279**
Western Sydney Orbital (M7)				
Carrying Amount at Start of Year	84,975	62,005	84,975	62,005
Valuation Increment/(Decrement)	27,334	-	27,334	-
Annual Increment – Emerging Right to Receive	32,123	22,970	32,123	22,970
Carrying Amount at End of Year	**144,432**	**84,975**	**144,432**	**84,975**
Lane Cove Tunnel				
Carrying Amount at Start of Year	38,210	24,730	38,210	24,730
Valuation Increment/(Decrement)	7,356	-	7,356	-
Annual Increment – Emerging Right to Receive	24,864	13,480	24,864	13,480
Carrying Amount at End of Year	**70,430**	**38,210**	**70,430**	**38,210**
Total Carrying Amount at End of Year	**527,216**	**539,105**	**527,216**	**539,105**
Totals				
Carrying Amount at Start of Year	539,105	448,419	539,105	448,419
Reclassification of M4 infrastructure assets	(223,502)	-	(223,502)	-
Valuation Increment/(Decrement)	91,122	-	91,122	-
Annual Increment – Emerging Right to Receive	120,491	90,686	120,491	90,686
Carrying Amount at End of Year	**527,216**	**539,105**	**527,216**	**539,105**

* Ownership of the M4 Motorway (excluding the M4 Service Centre) reverted to the RTA on the 15 February 2010. In accordance with TPP 06-8 Accounting for Privately Financed Projects and AASB 116 Property, Plant and Equipment, these assets were reclassified to Infrastructure Assets (roads & bridges) and Property Plant and Equipment (buildings) and revalued at fair value.

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 2010 have been made by promissory notes in the value of $7.960 million (2009: $7.737 million) and $1.990 million (2009: $1.934 million) respectively. The RTA, as at 30 June 2010, has received promissory notes for rent on the above leases totalling $116.184 million (2009: $106.234 million). The term of the Agreement ends on the forty fifth anniversary of the M2 commencement date, (i.e. 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 2010, is $7.768 million (2009: $6.185 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 depreciated replacement cost of the asset at date of hand back over the concession period calculated using the effective interest rate method (refer Note 1(g)(vi)).

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 Service Centre

Ownership of the M4 Motorway excluding the M4 Service Centre was reverted to the RTA on the 15 February 2010. In October 1992, the RTA and the Concession Holder entered into the M4 Service Centre Project Deed under which RTA agreed to acquire land and lease the land to the Concession Holder. The Concession Holder agreed to finance, design, construct, maintain and operate two service centres which are located on each carriageway of the M4 at Eastern Creek.

The M4 Service Centres were opened for use on 1 January 1993. The Concession Holder will operate, maintain and repair the service centres until 31 December 2017, after which the service centres will be transferred back to the Government at nil value.

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

M5 Motorway

The RTA has valued the M5 Motorway by reference to the RTA's emerging share of the depreciated replacement cost apportioned over the period of the concession agreement calculated using the effective interest rate method (refer Note 1(g)(vi)).

Ownership of the M5 Motorway will revert to the RTA on 22 August 2023. 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 to 22 August 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 the Concession Holder or the shares in the Concession Holder. The exercise price under the M5 Call Option Deed will be based on open market valuation of the business or shares.

Eastern Distributor

An agreement was signed with the Concession Holder on 27 June 1997 to finance, design, construct, operate, maintain and repair the Eastern Distributor which was opened to traffic on 23 July 2000.

In consideration of 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 $195 million by way of promissory notes (being $15 million on Financial Close and $15 million on each anniversary of Financial Close). A further $2.2 million was received in cash six months after Financial Close and $8 million in cash on the third anniversary of Financial Close. Under the Agreement, the promissory notes show a payment date (subject to provisions in the Project Deed) of 24 July 2048 and, as at 30 June 2010, the promissory notes have a net present value of $12.392 million (2009: $10.780 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 23 July 2000. 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 on 18 December 2002 to design, construct, operate and maintain the Cross City Tunnel. Major construction started on 28 January 2003. The Cross City Tunnel was completed and opened to traffic on 28 August 2005.

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

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

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

Reimbursement of certain development costs was received by 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 on 13 February 2003 to design, construct, operate and maintain the Westlink M7 Motorway. Major construction started on 7 July 2003 and the completed motorway was opened to traffic on 16 December 2005.

The construction cost was $1.54 billion. The Federal Government contributed $356 million towards the cost of the project with the remainder of the cost being met by the private sector. 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 until 14 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 depreciated replacement cost of the asset over the period of the concession period calculated using the effective interest rate method (refer Note 1(g)(vi)).

Reimbursement of certain development costs were received by 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 on 4 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 25 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 will operate the motorway until 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 depreciated replacement cost of the asset over the period of the concession period calculated using the effective interest rate method (refer Note 1(g)(vi)).

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

(b) Other Intangible Assets – consolidated and parent

	Software	
	2010 $'000	2009 $'000
As at 1 July		
Cost	103,958	88,443
Accumulated Amortisation and Impairment	(73,170)	(68,844)
Net Carrying Amount	**30,788**	**19,599**
As at 30 June		
Cost	104,739	103,958
Accumulated Amortisation and Impairment	(77,953)	(73,170)
Net Carrying Amount	**26,786**	**30,788**
Net Carrying Amount at Start of Year	30,788	19,599
Additions	-	15
Disposals	(1,144)	(98)
Amortisation Expense	(5,957)	(4,536)
Transfer In from PPE	3,099	15,808
Net Carrying Amount at End of Year	**26,786**	**30,788**

12. Non-current assets held for sale

	Consolidated		Parent	
	2010 $'000	2009 $'000	2010 $'000	2009 $'000
Assets Held for Sale				
Balance 1 July				
Land and Buildings (i)	39,349	68,589	39,349	68,589
Plant and Equipment	1,544	2,533	1,544	2,533
Transfer (to)/from Land & Buildings	8,786	(29,240)	8,786	(29,240)
Transfer (to)/from Plant and Equipment	(1,032)	(989)	(1,032)	(989)
	48,647	**40,893**	**48,647**	**40,893**
Balance 30 June				
Land and Buildings	48,135	39,349	48,135	39,349
Plant and Equipment	512	1,544	512	1,544
	48,647	**40,893**	**48,647**	**40,893**

(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

Trade Creditors (I)	175,654	162,707	175,654	162,707
Creditors Arising from Compulsory Acquisitions	21,767	14,849	21,767	14,849
Personnel Services	-	-	907,608	782,000
Accrued Expenses				
– Salaries, Wages and On-Costs	6,600	5,006	-	-
-–Works Contract Expenditure	224,829	219,333	224,829	219,333
– Work Carried Out by Councils	67,883	55,222	67,883	55,222
– Interest	9,038	8,581	9,038	8,581
– Other (including non works contracts)	134,281	143,380	134,281	143,380
Other	12	632	12	632
	640,064	**609,710**	**1,541,072**	**1,386,704**

(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 above payables are disclosed in Note 15.

14. Current/non-current liabilities – borrowings

At Amortised Cost				
Current				
TCorp Borrowings	162,473	113,805	162,473	113,805
Treasury Advances Repayable	1,793	1,693	1,793	1,693
Finance Leases (Note 19)	29,852	25,050	29,852	25,050
	194,118	**140,548**	**194,118**	**140,548**
Non-Current				
TCorp Borrowings	491,103	579,521	491,103	579,521
Treasury Advances Repayable	10,246	12,039	10,246	12,039
Finance Leases (Note 19)	623,538	653,390	623,538	653,390
Other	1,584	1,542	1,584	1,542
	1,126,471	**1,246,492**	**1,126,471**	**1,246,492**

Details regarding credit risk, liquidity risk and market risk, including a maturity analysis of the above 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 these financial statements.

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) Financial instrument categories

			Carrying Amount	Carrying Amount
			2010	2009
Financial Assets	Note	Category	$'000	$'000
Class:				
Cash and Cash Equivalents	8	N/A	184,029	186,179
Receivables[1]	9	Loans and receivables (at amortised cost)	78,795	118,661
Other Financial Assets	9	Loans and receivables (at amortised cost)	117,946	108,529
Financial Liabilities				
Class:				
Payables[2]	13,17	Financial liabilities measured at amortised cost	766,850	735,645
Borrowings	14	Financial liabilities measured at amortised cost	1,320,589	1,387,040

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

(b) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. 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 (i.e. until the end of the next annual reporting period). The sensitivity analysis is based on risk exposures in existence at the balance date. The analysis is performed on the same basis for 2009 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 (NSW TCorp).

NSW TCorp 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 $653.576 million (2009: $693.326 million).

RTA does not account for any fixed rate financial instruments at fair value through profit and loss or as available for sale. Therefore for these financial instruments, a change in interest rates would not affect profit or loss or equity. A reasonably possible change of +/- 1% is used, consistent with current trends in interest rates. The basis will be reviewed annually and amended where there is a structural change in the level of interest rate volatility.

The RTA's exposure to interest rate risk is set out in the table below.

