

2015-16

Annual Report



Transport
Roads & Maritime
Services

Roads & Maritime Services

2

Volume 2





INDEPENDENT AUDITOR'S REPORT

Roads and Maritime Services

To Members of the New South Wales Parliament

Opinion

I have audited the accompanying financial statements of Roads and Maritime Services (RMS), which comprise the statements of financial position as at 30 June 2016, the statements of comprehensive income, the statements of changes in equity, 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.

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 2016, 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.

Basis for Opinion

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

I am independent of RMS and the consolidated entity in accordance with the auditor independence requirements of:

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

I have also fulfilled my other ethical responsibilities in accordance with the Code.

The PF&A Act further 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, but precluding the provision of non-audit services.

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

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.

In preparing the financial statements, the Chief Executive must assess the ability of RMS and the consolidated entity to continue as a going concern unless operations will be dissolved by an Act of Parliament or otherwise cease. The assessment must include, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting.

Auditor's Responsibility for the Audit of the Financial Statements

My objectives are to:

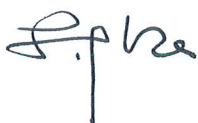
- obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and
- issue an Independent Auditor's Report including my opinion.

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 further description of my responsibilities for the audit of the financial statements is located at the Auditing and Assurance Standards Board website at: <http://www.auasb.gov.au/Home.aspx>. The description forms part of my auditor's report.

My opinion does *not* provide assurance:

- that RMS or the consolidated entity carried out their activities effectively, efficiently and economically
- about the assumptions used in formulating the budget figures disclosed in the financial statements
- about the security and controls over the electronic publication of the audited financial statements on any website where they may be presented.



Weini Liao
Director, Financial Audit Services

16 September 2016
SYDNEY

ROADS AND MARITIME SERVICES

FOR THE YEAR ENDED 30 JUNE 2016

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 2016 and financial performance for the year ended 30 June 2016
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.



Ken Kanofski
Chief Executive

15 September 2016



Fiona Trussell
Chief Financial Officer

15 September 2016



Transport
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Services

Roads and Maritime Services

Consolidated Annual Financial Statements

for the year ended 30 June 2016

TABLE OF CONTENTS

Consolidated Annual Financial Statements	1
1. Summary of Significant Accounting Policies	11
2. Expenses excluding losses	32
3. Revenue	34
4. Gains (losses) on disposal	36
5. Write-off/down of land & buildings and infrastructure assets	37
6. Service groups of Roads and Maritime Services	38
7. Current assets – cash and cash equivalents	39
8. Current assets/non-current assets – receivables and other financial assets	39
9. Non-current assets – property, plant and equipment	41
10. Non-current assets – intangible assets and other	54
11. Non-current assets held for sale	60
12. Fair value measurement of non-financial assets	60
13. Restricted Assets	68
14. Current/non-current liabilities - payables	68
15. Current/non-current liabilities - borrowings	69
16. Financial instruments	70
17. Current/non-current liabilities - provisions	83
18. Current/non-current liabilities - other	84
19. Commitments for expenditure	87
20. Increase in net assets from equity transfer	89
21. Events after the reporting period	90
22. Contingent assets and contingent liabilities	90
23. Budget Review	90
24. Native Title	91
25. Administered income and expenses	92
26. Administered assets and liabilities	92
27. Reconciliation of cash from operating activities to surplus	93
28. Non-cash financing and investing activities	94

Roads and Maritime Services
Statements of Comprehensive Income
for the year ended 30 June 2016

		Consolidated Actual 2016* \$'000	Consolidated Budget 2016 \$'000	Consolidated Actual 2015* \$'000	Parent Actual 2016 \$'000	Parent Actual 2015 \$'000
	Notes					
Expenses excluding losses						
Operating expenses						
- Employee related expenses	2(a)	22,067	32,196	24,082	22,067	12,362
- Personnel service expenses	2(a)	498,742	497,908	576,124	498,742	569,782
- Other operating expenses	2(b)	708,288	633,239	688,319	685,555	613,722
Maintenance	2(c)	459,602	391,767	469,986	459,602	469,864
Depreciation and amortisation	2(d)	1,604,112	1,878,294	1,551,357	1,604,112	1,551,357
Grants and subsidies	2(e)	431,393	405,278	348,136	438,890	509,361
Finance costs	2(f)	34,852	34,386	43,367	34,852	43,179
Total expenses excluding losses		3,759,056	3,873,068	3,701,371	3,743,820	3,769,627
Revenue						
Sale of goods and services	3(a)	623,819	501,245	645,102	601,694	557,241
Personnel services revenue		3,023	-	5,365	3,023	5,365
Investment revenue	3(b)	30,971	5,815	33,600	30,869	33,302
Retained taxes, fees and fines	3(c)	67,160	51,382	70,403	67,160	70,403
Operating grant received from Transport for NSW (TfNSW)	3(d)	1,349,095	1,261,170	1,212,142	1,349,095	1,212,142
Capital grant received from TfNSW	3(d)	4,410,884	4,831,810	3,523,715	4,410,884	3,523,715
Other grants and contributions	3(e)	179,640	217,196	187,109	179,640	187,109
Other revenue	3(f)	342,015	283,358	432,898	342,015	432,898
Total revenue		7,006,607	7,151,976	6,110,334	6,984,380	6,022,175
Gains/(losses) on disposal of property, plant and equipment	4(a)	(7,020)	(62)	(5,161)	(7,020)	(5,161)
Other losses	4(b)	(90,127)	(97,175)	(234,454)	(65,347)	(234,454)
Net result		3,150,404	3,181,671	2,169,348	3,168,193	2,012,933
Other comprehensive income						
<i>Items that will not be reclassified to net result</i>						
Net increase/(decrease) in property, plant and equipment revaluation surplus		77,234	1,749,550	2,997,757	77,234	2,997,757
Remeasurement of defined benefit obligations/plans		-	13,631	-	-	-
Total other comprehensive income for the year		77,234	1,763,181	2,997,757	77,234	2,997,757
Total comprehensive income		3,227,638	4,944,852	5,167,105	3,245,427	5,010,690

*The current year consolidated balances includes the revenues and expenses of WestConnex Delivery Authority (WDA) for the 3 months period ended 30 September 2015, whereas the comparatives are for the 12 months for the year ended 30 June 2015 (refer to Note 1(a))

The accompanying notes form part of these financial statements

Roads and Maritime Services
Statements of Financial Position
as at 30 June 2016

		Consolidated Actual 2016 \$'000	Consolidated Budget 2016 \$'000	Consolidated Actual 2015 \$'000	Parent Actual 2016 \$'000	Parent Actual 2015 \$'000
	Notes					
Assets						
Current assets						
Cash and cash equivalents	7	617,943	410,449	567,903	617,943	417,123
Receivables	8(a)	301,878	240,595	259,655	301,878	231,234
Other financial assets (at amortised cost)	8(b)	-	-	499	-	499
Inventories		6,341	10,354	6,749	6,341	6,749
Financial assets at fair value	8(c)	97,518	54,977	63,597	97,518	63,597
		1,023,680	716,375	898,403	1,023,680	719,202
Non-current assets classified as						
Held for Sale	11	229,176	5,228	2,741	229,176	2,741
Total current assets		1,252,856	721,603	901,144	1,252,856	721,943
Non-current assets						
Receivables	8(a)	27,598	779,372	8,907	27,598	8,907
Other financial assets (at amortised cost)	8(b)	372,829	146,583	520,336	372,829	520,336
Property, plant and equipment						
- Land and buildings	9(a)	3,463,896	3,794,426	2,926,926	3,463,896	2,821,293
- Plant and equipment	9(b)	109,291	108,923	109,930	109,291	109,930
- Infrastructure systems	9(c)	75,960,753	77,397,332	73,873,194	75,960,753	73,860,199
Total property, plant and equipment		79,533,940	81,300,681	76,910,050	79,533,940	76,791,422
Private sector provided infrastructure	10(a)	1,601,496	1,605,367	1,380,892	1,601,496	1,380,892
Intangible assets	10(b)	157,528	191,644	160,751	157,528	160,751
Total non-current assets		81,693,391	84,023,647	78,980,936	81,693,391	78,862,308
Total assets		82,946,247	84,745,250	79,882,080	82,946,247	79,584,251
Liabilities						
Current liabilities						
Payables	14	919,648	1,146,467	1,207,377	919,648	1,102,290
Borrowings	15	47,117	42,488	43,515	47,117	43,515
Provisions	17	6,991	8,157	43,825	6,991	9,723
Other	18	214,240	175,997	197,695	214,240	196,012
Total current liabilities		1,187,996	1,373,109	1,492,412	1,187,996	1,351,540
Non-current liabilities						
Payables	14	7,106	-	1,211,689	7,106	1,211,147
Borrowings	15	358,813	366,265	405,930	358,813	405,930
Provisions	17	11,119	16,885	14,986	11,119	14,986
Other	18	671,833	1,906,197	629,606	671,833	629,606
Total non-current liabilities		1,048,871	2,289,347	2,262,211	1,048,871	2,261,669
Total liabilities		2,236,867	3,662,456	3,754,623	2,236,867	3,613,209
Net assets		80,709,380	81,082,794	76,127,457	80,709,380	75,971,042
Equity						
Reserves		11,310,315	13,031,710	11,270,276	11,310,315	11,270,276
Accumulated funds		69,399,065	68,051,084	64,857,181	69,399,065	64,700,766
Total equity		80,709,380	81,082,794	76,127,457	80,709,380	75,971,042

The accompanying notes form part of these financial statements

Roads and Maritime Services
Statements of Changes in Equity
For the year ended 30 June 2016

	Accumulated funds		Asset revaluation surplus		Total equity	
	Consolidated	Parent	Consolidated	Parent	Consolidated	Parent
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance as at 1 July 2015	64,857,181	64,700,766	11,270,276	11,270,276	76,127,457	75,971,042
Net result for the year*	3,150,404	3,168,193	-	-	3,150,404	3,168,193
Other comprehensive income						
Net increase/(decrease) in property, plant and equipment revaluation surplus	-	-	77,234	77,234	77,234	77,234
Remeasurement of defined benefit obligations/plans	-	-	-	-	-	-
Actual return on fund asset less interest income	-	-	-	-	-	-
Other comprehensive income for the year	-	-	77,234	77,234	77,234	77,234
Total comprehensive income for the year	3,150,404	3,168,193	77,234	77,234	3,227,638	3,245,427
Transfers within equity						
Asset revaluation reserve balance transferred to accumulated funds on disposal of assets	37,195	37,195	(37,195)	(37,195)	-	-
Transactions with owners in their capacity as owners						
Increase/(decrease) in net assets from equity transfers	1,354,285	1,492,911	-	-	1,354,285	1,492,911
Balance as at 30 June 2016	69,399,065	69,399,065	11,310,315	11,310,315	80,709,380	80,709,380
Balance 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

* The current year consolidated balance includes the net result of WDA for the 3 months period ended 30 September 2015, whereas the comparatives are for the 12 months for the year ended 30 June 2015 (refer to Note 1(a))

The accompanying notes form part of these financial statements.

