State Transit

Annual Report

NSW GOVERNMENT

Volume 2 • 2019–20

INDEPENDENT AUDITOR'S REPORT

State Transit Authority of NSW

To Members of the New South Wales Parliament

Opinion

I have audited the accompanying financial statements of the State Transit Authority of NSW (the Authority), which comprise the Statement of Comprehensive Income for the year ended 30 June 2020, the Statement of Financial Position as at 30 June 2020, the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, notes comprising a Statement of Significant Accounting Policies and other explanatory information.

In my opinion, the financial statements:

- give a true and fair view of the financial position of the Authority as at 30 June 2020, and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards
- are in accordance with section 41B of the *Public Finance and Audit Act 1983* (PF&A Act) and the *Public Finance and Audit Regulation 2015*

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

Basis for Opinion

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under the standards are described in the 'Auditor's Responsibilities for the Audit of the Financial Statements' section of my report.

I am independent of the Authority in accordance with the requirements of the:

- Australian Auditing Standards
- Accounting Professional and Ethical Standards Board's APES 110 'Code of Ethics for Professional Accountants (including Independence Standards)' (APES 110).

I have fulfilled my other ethical responsibilities in accordance with APES 110.

Parliament promotes independence by ensuring the Auditor-General and the Audit Office of New South Wales are not compromised in their roles 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
- precluding the Auditor-General from providing non-audit services.

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

Other Information

The Authority's annual report for the year ended 30 June 2020 includes other information in addition to the financial statements and my Independent Auditor's Report thereon. The Chief Executive Officer of the Authority is responsible for the other information. At the date of this Independent Auditor's Report, the other information I have received comprise the Statement by the Chief Executive Officer.

My opinion on the financial statements does not cover the other information. Accordingly, I do not express any form of assurance conclusion on the other information.

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work I have performed, I conclude there is a material misstatement of the other information, I must report that fact.

I have nothing to report in this regard.

The Chief Executive Officer's Responsibilities for the Financial Statements

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

In preparing the financial statements, the Chief Executive Officer is responsible for assessing the Authority's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting.

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to:

- obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error
- issue an Independent Auditor's Report including my opinion.

Reasonable assurance is a high level of assurance, but does not guarantee an audit conducted in accordance with Australian Auditing Standards will always detect material misstatements. Misstatements can arise from fraud or error. Misstatements are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions users take based on the financial statements.

A description of my responsibilities for the audit of the financial statements is located at the Auditing and Assurance Standards Board website at: www.auasb.gov.au/auditors_responsibilities/ar4.pdf. The description forms part of my auditor's report.

The scope of my audit does not include, nor provide assurance:

- that the Authority carried out its activities effectively, efficiently and economically
- 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 which may have been hyperlinked to/from the financial statements.

Somaiya Ahmed
Director, Financial Audit Services

Delegate of the Auditor-General for New South Wales

28 September 2020
SYDNEY

State Transit Authority of NSW
Statement by Chief Executive Officer
30 June 2020

Pursuant to section 41 (C)(1B) and 41 (C)(1C) of the *Public Finance and Audit Act 1983*, I declare that in my opinion:

1. The accompanying financial statements as at 30 June 2020 exhibit a true and fair view of the financial position and financial performance of the State Transit Authority of New South Wales for the year ended; and

2. The financial statements have been prepared in accordance with the prov1s1ons of the Australian Accounting Standards which includes Australian Accounting Interpretations, the *Public Finance and Audit Act 1983, Public Finance and Audit Regulation 2015* and the Treasurer's Directions.

Further, at the date of this statement, I am not aware of any circumstances that would render the particulars included in the financial statements to be misleading or inaccurate.

Daniela Fontana
Chief Executive Officer

DATED - 28 September 2020

State Transit Authority of NSW

Audited Financial Statements for the year ended - 30 June 2020

Contents

30 June 2020

State Transit Authority of NSW
Statement of comprehensive income
For the year ended 30 June 2020

	Note	2020 $'000	2019 $'000
Revenue			
Operational revenue	2	424,860	428,364
Other income	3	25,231	47,206
Total revenue		450,091	475,570
Expenses			
Fleet running expenses	4	(61,493)	(67,825)
Personnel services	5	(331,844)	(353,975)
Depreciation and amortisation	6	(3,337)	(2,356)
Finance costs	7	(3)	(8,006)
Operating expenses	8	(54,814)	(55,575)
Total expenses		(451,491)	(487,737)
Deficit for the year		(1,400)	(12,167)
Other comprehensive income for the year		-	-
Total comprehensive income for the year		(1,400)	(12,167)

The above statement of comprehensive income should be read in conjunction with the accompanying notes

State Transit Authority of NSW
Statement of financial position
As at 30 June 2020

	Note	2020 $'000	2019 $'000
Assets			
Current assets			
Cash and cash equivalents	9	34,577	49,425
Trade and other receivables	10	35,957	35,655
Inventories	11	7,153	7,839
Other		202	93
Total current assets		77,889	93,012
Non-current assets			
Property, plant and equipment	12	4,441	6,210
Right-of-use asset	13	234	-
Intangibles	14	6,182	11,006
Total non-current assets		10,857	17,216
Total assets		88,746	110,228
Liabilities			
Current liabilities			
Trade and other payables	15	108,197	120,016
Provisions	16	1,544	2,427
Lease liability	17	167	-
Total current liabilities		109,908	122,443
Non-current liabilities			
Trade and other payables	18	183,069	190,930
Provisions	19	701	441
Lease liability	20	54	-
Total non-current liabilities		183,824	191,371
Total liabilities		293,732	313,814
Net liabilities		(204,986)	(203,586)
Equity			
Retained surpluses	22	(204,986)	(203,586)
Total deficiency in equity		(204,986)	(203,586)

The above statement of comprehensive income should be read in conjunction with the accompanying notes

