Roads and Maritime Services

2014-15 Annual Report

Volume 2

Transport
Roads & Maritime Services

INDEPENDENT AUDITOR'S REPORT

Roads and Maritime Services

To Members of the New South Wales Parliament

I have audited the accompanying financial statements of Roads and Maritime Services (RMS), which comprise the statements of financial position as at 30 June 2015, the statements of comprehensive income, the statements of changes in equity and the statements of cash flows, and service group statements for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information of RMS and the consolidated entity. The consolidated entity comprises RMS and the entities it controlled at the year's end or from time to time during the financial year.

Opinion

In my opinion, the financial statements:

- give a true and fair view of the financial position of RMS and the consolidated entity as at 30 June 2015, and of their financial performance and cash flows for the year then ended in accordance with Australian Accounting Standards
- are in accordance with section 41B of Public Finance and Audit Act 1983 (PF&A Act) and the Public Finance and Audit Regulation 2015.

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 preparing financial statements that give a true and fair view in accordance with Australian Accounting Standards and the PF&A Act, and for such internal control as the Chief Executive determines is necessary to enable the preparation of financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including an assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, 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 RMS or consolidated entity
- that they have carried out their activities effectively, efficiently and economically
- about the effectiveness of the internal control
- about the security and controls over the electronic publication of the audited financial statements on any website where they may be presented
- about any other information, that may have been hyperlinked to/from the financial statements.

Independence

In conducting my audit, I have complied with the independence requirements of the Australian Auditing Standards and other relevant ethical pronouncements. The PF&A Act further promotes independence by:

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

Weini Liao,
Director, Financial Audit Services

17 September 2015
SYDNEY

ROADS AND MARITIME SERVICES

FOR THE YEAR ENDED 30 JUNE 2015

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

1. The accompanying financial statements and notes thereto exhibit a true and fair view of Roads and Maritime Services financial position as at 30 June 2015 and financial performance for the year ended 30 June 2015

2. The statements have been prepared in accordance with the provisions of applicable Accounting Standards (which include Australian Accounting Interpretations), the Public Finance and Audit Act 1983, the Public Finance and Audit Regulation 2015, and the Treasurer's Directions.

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

Peter Duncan
Chief Executive
16 September 2015

Fiona Trussell
Chief Financial Officer
16 September 2015

Roads and Maritime Services

Consolidated Annual Financial Statements

for the year ended 30 June 2015

TABLE OF CONTENTS

Consolidated Annual Financial Statements 1
1. Summary of Significant Accounting Policies 11
2. Expenses excluding losses 37
3. Revenue 39
4. Gains (losses) on disposal 41
5. Write-off/down of land & buildings and infrastructure assets 42
6. Service groups of Roads and Maritime Services 43
7. Current assets – cash and cash equivalents 43
8. Current assets/non-current assets – receivables and other financial assets 44
9. Non-current assets – property, plant and equipment 46
10. Non-current assets – intangible assets and other 58
11. Non-current assets held for sale 63
12. Fair value measurement of non-financial assets 63
13. Restricted Assets 73
14. Current/non-current liabilities - payables 73
15. Current/non-current liabilities - borrowings 74
16. Financial instruments 75
17. Current/non-current liabilities - provisions 88
18. Current/non-current liabilities - other 89
19. Commitments for expenditure 91
20. Increase in net assets from equity transfer 93
21. Events after the reporting period 93
22. Contingent assets and contingent liabilities 93
23. Budget Review 94
24. Native Title 95
25. Administered income and expenses 95
26. Administered assets and liabilities 95
27. Reconciliation of cash from operating activities to surplus 96
28. Non-cash financing and investing activities 97

Roads and Maritime Services
Statements of Comprehensive Income
for the year ended 30 June 2015

		Consolidated Actual 2015 $'000	Consolidated Budget 2015 $'000	Consolidated Actual 2014 $'000	Parent Actual 2015 $'000	Parent Actual 2014 $'000
Expenses excluding losses						
Operating expenses						
- Employee related expenses	2(a)	24,082	19,769	449,937	12,362	23,569
- Personnel service expenses	2(a)	576,124	531,468	349,187	569,782	609,667
- Other operating expenses	2(b)	688,319	552,364	570,676	613,722	611,200
Maintenance	2(b)	469,986	434,821	485,920	469,864	485,920
Depreciation and amortisation	2(c)	1,551,357	1,789,363	1,434,708	1,551,357	1,434,708
Grants and subsidies	2(d)	348,136	343,888	446,490	509,361	446,490
Finance costs	2(e)	43,367	61,616	67,129	43,179	67,129
Total expenses excluding losses		**3,701,371**	**3,733,289**	**3,804,047**	**3,769,627**	**3,678,683**
Revenue						
Sale of goods and services	3(a)	645,102	479,779	545,318	557,241	585,842
Personnel services revenue	3(a)	5,365	-	27,393	5,365	27,393
Investment revenue	3(b)	33,600	12,336	21,458	33,302	21,458
Retained taxes, fees and fines	3(c)	70,403	50,826	17,069	70,403	17,069
Operating grant received from Transport for NSW (TfNSW)	3(d)	1,212,142	1,419,576	1,518,115	1,212,142	1,518,115
Capital grant received from TfNSW	3(d)	3,523,715	3,583,917	2,895,315	3,523,715	2,895,315
Other grants and contributions	3(e)	187,109	254,266	125,789	187,109	125,789
Other revenue	3(f)	432,898	251,944	287,544	432,898	287,544
Total revenue		**6,110,334**	**6,052,644**	**5,438,001**	**6,022,175**	**5,478,525**
Gains/(losses) on disposal of property, plant and equipment	4(a)	(5,161)	(62)	4,604	(5,161)	4,604
Other losses	4(b)	(234,454)	(97,297)	(642,689)	(234,454)	(642,689)
Net result		**2,169,348**	**2,221,996**	**995,869**	**2,012,933**	**1,161,757**
Other comprehensive income						
Items that will not be reclassified to net result						
Net increase/(decrease) in property, plant and equipment revaluation surplus		2,997,757	1,870,053	2,113,952	2,997,757	2,113,952
Remeasurement of defined benefit obligations/plans		-	-	79,159	-	-
Actual return on fund asset less interest income		-	-	86,729	-	-
Total other comprehensive income for the year		2,997,757	1,870,053	2,279,840	2,997,757	2,113,952
Total comprehensive income		**5,167,105**	**4,092,049**	**3,275,709**	**5,010,690**	**3,275,709**

The accompanying notes form part of these financial statements

Roads and Maritime Services

Statements of Financial Position

as at 30 June 2015

		Consolidated Actual 2015 $'000	Consolidated Budget 2015 $'000	Consolidated Actual 2014 $'000	Parent Actual 2015 $'000	Parent Actual 2014 $'000
Assets						
Current assets						
Cash and cash equivalents	7	567,903	294,814	333,858	417,123	333,858
Receivables	8(a)	259,655	207,018	190,018	231,234	190,018
Other financial assets (at amortised cost)	8(c)	499	-	-	499	-
Inventories		6,749	10,354	9,427	6,749	9,427
Financial assets at fair value	8(d)	63,597	54,028	58,710	63,597	58,710
		898,403	**566,214**	**592,013**	**719,202**	**592,013**
Non-current assets classified as Held for Sale	11	2,741	11,518	5,262	2,741	5,262
Total current assets		**901,144**	**577,732**	**597,275**	**721,943**	**597,275**
Non-current assets						
Receivables	8(b)	8,907	210,569	400	8,907	400
Other financial assets (at amortised cost)	8(c)	520,336	135,975	177,545	520,336	177,545
Property, plant and equipment						
- Land and buildings	9(a)	2,926,926	2,818,894	2,517,905	2,821,293	2,517,905
- Plant and equipment	9(b)	109,930	129,353	119,411	109,930	119,411
- Infrastructure systems	9(c)	73,873,194	72,658,107	69,480,682	73,860,199	69,480,682
Total property, plant and equipment		76,910,050	75,606,354	72,117,998	76,791,422	72,117,998
Private sector provided infrastructure	10(a)	1,380,892	1,395,409	1,180,763	1,380,892	1,180,763
Intangible assets	10(b)	160,751	196,024	169,963	160,751	169,963
Total non-current assets		**78,980,936**	**77,544,331**	**73,646,669**	**78,862,308**	**73,646,669**
Total assets		**79,882,080**	**78,122,063**	**74,243,944**	**79,584,251**	**74,243,944**
Liabilities						
Current liabilities						
Payables	14	1,207,377	897,232	1,038,504	1,102,290	1,038,504
Borrowings	15	43,515	358,642	388,615	43,515	388,615
Provisions	17	43,825	1,301	8,344	9,723	8,344
Other	18	197,695	168,492	169,135	196,012	169,135
Total current liabilities		**1,492,412**	**1,425,667**	**1,604,598**	**1,351,540**	**1,604,598**
Non-current liabilities						
Payables	14	1,211,689	-	1,154,765	1,211,147	1,154,765
Borrowings	15	405,930	501,727	607,070	405,930	607,070
Provisions	17	14,986	-	16,885	14,986	16,885
Other	18	629,606	1,196,855	324,854	629,606	324,854
Total non-current liabilities		**2,262,211**	**1,698,582**	**2,103,574**	**2,261,669**	**2,103,574**
Total liabilities		**3,754,623**	**3,124,249**	**3,708,172**	**3,613,209**	**3,708,172**
Net assets		**76,127,457**	**74,997,814**	**70,535,772**	**75,971,042**	**70,535,772**
Equity						
Reserves		11,270,276	10,370,139	8,294,887	11,270,276	8,294,887
Accumulated funds		64,857,181	64,627,675	62,240,885	64,700,766	62,240,885
Total equity		**76,127,457**	**74,997,814**	**70,535,772**	**75,971,042**	**70,535,772**

The accompanying notes form part of these financial statements

Roads and Maritime Services

Statements of Changes in Equity

For the year ended 30 June 2015

	Accumulated funds		Asset revaluation surplus		Total equity	
	Consolidated	Parent	Consolidated	Parent	Consolidated	Parent
	$'000	$'000	$'000	$'000	$'000	$'000
Balance as at 1 July 2014	**62,240,885**	**62,240,885**	**8,294,887**	**8,294,887**	**70,535,772**	**70,535,772**
Net result for the year	**2,169,348**	**2,012,933**	**-**	**-**	**2,169,348**	**2,012,933**
Other comprehensive income						
Net increase/(decrease) in property, plant and equipment revaluation surplus	-	-	2,997,757	2,997,757	2,997,757	2,997,757
Remeasurement of defined benefit obligations/plans	-	-	-	-	-	-
Actual return on fund asset less interest income	-	-	-	-	-	-
Other comprehensive income for the year	**-**	**-**	**2,997,757**	**2,997,757**	**2,997,757**	**2,997,757**
Total comprehensive income for the year	**2,169,348**	**2,012,933**	**2,997,757**	**2,997,757**	**5,167,105**	**5,010,690**
Transfers within equity						
Asset revaluation reserve balance transferred to accumulated funds on disposal of assets	22,368	22,368	(22,368)	(22,368)	-	-
Transactions with owners in their capacity as owners						
Increase/(decrease) in net assets from equity transfers	424,580	424,580	-	-	424,580	424,580
Balance as at 30 June 2015	**64,857,181**	**64,700,766**	**11,270,276**	**11,270,276**	**76,127,457**	**75,971,042**
Balance at 1 July 2013	**61,046,876**	**61,046,876**	**6,213,187**	**6,213,187**	**67,260,063**	**67,260,063**
Net result for the year	**995,869**	**1,161,757**	**-**	**-**	**995,869**	**1,161,757**
Other comprehensive income						
Net increase/(decrease) in property, plant and equipment revaluation surplus	-	-	2,113,952	2,113,952	2,113,952	2,113,952
Remeasurement of defined benefit obligations/plans	79,159	-	-	-	79,159	-
Actual return on fund asset less interest income	86,729	-	-	-	86,729	-
Other comprehensive income for the year	**165,888**	**-**	**2,113,952**	**2,113,952**	**2,279,840**	**2,113,952**
Total comprehensive income for the year	**1,161,757**	**1,161,757**	**2,113,952**	**2,113,952**	**3,275,709**	**3,275,709**
Transfers within equity						
Asset revaluation reserve balance transferred to accumulated funds on disposal of assets	32,252	32,252	(32,252)	(32,252)	-	-
Transactions with owners in their capacity as owners						
Increase/(decrease) in net assets from equity transfers	-	-	-	-	-	-
Balance as at 30 June 2014	**62,240,885**	**62,240,885**	**8,294,887**	**8,294,887**	**70,535,772**	**70,535,772**

The accompanying notes form part of these financial statements.

Roads and Maritime Services

Statements of Cash Flows

for the year ended 30 June 2015

		Consolidated Actual 2015 $'000	Consolidated Budget 2015 $'000	Consolidated Actual 2014 $'000	Parent Actual 2015 $'000	Parent Actual 2014 $'000
Cash flows from operating activities						
Payments						
Employee related		(548,520)	(550,706)	(676,199)	(542,043)	(676,199)
Grants and subsidies		(346,279)	(275,294)	(361,451)	(507,504)	(361,451)
Finance costs		(37,384)	(61,066)	(69,099)	(37,384)	(69,099)
Other		(1,644,881)	(1,545,159)	(1,488,826)	(1,568,996)	(1,488,826)
Total payments		(2,577,064)	(2,432,225)	(2,595,575)	(2,655,927)	(2,595,575)
Receipts						
Sale of goods and services		843,813	447,854	698,886	760,525	698,886
Interest received		24,755	12,336	1,947	24,457	1,947
Operating grants received from TfNSW		1,212,142	1,419,576	1,518,115	1,212,142	1,518,115
Capital grants received from TfNSW		3,515,192	3,583,917	2,895,315	3,515,192	2,895,315
Other grants and contributions		186,999	219,134	56,752	186,999	56,752
Other		351,251	521,780	456,956	351,251	456,956
Total receipts		6,134,152	6,204,597	5,627,971	6,050,566	5,627,971
Net cash flows from operating activities	**27**	**3,557,088**	**3,772,372**	**3,032,396**	**3,394,639**	**3,032,396**
Cash flows from investing activities						
Proceeds from sale of land and buildings, plant and equipment and infrastructure systems		32,373	26,130	65,207	32,373	65,207
Purchases of land and buildings, plant and equipment and infrastructure systems		(3,299,558)	(3,646,376)	(2,958,616)	(3,287,889)	(2,958,616)
Receipt of lease revenue from maritime trade tower lease		-	-	7	-	7
Net cash flows used in investing activities		**(3,267,185)**	**(3,620,246)**	**(2,893,402)**	**(3,255,516)**	**(2,893,402)**
Cash flows from financing activities						
Payment of finance lease liabilities		(53,540)	(51,916)	(46,935)	(53,540)	(46,935)
Repayment of borrowings and advances		(2,318)	(84,843)	(2,790)	(2,318)	(2,790)
Net cash flows used in financing activities		**(55,858)**	**(136,759)**	**(49,725)**	**(55,858)**	**(49,725)**
Net increase/(decrease) in cash		234,045	15,367	89,269	83,265	89,269
Opening cash and cash equivalents		333,858	279,447	244,589	333,858	244,589
Closing cash and cash equivalents	**7**	**567,903**	**294,814**	**333,858**	**417,123**	**333,858**

The accompanying notes form part of these financial statements.

Roads and Maritime expenses and income	Growth and Improvement *		Services and Operations *		Asset Maintenance *		Not attributable		Total	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Expenses excluding losses										
Operating expenses										
- Employee related expenses	11,796	10,920	12,286	304,870	-	134,147	-	-	24,082	449,937
- Personnel services	14,485	3,023	403,519	319,880	158,120	26,284	-	-	576,124	349,187
- Other operating expenses	98,544	32,538	498,003	433,231	91,772	104,907	-	-	688,319	570,676
Maintenance	122	-	113,626	142,057	356,238	343,863	-	-	469,986	485,920
Depreciation and amortisation	-	-	1,551,357	1,434,708	-	-	-	-	1,551,357	1,434,708
Grants and subsidies	13,437	2,228	41,867	122,689	292,832	321,573	-	-	348,136	446,490
Finance costs	188	-	43,179	67,129	-	-	-	-	43,367	67,129
Total expenses excluding losses	**138,572**	**48,709**	**2,663,837**	**2,824,564**	**898,962**	**930,774**	**-**	**-**	**3,701,371**	**3,804,047**
Revenue										
Sale of goods and services	88,204	-	535,954	517,428	20,944	27,890	-	-	645,102	545,318
Personal services revenue	-	-	5,365	27,393	-	-	-	-	5,365	27,393
Investment revenue	298	-	33,302	21,458	-	-	-	-	33,600	21,458
Retained taxes, fees and fines	-	-	70,403	17,069	-	-	-	-	70,403	17,069
Operating grant received from TfNSW	24,981	43,890	360,356	586,308	826,805	887,917	-	-	1,212,142	1,518,115
Capital grant received from TfNSW	2,793,919	2,267,010	59,665	32,373	670,131	595,932	-	-	3,523,715	2,895,315
Other grants and contributions	27,522	43,767	158,799	67,170	788	14,852	-	-	187,109	125,789
Other revenue	-	150	432,080	284,240	818	3,154	-	-	432,898	287,544
Total revenue	**2,934,924**	**2,354,817**	**1,655,924**	**1,553,439**	**1,519,486**	**1,529,745**	**-**	**-**	**6,110,334**	**5,438,001**

*Refer to Note 6 for description of service group

Roads and Maritime Services
Service Group Statements
for the year ended 30 June 2015

Roads and Maritime expenses and income	Growth and Improvement *		Services and Operations *		Asset Maintenance *		Not attributable		Total	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Gains on disposal of property, plant and equipment	25,844	15,599	(31,005)	(10,995)	-	-	-	-	(5,161)	4,604
Other (losses)	-	-	(234,454)	(642,689)	-	-	-	-	(234,454)	(642,689)
Net result	**2,822,196**	**2,321,707**	**(1,273,372)**	**(1,924,809)**	**620,524**	**598,971**	**-**	**-**	**2,169,348**	**995,869**
Other comprehensive income										
Net increase/(decrease) in asset revaluation reserve	-	-	2,997,757	2,113,952	-	-	-	-	2,997,757	2,113,952
Superannuation actuarial gains/(losses)	-	1,921	-	53,637	-	23,601	-	-	-	79,159
Actual return on fund asset less interest income	-	2,106	-	58,765	-	25,858	-	-	-	86,729
Total other comprehensive income for the year	**-**	**4,027**	**2,997,757**	**2,226,354**	**-**	**49,459**	**-**	**-**	**2,997,757**	**2,279,840**
Total comprehensive income	**2,822,196**	**2,325,734**	**1,724,385**	**301,545**	**620,524**	**648,430**	**-**	**-**	**5,167,105**	**3,275,709**

*Refer to Note 6 for description of service group

Administered expenses and income	Growth and Improvement *		Services and Operations *		Asset Maintenance *		Not attributable		Total	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Administered expenses										
Transfer payments	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-
Total administered expenses	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Administered income										
Transfer receipts	-	-	-	-	-	-	3,152,916	3,010,530	3,152,916	3,010,530
Total administered income	**-**	**-**	**-**	**-**	**-**	**-**	**3,152,916**	**3,010,530**	**3,152,916**	**3,010,530**
Administered income less expenses	**-**	**-**	**-**	**-**	**-**	**-**	**3,152,916**	**3,010,530**	**3,152,916**	**3,010,530**

Roads and Maritime assets and liabilities	Growth and Improvement *		Services and Operations *		Asset Maintenance *		Not attributable		Total	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Current assets										
Cash and cash equivalents	99,866	-	155,195	83,465	312,842	250,393	-	-	567,903	333,858
Receivables	35,502	-	215,723	180,300	8,430	9,718	-	-	259,655	190,018
Other financial assets (at amortised cost)	-	-	499	-	-	-			499	-
Inventories	-	-	6,749	9,427	-	-	-	-	6,749	9,427
Financial assets at fair value	-	-	63,597	58,710	-	-	-	-	63,597	58,710
Non-current assets classified as held for sale	-	-	2,741	5,262	-	-	-	-	2,741	5,262
Total current assets	**135,368**	**-**	**444,504**	**337,164**	**321,272**	**260,111**	**-**	**-**	**901,144**	**597,275**
Non-current assets										
Receivables	-	-	8,907	380	-	20	-	-	8,907	400
Other financial assets	-	-	520,336	177,545	-	-	-	-	520,336	177,545
Property, plant and equipment										
- Land and buildings	-	-	2,926,926	2,517,905	-	-	-	-	2,926,926	2,517,905
- Plant and equipment	-	-	109,930	119,411	-	-	-	-	109,930	119,411
- Infrastructure systems	4,323,560	4,007,805	69,549,634	65,472,877	-	-	-	-	73,873,194	69,480,682
Private sector provided infrastructure	-	-	1,380,892	1,180,763	-	-	-	-	1,380,892	1,180,763
Intangible assets	-	-	160,751	169,963	-	-	-	-	160,751	169,963
Total non-current assets	**4,323,560**	**4,007,805**	**74,657,376**	**69,638,844**	**-**	**20**	**-**	**-**	**78,980,936**	**73,646,669**
Total assets	**4,458,928**	**4,007,805**	**75,101,880**	**69,976,008**	**321,272**	**260,131**	**-**	**-**	**79,882,080**	**74,243,944**

Roads and Maritime assets and liabilities	**Growth and Improvement ***		**Services and Operations ***		**Asset Maintenance ***		**Not attributable**		**Total**	
	2015	**2014**	**2015**	**2014**	**2015**	**2014**	**2015**	**2014**	**2015**	**2014**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Current liabilities										
Payables	172,855	59,212	873,545	788,385	160,977	190,907	-	-	1,207,377	1,038,504
Borrowings	-	-	43,515	388,615	-	-	-	-	43,515	388,615
Provisions	1,102	201	30,695	5,654	12,028	2,489	-	-	43,825	8,344
Other	28,303	9,643	143,034	128,400	26,358	31,092	-	-	197,695	169,135
Total current liabilities	**202,260**	**69,056**	**1,090,789**	**1,311,054**	**199,363**	**224,488**	**-**	**-**	**1,492,412**	**1,604,598**
Non-current liabilities										
Payables	173,473	65,841	876,664	876,645	161,552	212,279	-	-	1,211,689	1,154,765
Borrowings	-	-	405,930	607,070	-	-	-	-	405,930	607,070
Provisions	377	410	10,496	11,441	4,113	5,034	-	-	14,986	16,885
Other	90,138	18,522	455,524	246,614	83,944	59,718	-	-	629,606	324,854
Total non-current liabilities	**263,988**	**84,773**	**1,748,614**	**1,741,770**	**249,609**	**277,031**	**-**	**-**	**2,262,211**	**2,103,574**
Total liabilities	**466,248**	**153,829**	**2,839,403**	**3,052,824**	**448,972**	**501,519**	**-**	**-**	**3,754,623**	**3,708,172**
Net assets	**3,992,680**	**3,853,976**	**72,262,477**	**66,923,184**	**(127,700)**	**(241,388)**	**-**	**-**	**76,127,457**	**70,535,772**

*Refer to Note 6 for description of service group

1. Summary of Significant Accounting Policies

(a) Reporting entity

Roads and Maritime Services (RMS) is a NSW government entity. RMS is a not-for-profit entity (as profit is not its principal objective) and it has no cash generating units. The reporting entity is consolidated as part of the NSW Total State Sector Accounts.