	Carrying amount	$'000 -1% Profit	$'000 -1% Equity	$'000 1% Profit	$'000 1% Equity
2010					
Financial Assets					
Cash and Cash Equivalents	184,029	(1,366)	(1,366)	1,366	1,366
Financial Liabilities					
Borrowings	1,320,589	(207)	(207)	207	207
2009					
Financial Assets					
Cash and Cash Equivalents	186,179	(1,414)	(1,414)	1,414	1,414
Financial Liabilities					
Borrowings	1,387,040	(1,258)	(1,258)	1,258	1,258

(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	2010 $'000	2009 $'000
Cash facility	Cash, Money Market Instruments	up to 1.5 years	64,678	70,927

The unit price of each facility is equal to the total fair value of the net assets held by the facility divided by the total number of units on issue for that facility. Unit prices are calculated and published daily.

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

Investment in the Hour-Glass facilities limits 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 Investment facilities, using historically based volatility information. The TCorp Hour-Glass Investment facilities are designated at fair value through profit or loss and therefore any change in unit price impacts directly on profit (rather than equity). A reasonably possible change is based on the percentage change in unit price (as advised by T-Corp) multiplied by the redemption value as at 30 June each year.

	Impact on profit/loss		
	Change in unit price	2010 $'000	2009 $'000
Hour-Glass Investment – Cash Facility	+/- 1%	1,093	1,137

(c) 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.

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	
	2010 $'000	2009 $'000	2010 $'000	2009 $'000	2010 $'000	2009 $'000	2010 $'000	2009 $'000
Financial Assets								
Cash	74,700	72,505	109,329	113,674	-	-	184,029	186,179
Receivables	-	-	-	-	78,795	118,661	78,795	118,661
Other	-	-	-	-	117,946	108,529	117,946	108,529
Total Financial Assets	**74,700**	**72,505**	**109,329**	**113,674**	**196,741**	**227,190**	**380,770**	**413,369**

(i) Cash

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

(ii) Receivables –trade debtors

All trade debtors are recognised as amounts receivable at balance date. 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 30 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 (2010: $16.774 million; 2009: $19.159 million) and not less than 6 months past due (2010: $1.325 million; 2009: $2.259million) are not considered impaired and together these represent 65% of the total trade debtors.

The only financial assets that are past due or impaired are 'sales of goods and services' and "other" in the 'receivables' category of the Statement of Financial Position. (Refer to Note 9(a))

	$'000		
	Total [1,2]	Past due but not impaired [1,2]	Considered impaired [1,2]
2010			
< 3 months overdue	5,108	4,689	419
3 months – 6 months overdue	2,038	1,807	231
> 6 months overdue	4,087	1,325	2,761
2009			
< 3 months overdue	9,384	6,430	2,954
3 months – 6 months overdue	1,395	1,282	113
> 6 months overdue	2,983	2,309	674

1. Each column in the table reports "gross receivables".
2. The ageing analysis excludes statutory receivables, as these are not within the scope of AASB 7 *Financial Instruments: Disclosures* and excludes receivables that are not past due and not impaired. Therefore, the "total" will not reconcile to the receivables total recognised in the Statement of Financial Position.

(iii) Other financial assets

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

(iv) Authority deposits

The RTA has placed funds on deposit with TCorp, (which has been rated "AAA" by Standard and Poor's). These deposits are similar to money market or bank deposits and can be placed "at call" or for a fixed term. For fixed term deposits, the interest rate payable by TCorp is negotiated initially and is fixed for the term of the deposit, while the interest rate payable on at call deposits can vary. The deposits at balance date were earning an average interest rate of 3.574% (2009: 4.674%), while over the year the weighted average interest rate was 2.650% (2009: 4.239%) on a weighted average balance during the year of $10.385 million (2009: $9.633 million). None of these assets are past due or impaired.

(d) Fair value

Financial instruments are generally recognised at cost, with the exception of the TCorp Hour-Glass facilities, which are measured at fair value. As discussed, the value of the Hour-Glass Investments is based on 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 Statement of Financial Position approximates the fair value, because of the short term nature of many of the financial instruments. The future cash flows of the M2 and Eastern Distributor promissory notes are discounted using standard valuation techniques at the applicable yield having regard to the timing of the cash flows.

The fair value of the Sydney Harbour Tunnel finance lease liability is calculated based on the present value of the minimum lease liability, discounted at the interest rate implicit in the lease agreement.

(e) Fair value recognised in statement of financial position

The RTA uses the following hierarchy for disclosing the fair value of financial instruments by valuation technique:

- Level 1 – Derived from quoted prices in active markets for identical assets / liabilities.
- Level 2 – Derived from inputs other than quoted prices that are observable directly or indirectly.
- Level 3 – Derived from valuation techniques that include inputs for the asset / liability not based on observable market data (unobservable inputs).

	Level 1 $'000	Level 2 $'000	Level 3 $'000	2010 Total $'000
Financial Assets at Fair Value				
TCorp Hour-Glass Investment Facility	-	109,329	-	109,329
	-	**109,329**	**-**	**109,329**

The table above only includes financial assets, as no financial liabilities were measured at fair value in the Statement of Financial Position. There were no transfers between level 1 and 2 during the period ended 30 June 2010.

(f) 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 2010 for cash management purposes (2009: $100 million). This year the facility was used occasionally to fund shortfalls incurring a total interest charge of $0.026 million (2009: $0.031million)

	Consolidated		Parent	
Financing arrangements	2010 $'000	2009 $'000	2010 $'000	2009 $'000
Unrestricted Access was Available at the Statement of Financial Position				
Date to the Come and Go Facility	-	-	-	-
Total Facility	100,000	100,000	100,000	100,000
Used at Statement of Financial Position Date	-	-	-	-
Unused at Statement of Financial Position 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

			$'000 Interest Rate Exposure			$'000 Maturity Dates		
	Weighted Average Effective Int. Rate	Nominal Amount [1]	Fixed Interest Rate	Variable Interest Rate	Non-interest bearing	< 1 yr	1-5 yrs	> 5 yrs
2010								
Payables:								
Accrued Salaries, Wages and On-Costs	-	6,600	-	-	6,600	6,600	-	-
Trade Payables	-	175,654	-	-	175,654	175,654	-	-
Other Current Payables	-	21,766	-	-	21,766	21,766	-	-
Accrued Expenses	-	436,044	-	-	436,044	436,044	-	-
Sydney Harbour Tunnel Tax Liability	-	25,583	-	-	25,583	1,835	4,797	18,951
Holding Accounts	-	101,203	-	-	101,203	101,203	-	-
Borrowings:								
Advances Repayable	5.84%	12,039	12,039	-	-	1,793	8,213	2,033
Tcorp Borrowings	5.97%	754,869	734,132	20,737	-	212,018	516,351	26,500
Sydney Harbour Tunnel Finance Lease Liability	7.70%	1,007,723	1,007,723	-	-	78,062	414,836	514,825
Other Loans and Deposits	6.63%	1,584	1,584	-	-	393	1,109	82
2009								
Payables:								
Accrued Salaries, Wages and On-Costs	-	5,006	-	-	5,006	5,006	-	-
Trade Payables	-	162,707	-	-	162,707	162,707	-	-
Other Current Payables	-	14,849	-	-	14,849	14,849	-	-
Accrued Expenses	-	427,148	-	-	427,148	427,148	-	-
Sydney Harbour Tunnel Tax Liability	-	25,329	-	-	25,329	1,793	4,371	19,165
Holding Accounts	-	100,606	-	-	100,606	100,606	-	-
Borrowings:								
Advances Repayable	5.84%	13,732	13,732	-	-	1,693	7,833	4,206
Tcorp Borrowings	5.67%	803,207	677,379	125,828	-	255,016	410,599	137,592
Sydney Harbour Tunnel Finance Lease Liability	7.70%	1,082,994	1,082,994	-	-	75,271	419,083	588,640
Other Loans and Deposits	5.93%	1,542	1,542	-	-	-	1,333	209

(1) The amounts disclosed are the contractual undiscounted cash flows of each class of financial liabilities and therefore will not reconcile to the balance sheet.

16. Current/non-current liabilities – provisions

	Consolidated		Parent	
	2010 $'000	2009 $'000	2010 $'000	2009 $'000
Employee Benefits and Related On-Costs				
Current				
Annual Leave (i)	44,250	40,992	-	-
Long Service Leave (ii)	197,469	188,580	-	-
Employee Related On-Costs (i),(ii)	8,294	7,897	-	-
	250,013	**237,469**	**-**	**-**
Non-Current				
Superannuation	611,150	499,564	-	-
Long Service Leave (ii)	8,228	7,858	-	-
Other (i),(ii)	28,443	27,054	-	-
	647,821	**534,476**	**-**	**-**
Total Provisions	**897,834**	**771,945**	-	-
Aggregate Employee Benefits and related on-costs				
Provisions – Current	250,013	237,469	-	-
Provisions – Non-current	647,821	534,476	-	-
Accrued Salaries, Wages and On-Costs (Note 13)	6,600	5,006	-	-
	904,434	**776,951**	**-**	**-**

(i) The value of annual leave, including on-costs, expected to be taken within twelve months is $37.928 million (2009: $35.300 million) and $20.136 million (2009: $18.743 million) after twelve months.