State Transit Authority of NSW
Statement of changes in equity
For the year ended 30 June 2020

	Reserves $'000	Retained surpluses $'000	Total deficiency in equity $'000
Balance at 1 July 2018	228,232	135,647	363,879
Deficit for the year	-	(12,167)	(12,167)
Other comprehensive income for the year	-	-	-
Total comprehensive income for the year	-	(12,167)	(12,167)
Reserves transferred to retained surpluses on disposal/transfer of assets	(228,232)	228,232	-
Decrease in net assets from equity transfers	-	(555,298)	(555,298)
Balance at 30 June 2019	-	(203,586)	(203,586)

	Reserves $'000	Retained surpluses $'000	Total deficiency in equity $'000
Balance at 1 July 2019	-	(203,586)	(203,586)
Deficit for the year	-	(1,400)	(1,400)
Other comprehensive income for the year	-	-	-
Total comprehensive income for the year	-	(1,400)	(1,400)
Balance at 30 June 2020	-	(204,986)	(204,986)

The above statement of comprehensive income should be read in conjunction with the accompanying notes

State Transit Authority of NSW
Statement of cash flows
For the year ended 30 June 2020

	Note	2020 $'000	2019 $'000
Cash flows from operating activities			
Receipts from operations		428,618	470,244
Other receipts		108,267	70,267
Interest received		420	3,138
Payments to suppliers		(549,546)	(523,980)
Finance costs		(3)	-
Net cash from/(used in) operating activities	29	(12,244)	19,669
Cash flows from investing activities			
Purchases of property, plant and equipment		(2,516)	(5,473)
Proceeds from disposal of property, plant and equipment		41	1,227
Net cash used in investing activities		(2,475)	(4,246)
Cash flows from financing activities			
Equity transfer of cash		-	(35,655)
Proceeds from finance leases		-	3,673
Payment of principal portion of lease liabilities		(129)	-
Net cash used in financing activities		(129)	(31,982)
Net decrease in cash and cash equivalents		(14,848)	(16,559)
Cash and cash equivalents at the beginning of the financial year		49,425	65,984
Cash and cash equivalents at the end of the financial year	9	34,577	49,425

The above statement of comprehensive income should be read in conjunction with the accompanying notes

Note 1. Summary of significant accounting policies

The State Transit Authority of New South Wales ("Authority") was established by section 20 of the *Transport Administration Act 1988*. It is domiciled in New South Wales (NSW), Australia.

The Authority is a controlled entity of Transport for New South Wales (TfNSW) and TfNSW is a controlled entity of the Department of Transport which is consolidated as part of the NSW Total State Sector accounts.

The Authority is a not-for-profit public entity for accounting purposes. The Authority is exempt from the National Tax Equivalent Regime and is not required to pay income tax.

The Authority's principal activities are the provision of bus services in metropolitan Sydney under the Sydney Metropolitan Bus Service Contracts.

The Authority is operating under five years contracts with the NSW Government to operate bus services in three contract regions which is effective from 1 July 2018. The Authority leases depot and buses under peppercorn leases from the TfNSW. The Government has also announced that private sector operators will be invited to compete to run bus services in the Eastern, Western and Northern Region. There currently exists uncertainty in relation to timing, terms and conditions, and method for the treatment of assets and liabilities. Accordingly, the financial statements have been prepared on a basis consistent with prior years.

The Minister for Transport and Infrastructure, pursuant to section 94 of the Transport Administration Act 1988 (NSW), ordered the transfer of certain assets (all land, buildings, owned buses and buses accounted for as a finance lease, and certain plant and equipment) and liabilities (personnel services liabilities for the Southern region and all financial liabilities) to TfNSW effective from 1 July 2018. The Authority has transferred all relevant assets and liabilities to TfNSW.

The financial statements were authorised for issue by the Chief Executive Officer on the date the accompanying statement was signed.

Basis of preparation

The financial statements have been prepared as general purpose financial statements in accordance with the requirements of the *Public Finance and Audit Act 1983*, the *Public Finance and Audit Regulation 2015*, Australian Accounting Standards which include Australian Accounting Interpretations and Financial Reporting Directions mandated by the NSW Treasurer.

The financial statements have been prepared on an accrual accounting basis using historical costs except for certain noncurrent assets, which are recorded at fair value.

All amounts are expressed in Australian currency.

Going concern

The financial statements have been prepared on a going concern basis which assumes that repayment of debts will be met as and when they fall due, without any intention or necessity to liquidate assets or otherwise wind up the operations. The negative equity has arisen due to the Authority equity transferring the majority of assets and liabilities, with a net value of $555.3m to TfNSW on 1 July 2018 in accordance with the *Transport Administration Act 1988*. The operations and ability of the Authority to pay its debts are assured, despite total liabilities exceeding total assets at year end, due to monthlypayments for bus services contract from TfNSW. The Authority has received a Letter of Comfort from NSW Treasury.

Financial assets

Financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. Such assets are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on both the business model within which such assets are held and the contractual cash flow characteristics of the financial asset unless an accounting mismatch is being avoided.

Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the Authority has transferred substantially all the risks and rewards of ownership. When there is no reasonable expectation of recovering part or all of a financial asset, its carrying value is written off.

Note 1. Summary of significant accounting policies (continued)

Financial assets at amortised cost
A financial asset is measured at amortised cost only if both of the following conditions are met: (i) it is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and (ii) the contractual terms of the financial asset represent contractual cash flows that are solely payments of principal and interest.

Impairment of financial assets
The Authority recognises a loss allowance for expected credit losses on financial assets which are either measured at amortised cost or fair value through other comprehensive income. The measurement of the loss allowance depends upon the Authority's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12-month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next 12 months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

For financial assets mandatorily measured at fair value through other comprehensive income, the loss allowance is recognised in other comprehensive income with a corresponding expense through profit or loss. In all other cases, the loss allowance reduces the asset's carrying value with a corresponding expense through profit or loss.