RMS as a reporting entity, comprises all the entities under its control at year end or throughout the reporting period, namely WestConnex Delivery Authority (WDA).

WDA was established on 1 November 2013 as a public subsidiary corporation under the *Transport Administration (General) Amendment (WestConnex Delivery Authority) Regulation 2013*. WDA's objective is to facilitate delivery of the WestConnex program of works, which will include functions to develop, plan, procure, supervise, manage or carry out the whole or any part of the WestConnex program of works for Roads and Maritime Services (RMS).

The NSW Government has decided to refine the responsibilities for the delivery of WestConnex. As a result, WDA's project delivery roles will move to Sydney Motorway Corporation (SMC), while its government 'client' functions will move to RMS. These transfers are targeted to occur by September 2015. WDA will remain a subsidiary entity of RMS, pending its wind-up and transfer of remaining functions, assets and liabilities to RMS (refer to Note 21).

RMS Division, a controlled entity of RMS, provided personnel services to RMS and was abolished under the *Government Sector Employment Act 2013* (the Act). As a result, the comparative information contained in RMS' Consolidated Statement of Comprehensive Income includes RMS Division related employee expenses for the 8 months period ended 23 February 2014 during the period which the RMS Division provided personnel service to RMS. RMS's employee related costs subsequent to 23 February 2014 are recognised as personnel service expenses in the Consolidated Statement of Comprehensive Income. This is consistent with the commencement of the *Government Sector Employment Act 2013* (the Act) on 24 February 2014 under which all employees that were formerly employed under the RMS Division were transferred to Transport Service.

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 and like transactions and other events are accounted for using uniform accounting policies.

These consolidated financial statements for the year ended 30 June 2015 have been authorised for issue by the Chief Executive of RMS on 16 September 2015, the date when the accompanying statement under s.41C (1C) of the *Public Finance and Audit Act 1983* was signed.

(b) Basis of preparation

The RMS consolidated financial statements are general purpose financial statements which have been prepared on an accruals basis and in accordance with:

- Applicable Australian Accounting Standards (including Australian Accounting Interpretations).
- the requirements of the *Public Finance and Audit Act 1983* and *Public Finance and Audit Regulation 2015* and
- the Financial Reporting Directions published in the Financial Reporting Code for NSW General Government Sector Entities or issued by the Treasurer.

Going concern

Despite current liabilities exceeding current assets at year end, RMS have funding arrangements with Transport for NSW (TfNSW) providing funding in the form of grants. The 2015–16 TfNSW budget papers issued on 23 June 2015 include an amount payable for Grants and Contributions of $6,093.0 million payable to RMS in the 2015–16 financial year. This funding is sufficient for RMS to continue its recurrent and capital operations. In addition, RMS have a $110 million TCorp 'Come and Go' Facility which was unused as at 30 June 2015. This is available to pay any obligations when they fall due (refer to Note 16(f)).

Non-current assets held for sale
Property, plant and equipment and financial assets at 'fair value through profit or loss' and available for sale are measured at fair value.

Historical cost convention
Other financial statement items are prepared in accordance with the historical cost convention except where specified otherwise.

Estimates
Judgements, key assumptions and estimates made by management about carrying values of assets and liabilities are disclosed in the relevant notes to the financial statements. Refer to note 1(bb) for a summary of critical accounting estimates, judgements and assumptions determined when preparing the financial statements.

Rounding of amounts
Unless otherwise stated, all amounts are rounded to the nearest one thousand dollars ($'000) and are expressed in Australian currency. The accounting policies set out have been applied consistently by the consolidated and parent entities.

(c) Statement of compliance

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

(d) Principles of consolidation

These financial statements have been consolidated in accordance with Australian Accounting Standard AASB 10 *Consolidated Financial Statements* and include the assets, liabilities, equities, revenues, expenses and cash flows of all entities controlled by RMS.

WDA is a controlled entity of RMS. An investor controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. WDA was established for the purposes of RMS per section 55C of the Transport Administration Act 1988 (NSW). The role and functions of WDA as set out in the Transport Administration (General) Amendment (WestConnex Delivery Authority) Regulation 2013 is to facilitate, develop, plan, procure, supervise, manage or carry out the whole or any part of the WestConnex program of works for RMS (on behalf of the State). The principal enabling legislation for WDA, as regards its core operating and financing activities being to develop and deliver the WestConnex program of works, is the Roads Act. The assets, rights and liabilities of WDA automatically become assets, rights and liabilities of RMS when WDA is dissolved. These factors form the basis of the control determination.

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 and like transactions and other events are accounted for using uniform accounting policies.

(e) Changes in accounting policy, including new or revised Australian Accounting Standards

i. Effective for the first time in 2014-15

The accounting policies applied in 2014-15 are consistent with those of the previous financial year except as a result of the following new or revised Australian Accounting Standards that have been applied for the first time in 2014-15. The impact of these Standards in the period of initial application is set out below:

Standard	**Summary of key requirements of new/revised standard**	**Impact on Reporting Entity's 2014-15 financial statements**
AASB 10 Consolidated Financial Statements (not-for-profit entities only)	AASB 10 replaced AASB 127 and AASB Interpretation 112 in relation to guidance on consolidated financial statements. AASB 127 was revised following the release of AASB 10 and 12. The principles-based control test in AASB 10 consider power, rights or exposure to variable returns, and the ability to use power to affect the investee's returns to determine whether an entity has control over an investee. The Standard requires the parent entity to present consolidated financial statements as those of a single economic entity.	WDA continues to be a controlled entity of RMS after consideration of the principles-based control model in AASB 10. Refer to Note 1(d) for consideration of the impact of this standard. No additional controlled entities have been identified.
AASB 11 Joint Arrangements (not-for-profit entities only)	AASB 11 superseded AASB 131 and Interpretation 113. Under AASB 11, the focus is no longer on the legal structure of joint arrangements, but rather on how rights and obligations are shared by the joint venture parties (the underlying economics). A joint venture will be classified as either a joint operation or joint venture. A joint venturer applies the equity method of accounting for its investment in a joint venture in accordance with AASB 128 *Investments in Associates and Joint Ventures*. Unlike AASB 131, the use of 'proportionate consolidation' to account for joint ventures is not permitted. Joint operations are accounted for by the entity recognising its share of assets, liabilities, revenue and expenses.	A review of contracts was performed and no joint arrangements were identified as result of this standard. Therefore, no additional disclosures are required.
AASB 12 Disclosure of Interests in other Entities (not-for-profit entities only)	AASB 12 requires disclosure of information that enables users of financial statements to evaluate the nature of, and risks associated with, interests in other entities and the effects of those interests on its financial position, financial performance and cash flows. The standard applies to an entity that has interests in subsidiaries, joint arrangements, Associates and unconsolidated structured entities.	As noted above, refer to Note 1(d) for updated disclosures in relation to this standard.
AASB 127 Separate Financial Statements (not-for-profit entities only)	The former AASB 127 *Consolidated and Separate Financial Statements* has been renamed *Separate Financial Statements* and deals with the requirements for separate financial statements, which have been carried over largely unamended from AASB 127 *Consolidated and Separate Financial Statements*. The requirements for consolidated financial statements are now contained separately in AASB 10 *Consolidated Financial Statements*.	The changes to this standard have had no impact on the reporting entity.

Standard	**Summary of key requirements of new/revised standard**	**Impact on Reporting Entity's 2014-15 financial statements**
	The objective of this new standard is to prescribe the accounting and disclosure requirements for investments in subsidiaries, joint ventures and associates when an entity prepares separate financial statements (in addition to consolidated financial statements).	
AASB 128 Investments in Associates and Joint ventures (not-for-profit entities only)	This Standard supersedes AASB 128 *Investments in Associates* and prescribes the accounting for investments in associates and sets out the requirements for the application of the equity method when accounting for investments in associates and joint ventures. The Standard defines "significant influence" and provides guidance on how the equity method of accounting is to be applied. It also prescribes how investments in associates and joint ventures should be tested for impairment.	The changes to this standard have had no impact on the reporting entity because RMS have no investments in associates.
AASB 1055 and AASB 2013-1 regarding budgetary reporting	The purpose of the new AASB 1055 is to extend the reach of the AASB's budgetary reporting requirements to not-for-profit entities within the General Government Sector (GGS) of the Federal, State and Territory Governments. Previously these were only applicable to whole of governments and GGSs via AASB 1049 *Whole of Government and General Government Sector Financial Reporting*. The accompanying amending standard AASB 2013-1 relocates the AASB 1049 budgetary requirements into AASB 1055 to make it the complete reference on this topic. The new standard will require that where budgeted financial statements reflecting either controlled items or administered items are presented to parliament, the original budgeted financial statements or information must be disclosed, restated if necessary, to align with the presentation and classification adopted for either the primary financial statements (for controlled items) or in accordance with AASB 1050 *Administered Items* (for administered items). Explanations of major variances between actual and budgeted amounts are also required to be disclosed.	RMS continues to present the original budgeted financial information in its primary financial statements. There is no significant impact on the RMS financial statements as a result of this standard. RMS administered items were not included in the original budgeted information presented to parliament. Accordingly, RMS does not disclose the budget information of such items in accordance with the standard.

Standard	Summary of key requirements of new/revised standard	Impact on Reporting Entity's 2014-15 financial statements
AASB 2013-9 Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments [Part C Financial Instruments]	Part C makes amendments to AASB 9 *Financial Instruments* to incorporate Chapter 6 Hedge Accounting and makes consequential amendments to AASB 9 and other standards. Further, Part C, extend its mandatory effective date of AASB 9 from 1 January 2015 to 1 January 2017 and permit requirements relating to the 'own credit risk' of financial liabilities measured at fair value to be applied without applying the other requirements of AASB 9 at the same time.	The impact on the reporting entity's financial statements is insignificant as a result of this standard due to absence of hedge accounting taking place in the entity.
AASB 2014-1 Amendments to Australian Accounting Standards (listed in the Appendix pgs. 71-72)	This standard makes amendments to 35 Australian Accounting Standards and Interpretations and comprises five parts, each of which has its own application date and transition provisions. Part A makes amendments to various Australian Accounting Standards in response to the IASB's release of its Annual Improvements to IFRSs 2010–2012 Cycle and Annual Improvements to IFRSs 2011–2013 Cycle standards in December 2013 and also for a range of editorial corrections. Part B amends AASB 119 *Employee Benefits* to reflect the changes made to IAS 19 by the IASB in November 2013 via its amending standard Defined Benefit Plans: Employee Contributions (Amendments to IAS 19). Part C makes amendments to eight Australian Accounting Standards to delete their references to AASB 1031 *Materiality* as part of its process to formally withdraw this standard. Part E makes amendments to reflect the AASB's decision to defer the mandatory application date of AASB 9 Financial Instruments to annual reporting periods beginning on or after 1 January 2018. Part E also makes amendments to numerous Australian Accounting Standards as a consequence of the introduction of Chapter 6 Hedge Accounting into AASB 9 *Financial Instruments* and to amend reduced disclosure requirements for AASB 7 *Financial Instruments: Disclosures* and AASB 101 *Presentation of Financial Statements.*	The impact on the reporting entities financial statements is: -immaterial with little effect anticipated on the way particular transactions or balances are accounted for. -Insignificant as RMS employees have been transferred to Transport Service. -Insignificant (refer to the above discussion of likely impact of AASB 1031). -Insignificant as the entity does not engage in hedging activities.

Standard	**Summary of key requirements of new/revised standard**	**Impact on Reporting Entity's 2014-15 financial statements**
AASB 2014-2 Amendments to AASB 1053 – Transition to and between Tiers, and related Tier 2 Disclosure Requirements	Clarifies that AASB1053 relates only to general purpose financial statements, clarifies various options for transition to and between tiers and specify certain disclosure requirements when an entity resumes the application of Tier 2 reporting requirements.	No impact on the reporting entity because RMS applies Tier 1 only.
AASB 2014-8 Amendments to Australian Accounting Standards arising from AASB 9 (December 2014) – Application of AASB 9 (December 2009) and AASB 9 (December 2010)	AASB 2014-8 limits the application of the versions of AASB 9 (AASB 9 [December 2009] and AASB 9 [December 2010]) from 1 February 2015.	The amendments to AASB9 as a result of this standard have no impact on the reporting entity.

ii. Issued but not yet effective

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

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

Standard	**Summary of key requirements/changes**	**Applicable to annual reporting periods beginning on or after**	**Expected Impact on Reporting Entity's financial statements on initial application**
AASB 9, AASB 2010–7 & 2012-6 regarding financial instruments	AASB 9 introduces new requirements for the classification, measurement and derecognition of financial assets and financial liabilities. AASB 9 replaces the existing four key category approach to measurement after initial recognition to two categories – either amortised cost or fair value. It was further amended by AASB 2010–7 to reflect amendments to accounting for financial liabilities. AASB 2012-6 amended AASB 9 to defer the mandatory effective date to annual periods beginning on or after 1 January 2015. It also requires additional disclosures on transition from	1 January 2018	On initial application of AASB 9, all existing financial instruments will need to be classified according to the AASB 9 criteria and transitional requirements. The impact on the reporting entity's accounting for financial assets and liabilities is not expected to be significant.

Standard	Summary of key requirements/changes	Applicable to annual reporting periods beginning on or after	Expected Impact on Reporting Entity's financial statements on initial application
	AASB 139 to AASB 9 in some circumstances.		
AASB 14 Regulatory Deferral Accounts	The objective of this Standard is to specify the financial reporting requirements for regulatory deferral account balances that arise when an entity provides goods or services to customers at a price or rate that is subject to rate regulation.	1 January 2016	The requirements of this Standard only apply to subsequent periods financial statements if and only if, in its first Australian-Accounting-Standards financial statements, it recognised regulatory deferral account balances. Since this is not RMS first Australian Accounting Standards financial statements and it has not recognised regulatory deferral account balances in the past, RMS is not within the scope of this Standard.
AASB 15 Revenue from Contracts with Customers	The purpose of AASB15 was to improve the revenue recognition requirements, remove inconsistencies and weaknesses in existing standards, and improve comparability and disclosure of useful information to readers of financial statements. AASB 15 replaces AASB 118 *Revenue*, AASB 111 *Construction Contracts* and some revenue-related Interpretations establishing a new revenue recognition model, changing the basis for deciding whether revenue is to be recognised over time or at a point in time; providing new and more detailed guidance on specific topics (e.g., multiple element arrangements, variable pricing, rights of return, warranties and licensing) and expanding and improving disclosures about revenue. In the Australian context, AASB 15 will apply to contracts of not-for-profit (NFP) entities that are exchange transactions. AASB 1004 *Contributions* will continue to apply to non-exchange transactions until the Income from Transactions of NFP Entities Project is completed.	1 January 2017	RMS currently recognises revenue arising from customer contracts as follows: - Sale of goods - when RMS transfers the significant risks and rewards of ownership of the assets. - User charges - when RMS obtains control of the assets that result from them. - Rendering of services - when the service is provided or by reference to the stage of completion. This is consistent with the new AASB 15 whereby revenue can only be recognised by an entity when that entity satisfies performance obligation by

Standard	Summary of key requirements/changes	Applicable to annual reporting periods beginning on or after	Expected Impact on Reporting Entity's financial statements on initial application
			transferring a promised good or service to a customer. The initial application of this standard is not expected to result in significant changes to the RMS revenue recognition and additional note disclosure in the RMS financial statements.
AASB 2014-1 Amendments to Australian Accounting Standards (listed in the Appendix pages 71-72)	This standard makes amendments to 35 Australian Accounting Standards and Interpretations and comprises 5 parts, 2 of which are yet to take effect. Part D makes consequential amendments to AASB 1 *First time Adoption of Australian Accounting Standards* necessitated by the release of AASB 14 *Regulatory Deferral Accounts*.	 Part D 1 January 2016	The impact on the reporting entities financial statements is expected to be: -Insignificant with the application of AASB14 allowed under AASB 2014-1 (refer to the above discussion on AASB 14).
AASB 2014-3 Amendments to Australian Accounting Standards – Accounting for Acquisitions of Interests in Joint Operations	The amendments to AASB 11 state that an acquirer of an interest in a joint operation in which the activity of the joint operation constitutes a 'business', as defined in AASB 3 *Business Combinations*, should: • apply all of the principles on business combinations accounting in AASB 3 and other Australian Accounting Standards except principles that conflict with the guidance of AASB 11. This requirement also applies to the acquisition of additional interests in an existing joint operation that results in the acquirer retaining joint control of the joint operation (note that this requirement applies to the additional interest only, i.e., the existing interest is not remeasured) and to the formation of a joint operation when an existing business is contributed to the joint operation by one of the parties that participate in the joint operation; and • provide disclosures for business combinations as required by AASB 3 and	1 January 2016	The impact on the reporting entity's financial statements is expected to be insignificant due to the absence of material joint operations.

Standard	Summary of key requirements/changes	Applicable to annual reporting periods beginning on or after	Expected Impact on Reporting Entity's financial statements on initial application
	other Australian Accounting Standards.		
AASB 2014-4 Amendments to Australian Accounting Standards – Clarification of Acceptable Methods of Depreciation and Amortisation	The amendments to AASB 116 prohibit the use of a revenue-based depreciation method for property, plant and equipment. Additionally, the amendments provide guidance in the application of the diminishing balance method for property, plant and equipment. The amendments to AASB 138 present a rebuttable presumption that a revenue-based amortisation method for intangible assets is inappropriate. This rebuttable presumption can be overcome (i.e., a revenue-based amortisation method might be appropriate) only in two (2) limited circumstances: • the intangible asset is expressed as a measure of revenue, for example when the predominant limiting factor inherent in an intangible asset is the achievement of a revenue threshold (for instance, the right to operate a toll road could be based on a fixed total amount of revenue to be generated from cumulative tolls charged); or • when it can be demonstrated that revenue and the consumption of the economic benefits of the intangible asset are highly correlated.	1 January 2016	This standard has no impact on the entity because it does not utilise revenue-based depreciation methods.
AASB 2014-5 Amendments to Australian Accounting Standards arising from AASB 15	AASB 2014-5 incorporates the consequential amendments arising from the issuance of AASB 15.	1 January 2017	Refer to the section on AASB 15 above.
2014-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2014)	AASB 2014-7 incorporates the consequential amendments arising from the issuance of AASB 9.	1 January 2018	Refer to the section on AASB 9 above.
AASB 2014-9 Amendments to	This Standard amends AASB 127, and consequentially amends AASB 1 and AASB 128, to	1 January 2016	The impact on the reporting entity's financial statements is

Standard	Summary of key requirements/changes	Applicable to annual reporting periods beginning on or after	Expected Impact on Reporting Entity's financial statements on initial application
Australian Accounting Standards – Equity Method in Separate Financial Statements	allow entities to use the equity method of accounting for investments in subsidiaries, joint ventures and associates in their separate financial statements.		expected to be insignificant.
AASB 2014-10 Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	The amendments address a current inconsistency between AASB 10 *Consolidated Financial Statements* and AASB 128 *Investments in Associates and Joint Ventures* (2011). The amendments clarify that, on a sale or contribution of assets to a joint venture or associate or on a loss of control when joint control or significant influence is retained in a transaction involving an associate or a joint venture, any gain or loss recognised will depend on whether the assets or subsidiary constitute a business, as defined in AASB 3 *Business Combinations*. Full gain or loss is recognised when the assets or subsidiary constitute a business, whereas gain or loss attributable to other investors' interests is recognised when the assets or subsidiary do not constitute a business. This amendment effectively introduces an exception to the general requirement in AASB 10 to recognise full gain or loss on the loss of control over a subsidiary. The exception only applies to the loss of control over a subsidiary that does not contain a business, if the loss of control is the result of a transaction involving an associate or a joint venture that is accounted for using the equity method. Corresponding amendments have also been made to AASB 128 (2011).	1 January 2016	The impact on the reporting entity's financial statements is expected to be insignificant due to the absence of any investments in associates or change in control of subsidiaries.
AASB 2015-1 Amendments to Australian Accounting Standards – Annual Improvements to Australian Accounting Standards 2012–2014 Cycle	This standard makes some amendments to 13 Australian Accounting Standards including AASB 1 *First-time Adoption of Australian Accounting Standards*; AASB 2 *Share-based Payment*; AASB 3 *Business Combinations*; AASB 5 *Non-current Assets Held for Sale and Discontinued Operations*; AASB 7 *Financial Instruments: Disclosures*; AASB 11 *Joint Arrangements*; AASB 110 *Events after the Reporting Period*; AASB 119 *Employee Benefits*; AASB 121 *The Effects of Changes in Foreign Exchange Rates*; AASB 133 *Earnings per Share*; AASB 134 *Interim Financial Reporting*; AASB 137 *Provisions, Contingent Liabilities and Contingent Assets*; and AASB 140 *Investment*	1 January 2016	The impact on the entity's financial statements from wording changes or additional paragraphs to the 13 Australian Accounting Standards is expected to be insignificant.

Standard	Summary of key requirements/changes	Applicable to annual reporting periods beginning on or after	Expected Impact on Reporting Entity's financial statements on initial application
	Property.		
AASB 2015-2 Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101	This Standard amends AASB 101 to provide clarification regarding the disclosure requirements in AASB 101. Specifically, the Standard proposes narrow-focus amendments to address some of the concerns expressed about existing presentation and disclosure requirements and to ensure entities are able to use judgement when applying a Standard in determining that information to disclose in their financial statements. In addition, as a result of the amendments to AASB 101, this Standard makes consequential amendments to AASB 7, AASB 134 and AASB 1049.	1 January 2016	The impact on the reporting entity's financial statements from this standard is expected to be insignificant.
AASB 2015-3 Amendments to Australian Accounting Standards arising from the Withdrawal of AASB 1031 Materiality	The objective of this Standard is to affect the withdrawal of AASB 1031 *Materiality* and to delete references to AASB 1031 in the Australian Accounting Standards, as set out in paragraph 13 of this Standard. The AASB is of the opinion that, in light of the guidance on materiality already available elsewhere. The term materiality is defined in AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors*. When assessing materiality, the requirements in AASB 101 *Presentation of Financial Statements* and AASB 108 shall be applied. Paragraph QC11 of the Framework also addresses the concept of materiality.	1 July 2015	The impact on the reporting entity's financial statements is expected to be insignificant.
AASB 2015-6 Amendments to Australian Accounting Standards – Extending Related Party Disclosures to Not-for-Profit Public Sector Entities	The objective of this Standard is to extend the scope of AASB 124 *Related Party Disclosures* to include not-for-profit public sector entities. This Standard also makes related amendments to AASB 10 *Consolidated Financial Statements* and AASB 1049 *Whole of Government and General Government Sector Financial Reporting*, and an editorial correction to AASB 124. The AASB noted that the version of AASB 124 issued in December 2009 provides a more appropriate basis for application by not-for-profit public sector entities than earlier versions of the Standard, as transactions between government-related entities of the same jurisdiction are exempted partially from disclosure. Therefore, in furtherance of its policy of promulgating transaction-neutral Standards to the extent feasible, the AASB is amending AASB 124 to	1 July 2016	The related parties of RMS include its key management personnel and controlled entity, WestConnex Delivery Authority (WDA). It is anticipated that the additional disclosure required will be consistent with other entities within the Transport cluster.