(ii) The value of long service leave expected to be taken within twelve months is $25.886 million (2009: $25.108 million) and $202.859 million (2009: $193.547 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 outside of 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 2010 $'000	SANCS Financial Year to 30 June 2010 $'000	SSS Financial Year to 30 June 2010 $'000	Total $'000
Accrued Liability	544,593	84,394	1,007,871	1,636,858
Estimated Reserve Account Balance	(429,964)	(63,356)	(532,388)	(1,025,708)
	114,629	21,038	475,483	611,150
Future Service Liability	(55,429)	(25,859)	(35,705)	(116,993)
Net (Asset)/Liability Recognised in Statement of Financial Position	**114,629**	**21,038**	**475,483**	**611,150**

	SASS Financial Year to 30 June 2009 $'000	SANCS Financial Year to 30 June 2009 $'000	SSS Financial Year to 30 June 2009 $'000	Total $'000
Accrued Liability	491,663	76,059	908,205	1,475,927
Estimated Reserve Account Balance	(407,203)	(60,656)	(508,504)	(976,363)
	84,460	15,403	399,701	499,564
Future Service Liability	(57,447)	(28,749)	(35,917)	(122,113)
Net (Asset)/Liability Recognised in Statement of Financial Position	**84,460**	**15,403**	**399,701**	**499,564**

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 2010 $'000	SANCS Financial Year to 30 June 2010 $'000	SSS Financial Year to 30 June 2010 $'000	Total $'000
Present Value of Partly Funded Defined Benefit Obligation at The Beginning of The Year	491,663	76,059	908,205	1,475,927
Current Service Cost	11,125	3,609	5,741	20,475
Interest Cost	26,537	4,067	49,788	80,392
Contributions by Fund Participants	6,823	-	5,892	12,715
Actuarial (Gains)/Losses	39,694	6,977	71,383	118,054
Benefits Paid	(31,249)	(6,318)	(33,138)	(70,705)
Present Value of Partly Funded Defined Benefit Obligation at the End of the Year	**544,593**	**84,394**	**1,007,871**	**1,636,858**

	SASS Financial Year to 30 June 2009 $'000	SANCS Financial Year to 30 June 2009 $'000	SSS Financial Year to 30 June 2009 $'000	Total $'000
Present Value of Partly Funded Defined Benefit Obligation at The Beginning of The Year	472,399	70,460	740,966	1,283,825
Current Service Cost	10,691	3,588	4,457	18,736
Interest Cost	29,694	4,365	47,470	81,529
Contributions by Fund Participants	6,890	-	6,196	13,086
Actuarial (Gains)/Losses	5,917	3,540	156,888	166,345
Benefits Paid	(33,928)	(5,894)	(47,772)	(87,594)
Present Value of Partly Funded Defined Benefit Obligation at the End of the Year	**491,663**	**76,059**	**908,205**	**1,475,927**

Reconciliation of the fair value of fund assets

	SASS Financial Year to 30 June 2010 $'000	SANCS Financial Year to 30 June 2010 $'000	SSS Financial Year to 30 June 2010 $'000	Total $'000
Fair Value of Fund Assets at the Beginning of The Year	407,203	60,656	508,504	976,363
Expected Return on Fund Assets	33,859	5,069	42,242	81,170
Actuarial Gains/(Losses)	5,606	376	7,975	13,957
Employer Contributions	7,722	3,573	913	12,208
Contributions by Fund Participants	6,823	-	5,892	12,715
Benefits Paid	(31,249)	(6,318)	(33,138)	(70,705)
Fair Value of Fund Assets at the End of the Year	**429,964**	**63,356**	**532,388**	**1,025,708**

	SASS Financial Year to 30 June 2009 $'000	SANCS Financial Year to 30 June 2009 $'000	SSS Financial Year to 30 June 2009 $'000	Total $'000
Fair Value of Fund Assets at the Beginning of The Year	457,610	69,275	601,445	1,128,330
Expected Return on Fund Assets	35,938	5,456	47,600	88,994
Actuarial Gains/(Losses)	(74,458)	(12,121)	(99,929)	(186,508)
Employer Contributions	15,151	3,940	964	20,055
Contributions by Fund Participants	6,890	-	6,196	13,086
Benefits Paid	(33,928)	(5,894)	(47,772)	(87,594)
Fair Value of Fund Assets at the End of the Year	**407,203**	**60,656**	**508,504**	**976,363**

Reconciliation of the assets and liability recognised in the statement of financial position

	SASS Financial Year to 30 June 2010 $'000	SANCS Financial Year to 30 June 2010 $'000	SSS Financial Year to 30 June 2010 $'000	Total $'000
Present Value of Partly Funded Defined Benefits at End of the Year	544,593	84,394	1,007,871	1,636,858
Fair Value of Fund Assets at End of the Year	(429,964)	(63,356)	(532,388)	(1,025,708)
Net (Asset) / Liability Recognised In Statement of Financial Position At The End Of the Year	**114,629**	**21,038**	**475,483**	**611,150**

	SASS Financial Year to 30 June 2009 $'000	SANCS Financial Year to 30 June 2009 $'000	SSS Financial Year to 30 June 2009 $'000	Total $'000
Present Value of Partly Funded Defined Benefits at End of the Year	491,663	76,059	908,205	1,475,927
Fair Value of Fund Assets at End of the Year	(407,203)	(60,656)	(508,504)	(976,363)
Net (Asset) / Liability Recognised In Statement of Financial Position At The End Of The Year	**84,460**	**15,403**	**399,701**	**499,564**

Expense recognised in surplus for the year

	SASS Financial Year to 30 June 2010 $'000	SANCS Financial Year to 30 June 2010 $'000	SSS Financial Year to 30 June 2010 $'000	Total $'000
Current Service Cost	11,125	3,609	5,741	20,475
Interest on Obligation	26,537	4,067	49,788	80,392
Expected Return on Fund Assets (Net of Expenses)	(33,859)	(5,069)	(42,242)	(81,170)
Expense/(Income) Recognised	**3,803**	**2,607**	**13,287**	**19,697**

	SASS Financial Year to 30 June 2009 $'000	SANCS Financial Year to 30 June 2009 $'000	SSS Financial Year to 30 June 2009 $'000	Total $'000
Current Service Cost	10,691	3,588	4,457	18,736
Interest on Obligation	29,694	4,365	47,470	81,529
Expected Return on Fund Assets (Net of Expenses)	(35,938)	(5,456)	(47,600)	(88,994)
Expense/(Income) Recognised	**4,447**	**2,497**	**4,327**	**11,271**

Amount recognised in other comprehensive income

	SASS Financial Year to 30 June 2010 $'000	SANCS Financial Year to 30 June 2010 $'000	SSS Financial Year to 30 June 2010 $'000	Total $'000
Actuarial (Gains)/Losses	34,088	6,601	63,408	104,097

	SASS Financial Year to 30 June 2009 $'000	SANCS Financial Year to 30 June 2009 $'000	SSS Financial Year to 30 June 2009 $'000	Total $'000
Actuarial (Gains)/Losses	80,375	15,660	256,817	352,852

Cumulative amount recognised in other comprehensive income

	SASS Financial Year to 30 June 2010 $'000	SANCS Financial Year to 30 June 2010 $'000	SSS Financial Year to 30 June 2010 $'000	Total $'000
Actuarial (Gains)/Losses	121,483	18,046	239,772	379,301

Actual return on fund assets

	SASS Financial Year to 30 June 2010 $'000	SANCS Financial Year to 30 June 2010 $'000	SSS Financial Year to 30 June 2010 $'000	Total $'000
Actual Return on Fund Assets	37,841	5,445	46,244	89,530

	SASS Financial Year to 30 June 2009 $'000	SANCS Financial Year to 30 June 2009 $'000	SSS Financial Year to 30 June 2009 $'000	Total $'000
Actual Return on Fund Assets	(44,750)	(6,666)	(58,607)	(110,023)

Fund assets

The percentage invested in each asset class at the balance date:

	30 June 2010	30 June 2009
Australian Equities	31.00%	32.10%
Overseas Equities	26.80%	26.00%
Australian Fixed Interest Securities	6.10%	6.20%
Overseas Fixed Interest Securities	4.30%	4.70%
Property	9.50%	10.00%
Cash	9.60%	8.00%
Other	12.70%	13.00%

Expected rate of return on assets

The expected return on assets assumption is determined by weighting the expected long-term return for each asset class by the target allocation of assets to each class. The returns used for each class are net of investment tax and investment fees.