Right-of-use assets
A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the Authority expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The Authority has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

Impairment
The carrying values of assets are reviewed annually for impairment where objective evidence, or changes in circumstances, indicate the carrying values may not be recoverable or the assets previously impaired may be reversible.

If any such indication exists and where the carrying values exceed the estimated recoverable amounts, the impaired assets would be written down to their recoverable amounts. Where the recoverable amounts exceed the values of the impaired assets, a reversal is made to the extent of the previous impairment loss recognised.

An impairment loss is recognised immediately as expense in the statement of comprehensive income unless the relevant asset is carried at a revalued amount in which case the impairment loss is treated as a revaluation decrease.

As a not-for-profit entity, an impairment loss is recognised in the net result to the extent the impairment loss exceeds the amount in the revaluation surplus for the class of asset. Intangibles amounting to $4.6m, which related to the work-inprogress for the payroll component of the Ellipse software were written-off during the year.

Note 1. Summary of significant accounting policies (continued)

Provisions
Provisions are recognised when it is probable that the Authority has a present legal, equitable or constructive obligation to make a future sacrifice of economic benefits as a result of past transactions or events and a reliable estimate of the amount of the obligation can be made. Provisions are measured at the present value of the estimated liability. The calculation of provisions require various assumptions and estimates to be made. These uncertainties may result in future actual expenditure differing from the amounts currently provided. The provisions recognised are periodically reviewed and updated based on the facts and circumstances available at the time.

Personnel services
Staff of the Authority are employed by Transport Service of NSW (TS). The Authority has recognised a personnel services expense and a corresponding liability to TS. The major components of the personnel services liability includes obligations for annual leave, long service leave, workers compensation and the unfunded portion of the defined benefit superannuation schemes.

Equity Transfer
The transfer of net assets between entities as a result of an administrative restructure, transfers of programs / functions and parts thereof between NSW public sector entities and 'equity appropriations' are designated or required by Australian Accounting Standards to be treated as contributions by owners and recognised as an adjustment to 'Retained Surpluses'. This treatment is consistent with AASB 1004 and Australian Interpretation 1038 Contributions by Owners Made to Wholly-Owned Public Sector Entities.

Transfers arising from an administrative restructure involving not-for-profit and for-profit government entities are recognised at the amount at which the assets and liabilities were recognised by the transferor immediately prior to the restructure. Subject to below, in most instances this will approximate fair value. All other equity transfers are recognised at fair value, except for intangibles. Where an intangible has been recognised at (amortised) cost by the transferor because there is no active market, the entity recognises the asset at the transferor's carrying amount. Where the transferor is prohibited from recognising internally generated intangibles, the entity does not recognise that asset.

Accounting for Goods and Services Tax (GST)
Revenues, expenses and assets are recognised net of the amount of GST, except:
- The amount of GST incurred that is not recoverable from the Australian Taxation Office is recognised as part of the cost of acquisition of an asset or as part of an item of expense.
- Receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the Australian Taxation Office is included in the statement of financial position as an asset or liability.

Cash flows are reported in the cash flow statement on a gross basis. The GST components of cash flows arising from investing and financing activities are classified as operating cash flows.

Judgement, key assumptions and estimations
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.

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 and all periods subsequent to the revision. Judgements, assumptions and estimates have been applied to Property, Plant & Equipment and Provisions in the financial statements.

Rounding of amounts
Amounts in this report have been rounded off to the nearest thousand dollars, or in certain cases, the nearest dollar.

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

Note 1. Summary of significant accounting policies (continued)

Statement of compliance
The financial statements of the Authority, including the notes, comply with Australian Accounting Standards which includes Australian Accounting Interpretations. At reporting date, all new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to the Authority's operations and effective for the current annual reporting period have been adopted.

Changes in accounting policies including new or revised accounting standards
Australian Accounting Standards and Interpretations that have recently been issued or amended relevant to the Authority but are not yet effective have not been adopted.

The Authority's assessed the following new standards and interpretations which are not expected to have a significant financial impact:

Applicable for the first time in 2019-20
The Authority applied *AASB 15 Revenue from Contracts with Customers*, *AASB 1058 Income of Not-for-Profit Entities*, and *AASB 16 Leases* for the first time. The nature and effect of the changes as a result of adoption of these new accounting standards are described below. Several other amendments and interpretations apply for the first time in FY2019-20, but do not have an impact on the financial statements of the Authority.

AASB 15 Revenue from Contracts with Customers
AASB 15 supersedes *AASB 111 Construction Contracts*, *AASB 118 Revenue* and related Interpretations and it applies, with limited exceptions, to all revenue arising from contracts with customers. AASB 15 establishes a five-step model to account for revenue arising from contracts with customers and requires that revenue be recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

AASB 15 requires Authority to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract.

In accordance with the transition provisions in AASB 15, the Authority has adopted AASB 15 retrospectively with the cumulative effect of initially applying the standard recognised at the date of initial application, i.e. 1 July 2019. The Authority has used the transitional practical expedient permitted by the standard to reflect the aggregate effect of all of the modifications that occur before 1 July 2018 when:
- identifying the satisfied and unsatisfied performance obligations
- determining the transaction price
- allocating the transaction price to the satisfied and unsatisfied performance obligations.

The impact of applying the above is not expected to significantly affect the financial statements.

AASB 1058 Income of Not-for-Profit Entities
AASB 1058 replaces most of the existing requirements in AASB 1004 Contributions. The scope of AASB 1004 is now limited mainly to contributions by owners (including parliamentary appropriations that satisfy the definition of a contribution by owners), administrative arrangements and liabilities of government departments assumed by other entities.