Standard	Summary of key requirements/changes	Applicable to annual reporting periods beginning on or after	Expected Impact on Reporting Entity's financial statements on initial application
	require not-for-profit public sector entities to apply the Standard.		
AASB 2015-7 Amendments to Australian Accounting Standards – Fair Value Disclosures of Not-for-Profit Public Sector Entities	This amending standard provides relief from certain AASB 13 Fair Value Measurement disclosures. The relief applies to items of property, plant and equipment within level 3 of the fair value hierarchy that are held primarily for their current service potential rather than to generate future cash inflows. The relief includes: • quantitative information about the significant unobservable inputs used in the fair value measurement • the amount of gains or losses for the period included in profit or loss attributable to the change in unrealised gains or losses relating to those assets held at the end of the reporting period, and the line items(s) in profit or loss in which those unrealised gains or losses are recognised • information about the sensitivity of the fair value measurements to changes in unobservable inputs.	1 July 2016. NSW Treasury has allowed, but not mandated, an early adoption. Transport for NSW has not taken up this option and therefore, not early adopted by RMS for consistency across the Transport cluster.	RMS has categorised its infrastructure systems assets as level 3 of the fair value hierarchy. This class of assets consist of public roads and bridges that are primarily held for their current service potential. It is anticipated that the amending standard will result in reduced fair value disclosure for RMS' infrastructure systems assets.

(f) Administered activities

RMS administers, but does not control, the collection of various fees, fines and levies on behalf of the Crown Entity. Monies collected are not recognised as RMS' revenue but are separately disclosed in the Administered Income and Expenses note (refer to note 25). RMS is accountable for the transactions relating to these administered activities but does not have the discretion, for example, to deploy the resources for the achievement of its own objectives.

Transactions and balances relating to the administered activities are not recognised as RMS' income, expenses, assets and liabilities, but are disclosed as "Administered Income and Expenses" (refer to note 25), and "Administered Assets and Liabilities" (refer to note 26).

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

(g) Income recognition

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

i. Grants from Transport for NSW

RMS receives capital and operating grants from TfNSW instead of receiving budget appropriations directly from NSW Treasury. These grants are generally recognised as income when RMS obtains control over the assets comprising the grants. Control over grants is normally obtained upon the receipt of cash.

ii. Sale of goods and rendering of services

Revenue from the sale of goods is recognised when RMS transfers the significant risks and rewards of ownership of the assets. User charges are recognised as revenue when RMS obtains control of the assets that result from them. Revenue from the rendering of services is recognised when the service is provided or by reference to the stage of completion.

iii. Rental income

Rental income is recognised as revenue on an accrual basis, in accordance with *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*.

The recognition of investment revenue arising from the NSW TCorp Hour-Glass Investment Facilities is detailed in Note 1(m) (viii).

v. Gains and losses

Gains and losses include gains and losses on disposals and fair value adjustments to physical and financial assets, and financial liabilities. Gains and losses on disposal are disclosed in accordance with Australian Accounting Standards for certain classes of assets such as property, plant and equipment, intangible assets and assets held for sale. Other gains and losses disclosed are those recognised in the net result arising from property, plant and equipment revaluations, write down of inventories and gain/loss resulting from financial assets and liabilities.

vi. Emerging interests in private sector provided infrastructure (PSPI) projects

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

The revenue recognition is on a progressive basis relative to the concession period.

vii. Amortisation of deferred revenue on PSPI Projects

Reimbursement of development costs in the form of upfront cash payments are treated as deferred revenue with an annual amortisation amount recognised on a straight-line basis over the life of the concession period.

(h) Personnel services/Employee benefits and other provisions

From the commencement of the Government Sector Employment Act 2013 on 24 February 2014 and the resulting abolition of the RMS Division (which had until then provided personnel service to RMS), all employees employed under the RMS Division were transferred to Transport Service. As a result, for the year ended 30 June 2015 (2014: financial period spanning 24 February to 30 June 2014), RMS have recognised in its consolidated financial statements a personnel services expense and a corresponding liability to Transport Service.

For comparative information, prior to 24 February 2014, the RMS accounting policy relating to employee benefits is outlined below.

i. Salaries and wages, annual leave, sick leave and on-costs

Salaries and wages (including non-monetary benefits) and paid sick leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the service are recognised and measured at the undiscounted amounts of the benefits.

Annual leave is not expected to be settled wholly before twelve months after the end of the annual reporting period in which the employees render the related service. As such, it is required to be measured at present value in accordance with AASB 119 *Employee Benefits*.

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

ii. Long service leave and superannuation

RMS assumes the long service leave liability for all employees and all superannuation liabilities. These liabilities are recognised in the Statement of Financial Position. Long service leave is measured at present value in accordance with AASB 119 *Employee Benefits*. The long service leave liability is based on an actuarial assessment with the final one prepared dated as at 23 February 2014.

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

Defined contribution plans

Contributions to defined contribution superannuation plans are expensed when incurred. The expense is calculated as a percentage of the employee's salary.

Defined benefit plans

For defined benefit plans, actuarial valuations are carried out at each reporting date by Pillar Administration with the final one prepared dated as at 23 February 2014 and the actuarial superannuation gains and losses are recognised outside operating surplus in the Statement of Changes in Equity in the period in which they occur.

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

iii. Consequential on-costs

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

iv. Other provisions

Other provisions exist when, RMS have a present legal or constructive obligation as a result of a past event; it is probable that an outflow of resources will be required to settle the obligation; and a reliable estimate can be made of the amount of the obligation.

Any provisions for restructuring are recognised only when the organisation has a detailed formal plan and has raised a valid expectation in those affected by the restructuring that it will carry out the restructuring by starting to implement the plan or announcing its main features to those affected. If the effect of the time value of money is material, provisions are discounted at a pre-tax rate that reflects the current market assessments of the time value of money and the risks specific to the liability.

Make good provision

A provision has been made for the present value of anticipated costs of future environmental restoration. The provision includes future cost estimates associated with remediation of the maritime environment. The calculation of this provision requires assumptions such as application of environmental legislation, community expectations, available technologies and engineering cost estimates. These uncertainties may result in future actual expenditure differing from the amounts currently provided. The provision recognised is periodically reviewed and updated based on the facts and circumstances available at the time. Changes to the estimated future costs are recognised in the statement of financial position by adjusting both the expense and/or asset (if applicable) and provision.

v. Personnel services and shared services expense

Personnel Services Income represents the provision of RMS staff to TfNSW to undertake work on behalf of Transport Shared Services.

Shared Service Expenses represent services provided by TfNSW Shared Services to other government agencies, including RMS.

(i) Finance costs

Finance 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. They include interest expenses calculated using the effective interest method as described in AASB 139 *Financial Instruments: Recognition and Measurements* and the unwinding of discount rate that applied to provisions.

(j) Insurance

RMS' insurance activities are conducted through the NSW Treasury Managed Fund Scheme of self-insurance for government agencies. The expense (premium) is determined by the Fund Manager based on past claims experience. Compulsory third party insurance is with a private sector provider arranged by NSW Treasury.

RMS also arranges Principal Arranged Insurance (PAI) which provides cover for all parties involved in its construction projects. The premium cost is amortised on a straight-line basis over the term of the contract for all insurance policies.

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

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

- amount of GST incurred by RMS as a purchaser that is not recoverable from the Australian Taxation Office (ATO) is recognised as part of an asset's cost of acquisition or as part of an item of expense.
- Receivables, payables, accruals and commitments are stated with the amount of GST included.
- Cash flows are included in the Statement of Cash Flows on a gross basis. However, the GST components of cash flows arising from investing and financing activities which is recoverable from, or payable to, the ATO are classified as operating cash flows.

(l) Fair value hierarchy

A number of the entity's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities. When measuring fair value, the valuation technique used maximises the use of relevant observable inputs and minimises the use of unobservable inputs. Under AASB 13, the entity categorises, for disclosure purposes, the valuation techniques based on the inputs used in the valuation techniques as follows:

- Level 1 - quoted prices in active markets for identical assets / liabilities that the entity can access at the measurement date.
- Level 2 – inputs other than quoted prices included within Level 1 that are observable, either directly or indirectly.
- Level 3 – inputs that are not based on observable market data (unobservable inputs).

The entity recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

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

(m) Asset management policy

Acquisition of assets

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

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

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

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

Where payment for property, plant and equipment is deferred beyond normal credit terms, its cost is the cash price equivalent; i.e. deferred payment amount is effectively discounted at an asset-specific rate over the period of credit.

Capitalisation thresholds

Property, plant and equipment and intangible assets costing above $10,000 individually, or forming part of a network costing more than $10,000, are capitalised. Some computer equipment and intangible assets costing above $1,000 are capitalised. Items below these amounts are expensed in the period in which they are incurred.

Valuation and depreciation

Physical non-current assets are valued in accordance with the 'Valuation of Physical Non-Current Assets at Fair Value' Policy and Guidelines Paper (TPP 14-01). This policy adopts fair value in accordance with AASB 13 *Fair Value Measurement* and AASB 116 *Property, Plant and Equipment*.

Property, plant and equipment is measured at the highest and best use by market participants that is physically possible, legally permissible and financially feasible. The highest and best use must be available at a period that is not remote and take into account the characteristics of the asset being measured, including any socio-political restrictions imposed by government. In most cases, after taking into account these considerations, the highest and best use is the existing use. In limited circumstances, the highest and best use may be a feasible alternative use, where there are no restrictions on use or where there is a feasible higher restricted alternative use.

Fair value of property, plant and equipment is based on a market participants' perspective, using valuation techniques (market approach, cost approach, income approach) that maximise relevant observable inputs and minimise unobservable inputs. Also refer note 12 for further information regarding fair value.

RMS revalue each class of property, plant and equipment with sufficient regularity to ensure the carrying amount of each asset in the class does not differ materially from its fair value at reporting date. Further details on asset revaluations can be found in note 9.

Interim revaluations are performed between comprehensive revaluations where cumulative changes to indicators/indices suggest fair value may differ materially from carrying value. Generally, an interim revaluation is performed by management if the cumulative changes in indicators/indices are less than 20%. An interim formal revaluation is performed by external professionally qualified valuers when the cumulative changes in indicators/indices exceed 20%.

In circumstances where asset values are deemed material, management may engage external valuers to perform an interim revaluation where changes in indicators/indices are lower than 20%. Management will assess whether comprehensive revaluations are required more frequently if the interim revaluations indicate movements are generally more than 20%.

Non-specialised assets with short useful lives are measured at depreciated historical cost, as an approximation of fair value. The entity has assessed that any difference between fair value and depreciated historical cost is unlikely to be material.

When revaluing non-current assets using the cost approach, the gross amount and the related accumulated depreciation are separately restated.

For other assets valued using other valuation techniques, any balances of accumulated depreciation at the revaluation date in respect of those assets are credited to the asset accounts to which they relate. The net asset accounts are then increased or decreased by the revaluation increments or decrement.

Revaluation increments are credited directly to the asset revaluation reserve, except that, to the extent that an increment reverses a revaluation decrement in respect of that class of asset previously recognised as an expense, the increment is recognised immediately as revenue.

Revaluation decrements are recognised immediately as expenses, except that, to the extent that a credit balance exists in the asset revaluation reserve in respect of the same class of assets, they are debited directly to the asset revaluation reserve.
As a not-for-profit entity, revaluation increments and decrements are offset against one another within a class of non-current assets, but not otherwise.

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

Impairment of property, plant and equipment
As a not-for-profit entity with no cash generating units, impairment under AASB 136 *Impairment of Assets* is unlikely to arise. As property, plant and equipment is carried at fair value or an amount that approximates fair value, impairment can only arise in the rare circumstances such as where the costs of disposal are material. Specifically, impairment is unlikely for not-for-profit entities given that AASB 136 modifies the recoverable amount test for non-cash generating assets of not-for-profit entities to the higher of fair value less costs of disposal and depreciated replacement cost, where depreciated replacement cost is also fair value.

i. Plant and equipment

Asset	Valuation policy	Depreciation policy
Plant, equipment and vehicles	Depreciated historical cost	Depreciated on the straight-line method over the estimated useful life between 2 and 60 years.
Computer hardware	Depreciated historical cost	Depreciated on the straight-line method over the estimated useful life between 2 and 5 years.
Electronic office equipment	Depreciated historical cost	Depreciated on the straight-line method over the estimated useful life between 5 and 10 years.

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

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

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

ii. Land and buildings

Asset	Valuation policy	Depreciation policy
Land and buildings in service Works administration properties	Land and buildings in service are generally valued at value in use (land) and depreciated replacement cost (buildings). Where such properties are rented externally they are valued at current market value. Land and buildings in service are revalued at least every three years. Annual indexation is applied to ensure that carrying amounts do not differ materially from market values at reporting date.	Buildings – Depreciated on the straight-line basis over the estimated useful life of between 20 and 50 years.
Land and Buildings Acquired for Future Roadworks (LAFFRW)	LAFFRW is valued at indexed acquisition cost and revalued to current market value progressively over a three year cycle. The valuation is carried out by a registered valuer. Annual indexation is applied to ensure that carrying amounts do not differ materially from market values at reporting date.	No depreciation is charged as buildings are not purchased to generate revenue but ultimately to be demolished for roadworks.
Vacant land	Vacant land is valued at indexed acquisition cost using Land Property Index data provided by the Valuer General.	No depreciation is charged on vacant land.
Leasehold improvements	Depreciated historic cost/revalued amount.	Amortised over the period of the lease, or the useful life of the leasehold improvement, whichever is shorter.

Individual LAFFRW parcels required for road construction are transferred to land under roads WIP when road construction begins. The date of transfer is the construction start date as detailed in the construction contract. At time of transfer, LAFFRW parcels are deemed to have no feasible alternative use and are revalued downwards to value in use (englobo or unimproved value).

Included in the value of land and buildings in service is an amount of $17.8 million (2014: $16.4 million) for both land and buildings on Crown land excluding depreciation on the buildings. As RMS effectively “controls” this Crown land, it has been included in RMS’ Statement of Financial Position. Should such Crown land be transferred or disposed of, associated buildings are written off in the financial year the transfer or disposal takes place.

RMS’ land and buildings are valued by registered valuers. Land and Buildings Acquired for Future Roadworks comprise Untenanted Land for Roads which is indexed annually and rental properties and surplus properties which are revalued progressively within a three year timeframe. The selection of assets within Land and Buildings Acquired for Future Roadworks to be revalued in each reporting period within the current progressive revaluation is made by reference to the asset’s acquisition date or previous revaluation date. For details refer to note 9(a).

iii. Infrastructure systems

Asset	Valuation policy	Depreciation policy
Roads	Depreciated replacement cost	Depreciated over estimated useful life using straight-line method.
Earthworks – Not Depreciated		- Indefinite
Earthworks – Depreciated		- 50 years
Pavement Wearing Surface – Asphalt		- 16-25 years
Pavement Wearing Surface – Spray Sealed		- 6-11 years
Pavement Wearing Surface – Unsealed		- 4 years
Pavement Wearing Surface – Concrete		- 16-25 years

Asset	Valuation policy	Depreciation policy
Pavement Base and Sub-Base – Asphalt		- 25-100 years
Pavement Base and Sub-Base – Spray Sealed		- 20-100 years
Pavement Base and Sub-Base – Unsealed		- 100 years
Pavement Base and Sub-Base – Concrete		- 55-100 years
Culverts & Drainage		- 50-100 years
Safety Barriers		- 40-100 years
Fences		- 40 years
Structures (Retaining Walls, Noise Walls and Gabions)		- 75 years
Footway, Vegetation, and Landscaping		- 20 years
Kerbs and Gutters		- 50 years
Guide Posts, Pavement Markings, Signposting, and Street Lighting		- 25 years
Bridges	Depreciated replacement cost	Depreciated over estimated useful life dependant on bridge type:
Timber structure		- 60 years
Concrete structures		- 100 years
Steel structures		- 100 years
Bridge Trusses (timber and steel)		- 60 years
Heritage bridges		- 200 years
Bridge size culverts/tunnels		- 100 years
Traffic signals	Depreciated replacement cost	Depreciated over estimated useful life of 20 years.
Traffic Control Network		Depreciated over estimated useful life of:
Traffic systems	Depreciated replacement cost	- 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 (unimproved and pre-subdivision land).	No depreciation applied as land does not have a limited useful life.
Sydney Harbour Tunnel	Depreciated replacement cost	Depreciated over estimate useful life depending on asset type:
Immersed tube		- 100 years
Mechanical and electrical		- 35 years
Pavement		- 35 years
Earthworks		- Indefinite life
Wharves and jetties	Depreciated replacement cost	Depreciated over estimated useful life of between 20 and 40 years
Moorings and wetlands	Capitalised revenues	Depreciated over estimated useful life of between nil and 20 years
Dredging assets	Replacement cost	Indefinite lives. The assets are independently revalued

Asset	Valuation policy	Depreciation policy
		by a marine engineer.
Seawall	Depreciated replacement cost	Depreciated over estimated useful life of between 25 and 40 years
Navigational aids	Depreciated historical cost	Depreciated on the straight-line method over the estimated useful life between 5 and 20 years.

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

These assets are recorded initially at construction cost and the annual percentage increase in the Australian Bureau of Statistics' Roads and Bridge Cost Index (RBCI) (2014: 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 RBCI (2014: RCI) applicable.

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

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

iv. Intangible assets

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

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

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

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

Intangible assets are tested for impairment where an indicator of impairment exists. If the recoverable amount is less than its carrying amount, the carrying amount is reduced to recoverable amount and the reduction is recognised as an impairment loss.

Asset	Valuation policy	Depreciation policy
Intangible assets	Depreciated historical cost	Amortised using the straight-line method over the estimated useful life of between 2 and 10 years.

v. Private sector provided infrastructure (PSPI)

In respect of certain private sector provided infrastructure assets: M2 Motorway, M4 Service Centre, M5 Motorway, the Eastern Distributor, the Cross City Tunnel, the Westlink M7 Motorway and the Lane Cove Tunnel, RMS values each right to receive asset by reference to RMS' emerging share of the written down replacement cost of each asset apportioned using an annuity approach. Under this approach, the ultimate value of the right to receive the property is treated as the compound value of an annuity that accumulates as a series of equal annual receipts together with an amount representing notional compound interest.

vi. Cultural collection assets

RMS have 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 rewards incidental to ownership of the leased assets, and operating leases under which the lessor effectively retains all such risks and rewards.

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 recognised as an expense on a straight-line basis over the lease term.

As Lessor: The reporting entity as the lessor classifies its long-term leases (typically where the initial lease term exceeds 50 years) as finance leases if it transfers to the lessee substantially all the risks and rewards incidental to ownership of the land. The leased assets are recognised as current and non-current receivables at amounts equal to the net investment in the leases.

The lease receipt is recognised in two components, one as a reduction of the lease receivables and the other as finance income. The finance income is calculated relevant to the term of the lease.

viii. Investments

The reporting entity subsequently measures investments classified as “held for trading” or designated upon initial recognition “at fair value through profit or loss” at fair value. Financial assets are classified as “held for trading” if they are acquired for the purpose of selling in the near term. The NSW Treasury Corporation (TCorp) Hour-Glass Investment Facilities are designated at fair value through profit and loss using the second leg of the fair value option under AASB 139.9(b)(ii), i.e. these financial assets are managed and their performance is evaluated on a fair value basis, in accordance with a documented risk management strategy, and information about these assets is provided internally on that basis to the key management personnel.

The movement in the fair value of the NSW TCorp Hour-Glass Investment Facilities incorporates distributions received as well as unrealised movements in fair value and is reported in the line item investment revenue.

(n) 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.

(o) 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.

(p) 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.

(q) Inventories

Inventories are initially measured at cost. Cost is calculated using either the weighted average cost or “first in first out” method. Inventories consist mainly of raw materials and supplies used for the construction and maintenance of roads, bridges and traffic signals. The cost of inventories acquired at no cost or for nominal consideration is the current replacement cost as at the date of acquisition. Current replacement cost is the cost the agency would incur to acquire the asset on the reporting date.

Inventories (other than those held for distribution) are stated at the lower of cost and net realisable value.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

(r) Capitalisation of expenditure

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

(s) Non-current assets held for sale

RMS have certain non-current assets classified as held for sale, where their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met when the sale is highly probable, the asset is available for immediate sale in its present condition, and the sale of the asset is expected to be completed within one year from the date of classification. Non-current assets held for sale are recognised at the lower of carrying amount and fair value less costs of disposal. These assets are not depreciated while they are classified as held for sale. Refer to note 11 for details.

(t) Other assets

Other assets including prepayments are recognised on a historic cost basis.

(u) Budgeted amounts

The budgeted amounts are drawn from the original budgeted financial statements presented to Parliament in respect of the reporting period. Subsequent amendments to the original budget (e.g. adjustment for transfers of functions between entities as a result of Administrative Arrangement Orders) are not reflected in the budgeted amounts. Major variances between the original budgeted amounts and the actual amounts disclosed on the primary financial statements are explained in Note 23.

(v) Financial instruments

The following accounting policies were applied to accounting for financial instruments. Additional disclosures regarding carrying amount and risk management disclosures are presented in note 16.

a. Financial assets

i. Cash and cash equivalents

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

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

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

ii. Loans and receivables and other financial assets

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. 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.

iv. Derecognition of financial assets

A financial asset is derecognised in the following circumstances:

- When the contractual rights to the cash flows from the financial assets expire; or if RMS transfers the financial asset.
- Where substantially all the risks and rewards have been transferred.

- Where RMS have not transferred substantially all the risks and rewards, if the entity has not retained control.

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

b. Financial liabilities

i. Payables

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

ii. Borrowings

Borrowings are recorded initially at fair value, net of transaction costs. Loans are not held for trading and are recognised at amortised cost using the effective interest method.

Amortised cost is the face value of the debt less unamortised premiums. The discount or premiums are treated as finance charges and amortised over the term of the debt.

Finance lease liabilities are recognised in accordance with 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, RMS derecognises the original liability and recognises the new liability. It then recognises the difference in their carrying amounts in the Statement of Comprehensive Income.

iv. Financial guarantees

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

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

RMS carries out minor works contracts for entities outside of the NSW public sector. In order to tender for the contracts and remain on an equal footing, RMS is required to lodge a security deposit in the form of bank guarantee. Under the *Public Authorities and (Financial Arrangements) Act 1987*, RMS have an approved limit from TCorp of $3.0 million which will expire on 30 June 2018.

RMS have reviewed its financial guarantees and determined that there is no material liability to be recognised for financial guarantee contracts as at 30 June 2015 and as at 30 June 2014. Refer to note 22 regarding disclosures on contingent liabilities.

(w) Equity transfers

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

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

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

(x) Grants and subsidies

Grants and subsidies generally comprise contributions in cash or kind to various local government authorities and not-for-profit community organisations. These contributions include transfers of roads and bridges, cash grants for road maintenance and the provision of transport services. The grants and subsidies are expensed on the transfer of cash or assets. The transferred assets are measured at their fair value and transferred for nil consideration.

(y) Retained taxes, fees and fines

Retained taxes, fines and fees are recognised when cash is received.

(z) Comparative information

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

(aa) Equity and reserves

i. Asset revaluation reserve

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

ii. Accumulated Funds

The category of 'Accumulated Funds' includes retained funds.

(bb) Critical accounting estimates, judgements and assumptions

In the application of accounting standards, management is required to make judgements, estimates and assumptions about the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and various factors that are believed to be reasonable under the current set of circumstances. Actual results may differ from these estimates.

Management evaluates these judgements, estimates and assumptions on an ongoing basis. Revisions to estimates are recognised in the period in which the estimate is revised if the revision affects only that period – or in the period of the revision and future periods if the revision affects both current and future periods.