Roads and Maritime Services
 Statements of Cash Flows
 for the year ended 30 June 2016

		Consolidated	Consolidated	Consolidated	Parent	Parent
		Actual	Budget	Actual	Actual	Actual
		2016*	2016	2015*	2016	2015
	Notes	\$'000	\$'000	\$'000	\$'000	\$'000
Cash flows from operating activities						
Payments						
Personnel services		(475,759)	(517,001)	(548,520)	(475,147)	(542,043)
Grants and subsidies		(340,966)	(335,577)	(346,279)	(348,463)	(507,504)
Finance costs		(34,854)	(34,389)	(37,384)	(34,854)	(37,384)
Other		(1,951,570)	(1,710,721)	(1,644,881)	(1,914,986)	(1,568,996)
Total payments		(2,803,149)	(2,597,688)	(2,577,064)	(2,773,450)	(2,655,927)
Receipts						
Sale of goods and services		827,322	468,421	773,410	786,389	690,122
Interest received		4,455	6,015	24,755	4,353	24,457
Operating grants received from TfNSW		1,349,095	1,261,170	1,212,142	1,349,095	1,212,142
Capital grants received from TfNSW		4,352,514	4,831,810	3,515,192	4,352,514	3,515,192
Retained taxes, fees and fines		67,160	-	70,403	67,160	70,403
Other grants and contributions		179,097	170,970	186,999	179,097	186,999
Other		453,767	519,486	351,251	454,472	351,251
Total receipts		7,233,410	7,257,872	6,134,152	7,193,080	6,050,566
Net cash flows from operating activities	27	4,430,261	4,660,184	3,557,088	4,419,630	3,394,639
Cash flows from investing activities						
Proceeds from sale of land and buildings, plant and equipment and infrastructure systems		47,234	26,130	32,373	47,234	32,373
Proceeds from the sale of Financial Assets		174,201	-	-	174,201	-
Investment in T-Corp Hour Glass Facilities		(33,921)	-	-	(33,921)	-
Purchases of land and buildings, plant and equipment and infrastructure systems		(4,524,220)	(4,619,179)	(3,299,558)	(4,426,491)	(3,287,889)
Net cash flows used in investing activities		(4,336,706)	(4,593,049)	(3,267,185)	(4,238,977)	(3,255,516)
Cash flows from financing activities						
Payment of finance lease liabilities		(41,385)	(39,902)	(53,540)	(41,385)	(53,540)
Repayment of borrowings and advances		(2,130)	-	(2,318)	(2,130)	(2,318)
Net cash flows used in financing activities		(43,515)	(39,902)	(55,858)	(43,515)	(55,858)
Net increase/(decrease) in cash		50,040	27,233	234,045	137,138	83,265
Opening cash and cash equivalents		567,903	383,216	333,858	417,123	333,858
Cash transferred in as a result of administrative restructure		-	-	-	63,682	-
Closing cash and cash equivalents	7	617,943	410,449	567,903	617,943	417,123

*The current year consolidated balances includes the cash inflows and outflows of WDA for the 3 months period ended 30 September 2015, whereas the comparatives are for the 12 months for the year ended 30 June 2015 (refer to Note 1(a))

The accompanying notes form part of these financial statements.

Roads and Maritime Services
Service Group Statements
for the year ended 30 June 2016

Roads and Maritime expenses and income	Growth and Improvement *		Services and Operations *		Asset Maintenance *		Not attributable		Total	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Expenses excluding losses										
Operating expenses										
- Employee related expenses	5,096	11,796	16,971	12,286	-	-	-	-	22,067	24,082
- Personnel services	2,517	14,485	370,293	403,519	125,932	158,120	-	-	498,742	576,124
- Other operating expenses	49,962	98,544	610,249	498,003	48,077	91,772	-	-	708,288	688,319
Maintenance	3,640	122	51,677	113,626	404,285	356,238	-	-	459,602	469,986
Depreciation and amortisation	-	-	1,604,112	1,551,357	-	-	-	-	1,604,112	1,551,357
Grants and subsidies	20,490	13,437	120,415	41,867	290,488	292,832	-	-	431,393	348,136
Finance costs	-	188	34,852	43,179	-	-	-	-	34,852	43,367
Total expenses excluding losses	81,705	138,572	2,808,569	2,663,837	868,782	898,962	-	-	3,759,056	3,701,371
Revenue										
Sale of goods and services	28,531	88,204	570,517	535,954	24,771	20,944	-	-	623,819	645,102
Personal services revenue	-	-	3,023	5,365	-	-	-	-	3,023	5,365
Investment revenue	102	298	30,869	33,302	-	-	-	-	30,971	33,600
Retained taxes, fees and fines	-	-	67,160	70,403	-	-	-	-	67,160	70,403
Operating grant received from TfNSW	72,750	24,981	680,290	360,356	596,055	826,805	-	-	1,349,095	1,212,142
Capital grant received from TfNSW	3,641,228	2,793,919	85,232	59,665	684,424	670,131	-	-	4,410,884	3,523,715
Other grants and contributions	76,132	27,522	102,576	158,799	932	788	-	-	179,640	187,109
Other revenue	1,834	-	323,680	432,080	16,501	818	-	-	342,015	432,898
Total revenue	3,820,577	2,934,924	1,863,347	1,655,924	1,322,683	1,519,486	-	-	7,006,607	6,110,334

*Refer to Note 6 for description of service group

The current year consolidated balance includes the net result of WDA for the 3 months period ended 30 September 2015, whereas the comparatives are for the 12 months for the year ended 30 June 2015 (refer to Note 1(a))

Roads and Maritime Services
Service Group Statements
for the year ended 30 June 2016

Roads and Maritime expenses and income	Growth and Improvement *		Services and Operations *		Asset Maintenance *		Not attributable		Total	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Gains on disposal of property, plant and equipment	25,380	25,844	(32,400)	(31,005)	-	-	-	-	(7,020)	(5,161)
Other (losses)	-	-	(90,127)	(234,454)	-	-	-	-	(90,127)	(234,454)
Net result	3,764,252	2,822,196	(1,067,749)	(1,273,372)	453,901	620,524	-	-	3,150,404	2,169,348
Other comprehensive income										
Net increase/(decrease) in asset revaluation reserve	-	-	77,234	2,997,757	-	-	-	-	77,234	2,997,757
Superannuation actuarial gains/(losses)	-	-	-	-	-	-	-	-	-	-
Actual return on fund asset less interest income	-	-	-	-	-	-	-	-	-	-
Total other comprehensive income for the year	-	-	77,234	2,997,757	-	-	-	-	77,234	2,997,757
Total comprehensive income	3,764,252	2,822,196	(990,515)	1,724,385	453,901	620,524	-	-	3,227,638	5,167,105

*Refer to Note 6 for description of service group

The current year consolidated balance includes the net result of WDA for the 3 months period ended 30 September 2015, whereas the comparatives are for the 12 months for the year ended 30 June 2015 (refer to Note 1(a))

Administered expenses and income	Growth and Improvement *		Services and Operations *		Asset Maintenance *		Not attributable		Total	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Administered expenses										
Transfer payments	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-
Total administered expenses	-	-	-	-	-	-	-	-	-	-
Administered income										
Transfer receipts	-	-	-	-	-	-	3,556,439	3,152,916	3,556,439	3,152,916
Total administered income	-	-	-	-	-	-	3,556,439	3,152,916	3,556,439	3,152,916
Administered income less expenses	-	-	-	-	-	-	3,556,439	3,152,916	3,556,439	3,152,916

Administered assets and liabilities are disclosed in Note 26.

Roads and Maritime Services
Service Group Statements
for the year ended 30 June 2016

Roads and Maritime assets and liabilities	Growth and Improvement *		Services and Operations *		Asset Maintenance *		Not attributable		Total	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Current assets										
Cash and cash equivalents	44,750	99,866	143,298	155,195	429,895	312,842	-	-	617,943	567,903
Receivables	13,807	35,502	276,084	215,723	11,987	8,430	-	-	301,878	259,655
Other financial assets (at amortised cost)	-	-	-	499	-	-	-	-	-	499
Inventories	-	-	6,341	6,749	-	-	-	-	6,341	6,749
Financial assets at fair value	-	-	97,518	63,597	-	-	-	-	97,518	63,597
Non-current assets classified as held for sale	-	-	229,176	2,741	-	-	-	-	229,176	2,741
Total current assets	58,557	135,368	752,417	444,504	441,882	321,272	-	-	1,252,856	901,144
Non-current assets										
Receivables	27,598	-	-	8,907	-	-	-	-	27,598	8,907
Other financial assets	-	-	372,829	520,336	-	-	-	-	372,829	520,336
Property, plant and equipment										
- Land and buildings	-	-	3,463,896	2,926,926	-	-	-	-	3,463,896	2,926,926
- Plant and equipment	-	-	109,291	109,930	-	-	-	-	109,291	109,930
- Infrastructure systems	4,267,406	4,323,560	71,693,347	69,549,634	-	-	-	-	75,960,753	73,873,194
Private sector provided infrastructure	-	-	1,601,496	1,380,892	-	-	-	-	1,601,496	1,380,892
Intangible assets	-	-	157,528	160,751	-	-	-	-	157,528	160,751
Total non-current assets	4,295,004	4,323,560	77,398,387	74,657,376	-	-	-	-	81,693,391	78,980,936
Total assets	4,353,561	4,458,928	78,150,804	75,101,880	441,882	321,272	-	-	82,946,247	79,882,080

Roads and Maritime Services
Service Group Statements
for the year ended 30 June 2016

Roads and Maritime assets and liabilities	Growth and Improvement *		Services and Operations *		Asset Maintenance *		Not attributable		Total	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Current liabilities										
Payables	64,871	172,855	792,353	873,545	62,424	160,977	-	-	919,648	1,207,377
Borrowings	-	-	47,117	43,515	-	-	-	-	47,117	43,515
Provisions	35	1,102	5,191	30,695	1,765	12,028	-	-	6,991	43,825
Other	15,112	28,303	184,586	143,034	14,542	26,358	-	-	214,240	197,695
Total current liabilities	80,018	202,260	1,029,247	1,090,789	78,731	199,363	-	-	1,187,996	1,492,412
Non-current liabilities										
Payables	501	173,473	6,123	876,664	482	161,552	-	-	7,106	1,211,689
Borrowings	-	-	358,813	405,930	-	-	-	-	358,813	405,930
Provisions	56	377	8,255	10,496	2,808	4,113	-	-	11,119	14,986
Other	47,391	90,138	578,839	455,524	45,603	83,944	-	-	671,833	629,606
Total non-current liabilities	47,948	263,988	952,030	1,748,614	48,893	249,609	-	-	1,048,871	2,262,211
Total liabilities	127,966	466,248	1,981,277	2,839,403	127,624	448,972	-	-	2,236,867	3,754,623
Net assets	4,225,595	3,992,680	76,169,527	72,262,477	314,258	(127,700)	-	-	80,709,380	76,127,457

*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 was to facilitate the delivery of the WestConnex program of works, which included 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 refined the responsibilities for the delivery of WestConnex. As a result, WDA's project delivery roles have moved to Sydney Motorway Corporation (SMC), while its government 'client' functions have moved to RMS. On 1 October 2015 the WestConnex Delivery Authority (WDA) was dissolved by the Transport Administration (General) Amendment (WestConnex Delivery Authority) Regulation 2015. Pursuant to 55C(7) of the Transport Administration Act 1988, on the dissolution of WDA, WDA's assets, rights and liabilities were transferred to RMS.

RMS' Consolidated Statement of Comprehensive Income includes the revenues and expenses of WDA for the 3 months period ended 30 September 2015, whereas the comparatives are for the 12 months for the year ended 30 June 2015.

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 2016 have been authorised for issue by the Chief Executive of RMS on 15 September 2016, 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

RMS have funding arrangements with Transport for NSW (TfNSW) providing funding in the form of grants. The 2016–17 TfNSW budget papers issued on 21 June 2016 include an amount payable for Grants and Contributions of \$6,306.3 million to RMS in the 2016–17 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 2016. This is available to pay any obligations when they fall due (refer to Note 16(f)).

Fair Value

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

1. Summary of Significant Accounting Policies (continued)

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 was a controlled entity of RMS up until its dissolution on 30 September 2015 (refer to Note 1(a)). 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. On 1 October 2015, the WestConnex Delivery Authority (WDA) was dissolved by the Transport Administration (General) Amendment (WestConnex Delivery Authority) Regulation 2015. Pursuant to 55C(7) of the Transport Administration Act 1988, on the dissolution of WDA, WDA's assets, rights and liabilities were transferred to RMS.

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 2015-16

The accounting policies applied in 2015-16 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 2015-16. The impact of these Standards in the period of initial application is set out below:

1. Summary of Significant Accounting Policies (continued)

Standard	Summary of key requirements of new/revised standard	Impact on Reporting Entity's 2015-16 financial statements
AASB 2015-3 Amendments to Australian Accounting Standards arising from the Withdrawal of AASB 1031 Materiality	<p>The objective of this Standard is to affect the withdrawal of AASB 1031 <i>Materiality</i> and to delete references to AASB 1031 in the Australian Accounting Standards. The AASB withdrew this Standard as guidance on materiality is already available in other standards.</p> <p>The term materiality is now defined in AASB 108 <i>Accounting Policies, Changes in Accounting Estimates and Errors</i>. When assessing materiality, the requirements in AASB 101 <i>Presentation of Financial Statements</i> and AASB 108 shall be applied. Paragraph QC11 of the Framework also addresses the concept of materiality.</p>	The changes to this standard have had 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.