AASB 1058 applies to income with a donation component, i.e. transactions where the consideration to acquire an asset is significantly less than fair value principally to enable a not-for-profit entity to further its objectives; and volunteer services. AASB 1058 adopts a residual approach, meaning that entities first apply other applicable Australian Accounting Standards (e.g. AASB 1004, AASB 15, AASB 16, AASB 9, AASB 137) to a transaction before recognising income.

Not-for-profit entities need to determine whether a transaction is/contains a donation (accounted for under AASB 1058) or a contract with a customer (accounted for under AASB 15).

AASB 1058 requires recognition of receipt of an asset, after the recognition of any related amounts in accordance with other Australian Accounting Standards, as income:
- when the obligations under the transfer is satisfied, for transfers to enable an entity to acquire or construct a recognisable nonfinancial asset that will be controlled by the Authority
- immediately, for all other income within the scope of AASB 1058.

Note 1. Summary of significant accounting policies (continued)

In accordance with the transition provisions in AASB 1058, the Authority has adopted AASB 1058 retrospectively with the cumulative effect of initially applying the standard at the date of initial application, i.e. 1 July 2019. The Authority has adopted the practical expedient in AASB 1058 whereby existing assets acquired for consideration significantly less than fair value principally to enable the entity to further its objectives, are not restated to their fair value.

The impact of applying the above is not expected to significantly affect the financial statements.

AASB 16 Leases
AASB 16 supersedes *AASB 117 Leases*, Interpretation 4 Determining whether an Arrangement contains a Lease, Interpretation 115 Operating Leases – Incentives and Interpretation 127 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise most leases on the balance sheet.

Lessor accounting
Lessor accounting under AASB 16 is substantially unchanged from AASB 117. Lessors will continue to classify leases as either operating or finance leases using similar principles as in AASB 117. Therefore, AASB 16 does not have a significant impact for leases where the entity is the lessor.

Lessee accounting
AASB 16 requires the Authority to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under AASB 117. As the lessee, the Authority recognises a lease liability and right-of-use asset at the inception of the lease. The lease liability is measured at the present value of the future lease payments, discounted using the interest rate implicit in the lease, or the lessee's incremental borrowing rate if the interest rate implicit in the lease cannot be readily determined. The corresponding right-of-use asset is measured at the value of the lease liability adjusted for lease payments before inception, lease incentives, initial direct costs and estimates of costs for dismantling and removing the asset or restoring the site on which it is located. The Authority has adopted the partial retrospective option in AASB 16, where the cumulative effect of initially applying AASB 16 is recognised on 1 July 2019 and the comparatives for the year ended 30 June 2019 are not restated. In relation to leases that had previously been classified as 'operating leases' under AASB 117, a lease liability is recognised at 1 July 2019 at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate at the date of initial application. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 July 2019 was 1.51%. The corresponding right-ofuse asset is initially recorded on transition at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the statement of financial position as at 30 June 2019. The exception is right-of-use assets that are subject to accelerated depreciation. These assets are measured at their fair value at 1 July 2019.

For leases previously classified as finance leases the Authority recognised the carrying amount of the lease asset and lease liability immediately before transition as the carrying amount of the right of use asset and the lease liability at the date of initial application. The measurement principles of AASB 16 are only applied after that date. The Authority elected to use the practical expedient to expense lease payments for lease contracts that, at their commencement date, have a lease term of 12 months or less and do not contain a purchase option (short-term leases), and lease contracts for which the underlying asset is valued at $10,000 or under when new (low-value assets).

The effect of adoption of AASB 16 as at 1 July 2019 (increase / decrease) is, as follows:

	$'000
Assets	
Right-of-use assets	93
Total assets	93
Liabilities	
Lease liability	93
Total liabilities	93

Note 1. Summary of significant accounting policies (continued)

The lease liabilities as at 1 July 2019 can be reconciled to the operating lease commitments as of 30 June 2019, as follows:

	$'000
Operating lease commitments as at 30 June 2019 (GST excluded)	285
Weighted average incremental borrowing rate as at 1 July 2019	1.51%
Discounted operating lease commitments as at 1 July 2019	280
Less: commitments relating to short term leases	(21)
Less: commitments relating to leases of low value assets	(166)
Lease liabilities as at 1 July 2019	93

Applicable for the first time in 2020-21 and beyond

AASB 17 Insurance Contracts
AASB 2018-6 Amendments to Australian Accounting Standards – Definition of a Business
AASB 2018-7 Amendments to Australian Accounting Standards – Definition of Material
AASB 2019-1 Amendments to Australian Accounting Standards – References to the Conceptual Framework
AASB 2019-2 Amendments to Australian Accounting Standards – Implementation of AASB 1059
AASB 2019-3 Amendments to Australian Accounting Standards – Interest Rate Benchmark Reform
AASB 2019-4 Amendments to Australian Accounting Standards – Disclosure in Special Purpose Financial Statements of Not-for-Profit Private Sector Entities on Compliance with Recognition and Measurement Requirements
AASB 2019-5 Amendments to Australian Accounting Standards – Disclosure of the Effect of New IFRS Standards Not Yet Issued in Australia
AASB 1059 Service Concession Arrangements: Grantor

The Authority does not expect any significant impact from these new standards issued but not yet effective.

Note 2. Operational revenue

Operational Revenue consists of revenue derived from fares, charters and bus service contracts. The recognition and measurement criteria is described as below:

Until 30 June 2019

Operational revenue is recognised when the services have been provided and is measured in accordance with the relevant contracts and agreements.

Income was recognised in accordance with AASB 111 Construction Contracts, AASB 118 Revenue and AASB 1004 Contributions.

From 1 July 2019

Revenue from rendering of services is recognised when the Authority satisfies the performance obligation by transferring the promised services which is transportation of customers. The Authority typically satisfies its performance obligations when customers tap off the Opal card when off boarding the bus. The revenue is measured at the fare determined by the NSW Government. No element of financing is deemed present as payments are due when service is provided.