Significant judgements, estimates and assumptions made by management in the preparation of the consolidated financial statements are outlined below:

Property, plant and equipment	Note 1(m) and note 9
Private sector provided infrastructure	Note 1(m) and note 10(a)
Employee benefits	Note 1(h)

(cc) Change in accounting estimate: Change in Indexation used for interim valuation of infrastructure assets

RMS have changed the indexation used in determining the fair value of infrastructure assets from RCI to the ABS RBCI during intervening periods of comprehensive valuations. The change is accounted as a change in accounting estimate and recognised prospectively in accordance with AASB108 *Accounting Policies, Changes in Accounting Estimates and Errors*.

This change resulted in an increase in depreciation expense by $6.1m and also increase in the fair value of infrastructure assets by $736.2m for the year ended 30 June 2015 (refer to Note 9(c)). The impact of the change on future periods cannot be readily determined; any differences arising would be due to the timing differences between the indices' data sets.

2. Expenses excluding losses

(a) Employee related and personnel services expenses

	Consolidated 2015 $'000	Consolidated 2014 $'000	Parent 2015 $'000	Parent 2014 $'000
Employee related expenses comprise the following specific items:				
Salaries and wages (including annual leave)	-	310,493	-	-
Superannuation - defined benefit plans *	-	43,086	-	-
Superannuation - defined contribution plans	-	17,544	-	-
Long service leave	-	1,681	-	-
Payroll tax and fringe benefits tax	-	16,882	-	-
Redundancy	-	31,628	-	-
Skilled Hire Contractors	24,082	23,569	12,362	23,569
Workers' compensation insurance	-	5,054	-	-
	24,082	**449,937**	**12,362**	**23,569**
Personnel services expenses comprise the following specific items:				
Salaries and wages (including annual leave)	391,827	144,605	385,485	455,098
Superannuation - defined benefit plans *	59,439	147,025	59,439	24,223
Superannuation - defined contribution plans	28,783	10,163	28,783	27,707
Long service leave	37,333	2,912	37,333	4,593
Payroll tax and fringe benefits tax	26,040	6,072	26,040	22,954
Redundancy	26,567	36,162	26,567	67,790
Workers' compensation insurance	6,135	2,248	6,135	7,302
	576,124	**349,187**	**569,782**	**609,667**
	600,206	**799,124**	**582,144**	**633,236**
Allocations of employee related/personnel services costs to programs:				
- Capitalised to infrastructure	232,212	235,050	232,212	235,050
- Operating programs (including maintenance costs)	600,206	799,124	582,144	633,236
	832,418	**1,034,174**	**814,356**	**868,286**

Included in the above are employee related expenses of $111.8 million (2014: $148.9 million) related to maintenance.

*During the financial period spanning 1 July 2013 to 23 February 2014, defined benefit superannuation actuarial gains of $79.2 million and actual return on fund asset less interest income of $86.7 million were recognised in the under “other comprehensive income” within the Consolidated Statement of Comprehensive Income. RMS’s employee related costs subsequent to 23 February 2014 are recognised as personnel service expenses in the Consolidated Statement of Comprehensive Income.

(b) Other operating expenses

	Consolidated 2015 $'000	Consolidated 2014 $'000	Parent 2015 $'000	Parent 2014 $'000
Auditor's remuneration - audit of financial statements	777	775	730	730
Advertising	3,801	3,819	3,379	3,819
Contract payments	163,522	90,061	86,723	90,061
Data processing	47,704	44,367	47,704	44,367
Contingent rent	2,625	2,315	2,625	2,315
Fleet hire and lease charges	20,698	18,888	20,107	18,888
Lease and property expenses	69,222	52,256	67,300	52,256
M5 Cashback refund	81,378	73,966	81,378	73,966
Office expenses	37,757	36,188	37,126	36,188
Payments to councils and external bodies	17,505	11,824	17,505	11,824
SNP concession fees	21,927	20,110	21,927	20,155
Sydney Harbour Tunnel operating fees	30,112	29,235	30,112	29,235
Travel and legal expenses	41,279	23,685	37,260	23,685
Consultants	457	369	457	369
Professional fees	57,996	73,952	58,002	73,952
WDA project expenses	-	-	11,200	40,524
Other	49,376	34,225	48,507	34,225
	646,136	**516,035**	**572,042**	**556,559**
Share services charges	42,183	54,641	41,680	54,641
	688,319	**570,676**	**613,722**	**611,200**

Infrastructure maintenance

Major reconstruction costs for road segments on State roads are capitalised and as such not charged against maintenance expenditure. RMS capitalised $670.1 million (2014: $595.9 million) of such works during the year.

RMS expensed $42.7 million in the year ended 30 June 2015(2014: $156.4 million) on natural disaster restoration works from State funds, and $280.2 million in the year ended 30 June 2015(2014: $231.1 million) on block grants and other maintenance grants to councils for regional and local roads.

Maintenance expenses in Statement of Comprehensive Income	469,986	485,920	469,864	485,920
Maintenance related employee expenses (Note 2(a))	111,842	148,917	111,842	148,917
Total maintenance expenses including employee related	**581,828**	**634,837**	**581,706**	**634,837**
Maintenance grants to councils (Note2(d))	295,657	351,411	295,657	351,411
Capitalised maintenance	670,131	595,932	670,131	595,932
Total maintenance program	**1,547,616**	**1,582,180**	**1,547,494**	**1,582,180**

(c) Depreciation and amortisation

Depreciation of operational and property assets	36,934	39,723	36,934	39,723
Depreciation of infrastructure assets	1,489,327	1,383,100	1,489,327	1,383,100
Amortisation of intangible assets	25,096	11,885	25,096	11,885
	1,551,357	**1,434,708**	**1,551,357**	**1,434,708**

(d) Grants and subsidies

	Consolidated 2015 $'000	Consolidated 2014 $'000	Parent 2015 $'000	Parent 2014 $'000
Maintenance grants to councils (Note 2(b))	295,657	351,411	295,657	351,411
Roads and bridges transferred to councils	1,857	85,584	1,857	85,584
Contribution to National Heavy Vehicle Regulator	39,225	-	39,225	-
Other grants and subsidies	11,397	9,495	172,622	9,495
	348,136	**446,490**	**509,361**	**446,490**

(e) Finance costs

	Consolidated 2015 $'000	Consolidated 2014 $'000	Parent 2015 $'000	Parent 2014 $'000
Interest expense from financial liabilities not at fair value through profit and loss	228	25,402	228	25,402
Finance lease interest charges	36,115	39,818	36,115	39,818
M2 and Eastern Distributor promissory notes	5,986	-	5,986	-
Other	1,038	1,909	850	1,909
	43,367	**67,129**	**43,179**	**67,129**

3. Revenue

(a) Sale of goods and services

	Consolidated 2015 $'000	Consolidated 2014 $'000	Parent 2015 $'000	Parent 2014 $'000
Sale of goods				
Number plates	119,297	112,511	119,297	112,511
Rendering of services				
Advertising	23,585	22,528	23,585	22,528
Boat licences	25,167	19,679	25,167	19,679
Boat registrations	25,483	23,755	25,483	23,755
Channel fees	7,568	10,117	7,568	10,117
Fees for services	61,510	58,745	61,510	58,745
Heavy vehicle permit fees	1,471	1,564	1,471	1,564
Miscellaneous services	14,430	25,446	15,041	25,446
Moorings	8,992	8,765	8,992	8,765
General maritime revenue	1,946	3,648	1,946	3,648
Publications	8,400	7,495	8,400	7,495
Rental income	54,445	55,556	54,445	55,556
Third party insurance data access charges	5,677	20,006	5,677	20,006
Toll revenue (Sydney Harbour Bridge)	106,424	102,293	106,424	102,293
Toll revenue (Sydney Harbour Tunnel)	43,227	43,180	43,227	43,180
WDA project fees	-	-	11,200	40,524
Works and services	137,480	30,030	37,808	30,030
	645,102	**545,318**	**557,241**	**585,842**
Personnel services revenue	**5,365**	**27,393**	**5,365**	**27,393**

(b) Investment revenue

	Consolidated 2015 $'000	Consolidated 2014 $'000	Parent 2015 $'000	Parent 2014 $'000
Interest	20,068	8,673	19,770	8,673
Rent received - Maritime Trade Tower	-	7	-	7
Amortisation of zero interest loan Sydney Harbour Tunnel	8,645	8,095	8,645	8,095
TCorp Investment Facilities Designated at Fair Value Through Profit or Loss - Gain on Fair Valuation	4,887	4,683	4,887	4,683
	33,600	**21,458**	**33,302**	**21,458**

(c) Retained taxes, fees and fines

Sanction fees payable under the Fines Act	15,234	17,069	15,234	17,069
National Heavy Vehicle Regulator charges	55,169	-	55,169	-
	70,403	**17,069**	**70,403**	**17,069**

(d) Grants from Transport for NSW (TfNSW)

Operating grant				
Grant to fund general operations including maintenance	1,212,142	1,518,115	1,212,142	1,518,115
Capital grant				
Grants to fund investment in infrastructure network development	3,523,715	2,895,315	3,523,715	2,895,315
	4,735,857	**4,413,430**	**4,735,857**	**4,413,430**

Of the $3,523.7 million capital grant, $1,308.1 million relates to federal funding (2014: $785.7 million of $2,895.3 million). The equivalent figure for the federal recurrent grant is $167.3 million (2014: $168.8 million). Federal funding is appropriated to TfNSW through NSW Treasury.

(e) Other grants and contributions

NSW Government agencies				
- TfNSW	4,377	8,422	4,377	8,422
- Other	151,918	31,428	151,918	31,428
Local government	16,427	71,291	16,427	71,291
Other government agencies	6,208	5,806	6,208	5,806
Private firms and individuals	8,179	8,842	8,179	8,842
	187,109	**125,789**	**187,109**	**125,789**

Contributions received during the year ended 30 June 2015 were recognised as revenue during the period and were expended in that period with no balance of those funds available at 30 June 2015.

(f) Other revenue

	Consolidated 2015 $'000	Consolidated 2014 $'000	Parent 2015 $'000	Parent 2014 $'000
Amortisation of Deferred Revenue on Private Sector Provided Infrastructure (PSPI) Projects	14,910	12,065	14,910	12,065
Value of emerging interest of PSPI	-		-	
- M2 Motorway/M2 Widening (refer note 10(a))	34,557	41,479	34,557	41,479
- M4 Motorway Service Centre (refer note 10(a))	1,349	1,238	1,349	1,238
- M5 South-West Motorway (refer note 10(a))	28,767	28,473	28,767	28,473
- Eastern Distributor (refer note 10(a))	18,404	17,271	18,404	17,271
- Cross City Tunnel (refer note 10(a))	26,272	24,907	26,272	24,907
- Westlink M7 Motorway (refer note 10(a))	56,630	49,872	56,630	49,872
- Lane Cove Tunnel (refer note 10(a))	34,150	35,553	34,150	35,553
M2 and Eastern Distributor promissory notes	-	9,025	-	9,025
Fuel tax credits	22	3,972	22	3,972
Principal arranged insurance refund	224	-	224	-
Property revenue	897	1,964	897	1,964
Recognition of infrastructure assets (refer note 9(c))	198,452	22,396	198,452	22,396
Other boating fees	1,683	1,582	1,683	1,582
Write back of payable forgiven	5,552	36,449	5,552	36,449
Write off of make good provision	6,430	-	6,430	-
Other (including professional services revenue)	4,599	1,298	4,599	1,298
	432,898	**287,544**	**432,898**	**287,544**

4. Gains (losses) on disposal

(a) Gains/(losses) on disposal

	Consolidated 2015 $'000	Consolidated 2014 $'000	Parent 2015 $'000	Parent 2014 $'000
Net gain/(loss) on sale of property, plant and equipment				
- Proceeds from sale	32,852	50,946	32,852	50,946
- Carrying amount of assets sold	(38,013)	(46,342)	(38,013)	(46,342)
Net gain/(loss) on sale of property, plant and equipment	**(5,161)**	**4,604**	**(5,161)**	**4,604**

(b) Other gains/(losses)

	Consolidated 2015 $'000	Consolidated 2014 $'000	Parent 2015 $'000	Parent 2014 $'000
Allowance for impairment of receivables	(1,571)	(1,571)	(1,571)	(1,571)
Bad debts (written off)/recovered	(372)	(407)	(372)	(407)
Carrying amount of infrastructure assets written off (refer note 5)	(171,423)	(521,907)	(171,423)	(521,907)
Write-down of obsolete inventories	-	(1,189)	-	(1,189)
Write-down of land & buildings and infrastructure assets (refer note 5)	(52,147)	(117,615)	(52,147)	(117,615)
Loss on T-Corp loan transferred	(8,941)	-	(8,941)	-
Total other gains/(losses)	**(234,454)**	**(642,689)**	**(234,454)**	**(642,689)**

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

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

	Consolidated 2015 $'000	Consolidated 2014 $'000	Parent 2015 $'000	Parent 2014 $'000
Infrastructure assets written off	**171,423**	**521,907**	**171,423**	**521,907**

The following infrastructure assets were written off in the years ended 30 June 2015 and 30 June 2014:

	Replacement costs 2015 $'000	Accumulated depreciation 2015 $'000	Written down value 2015 $'000	Replacement costs 2014 $'000	Accumulated depreciation/Unearned income 2014 $'000	Written down value 2014 $'000
Roads	185,241	(63,963)	121,278	363,367	(106,190)	257,177
LUR	-	-	-	-	-	-
Bridges	56,657	(20,150)	36,507	38,593	(8,480)	30,113
Maritime assets	10,649	(6,902)	3,747	-	-	-
Work in progress	8,075	-	8,075	-	-	-
Traffic signals network	796	(224)	572	433	(210)	223
Traffic control network	4,288	(3,044)	1,244	2,352	(2,321)	31
Maritime dredge assets*	-	-	-	297,440	(63,077)	234,363
	265,706	**(94,283)**	**171,423**	**702,185**	**(180,278)**	**521,907**

* The write off amount of $234.4 million last year represents the derecognition of Maritime dredge assets transferred to Port Corporations, less unearned income.

	Consolidated 2015 $'000	Consolidated 2014 $'000	Parent 2015 $'000	Parent 2014 $'000
Land & buildings and Infrastructure assets written down	**52,147**	**117,615**	**52,147**	**117,615**

The following land & buildings and infrastructure assets and were written down in the years ended 30 June 2015 and 30 June 2014:

	Written down value 2015 $'000	Written down value 2014 $'000
Infrastructure systems		
Land under roads	-	19,542
Traffic signals network	695	72,716
Maritime assets	-	2,043
	695	94,301
Land & buildings		
Land and Buildings Acquired for Future Roadworks	32,990	23,314
Administrative Buildings	17,530	-
Leasehold Improvements	932	-
	52,147	**117,615**

6. Service groups of Roads and Maritime Services

(a) Growth and Improvement

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

(b) Services and Operations

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

(c) Asset Maintenance

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

7. Current assets – cash and cash equivalents

	Consolidated 2015 $'000	Consolidated 2014 $'000	Parent 2015 $'000	Parent 2014 $'000
RMS operating account**	297,791	87,221	277,493	87,221
Remitting account, cash in transit and cash on hand *	42,433	42,170	42,433	42,170
TCorp Hour-Glass Cash Facility **	227,180	196,122	96,698	196,122
On call deposits	-	7,668	-	7,668
Other	499	677	499	677
	567,903	**333,858**	**417,123**	**333,858**

*The remitting account balance above does not include cash of $32.2 million (2014: $37.9 million) relating to administered revenue held by RMS as at 30 June (refer to note 26).
**The RMS operating account includes restricted asset of $39.4 million relating to the Maritime Waterways fund. The TCorp Hour-Glass Cash Facility is unit trust investment cash facilities which are at call. This includes restricted assets received from the deposit holders, which are SHB ETOLL Tag Deposits of $53.7 million (2014: $52.2 million), Just Terms Compensation of $3.8 million for RMS and $130.5 million for WDA (2014: $0.8 million for RMS only), Maritime Waterways fund of $38.8 million and Tow Truck Licensing and Compliance for RMS of $0.4 million (2014: $0.4 million). The total restricted assets included in RMS' cash and cash equivalents are $266.6 million for Consolidated and $136.1 million for Parent (refer to Note 13).

For the purposes of the statement of cash flows, cash and cash equivalents include cash at bank, cash on hand, on call deposits, and TCorp cash facilities.

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

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

(a) Current receivables

	Consolidated 2015 $'000	Consolidated 2014 $'000	Parent 2015 $'000	Parent 2014 $'000
Sale of goods and services	55,797	35,862	27,245	35,862
Other	15,745	5,991	18,661	5,991
Less: allowance for impairment *	(9,694)	(8,168)	(9,694)	(8,168)
	61,848	**33,685**	**36,212**	**33,685**
Goods and services tax receivable	103,228	90,913	100,494	90,913
	165,076	**124,598**	**136,706**	**124,598**
Prepayments	10,992	9,150	10,967	9,150
Property debtors	55,530	29,448	55,530	29,448
Dishonoured credit cards	158	161	158	161
	231,756	**163,357**	**203,361**	**163,357**
Accrued income				
- Interest	1,537	6,867	1,511	6,867
- Property sales	15,135	14,656	15,135	14,656
- Other	11,227	5,138	11,227	5,138
	259,655	**190,018**	**231,234**	**190,018**

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

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

Movement in the allowance for impairment

	Consolidated 2015 $'000	Consolidated 2014 $'000	Parent 2015 $'000	Parent 2014 $'000
Opening balance at the beginning of the year	8,168	6,597	8,168	6,597
Amounts written off during the year	(45)	-	(45)	-
Increase in allowance recognised in Statement of Comprehensive Income	1,571	1,571	1,571	1,571
Balance as at end of the year	**9,694**	**8,168**	**9,694**	**8,168**

(b) Non-current receivables

	Consolidated 2015 $'000	Consolidated 2014 $'000	Parent 2015 $'000	Parent 2014 $'000
Prepayments	8,907	-	8,907	-
Other	-	400	-	400
	8,907	**400**	**8,907**	**400**

(c) Other financial assets

Current financial assets (at amortised cost)

	Consolidated 2015 $'000	Consolidated 2014 $'000	Parent 2015 $'000	Parent 2014 $'000
M7 Motorway concession payment recoverable	499	-	499	-
	499	**-**	**499**	**-**

Non-current financial assets (at amortised cost)

	Consolidated 2015 $'000	Consolidated 2014 $'000	Parent 2015 $'000	Parent 2014 $'000
Loan to Sydney Harbour Tunnel Company	135,867	127,222	135,867	127,222
M7 Motorway concession payments recoverable	170,991	-	170,991	-
Lane Cove Tunnel concession payments recoverable	164,869	-	164,869	-
M2 and Eastern Distributor operators Promissory notes (refer to note 10 (a))	48,609	50,323	48,609	50,323
	520,336	**177,545**	**520,336**	**177,545**

(d) Current financial assets (at fair value)

	Consolidated 2015 $'000	Consolidated 2014 $'000	Parent 2015 $'000	Parent 2014 $'000
TCorp Hour-Glass Investment Facilities - long-term growth facility	16,971	15,061	16,971	15,061
TCorp Hour-Glass Investment Facilities - medium-term growth facility	41,174	38,349	41,174	38,349
TCorp Hour-Glass Investment Facilities - strategic cash facility	5,452	5,300	5,452	5,300
	63,597	**58,710**	**63,597**	**58,710**

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

Consolidated	Land and buildings $'000	Plant and equipment $'000	Infrastructure systems $'000	Total $'000
As at 1 July 2014 - fair value				
Gross carrying amount	2,602,387	263,725	101,712,624	104,578,736
Accumulated depreciation	(84,482)	(144,314)	(32,231,942)	(32,460,738)
Net carrying amount	**2,517,905**	**119,411**	**69,480,682**	**72,117,998**
As at 30 June 2015 - fair value				
Gross carrying amount	3,020,561	267,305	107,557,146	110,845,012
Accumulated depreciation	(93,635)	(157,375)	(33,683,952)	(33,934,962)
Net carrying amount	**2,926,926**	**109,930**	**73,873,194**	**76,910,050**

Consolidated & parent	Land and buildings $'000	Plant and equipment $'000	Infrastructure systems $'000	Total $'000
As at 1 July 2013 - fair value				
Gross carrying amount	2,476,695	280,984	97,519,308	100,276,987
Accumulated depreciation	(66,284)	(144,304)	(30,908,399)	(31,118,987)
Net carrying amount	**2,410,411**	**136,680**	**66,610,909**	**69,158,000**
As at 30 June 2014 - Fair value				
Gross carrying amount	2,602,387	263,725	101,712,624	104,578,736
Accumulated depreciation	(84,482)	(144,314)	(32,231,942)	(32,460,738)
Net carrying amount	**2,517,905**	**119,411**	**69,480,682**	**72,117,998**

Parent	Land and buildings $'000	Plant and equipment $'000	Infrastructure systems $'000	Total $'000
As at 1 July 2014 - fair value				
Gross carrying amount	2,602,387	263,725	101,712,624	104,578,736
Accumulated depreciation	(84,482)	(144,314)	(32,231,942)	(32,460,738)
Net carrying amount	**2,517,905**	**119,411**	**69,480,682**	**72,117,998**
As at 30 June 2015 - fair value				
Gross carrying amount	2,914,928	267,305	107,544,151	110,726,384
Accumulated depreciation	(93,635)	(157,375)	(33,683,952)	(33,934,962)
Net carrying amount	**2,821,293**	**109,930**	**73,860,199**	**76,791,422**

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

Year ended 30 June 2015	Land and buildings $'000	Plant and equipment $'000	Infrastructure systems $'000	Total $'000
Net carrying amount 1 July 2014	**2,517,905**	**119,411**	**69,480,682**	**72,117,998**
Additions	488,609	14,881	2,960,590	3,464,080
Disposals	(3,833)	(2,230)	(163,348)	(169,411)
Transfers to councils	-	-	(1,857)	(1,857)
Transfers from councils	-	-	110	110
Net revaluation increment less revaluation decrements	116,700	-	2,881,057	2,997,757
Assets recognised for the first time	-	-	198,452	198,452
Asset write-off	-		(8,075)	(8,075)
Asset write-down	(51,452)	-	(695)	(52,147)
Depreciation expense	(15,347)	(21,587)	(1,489,327)	(1,526,261)
Transfer (to)/from assets held for sale	(28,266)	-	-	(28,266)
RCI and other adjustments/WIP	-	-	-	-
Assets transferred out through equity	(81,785)	-	-	(81,785)
Transfer out	(19,924)	-	(1,512,949)	(1,532,873)
Transfers in	4,319	(545)	1,528,554	1,532,328
Net carrying amount at 30 June 2015	**2,926,926**	**109,930**	**73,873,194**	**76,910,050**

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

Parent

Year ended 30 June 2015	Land and buildings $'000	Plant and equipment $'000	Infrastructure systems $'000	Total $'000
Net carrying amount 1 July 2014	**2,517,905**	**119,411**	**69,480,682**	**72,117,998**
Additions	382,976	14,881	2,947,595	3,345,452
Disposals	(3,833)	(2,230)	(163,348)	(169,411)
Transfers to councils	-	-	(1,857)	(1,857)
Transfers from councils	-	-	110	110
Net revaluation increment less revaluation decrements	116,700	-	2,881,057	2,997,757
Assets recognised for the first time	-	-	198,452	198,452
Asset write-off	-		(8,075)	(8,075)
Asset write-down	(51,452)	-	(695)	(52,147)
Depreciation expense	(15,347)	(21,587)	(1,489,327)	(1,526,261)
Transfer (to)/from assets held for sale	(28,266)	-	-	(28,266)
RCI and other adjustments/WIP	-	-	-	-
Assets transferred out through equity	(81,785)	-	-	(81,785)
Transfer out	(19,924)	-	(1,512,949)	(1,532,873)
Transfers in	4,319	(545)	1,528,554	1,532,328
Net carrying amount at 30 June 2015	**2,821,293**	**109,930**	**73,860,199**	**76,791,422**

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

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

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

Physical non-current assets are valued in accordance with the 'Valuation of Physical Non-Current Assets at Fair Value' Policy and Guidelines Paper (TPP 14–1). This policy adopts fair value in accordance with AASB 13 *Fair Value Measurement*. RMS have engaged external experts to perform a comprehensive revaluation of Maritime infrastructure assets. All Maritime infrastructure assets are stated at fair value as at 30 June 2015. Interim revaluations have been performed for all other infrastructure assets.