NSW Treasury has allowed, but not mandated, early adoption of AASB 2015-7 *Amendments to Australian Accounting Standards – Fair Value Disclosures of Not-for-Profit Public Sector Entities*. RMS has elected to early adopt AASB 2015-7 in the current financial year and is in line with the Transport for NSW approach.

The following new Australian Accounting Standards have not been applied, except for AASB 2015-7, 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:

1. Summary of Significant Accounting Policies (continued)

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 2014-7 regarding financial instruments	<p>AASB 9 introduces new requirements for the classification, measurement and derecognition of financial assets and financial liabilities.</p> <p>AASB 9 replaces the existing four key category approach to measurement after initial recognition to two categories – either amortised cost or fair value.</p> <p>AASB 2014-7 incorporates the consequential amendments arising from the issuance of AASB 9 in Dec 2014.</p>	1 January 2018	<p>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.</p>
AASB 15, AASB 2014-5, AASB 2015-8 and AASB 2016-3 regarding Revenue from Contracts with Customers	<p>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.</p> <p>AASB 15 replaces AASB 118 <i>Revenue</i>, AASB 111 <i>Construction Contracts</i> 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.</p> <p>In the Australian context, AASB 15 will apply to contracts of not-for-profit (NFP) entities that are exchange transactions. AASB 1004 <i>Contributions</i> will continue to apply to non-exchange transactions until the Income from Transactions of NFP Entities Project is completed.</p> <p>AASB 2015-8 amended the AASB 15 effective date so it is now effective for annual reporting periods commencing on or after 1 January 2018.</p> <p>AASB 2014-5 incorporates the consequential amendments to a number of Australian Accounting Standards (including interpretations) arising from the issuance of AASB 15.</p>	1 January 2018	<p>RMS currently recognises revenue arising from customer contracts as follows:</p> <ul style="list-style-type: none"> - 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. <p>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.</p>

1. Summary of Significant Accounting Policies (continued)

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
<p>AASB 2015-6 Amendments to Australian Accounting Standards – Extending Related Party Disclosures to Not-for-Profit Public Sector Entities</p>	<p>The objective of this Standard is to extend the scope of AASB 124 <i>Related Party Disclosures</i> to include not-for-profit public sector entities. This Standard also makes related amendments to AASB 10 <i>Consolidated Financial Statements</i> and AASB 1049 <i>Whole of Government and General Government Sector Financial Reporting</i>, and an editorial correction to AASB 124.</p> <p>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 require not-for-profit public sector entities to apply the Standard.</p>	<p>1 July 2016</p>	<p>The related parties of RMS include its key management personnel (KMP).</p> <p>RMS will make additional disclosures relating to related party transactions with related party entities and KMP as applicable.</p>
<p>AASB 2015-7 Amendments to Australian Accounting Standards – Fair Value Disclosures of Not-for-Profit Public Sector Entities</p>	<p>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.</p> <p>The relief includes:</p> <ul style="list-style-type: none"> • 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. 	<p>1 July 2016</p> <p>NSW Treasury has allowed an early adoption. RMS has elected to early adopt this Standard in the current financial year. This is consistent with Transport for NSW approach.</p>	<p>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.</p> <p>The amending standard has resulted in reduced fair value disclosure for RMS' infrastructure systems assets.</p>

1. Summary of Significant Accounting Policies (continued)

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 16 Leases	AASB 16 introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligations to make lease payments. AASB 16 substantially carries forward the lessor accounting requirements in AASB 117 <i>Leases</i> . Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.	1 January 2019	RMS has recognised the asset and liability relating to the Sydney Harbour Tunnel finance lease in accordance with AASB 117. RMS has also accounted the use of fleet and property rental as operating leases in accordance with AASB 117. The initial application of this standard will result in RMS bringing into account the right-to-use asset and liability to represent the lease payment obligation for its operating leases.

The following new Australian Accounting Standards have not been applied, are not yet effective and not applicable/insignificant to RMS:

- (i) Not applicable
 - AASB 2014-3 Amendments to Australian Accounting Standards - Accounting for Acquisitions of Interests in Joint Operations
 - AASB 2014-4 Amendments to Australian Accounting Standards - Revenue based depreciation
 - AASB 2016-4 Recoverable Amount of Non-Cash-Generating Specialised Assets of Not-for-Profit Entities
- (ii) Insignificant impact
 - AASB 2014-9 Amendments to Australian Accounting Standards – Equity Method in Separate Financial Statements
 - AASB 2014-10 Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
 - AASB 2015-10 Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128
 - AASB 2015-1 Amendments to Australian Accounting Standards – Annual Improvements to Australian Accounting Standards 2012–2014 Cycle
 - AASB 2015-2 Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101
 - AASB 2015-5 Amendments to Australian Accounting Standards – Investment Entities: Applying the Consolidation Exception
 - AASB 1057 Application of Australian Accounting Standards
 - AASB 2015-9 Amendments to Australian Accounting Standards – Scope and Application Paragraphs
 - AASB 2016-4 Amendments to Australian Accounting Standards – Recoverable Amount of Non-Cash-Generating Specialised Assets of Not-for-Profit Entities

(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.

1. Summary of Significant Accounting Policies (continued)

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.

(g) Income recognition

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 and Contributions

RMS receives capital and operating grants from TfNSW instead of receiving budget appropriations directly from NSW Treasury. RMS also receives grants and contributions from other NSW government agencies and other bodies. 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 or when the right to receive the cash arises.

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, gain/loss resulting from financial assets and liabilities and reversal of unused provisions.

1. Summary of Significant Accounting Policies (continued)

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.

viii. Resources received free of charge

Resources received free of charge is recognised for personnel services long service leave and defined benefit superannuation expenses that are assumed by the Crown.

(h) Personnel services 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 2016 and 30 June 2015, RMS have recognised in its consolidated financial statements a personnel services expense and a corresponding liability to Transport Service.

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 (refer to Note 20). RMS has also received 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.

i. 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.

ii. Make good provision

A provision has been made for the present value of anticipated costs of future environmental restoration, make good leases and land restorations. The calculation of this provision requires assumptions such as application of environmental legislation, community expectations, available technologies and cost estimates. These uncertainties may result in future actual expenditure differing from the amounts currently provided. The provision recognised is periodically reviewed and

1. Summary of Significant Accounting Policies (continued)

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.

iii. 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 NSW 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).

1. Summary of Significant Accounting Policies (continued)

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 to 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 to 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

1. Summary of Significant Accounting Policies (continued)

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.

1. Summary of Significant Accounting Policies (continued)

Except for certain non-depreciable assets, depreciation is provided for on a straight-line basis so as to write off the depreciable amount of each asset as it is consumed over its useful life to the entity.

All material identifiable components of assets are depreciated separately over their useful lives.

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
Administrative land and buildings in service	Land and buildings in service are generally valued using the market approach and at depreciated replacement cost (buildings). Where such	Buildings – Depreciated on the straight-line basis over the estimated useful life of between 10 and 50 years.
Works administration properties	properties are rented externally they are valued at current market value. Land and buildings in service are revalued at least every three years by registered valuers. Annual indexation is applied to ensure that carrying amounts do not differ materially from fair value at reporting date.	
Land and Buildings Acquired for Future Roadworks (LAFFRW)	LAFFRW comprises of untenanted land for road (ULR), public reserves, rental and surplus properties. With the exception of public reserves, LAFFRW are initially valued at acquisition cost and progressively revalued to current market value over a three year cycle by registered valuers. Annual indexation is applied to ensure that carrying amounts do not differ materially from fair value at reporting date. Public reserves are initially valued at acquisition cost and revalued to the Urban Average Rateable Value per hectare within each Local Government Area (LGA) adjusted by an “open spaces ratio” (OSR).	No depreciation is charged as buildings are not purchased to generate revenue but ultimately to be demolished for roadworks.
Leasehold improvements	Depreciated historical cost.	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).

1. Summary of Significant Accounting Policies (continued)

Included in the value of land and buildings in service is an amount of \$30.9 million (2015: \$17.8 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.

Land and Buildings Acquired for Future Roadworks comprise of untenanted land for roads (ULR), rental properties and surplus properties. The category is determined by the current use of the property. Rental and surplus properties are revalued at market value over a rolling three year cycle and annual indexation applied to ensure that carrying amounts do not differ materially from fair value at reporting date. In 2015-16, ULR was comprehensively revalued at market value by registered valuers.

Land and buildings not revalued as part of the current year progressive revaluations have been indexed based on Land and Property Information (LPI) component factors to ensure their carrying amounts do not differ materially from their fair value as at 30 June 2016. 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 year
Pavement Wearing Surface – Unsealed		- 4 years
Pavement Wearing Surface – Concrete		- 16-25 years
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.

1. Summary of Significant Accounting Policies (continued)

Asset	Valuation policy	Depreciation policy
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 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 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 valuers, 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) (2015: Australian Bureau of Statistics' Roads and Bridge Cost Index (RBCI)) 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 (2015: RBCI) 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.

1. Summary of Significant Accounting Policies (continued)

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.

1. Summary of Significant Accounting Policies (continued)

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

Investments are initially recognised at fair value.

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 as 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.

1. Summary of Significant Accounting Policies (continued)

(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) 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

1. Summary of Significant Accounting Policies (continued)

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. 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.

1. Summary of Significant Accounting Policies (continued)

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. 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, 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.

1. Summary of Significant Accounting Policies (continued)

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 2016 and as at 30 June 2015. 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* 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.

As a result of the dissolution of WDA on 30 September 2015, RMS' Consolidated Statement of Comprehensive Income includes the revenues and expenses of WDA for the 3 months period ended 30 September 2015, whereas the comparatives are for the 12 months for the year ended 30 June 2015.

(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.

1. Summary of Significant Accounting Policies (continued)

(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)
Non-current assets held for sale	Note 1(s) and Note 11
Provisions	Note 1(h) and Note 17

2. Expenses excluding losses

(a) Employee related and personnel services expenses

	Consolidated 2016 \$'000	Consolidated 2015 \$'000	Parent 2016 \$'000	Parent 2015 \$'000
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Employee related expenses comprise the following specific items:

Skilled Hire Contractors	22,067	24,082	22,067	12,362
	22,067	24,082	22,067	12,362

Personnel services expenses comprise the following specific items:

Salaries and wages (including annual leave)	369,948	391,827	369,948	385,485
Superannuation - defined benefit plans	13,746	59,439	13,650	59,439
Superannuation - defined contribution plans	32,524	28,783	32,620	28,783
Long service leave	25,625	37,333	25,625	37,333
Payroll tax and fringe benefits tax	30,296	26,040	30,296	26,040
Redundancy	23,144	26,567	23,144	26,567
Workers' compensation insurance	3,459	6,135	3,459	6,135
	498,742	576,124	498,742	569,782
	520,809	600,206	520,809	582,144

Allocations of employee related/personnel services costs to programs:

- Capitalised to infrastructure	247,389	232,212	247,389	232,212
- Operating programs (including maintenance costs)	520,809	600,206	520,809	582,144
	768,198	832,418	768,198	814,356

Included in the above are personnel services expenses of \$111.3 million (2015: \$111.8 million) related to maintenance.

2. Expenses excluding losses (continued)

(b) Other operating expenses

	Consolidated 2016 \$'000	Consolidated 2015 \$'000	Parent 2016 \$'000	Parent 2015 \$'000
Auditor's remuneration - audit of financial statements	787	777	748	730
Advertising	2,190	3,801	1,889	3,379
Contract payments	119,232	163,522	119,234	86,723
Data processing	57,559	47,704	57,219	47,704
Contingent rent	2,138	2,625	2,138	2,625
Fleet hire and lease charges	24,513	20,698	24,521	20,107
Lease and property expenses	40,340	69,222	40,113	67,300
M5 Cashback refund	99,473	81,378	99,473	81,378
Office expenses	35,299	37,757	35,188	37,126
Payments to councils and external bodies	26,762	17,505	26,762	17,505
Special Number Plates (SNP) concession fees	24,304	21,927	24,304	21,927
Sydney Harbour Tunnel operating fees	30,999	30,112	30,999	30,112
Travel, insurance and legal expenses	34,528	41,279	34,528	37,260
Consultants	-	457	-	457
Professional fees	118,299	57,996	96,423	58,002
WDA project expenses	-	-	2,925	11,200
Other	48,739	49,376	46,067	48,507
Share services charges	43,126	42,183	43,024	41,680
	708,288	688,319	685,555	613,722

(c) Infrastructure maintenance

Major reconstruction costs for road segments on State roads are capitalised and as such not charged against maintenance expenditure. RMS capitalised \$580.0 million (2015: \$614.4 million) of such works during the year.