Valuation method and principal actuarial assumptions at the reporting date

a) Valuation method

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

b) Economic assumptions

	30 June 2010	30 June 2009
Salary Increase Rate (Excluding Promotional Increases)	3.50%	3.50% pa
Rate of CPI Increase	2.50%	2.50% pa
Expected Rate of Return on Assets	8.60%	8.13% pa
Discount Rate	5.17%	5.59% pa

Historical information

	SASS Financial Year to 30 June 2010 $'000	SANCS Financial Year to 30 June 2010 $'000	SSS Financial Year to 30 June 2010 $'000	Total $'000
Present Value of Defined Benefit Obligation	544,593	84,394	1,007,871	1,636,858
Fair Value of Fund Assets	(429,964)	(63,356)	(532,388)	(1,025,708)
(Surplus)/Deficit in Fund	114,629	21,038	475,483	611,150
Experience Adjustments – Fund Liabilities	39,694	6,977	71,383	118,054
Experience Adjustments – Fund Assets	(5,606)	(376)	(7,975)	(13,957)

	SASS Financial Year to 30 June 2009 $'000	SANCS Financial Year to 30 June 2009 $'000	SSS Financial Year to 30 June 2009 $'000	Total $'000
Present Value of Defined Benefit Obligation	491,663	76,059	908,205	1,475,927
Fair Value of Fund Assets	(407,203)	(60,656)	(508,504)	(976,363)
(Surplus)/Deficit in Fund	84,460	15,403	399,701	499,564
Experience Adjustments – Fund Liabilities	5,917	3,540	156,888	166,345
Experience Adjustments – Fund Assets	74,458	12,121	99,929	186,508

	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 $'000
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	6,081	106,961	170,187

	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 $'000
Present Value of Defined Benefit Obligation	489,099	69,623	734,718	1,293,440
Fair Value of Fund Assets	(411,205)	(37,753)	(784,113)	(1,233,071)
(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)

	SASS Financial Year to 30 June 2006 $'000	SANCS Financial Year to 30 June 2006 $'000	SSS Financial Year to 30 June 2006 $'000	Total $'000
Present Value of Defined Benefit Obligation	471,698	70,059	750,583	1,292,340
Fair Value of Fund Assets	(370,708)	(34,720)	(669,479)	(1,074,907)
(Surplus)/Deficit in Fund	100,990	35,339	81,104	217,433
Experience Adjustments – Fund Liabilities	979	(4,450)	(77,765)	(81,236)
Experience Adjustments – Fund Assets	(31,372)	(3,807)	(54,383)	(89,562)

Expected Contributions

	SASS Financial Year to 30 June 2010 $'000	SANCS Financial Year to 30 June 2010 $'000	SSS Financial Year to 30 June 2010 $'000	Total $'000
Expected Employer Contributions to be paid in the next reporting period	7,232	3,274	884	11,390

	SASS Financial Year to 30 June 2009 $'000	SANCS Financial Year to 30 June 2009 $'000	SSS Financial Year to 30 June 2009 $'000	Total $'000
Expected Employer Contributions to be paid in the next reporting period	7,303	3,387	929	11,619

Funding arrangements for employer contributions

The following is a summary of the 30 June 2010 financial position of the Fund calculated in accordance with AASB 25 – *Financial Reporting by Superannuation Plans*.

	SASS Financial Year to 30 June 2010 $'000	SANCS Financial Year to 30 June 2010 $'000	SSS Financial Year to 30 June 2010 $'000	Total $'000
Accrued Benefits	486,434	76,666	708,279	1,271,379
Net Market Value of Fund Assets	(429,964)	(63,356)	(532,388)	(1,025,708)
Net (Surplus)/Deficit	**56,470**	**13,310**	**175,891**	**245,671**

	SASS Financial Year to 30 June 2009 $'000	SANCS Financial Year to 30 June 2009 $'000	SSS Financial Year to 30 June 2009 $'000	Total $'000
Accrued Benefits	448,930	69,924	671,912	1,190,766
Net Market Value of Fund Assets	(407,203)	(60,656)	(508,504)	(976,363)
Net (Surplus)/Deficit	**41,727**	**9,268**	**163,408**	**214,403**

Recommended contribution rates for the entity are:

SASS	SANCS	SSS
multiple of member contributions	% member salary	multiple of member contributions
1.06	2.07% pa	0.15

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	2010	2009
Expected Rate of Return on Fund Assets Backing Current Pension Liabilities	8.3% pa	8.3% pa
Expected Rate of Return on Fund Assets Backing Other Liabilities	7.3% pa	7.3% pa
Expected Salary Increase Rate	4.0% pa	4.0% pa
Expected Rate of CPI Increase	2.5% pa	2.5% pa

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	5.65%
Superannuation	9.00%
Superannuation Accruing While on LSL	3.60%
LSL Accruing While on LSL	1.60%
Annual Leave Accruing While on LSL	3.00%

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 4% 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	
	2010 $'000	2009 $'000	2010 $'000	2009 $'000
Current				
Statutory Creditors	20,213	16,512	20,213	16,512
Unearned Rent on M4 And M5 Motorways	731	2,227	731	2,227
Sydney Harbour Tunnel Tax Liabilities	1,834	1,793	1,834	1,793
Income Received in Advance	12,263	11,063	12,263	11,063
Holding Accounts	101,203	100,606	98,029	95,557
Lease Incentive	497	497	497	497
Deferred Revenue – Reimbursement on Private Sector Provided Infrastructure	11,575	11,575	11,575	11,575
	148,316	**144,273**	**145,142**	**139,224**
Non-Current				
Unearned Rent on M4 And M5 Motorways	8,208	8,938	8,208	8,938
Sydney Harbour Tunnel Tax Liabilities	23,749	23,536	23,749	23,536
Make Good Provisions	2,000	2,000	2,000	2,000
Lease Incentive	2,528	3,026	2,528	3,026
Deferred Revenue – Reimbursement on Private Sector Provided Infrastructure	308,718	320,293	308,718	320,293
	345,203	**357,793**	**345,203**	**357,793**
Current				
Sydney Harbour Tunnel Past Tax Liability	1,496	1,455	1,496	1,455
Sydney Harbour Tunnel Future Tax Liability	338	338	338	338
	1,834	**1,793**	**1,834**	**1,793**
Non-Current				
Sydney Harbour Tunnel Past Tax Liability	13,629	14,294	13,629	14,294
Sydney Harbour Tunnel Future Tax Liability	10,120	9,242	10,120	9,242
	23,749	**23,536**	**23,749**	**23,536**

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:

Rent Earned in Prior Years	45,120	42,745	45,120	42,745
Rent Earned in Current Year	1,495	2,375	1,495	2,375
Unearned Rent as at 30 June	-	1,495	-	1,495
	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 22 August 2023.

The treatment is summarised as follows:

	Consolidated		Parent	
	2010 $'000	2009 $'000	2010 $'000	2009 $'000
Rent Earned in Prior Years	12,331	11,601	12,331	11,601
Rent Earned in Current Year	731	731	731	731
Unearned Rent as at 30 June	8,938	9,668	8,938	9,668
	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.

Amortisation of Deferred Revenue in Prior Years	38,047	26,472	38,047	26,472
Amortisation of Deferred Revenue in Current Year	11,575	11,575	11,575	11,575
Unearned Reimbursement as at 30 June	320,293	331,868	320,293	331,868
	369,915	**369,915**	**369,915**	**369,915**

18. Increase/decrease in net assets from equity transfer

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 from 1 July 2008.

Total Assets	-	(23,905)	-	(23,905)
Total Liabilities	-	-	-	-
Net Increase/(Decrease)	**-**	**(23,905)**	**-**	**(23,905)**

19. Commitments for expenditure

(a) Capital commitments

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

Not Later Than 1 Year	1,002,981	587,545	1,002,981	587,545
Later Than 1 Year and Not Later Than 5 Years	1,594,290	591,957	1,594,290	591,957
Later Than 5 Years	280	34,870	280	34,870
Total (Including GST)	**2,597,551**	**1,214,372**	**2,597,551**	**1,214,372**

(b) Other expenditure commitments

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

Not Later Than 1 Year	505,967	265,355	505,967	265,355
Later Than 1 Year and Not Later Than 5 Years	118,964	145,859	118,964	145,859
Later Than 5 Years	341,105	389,819	341,105	389,819
Total (Including GST)	**966,036**	**801,033**	**966,036**	**801,033**

(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:

	Consolidated		Parent	
	2010 $'000	2009 $'000	2010 $'000	2009 $'000
Not Later Than 1 Year	69,164	59,635	69,164	59,635
Later Than 1 Year and Not Later Than 5 Years	147,799	113,928	147,799	113,928
Later Than 5 Years	67,826	71,506	67,826	71,506
Total (Including GST)	**284,789**	**245,069**	**284,789**	**245,069**

The Property Operating Lease commitments are as follows:

Payable No Later Than 1 Year	40,641	33,420	40,641	33,420
Payable Later Than 1 Year and Not Later Than 5 Years	114,526	88,458	114,526	88,458
Payable Later Than 5 Years	67,826	71,506	67,826	71,506
Total (Including GST)	**222,993**	**193,384**	**222,993**	**193,384**

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 IT Operating Lease commitments are as follows:

Not later than 1 year	-	119	-	119
Later than 1 year and not later than 5 years	-	-	-	-
Total (including GST)	**-**	**119**	**-**	**119**

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

The Light Motor Vehicle Operating Lease commitments are as follows:

Not later than 1 year	22,143	20,679	22,143	20,679
Later than 1 year and not later than 5 years	23,367	20,035	23,367	20,035
Total (including GST)	**45,510**	**40,714**	**45,510**	**40,714**

The Light Motor Vehicle Lease is with State Fleet Services and is financed through the Department of Service, Technology and Administration by the NSW Treasury.