(a) Land and buildings – consolidated and parent

Consolidated

Year ended 30 June 2015	Land $'000	Administrative Buildings $'000	Land and buildings acquired for future roadworks * $'000	Leasehold improvements $'000	Total $'000
Net carrying amount 1 July 2014	**235,370**	**150,943**	**2,100,659**	**30,933**	**2,517,905**
Additions	-	7,665	476,857	4,087	488,609
Disposals	-	-	-	(3,833)	(3,833)
Net revaluation increments less revaluation decrements	114,488	2,212	-	-	116,700
Depreciation expense	-	(8,350)	-	(6,997)	(15,347)
Transfer from/to assets held for sale	-	-	(28,266)	-	(28,266)
Transfer in	-	4,319	-		4,319
Reclassifications	(14,442)	(1,965)	16,407	-	-
Adjustments/WIP	-	-	-	-	-
Asset write-down	-	(17,530)	(32,990)	(932)	(51,452)
Assets transferred out through equity	(67,477)	(14,308)	-	-	(81,785)
Transfer to infrastructure	-	-	(19,924)	-	(19,924)
Net carrying amount at 30 June 2015	**267,939**	**122,986**	**2,512,743**	**23,258**	**2,926,926**

Year ended 30 June 2014	Land $'000	Administrative Buildings $'000	Land and buildings acquired for future roadworks * $'000	Leasehold improvements $'000	Total $'000
Net carrying amount 1 July 2013	**230,087**	**154,390**	**1,991,062**	**34,872**	**2,410,411**
Additions	-	4,737	164,365	3,872	172,974
Disposals	-	-	-	-	-
Net revaluation increments less revaluation decrements	6,710	2,255	-	-	8,965
Depreciation expense	-	(9,793)	-	(8,462)	(18,255)
Transfer from/to assets held for sale	-	-	(22,364)	-	(22,364)
Transfer in	-	-	-	-	-
Reclassifications	(1,427)	(646)	1,422	651	-
Adjustments/WIP	-	-	-	-	-
Asset write-down	-	-	(23,314)	-	(23,314)
Transfer to infrastructure	-	-	(10,512)	-	(10,512)
Net carrying amount at 30 June 2014	**235,370**	**150,943**	**2,100,659**	**30,933**	**2,517,905**

*Land acquired for future road works was revalued as at 28 February 2015 (2014: 31 March 2014) using the Valuer-General's land property index. This has resulted in an increment recorded against the asset revaluation reserve. However, for the year ended 30 June 2015 there was a decrement recorded in the statement of comprehensive income of $33.0 million (2014: $23.3 million), which has resulted from the transfer of land acquired for future road works to land under roads (refer to Note 5).

Parent

Year ended 30 June 2015	Land $'000	Administrative Buildings $'000	Land and buildings acquired for future roadworks * $'000	Leasehold improvements $'000	Total $'000
Net carrying amount 1 July 2014	**235,370**	**150,943**	**2,100,659**	**30,933**	**2,517,905**
Additions	-	7,665	371,224	4,087	382,976
Disposals	-	-	-	(3,833)	(3,833)
Net revaluation increments less revaluation decrements	114,488	2,212	-	-	116,700
Depreciation expense	-	(8,350)	-	(6,997)	(15,347)
Transfer from/to assets held for sale	-	-	(28,266)	-	(28,266)
Transfer in	-	4,319	-		4,319
Reclassifications	(14,442)	(1,965)	16,407	-	-
Adjustments/WIP	-	-	-	-	-
Asset write-down	-	(17,530)	(32,990)	(932)	(51,452)
Assets transferred out through equity	(67,477)	(14,308)	-	-	(81,785)
Transfer to infrastructure	-	-	(19,924)	-	(19,924)
Net carrying amount at 30 June 2015	**267,939**	**122,986**	**2,407,110**	**23,258**	**2,821,293**

Year ended 30 June 2014	Land $'000	Administrative Buildings $'000	Land and buildings acquired for future roadworks * $'000	Leasehold improvements $'000	Total $'000
Net carrying amount 1 July 2013	**230,087**	**154,390**	**1,991,062**	**34,872**	**2,410,411**
Additions	-	4,737	164,365	3,872	172,974
Disposals	-	-	-	-	-
Net revaluation increments less revaluation decrements	6,710	2,255	-	-	8,965
Depreciation expense	-	(9,793)	-	(8,462)	(18,255)
Transfer from/to assets held for sale	-	-	(22,364)	-	(22,364)
Transfer in	-	-	-	-	-
Reclassifications	(1,427)	(646)	1,422	651	-
Adjustments/WIP	-	-	-	-	-
Asset write-down	-	-	(23,314)	-	(23,314)
Transfer to infrastructure	-	-	(10,512)	-	(10,512)
Net carrying amount at 30 June 2014	**235,370**	**150,943**	**2,100,659**	**30,933**	**2,517,905**

* Land acquired for future road works was revalued as at 28 February 2015 (2014: 31 March 2014) using the Valuer-General's land property index. This has resulted in an increment recorded against the asset revaluation reserve. However, for the year ended 30 June 2015 there was a decrement recorded in the statement of comprehensive income of $33.0 million (2014: $23.3 million), which has resulted from the transfer of land acquired for future road works to land under roads (refer to Note 5).

Consolidated

Category of land and building acquired for future road works	**Aggregate carrying amount 2015 $'000**	**Aggregate carrying amount 2014 $'000**
Revalued as part of the current progressive revaluation and carried at fair value (market value) as at the end of the financial year less, where applicable, any subsequent accumulated depreciation:		
- Surplus properties	417,987	361,353
- Rentable properties	603,270	501,135
Untenanted land for roads - revalued annually not subject to progressive revaluation	1,491,486	1,238,171
Total land and buildings acquired for future roadworks	2,512,743	2,100,659

Parent

Category of land and building acquired for future road works	**Aggregate carrying amount 2015 $'000**	**Aggregate carrying amount 2014 $'000**
Revalued as part of the current progressive revaluation and carried at fair value (market value) as at the end of the financial year less, where applicable, any subsequent accumulated depreciation:		
- Surplus properties	417,987	361,353
- Rentable properties	603,270	501,135
Untenanted land for roads - revalued annually not subject to progressive revaluation	1,385,853	1,238,171
Total land and buildings acquired for future roadworks	2,407,110	2,100,659

Due to the large number of properties held, a combination of RMS and independent valuers are used to perform the progressive revaluations. Where possible, the fair value of land and buildings are determined by reference to recent market transactions, using the following methods and assumptions:

- The pre-acquisition market value was used as the base value for determining fair value.
- The base value for land and building parcels acquired after 1999 have been increased by movements in the NSW Valuer-General's Land Price Index (LPI) for the period 2000-2012.
- For land and building parcels purchased prior to 2000 or where pre-acquisition market values were not available, a rate per square metre was calculated from recent market transactions within the same or similar Local Government Areas and applied to the current parcel area.

Land and buildings not re-valued as part of the current year progressive revaluations have been indexed based on LPI component factors to ensure that their carrying amounts do not differ materially from fair value as at 30 June 2015.

(b) Plant and equipment – consolidated and parent

Year ended 30 June 2015	Plant equipment and motor vehicles $'000	Computer hardware $'000	Electronic office equipment $'000	Total $'000
Net carrying amount 1 July 2014	**90,184**	**27,654**	**1,573**	**119,411**
Additions	8,968	5,873	40	14,881
Disposals	(2,138)	(82)	(10)	(2,230)
Depreciation expense	(12,206)	(9,310)	(71)	(21,587)
Transfer to asset held for sale	-	-	-	-
Reclassifications	847	(1,392)	-	(545)
Net carrying amount at 30 June 2015	**85,655**	**22,743**	**1,532**	**109,930**

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

(c) Infrastructure systems

Consolidated

Year ended 30 June 2015	Roads $'000	Land under roads $'000	Bridges $'000	Sydney Harbour Tunnel $'000	Traffic signals network $'000	Traffic control network $'000	Maritime assets $'000	Major works in progress $'000	Total $'000
Net carrying amount 1 July 2014	**48,644,523**	**1,468,240**	**13,571,019**	**945,437**	**167,478**	**154,968**	**521,212**	**4,007,805**	**69,480,682**
Additions	1,080,018	-	33,833	-	6,903	7,305	71	1,832,460	2,960,590
Disposals	(121,278)	-	(36,507)	-	(572)	(1,244)	(3,747)	-	(163,348)
Transfers to councils	-	-	(1,857)	-	-	-	-	-	(1,857)
Transfers from councils	110	-	-	-	-	-	-	-	110
Assets recognised for the first time	179,374	-	19,078	-	-	-	-	-	198,452
Net revaluation increment less revaluation decrements	2,255,269	166,855	403,216	26,944	-	11,324	17,449	-	2,881,057
Asset write-off	-	-	-	-	-	-	-	(8,075)	(8,075)
Asset write-down	-	-	-	-	(695)	-	-	-	(695)
Depreciation expense	(1,248,812)	-	(180,446)	(14,764)	(20,719)	(13,420)	(11,166)	-	(1,489,327)
Transfers in	1,433,144	19,924	44,897	-	-	-	30,589	-	1,528,554
Transfers out	-	-	-	-	-	-	(4,319)	(1,508,630)	(1,512,949)
Net carrying amount at 30 June 2015	**52,222,348**	**1,655,019**	**13,853,233**	**957,617**	**152,395**	**158,933**	**550,089**	**4,323,560**	**73,873,194**

RMS have a Finance Lease agreement with Sydney Harbour Tunnel Company Limited (SHTC) in regards to the Sydney Harbour Tunnel. The agreement transfers ownership of the tunnel to RMS at the end of the lease term in 2022 (see note 19(c) for further details). At 30 June 2015 the net carrying amount of this leased infrastructure assets was $957.6 million (2014: $945.4 million).

RMS have engaged external experts to perform a comprehensive revaluation of Maritime infrastructure assets. Interim revaluations have been performed for all other infrastructure assets.

RMS have changed the indexation for interim revaluation and this has resulted in an increase in depreciation expense by $6.1m and also increase in the fair value of infrastructure assets by $736.2m for the year ended 30 June 2015. Refer to Note 1(cc) for further details.

Consolidated

Year ended 30 June 2014	**Roads $'000**	**Land under roads $'000**	**Bridges $'000**	**Sydney Harbour Tunnel $'000**	**Traffic signals network $'000**	**Traffic control network $'000**	**Maritime assets $'000**	**Major works in progress $'000**	**Total $'000**
Net carrying amount 1 July 2013	**46,691,026**	**1,477,705**	**11,984,737**	**807,451**	**274,435**	**159,317**	**849,364**	**4,366,874**	**66,610,909**
Additions	400,852	-	312,937	-	4,719	13,636	-	2,078,649	2,810,793
Disposals	(257,177)	-	(30,113)	-	(223)	(31)	(297,440)	-	(584,984)
Transfers to councils	(76,448)	(890)	(8,246)	-	-	-	-	-	(85,584)
Transfers from councils	67,612	455	983	-	-	-	-	-	69,050
Assets recognised for the first time	538	-	21,858	-	-	-	-	-	22,396
Net revaluation increment less revaluation decrements	1,604,793	-	392,667	144,300	(9,817)	(6,407)	(20,549)	-	2,104,987
Asset write-off	-	-	-	-		-	-	-	-
Asset write-down	-	(19,542)	-	-	(72,716)	-	(2,043)	-	(94,301)
Depreciation expense	(1,155,508)	-	(172,429)	(6,314)	(28,920)	(11,547)	(8,382)	-	(1,383,100)
Transfers in	1,368,835	10,512	1,068,625	-	-	-	258	-	2,448,230
Transfers out	-	-	-	-	-	-	-	(2,437,718)	(2,437,718)
RCI and other adjustments/WIP	-	-	-	-	-	-	4	-	4
Net carrying amount at 30 June 2014	**48,644,523**	**1,468,240**	**13,571,019**	**945,437**	**167,478**	**154,968**	**521,212**	**4,007,805**	**69,480,682**

Parent

Year ended 30 June 2015	Roads $'000	Land under roads $'000	Bridges $'000	Sydney Harbour Tunnel $'000	Traffic signals network $'000	Traffic control network $'000	Maritime assets $'000	Major works in progress $'000	Total $'000
Net carrying amount 1 July 2014	**48,644,523**	**1,468,240**	**13,571,019**	**945,437**	**167,478**	**154,968**	**521,212**	**4,007,805**	**69,480,682**
Additions	1,080,018	-	33,833	-	6,903	7,305	71	1,819,465	2,947,595
Disposals	(121,278)	-	(36,507)	-	(572)	(1,244)	(3,747)	-	(163,348)
Transfers to councils	-	-	(1,857)	-	-	-	-	-	(1,857)
Transfers from councils	110	-	-	-	-	-	-	-	110
Assets recognised for the first time	179,374	-	19,078	-	-	-	-	-	198,452
Net revaluation increment less revaluation decrements	2,255,269	166,855	403,216	26,944	-	11,324	17,449	-	2,881,057
Asset write-off	-	-	-	-	-	-	-	(8,075)	(8,075)
Asset write-down	-	-	-	-	(695)	-	-	-	(695)
Depreciation expense	(1,248,812)	-	(180,446)	(14,764)	(20,719)	(13,420)	(11,166)	-	(1,489,327)
Transfers in	1,433,144	19,924	44,897	-	-	-	30,589	-	1,528,554
Transfers out	-	-	-	-	-	-	(4,319)	(1,508,630)	(1,512,949)
Net carrying amount at 30 June 2015	**52,222,348**	**1,655,019**	**13,853,233**	**957,617**	**152,395**	**158,933**	**550,089**	**4,310,565**	**73,860,199**

RMS have a Finance Lease agreement with Sydney Harbour Tunnel Company Limited (SHTC) in regards to the Sydney Harbour Tunnel. The agreement transfers ownership of the tunnel to RMS at the end of the lease term in 2022 (see note 19(c) for further details). At 30 June 2015 the net carrying amount of this leased infrastructure assets was $957.6 million (2014: $945.4 million).

RMS have engaged external experts to perform a comprehensive revaluation of Maritime infrastructure assets. Interim revaluations have been performed for all other infrastructure assets.

RMS have changed the indexation for interim revaluation and this has resulted in an increase in depreciation expense by $6.1m and also increase in the fair value of infrastructure assets by $736.2m for the year ended 30 June 2015. Refer to Note 1(cc) for further details.

Parent

Year ended 30 June 2014	Roads $'000	Land under roads $'000	Bridges $'000	Sydney Harbour Tunnel $'000	Traffic signals network $'000	Traffic control network $'000	Maritime assets $'000	Major works in progress $'000	Total $'000
Net carrying amount 1 July 2013	**46,691,026**	**1,477,705**	**11,984,737**	**807,451**	**274,435**	**159,317**	**849,364**	**4,366,874**	**66,610,909**
Additions	400,852	-	312,937	-	4,719	13,636	-	2,078,649	2,810,793
Disposals	(257,177)	-	(30,113)	-	(223)	(31)	(297,440)	-	(584,984)
Transfers to councils	(76,448)	(890)	(8,246)	-	-	-	-	-	(85,584)
Transfers from councils	67,612	455	983	-	-	-	-	-	69,050
Assets recognised for the first time	538	-	21,858	-	-	-	-	-	22,396
Net revaluation increment less revaluation decrements	1,604,793	-	392,667	144,300	(9,817)	(6,407)	(20,549)	-	2,104,987
Asset write-off	-	-	-	-		-	-	-	-
Asset write-down	-	(19,542)	-	-	(72,716)	-	(2,043)	-	(94,301)
Depreciation expense	(1,155,508)	-	(172,429)	(6,314)	(28,920)	(11,547)	(8,382)	-	(1,383,100)
Transfers in	1,368,835	10,512	1,068,625	-	-	-	258	-	2,448,230
Transfers out	-	-	-	-	-	-	-	(2,437,718)	(2,437,718)
RCI and other adjustments/WIP	-	-	-	-	-	-	4	-	4
Net carrying amount at 30 June 2014	**48,644,523**	**1,468,240**	**13,571,019**	**945,437**	**167,478**	**154,968**	**521,212**	**4,007,805**	**69,480,682**

A full valuation of the road infrastructure assets was carried out by an independent valuer on 31 March 2013. All road infrastructure assets are stated at fair value using the depreciated replacement cost (DRC) approach.
The methods and significant assumptions applied in estimating the 'Roads' asset class fair values include:

Valuation methodologies

Primary Approach – applied to culverts, pavements, earthworks, safety barriers, and fences. This approach involved the following steps:

- Obtaining inventory details for components by RAMS segment/unique ID
- Applying unit rates to the inventory listings
- Estimating replacement costs based on quantity/area/length
- Estimating normal useful lives
- Applying depreciation (straight line) based on age/life analysis to estimate fair value

Secondary Approach – applied to structures and "other" corridor assets categories. This approach involved the following steps:

- Obtaining percentage breakdown of components from RMS's Project Management Office (PMO)
- Converting PMO percentages to "known assets" percentages
- Estimating replacement costs based on replacement cost of "known assets"
- Estimating normal useful lives
- Applying depreciation (straight line) based on age/life analysis to estimate fair value

Hybrid Approach – used for longitudinal and subsoil drainage assets, involving a combination of the Primary and Secondary Approaches.

Earthworks assumptions

- Sub-categories for Earthworks have been identified as 'Region', 'Road rank', and 'Terrain'
- RMS's PMO unit rates were only available by region and were therefore adjusted to include road rank and terrain, using assumed typical earthwork depths, to capture the cost variations for all stereotypes

Pavement assumptions

- Base / Sub-Base asset ages have been based on the road construction date
- Wearing Surface asset ages have been based on the newer of resurfacing or rehabilitation dates
- Remaining life extensions of 7 years and 2 years respectively have been applied to Base / Sub-Base and Wearing Surface assets past their useful lives. These assumptions are based on RMS's projected pavement rebuilding/resurfacing estimates
- Sub-categories for Pavements have been identified as 'Pavement category', 'Region', and 'Road rank'

Culvert and Drainage assumptions

- Ages for Culverts have been calculated using the road construction date
- A remaining life extension of 5 years has been applied to all Culverts that were past their useful life
- Stereotypes for Culverts have been identified as 'Culvert type', 'Region', and 'Pipe diameter / box width'
- Longitudinal Drainage assumed to be located in urban terrains in Sydney region only (Hunter region captured in Culverts inventory), and applied to 50 percent of segment lengths only
- 375mm pipe culvert unit rate was deemed most appropriate for Longitudinal Drainage
- Subsoil Drainage primary types include edge and trench drains, and only concrete pavement types assumed to include edge drains

Safety Barrier and Fence assumptions

- Sub-categories have been identified as 'Barrier type', and 'Region'
- Age calculations for depreciation were determined using road segment construction dates

Due to the specialised nature of RMS's 'Roads' asset class, and the fact that RMS's road assets are not sold or traded, the fair value for this asset class cannot be determined with reference to observable prices in an active market or recent market transactions on arm's length terms. Instead, the fair value has been determined using the valuation techniques outlined above, primarily with reference to current tendered contract rates produced by the RMS Project Management Office.

10. Non-current assets – intangible assets and other

(a) Private sector provided infrastructure

	Consolidated 2015 $'000	Consolidated 2014 $'000	Parent 2015 $'000	Parent 2014 $'000
M2 Motorway/ M2 widening				
Carrying amount at start of year	125,900	84,421	125,900	84,421
Annual increment - emerging right to receive (refer note 3(f))	34,557	41,479	34,557	41,479
Carrying amount at end of year	**160,457**	**125,900**	**160,457**	**125,900**
M4 Motorway Service Centre				
Carrying amount at start of year	7,395	6,157	7,395	6,157
Annual increment - emerging right to receive (refer note 3(f))	1,349	1,238	1,349	1,238
Carrying amount at end of year	**8,744**	**7,395**	**8,744**	**7,395**
M5 South-West Motorway				
Carrying amount at start of year	243,933	215,460	243,933	215,460
Annual increment - emerging right to receive (refer note 3(f))	28,767	28,473	28,767	28,473
Carrying amount at end of year	**272,700**	**243,933**	**272,700**	**243,933**
Eastern Distributor				
Carrying amount at start of year	108,094	90,823	108,094	90,823
Annual increment - emerging right to receive (refer note 3(f))	18,404	17,271	18,404	17,271
Carrying amount at end of year	**126,498**	**108,094**	**126,498**	**108,094**
Cross City Tunnel (CCT)				
Carrying amount at start of year	165,223	140,316	165,223	140,316
Annual increment - emerging right to receive (refer note 3(f))	26,272	24,907	26,272	24,907
Carrying amount at end of year	**191,495**	**165,223**	**191,495**	**165,223**
Westlink M7 Motorway				
Carrying amount at start of year	329,257	279,385	329,257	279,385
Annual increment - emerging right to receive (refer note 3(f))	56,630	49,872	56,630	49,872
Carrying amount at end of year	**385,887**	**329,257**	**385,887**	**329,257**
Lane Cove Tunnel				
Carrying amount at start of year	200,961	165,408	200,961	165,408
Annual increment - emerging right to receive (refer note 3(f))	34,150	35,553	34,150	35,553
Carrying amount at end of year	**235,111**	**200,961**	**235,111**	**200,961**
Total carrying amount at end of year	**1,380,892**	**1,180,763**	**1,380,892**	**1,180,763**
Totals				
Carrying amount at start of year	1,180,763	981,970	1,180,763	981,970
Annual increment - emerging right to receive	200,129	198,793	200,129	198,793
Total carrying amount at end of year	**1,380,892**	**1,180,763**	**1,380,892**	**1,180,763**

M2 Motorway

RMS entered into a contract with the concession holder to design, construct, operate and maintain the M2 Motorway. Under the terms of the Project Deed, ownership of the M2 Motorway will revert to RMS on the earlier of the achievement of: specified financial returns outlined in the Deed; or 45 years from the M2 commencement date of 26 May 1997.

To facilitate these works, RMS leased land detailed in the M2 Motorway Project Deed for the term of the Agreement. Until the project realises a real after tax internal rate of return of 12.25 per cent per annum, rent is payable, at the Lessee's discretion, in cash or by promissory note. On achievement of the required rate, the rent is payable in cash. Under the terms of the lease, RMS must not present any of the promissory notes for payment until the earlier of the end of the term of Agreement or the achievement of the required rate of return. The term of the Agreement ends on the 45th anniversary of the M2 commencement date (i.e. 26 May 2042) subject to the provisions of the M2 Motorway Project Deed.