Income is recognised in accordance with the requirements of AASB 15 Revenue from Contracts with Customers or AASB 1058 Income of Not-for-Profit Entities, dependent on whether there is a contract with a customer defined by AASB 15 Revenue from Contracts with Customers.

	2020 $'000	2019 $'000
Operational revenue	424,860	428,364

Note 3. Other income

Other income consists of interest, grants, rents, fines and advertising. The recognition and measurement criteria is described as below:

Until 30 June 2019

Interest income on cash held within the NSW Treasury Banking System is recognised on a time proportion basis using the effective interest method.

Government grants are recognised when control of the cash or other asset (or the right to receive it) is obtained. Grants mainly include contributions to defined benefit superannuation schemes which are a component of the personnel services liability to Transport Service of NSW.

Operating lease income (rent) derived from commercial properties is recognised on a straight-line basis over the lease term. Advertising income with regard to the advertising rights on buses is recognised and measured in accordance with the terms of the contract.

From 1 July 2019

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit-impaired. For financial assets that become credit impaired, the effective interest rate is applied to the amortised cost of the financial asset (i.e. after deducting the loss allowance for expected credit losses).

Income from grants to acquire/construct a recognisable non-financial asset to be controlled by the Authority is recognised when the Authority satisfies its obligations under the transfer. The Authority satisfies the performance obligations under the transfer to construct assets over time as the non-financial assets are being constructed. Revenue from grants with sufficiently specific performance obligations is recognised as when the Authority satisfies a performance obligation by transferring the promised goods or services. Revenue from these grants is recognised based on the grant amount specified in the funding agreement/funding approval, and revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur.

Income from grants without sufficiently specific performance obligations is recognised when the Authority obtains control over the granted assets (e.g. cash).

Operating lease income (rent) and advertising income is accounted for on a straight-line basis over the lease/contract term.

	2020 **$'000**	**2019** **$'000**
Interest (includes finance lease income)	420	839
Gains on disposal of assets	26	545
Grants and contributions	10,950	30,599
Other (includes rents, fines and advertising)	13,835	15,223
	25,231	47,206

Note 4. Fleet running expenses

	2020 **$'000**	**2019** **$'000**
Fuel	37,592	41,852
Fleet maintenance	23,901	25,973
	61,493	67,825

Note 5. Personnel services

	2020 $'000	2019 $'000
Personnel services provided by Transport Service of NSW	331,844	353,975

Note 6. Depreciation and amortisation

	2020 $'000	2019 $'000
Depreciation expense - Property, plant and equipment	1,050	1,356
Amortisation expense - Intangible assets	2,174	1,000
Depreciation expense - Right-of-use asset	113	-
	3,337	2,356

Refer Note 12 (ii) and (vi) for measurement policies on depreciation and amortisation.

Note 7. Finance costs

All interest on borrowings, and costs associated with refinancing, are expensed in the period incurred.

	2020 $'000	2019 $'000
Interest expense	3	8,006

Note 8. Operating expenses

Insurance

Appropriate insurances are purchased to cover material liability, physical damage, business interruption, and other exposures arising out of normal business operations. Due to the use of deductibles, insurance may not provide 100% cover and the Authority would then retain direct responsibility for some portion of the losses. Provisions are made for future costs associated with liability claims occurring in the financial year for which insurance may not provide cover. These provisions are assessed at their present value by independent actuaries.

Repairs & maintenance

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

	2020 $'000	2019 $'000
Insurance expense	15,478	17,951
Minimum lease payment	-	295
Expense relating to short-term leases	221	-
Consultants and other contractors	887	1,593
Impairment	4,631	-
Repairs & maintenance	2,669	3,240
Taxes & tolls	2,101	4,067
Cleaning, waste & pest control	4,332	4,425
Other (includes corporate and shared services)	24,495	24,004
	54,814	55,575

Note 9. Current assets - cash and cash equivalents

Cash and cash equivalents include cash at bank within the NSW Treasury Banking System and cash on hand.

	2020 $'000	2019 $'000
Cash at bank and on hand	34,577	49,425

Note 10. Current assets - trade and other receivables

Receivables are recognised initially at fair value and subsequently measured at amortised cost less provision for impairment. Prepayments represent amounts paid in advance for services where the benefit will be realised in a subsequent period.

The collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off as bad debts.

The Authority recognises an allowance for expected credit losses (ECLs) for all debt financial assets not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows and the cash flows that the entity expects to receive, discounted at the original effective interest rate.

ECLs are recognised in two stages. For credit exposures where there has not been a significant increase in credit risk since initial recognition, ECLs are based on default events possible within the next 12-months (i.e. a 12-month ECL). If there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (i.e. a lifetime ECL). In addition, the Authority considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

Other financial assets are subject to an annual review for impairment. These are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the asset, the estimated future cash flows have been affected. The Authority first assesses whether impairment exists individually for other financial assets that are individually significant, or collectively for those that are not individually significant. Further, other financial assets are assessed for impairment on a collective basis if they were assessed not to be impaired individually.

	2020 $'000	2019 $'000
Trade debtors	32,855	25,653
Sundry debtors	1,398	8,244
Prepayments	1,704	1,758
	35,957	35,655

Note 11. Current assets - inventories

Inventories are stated at the lower of the weighted average cost and net realisable value.

	2020 $'000	2019 $'000
Mechanical and electrical spares	4,218	5,016
Distillate	440	562
Tyres	193	221
Other	2,302	2,040
	7,153	7,839

Note 12. Non-current assets - property, plant and equipment

The following policies apply to property, plant and equipment:

(i) Basis of valuation

The Authority has applied AASB 116 Property, Plant & Equipment in accordance with NSW Treasury Policy and Guidelines (TPP14-01) which requires that non-current assets be measured at fair value, except for Plant & Equipment, Motor Vehicles and Work-in-progress. These assets are measured at historical cost less any accumulated depreciation which is used as a surrogate for fair value and do not require fair value hierarchy disclosures under AASB 13 Fair Value Measurement. These assets are also non-specialised in nature. The Authority has assessed that any difference between fair value and depreciated historical cost is unlikely to be material.