The Heavy Motor Vehicle Operating Lease commitments are as follows:

Not later than 1 year	6,380	5,417	6,380	5,417
Later than 1 year and not later than 5 years	9,906	5,435	9,906	5,435
Total (including GST)	**16,286**	**10,852**	**16,286**	**10,852**

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

The total commitments detailed above include GST input tax credits of $329.58 million (2009: $187.916 million) that are expected to be recoverable from the ATO

(d) Sydney Harbour Tunnel Finance Lease Liability

Minimum Lease Payment Commitments In Relation to Tunnel Finance Lease Payable as Follows:

	Consolidated		Parent	
	2010	2009	2010	2009
	$'000	$'000	$'000	$'000
Not Later Than 1 Year	78,062	75,271	78,062	75,271
Later Than 1 Year And Not Later Than 5 Years	414,836	419,083	414,836	419,083
Later Than 5 Years	514,825	588,640	514,825	588,640
Minimum Lease Payments	1,007,723	1,082,994	1,007,723	1,082,994
Less: Future Finance Charges	354,333	404,554	354,333	404,554
Present Value of Minimum Lease Payments	**653,390**	**678,440**	**653,390**	**678,440**
The present value of finance lease commitments is as follows:				
Not Later Than 1 Year	29,852	25,050	29,852	25,050
Later Than 1 Year And Not Later Than 5 Years	217,608	206,075	217,608	206,075
Later Than 5 Years	405,930	447,315	405,930	447,315
	653,390	**678,440**	**653,390**	**678,440**
Classified as:				
Current (Note 14)	29,852	25,050	29,852	25,050
Non-Current (Note 14)	623,538	653,390	623,538	653,390
	653,390	**678,440**	**653,390**	**678,440**

Sydney Harbour Tunnel

In June 1987 the RTA and Sydney Harbour Tunnel Corporation (SHTC) entered into an Ensured Revenue Stream ('ERS') Agreement, whereby RTA agreed to make payments to SHTC to enable it to meet its financial obligations arising from the operation and maintenance of the Tunnel and repayment of principal and interest on the funds it borrowed for the design and construction of the Tunnel.

Following the guidelines set out in NSW Treasury Policy Paper 06-08 *Accounting for Privately Financed Projects*, RTA has accounted for the Sydney Harbour Tunnel and related ERS Agreement as a finance lease arrangement in accordance with the requirement s of AASB 117 Leases.

The carrying amount of the Sydney Harbour Tunnel finance lease liability has been calculated based on the present value of the minimum lease liability, discounted at the interest rate implicit in the ERS Agreement.

Contingent lease payments represent liabilities that were considered contingent at the inception of the lease but have since been confirmed. Specifically, contingent lease payments include increases in the ERS liability resulting from fluctuations in the weighted index component of the ERS Agreement (e.g. CPI fluctuations) and adjustments to the amount payable resulting from ERS clause 4.1(a) renegotiations such as GST on the Tunnel tolls. Contingent lease payments are charged as expenses in the period they are incurred and amounted to $0.433 million for the period ending 30 June 2010 (2009: $3.228 million).

20. Events after the reporting period

Special Number Plates partnering arrangement

The RTA has announced that Plate Marketing Pty Ltd (part of the LicenSys group) has been appointed to manage and operate the myPlates Special Number Plates business under a 15 year partnering arrangement. They will be responsible for managing the marketing of the myPlates business to NSW motorists. The new arrangement is expected to provide the following benefits for Special Number Plate customers:

- A strong focus on customer service and satisfaction.
- Significant investment into brand development to increase awareness of myPlates.
- Convenient and effective ways to purchase Special Number Plates.
- Frequent and targeted product releases to meet customer needs.
- Flexibility around pricing and promotions.

Standard number plates will remain with the RTA, ensuring a low cost number plate option for motorists. The RTA will continue to be responsible for number plate policy and all regulatory considerations related to vehicle registration. The new partnering arrangement will commence on 1 October 2010.

Transport NSW

Following the passing of the Transport Administration Amendment Act 2010 the Department of Transport and Infrastructure changed its name to Transport NSW with effect from1 July 2010. The legislation gives Transport NSW, through the direction of the Director General, responsibility for the planning, procurement, delivery and coordination of transport services and infrastructure in NSW. Effectively, the RTA will be controlled by Transport NSW.

As a result of these legislative changes Transport NSW will be preparing consolidated financial statements of these transport agencies for the year 2010–11.

21. Contingent assets and contingent liabilities

AASB 137 *Provisions, Contingent Liabilities and Contingent* Assets adopts a "prudent" approach and requires disclosure of each class of contingent liabilities and contingent assets.

There are several significant contractual disputes with an estimated total contingent liability of $25.000 million (2009:$33.000 million). Compulsory property acquisition matters under litigation have an estimated contingent liability of $52.946 million (2009: $54.653 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.

22. 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 2010, there were no Native Title claims which have been initiated against the RTA (2009: nil).

23. Administered liabilities

	Consolidated		Parent	
	2010 $'000	2009 $'000	2010 $'000	2009 $'000
Administered Liabilities				
Other	252,572	199,945	252,572	199,945
Total Administered Liabilities	**252,572**	**199,945**	**252,572**	**199,945**

The amount of multiple licence fees issued in the current year is approximately $146.000 million (2009: $116.000 million). The maximum period of licence is 5 years. First year licences are not deemed to be a liability. The outstanding liability above represents the remaining 4 years. Refer to Note 1.(f) for further details.

24. Budget review

(a) Net cost of services

The RTA's original 2009/10 budget was $2,267m as per the Statement of Comprehensive Income.

On 22 October 2009 the Minister approved an increase of $12m in the RTA's NCOS to reflect revised accounting arrangements for the Sydney Harbour Tunnel. On 26 February 2010 the Minister approved an additional increase of $314m in the RTA's NCOS to reflect the net effect of road transfers to and from the RTA.

After the above NSW Treasury approvals the RTA's revised NCOS budget was $2,593m. The actual net cost of services of $2,461 million was $132 million less than the revised budget. This favourable variance to budget was primarily due to lower than budget transfers of infrastructure assets to councils ($315m) offset by lower than budget receipt of infrastructure assets ($87m) from councils, an overspend on maintenance grants to councils ($52m) due predominantly to increased natural disasters spending, and $43m worth of infrastructure asset disposals not budgeted for. Other significant items included a $29m increase in PSPI revenue due to a revision of the RTA's PSPI valuation parameters and SNP concession costs of $6m.

(b) Assets and liabilities

Non-current assets decreased by $29.5 billion when compared to budget. This is principally due to the change in accounting policy for Land under Roads ($33.2 billion decrease), and a $4.5 billion increase in infrastructure asset values due to the current year revaluation.

Total liabilities have increased by $192m when compared to budget. This is primarily due to the increased defined benefit superannuation liability ($107m over budget) as a result of the $104m actuarial loss not budgeted for, and a $32m increase in current payables due to higher than budget trade creditors and accruals.

(c) Cash flows

Actual results show a $25 million lower closing cash position of $184m when compared to the budget of $209 million. This is driven mainly by a $240m lower than budget capital appropriation and $75m higher than budget cash flows from operating activities due predominantly to higher than budget maintenance grants to councils ($52m). These items were offset by higher than budget proceeds from sale of assets of $31 million, and lower than budget cash expenditure on assets ($260m).

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

Reconciliation of cash flows from the operating activities to the net cost of services as reported in the Statement of Comprehensive Income.

	Consolidated		Parent	
	2010 $'000	2009 $'000	2010 $'000	2009 $'000
Net Cash used on operating activities	**2,294,549**	**2,296,598**	**2,294,549**	**2,296,598**
Cash Flows from Government/Appropriations	(3,771,949)	(3,723,045)	(3,771,949)	(3,723,045)
Adjustments For Revenues & Expenses Not Involving Cash				
Net (Loss)/Gain on Sale of Plant and Equipment	3,124	1,213	3,124	1,213
Right to Receive on PSPI	120,491	90,686	120,491	90,686
Roads and Bridges Transferred from Councils	313,422	-	313,422	-
Roads and Bridges Transferred to Councils	(474,880)	(77,515)	(474,880)	(77,515)
Infrastructure Assets Written Down (Note 6 (A))	(47,811)	(30,997)	(47,811)	(30,997)
Depreciation/Amortisation	(921,125)	(853,456)	(921,125)	(853,456)
Non Cash Personnel Services	-	-	(104,097)	(352,852)
Other	6,222	(1,542)	6,222	(1,542)
	(1,000,557)	**(871,611)**	**(1,104,654)**	**(1,224,463)**
Adjustments for Cash Movement in Operating Assets and Liabilities				
Increase/(Decrease) in Receivables	40,033	15,485	40,033	15,485
Increase/(Decrease) in Inventories	162	470	162	470
(Increase)/Decrease in Creditors	(20,615)	(68,060)	(20,615)	(68,060)
(Increase)/Decrease in Provisions*	(3,089)	(23,718)	(3,089)	(23,718)
	16,491	**(75,823)**	**16,491**	**(75,823)**
Net Cost of Services (As Per Statement of Comprehensive Income)	**(2,461,466)**	**(2,373,881)**	**(2,565,563)**	**(2,726,733)**

* Excludes non-cash adjustments of $104.097 million (2009: $352.852 million) relating to superannuation actuarial losses against employee provisions.