No payments have been made for rents on the leases for the year ended 30 June 2015 (2014: No payments made). RMS, as at 30 June 2015, has received promissory notes for rent on the above leases totalling $169.8 million (2014: $158.621 million). The value of these promissory notes as at 30 June 2015 is $33.2 million (2014: $24.4 million) (refer note 8(c)).

RMS have, from the date of completion of the M2 Motorway, valued the asset by reference to RMS' emerging share of the estimated depreciated replacement cost of the asset at date of hand back over the concession period calculated using the effective interest rate method (refer note 1(g) (vi)). Based on the historical rental returns, the conservative period of 45 years has been used to calculate RMS' emerging share of the asset.

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

The total carrying value of the M2 Motorway, including the M2 Upgrade, is $160.5 million as at 30 June 2015 (2014: $125.9 million).

An agreement was reached on 31 January 2015 for further integration works to be done to the M2, to connect it with the new NorthConnex motorway. On completion of this work, the concession term will be extended by a further two years to 2048.

M4 Motorway Service Centre

In October 1992, RMS and the concession holder entered into the M4 Service Centre Project Deed under which RMS agreed to acquire land and lease the land to the concession holder. The concession holder agreed to finance, design, construct, maintain and operate two service centres which are located on each carriageway of the M4 at Eastern Creek.

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

RMS values the Service Centre asset by reference to RMS' emerging share of the depreciated replacement cost of the asset over the period of the concession period calculated using the effective interest rate method (refer note 1(g)(vi)). The total carrying value of the M4 Motorway Service Centre is $8.7 million as at 30 June 2015 (2014: $7.4 million).

M5 South-West Motorway

RMS entered into a contract with the concession holder to design, construct, operate and maintain the M5 Motorway. The initial concession period for the M5 Motorway was for the period 14 August 1992 to 14 August 2022. RMS have valued the M5 Motorway by reference to RMS' emerging share of the depreciated replacement cost apportioned over the period of the concession agreement calculated using the effective interest rate method (refer note 1(g)(vi)).

In consideration for the concession holder undertaking construction of an additional interchange at Moorebank (M5 Improvements), the initial concession period has been subsequently extended to 22 August 2023.

The M5 South-West Motorway Call Option Deed provides that if, after at least 25 years from the M5 Western Link commencement date of 26 June 1994, RMS determines that the expected financial return has been achieved, RMS have the right to purchase either the business from the concession holder or the shares in the concession holder. The exercise price under the M5 Call Option Deed will be based on open market valuation of the business or shares.

In November 2009, the NSW Government announced a proposal to expand the M5 corridor. The M5 West widening would expand the South West Motorway generally from two to three lanes in each direction to reduce travel time for motorists using the motorway and surrounding roads. Major construction started in August 2012 and was completed in December 2014. The end of the concession period has been extended by 3 years and 3 months from 22 August 2023 to 10 December 2026 upon completion of the widening work. RMS have recognised an additional emerging asset for the M5 expansion to the end of the concession period, i.e. to 10 December 2026.

The total carrying value of the M5 South-West Motorway, including the M5 widening, is $272.7 million as at 30 June 2015 (2014: $243.9 million).

Eastern Distributor

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

In consideration of RMS granting to the concession holder the right to levy and retain tolls on the Eastern Distributor, the concession holder is required to pay concession fees in accordance with the Agreement. From the date of Financial Close, which occurred on 18 August 1997, the concession holder has paid $270 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 2015, the promissory notes have a value of $15.4 million (2014: $25.9 million) (refer note 8(c)).

Under the terms of the Project Deed, ownership of the Eastern Distributor will revert to RMS on the earlier of the achievement of specified financial returns outlined in the Deed or 48 years from the Eastern Distributor Commencement Date of 23 July 2000. The conservative period of 48 years has been used to calculate RMS' emerging share of the asset. The total carrying value of the Eastern Distributor is $126.5 million as at 30 June 2015 (2014: $108.1 million).

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 construction cost was $642.0 million with the cost being met by the private sector. Under the terms of the agreement, an external party will operate the motorway until 18 December 2035, after which the motorway will be transferred back to RMS.

Reimbursement of certain development costs was received by RMS from the operator in the form of an upfront cash payment in August 2005. The amount of this payment was $96.9 million.

RMS values the asset by reference to RMS' emerging share of the depreciated replacement cost of the asset over the period of the concession period calculated using the effective interest rate method (refer note 1(g)(vi)). The total carrying value of the Cross City Tunnel is $191.5 million as at 30 June 2015 (2014: $165.2 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 $1.5 billion. The Federal Government contributed $356.0 million towards the cost of the project with the remainder of the cost being met by the private sector. RMS had responsibility under the contract for the provision of access to property required for the project. As a result of the NSW government entering into agreement with the concession holder to build NorthConnex (refer below), the concession period on the Westlink M7 motorway has been extended from 14 February 2037 to 30 June 2048. Under the terms of the agreement, the concession holder will operate Westlink M7 until 30 June 2048, after which the motorway will be transferred back to RMS.

Reimbursement of certain development costs were received by RMS from the operator in the form of an upfront cash payment in January 2006. The amount of this payment was $193.8 million.

RMS values the asset by reference to RMS' emerging share of the depreciated replacement cost of the asset over the period of the concession period calculated using the effective interest rate method (refer note 1(g)(vi)). The total carrying value of the Westlink M7 Motorway is $385.9 million as at 30 June 2015 (2014: $329.3 million).

RMS will receive a further $358.8 million (nominal value) in concession fees over a period from 30 September 2015 to 31 March 2037 (refer note 18). RMS values the concession receivable at amortised cost. As at 30 June 2015, these future receipts have a value of $171.5 million (2014: Nil) (refer to Note 8(c)).

Lane Cove Tunnel

An agreement was signed with the concession holder on 4 December 2003 to finance, design, construct, operate and maintain the Lane Cove Tunnel Project. Major construction started on 24 June 2004 and the tunnel was opened to traffic on 25 March 2007.

The construction cost was $1.1 billion, with the cost being met by the private sector. RMS was responsible under the contract for the provision of access to property required for the project, which was identified by the Project Deed. On 31 January 2015, the concession term on the Lane Cove Tunnel was extended from 9 January 2037 to 30 June 2048. Under the terms of the agreement, the concession holder will operate the Lane Cove Tunnel until 30 June 2048, after which the motorway will be transferred back to RMS.

Reimbursement of certain development costs were received by RMS from the operator in the form of an upfront cash payment in April 2007. The amount of this payment was $79.3 million.

RMS values the asset by reference to RMS' emerging share of the depreciated replacement cost of the asset over the period of the concession period calculated using the effective interest rate method (refer note 1(g)(vi)). The total carrying value of the Lane Cove Tunnel is $235.1 million as at 30 June 2015 (2014: $201.0 million).

In consideration for the extension of the concession term, RMS will receive a further $200 million in concession fees over a period from 31 December 2017 to 30 June 2019 (refer note 18). RMS values the concession receivable at amortised cost. As at 30 June 2015, these future receipts have a value of $164.9 million (2014: Nil) (refer to Note 8(c)).

NorthConnex

An agreement was signed with the concession holder on 31 January 2015 to finance, design, construct, operate and maintain the NorthConnex motorway.

The motorway is estimated to cost approximately $3.0 billion to complete. Under the terms of the agreement, RMS will contribute $960.0 million in cash towards the construction cost, and the balance will be financed by the concession holder. RMS will receive up to $400.0 million from Restart NSW and up to $400.0 million from the federal government in the form of non-reciprocal cash grants to finance the bulk of its contribution.

On completion of construction, which is expected to be in 2019, the project deed stipulates that the concession holder will operate the motorway until 30 June 2048, after which the motorway will be transferred back to RMS. Up until the end of the concession period, RMS will grant the concession holder the right to levy and retain tolls on the motorway.

In consideration for building the NorthConnex motorway, the NorthConnex agreement also provides for enhanced concession terms to the operator in the form of the extension of the concession terms on the Westlink M7 motorway to 30 June 2048 (refer above).

When the motorway is open to the public, RMS will value the NorthConnex asset by reference to RMS' emerging share of the depreciated replacement cost of the asset over the period of the concession period calculated using the effective interest rate method (refer note 1(g)(vi)). As at 30 June 2015, RMS have not recognised an emerging asset.

WestConnex

The WestConnex project comprises three stages including M4 Widening and M4 East Tunnel, construction of the new M5 motorway, and the M4-M5 link. An agreement was signed with the concession holder on 4 June 2015 to design, construct, operate and maintain part of the WestConnex motorway including widening the M4 West motorway, constructing a new interchange and new tunnels at M4 East.

The completion of construction is expected to be in 2019. The project deed stipulates that the concession holder will operate the motorway until 2060, after which the motorway will be transferred back to RMS at no cost. Up until the end of the concession period, RMS will grant the concession holder the right to levy and retain tolls on the motorway. Under the Project Deed, RMS is entitled to a share of tolling revenue above the base revenue threshold. As the revenue is contingent upon the level of traffic on the road, RMS will only recognise the revenue when it has been determined that the actual tolling revenue collected has exceeded the threshold.

RMS will not recognise any amounts relating to the improvement of the road during the design and construction phase, as the risks and rewards of the improvements to the road rest with the operator. When the motorway is open to the public, RMS will value the WestConnex asset by reference to RMS' emerging share of the depreciated replacement cost of the asset over the concession period calculated using the effective interest rate method (refer note 1(g)(vi)). As at 30 June 2015, RMS have not recognised an emerging asset.

(b) Other intangible assets – consolidated and parent

	Software 2015 $'000	Software 2014 $'000
Balance at start of year		
Cost	286,770	260,438
Accumulated amortisation and impairment	(116,807)	(106,004)
Net carrying amount	**169,963**	**154,434**
Balance at end of year		
Cost	301,531	286,770
Accumulated amortisation and impairment	(140,780)	(116,807)
Net carrying amount	**160,751**	**169,963**
Net carrying amount at start of year	169,963	154,434
Net assets received from equity transfer	-	-
Additions	16,503	28,874
Written off	-	-
Disposals	(1,164)	(322)
Amortisation expense	(25,096)	(11,885)
Reclassification from Infrastructure	-	-
Transfer to/from PPE (note 9(b))	545	(1,136)
Other	-	(2)
Net carrying amount at end of year	**160,751**	**169,963**

11. Non-current assets held for sale

	Consolidated 2015 $'000	Consolidated 2014 $'000	Parent 2015 $'000	Parent 2014 $'000
Assets held for sale				
Balance at beginning of year				
Land and buildings	4,942	23,056	4,942	23,056
Plant and equipment	320	64	320	64
	5,262	**23,120**	**5,262**	**23,120**
Balance at end of year				
Land and buildings	2,741	4,942	2,741	4,942
Plant and equipment	-	320	-	320
	2,741	**5,262**	**2,741**	**5,262**

Land and buildings held for sale include properties that have been identified as no longer required to fulfil long-term plans for road development or administrative needs. These assets are placed on auction as outlined in the annual asset selling plan and sales budget. Plant and equipment held for sale mainly consists of fully depreciated fleet assets. The gain or loss recognised on sale is: land and buildings $0.8 million loss (2014: $2.7 million gain), fleet assets $0.1 million loss (2014: $nil). The written down value of assets held for sale derecognised: Land and buildings $30.5 million (2014: $40.5 million), fleet assets $0.3 million (2014: $nil).

Further details regarding the fair value measurement are disclosed in note 12.

12. Fair value measurement of non-financial assets

(a) Fair value hierarchy

Consolidated	Level 1 2015 $'000	Level 2 2015 $'000	Level 3 2015 $'000	Total 2015 $'000
Property, plant and equipment				
Land and buildings	-	2,926,926	-	2,926,926
Infrastructure systems	-	-	73,873,194	73,873,194
Assets held for sale	-	2,741	-	2,741
As at 30 June 2015	**-**	**2,929,667**	**73,873,194**	**76,802,861**

Consolidated	Level 1 2014 $'000	Level 2 2014 $'000	Level 3 2014 $'000	Total 2014 $'000
Property, plant and equipment				
Land and buildings	-	2,517,905	-	2,517,905
Infrastructure systems	-	-	69,480,682	69,480,682
Assets held for sale	-	5,262	-	5,262
As at 30 June 2014	**-**	**2,523,167**	**69,480,682**	**72,003,849**

Parent	Level 1 2015 $'000	Level 2 2015 $'000	Level 3 2015 $'000	Total 2015 $'000
Property, plant and equipment				
Land and buildings	-	2,821,293	-	2,821,293
Infrastructure systems	-	-	73,860,199	73,860,199
Assets held for sale	-	2,741	-	2,741
As at 30 June 2015	**-**	**2,824,034**	**73,860,199**	**76,684,233**

Parent	Level 1 2014 $'000	Level 2 2014 $'000	Level 3 2014 $'000	Total 2014 $'000
Property, plant and equipment				
Land and buildings	-	2,517,905	-	2,517,905
Infrastructure systems	-	-	69,480,682	69,480,682
Assets held for sale	-	5,262	-	5,262
As at 30 June 2014	**-**	**2,523,167**	**69,480,682**	**72,003,849**

(b) Valuation techniques, inputs and processes

Valuation Technique	Significant unobservable inputs	Quantity	Sensitivity to the fair value measurement to changes in unobservable inputs
Roads			
Depreciated replacement cost of significant road asset components: Pavements Asphalt Concrete Spray Culverts Drainage Longitudinal Subsoil Safety Barriers Fences Structures Other Assets are depreciated over estimated useful life depending on road component type (Note 1(m)(iii)). Depreciable and non-depreciable earthworks are valued at re-valued (by RBCI) historical cost. Fair value is re-valued in interim	Replacement cost per unit of road asset component. Cost per unit has been determined by reference to unit prices quoted in the most recent road construction tender documents. The price range is adjusted to eliminate outlier amounts. RBCI is applied to the replacement cost of the components, to ensure that carrying amounts are at fair value. Components are depreciated over their estimated useful life depending on road component type.	$52.2 billion for Consolidated and Parent (2014: $48.7 billion for Consolidated and Parent (note 12(c))	The estimated fair value would increase/decrease if: • Current replacement cost for the component increases/decreases • Current year RBCI is greater than or less than 1 • Changes to the estimated useful life of the component increases/decreases

Valuation Technique	**Significant unobservable inputs**	**Quantity**	**Sensitivity to the fair value measurement to changes in unobservable inputs**
periods between comprehensive revaluations by movements in the RBCI. The determination of unit replacement rates for road valuations is carried out at least every 5 years by suitable qualified engineering contractors and employees of RMS.			
Land under roads			
The urban Average Rateable Value (ARV) per hectare within each Local Government Area (LGA) adjusted by an “open spaces ratio”. The “open spaces ratio” is derived from open spaces data provided by the Valuer-General and is used to adjust average rateable value to approximate englobo value (unimproved and pre-subdivision land).	Local Government Area rateable land values provided by the NSW Valuer-General. Measurements of land area in situ under roads.	$1.7 billion for Consolidated and Parent (2014: $1.5 billion for Consolidated and Parent (note 12(c))	The estimated fair value would increase/decrease if: • Weighted (by LGA) current year urban ARV increases/decreases.
Bridges			
Depreciated replacement cost for the following bridge types: Timber Structures Concrete structures Steel structures Bridge Trusses (timber and steel) Heritage Bridges Bridge size culverts/tunnels Bridge assets are depreciated over estimated useful depending on bridge type (Note 1(m)(iii)). Cost/m^2 rates per bridge type are derived from current estimated bridge construction costs. Bridge asset fair value is determined by applying the replacement rate by type to bridge area. Fair value is re-valued in interim periods between comprehensive revaluations by movements in the RBCI.	Replacement cost per unit of bridge assets. Cost per unit has been determined by reference to unit prices quoted in the most recent bridge construction tender documents. The price range is adjusted to eliminate outlier amounts. RBCI is applied to the replacement cost of the components, to ensure that carrying amounts are at fair value. Components are depreciated over their estimated useful life depending on bridge type.	$13.9 billion for Consolidated and Parent (2014: $13.6 billion for Consolidated and Parent (note 12(c))	The estimated fair value would increase/decrease if: • Current replacement cost for the bridge type increases/decreases • Current year RBCI is greater than or less than 1 • Changes to the estimated useful life of the bridge type increases /decreases

Valuation Technique	**Significant unobservable inputs**	**Quantity**	**Sensitivity to the fair value measurement to changes in unobservable inputs**
The determination of replacement rates for bridge valuations is carried out at least every 5 years by suitable qualified engineering contractors and employees of RMS.			
Sydney Harbour Tunnel			
Depreciated replacement cost of major asset components: Immersed Tube Mechanical and Electrical Pavement Earthworks Assets are depreciated over estimated useful life depending on component type (Note 1(m)(iii)). Fair value is re-valued in interim periods between comprehensive revaluations by movements in the RBCI. Earthworks are not depreciated and are valued at re-valued (by RBCI) historical cost.	The Sydney Harbour Tunnel (SHT) was initially valued in 2009 as part of a review of the extant accounting treatment of the asset at that time. A key outcome of that review was an initial recognition of the physical asset in the financial statements of the former Roads and Traffic Authority. Thereafter, the SHT has been revalued annually by the RBCI. The Road cost index is applied to the replacement cost of the components, to ensure that carrying amounts are at fair value. The fair value at that time was derived by indexing (RBCI) estimates of the initial construction cost of the SHT and the relative proportions of its major component types. Depreciation was applied over estimates of useful lives of those component types. There has been no material change to either the initial estimates or the valuation process.	$957.6 million for Consolidated and Parent (2014: $945.4 million for Consolidated and Parent (note 12(c))	The estimated fair value would increase/decrease if: • Current replacement cost for SHT increases/decreases • Current year RBCI is greater than or less than 1 • Changes to the estimated useful life of SHT components increases /decreases
Traffic Signals Network			
Depreciated replacement cost of major asset components: Assets are depreciated over estimated useful life (Note 1(m)(iii)). Fair value is re-valued in interim periods between comprehensive revaluations by movements in the RBCI.	Current unit replacement costs	$152.4 million for Consolidated and Parent (2014: $167.5 million for Consolidated and Parent (note 12(c))	The estimated fair value would increase/decrease if: • Current replacement cost for Traffic Signals Network components increases/decreases • Current year RBCI is greater than or less than 1 • Changes to the estimated useful life of Traffic Signals Network components increases /decreases

Valuation Technique	**Significant unobservable inputs**	**Quantity**	**Sensitivity to the fair value measurement to changes in unobservable inputs**
The determination of traffic signal unit replacement rates for valuations is carried out at least every 5 years by suitable qualified engineering contractors and employees of RMS.			
Traffic Control Network			
Depreciated replacement cost of major asset components: Traffic Systems Transport Management Centre Variable Message signs Assets are depreciated over estimated useful life depending on component type (Note 1(m)(iii)). Fair value is re-valued in interim periods between comprehensive revaluations by movements in the RBCI. The determination of traffic control system unit replacement rates for valuations is carried out at least every 5 years by suitable qualified engineering contractors and employees of RMS.	Current unit replacement costs	$158.9 million for Consolidated and Parent (2014: $155.0 million for Consolidated and Parent (note 12(c))	The estimated fair value would increase/decrease if: • Current replacement cost for Traffic Control Network components increases/decreases • Current year RBCI is greater than or less than 1 Changes to the estimated useful life of Traffic Control Network components increases /decreases
Maritime Assets			
Depreciated replacement cost for: * Wharves and jetties * Dredging assets * Seawall * Navigational Aids Assets are depreciated over estimated useful life depending on asset type (Note 1(m)(iii)). Fair value is re-valued in interim periods between comprehensive revaluations by movements in the RBCI. The determination of asset replacement rates for valuations is carried out at least every 5 years by suitable qualified engineering contractors and employees of RMS.	Current unit replacement costs. Estimated total lease revenue	$550.1 million for Consolidated and Parent (2014: $521.2 million for Consolidated and Parent (note 12(c))	The estimated fair value would increase/decrease if: • Current replacement cost for Maritime assets increases/decreases • Changes to the estimated useful life of Maritime assets components increases /decreases

Valuation Technique	**Significant unobservable inputs**	**Quantity**	**Sensitivity to the fair value measurement to changes in unobservable inputs**
Capitalised Revenue for: Moorings and wetlands Estimates of total revenue earned on long term mooring and wetland leases are capitalised at net present value.			
Major Works in progress			
At Cost	Actual cost of infrastructure assets under construction	$4.3 billion for Consolidated and $4.3 billion for Parent (2014: $4.01 billion for Consolidated and Parent (note 12(c))	Fair value at actual current cost unlikely to change

Level 3 infrastructure assets discussed above subject to indexation using the Roads and Bridges Cost Index (RBCI), were subject to indexation using the Roads Cost Index (RCI) in the prior year. The change and the reason for making it are discussed at Note 1(cc).