The fair value of an asset is determined having regard to existing use and highest and best use on the basis of current market selling prices for the same or similar assets. Where market selling price is not available, the asset's fair value is valued at current replacement cost. Current replacement cost is based on "incremental optimised replacement cost".

Optimised replacement cost is the minimum cost, in the normal course of business, to replace the existing asset with a technologically modern equivalent asset with the same economic benefits, adjusting for any overdesign, overcapacity and redundant components. Incremental optimisation is limited to the extent that optimisation can occur in the normal course of business with commercially available technology.

(ii) Depreciation/Amortisation

Depreciation/amortisation of property, plant & equipment and intangibles, excluding freehold land and work-in-progress is based on the following range of estimated useful lives:

Plant and equipment 3-40 years
Intangibles 2-4 years
Motor vehicles 4-10 years

Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment over their expected useful life except for buses where it is calculated in line with the pattern of consumption of economic benefits.

The residual values, useful lives, amortisation and depreciation methods of assets are reviewed, and adjusted if appropriate, during each reporting period.

(iii) Capitalisation policy

Property, plant and equipment are recorded at the cost of acquisition. Cost is determined as the fair value of the assets given up at the date of acquisition plus costs incidental to the acquisition. The capitalisation threshold for a network of property, plant and equipment items or for an individual (non-networked) item is $5,000.

(iv) Work-in-progress

Costs relating to property, plant and equipment under construction are shown in the financial statements as work-inprogress and are not depreciated.

(v) Repairs & maintenance

The costs of routine maintenance and repairs are charged as expenses as incurred, except where they relate to the replacement of a component of an asset that increases the service potential of the asset, in which case the costs are capitalised and depreciated.

(vi) Disposal policy

The gain or loss arising on disposal or retirement of an item of property, plant and equipment is determined as the difference between the sale proceeds and the carrying amount of the asset and is recognised in the statement of comprehensive income.

Note 12. Non-current assets - property, plant and equipment (continued)

(vii) Right-of-Use Assets acquired by lessees (under AASB 16 from 1 July 2019)

From 1 July 2019, AASB 16 Leases (AASB 16) requires a lessee to recognise a right-of-use asset for most leases. The Authority has elected to present right-of-use assets separately in the Statement of Financial Position.

Therefore, at that date property, plant and equipment recognised under leases previously treated as finance leases under AASB 117 are derecognised. The right-of-use assets arising from these leases are recognised and included in the separate line item together with those right-of-use assets arising from leases previously treated as operating leases under AASB 117. Further information on leases is contained at Note 1 and 13.

	2020 $'000	2019 $'000
Plant and equipment	39,467	41,125
Less: Accumulated depreciation	(35,567)	(36,635)
	3,900	4,490
Motor vehicles	1,419	1,464
Less: Accumulated depreciation	(1,314)	(1,304)
	105	160
Work-in-progress	436	1,560
	4,441	6,210

Reconciliations
Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

	Plant & equipment $'000	Motor Vehicles $'000	Work-in progress $'000	Total $'000
Balance at 1 July 2018	5,206	276	15,156	20,638
Additions	614	-	290	904
Disposals/derecognition/write-offs	(74)	(16)	(520)	(610)
Reclassification between PPE classes	15	(15)	-	-
Other	-	-	(13,366)	(13,366)
Depreciation expense	(1,271)	(85)	-	(1,356)
Balance at 30 June 2019	4,490	160	1,560	6,210
Additions	427	-	1,772	2,199
Disposals/derecognition/write-offs	(22)	-	(1,157)	(1,179)
Other	-	-	(1,739)	(1,739)
Depreciation expense	(995)	(55)	-	(1,050)
Balance at 30 June 2020	3,900	105	436	4,441

Note 13. Non-current assets - Right-of-use asset

The Authority leases Radio Base Stations and Motor Vehicles under varied agreements with options to extend. The leases have various escalation clauses. On renewal, the terms of the leases are renegotiated. It is depreciated over 3-4 years.

Note 12. Non-current assets - property, plant and equipment (continued)

The right-of-use assets are subsequently measured at cost. They are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets. The right-of-use assets are also subject to impairment. The Authority assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Authority estimates the asset's recoverable amount. When the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. After an impairment loss has been recognised, it is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the net result.

	2020 $'000	2019 $'000
Plant and equipment - right-of-use	347	-
Less: Accumulated depreciation	(113)	-
	234	-

Note 14. Non-current assets - intangibles

Intangible assets, comprising computer software, which have finite lives, are recognised at cost and are amortised on a straight-line basis over the period during which the benefits are expected to arise.

The estimated useful life and amortisation method is reviewed on an annual basis with any changes in these accounting estimates being accounted for on a prospective basis.

	2020 $'000	2019 $'000
Software	15,290	12,581
Less: Accumulated amortisation	(9,108)	(6,935)
	6,182	5,646
Work-in-progress	-	5,360
	6,182	11,006

Note 14. Non-current assets - intangibles (continued)

Reconciliations
Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

	Software $'000	Work-in progress $'000	Total $'000
Balance at 1 July 2018	3,252	3,406	6,658
Additions	3,424	5,378	8,802
Disposals/derecognition	(30)	(3,424)	(3,454)
Amortisation expense	(1,000)	-	(1,000)
Balance at 30 June 2019	5,646	5,360	11,006
Additions	2,710	1,971	4,681
Disposals/derecognition	-	(2,717)	(2,717)
Impairment of assets	-	(4,614)	(4,614)
Amortisation expense	(2,174)	-	(2,174)
Balance at 30 June 2020	6,182	-	6,182

Note 15. Current liabilities - Trade and other payables

Liabilities for trade creditors are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method.