26. Non cash financing and investing activities

Non-Cash/Revenue/Expenses				
Transfers from Councils	313,422	-	313,422	-
Transfers to Councils	(474,880)	(77,515)	(474,880)	(77,515)
Right to Receive on PSPI	120,491	90,686	120,491	90,686
	(40,967)	**13,171**	**(40,967)**	**13,171**

27. Change in accounting policy

(a) Land under Roads

In accordance with NSW Treasury Circular 10/07 – *Land under Roads*, the RTA has changed its accounting policy in regards to the valuation of Land under Roads (LUR) and will now value all Land under Roads and in Road Reserves at englobo (unimproved) value.

The change in accounting policy decreases the RTA's 30 June 2009 Land under Roads asset balance from $37,337.08m to $4,079.73m, with $14,481.82m of this decrease applied to the asset revaluation reserve, and the remaining amount to accumulated funds. Prior year grants to councils and NCOS were also reduced by $35.134m. Prior period comparatives have been restated to reflect the new accounting policy. Refer to Note 1(x)(i) for further details.

Statement of comprehensive income for the year ended 30 June 2010

	Consolidated			Parent		
	Previous Policy $'000	Adjustments $'000	Revised Policy $'000	Previous Policy $'000	Adjustments $'000	Revised Policy $'000
Expenses Excluding Losses						
Grants and Subsidies	1,167,505	(424,172)	743,333	1,167,505	(424,172)	743,333
Total Expenses Excluding Losses	**3,742,132**	**(424,172)**	**3,317,960**	**3,846,229**	**(424,172)**	**3,422,057**
Revenue						
Grants and Contributions	497,539	(138,082)	359,457	497,539	(138,082)	359,457
Total Revenue	**1,045,752**	**(138,082)**	**907,670**	**1,045,752**	**(138,082)**	**907,670**
Net Cost of Services	**2,747,556**	**(286,090)**	**2,461,466**	**2,851,653**	**(286,090)**	**2,565,563**
SURPLUS FOR THE YEAR	**1,024,393**	**286,090**	**1,310,483**	**920,296**	**286,090**	**1,206,386**
Other Comprehensive Income						
Net Increase/(decrease) in Asset Revaluation Reserve	4,373,481	160,580	4,534,061	4,373,481	160,580	4,534,061
Other Comprehensive Income for the year	**4,269,384**	**160,580**	**4,429,964**	**4,373,481**	**160,580**	**4,534,061**
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**5,293,777**	**446,670**	**5,740,447**	**5,293,777**	**446,670**	**5,740,447**

Statement of comprehensive income for the year ended 30 June 2009

Expenses Excluding Losses						
Grants and Subsidies	345,160	(35,134)	310,026	345,160	(35,134)	310,026
Total Expenses Excluding Losses	**2,932,942**	**(35,134)**	**2,897,808**	**3,285,794**	**(35,134)**	**3,250,660**
Net Cost of Services	**2,409,015**	**(35,134)**	**2,373,881**	**2,761,867**	**(35,134)**	**2,726,733**
SURPLUS FOR THE YEAR	**1,314,030**	**35,134**	**1,349,164**	**961,178**	**35,134**	**996,312**
Other Comprehensive Income						
Net Increase/(decrease) in Asset Revaluation Reserve	6,931,949	(2,352,751)	4,579,198	6,931,949	(2,352,751)	4,579,198
Other Comprehensive Income for the year	**6,579,097**	**(2,352,751)**	**4,226,346**	**6,931,949**	**(2,352,751)**	**4,579,198**
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**7,893,127**	**(2,317,617)**	**5,575,510**	**7,893,127**	**(2,317,617)**	**5,575,510**

Statement of financial position as at 30 June 2010

	Consolidated			Parent		
	Previous Policy $'000	Adjustments $'000	Revised Policy $'000	Previous Policy $'000	Adjustments $'000	Revised Policy $'000
ASSETS						
– Infrastructure Systems	91,035,822	(32,810,677)	58,225,145	91,035,822	(32,810,677)	58,225,145
Total Property, Plant and Equipment	94,257,637	(32,810,677)	61,446,960	94,257,637	(32,810,677)	61,446,960
Total Non-Current Assets	**94,929,585**	**(32,810,677)**	**62,118,908**	**94,929,585**	**(32,810,677)**	**62,118,908**
Total Assets	**95,320,366**	**(32,810,677)**	**62,509,689**	**95,320,366**	**(32,810,677)**	**62,509,689**
Net Assets	**91,968,360**	**(32,810,677)**	**59,157,683**	**91,968,360**	**(32,810,677)**	**59,157,683**
EQUITY						
Reserves	45,960,443	(14,321,236)	31,639,207	45,960,443	(14,321,236)	31,639,207
Accumulated Funds	46,007,917	(18,489,441)	27,518,476	46,007,917	(18,489,441)	27,518,476
Total Equity	**91,968,360**	**(32,810,677)**	**59,157,683**	**91,968,360**	**(32,810,677)**	**59,157,683**

Statement of financial position as at 30 June 2009

ASSETS						
Infrastructure Systems	85,723,210	(33,257,347)	52,465,863	85,723,210	(33,257,347)	52,465,863
Total Property, Plant and Equipment	88,881,575	(33,257,347)	55,624,228	88,881,575	(33,257,347)	55,624,228
Total Non-Current Assets	**89,559,997**	**(33,257,347)**	**56,302,650**	**89,559,997**	**(33,257,347)**	**56,302,650**
Total Assets	**89,945,344**	**(33,257,347)**	**56,687,997**	**89,945,344**	**(33,257,347)**	**56,687,997**
Net Assets	**86,674,583**	**(33,257,347)**	**53,417,236**	**86,674,583**	**(33,257,347)**	**53,417,236**
EQUITY						
Reserves	41,837,842	(14,481,816)	27,356,026	41,837,842	(14,481,816)	27,356,026
Accumulated Funds	44,836,741	(18,775,531)	26,061,210	44,836,741	(18,775,531)	26,061,210
Total Equity	**86,674,583**	**(33,257,347)**	**53,417,236**	**86,674,583**	**(33,257,347)**	**53,417,236**

Statement of financial position as at 31 July 2008

ASSETS						
Infrastructure Systems	77,726,966	(30,939,730)	46,787,236	77,726,966	(30,939,730)	46,787,236
Total Property, Plant and Equipment	80,758,023	(30,939,730)	49,818,293	80,758,023	(30,939,730)	49,818,293
Total Non-Current Assets	**81,324,443**	**(30,939,730)**	**50,384,713**	**81,324,443**	**(30,939,730)**	**50,384,713**
Total Assets	**81,715,423**	**(30,939,730)**	**50,775,693**	**81,715,423**	**(30,939,730)**	**50,775,693**
Net Assets	**78,805,361**	**(30,939,730)**	**47,865,631**	**78,805,361**	**(30,939,730)**	**47,865,631**
EQUITY						
Reserves	35,053,304	(12,140,431)	22,912,873	35,053,304	(12,140,431)	22,912,873
Accumulated Funds	43,752,057	(18,799,299)	24,952,758	43,752,057	(18,799,299)	24,952,758
Total Equity	**78,805,361**	**(30,939,730)**	**47,865,631**	**78,805,361**	**(30,939,730)**	**47,865,631**

End of audited financial statements

Independent audit report (page 1)

AUDITOR-GENERAL
NEW SOUTH WALES

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 statements of the Roads and Traffic Authority Division (the Division), which comprises the statement of financial position as at 30 June 2010, the statement of comprehensive income, statement of changes in equity, statement of cash flows for the year then ended, a summary of significant accounting policies and other explanatory notes.

Auditor's Opinion

In my opinion, the financial statements:

- present fairly, in all material respects, the financial position of the Division as at 30 June 2010, and its financial performance for the year then ended in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations)
- are in accordance with section 41B of the *Public Finance and Audit Act 1983* (the PF&A Act) and the Public Finance and Audit Regulation 2010

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

The Chief Executive's Responsibility for the Financial Statements

The Chief Executive is responsible for the preparation and fair presentation of the financial statements 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 statements that are 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 statements 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 statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the Division's preparation and fair presentation of the financial statements 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 statements.

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

My opinion does *not* provide assurance:

- about the future viability of the Division
- that it has carried out its activities effectively, efficiently and economically
- 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
- 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

12 October 2010
SYDNEY

Statement by the Chief Executive and the Director, Finance and Corporate Services

ROADS AND TRAFFIC AUTHORITY DIVISION

YEAR ENDED 30 JUNE 2010

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 2010 and financial performance 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 2010 and the Treasurer's Directions.