RMS expensed \$43.8 million in the year ended 30 June 2016 (2015: \$42.7 million) on natural disaster restoration works from State funds, and \$271.7 million in the year ended 30 June 2016 (2015: \$280.2 million) on block grants and other maintenance grants to councils for regional and local roads.

Maintenance expenses in Statement of Comprehensive Income	459,602	469,986	459,602	469,864
Maintenance related personnel services expenses	111,313	111,842	111,313	111,842
Total maintenance expenses including employee related	570,915	581,828	570,915	581,706
Maintenance grants to councils (Note2(e))	290,488	295,657	290,488	295,657
Capitalised maintenance	580,041	614,418	580,041	614,418
Total maintenance program	1,441,444	1,491,903	1,441,444	1,491,781

(d) Depreciation and amortisation

Depreciation of operational and property assets	35,351	36,934	35,351	36,934
Depreciation of infrastructure assets	1,531,328	1,489,327	1,531,328	1,489,327
Amortisation of intangible assets	37,433	25,096	37,433	25,096
	1,604,112	1,551,357	1,604,112	1,551,357

2. Expenses excluding losses (continued)

(e) Grants and subsidies

	Consolidated 2016 \$'000	Consolidated 2015 \$'000	Parent 2016 \$'000	Parent 2015 \$'000
Maintenance grants to councils (Note 2(c))	290,488	295,657	290,488	295,657
Roads and bridges transferred to councils	90,427	1,857	90,427	1,857
Contribution to National Heavy Vehicle Regulator	37,886	39,225	37,886	39,225
Other grants and subsidies	12,592	11,397	20,089	172,622
	431,393	348,136	438,890	509,361

(f) Finance costs

Interest expense from financial liabilities not at fair value through profit and loss	90	228	90	228
Finance lease interest charges	32,430	36,115	32,430	36,115
M2 and Eastern Distributor promissory notes	-	5,986	-	5,986
Other	2,332	1,038	2,332	850
	34,852	43,367	34,852	43,179

3. Revenue

(a) Sale of goods and services

Sale of goods				
Number plates	132,668	119,297	132,668	119,297
Publications	8,324	8,400	8,324	8,400
Rendering of services				
Advertising	22,232	23,585	22,232	23,585
Boat licences	24,274	25,167	24,274	25,167
Boat registrations	25,679	25,483	25,679	25,483
Channel fees	7,716	7,568	7,716	7,568
Fees for services	67,021	61,510	67,021	61,510
Heavy vehicle permit fees	1,483	1,471	1,483	1,471
Miscellaneous services	13,913	14,430	13,913	15,041
Moorings	8,858	8,992	8,858	8,992
General maritime revenue	1,885	1,946	1,885	1,946
Rental income	56,461	54,445	56,461	54,445
Third party insurance data access charges	4,133	5,677	4,133	5,677
Toll revenue (Sydney Harbour Bridge)	109,531	106,424	109,531	106,424
Toll revenue (Sydney Harbour Tunnel)	43,174	43,227	43,174	43,227
WDA project fees	-	-	2,925	11,200
Works and services	96,467	137,480	71,417	37,808
	623,819	645,102	601,694	557,241

3. Revenue (continued)

(b) Investment revenue

	Consolidated 2016 \$'000	Consolidated 2015 \$'000	Parent 2016 \$'000	Parent 2015 \$'000
Interest	14,989	20,068	14,989	19,770
Amortisation of zero interest loan Sydney Harbour Tunnel	9,259	8,645	9,259	8,645
M2 and Eastern Distributor promissory notes	5,125	-	5,125	-
TCorp Investment Facilities Designated at Fair Value Through Profit or Loss	1,598	4,887	1,496	4,887
	30,971	33,600	30,869	33,302

(c) Retained taxes, fees and fines

Sanction fees payable under the Fines Act	15,131	15,234	15,131	15,234
National Heavy Vehicle Regulator charges	52,029	55,169	52,029	55,169
	67,160	70,403	67,160	70,403

(d) Grants from Transport for NSW (TfNSW)

Operating grant				
Grant to fund general operations including maintenance	1,349,095	1,212,142	1,349,095	1,212,142
Capital grant				
Grants to fund investment in infrastructure network development	4,410,884	3,523,715	4,410,884	3,523,715
	5,759,979	4,735,857	5,759,979	4,735,857

Of the \$4,410.8 million capital grant, \$1,415.5 million relates to federal funding (2015: \$1,308.1 million of \$3,523.7 million). The equivalent figure for the federal recurrent grant is \$160.3 million (2015: \$167.3 million). Federal funding is appropriated to TfNSW through NSW Treasury.

(e) Other grants and contributions

NSW Government agencies				
- TfNSW	13,743	4,377	13,743	4,377
- Other	129,071	151,918	129,071	151,918
Local government	20,775	16,427	20,775	16,427
Other government agencies	6,243	6,208	6,243	6,208
Private firms and individuals	9,808	8,179	9,808	8,179
	179,640	187,109	179,640	187,109

Contributions received during the year ended 30 June 2016 were recognised as revenue during the period and were expended in that period with no balance of those funds available at 30 June 2016.

3. Revenue (continued)

(f) Other revenue

	Consolidated 2016 \$'000	Consolidated 2015 \$'000	Parent 2016 \$'000	Parent 2015 \$'000
Amortisation of Deferred Revenue on Private Sector Provided				
Infrastructure (PSPI) Projects	19,030	14,910	19,030	14,910
Value of emerging interest of PSPI				
- M2 Motorway/M2 Widening (refer Note 10(a))	36,366	34,557	36,366	34,557
- M4 Motorway Service Centre (refer Note 10(a))	1,471	1,349	1,471	1,349
- M5 South-West Motorway (refer Note 10(a))	39,427	28,767	39,427	28,767
- Eastern Distributor (refer Note 10(a))	19,612	18,404	19,612	18,404
- Cross City Tunnel (refer Note 10(a))	27,712	26,272	27,712	26,272
- Westlink M7 Motorway (refer Note 10(a))	59,806	56,630	59,806	56,630
- Lane Cove Tunnel (refer Note 10(a))	36,210	34,150	36,210	34,150
Fuel tax credits	857	22	857	22
Principal arranged insurance refund	1,784	224	1,784	224
Property revenue	3,817	897	3,817	897
Recognition of infrastructure assets (refer Note 9(c))	37,896	198,452	37,896	198,452
Other boating fees	2,399	1,683	2,399	1,683
Resources received free of charge	48,014	5,552	48,014	5,552
Write off of make good provision	-	6,430	-	6,430
Other (including professional services revenue)	7,614	4,599	7,614	4,599
	342,015	432,898	342,015	432,898

4. Gains (losses) on disposal

(a) Gains/(losses) on disposal

Net gain/(loss) on sale of property, plant and equipment

- Proceeds from sale	45,934	32,852	45,934	32,852
- Carrying amount of assets sold	(52,954)	(38,013)	(52,954)	(38,013)
Net gain/(loss) on sale of property, plant and equipment	(7,020)	(5,161)	(7,020)	(5,161)

(b) Other gains/(losses)

Allowance for impairment of receivables (refer Note 8(a)(i))	(2,424)	(1,571)	(2,424)	(1,571)
Bad debts (written off)/recovered	-	(372)	-	(372)
Carrying amount of infrastructure assets written off (refer Note 5)	(131,294)	(171,423)	(131,294)	(171,423)
Net revaluation increment/(decrement) recognised in net result (refer Note 5)	43,949	(52,147)	68,729	(52,147)
Loss on T-Corp loan transferred	-	(8,941)	-	(8,941)
Other	(358)	-	(358)	-
Total other gains/(losses)	(90,127)	(234,454)	(65,347)	(234,454)

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 (refer to Note 4(b))

	Consolidated 2016 \$'000	Consolidated 2015 \$'000	Parent 2016 \$'000	Parent 2015 \$'000
Infrastructure assets written off	131,294	171,423	131,294	171,423

The following infrastructure assets were written off in the years ended 30 June 2016 and 30 June 2015:

	2016			2015		
	Replacement costs \$'000	Accumulated depreciation \$'000	Carrying value \$'000	Replacement costs \$'000	Accumulated depreciation \$'000	Carrying value \$'000
Roads	197,399	(86,225)	111,174	185,241	(63,963)	121,278
Bridges	31,133	(12,616)	18,517	56,657	(20,150)	36,507
Maritime assets	1,600	(676)	924	10,649	(6,902)	3,747
Work in progress	159	-	159	8,075	-	8,075
Traffic signals network	83	(47)	36	796	(224)	572
Traffic control network	3,153	(2,669)	484	4,288	(3,044)	1,244
	233,527	(102,233)	131,294	265,706	(94,283)	171,423

5. Write-off/down of land & buildings and infrastructure assets (refer to Note 4(b)) (continued)

	Consolidated 2016 \$'000	Consolidated 2015 \$'000	Parent 2016 \$'000	Parent 2015 \$'000
Net revaluation increment/(decrement) recognised in net result	43,949	(52,147)	68,729	(52,147)

The following land & buildings and infrastructure assets and were written down and/or written back in the years ended 30 June 2016 and 30 June 2015:

	Carrying value 2016 \$'000	Carrying value 2015 \$'000	Carrying value 2016 \$'000	Carrying value 2015 \$'000
Infrastructure systems (Note 9(c))				
Land under roads	197,059	-	197,059	-
Traffic signals network	1,982	(695)	1,982	(695)
Sub-total	199,041	(695)	199,041	(695)
Land & buildings (Note 9(a))				
Land and Buildings Acquired for Future Roadworks	(185,031)	(32,990)	(160,251)	(32,990)
Administrative Buildings	17,530	(17,530)	17,530	(17,530)
Leasehold Improvements	(306)	(932)	(306)	(932)
Sub-total	(167,807)	(51,452)	(143,027)	(51,452)
Write back/(down) of remediation provision	12,715	-	12,715	-
	43,949	(52,147)	68,729	(52,147)

6. Service groups of Roads and Maritime Services

(a) Growth and Improvement

This service group covers the expansion of the asset portfolio to meet changing improved standards and/or enhanced system capability.

(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.

(c) Asset Maintenance

This service group covers work performed on physical assets to address defects and deterioration in their condition, and replacement at the end of their useful life to ensure operational capacity.

7. Current assets – cash and cash equivalents

	Consolidated 2016 \$'000	Consolidated 2015 \$'000	Parent 2016 \$'000	Parent 2015 \$'000
RMS operating account**	483,240	297,791	483,240	277,493
Remitting account, cash in transit and cash on hand *	28,420	42,433	28,420	42,433
TCorp Hour-Glass Cash Facility **	-	227,180	-	96,698
On call deposits**	54,245	-	54,245	-
Other**	52,038	499	52,038	499
	617,943	567,903	617,943	417,123

*The remitting account balance above does not include cash of \$30.8 million (2015: \$32.2 million) relating to administered revenue held by RMS as at 30 June (refer to Note 26).

** The cash account balances include restricted cash (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) Receivables

(i) Current

	Consolidated 2016 \$'000	Consolidated 2015 \$'000	Parent 2016 \$'000	Parent 2015 \$'000
Sale of goods and services	45,389	55,797	45,389	27,245
Other	34,998	15,745	34,998	18,661
Less: allowance for impairment *	(6,442)	(9,694)	(6,442)	(9,694)
	73,945	61,848	73,945	36,212
Goods and services tax receivable	106,977	103,228	106,977	100,494
	180,922	165,076	180,922	136,706
Prepayments	62,474	10,992	62,474	10,967
Property and other debtors	22,031	55,530	22,031	55,530
Dishonoured credit cards	-	158	-	158
	265,427	231,756	265,427	203,361
Accrued income				
- Interest	1,468	1,537	1,468	1,511
- Property sales	13,835	15,135	13,835	15,135
- Other	21,148	11,227	21,148	11,227
	301,878	259,655	301,878	231,234

*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.