	2020 $'000	2019 $'000
Trade creditors	7,267	13,552
Personnel services liability to Transport Service of NSW	98,899	99,087
Other creditors and accruals	1,914	5,321
Goods and services tax	117	2,056
	108,197	120,016

Refer to note 23 for further information on financial instruments.

Note 16. Current liabilities - provisions

	2020 $'000	2019 $'000
Others	1,544	2,427

Other provisions
This includes a provision for claims for public liability including third party property damage. Provisions exist when the Authority has a present legal or constructive obligation as a result of a past event; it is probable that an outflow of resources will be required to settle the obligation; and a reliable estimate can be made of the amount of the obligation.

Where rehabilitation is conducted systematically over the life of the operation, rather than at the time of closure, provision is made for the estimated outstanding continuous rehabilitation work at each reporting date, and the cost is charged to the Statement of Comprehensive Income.

Note 16. Current liabilities - provisions (continued)

Movements in provisions
Movements in provisions during the current financial year are set out below:

2020	**$'000**
Carrying amount at the start of the year	2,427
Additions	1,790
Payments	(2,641)
Actuarial adjustment	(32)
Carrying amount at the end of the year	1,544

Note 17. Current liabilities - Lease liability

	2020 $'000	**2019 $'000**
Lease liability	167	-

Note 18. Non-current liabilities - Trade and other payables

	2020 $'000	**2019 $'000**
Personnel services liability to Transport Service of NSW	183,069	190,930

Refer to note 23 for further information on financial instruments.

Note 19. Non-current liabilities - Provisions

	2020 $'000	**2019 $'000**
Others	701	441

Other provisions
This includes a provision for claims for public liability including third party property damage.

Movements in provisions
Movements in non-current provisions during the current financial year are set out below:

2020

	$'000
Carrying amount at the start of the year	441
Actuarial adjustment	260
Carrying amount at the end of the year	701

Note 20. Non-current liabilities - Lease liability

	2020 $'000	2019 $'000
Lease liability	54	-

The following table presents liabilities under leases:

	Lease liabilities ($'000)
Balance at 1 July 2019	93
Additions	260
Interest expenses	(3)
Payments	(129)
Balance at 30 June 2020	221

Note 21. Equity - Reserves

The reserve comprises asset revaluation increments/decrements recognised upon the revaluation of land, buildings and owned buses. Upon disposal or retirement, any remaining revaluation increment of the asset at the time of disposal is transferred to retained surpluses.

Note 22. Equity - retained surpluses

	2020 $'000	2019 $'000
Retained surpluses/(accumulated deficits) at the beginning of the financial year	(203,586)	135,647
Deficit for the year	(1,400)	(12,167)
Transfer from Reserves on disposal/transfer of assets	-	228,232
Decrease in net assets from equity transfer	-	(555,298)
Accumulated deficits at the end of the financial year	(204,986)	(203,586)

Note 23. Financial instruments

Financial risk management objectives

The Authority's activities expose it to a variety of financial risks: market risk (including interest rate risk), credit risk and liquidity risk. Financial risk management is carried out under policies approved by the Chief Executive Officer. These policies include identification and analysis of the risk exposure of the Authority and appropriate procedures, controls and risk limits.

Note 23. Financial instruments (continued)

The Authority determines the classification of its financial assets and liabilities after initial recognition and, when allowed and appropriate, re-evaluates this at each financial year end.

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when the contractual rights to the cash flows from the financial assets expire; or if the entity transfers its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either:

- the Authority has transferred substantially all the risks and rewards of the asset; or
- the Authority has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control.

When the Authority has transferred its rights to receive cash flows from an asset or has entered into a arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. Where the Authority has neither transferred nor retained substantially all the risks and rewards or transferred control, the asset continues to be recognised to the extent of the Authority's continuing involvement in the asset. In that case, the Authority also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Authority has retained.

Market risk

Foreign currency risk and price risk

The Authority is not exposed to any currency risk nor significant price risk at balance date.

Interest rate risk

Interest rate risk occurs where the value of the financial liabilities fluctuates due to changes in interest rates. The Authority's interest rate risk policy seeks to minimise the effects of interest rate movements through active management of the exposures by converting between short-term and long-term fixed interest loans. The Authority is not exposed to any interest rate risk at balance date as interest rate is fixed for financial assets and liabilities.

Credit risk

Credit risk arises from the potential failure of counterparties to meet their obligations under the contract. The risk is mitigated by strict adherence to the Authority's credit policy and ongoing assessment of potential default. Except for the amounts previously impaired, it is not expected that any other material counterparties will fail to meet their obligations. The aging analysis detailed below, represents financial assets that have not been impaired. Where financial assets are impaired, they are stated separately below.

The Authority recognises an allowance for expected credit loss for all debt financial assets not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows and the cash flows that the entity expects to receive, discounted at the original effective interest rate. For trade receivables, the Authority applies a simplified approach in calculating ECLs. The Authority recognises a loss allowance based on lifetime ECLs at each reporting date. The Authority has established a provision matrix based on its historical credit loss experience for trade receivables, adjusted for forward-looking factors specific to the receivable.

The impact for Authority since adoption of AASB 9 Financial Instruments is not significant as receivables and liabilities are classified as held at amortised cost and there are no additional impairment provisions for receivables due to the majority of the balance being from TfNSW which enjoys high quality credit rating. The risk associated with default is very low and therefore ECL is nil.