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

Michael Bushby
Chief Executive
8 October 2010

Paul Hesford
Director, Finance and Corporate Services
8 October 2010

Statement of comprehensive income for the year ended 30 June 2010

	30 June 2010 $000	30 June 2009 $000
Income		
Personnel Services	805,781	1,024,338
Total Income	**805,781**	**1,024,338**
Expenses		
Salaries and Wages (including recreation leave)	580,321	544,680
Long Service Leave	25,517	23,973
Superannuation – defined benefit plan	22,123	11,271
Superannuation – defined contribution plan	28,457	27,348
Workers Compensation Insurance	6,515	6,870
Payroll Tax and Fringe Benefits Tax	36,306	37,806
Redundancy	1,668	4,263
Other expenses	777	15,275
Total expenses	**701,684**	**671,486**
Operating Result	**104,097**	**352,852**
Other Comprehensive Income for the year		
Superannuation actuarial gains/(losses)	**(104,097)**	**(352,852)**
Total Comprehensive Income for the year	**-**	**-**

The accompanying notes form part of these financial statements

Statement of financial position as at 30 June 2010

	Notes	30 June 2010 $000	30 June 2009 $000
Assets			
Receivables	2(a)	998,371	860,201
Total Assets		**998,371**	**860,201**
Liabilities			
Current Liabilities			
Payables	3(a)	100,537	88,256
Employee Benefits Provisions	3(b)	250,013	237,469
Total Current Liabilities		**350,550**	**325,725**
Non-Current Liabilities			
Employee Benefits Provisions	3(c)	647,821	534,476
Total Non-current Liabilities		**647,821**	**534,476**
Total Liabilities		**998,371**	**860,201**
Net Assets		**-**	**-**
Equity			
Accumulated Funds		-	-
Total Equity		**-**	**-**

The accompanying notes form part of these financial statements

Statement of changes in equity
for the year ended 30 June 2010

	Notes	30 June 2010 $000	30 June 2009 $000
Balance at 1 July		-	-
Surplus / (Deficit) for the year		104,097	352,852
Other Comprehensive Income			
Superannuation Actuarial Gains/(Losses)		(104,097)	(352,852)
Total Other Comprehensive Income for the year		(104,097)	(352,852)
Total Comprehensive Income for the year		-	-
Balance as at 30 June		-	-

The accompanying notes form part of these financial statements

Statement of cash flows
for the year ended 30 June 2010

	Notes	2010 $000	2009 $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 2010

1. 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 of 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 101 Miller Street North Sydney 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 2010.

(b) Basis of preparation

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

- applicable Australian Accounting Standards and Interpretations (which include Australian equivalents to International Financial Reporting Standards (AEIFRS)); 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 ($'000) 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 2010:

AASB & Interpretations	AASB Standards & Interpretations
AASB 9 & AASB 2009-11	AASB 2009-11 – Amendments to Australian Accounting Standards arising from AASB 9 Financial Instruments [AASB 1, 3, 4, 5, 7, 101, 108, 112, 118, 121, 127, 128, 131, 132, 136, 139, 1023 & 1038 and Interpretations 10 & 12] [1 Jan 2013]
AASB 2009-5	AASB 2009-5 – Further amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 5, 8, 101, 107, 117, 118, 136 & 139] (1 Jan 2010)
AASB 2009-9	AASB 2009-9 – Amendments to Australian Accounting Standards – Additional Exemptions for First-time Adopters
AASB 124 & AASB 2009-12	2009-12 – Amendments to Australian Accounting Standards [AASB 5, 8, 108, 110, 112, 119, 133, 137, 139, 1023 & 1031 and interpretations 2, 4, 16, 1039 & 1052] (1 January 2011)
AASB 2009-13 & Interpretation 19	AASB 2009-13 Amendments to Australian Accounting Standards arising from Interpretation 19 [AASB 1] (1 July 2010)
AASB 2010-1	AASB 2010-1 Amendments to Australian Accounting Standards – Limited Exemption from Comparative AASB 7 Disclosures for First-time Adopters [AASB 1 and AASB 7] (1 July 2009)

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 Division 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 (i.e. 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 (i.e. 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 Operating Result for superannuation is the net total of current service cost, interest cost, and the expected return on any plan assets. Actuarial gains or losses are recognised outside profit and loss in the Other Comprehensive Income 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 2010 $000	30 June 2009 $000
Personnel services receivable	**998,371**	**860,201**

3. Current liabilities/non-current liabilities

(a) Payables – current

	30 June 2010 $000	30 June 2009 $000
Accrued expenses	6,600	5,006
Payroll Tax	3,176	5,049
GST Payable	90,761	78,201
	100,537	**88,256**

(b) Provisions – current

	30 June 2010 $000	30 June 2009 $000
Annual Leave (i)	44,250	40,992
Long service leave (ii)	197,469	188,580
Employee Related on costs	8,294	7,897
	250,013	**237,469**

(c) Provisions – non-current

	30 June 2010 $000	30 June 2009 $000
Superannuation	611,150	499,564
Long Service Leave	8,228	7,858
Employee related on costs	28,443	27,054
	647,821	**534,476**

(d) Aggregate employee benefits and related on-costs

	30 June 2010 $000	30 June 2009 $000
Provisions – current	250,013	237,469
Provisions – non-current	647,821	534,476
Accrued salaries, wages and on-costs	6,600	5,006
	904,434	**776,951**

(i) The value of annual leave, including on costs, expected to be taken within twelve months is $37.928 million (2008–09: $35.300 million) and $20.136 million (2008–09: $18.743 million) after twelve months.

(ii) The value of long service leave expected to be taken within twelve months is $25.886 million (2008–09: $25.108 million) and $202.859 million (2008–09: $193.547 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 outside of 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 2010 $'000	SANCS Financial Year to 30 June 2010 $'000	SSS Financial Year to 30 June 2010 $'000	Total $'000
Accrued liability	544,593	84,394	1,007,871	1,636,858
Estimated reserve account balance	(429,964)	(63,356)	(532,388)	(1,025,708)
	114,629	21,038	475,483	611,150
Future Service Liability	(55,429)	(25,859)	(35,705)	(116,993)
Net (asset)/liability recognised in Statement of Financial Position	**114,629**	**21,038**	**475,483**	**611,150**

	SASS Financial Year to 30 June 2009 $'000	SANCS Financial Year to 30 June 2009 $'000	SSS Financial Year to 30 June 2009 $'000	Total $'000
Accrued liability	491,663	76,059	908,205	1,475,927
Estimated reserve account balance	(407,203)	(60,656)	(508,504)	(976,363)
	84,460	15,403	399,701	499,564
Future Service Liability	(57,447)	(28,749)	(35,917)	(122,113)
Net (asset)/liability recognised in Statement of Financial Position	**84,460**	**15,403**	**399,701**	**499,564**

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 2010 $'000	SANCS Financial Year to 30 June 2010 $'000	SSS Financial Year to 30 June 2010 $'000	Total $'000
Present value of partly funded defined benefit obligation at the beginning of the year	491,663	76,059	908,205	1,475,927
Current service cost	11,125	3,609	5,741	20,475
Interest cost	26,537	4,067	49,788	80,392
Contributions by Fund participants	6,823	0	5,892	12,715
Actuarial (gains)/losses	39,694	6,977	71,383	118,054
Benefits paid	(31,249)	(6,318)	(33,138)	(70,705)
Present value of partly funded defined benefit obligation at the end of the year	**544,593**	**84,394**	**1,007,871**	**1,636,858**

	SASS Financial Year to 30 June 2009 $'000	SANCS Financial Year to 30 June 2009 $'000	SSS Financial Year to 30 June 2009 $'000	Total $'000
Present value of partly funded defined benefit obligation at the beginning of the year	472,399	70,460	740,966	1,283,825
Current service cost	10,691	3,588	4,457	18,736
Interest cost	29,694	4,365	47,470	81,529
Contributions by Fund participants	6,890	-	6,196	13,086
Actuarial (gains)/losses	5,917	3,540	156,888	166,345
Benefits paid	(33,928)	(5,894)	(47,772)	(87,594)
Present value of partly funded defined benefit obligation at the end of the year	**491,663**	**76,059**	**908,205**	**1,475,927**

Reconciliation of the fair value of fund assets

	SASS Financial Year to 30 June 2010 $'000	SANCS Financial Year to 30 June 2010 $'000	SSS Financial Year to 30 June 2010 $'000	Total $'000
Fair value of Fund assets at the beginning of the year	407,203	60,656	508,504	976,363
Expected return on Fund assets	33,859	5,069	42,242	81,1710
Actuarial gains/(losses)	5,606	376	7,975	13,957
Employer contributions	7,722	3,573	913	12,208
Contributions by Fund participants	6,823	-	5,892	12,715
Benefits paid	(31,249)	(6,318)	(33,138)	(70,705)
Fair value of fund assets at the end of the year	**429,964**	**63,356**	**532,388**	**1,025,708**