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

Movement in the allowance for impairment

	Consolidated 2016 \$'000	Consolidated 2015 \$'000	Parent 2016 \$'000	Parent 2015 \$'000
Opening balance at the beginning of the year	9,694	8,168	9,694	8,168
Amounts written off during the year	(5,676)	(45)	(5,676)	(45)
Increase in allowance recognised in Statement of Comprehensive Income	2,424	1,571	2,424	1,571
Balance as at end of the year	6,442	9,694	6,442	9,694

(ii) Non-Current

Prepayments	27,598	8,907	27,598	8,907
	27,598	8,907	27,598	8,907

(b) Other financial assets

(i) Current financial assets (at amortised cost)

M7 Motorway concession payment recoverable	-	499	-	499
	-	499	-	499

(ii) Non-current financial assets (at amortised cost)

	Consolidated 2016 \$'000	Consolidated 2015 \$'000	Parent 2016 \$'000	Parent 2015 \$'000
Loan to Sydney Harbour Tunnel Company	145,125	135,867	145,125	135,867
M7 Motorway concession payments recoverable	-	170,991	-	170,991
Lane Cove Tunnel concession payments recoverable	173,970	164,869	173,970	164,869
M2 and Eastern Distributor operators Promissory notes (refer to Note 10 (a))	53,734	48,609	53,734	48,609
	372,829	520,336	372,829	520,336

(c) Current financial assets (at fair value)

	Consolidated 2016 \$'000	Consolidated 2015 \$'000	Parent 2016 \$'000	Parent 2015 \$'000
TCorp Hour-Glass Investment Facilities - long-term growth facility	28,621	16,971	28,621	16,971
TCorp Hour-Glass Investment Facilities - medium-term growth facility	68,897	41,174	68,897	41,174
TCorp Hour-Glass Investment Facilities - strategic cash facility	-	5,452	-	5,452
	97,518	63,597	97,518	63,597

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

	Land and buildings \$'000	Plant and equipment \$'000	Infrastructure systems \$'000	Total \$'000
Consolidated				
As at 1 July 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
As at 30 June 2016 - fair value				
Gross carrying amount	3,568,643	269,061	110,787,021	114,624,725
Accumulated depreciation	(104,747)	(159,770)	(34,826,268)	(35,090,785)
Net carrying amount	3,463,896	109,291	75,960,753	79,533,940
Parent				
As at 1 July 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
As at 30 June 2016 - fair value				
Gross carrying amount	3,568,643	269,061	110,787,021	114,624,725
Accumulated depreciation	(104,747)	(159,770)	(34,826,268)	(35,090,785)
Net carrying amount	3,463,896	109,291	75,960,753	79,533,940
Consolidated				
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
Parent				
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

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

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

	Land and buildings \$'000	Plant and equipment \$'000	Infrastructure systems \$'000	Total \$'000
Year ended 30 June 2016				
Net carrying amount 1 July 2015	2,926,926	109,930	73,873,194	76,910,050
Additions	809,082	36,081	3,697,280	4,542,443
Disposals	(7,728)	(4,519)	(131,135)	(143,382)
Transfers to councils	-	-	(90,427)	(90,427)
Transfers from councils	-	-	543	543
Net revaluation increment less revaluation decrements recognised in equity	181,146	-	(103,912)	77,234
Assets recognised for the first time	-	-	37,896	37,896
Asset write-off	-	-	(159)	(159)
Net revaluation increments less revaluation decrements recognised in net result	(167,807)	-	199,041	31,234
Depreciation expense	(16,496)	(18,855)	(1,531,328)	(1,566,679)
Transfer (to)/from assets held for sale	(267,396)	-	-	(267,396)
Assets transferred in/(out) through equity (Note 20)	(93)	-	-	(93)
Transfer out	(17,847)	(13,346)	(2,496,759)	(2,527,952)
Transfers in	24,109	-	2,506,519	2,530,628
Net carrying amount at 30 June 2016	3,463,896	109,291	75,960,753	79,533,940

	Land and buildings \$'000	Plant and equipment \$'000	Infrastructure systems \$'000	Total \$'000
Year ended 30 June 2015				
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 recognised in equity	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)
Net revaluation increments less revaluation decrements recognised in net result	(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)
Assets transferred in/(out) through equity (Note 20)	(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

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

Parent

	Land and buildings \$'000	Plant and equipment \$'000	Infrastructure systems \$'000	Total \$'000
Year ended 30 June 2016				
Net carrying amount 1 July 2015	2,821,293	109,930	73,860,199	76,791,422
Additions	773,997	36,081	3,674,322	4,484,400
Disposals	(7,728)	(4,519)	(131,135)	(143,382)
Transfers to councils	-	-	(90,427)	(90,427)
Transfers from councils	-	-	543	543
Net revaluation increment less revaluation decrements recognised in equity	181,146	-	(103,912)	77,234
Assets recognised for the first time	-	-	37,896	37,896
Asset write-off	-	-	(159)	(159)
Net revaluation increments less revaluation decrements recognised in net result	(143,027)	-	199,041	56,014
Depreciation expense	(16,496)	(18,855)	(1,531,328)	(1,566,679)
Transfer (to)/from assets held for sale	(267,396)	-	-	(267,396)
Assets transferred in/(out) through equity (Note 20)	115,845	-	35,953	151,798
Transfer out	(17,847)	-	(2,496,759)	(2,514,606)
Transfers in	24,109	(13,346)	2,506,519	2,517,282
Net carrying amount at 30 June 2016	3,463,896	109,291	75,960,753	79,533,940

	Land and buildings \$'000	Plant and equipment \$'000	Infrastructure systems \$'000	Total \$'000
Year ended 30 June 2015				
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 recognised in equity	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)
Net revaluation increments less revaluation decrements recognised in net result	(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)
Assets transferred in/(out) through equity (Note 20)	(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

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

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

(a) Land and buildings

Consolidated

	Land*	Administrative Buildings*	Land and buildings acquired for future roadworks **	Leasehold improvements	Total
Year ended 30 June 2016	\$'000	\$'000	\$'000	\$'000	\$'000
Net carrying amount 1 July 2015	267,939	122,986	2,512,743	23,258	2,926,926
Additions	-	34,649	772,077	2,356	809,082
Disposals	-	(2,911)	-	(4,817)	(7,728)
Net revaluation increment less revaluation decrements recognised in equity	177,786	3,360	-	-	181,146
Depreciation expense	-	(7,168)	-	(9,328)	(16,496)
Transfer from/to assets held for sale	(228,512)	-	(38,884)	-	(267,396)
Transfer in	-	2,411	6,975	14,723	24,109
Reclassifications	16,834	(4,156)	(16,343)	3,665	-
Net revaluation increments less revaluation decrements recognised in net result	-	17,530	(185,031)	(306)	(167,807)
Assets transferred in/(out) through equity	-	-	(93)	-	(93)
Transfer to infrastructure	-	-	(17,847)	-	(17,847)
Net carrying amount at 30 June 2016	234,047	166,701	3,033,597	29,551	3,463,896

	Land*	Administrative Buildings*	Land and buildings acquired for future roadworks **	Leasehold improvements	Total
Year ended 30 June 2015	\$'000	\$'000	\$'000	\$'000	\$'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 increment less revaluation decrements recognised in equity	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	-	-
Net revaluation increments less revaluation decrements recognised in net result	-	(17,530)	(32,990)	(932)	(51,452)
Assets transferred in/(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

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

* Administrative Land and Buildings were comprehensively revalued during 2015-16 resulting in a net asset revaluation increment of \$198.7 million (2015: \$116.7 million), \$181.1 million was recorded against asset revaluation reserve (2015: \$116.7 million) and \$17.5m has been offset against prior year revaluation decrement recognised in the net result (2015: nil).

** In 2015-16, Untenanted Land for Road (ULR) was comprehensively revalued using the market value approach by a registered valuer resulting in an increase in the asset revaluation reserve of approximately \$296.1 million (2015: \$180.3 million). This increase has been offset with revaluation decrements arising from the transfers of ULR to infrastructure. Total net revaluation decrement of \$185.0 million (2015: \$33.0 million) has been recognised in the net result.

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

Parent

	Land*	Administrative Buildings*	Land and buildings acquired for future roadworks **	Leasehold improvements	Total
Year ended 30 June 2016	\$'000	\$'000	\$'000	\$'000	\$'000
Net carrying amount 1 July 2015	267,939	122,986	2,407,110	23,258	2,821,293
Additions	-	34,649	736,992	2,356	773,997
Disposals	-	(2,911)	-	(4,817)	(7,728)
Net revaluation increment less revaluation decrements recognised in equity	177,786	3,360	-	-	181,146
Depreciation expense	-	(7,168)	-	(9,328)	(16,496)
Transfer from/to assets held for sale	(228,512)	-	(38,884)	-	(267,396)
Transfer in	-	2,411	6,975	14,723	24,109
Reclassifications	16,834	(4,156)	(16,343)	3,665	-
Net revaluation increments less revaluation decrements recognised in net result	-	17,530	(160,251)	(306)	(143,027)
Assets transferred in/(out) through equity	-	-	115,845	-	115,845
Transfer to infrastructure	-	-	(17,847)	-	(17,847)
Net carrying amount at 30 June 2016	234,047	166,701	3,033,597	29,551	3,463,896

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

	Land*	Administrative Buildings*	Land and buildings acquired for future roadworks **	Leasehold improvements	Total
Year ended 30 June 2015	\$'000	\$'000	\$'000	\$'000	\$'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 increment less revaluation decrements recognised in equity	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	-	-
Net revaluation increments less revaluation decrements recognised in net result	-	(17,530)	(32,990)	(932)	(51,452)
Assets transferred in/(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

* Administrative Land and Buildings were comprehensively revalued during 2015-16 resulting in a net asset revaluation increment of \$198.7 million (2015: \$116.7 million), \$181.1 million was recorded against asset revaluation reserve (2015: \$116.7 million) and \$17.5m has been offset against prior year revaluation decrement recognised in the net result (2015: nil).

** In 2015-16, Untenanted Land for Road (ULR) was comprehensively revalued using the market value approach by a registered valuer resulting in an increase in the asset revaluation reserve of approximately \$296.1 million (2015: \$180.3 million). This increase has been offset with revaluation decrements arising from the transfers of ULR to infrastructure. Total net revaluation decrement of \$160.3 million (2015: \$33.0 million) has been recognised in the net result.

Consolidated

	Aggregate carrying amount 2016	Aggregate carrying amount 2015
Category of land and building acquired for future road works	\$'000	\$'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	531,425	417,987
Rentable properties	676,303	603,270
Untenanted land for roads	1,825,869	1,491,486
Total land and buildings acquired for future roadworks	3,033,597	2,512,743

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

Parent

	Aggregate carrying amount 2016 \$'000	Aggregate carrying amount 2015 \$'000
Category of land and building acquired for future road works		
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	531,425	417,987
Rentable properties	676,303	603,270
Untenanted land for roads	1,825,869	1,385,853
Total land and buildings acquired for future roadworks	<u>3,033,597</u>	<u>2,407,110</u>

(b) Plant and equipment – consolidated and parent

Year ended 30 June 2016	Plant equipment and motor vehicles \$'000	Computer hardware \$'000	Electronic office equipment \$'000	Total \$'000
Net carrying amount 1 July 2015	85,655	22,743	1,532	109,930
Additions	27,110	8,804	167	36,081
Disposals	(4,369)	(138)	(12)	(4,519)
Depreciation expense	(11,375)	(7,392)	(88)	(18,855)
Reclassifications	(10,464)	(2,464)	(418)	(13,346)
Net carrying amount at 30 June 2016	86,557	21,553	1,181	109,291

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)
Reclassifications	847	(1,392)	-	(545)
Net carrying amount at 30 June 2015	85,655	22,743	1,532	109,930

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

(c) Infrastructure systems

Consolidated

Year ended 30 June 2016	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 2015	52,222,348	1,655,019	13,853,233	957,617	152,395	158,933	550,089	4,323,560	73,873,194
Additions	837,401	-	406,782	-	4,043	8,290	-	2,440,764	3,697,280
Disposals	(111,174)	-	(18,517)	-	(36)	(484)	(924)	-	(131,135)
Transfers to councils	(77,836)	(226)	(12,365)	-	-	-	-	-	(90,427)
Transfers from councils	-	-	543	-	-	-	-	-	543
Assets recognised for the first time	33,994	11	3,891	-	-	-	-	-	37,896
Net revaluation increment less revaluation decrements recognised in equity	(326,787)	88,217	114,961	10,077	-	959	8,661	-	(103,912)
Asset write-off	-	-	-	-	-	-	-	(159)	(159)
Net revaluation increments less revaluation decrements recognised in net result	-	197,059	-	-	1,982	-	-	-	199,041
Depreciation expense	(1,274,958)	-	(195,210)	(15,116)	(21,350)	(13,865)	(10,829)	-	(1,531,328)
Transfers in	1,671,077	17,847	811,751	-	-	-	5,844	-	2,506,519
Transfers out	-	-	-	-	-	-	-	(2,496,759)	(2,496,759)
Net carrying amount at 30 June 2016	52,974,065	1,957,927	14,965,069	952,578	137,034	153,833	552,841	4,267,406	75,960,753

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 2016 the net carrying amount of this leased infrastructure assets was \$952.6 million (2015: \$957.6 million).