	2020 $'000	2019 $'000
Class of financial assets*		
Cash and cash equivalents	34,577	49,425
Trade debtors (Receivables at amortised cost)	32,855	25,653
Sundry debtors (Receivables at amortised cost)	1,398	8,244
Total	68,830	83,322

Note 23. Financial instruments (continued)

* a) Excludes statutory receivables and prepayments (not within scope of AASB 7)
b) Excludes statutory payables and unearned revenue (not within scope of AASB 7)

	2020 $'000	2019 $'000
Class of financial liabilities		
Trade creditors (Financial liabilities measured at amortised cost)	7,267	13,553
Other creditors and accruals (Financial liabilities measured at amortised cost)	1,914	5,321
Total	9,181	18,874

Allowance for expected credit losses
The Authority has recognised $nil for the year ended 30 June 2020 in profit or loss in respect of impairment of receivables ($nil for the year ended 30 June 2019).

Liquidity risk
Vigilant liquidity risk management requires the Authority to maintain sufficient liquid assets (mainly cash and cash equivalents) to be able to pay debts as and when they become due and payable.

The Authority manages liquidity risk by maintaining adequate cash reserves by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.

During the current and prior years, there were no defaults on any loans payable. No assets have been pledged as collateral. The Authority's exposure to liquidity risk is deemed insignificant based on past experience and current assessment of risk. The information relevant to the current assessment appears in Note 1 under "Basis of preparation".

Remaining contractual maturities
The following tables detail the Authority's remaining contractual maturities for its financial instrument liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid. The tables include both interest and principal cash flows disclosed as remaining contractual maturities and therefore these totals may differ from their carrying amount in the statement of financial position.

2020	Weighted average interest rate %	1 year or less $'000	Between 1 and 2 years $'000	Between 2 and 5 years $'000	Over 5 years $'000	Remaining contractual maturities $'000
Non-derivatives						
Non-interest bearing						
Trade creditors	-	7,267	-	-	-	7,267
Other creditors and accruals	-	1,914	-	-	-	1,914
Total non-derivatives		9,181	-	-	-	9,181

2019	Weighted average interest rate %	1 year or less $'000	Between 1 and 2 years $'000	Between 2 and 5 years $'000	Over 5 years $'000	Remaining contractual maturities $'000
Non-derivatives						
Non-interest bearing						
Trade creditors	-	13,553	-	-	-	13,553
Other creditors and accruals	-	5,321	-	-	-	5,321
Total non-derivatives	18,874	-	-	-	18,874	

The cash flows in the maturity analysis above are not expected to occur significantly earlier than disclosed above.

Note 23. Financial instruments (continued)

Fair value of financial instruments
Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value.

Note 24. Fair value measurement

The following tables detail the Authority's assets and liabilities, measured or disclosed at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being (Nil disclosure in 2020):

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date
Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
Level 3: Unobservable inputs for the asset or liability

Movements in level 3 assets and liabilities during the current and previous financial year are set out below:

	Non-current assets held for sale/ distribution $'000	**Total $'000**
Balance at 1 July 2018	319,870	319,870
Disposals	(319,870)	(319,870)
Balance at 30 June 2019	-	-
Balance at 30 June 2020	-	-

Note 25. Related party transactions

(a) Key Management Personnel Compensation

During the year, the entity incurred $2.8m in respect of the key management personnel services that are provided by the Transport Service of NSW ($2.9m for the year ended 30 June 2019).

(b) There were no transactions and Outstanding Balances with Key Management Personnel of the entity and its parent during the financial year

(c) There were no transactions and Outstanding Balances with Other Related Parties during the financial year

(d) Transactions with Government Related Entities during the financial year

The Authority is a controlled entity of the Department of Transport. The significant transactions are with TfNSW and TS which are also controlled by DoT. The transactions with TfNSW mainly relate to the Sydney Metropolitan Bus Service Contracts (Note 1). These transactions are reflected in operational revenue. The transactions with TS relate to personnel services and are reflected in personnel services expenses (Statement of Comprehensive Income) and personnel services liability (Note 15 & 19). These transactions are conducted on normal terms and conditions.

Note 26. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by Audit Office of NSW, the auditor of the Authority:

	2020 $'000	2019 $'000
Audit services - Audit Office of NSW		
Audit of the financial statements	192,500	213,000

Note 27. Contingencies

The revenue from the advertising contract is under negotiation due to the outbreak of coronavirus pandemic. It will be recognised in 2020-21 financial year when there will be more clarity on the outcome of the contract negotiation.

The Authority does not have any other contingent assets and liabilities that would significantly impact on the state of affairs of the Authority or have a material effect on these financial statements.

Note 28. Events after the reporting period

The impact of the Coronavirus (COVID-19) pandemic is ongoing and while there has been financially no material effect upon the operations of the Authority up to 30 June 2020, it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is rapidly developing and is dependent on measures imposed by the Australian Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

No other matter or circumstance has arisen since 30 June 2020 that has significantly affected, or may significantly affect the Authority's operations, the results of those operations, or the Authority's state of affairs in future financial years.

Note 29. Reconciliation of deficit to net cash from/(used in) operating activities

	2020 $'000	2019 $'000
Deficit for the year	(1,400)	(12,167)
Adjustments for:		
Amortisation of intangible assets	2,174	1,000
Depreciation	1,050	1,356
Depreciation - Right-of-use assets	113	-
Net loss/(gain) on disposal of non-current assets	(26)	(545)
Personnel services	883	35,209
Other non-cash items	(2,779)	14,874
Change in assets and liabilities:		
(Increase)/decrease in receivables	(302)	8,573
(Increase)/decrease in inventory	686	1,200
Increase/(decrease) in Goods and Services Tax	(1,939)	(592)
(Increase)/decrease in other assets	(109)	(54)
Increase/(decrease) in payables	(9,879)	(27,265)
Increase/(decrease) in revenue received in advance	-	(1,344)
Increase/(decrease) in provisions	(883)	(576)
Increase/(decrease) in other payables	167	-
Net cash from/(used in) operating activities	(12,244)	19,669

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