	SASS Financial Year to 30 June 2009 $'000	SANCS Financial Year to 30 June 2009 $'000	SSS Financial Year to 30 June 2009 $'000	Total $'000
Fair value of Fund assets at the beginning of the year	457,610	69,275	601,445	1,128,330
Expected return on Fund assets	35,938	5,456	47,600	88,994
Actuarial gains/(losses)	(74,458)	(12,121)	(99,929)	(186,508)
Employer contributions	15,151	3,940	964	20,055
Contributions by Fund participants	6,890	-	6,196	13,086
Benefits paid	(33,928)	(5,894)	(47,772)	(87,594)
Fair value of fund assets at the end of the year	**407,203**	**60,656**	**508,504**	**976,363**

Reconciliation of the assets and liability recognised in the statement of financial position

	SASS Financial Year to 30 June 2010 $'000	SANCS Financial Year to 30 June 2010 $'000	SSS Financial Year to 30 June 2010 $'000	Total $'000
Present value of partly funded defined benefits at the end of year	544,593	84,394	1,007,871	1,636,858
Fair value of Fund assets at end of year	(429,964)	(63,356)	(532,388)	(1,025,708)
Net Liability/(Asset) recognised in Statement of Financial Position at end of year	**114,629**	**21,038**	**475,483**	**611,150**

	SASS Financial Year to 30 June 2009 $'000	SANCS Financial Year to 30 June 2009 $'000	SSS Financial Year to 30 June 2009 $'000	Total $'000
Present value of partly funded defined benefits at the end of the year	491,663	76,059	908,205	1,475,927
Fair value of Fund assets at end of year	(407,203)	(60,656)	(508,504)	(976,363)
Net Liability/(Asset) recognised in Statement of Financial Position at end of year	**84,460**	**15,403**	**399,701**	**499,564**

Expense recognised in operating result

	SASS Financial Year to 30 June 2010 $'000	SANCS Financial Year to 30 June 2010 $'000	SSS Financial Year to 30 June 2010 $'000	Total $'000
Current service cost	11,125	3,609	5,741	20,475
Interest on obligation	26,537	4,067	49,788	80,392
Expected return on Fund assets (net of expenses)	(33,859)	(5,069)	(42,242)	(81,170)
Expense/(income) recognised	**3,803**	**2,607**	**13,287**	**19,697**

	SASS Financial Year to 30 June 2009 $'000	SANCS Financial Year to 30 June 2009 $'000	SSS Financial Year to 30 June 2009 $'000	Total $'000
Current service cost	10,691	3,588	4,457	18,736
Interest on obligation	29,694	4,365	47,470	81,529
Expected return on Fund assets (net of expenses)	(35,938)	(5,456)	(47,600)	(88,994)
Expense/(income) recognised	**4,447**	**2,497**	**4,327**	**11,271**

Amount recognised in other comprehensive income

	SASS Financial Year to 30 June 2010 $'000	SANCS Financial Year to 30 June 2010 $'000	SSS Financial Year to 30 June 2010 $'000	Total $'000
Actuarial (gains)/losses	34,088	6,601	63,408	104,097

	SASS Financial Year to 30 June 2009 $'000	SANCS Financial Year to 30 June 2009 $'000	SSS Financial Year to 30 June 2009 $'000	Total $'000
Actuarial (gains)/losses	80,375	15,660	256,817	352,852

Cumulative amount recognised in other comprehensive income

	SASS Financial Year to 30 June 2010 $'000	SANCS Financial Year to 30 June 2010 $'000	SSS Financial Year to 30 June 2010 $'000	Total $'000
Actuarial (gains)/losses	121,484	18,044	239,772	379,300

Actual return on fund assets

	SASS Financial Year to 30 June 2010 $'000	SANCS Financial Year to 30 June 2010 $'000	SSS Financial Year to 30 June 2010 $'000	Total $'000
Actual return on fund assets	37,841	5,445	46,244	89,530

	SASS Financial Year to 30 June 2009 $'000	SANCS Financial Year to 30 June 2009 $'000	SSS Financial Year to 30 June 2009 $'000	Total $'000
Actual return on fund assets	(44,750)	(6,666)	(58,607)	(110,023)

Fund assets

The percentage invested in each asset class at the balance date:

	30 June 2010	30 June 2009
Australian equities	31.00%	32.10%
Overseas equities	26.80%	26.00%
Australian fixed interest securities	6.10%	6.20%
Overseas fixed interest securities	4.30%	4.70%
Property	9.50%	10.00%
Cash	9.60%	8.00%
Other	12.70%	13.00%

Expected rate of return on assets

The expected return on assets assumption is determined by weighting the expected long-term return for each asset class by the target allocation of assets to each class. The returns used for each class are net of investment tax and investment fees.

Valuation method and principal actuarial assumptions at the reporting date

a) Valuation method

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

b) Economic assumptions

	30 June 2010	30 June 2009
Salary increase rate (excluding promotional increases)	3.50%pa	3.50%pa
Rate of CPI Increase	2.50%pa	2.50%pa
Expected rate of return on assets	8.60%	8.13%
Discount rate	5.17%pa	5.59%pa

Historical information

	SASS Financial Year to 30 June 2010 $'000	SANCS Financial Year to 30 June 2010 $'000	SSS Financial Year to 30 June 2010 $'000	Total $'000
Present value of defined benefit obligation	544,593	84,394	1,007,871	1,636,858
Fair value of Fund assets	(429,964)	(63,356)	(532,388)	(1,.025,708)
(Surplus)/Deficit in Fund	114,629	21,038	475,483	611,150
Experience adjustments – Fund liabilities	39,694	6,977	71,383	118,054
Experience adjustments – Fund assets	(5,606)	(376)	(7,975)	(13,957)

	SASS Financial Year to 30 June 2009 $'000	SANCS Financial Year to 30 June 2009 $'000	SSS Financial Year to 30 June 2009 $'000	Total $'000
Present value of defined benefit obligation	491,663	76,059	908,205	1,475,927
Fair value of Fund assets	(407,203)	(60,656)	(508,504)	(976,363)
(Surplus)/Deficit in Fund	84,460	15,403	399,701	499,564
Experience adjustments – Fund liabilities	5,917	3,540	156,888	166,345
Experience adjustments – Fund assets	74,458	12,121	99,929	186,508

	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 $'000
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	6,081	106,961	170,187

	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 $'000
Present value of defined benefit obligation	489,099	69,623	734,718	1,293,440
Fair value of Fund assets	(411,205)	(37,753)	(784,113)	(1,233,071)
(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)

	SASS Financial Year to 30 June 2006 $'000	SANCS Financial Year to 30 June 2006 $'000	SSS Financial Year to 30 June 2006 $'000	Total $'000
Present value of defined benefit obligation	471,698	70,059	750,583	1,292,340
Fair value of Fund assets	(370,708)	(34,720)	(669,479)	(1,074,907)
(Surplus)/Deficit in Fund	100,990	35,339	81,104	217,433
Experience adjustments – Fund liabilities	979	(4,450)	(77,765)	(81,236)
Experience adjustments – Fund assets	(31,372)	(3,807)	(54,383)	(89,562)

Expected contributions

	SASS Financial Year to 30 June 2010 $'000	SANCS Financial Year to 30 June 2010 $'000	SSS Financial Year to 30 June 2010 $'000	Total $'000
Expected employer contributions to be paid in the next reporting period	7,232	3,274	884	11,390

	SASS Financial Year to 30 June 2009 $'000	SANCS Financial Year to 30 June 2009 $'000	SSS Financial Year to 30 June 2009 $'000	Total $'000
Expected employer contributions to be paid in the next reporting period	7,303	3,387	929	11,619

Funding arrangements for employer contributions

The following is a summary of the 30 June 2010 financial position of the Fund calculated in accordance with AAS 25 – Financial Reporting by Superannuation Plans.

	SASS Financial Year to 30 June 2010 $'000	SANCS Financial Year to 30 June 2010 $'000	SSS Financial Year to 30 June 2010 $'000	Total $'000
Accrued benefits	486,434	76,666	708,279	1,271,379
Net market value of Fund assets	(429,964)	(63,356)	(532,388)	(1,025,708)
Net (surplus)/deficit	56,470	13,310	175,891	245,671

	SASS Financial Year to 30 June 2009 $'000	SANCS Financial Year to 30 June 2009 $'000	SSS Financial Year to 30 June 2009 $'000	Total $'000
Accrued benefits	448,930	69,924	671,912	1,190,766
Net market value of Fund assets	(407,203)	(60,656)	(508,504)	(976,363)
Net (surplus)/deficit	41,727	9,268	163,408	214,403

Recommended contribution rates for the entity are:

SASS	SANCS	SSS
multiple of member contributions	% member salary	multiple of member contributions
1.06	2.07% pa	0.15

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	2010	2009
Expected rate of return on Fund assets backing current pension liabilities	8.30% pa	8.30% pa
Expected rate of return on Fund assets backing other liabilities	7.30% pa	7.30% pa
Expected salary increase rate	4.00% pa	4.00% pa
Expected rate of CPI increase	2.50%pa	2.50%pa

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	5.65 %
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 4% 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 2009–10 an expense of $7,000 (2009: $6,500) 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 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	$805.781 million	(2008–09: $1,024.338 million)
(ii) Receivable due from the RTA	$998.371 million	(2008–09: $860.201 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. Events after the reporting period

There are no significant after balance date events.

End of audited financial statements