Interim revaluations have been performed for all infrastructure assets.

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

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 recognised in equity	2,255,269	166,855	403,216	26,944	-	11,324	17,449	-	2,881,057
Asset write-off	-	-	-	-	-	-	-	(8,075)	(8,075)
Net revaluation increments less revaluation decrements recognised in net result	-	-	-	-	(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 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.

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

Parent				Sydney Harbour Tunnel	Traffic signals network	Traffic control network	Maritime assets	Major works in progress	Total
Year ended 30 June 2016	Roads \$'000	Land under roads \$'000	Bridges \$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Net carrying amount 1 July 2015	52,222,348	1,655,019	13,853,233	957,617	152,395	158,933	550,089	4,310,565	73,860,199
Additions	837,401	-	406,782	-	4,043	8,290	-	2,417,806	3,674,322
Disposals	(111,174)	-	(18,517)	-	(36)	(484)	(924)	-	(131,135)
Transfers to councils	(77,836)	(226)	(12,365)	-	-	-	-	-	(90,427)
Transfers from councils	-	-	543	-	-	-	-	-	543
Assets recognised for the first time	33,994	11	3,891	-	-	-	-	-	37,896
Net revaluation increment less revaluation decrements recognised in equity	(326,787)	88,217	114,961	10,077	-	959	8,661	-	(103,912)
Asset write-off	-	-	-	-	-	-	-	(159)	(159)
Net revaluation increments less revaluation decrements recognised in net result	-	197,059	-	-	1,982	-	-	-	199,041
Depreciation expense	(1,274,958)	-	(195,210)	(15,116)	(21,350)	(13,865)	(10,829)	-	(1,531,328)
Transfers in	1,671,077	17,847	811,751	-	-	-	5,844	-	2,506,519
Transfers out	-	-	-	-	-	-	-	(2,496,759)	(2,496,759)
Assets transferred in through equity	-	-	-	-	-	-	-	35,953	35,953
Net carrying amount at 30 June 2016	52,974,065	1,957,927	14,965,069	952,578	137,034	153,833	552,841	4,267,406	75,960,753

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 2016 the net carrying amount of this leased infrastructure assets was \$952.6 million (2015: \$957.6 million).

Interim revaluations have been performed for all infrastructure assets.

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

Parent				Sydney Harbour Tunnel	Traffic signals network	Traffic control network	Maritime assets	Major works in progress	Total
	Roads \$'000	Land under roads \$'000	Bridges \$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Year ended 30 June 2015									
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 recognised in equity	2,255,269	166,855	403,216	26,944	-	11,324	17,449	-	2,881,057
Asset write-off	-	-	-	-	-	-	-	(8,075)	(8,075)
Net revaluation increments less revaluation decrements recognised in net result	-	-	-	-	(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 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.

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

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 Road Asset Management System (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 2016 \$'000	Consolidated 2015 \$'000	Parent 2016 \$'000	Parent 2015 \$'000
M2 Motorway/ M2 widening				
Carrying amount at start of year	160,457	125,900	160,457	125,900
Annual increment - emerging right to receive (refer Note 3(f))	36,366	34,557	36,366	34,557
Carrying amount at end of year	196,823	160,457	196,823	160,457
M4 Motorway Service Centre				
Carrying amount at start of year	8,744	7,395	8,744	7,395
Annual increment - emerging right to receive (refer Note 3(f))	1,471	1,349	1,471	1,349
Carrying amount at end of year	10,215	8,744	10,215	8,744
M5 South-West Motorway				
Carrying amount at start of year	272,700	243,933	272,700	243,933
Annual increment - emerging right to receive (refer Note 3(f))	39,427	28,767	39,427	28,767
Carrying amount at end of year	312,127	272,700	312,127	272,700
Eastern Distributor				
Carrying amount at start of year	126,498	108,094	126,498	108,094
Annual increment - emerging right to receive (refer Note 3(f))	19,612	18,404	19,612	18,404
Carrying amount at end of year	146,110	126,498	146,110	126,498
Cross City Tunnel (CCT)				
Carrying amount at start of year	191,495	165,223	191,495	165,223
Annual increment - emerging right to receive (refer Note 3(f))	27,712	26,272	27,712	26,272
Carrying amount at end of year	219,207	191,495	219,207	191,495
Westlink M7 Motorway				
Carrying amount at start of year	385,887	329,257	385,887	329,257
Annual increment - emerging right to receive (refer Note 3(f))	59,806	56,630	59,806	56,630
Carrying amount at end of year	445,693	385,887	445,693	385,887
Lane Cove Tunnel				
Carrying amount at start of year	235,111	200,961	235,111	200,961
Annual increment - emerging right to receive (refer Note 3(f))	36,210	34,150	36,210	34,150
Carrying amount at end of year	271,321	235,111	271,321	235,111
Total carrying amount at end of year	1,601,496	1,380,892	1,601,496	1,380,892
Totals				
Carrying amount at start of year	1,380,892	1,180,763	1,380,892	1,180,763
Annual increment - emerging right to receive	220,604	200,129	220,604	200,129
Total carrying amount at end of year	1,601,496	1,380,892	1,601,496	1,380,892

10. Non-current assets – intangible assets and other (continued)

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 2016 (2015: No payments made). RMS, as at 30 June 2016, has received promissory notes for rent on the above leases at nominal value totalling \$181.1 million (2015: \$169.8 million). The value of these promissory notes as at 30 June 2016 is \$36.8 million (2015: \$33.2 million) (refer Note 8(b)).

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. It was agreed in 2014-15 that the concession period would be extended for a further period of four years on the completion of the road widening.

The total carrying value of the M2 Motorway, including the M2 Upgrade, is \$196.8 million as at 30 June 2016 (2015: \$160.5 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 \$10.2 million as at 30 June 2016 (2015: \$8.7 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)).

10. Non-current assets – intangible assets and other (continued)

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 \$312.1 million as at 30 June 2016 (2015: \$272.7 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 \$285 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 2016, the promissory notes have a value of \$17.0 million (2015: \$15.4 million) (refer Note 8(b)).

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 \$146.1 million as at 30 June 2016 (2015: \$126.5 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 \$219.2 million as at 30 June 2016 (2015: \$191.5 million).

10. Non-current assets – intangible assets and other (continued)

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 \$445.7 million as at 30 June 2016 (2015: \$385.9 million).

At the time of the modification to the contract for the NorthConnex RMS was expected to 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. In October 2015, RMS realised \$174.2 million on the monetisation of the concession receivable (2015: \$171.5 million) (refer to Note 8(b)).

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 conditionally 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 \$271.3 million as at 30 June 2016 (2015: \$235.1 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 2016, these future receipts have a value of \$174.0 million (2015: \$164.9 million) (refer to Note 8(b)).

10. Non-current assets – intangible assets and other (continued)

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 \$970.0 million in cash towards the construction, construction management and property acquisition costs, and the balance will be financed by the concession holder. RMS will receive up to \$410.0 million from Restart NSW and up to \$405.0 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 an extension of the concession terms on the Westlink M7 motorway, Lane Cove Tunnel and M2 Motorway to 30 June 2048.

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 2016, 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, including Sydney Gateway.

Stage 1

The Stage 1 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.

Stage 2

The Stage 2 Deed was signed on 20 November 2015 to develop and upgrade the existing M5 East from Beverly Hills to St Peters. Under the Stage 2 Project Deed, RMS granted the concession holders a right to design, construct, operate, maintain and collect tolls until 2060.

As part of the arrangement, RMS will grant Motorway Stratum Land Leases over New M5 Main Works and M5 East Lease from December 2019 (unless the toll road is opened prior), and M5 West Lease from December 2026 (noting RMS have an option to exclude the M5 West) to the termination date of 31 December 2060. Under the Stratum Land Lease, 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.

10. Non-current assets – intangible assets and other (continued)

Stage 1 and 2

RMS will not recognise any amounts relating to the improvement of the roads during the design and construction phase, as the risks and rewards of the improvements to the road rest with the operator. When the motorways are open to the public, RMS will value the WestConnex assets by reference to RMS' emerging share of the depreciated replacement cost of the assets over the concession period calculated using the effective interest rate method (refer Note 1(g)(vi)). As at 30 June 2016, RMS has not recognised an emerging asset.

Stage 3

Stage 3 is currently in the development phase and it is not expected any agreements will be reached with the proposed concession holder until the 2017-18 financial year.

(b) Other intangible assets – consolidated and parent

	Software 2016 \$'000	Software 2015 \$'000
Balance at start of year		
Cost	301,531	286,770
Accumulated amortisation and impairment	(140,780)	(116,807)
Net carrying amount	160,751	169,963
Balance at end of year		
Cost	333,611	301,531
Accumulated amortisation and impairment	(176,083)	(140,780)
Net carrying amount	157,528	160,751
Net carrying amount at start of year	160,751	169,963
Net assets received from equity transfer	-	-
Additions	38,606	16,503
Written off	-	-
Disposals	(1,720)	(1,164)
Amortisation expense	(37,433)	(25,096)
Reclassification from Infrastructure	-	-
Transfer to/from PPE (Note 9)	(2,676)	545
Other	-	-
Net carrying amount at end of year	157,528	160,751

11. Non-current assets held for sale

	Consolidated 2016 \$'000	Consolidated 2015 \$'000	Parent 2016 \$'000	Parent 2015 \$'000
Assets held for sale				
Balance at beginning 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
Balance at end of year				
Land and buildings	229,176	2,741	229,176	2,741
Plant and equipment	-	-	-	-
	229,176	2,741	229,176	2,741

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 or tender 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 \$3.9 million gain (2015: \$0.8 million loss), fleet assets \$nil (2015: \$0.1 million loss). The written down value of assets held for sale derecognised: Land and buildings \$39.0 million (2015: \$30.5 million), fleet assets \$nil (2015: \$0.3 million).

The current year land held for sale includes revaluation increment of \$139.0 million. Further details regarding the fair value measurement are disclosed in Note 12.

12. Fair value measurement of non-financial assets

(a) Fair value hierarchy

RMS uses the following hierarchy for disclosing the fair value of non-financial assets by the inputs used in the 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	Level 2	Level 3	Total
	2016	2016	2016	2016
	\$'000	\$'000	\$'000	\$'000
Property, plant and equipment				
Land and buildings	-	3,463,896	-	3,463,896
Infrastructure systems*	-	-	71,693,347	71,693,347
Assets held for sale	-	229,176	-	229,176
As at 30 June 2016	-	3,693,072	71,693,347	75,386,419

Consolidated	Level 1	Level 2	Level 3	Total
	2015	2015	2015	2015
	\$'000	\$'000	\$'000	\$'000
Property, plant and equipment				
Land and buildings	-	2,926,926	-	2,926,926
Infrastructure systems*	-	-	69,549,634	69,549,634
Assets held for sale	-	2,741	-	2,741
As at 30 June 2015	-	2,929,667	69,549,634	72,479,301

12. Fair value measurement of non-financial assets (continued)

Parent				
	Level 1	Level 2	Level 3	Total
	2016	2016	2016	2016
	\$'000	\$'000	\$'000	\$'000
Property, plant and equipment				
Land and buildings	-	3,463,896	-	3,463,896
Infrastructure systems*	-	-	71,693,347	71,693,347
Assets held for sale	-	229,176	-	229,176
As at 30 June 2016	-	3,693,072	71,693,347	75,386,419

Parent				
	Level 1	Level 2	Level 3	Total
	2015	2015	2015	2015
	\$'000	\$'000	\$'000	\$'000
Property, plant and equipment				
Land and buildings	-	2,821,293	-	2,821,293
Infrastructure systems*	-	-	69,549,634	69,549,634
Assets held for sale	-	2,741	-	2,741
As at 30 June 2015	-	2,824,034	69,549,634	72,373,668

*Work in progress is measured at cost and has been excluded from Note 12 Fair value measurement of non-financial assets note disclosure.