(c) Reconciliation of recurring Level 3 fair value measurements

Consolidated

2015	Roads $'000	Land under roads $'000	Bridges $'000	Sydney Harbour Tunnel $'000	Traffic signals network $'000	Traffic control network $'000	Maritime assets $'000	Major works in progress $'000	Total $'000
Fair value as at 1 July 2014	48,644,523	1,468,240	13,571,019	945,437	167,478	154,968	521,212	4,007,805	69,480,682
Additions	1,080,018	-	33,833	-	6,903	7,305	71	1,832,460	2,960,590
Revaluation increments/decrements recognised in Net result - included in the line item 'Other gains/ (losses)'	-	-	-	-	(695)	-	-	-	(695)
Revaluation increments/ decrements recognised in other comprehensive income - included in line item /Net increase / (decrease) in property, plant and equipment revaluation surplus	2,255,269	166,855	403,216	26,944	-	11,324	17,449	-	2,881,057
Transfers from Level 2		19,924	-	-	-	-	-	-	19,924
Transfers to Level 2	-	-	-	-	-	-	(4,319)	-	(4,319)
Disposals	(121,278)	-	(36,507)	-	(572)	(1,244)	(3,747)	-	(163,348)
Depreciation	(1,248,812)	-	(180,446)	(14,764)	(20,719)	(13,420)	(11,166)	-	(1,489,327)
Transfers to councils	-	-	(1,857)	-	-	-	-	-	(1,857)
Transfers from councils	110	-	-	-	-	-	-	-	110
Transfers in/(out)	1,433,144	-	44,897	-	-	-	30,589	(1,508,630)	-
Asset write off	-	-	-	-	-	-	-	(8,075)	(8,075)
Assets recognised for the first time	179,374	-	19,078	-	-	-	-	-	198,452
Fair value as at 30 June 2015	**52,222,348**	**1,655,019**	**13,853,233**	**957,617**	**152,395**	**158,933**	**550,089**	**4,323,560**	**73,873,194**

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

Consolidated

2014	**Roads $'000**	**Land under roads $'000**	**Bridges $'000**	**Sydney Harbour Tunnel $'000**	**Traffic signals network $'000**	**Traffic control network $'000**	**Maritime assets $'000**	**Major works in progress $'000**	**Total $'000**
Fair value as at 1 July 2013	46,691,026	1,477,705	11,984,737	807,451	274,435	159,317	849,364	4,366,874	66,610,909
Additions	400,852	-	312,937	-	4,719	13,636	-	2,078,649	2,810,793
Revaluation increments/decrements recognised in Net result - included in the line item 'Other gains/ (losses)'	-	(19,542)	-	-	(72,716)	-	(2,043)	-	(94,301)
Revaluation increments/ decrements recognised in other comprehensive income - included in line item /Net increase / (decrease) in property, plant and equipment revaluation surplus	1,604,793	-	392,667	144,300	(9,817)	(6,407)	(20,549)	-	2,104,987
Transfers from Level 2		10,512	-	-	-	-	-	-	10,512
Transfers to Level 2	-	-	-	-	-	-	-	-	-
Disposals	(257,177)	-	(30,113)	-	(223)	(31)	(297,440)	-	(584,984)
Depreciation	(1,155,508)	-	(172,429)	(6,314)	(28,920)	(11,547)	(8,382)	-	(1,383,100)
Transfers to councils	(76,448)	(890)	(8,246)	-	-	-	-	-	(85,584)
Transfers from councils	67,612	455	983	-	-	-	-	-	69,050
Transfers in/(out)	1,368,835	-	1,068,625	-	-	-	258	(2,437,718)	-
Asset write off	-	-	-	-	-	-	-	-	-
Assets recognised for the first time	538	-	21,858	-	-	-	-	-	22,396
RCI and other adjustments/WIP	-	-	-	-	-	-	4	-	4
Fair value as at 30 June 2014	**48,644,523**	**1,468,240**	**13,571,019**	**945,437**	**167,478**	**154,968**	**521,212**	**4,007,805**	**69,480,682**

Parent

2015	Roads	Land under roads	Bridges	Sydney Harbour Tunnel	Traffic signals network	Traffic control network	Maritime assets	Major works in progress	Total
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Fair value as at 1 July 2014	48,644,523	1,468,240	13,571,019	945,437	167,478	154,968	521,212	4,007,805	69,480,682
Additions	1,080,018	-	33,833	-	6,903	7,305	71	1,819,465	2,947,595
Revaluation increments/decrements recognised in Net result - included in the line item 'Other gains/ (losses)'	-	-	-	-	(695)	-	-	-	(695)
Revaluation increments/ decrements recognised in other comprehensive income - included in line item /Net increase / (decrease) in property, plant and equipment revaluation surplus	2,255,269	166,855	403,216	26,944	-	11,324	17,449	-	2,881,057
Transfers from Level 2	-	19,924	-	-	-	-	-	-	19,924
Transfers to Level 2	-	-	-	-	-	-	(4,319)	-	(4,319)
Disposals	(121,278)	-	(36,507)	-	(572)	(1,244)	(3,747)	-	(163,348)
Depreciation	(1,248,812)	-	(180,446)	(14,764)	(20,719)	(13,420)	(11,166)	-	(1,489,327)
Transfers to councils	-	-	(1,857)	-	-	-	-	-	(1,857)
Transfers from councils	110	-	-	-	-	-	-	-	110
Transfers in/(out)	1,433,144	-	44,897	-	-	-	30,589	(1,508,630)	-
Asset write off	-	-	-	-	-	-	-	(8,075)	(8,075)
Assets recognised for the first time	179,374	-	19,078	-	-	-	-	-	198,452
Fair value as at 30 June 2015	**52,222,348**	**1,655,019**	**13,853,233**	**957,617**	**152,395**	**158,933**	**550,089**	**4,310,565**	**73,860,199**

Parent

2014	Roads $'000	Land under roads $'000	Bridges $'000	Sydney Harbour Tunnel $'000	Traffic signals network $'000	Traffic control network $'000	Maritime assets $'000	Major works in progress $'000	Total $'000
Fair value as at 1 July 2013	46,691,026	1,477,705	11,984,737	807,451	274,435	159,317	849,364	4,366,874	66,610,909
Additions	400,852	-	312,937	-	4,719	13,636	-	2,078,649	2,810,793
Revaluation increments/decrements recognised in Net result - included in the line item 'Other gains/ (losses)'	-	(19,542)	-	-	(72,716)	-	(2,043)	-	(94,301)
Revaluation increments/ decrements recognised in other comprehensive income - included in line item /Net increase / (decrease) in property, plant and equipment revaluation surplus	1,604,793	-	392,667	144,300	(9,817)	(6,407)	(20,549)	-	2,104,987
Transfers from Level 2		10,512	-	-	-	-	-	-	10,512
Transfers to Level 2	-	-	-	-	-	-	-	-	-
Disposals	(257,177)	-	(30,113)	-	(223)	(31)	(297,440)	-	(584,984)
Depreciation	(1,155,508)	-	(172,429)	(6,314)	(28,920)	(11,547)	(8,382)	-	(1,383,100)
Transfers to councils	(76,448)	(890)	(8,246)	-	-	-	-	-	(85,584)
Transfers from councils	67,612	455	983	-	-	-	-	-	69,050
Transfers in/(out)	1,368,835	-	1,068,625	-	-	-	258	(2,437,718)	-
Asset write off	-	-	-	-	-	-	-	-	-
Assets recognised for the first time	538	-	21,858	-	-	-	-	-	22,396
RCI and other adjustments/WIP	-	-	-	-	-	-	4	-	4
Fair value as at 30 June 2014	**48,644,523**	**1,468,240**	**13,571,019**	**945,437**	**167,478**	**154,968**	**521,212**	**4,007,805**	**69,480,682**

13. Restricted Assets

	Consolidated 2015 $'000	Consolidated 2014 $'000	Parent 2015 $'000	Parent 2014 $'000
Cash and Cash Equivalents	266,588	156,840	136,106	149,765

Holders of E-tags provide an initial amount as a security deposit for the use of the actual E-tag. The deposit is refundable upon closure of the associated E-tag account. Monies received for these deposits of $53.7 million (2014: $52.2 million) have been invested in an account with TCorp. Transactions on this account are restricted to activity relating to E-Tag deposits.

Funds administered on behalf of the Maritime Waterways fund and are restricted to activity relating to the maritime transactions. The monies of $78.2 million (2014: $103.4 million) are held within Westpac Bank Accounts that are included in the Treasury Banking System, Commonwealth Bank Account and also invested in T-Corp. They are controlled by RMS and are covered by Section 42 of the Ports and Maritime Administration Act 1995.

Funds relating to land acquisitions by the state, the authority of the state are required to keep the money in a fund for the person entitled to the compensation concerned. Monies received for these deposits of $134.3 million (2014: $0.8 million) for Consolidated and $3.8 million (2014: $0.8) for Parent have been invested in an account with TCorp. Transactions on this account are restricted to activity relating to land acquisitions.

Funds administered on behalf of the Tow Truck Industry Fund and are restricted to activity relating to the fund. The monies of $0.4 million (2014: $0.4 million) are invested in T-Corp. They are controlled by RMS and are covered by Section 91 of the Tow Truck Industry Act 1998. Transactions on this account are restricted to activity relating to Tow Truck Licensing.

14. Current/non-current liabilities - payables

	Consolidated 2015 $'000	Consolidated 2014 $'000	Parent 2015 $'000	Parent 2014 $'000
Current				
Trade creditors [(i)]	154,254	177,444	152,444	177,444
Creditors arising from compulsory acquisitions	135,504	13,926	65,474	13,926
Personnel services	226,301	235,192	226,232	235,192
Accrued expenses				
- Works contract expenditure	363,978	309,307	363,978	309,307
- Work carried out by councils	121,249	129,398	121,249	129,398
- Interest	2	7,046	2	7,046
- Other (including non-works contracts)	183,968	133,083	150,790	133,083
Other	22,121	33,108	22,121	33,108
	1,207,377	**1,038,504**	**1,102,290**	**1,038,504**
Non-current				
Personnel services	1,211,689	1,154,765	1,211,147	1,154,765
	1,211,689	**1,154,765**	**1,211,147**	**1,154,765**

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

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

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

15. Current/non-current liabilities - borrowings

At amortised cost	Consolidated 2015 $'000	Consolidated 2014 $'000	Parent 2015 $'000	Parent 2014 $'000
Current				
NSW Treasury Corporation borrowings	-	332,754	-	332,754
Treasury advances repayable	2,033	2,173	2,033	2,173
Finance lease - Sydney Harbour Tunnel (note 19(c))	41,385	53,539	41,385	53,539
Other	97	149	97	149
	43,515	**388,615**	**43,515**	**388,615**
Non-current				
NSW Treasury Corporation borrowings	-	157,628	-	157,628
Treasury advances repayable	-	2,033	-	2,033
Finance lease - Sydney Harbour Tunnel (note 19(c))	405,930	447,316	405,930	447,316
Other	-	93	-	93
	405,930	**607,070**	**405,930**	**607,070**

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

NSW Treasury approved the equity transfer NSW Treasury Corporation borrowings of $506.4 million from RMS to the Crown effective 1 July 2014 (refer note 20). The amount transferred includes accrued interest of $7.0 million and loss of $8.9 million.

16. Financial instruments

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

The Chief Executive has overall responsibility for the establishment and oversight of risk management and reviews and agrees policies for managing each of these risks. Risk management policies are established to identify and analyse the risks faced by RMS, to set risk limits and controls and to monitor risks.

(a) Financial instrument categories

Consolidated

Financial assets	**Note**	**Category**	**Carrying amount 2015 $'000**	**Carrying amount 2014 $'000**
Class:				
Cash and cash equivalents	7	N/A	567,903	333,858
Receivables[1]	8	Loans and receivables (at amortised cost)	145,435	89,955
Financial assets	8	At fair value through profit and loss - designated as such upon initial recognition	63,597	58,710
Other financial assets	8	Loans and receivables (at amortised cost)	520,835	177,545

Financial liabilities	**Note**	**Category**	**Carrying amount 2015 $'000**	**Carrying amount 2014 $'000**
Class:				
Payables[2]	14 ,18	Financial liabilities measured at amortised cost	2,558,625	2,321,547
Borrowings	15	Financial liabilities measured at amortised cost	449,445	995,685

Parent

Financial assets	**Note**	**Category**	**Carrying amount 2015 $'000**	**Carrying amount 2014 $'000**
Class:				
Cash and cash equivalents	7	N/A	417,123	333,858
Receivables[1]	8	Loans and receivables (at amortised cost)	119,773	89,955
Financial assets	8	At fair value through profit and loss - designated as such upon initial recognition	63,597	58,710
Other financial assets	8	Loans and receivables (at amortised cost)	520,835	177,545

Financial liabilities	**Note**	**Category**	**Carrying amount 2015 $'000**	**Carrying amount 2014 $'000**
Class:				
Payables[2]	14 ,18	Financial liabilities measured at amortised cost	2,451,313	2,321,547
Borrowings	15	Financial liabilities measured at amortised cost	449,445	995,685

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

(b) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. RMS exposures to market risk are primarily through interest rate risk on borrowings and other price risks associated with the movement in the unit price of the Hour-Glass Investment facilities. RMS have no exposure to foreign currency risk and does not enter into commodity contracts.

The effect on profit and equity due to a reasonably possible change in risk variable is outlined in the table below, for interest rate risk and other price risk. A reasonably possible change in risk variable has been determined after taking into account the economic environment in which RMS operates and the time frame for the assessment (i.e. until the end of the next annual reporting period). The sensitivity analysis is based on risk exposures in existence at the Statement of Financial Position date.

i. Interest rate risk

Exposure to interest rate risk arises primarily through RMS' interest bearing liabilities. This risk is minimised by undertaking mainly fixed rate borrowings, primarily with NSW TCorp.

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

TCorp uses derivatives, primarily interest rate futures, to establish short-term (tactical) and longer term (strategic) positions within agreed tolerance limits to manage portfolio duration and maturity profiles. At reporting date the carrying value of borrowings and derivatives (net of funds held at call) managed by TCorp stood at $NIL million (2014: $490.4 million).

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

The impact on RMS' surplus/deficit and equity is set out in the table below assuming a 1 per cent change in variable interest rates.

Consolidated

		1% increase in interest rate		1% decrease in interest rate	
	Carrying amount	**Surplus/Deficit**	**Equity**	**Surplus/Deficit**	**Equity**
30 June 2015	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Financial assets					
Cash and cash equivalents	526,078	(5,261)	(5,261)	5,261	5,261
Financial assets at fair value	63,597	(636)	(636)	636	636
Other financial assets	520,835	(5,208)	(5,208)	5,208	5,208

		1% increase in interest rate		1% decrease in interest rate	
	Carrying amount	**Surplus/Deficit**	**Equity**	**Surplus/Deficit**	**Equity**
30 June 2014	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Financial assets					
Cash and cash equivalents	292,018	(2,920)	(2,920)	2,920	2,920
Financial assets at fair value	58,710	(587)	(587)	587	587
Other financial assets	177,545	(1,775)	(1,775)	1,775	1,775

Parent

		1% increase in interest rate		1% decrease in interest rate	
	Carrying amount	**Surplus/Deficit**	**Equity**	**Surplus/Deficit**	**Equity**
30 June 2015	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Financial assets					
Cash and cash equivalents	375,298	(3,753)	(3,753)	3,753	3,753
Financial assets at fair value	63,597	(636)	(636)	636	636
Other financial assets	520,835	(5,208)	(5,208)	5,208	5,208

		1% increase in interest rate		1% decrease in interest rate	
	Carrying amount	**Surplus/Deficit**	**Equity**	**Surplus/Deficit**	**Equity**
30 June 2014	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Financial assets					
Cash and cash equivalents	292,018	(2,920)	(2,920)	2,920	2,920
Financial assets at fair value	58,710	(587)	(587)	587	587
Other financial assets	50,323	(503)	(503)	503	503

ii. Other price risk – TCorp Hour-Glass facilities

Exposure to 'Other Price Risk' primarily arises through the investment in the TCorp Hour-Glass Investment facilities, which are held for strategic rather than trading purposes. RMS have no direct equity investments and holds units in the following Hour-Glass Investment Trusts:

Consolidated

Facility	Investment sectors	Investment horizon	2015 $'000	2014 $'000
Cash facility	Cash, money market instruments	up to 1.5 years	227,180	196,122
Strategic cash facility	Cash, money market instruments, interest rate securities, bank floating rate notes	1.5 years to 3 years	5,452	5,300
Medium-term growth facility	Cash, money market instruments, Australian and international bonds, listed property, Australian and international shares	3 years to 7 years	41,174	38,349
Long-term growth facility	Cash, money market instruments, Australian and international bonds, listed property, Australian and international shares	7 years and over	16,971	15,061

Parent

Facility	Investment sectors	Investment horizon	2015 $'000	2014 $'000
Cash facility	Cash, money market instruments	up to 1.5 years	96,698	196,122
Strategic cash facility	Cash, money market instruments, interest rate securities, bank floating rate notes	1.5 years to 3 years	5,452	5,300
Medium-term growth facility	Cash, money market instruments, Australian and international bonds, listed property, Australian and international shares	3 years to 7 years	41,174	38,349
Long-term growth facility	Cash, money market instruments, Australian and international bonds, listed property, Australian and international shares	7 years and over	16,971	15,061

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

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

Investment in the Hour-Glass facilities limits RMS exposure to risk, as it allows diversification across a pool of funds with different investment horizons and a mix of investments.

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

Consolidated			
		Impact on profit/loss	
	Change in unit price	**June 2015 $'000**	**June 2014 $'000**
Financial assets			
Cash facility	+/- 1%	2,272	1,961
Strategic cash facility	+/- 1%	55	53
Medium-term growth facility	+/- 6%	2,470	2,301
Long-term growth facility	+/- 15%	2,546	2,259

Parent			
		Impact on profit/loss	
	Change in unit price	**June 2015 $'000**	**June 2014 $'000**
Financial assets			
Cash facility	+/- 1%	967	1,961
Strategic cash facility	+/- 1%	55	53
Medium-term growth facility	+/- 6%	2,470	2,301
Long-term growth facility	+/- 15%	2,546	2,259

(c) Credit risk

Credit risk arises when there is the possibility of RMS' debtors defaulting on their contractual obligations, resulting in a financial loss to RMS. The maximum exposure to credit risk is generally represented by the carrying amount of the financial assets (net of any allowance for impairment).

Credit risk arises from the financial assets of RMS, including cash, receivables and authority deposits. RMS does not hold any collateral and has not granted any financial guarantees.

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

Consolidated

	Banks $'000	Government $'000	Other $'000	Total $'000
2015				
Financial assets				
Cash	340,224	227,180	499	567,903
Receivables	-	-	145,435	145,435
Other	-	-	520,835	520,835
Financial assets at fair value	-	63,597	-	63,597
Total financial assets	**340,224**	**290,777**	**666,769**	**1,297,770**
2014				
Financial assets				
Cash	137,034	196,122	702	333,858
Receivables	-	-	89,955	89,955
Other	-	-	177,545	177,545
Financial assets at fair value	-	58,710	-	58,710
Total financial assets	**137,034**	**254,832**	**268,202**	**660,068**

Parent

	Banks $'000	Government $'000	Other $'000	Total $'000
2015				
Financial assets				
Cash	319,926	96,698	499	417,123
Receivables	-	-	119,773	119,773
Other	-	-	520,835	520,835
Financial assets at fair value	-	63,597	-	63,597
Total financial assets	**319,926**	**160,295**	**641,107**	**1,121,328**
2014				
Financial assets				
Cash	137,034	196,122	702	333,858
Receivables	-	-	89,955	89,955
Other	-	-	177,545	177,545
Financial assets at fair value	-	58,710	-	58,710
Total financial assets	**137,034**	**254,832**	**268,202**	**660,068**

i. Cash

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

ii. Receivables – trade debtors

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

RMS is not materially exposed to concentrations of credit risk to a single trade debtor or group of debtors. Based on past experience, debtors that are not past due (2015: $56.3 million for Consolidated and $27.7 million for Parent; 2014: $31.5 million for Consolidated and Parent) and past due (2015: $10.1 million for Consolidated and Parent; 2014: $15.0 million for Consolidated and Parent) are not considered impaired and together these represent 87 per cent for Consolidated and 80 per cent for Parent (2014: 85 per cent) of the total trade debtors. There are no debtors which are currently not past due or impaired whose terms have been renegotiated.

The only financial assets that are past due or impaired are “sales of goods and services”, “other” and “property debtors” in the “receivables” category of the Statement of Financial Position (refer to note 8(a)).

Consolidated

	$'000		
	Total [1,2]	**Past due but not impaired [1,2]**	**Considered impaired [1,2]**
30 June 2015			
< 3 months overdue	3,832	2,610	1,222
3 months - 6 months overdue	1,975	1,504	471
> 6 months overdue	13,984	5,983	8,001
30 June 2014			
< 3 months overdue	10,778	10,317	461
3 months - 6 months overdue	1,910	1,454	456
> 6 months overdue	10,470	3,219	7,251

Parent

	$'000		
	Total [1,2]	**Past due but not impaired [1,2]**	**Considered impaired [1,2]**
30 June 2015			
< 3 months overdue	3,832	2,610	1,222
3 months - 6 months overdue	1,975	1,504	471
> 6 months overdue	13,984	5,983	8,001
30 June 2014			
< 3 months overdue	10,778	10,317	461
3 months - 6 months overdue	1,910	1,454	456
> 6 months overdue	10,470	3,219	7,251

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

iii. Other financial assets

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

iv. RMS Deposits

RMS have 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 2.00 per cent (2014: 3.01 per cent), while over the year the weighted average interest rate was 2.69 per cent (2014: 3.88 per cent) on a weighted average balance during the year of $558.8 million (2014: $291.6 million). None of these assets are past due or impaired.

(d) Fair value

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

The future cash flows of the promissory notes and concession payments are valued at amortised cost, using their effective interest rates.

The fair value of the Westlink M7 Motorway concession payments is $153.6 million which differs from its carrying amount of $171.5 million (refer to Note 8(c)) and is determined using effective interest rate of 5.25 per cent. The fair value of the Lane Cove Tunnel concession payments is $163.7 million which differs from the carrying amount of $164.9 million (refer to Note 8(c)) and is determined using effective interest rate 5.63 per cent.

The fair values of the M2 Motorway and Eastern Distributor promissory notes are $59.3 million which differs from their carrying amount of $48.6 million (refer to Note 8(c)). The M2 Motorway promissory notes are determined using effective interest rate of 10.61 per cent and Eastern Distributor promissory notes at 10.39 per cent.

The interest rates sensitivity analysis for these future cash flows are disclosed in Note 16(b)(i).

(e) Fair value recognised in statement of financial position

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

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

Consolidated

	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
30 June 2015				
Financial assets at fair value				
TCorp Hour-Glass facilities	-	290,777	-	290,777
30 June 2014				
Financial assets at fair value				
TCorp Hour-Glass facilities	-	254,832	-	254,832

Parent

	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
30 June 2015				
Financial assets at fair value				
TCorp Hour-Glass facilities	-	160,295	-	160,295
30 June 2014				
Financial assets at fair value				
TCorp Hour-Glass facilities	-	254,832	-	254,832

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 year ended 30 June 2015 (2014: none).

(f) Liquidity risk

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

Liquidity risk is the risk that RMS will be unable to meet its payment obligations when they fall due. RMS continuously manages risk through monitoring future cash flows and maturities planning to ensure adequate holding of high quality liquid assets. The objective is to maintain a balance between continuity of funding and flexibility through the use of overdrafts, loans and other advances.

RMS have a Come and Go Facility with TCorp valued at $100 million that has current approval to 30 June 2018 for cash management purposes. This year the facility was not used to fund shortfalls, incurring a total interest charge of zero. WDA has a Come and Go Facility with TCorp valued at $10 million which has not been utilised incurring a total interest charge of zero.

Financing arrangements

	Consolidated 2015 $'000	Consolidated 2014 $'000	Parent 2015 $'000	Parent 2014 $'000
Unrestricted access was available at the Statement of Financial Position date to the come and go facility	-	-	-	-
Total facility	110,000	100,000	100,000	100,000
Used at Statement of Financial Position date	-	-	-	-
Unused at Statement of Financial Position date	**110,000**	**100,000**	**100,000**	**100,000**

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

The liabilities are recognised for amounts due to be paid in the future for goods or services received, whether or not invoiced. Amounts owing to suppliers (which are unsecured) are settled in accordance with TC 11/12 "Payment of Accounts". If trade terms are not specified, payment is made no later than the end of the month following the month in which an invoice or a statement is received.

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

Maturity analysis and interest rate exposure of financial liabilities

Consolidated

			$'000					
			Interest rate exposure			Maturity dates		
30 June 2015	**Weighted average effective int. Rate**	**Nominal amount (i)**	**Fixed interest rate**	**Variable interest rate**	**Non-interest bearing**	**< 1 yr**	**1-5 yrs**	**>5 yrs**
Payables								
Trade payables	-	154,254	-	-	154,254	154,254	-	-
Other current payables	-	157,625	-	-	157,625	157,625	-	-
Accrued expenses	-	669,197	-	-	669,197	669,197	-	-
Sydney Harbour Tunnel tax liability	-	28,060	-	-	28,060	2,055	13,361	12,644
Personnel services	-	1,437,990	-	-	1,437,990	226,301	1,211,689	-
Holding accounts	-	115,810	-	-	115,810	115,810	-	-
Borrowings								
Advances repayable	5.87%	2,033	2,033	-	-	2,033	-	-
TCorp borrowings	0.00%	-	-	-	-	-	-	-
Finance leases	7.70%	588,639	588,639	-	-	73,815	321,756	193,068
Other loans and deposits	5.75%	97	97	-	-	97	-	-

(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.