(b) Valuation techniques, inputs and processes

Valuation Technique	Valuation input
Roads	
Depreciated replacement cost of significant road asset components:	Replacement cost per unit of road asset component.
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)).	
Fair value is re-valued in interim 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.	
	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.

12. Fair value measurement of non-financial assets (continued)

<p>Land under roads</p> <p>The urban Average Rateable Value (ARV) per hectare within each Local Government Area (LGA) adjusted by an “open spaces ratio”.</p> <p>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).</p>	<p>Local Government Area rateable land values provided by the NSW Valuer-General.</p> <p>Measurements of land area in situ under roads.</p>
<p>Bridges</p> <p>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</p> <p>Bridge assets are depreciated over estimated useful depending on bridge type (Note 1(m) (iii)).</p> <p>Cost/m² 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.</p> <p>Fair value is re-valued in interim periods between comprehensive revaluations by movements in the RBCI.</p> <p>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.</p>	<p>Replacement cost per unit of bridge assets.</p> <p>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.</p> <p>RBCI is applied to the replacement cost of the components, to ensure that carrying amounts are at fair value.</p> <p>Components are depreciated over their estimated useful life depending on bridge type.</p>
<p>Sydney Harbour Tunnel</p> <p>Depreciated replacement cost of major asset components: Immersed Tube Mechanical and Electrical Pavement Earthworks</p> <p>Assets are depreciated over estimated useful life depending on component type (Note 1(m)(iii)).</p> <p>Fair value is re-valued in interim periods between comprehensive revaluations by movements in the RBCI.</p>	<p>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.</p> <p>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.</p> <p>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.</p> <p>Depreciation was applied over estimates of useful lives of those component types.</p> <p>There has been no material change to either the initial estimates or the valuation process.</p>

12. Fair value measurement of non-financial assets (continued)

<p>Traffic Signals Network</p> <p>Depreciated replacement cost of major asset components:</p> <p>Assets are depreciated over estimated useful life (Note 1(m)(iii)).</p> <p>Fair value is re-valued in interim periods between comprehensive revaluations by movements in the RBCI.</p> <p>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.</p>	<p>Current unit replacement costs</p>
<p>Traffic Control Network</p> <p>Depreciated replacement cost of major asset components:</p> <p>Traffic Systems Transport Management Centre Variable Message signs</p> <p>Assets are depreciated over estimated useful life depending on component type (Note 1(m)(iii)).</p> <p>Fair value is re-valued in interim periods between comprehensive revaluations by movements in the RBCI.</p> <p>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.</p>	<p>Current unit replacement costs</p>
<p>Maritime Assets</p> <p>Depreciated replacement cost for:</p> <ul style="list-style-type: none"> * Wharves and jetties * Dredging assets * Seawall * Navigational Aids <p>Assets are depreciated over estimated useful life depending on asset type (Note 1(m)(iii)).</p> <p>Fair value is re-valued in interim periods between comprehensive revaluations by obtaining letter of assurances from the external valuers.</p> <p>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.</p> <p>Capitalised Revenue for:</p> <p>Moorings and wetlands</p> <p>Estimates of total revenue earned on long term mooring and wetland leases are capitalised at net present value</p>	<p>Current unit replacement costs.</p> <p>Estimated total lease revenue</p>

12. Fair value measurement of non-financial assets (continued)

(c) Reconciliation of recurring Level 3 fair value measurements

Consolidated

2016	Roads \$'000	Land under roads \$'000	Bridges \$'000	Sydney Harbour Tunnel \$'000	Traffic signals network \$'000	Traffic control network \$'000	Maritime assets \$'000	Total \$'000
Fair value as at 1 July 2015	52,222,348	1,655,019	13,853,233	957,617	152,395	158,933	550,089	69,549,634
Additions	837,401	-	406,782	-	4,043	8,290	-	1,256,516
Net revaluation increment less revaluation decrement	(326,787)	285,276	114,961	10,077	1,982	959	8,661	95,129
Transfers from Level 2	-	17,847	-	-	-	-	-	17,847
Disposals	(111,174)	-	(18,517)	-	(36)	(484)	(924)	(131,135)
Depreciation	(1,274,958)	-	(195,210)	(15,116)	(21,350)	(13,865)	(10,829)	(1,531,328)
Transfers to councils	(77,836)	(226)	(12,365)	-	-	-	-	(90,427)
Transfers from councils	-	-	543	-	-	-	-	543
Transfers in/(out)	1,671,077	-	811,751	-	-	-	5,844	2,488,672
Asset write off	-	-	-	-	-	-	-	-
Assets recognised for the first time	33,994	11	3,891	-	-	-	-	37,896
Fair value as at 30 June 2016	52,974,065	1,957,927	14,965,069	952,578	137,034	153,833	552,841	71,693,347

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

12. Fair value measurement of non-financial assets (continued)

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	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	65,472,877
Additions	1,080,018	-	33,833	-	6,903	7,305	71	1,128,130
Net revaluation increment less revaluation decrement	2,255,269	166,855	403,216	26,944	(695)	11,324	17,449	2,880,362
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
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	69,549,634

12. Fair value measurement of non-financial assets (continued)

Parent								
2016	Roads \$'000	Land under roads \$'000	Bridges \$'000	Sydney Harbour Tunnel \$'000	Traffic signals network \$'000	Traffic control network \$'000	Maritime assets \$'000	Total \$'000
Fair value as at 1 July 2015	52,222,348	1,655,019	13,853,233	957,617	152,395	158,933	550,089	69,549,634
Additions	837,401	-	406,782	-	4,043	8,290	-	1,256,516
Net revaluation increment less revaluation decrement	(326,787)	285,276	114,961	10,077	1,982	959	8,661	95,129
Transfers from Level 2	-	17,847	-	-	-	-	-	17,847
Disposals	(111,174)	-	(18,517)	-	(36)	(484)	(924)	(131,135)
Depreciation	(1,274,958)	-	(195,210)	(15,116)	(21,350)	(13,865)	(10,829)	(1,531,328)
Transfers to councils	(77,836)	(226)	(12,365)	-	-	-	-	(90,427)
Transfers from councils	-	-	543	-	-	-	-	543
Transfers in/(out)	1,671,077	-	811,751	-	-	-	5,844	2,488,672
Asset write off	-	-	-	-	-	-	-	-
Assets recognised for the first time	33,994	11	3,891	-	-	-	-	37,896
Fair value as at 30 June 2016	52,974,065	1,957,927	14,965,069	952,578	137,034	153,833	552,841	71,693,347

12. Fair value measurement of non-financial assets (continued)

Parent								
2015	Roads \$'000	Land under roads \$'000	Bridges \$'000	Sydney Harbour Tunnel \$'000	Traffic signals network \$'000	Traffic control network \$'000	Maritime assets \$'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	65,472,877
Additions	1,080,018	-	33,833	-	6,903	7,305	71	1,128,130
Net revaluation increment less revaluation decrement	2,255,269	166,855	403,216	26,944	(695)	11,324	17,449	2,880,362
Transfers from Level 2	-	19,924	-	-	-	-	-	19,924
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
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	69,549,634

13. Restricted Assets

	Consolidated 2016 \$'000	Consolidated 2015 \$'000	Parent 2016 \$'000	Parent 2015 \$'000
Cash and Cash Equivalents	184,775	266,588	184,775	136,106

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 \$54.2 million (2015: \$53.7 million) are held within the Treasury Banking System. 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 \$78.7 million (2015: \$78.2 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 \$44.8 million for Consolidated (2015: \$134.3 million) and Parent (2015: \$3.8 million) are held within the Treasury Banking System. 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 \$6.9 million (2015: \$0.4 million) are held within the Treasury Banking System. 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.

Rental bonds are held against RMS properties that are leased to various customers. The funds are interest-bearing and are due to customers at the end of the lease period. Monies received for these deposits of \$0.3 million (2015: \$0.3 million) are held within Westpac Bank Accounts that are included in the Treasury Banking System. Transactions on these accounts are restricted to rental payments.

14. Current/non-current liabilities - payables

	Consolidated 2016 \$'000	Consolidated 2015 \$'000	Parent 2016 \$'000	Parent 2015 \$'000
(i) Current				
Trade creditors ⁽ⁱ⁾	30,606	154,254	30,606	152,444
Creditors arising from compulsory acquisitions	98,908	135,504	98,908	65,474
Personnel services	70,952	226,301	70,952	226,232
Accrued expenses				
- Works contract expenditure	368,684	363,978	368,684	363,978
- Work carried out by councils	97,842	121,249	97,842	121,249
- Interest	-	2	-	2
- Other (including non-works contracts)	225,555	183,968	225,555	150,790
Other	27,101	22,121	27,101	22,121
	919,648	1,207,377	919,648	1,102,290
(ii) Non-current				
Personnel services	7,106	1,211,689	7,106	1,211,147
	7,106	1,211,689	7,106	1,211,147

(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.

14. Current/non-current liabilities – payables (continued)

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.

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. The amount of personnel services payable transferred to Transport Service of NSW was \$1,356.4 million (refer to Note 20).

15. Current/non-current liabilities - borrowings

	Consolidated 2016 \$'000	Consolidated 2015 \$'000	Parent 2016 \$'000	Parent 2015 \$'000
At amortised cost				
(i) Current				
Unsecured				
Treasury advances repayable	-	2,033	-	2,033
Finance lease - Sydney Harbour Tunnel (Note 19(c))	47,117	41,385	47,117	41,385
Other	-	97	-	97
	47,117	43,515	47,117	43,515
(ii) Non-current				
Unsecured				
Finance lease - Sydney Harbour Tunnel (Note 19(c))	358,813	405,930	358,813	405,930
	358,813	405,930	358,813	405,930

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

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 2016	Carrying amount 2015
			\$'000	\$'000
Class:				
Cash and cash equivalents	7	N/A	617,943	567,903
Receivables ¹	8	Loans and receivables (at amortised cost)	132,427	145,435
		At fair value through profit and loss - designated		
Financial assets	8	as such upon initial recognition	97,518	63,597
Other financial assets	8	Loans and receivables (at amortised cost)	372,829	520,835
Financial liabilities	Note	Category	Carrying amount 2016	Carrying amount 2015
			\$'000	\$'000
Class:				
Payables ²	14, 18	Financial liabilities measured at amortised cost	1,081,510	2,558,625
Borrowings	15	Financial liabilities measured at amortised cost	405,930	449,445

16. Financial instruments (continued)

Parent				
Financial assets	Note	Category	Carrying amount 2016 \$'000	Carrying amount 2015 \$'000
Class:				
Cash and cash equivalents	7	N/A	617,943	417,123
Receivables ¹	8	Loans and receivables (at amortised cost)	132,427	119,773
Financial assets	8	At fair value through profit and loss - designated as such upon initial recognition	97,518	63,597
Other financial assets	8	Loans and receivables (at amortised cost)	372,829	520,835
Financial liabilities	Note	Category	Carrying amount 2016 \$'000	Carrying amount 2015 \$'000
Class:				
Payables ²	14,18	Financial liabilities measured at amortised cost	1,081,510	2,451,513
Borrowings	15	Financial liabilities measured at amortised cost	405,930	449,445

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.