Consolidated

					$'000			
			Interest rate exposure			Maturity dates		
30 June 2014	**Weighted average effective int. Rate**	**Nominal amount (i)**	**Fixed interest rate**	**Variable interest rate**	**Non-interest bearing**	**< 1 yr**	**1-5 yrs**	**>5 yrs**
Payables								
Trade payables	-	177,444	-	-	177,444	177,444	-	-
Other current payables	-	47,034	-	-	47,034	47,034	-	-
Accrued expenses	-	578,834	-	-	578,834	578,834	-	-
Sydney Harbour Tunnel tax liability	-	24,411	-	-	24,411	2,009	10,425	11,977
Personnel services	-	1,389,957	-	-	1,389,957	235,192	1,154,765	-
Holding accounts	-	103,867	-	-	103,867	103,867	-	-
Borrowings								
Advances repayable	5.86%	4,206	4,206	-	-	2,173	2,033	-
TCorp borrowings	5.09%	490,382	490,382	-	-	332,754	157,628	-
Finance leases	7.70%	678,294	678,294	-	-	89,654	311,027	277,613
Other loans and deposits	6.14%	242	242	-	-	149	93	-

(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.

Parent

			$'000					
			Interest rate exposure			Maturity dates		
30 June 2015	**Weighted average effective int. Rate**	**Nominal amount (i)**	**Fixed interest rate**	**Variable interest rate**	**Non-interest bearing**	**< 1 yr**	**1-5 yrs**	**>5 yrs**
Payables								
Trade payables	-	152,444	-	-	152,444	152,444	-	-
Other current payables	-	87,595	-	-	87,595	87,595	-	-
Accrued expenses	-	636,019	-	-	636,019	636,019	-	-
Sydney Harbour Tunnel tax liability	-	28,060	-	-	28,060	2,055	13,361	12,644
Personnel services	-	1,437,379	-	-	1,437,379	226,232	1,211,147	-
Holding accounts	-	114,127	-	-	114,127	114,127	-	-
Borrowings								
Advances repayable	5.87%	2,033	2,033	-	-	2,033	-	-
TCorp borrowings	0.00%	-	-	-	-	-	-	-
Finance leases	7.70%	588,639	588,639	-	-	73,815	321,756	193,068
Other loans and deposits	5.75%	97	97	-	-	97	-	-

(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.

Parent

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

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

17. Current/non-current liabilities - provisions

	Consolidated 2015 $'000	Consolidated 2014 $'000	Parent 2015 $'000	Parent 2014 $'000
Current provisions				
Provision for makegood - leasehold	2,437	2,674	2,437	2,674
Provision for makegood - land	41,388	5,670	7,286	5,670
	43,825	**8,344**	**9,723**	**8,344**
Non-current provisions				
Provision for makegood - leaseholds	14,986	16,885	14,986	16,885
Provision for makegood - land	-	-	-	-
	14,986	**16,885**	**14,986**	**16,885**
Total Provisions	**58,811**	**25,229**	**24,709**	**25,229**

Consolidated

2015	**Provision for makegood leaseholds $'000**	**Provision for makegood land $'000**	**Total $'000**
Carrying amount at the beginning of financial year	19,559	5,670	25,229
Additional provisions recognised	3,746	37,202	40,948
Reclassification	-	-	-
Unused amounts reversed/utilised	(6,430)	(1,484)	(7,914)
Unwinding / change in the discount rate	548	-	548
Carrying amount at end of the year	**17,423**	**41,388**	**58,811**

Parent

2015	**Provision for makegood leaseholds $'000**	**Provision for makegood land $'000**	**Total $'000**
Carrying amount at the beginning of financial year	19,559	5,670	25,229
Additional provisions recognised	3,746	3,100	6,846
Reclassification	-	-	-
Unused amounts reversed/utilised	(6,430)	(1,484)	(7,914)
Unwinding / change in the discount rate	548	-	548
Carrying amount at end of the year	**17,423**	**7,286**	**24,709**

18. Current/non-current liabilities - other

	Consolidated 2015 $'000	Consolidated 2014 $'000	Parent 2015 $'000	Parent 2014 $'000
Current				
Statutory creditors	6,451	6,169	6,451	6,169
Unearned rent on M5 Motorway	513	709	513	709
Sydney Harbour Tunnel tax liabilities	2,055	2,009	2,055	2,009
Income received in advance	11,774	5,615	11,774	5,615
Holding accounts	115,810	103,867	114,127	103,867
Lease incentive	497	497	497	497
Deferred revenue - reimbursement on private sector provided infrastructure	19,030	12,065	19,030	12,065
Customer advances and deposits	-	37	-	37
Priority list on moorings	465	545	465	545
Wetland lease security deposits [(a)]	1,508	1,487	1,508	1,487
Rent in advance	3,371	4,260	3,371	4,260
Boating fees in advance [(b)]	36,221	31,875	36,221	31,875
	197,695	**169,135**	**196,012**	**169,135**
Non-current				
Unearned rent on M5 Motorways	5,363	5,778	5,363	5,778
Sydney Harbour Tunnel tax liabilities	21,694	22,402	21,694	22,402
Income received in advance	9,250	10,250	9,250	10,250
Lease incentive	41	539	41	539
Deferred revenue - reimbursement on private sector provided infrastructure	569,109	257,757	569,109	257,757
Boating fees in advance	24,149	28,128	24,149	28,128
	629,606	**324,854**	**629,606**	**324,854**
Current				
Sydney Harbour Tunnel past tax liability	1,717	1,671	1,717	1,671
Sydney Harbour Tunnel future tax liability	338	338	338	338
	2,055	**2,009**	**2,055**	**2,009**
Non-current				
Sydney Harbour Tunnel past tax liability	9,044	10,147	9,044	10,147
Sydney Harbour Tunnel future tax liability	12,650	12,255	12,650	12,255
	21,694	**22,402**	**21,694**	**22,402**

(a) This amount mainly represents cash deposits, in lieu of bank guarantees, received from the developer of King Street Wharf, as security over the completion of specific stages of the construction project.
(b) Boating fees in advance comprises prepayments by customers for licences, registrations and moorings for the service component which will be provided by NSW Maritime in the future.

Unearned rent and deferred revenue on motorways

The land acquisition loan of $22.0 million, based on the cost of land under the M5 Motorway originally purchased by RMS, was repaid in June 1997 by the concession holder. The repayment of the loan is considered to be a prepayment of the remaining rental over the period of the concession agreement. In accordance with AASB 117 *Leases*, this revenue is brought to account over the period of the lease.

In consideration for the concession holder undertaking construction of an interchange at Moorebank (M5 Motorway Improvements) on the M5 Motorway, the original concession period (to 14 August 2022) has been extended to 10 December 2026.

	Consolidated 2015 $'000	Consolidated 2014 $'000	Parent 2015 $'000	Parent 2014 $'000
Rent earned in prior year	15,514	14,805	15,514	14,805
Rent earned in current year	610	709	610	709
Unearned rent as at year end	5,876	6,487	5,876	6,487
	22,000	**22,000**	**22,000**	**22,000**

NSW Treasury has mandated the adoption of TPP 06–08 "Accounting for Privately Funded Projects" which requires revenue to be brought to account over the period of the concessions. Under the various Private Sector Provided Infrastructure, $369.9 million was received following the letting of the Lane Cove Tunnel, Cross City Tunnel and Western M7 Motorway contracts as reimbursement of development costs.

In addition, as a result of the signing of the NorthConnex agreement on 31 January 2015, RMS is to receive concession fees of $358.8 million in relation to the M7 Motorway and $200.0 million in relation to Lane Cove Tunnel (nominal values) (refer to Note 10(a)). RMS have recorded the present value of these future cash flows as deferred revenue; reimbursement of development costs of $259.0 million (2014: $269.8 million) and concession payments of $324.9 million (2014: NIL) . RMS will amortise the liability over the concession period. The amortisation and deferred revenue balances are shown in the table below.

Promissory notes are to be received in respect of M2 and Eastern Distributor. M2 promissory notes are redeemable in 2046 and Eastern Distributor promissory notes are redeemable in 2048. RMS have recorded the present value of these future cash flows of $4.3 million (2014: NIL) as deferred revenue and will amortise the liability over the concession period. The amortisation and deferred revenue balances are shown in the table below.

Reimbursement of development costs for Lane Cove Tunnel, Cross City Tunnel and Western M7 Motorway				
Amortisation of deferred revenue in prior year	100,093	88,028	100,093	88,028
Amortisation of deferred revenue in current year	10,811	12,065	10,811	12,065
Unearned reimbursement as at year end	259,012	269,822	259,012	269,822
	369,916	**369,915**	**369,916**	**369,915**
Lane Cove Tunnel and M7 Motorway Concession Payments				
Amortisation of deferred revenue in current year	4,099	-	4,099	-
Unearned reimbursement as at year end	324,856	-	324,856	-
	328,955	**-**	**328,955**	**-**
M2 and Eastern Distributor Promissory Notes				
Amortisation of deferred revenue in current year	2,417	-	2,417	-
Unearned reimbursement as at year end	4,271	-	4,271	-
	6,688	**-**	**6,688**	**-**
Total Unearned reimbursement as at year end	588,139	269,822	588,139	269,822
Classified as:				
Current (note 18(a))	19,030	12,065	19,030	12,065
Non-current (note 18(b))	569,109	257,757	569,109	257,757
Total	**588,139**	**269,822**	**588,139**	**269,822**

19. Commitments for expenditure

(a) Capital Commitments

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

	Consolidated 2015 $'000	Consolidated 2014 $'000	Parent 2015 $'000	Parent 2014 $'000
Not later than 1 year	671,447	551,676	644,999	551,676
Later than 1 year and not later than 5 years	2,352,983	1,760,287	2,252,305	1,760,287
Later than 5 years	387,517	484,520	387,517	484,520
Total (including GST)	**3,411,947**	**2,796,483**	**3,284,821**	**2,796,483**

(b) Operating lease commitments

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

	Consolidated 2015 $'000	Consolidated 2014 $'000	Parent 2015 $'000	Parent 2014 $'000
Not later than one year	69,720	75,964	69,610	75,964
Later than 1 year and not later than five years	97,956	135,927	97,956	135,927
Later than 5 years	25,983	27,363	25,983	27,363
Total (including GST)	**193,659**	**239,254**	**193,549**	**239,254**

The property operating lease commitments are as follows:

	Consolidated 2015 $'000	Consolidated 2014 $'000	Parent 2015 $'000	Parent 2014 $'000
Not later than one year	36,284	46,536	36,174	46,536
Later than 1 year and not later than five years	46,333	88,438	46,333	88,438
Later than 5 years	25,919	27,363	25,919	27,363
Total (including GST)	**108,536**	**162,337**	**108,426**	**162,337**

In respect of property leases, RMS have various lessors with leases that have specific lease periods ranging from one year to 20 years.

The light motor vehicle operating lease commitments are as follows:

	Consolidated 2015 $'000	Consolidated 2014 $'000	Parent 2015 $'000	Parent 2014 $'000
Not later than one year	22,105	19,890	22,105	19,890
Later than 1 year and not later than five years	31,699	28,189	31,699	28,189
Total (including GST)	**53,804**	**48,079**	**53,804**	**48,079**

The light motor vehicle lease is with State Fleet Services and is financed through the Office of Finance and Services by the NSW Treasury.

The heavy motor vehicle and heavy plant vehicle operating lease commitments are as follows:

	Consolidated 2015 $'000	Consolidated 2014 $'000	Parent 2015 $'000	Parent 2014 $'000
Not later than one year	11,331	9,538	11,331	9,538
Later than 1 year and not later than five years	19,924	19,300	19,924	19,300
Later than 5 years	64	-	64	-
Total (including GST)	**31,319**	**28,838**	**31,319**	**28,838**

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

The total commitments detailed above include GST input tax credits of $327.8 million for Consolidated and $316.2 million for Parent (2014: $276.0 million for Consolidated and Parent) that are expected to be recoverable from the ATO.

(c) Sydney Harbour Tunnel – finance lease liability

	Consolidated 2015 $'000	Consolidated 2014 $'000	Parent 2015 $'000	Parent 2014 $'000
Minimum lease payment commitments in relation to tunnel finance lease payable as follows:				
Not later than 1 year	73,815	89,654	73,815	89,654
Later than 1 year and not later than 5 years	321,756	311,027	321,756	311,027
Later than 5 years	193,068	277,613	193,068	277,613
Minimum lease payments	588,639	678,294	588,639	678,294
Less: future finance charges	(141,324)	(177,439)	(141,324)	(177,439)
Present value of minimum lease payments	**447,315**	**500,855**	**447,315**	**500,855**
The present value of finance lease commitments is as follows:				
Not later than 1 year	41,385	53,539	41,385	53,539
Later than 1 year and not later than 5 years	229,414	202,741	229,414	202,741
Later than 5 years	176,516	244,575	176,516	244,575
	447,315	**500,855**	**447,315**	**500,855**
Classified as:				
Current (note 15)	41,385	53,539	41,385	53,539
Non-current (note 15)	405,930	447,316	405,930	447,316
Total (including GST)	**447,315**	**500,855**	**447,315**	**500,855**

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

Following the guidelines set out in NSW Treasury Policy Paper 06–08 “Accounting for Privately Financed Projects”, RMS have accounted for the Sydney Harbour Tunnel and related ERS Agreement as a finance lease arrangement in accordance with the requirements of AASB 117 *Leases*.

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

Contingent lease payments include increases in the ERS liability resulting from fluctuations in the weighted index component of the ERS Agreement (e.g. CPI fluctuations) and adjustments to the amount payable resulting from ERS clause 4.1(a) renegotiations such as GST on the tunnel tolls. Contingent lease payments are charged as expenses in the period they are incurred and amounted to $2.6 million for the period ending 30 June 2015 (2014: $2.3 million).

20. Increase in net assets from equity transfer

Transfer of net assets

Non-current land and building assets of $81.7 million as part of the RMS motor registries were transferred to other government agencies and current and non-current borrowings of Treasury Corporation loans of $506.4 million as an equity transfer for the year ended 30 June 2015.

	2015 $'000	2014 $'000
Net assets transferred were:		
Non-current assets		
Non-current land and building assets	(81,785)	-
Current and non-current liabilities		
NSW Treasury Corporation borrowings	506,365	-
Increase/(decrease) in net assets from equity transfer	**424,580**	**-**

21. Events after the reporting period

NSW Treasury has approved the equity transfer of former RMS award staff liabilities relating to the Long Service Leave (LSL) and Defined Benefit Scheme Superannuation from Transport Service of NSW to the Crown Finance Entity effective 1 July 2015. RMS is now expecting the final policy decision from the Secretary of Transport to transfer RMS personnel services payable to Transport Service of NSW of $1,356.4 million via equity.

WDA has a matter pertaining to a compulsory acquisition of land valued at $26 million which was published in the Government Gazette on 3 July 2015.

The NSW Government has decided to refine the responsibilities for the delivery of WestConnex. As a result, WDA's project delivery roles will move to Sydney Motorway Corporation (SMC), while its government 'client' functions will move to RMS. These transfers are targeted to occur by September 2015. WDA will remain a subsidiary entity of RMS, pending its wind-up and transfer of remaining functions, assets and liabilities to RMS.

No other events have occurred after the reporting date that would have a material impact on the financial statements.

22. Contingent assets and contingent liabilities

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

There are several significant contractual disputes with an estimated total contingent liability of $26.6 million (2014: $1.8 million). Compulsory property acquisition matters under litigation have an estimated contingent liability of $53.5 million (2014: $104.4 million).

RMS have 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 Orbital and the Lane Cove Tunnel. There is no reason to believe that these guarantees are ever to be exercised.

WDA has a compulsory property acquisition matter the Valuer-General has provided with a determination. However, an appeal has been made to the Environmental Court for reassessment. A contingent liability arises for any difference between the recorded asset value and any higher value arising subsequently from statutory processes.

23. Budget Review

Net result

The actual net surplus result was lower than budget by $52.6 million. These variances are mainly due to changes that occurred during the year as detailed in the table below.

	$'M
Net surplus result as per the Budget	2,222
Variance comprises:	
Other revenue for the first time recognition of assets	199
Lower than budgeted asset disposals and write downs, which are highly variable to predict	135
Higher than budgeted investment revenue from cash and new concession receivables	21
Lower than budgeted finance cost due to transfer of T-Corp borrowings	18
Roll-over of the recurrent grants for NorthConnex and Restart programs	(156)
Lower than budgeted recurrent grants received for borrowings repayments, as the T-Corp borrowings were transferred on 1 July 2014	(101)
Lower than budgeted capital grants received due to re-profiling in the capital projects	(69)
Lower than budgeted non-cash grants for transfer of assets	(8)
Higher than budgeted depreciation and amortisation expenses	(15)
Unbudgeted lease termination payment	(16)
Higher than budgeted operating expense for outsourced mobile speed camera project	(12)
Higher than budgeted non-controllable non-cash actuarial adjustments for personnel service	(52)
Other various budget variances	3
Net surplus result as per the Actuals	**2,169**

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

	$'M
Employee related and personnel service expenses as per the Budget	551
Variance comprises:	
Higher than budgeted non-controllable non-cash actuarial adjustments for personnel service	52
Miscellaneous other lower employees expenses	(3)
Total variance	49
Actual employee related and personnel service expenses after adjusting variances as per the financial statements	**600**

Assets and liabilities

Total current assets are higher than budget by $323.4 million largely due to higher cash and cash equivalents of $273.1 million due to cash held in trust for compulsory acquisitions and higher than budgeted receivables of $52.6 million.

Total non-current assets are higher than budget by $1, 436.6 million primarily due to higher than budgeted revaluation increases in infrastructure assets of $900.0 million, unbudgeted asset recognised for first time of $198.5 million, and unbudgeted concession receivables of $336.0 million.

Total liabilities are higher than budget by $630.4 million. This is largely due to unbudgeted deferred concession liability of $324.9 million, higher than budgeted increase in current payables of $310.3 million largely from compulsory acquisition, higher than budgeted increase in non-current payable of $308.0 million due to superannuation actuarial adjustments, unbudgeted provisions for remediation of $58.0 million. This is offset by unbudgeted transfer of T-Corp borrowings of $410.0 million, net of expected repayment.

Cash flows

Actual Cash position at 30 June 2015 shows a $273.1 million favourable variance.

	$'M
Closing cash and cash equivalents as per the Budget	295
Variance comprises:	
Lower than budgeted cash flows used in investing activities due to lower cash outlays on capital spending	353
Lower than budgeted cash flows used in financing activities due to transfer of T-Corp debt to the Crown	81
Favourable opening cash positions at the beginning of the year	54
Lower than budgeted cash inflows from operating activities largely due to lower than budgeted recurrent grants received for Restart and NorthConnex programs, and lower than budgeted grants received for borrowings repayments, as the T-Corp borrowings were transferred on 1 July 2014	(215)
Closing cash and cash equivalents as per the Actuals	**568**

24. Native Title

The Commonwealth's legislation (*Native Title Act*) and the New South Wales statute (*Native Title (New South Wales) Act*) have financial implications for New South Wales Government agencies generally. RMS have undertaken an assessment of the impact of this legislation on its financial position. This assessment indicates that as at 30 June 2015, there were no Native Title claims which had been initiated against RMS (2014: none).

25. Administered income and expenses

	Consolidated 2015 $'000	Consolidated 2014 $'000	Parent 2015 $'000	Parent 2014 $'000
Administered income				
Transfer receipts				
- Taxes, fees and fines	513,998	527,828	513,998	527,828
- Stamp duty	707,284	664,680	707,284	664,680
- Motor vehicle weight tax and fines	1,874,751	1,773,098	1,874,751	1,773,098
- Other	56,883	44,924	56,883	44,924
Total administered income	**3,152,916**	**3,010,530**	**3,152,916**	**3,010,530**
Total administered expenses	-	-	-	-
Administered income less expenses	**3,152,916**	**3,010,530**	**3,152,916**	**3,010,530**

26. Administered assets and liabilities

	Consolidated 2015 $'000	Consolidated 2014 $'000	Parent 2015 $'000	Parent 2014 $'000
Administered assets				
Remitting account, cash in transit and cash on hand	32,214	37,923	32,214	37,923
Total administered assets	**32,214**	**37,923**	**32,214**	**37,923**
Administered liabilities				
Holding accounts (current/non-current liabilities other)	32,214	37,923	32,214	37,923
Other*	320,156	261,091	320,156	261,091
Total administered liabilities	**352,370**	**299,014**	**352,370**	**299,014**

* The amount of multiple licence fees issued in the current year is approximately $141.6 million (2014: $120.1 million). The maximum period of licence is 10 years. First year licences are not deemed to be a liability. The outstanding liability above represents the remaining 9 years. Refer to Note 1(f) for further details.
The holding accounts and remitting account balances above represent fees collected by RMS motor registries that have not been remitted to the third party they are being administered for (generally NSW Treasury).

27. Reconciliation of cash from operating activities to surplus

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

	Consolidated 2015 $'000	Consolidated 2014 $'000	Parent 2015 $'000	Parent 2014 $'000
Net cash from operating activities	3,557,088	3,032,396	3,394,639	3,032,396
Adjustments for revenues and expenses not involving cash:				
Net gain on disposal of plant and equipment	(5,161)	4,604	(5,161)	4,604
Right to receive on PSPI	200,129	198,791	200,129	198,791
M2 and Eastern Distributor promissory notes	(5,986)	9,025	(5,986)	9,025
Roads and bridges transferred from councils	110	69,050	110	69,050
Roads and bridges transferred to councils	(1,857)	(85,584)	(1,857)	(85,584)
Assets free of charge	8,523	-	8,523	-
Assets written off (note 5)	(171,423)	(521,906)	(171,423)	(521,906)
Assets written down - land & buildings and infrastructure assets	(52,147)	(117,616)	(52,147)	(117,616)
Depreciation/amortisation	(1,551,357)	(1,434,708)	(1,551,357)	(1,434,708)
Other non-cash items	203,094	71,630	203,094	71,630
Non cash personnel services	(5,229)	(136,650)	(5,229)	29,238
	(1,381,304)	(1,943,364)	(1,381,304)	(1,777,476)
Adjustments for cash movement in operating assets and liabilities				
Increase/(decrease) in receivables	83,383	(35,140)	52,020	(35,140)
Increase/(decrease) in inventories	(2,678)	(927)	(2,678)	(927)
(Increase)/decrease in creditors	(15,677)	59,227	21,720	59,227
(Increase)/decrease in provisions *	(71,464)	(116,323)	(71,464)	(116,323)
	(6,436)	(93,163)	(402)	(93,163)
Net result for the year	**2,169,348**	**995,869**	**2,012,933**	**1,161,757**

* Excludes non-cash adjustments of $NIL million (2014: $165.9 million) relating to superannuation actuarial gains/(losses) against employee provisions through other comprehensive income.

28. Non-cash financing and investing activities

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

	Consolidated 2015 $'000	Consolidated 2014 $'000	Parent 2015 $'000	Parent 2014 $'000
Transfers from councils	110	69,050	110	69,050
Transfers to councils	(1,857)	(85,584)	(1,857)	(85,584)
Assets written off	(171,423)	(521,906)	(171,423)	(521,906)
Assets written down - infrastructure assets	(52,147)	(117,616)	(52,147)	(117,616)
Assets free of charge	8,523	-	8,523	-
Assets recognised for the first time	198,452	22,396	198,452	22,396
Write back of payable forgiven	5,552	36,449	5,552	36,449
M2 and Eastern Distributor promissory notes	(5,986)	9,025	(5,986)	9,025
Right to receive on PSPI	200,129	198,791	200,129	198,791
Land & buildings transferred to other NSW government agencies	(81,785)	-	(81,785)	-
NSW Treasury Corporation borrowings transferred to Crown	506,365	-	506,365	-

End of audited financial statements.

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