16. Financial instruments (continued)

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 (2015: \$NIL 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					
	Carrying amount	1% increase in interest rate		1% decrease in interest rate	
		Surplus/Deficit	Equity	Surplus/Deficit	Equity
30 June 2016	\$'000	\$'000	\$'000	\$'000	\$'000
Financial assets					
Cash and cash equivalents	588,713	(5,887)	(5,887)	5,887	5,887
Financial assets at fair value	97,518	(975)	(975)	975	975
Other financial assets	372,829	(3,728)	(3,728)	3,728	3,728
	Carrying amount	1% increase in interest rate		1% decrease in interest rate	
		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
Parent					
	Carrying amount	1% increase in interest rate		1% decrease in interest rate	
		Surplus/Deficit	Equity	Surplus/Deficit	Equity
30 June 2016	\$'000	\$'000	\$'000	\$'000	\$'000
Financial assets					
Cash and cash equivalents	588,713	(5,887)	(5,887)	5,887	5,887
Financial assets at fair value	97,518	(975)	(975)	975	975
Other financial assets	372,829	(3,728)	(3,728)	3,728	3,728
	Carrying amount	1% increase in interest rate		1% decrease in interest rate	
		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

16. Financial instruments (continued)

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	2016 \$'000	2015 \$'000
Cash facility	Cash and money market instruments	up to 1.5 years	-	227,180
Strategic cash facility	Cash and money market instruments	1.5 years to 3 years	-	5,452
Medium-term growth facility	Cash, money market instruments, Australian and international bonds, listed property, and Australian shares	3 years to 7 years	68,897	41,174
Long-term growth facility	Cash, money market instruments, Australian and international bonds, listed property, and Australian shares	7 years and over	28,621	16,971

Parent

Facility	Investment sectors	Investment horizon	2016 \$'000	2015 \$'000
Cash facility	Cash and money market instruments	up to 1.5 years	-	96,698
Strategic cash facility	Cash and money market instruments	1.5 years to 3 years	-	5,452
Medium-term growth facility	Cash, money market instruments, Australian and international bonds, listed property, and Australian shares	3 years to 7 years	68,897	41,174
Long-term growth facility	Cash, money market instruments, Australian and international bonds, listed property, and Australian shares	7 years and over	28,621	16,971

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.

16. Financial instruments (continued)

Consolidated			
	Impact on profit/loss		
	Change in unit price	June 2016 \$'000	June 2015 \$'000
Financial assets			
Cash facility	+/- 1%	-	2,272
Strategic cash facility	+/- 1%	-	55
Medium-term growth facility	+/- 7%	4,823	2,470
Long-term growth facility	+/- 16%	4,579	2,546
Parent			
	Impact on profit/loss		
	Change in unit price	June 2016 \$'000	June 2015 \$'000
Financial assets			
Cash facility	+/- 1%	-	967
Strategic cash facility	+/- 1%	-	55
Medium-term growth facility	+/- 7%	4,823	2,470
Long-term growth facility	+/- 16%	4,579	2,546

(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.

16. Financial instruments (continued)

Consolidated

	Banks \$'000	Government \$'000	Other \$'000	Total \$'000
2016				
Financial assets				
Cash	617,508	-	435	617,943
Receivables	-	-	132,427	132,427
Other financial assets	-	-	372,829	372,829
Financial assets at fair value	-	97,518	-	97,518
Total financial assets	617,508	97,518	505,691	1,220,717
2015				
Financial assets				
Cash	340,224	227,180	499	567,903
Receivables	-	-	145,435	145,435
Other financial assets	-	-	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

Parent

	Banks \$'000	Government \$'000	Other \$'000	Total \$'000
2016				
Financial assets				
Cash	617,508	-	435	617,943
Receivables	-	-	132,427	132,427
Other financial assets	-	-	372,829	372,829
Financial assets at fair value	-	97,518	-	97,518
Total financial assets	617,508	97,518	505,691	1,220,717
2015				
Financial assets				
Cash	319,926	96,698	499	417,123
Receivables	-	-	119,773	119,773
Other financial assets	-	-	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

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 generally made on 30 day terms.

16. Financial instruments (continued)

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 (2016: \$32.9 million for Consolidated and Parent; 2015: \$56.3 million for Consolidated and \$27.7 million for Parent) and past due (2016: \$20.0 million for Consolidated and Parent; 2015: \$10.1 million for Consolidated and Parent) are not considered impaired and together these represent 89 per cent for Consolidated and Parent (2015: 87 per cent for Consolidated and 80 per cent for Parent) 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	\$'000	\$'000
	Total ^{1,2}	Past due but not impaired ^{1,2}	Considered impaired ^{1,2}
30 June 2016			
< 3 months overdue	13,811	13,615	196
3 months - 6 months overdue	2,218	1,773	445
> 6 months overdue	10,390	4,589	5,801
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

Parent

	\$'000	\$'000	\$'000
	Total ^{1,2}	Past due but not impaired ^{1,2}	Considered impaired ^{1,2}
30 June 2016			
< 3 months overdue	13,811	13,615	196
3 months - 6 months overdue	2,218	1,773	445
> 6 months overdue	10,390	4,589	5,801
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

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.

16. Financial instruments (continued)

iv. RMS Deposits

RMS have placed funds on deposit with highly rated financial institutions. These deposits are similar to money market or bank deposits and can be placed "at call" or for a fixed term. For fixed term deposits, the interest rate payable by TCorp is negotiated initially and is fixed for the term of the deposit, while the interest rate payable on at call deposits can vary. The deposits at balance date were earning an average interest rate of 1.75 per cent (2015: 2.00 per cent), while over the year the weighted average interest rate was 1.37 per cent (2015: 2.69 per cent) on a weighted average balance during the year of \$244.1 million (2015: \$558.8 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 Lane Cove Tunnel concession payments is \$172.5 million (2015: \$163.7 million) which differs from the carrying amount of \$174.0 million (2015: \$164.9 million) (refer to Note 8(b)) and is determined using effective interest rate 5.63 per cent (2015: 5.63 per cent).

The fair values of the M2 Motorway and Eastern Distributor promissory notes are \$77.4 million (2015: \$59.3 million) which differs from their carrying amount of \$53.7 million (2015: \$48.6 million) (refer to Note 8(b)). The M2 Motorway promissory notes are determined using effective interest rate of 10.61 per cent (2015: 10.61 per cent) and Eastern Distributor promissory notes at 10.39 per cent (2015: 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 2016				
Financial assets at fair value				
TCorp Hour-Glass facilities	-	97,518	-	97,518
30 June 2015				
Financial assets at fair value				
TCorp Hour-Glass facilities	-	290,777	-	290,777

16. Financial instruments (continued)

Parent

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
30 June 2016				
Financial assets at fair value				
TCorp Hour-Glass facilities	-	97,518	-	97,518
30 June 2015				
Financial assets at fair value				
TCorp Hour-Glass facilities	-	160,295	-	160,295

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 2016 (2015: 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 \$110 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.

Financing arrangements

	Consolidated 2016 \$'000	Consolidated 2015 \$'000	Parent 2016 \$'000	Parent 2015 \$'000
Unrestricted access was available at the Statement of Financial Position date to the come and go facility	-	-	-	-
Total facility	110,000	110,000	110,000	100,000
Used at Statement of Financial Position date	-	-	-	-
Unused at Statement of Financial Position date	110,000	110,000	110,000	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.

16. Financial instruments (continued)

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							
	Weighted average effective int. Rate	Nominal amount ⁽¹⁾	Interest rate exposure			Maturity dates		
Fixed interest rate			Variable interest rate	Non-interest bearing	< 1 yr	1-5 yrs	>5 yrs	
30 June 2016								
Payables								
Trade payables	-	30,606	-	-	30,606	30,606	-	-
Other current payables	-	126,009	-	-	126,009	126,009	-	-
Accrued expenses	-	692,081	-	-	692,081	692,081	-	-
Sydney Harbour Tunnel tax liability	-	26,005	-	-	26,005	2,104	15,889	8,012
Personnel services	-	78,058	-	-	78,058	70,952	7,106	-
Holding accounts	-	131,565	-	-	131,565	131,565	-	-
Borrowings								
Advances repayable	0.00%	-	-	-	-	-	-	-
TCorp borrowings	0.00%	-	-	-	-	-	-	-
Finance leases	7.70%	514,824	514,824	-	-	76,285	332,856	105,683
Other loans and deposits	0.00%	-	-	-	-	-	-	-

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

16. Financial instruments (continued)

Consolidated

	\$'000							
	Interest rate exposure					Maturity dates		
	Weighted average effective int. Rate	Nominal amount ⁽¹⁾	Fixed interest rate	Variable interest rate	Non-interest bearing	< 1 yr	1-5 yrs	>5 yrs
30 June 2015								
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.

16. Financial instruments (continued)

Parent

	\$'000							
	Weighted average effective int. Rate	Nominal amount ⁽¹⁾	Interest rate exposure			Maturity dates		
			Fixed interest rate	Variable interest rate	Non-interest bearing	< 1 yr	1-5 yrs	>5 yrs
30 June 2016								
Payables								
Trade payables	-	30,606	-	-	30,606	30,606	-	-
Other current payables	-	126,009	-	-	126,009	126,009	-	-
Accrued expenses	-	692,081	-	-	692,081	692,081	-	-
Sydney Harbour Tunnel tax liability	-	26,005	-	-	26,005	2,104	15,889	8,012
Personnel services	-	78,058	-	-	78,058	70,952	7,106	-
Holding accounts	-	131,565	-	-	131,565	131,565	-	-
Borrowings								
Advances repayable	0.00%	-	-	-	-	-	-	-
TCorp borrowings	0.00%	-	-	-	-	-	-	-
Finance leases	7.70%	514,824	514,824	-	-	76,285	332,856	105,683
Other loans and deposits	0.00%	-	-	-	-	-	-	-

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

16. Financial instruments (continued)

Parent

	\$'000							
	Weighted average effective int. Rate	Nominal amount ⁽¹⁾	Interest rate exposure			Maturity dates		
			Fixed interest rate	Variable interest rate	Non-interest bearing	< 1 yr	1-5 yrs	>5 yrs
30 June 2015								
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.

17. Current/non-current liabilities - provisions

	Consolidated 2016 \$'000	Consolidated 2015 \$'000	Parent 2016 \$'000	Parent 2015 \$'000
(i) Current provisions				
Provision for makegood - leasehold	921	2,437	921	2,437
Provision for makegood - land	6,070	41,388	6,070	7,286
	6,991	43,825	6,991	9,723
(ii) Non-current provisions				
Provision for makegood - leasehold	11,119	14,986	11,119	14,986
Provision for makegood - land	-	-	-	-
	11,119	14,986	11,119	14,986
Total Provisions	18,110	58,811	18,110	24,709

Consolidated

	Provision for makegood leasehold \$'000	Provision for makegood land \$'000	Total \$'000
2016			
Carrying amount at the beginning of financial year	17,423	41,388	58,811
Additional provisions recognised	1,834	2,400	4,234
Amounts utilised	(3,042)	(24,473)	(27,515)
Unused amounts reversed	(4,481)	(13,245)	(17,726)
Unwinding / change in the discount rate	306	-	306
Carrying amount at end of the year	12,040	6,070	18,110

Parent

	Provision for makegood leasehold \$'000	Provision for makegood land \$'000	Total \$'000
2016			
Carrying amount at the beginning of financial year	17,423	7,286	24,709
Amount transferred through administrative restructure	-	30,038	30,038
Additional provisions recognised	1,834	2,400	4,234
Amounts utilised	(3,042)	(20,409)	(23,451)
Unused amounts reversed	(4,481)	(13,245)	(17,726)
Unwinding / change in the discount rate	306	-	306
Carrying amount at end of the year	12,040	6,070	18,110

The makegood leaseholds provision is calculated on all leased properties where RMS is the lessee and reflects an estimate of the cost to makegood the premises to their original condition at the end of the lease term. The calculated provision balance as at 30 June 2016 is based on a rate of \$200 per square metre (2015: \$200), adjusted by CPI of 2.75% (2015: 1.07%) and discounted at an average rate of 2.07% (2015: 1.95%). The level of the provision is reviewed at the end of each year.

18. Current/non-current liabilities - other

	Consolidated 2016 \$'000	Consolidated 2015 \$'000	Parent 2016 \$'000	Parent 2015 \$'000
(i) Current				
Statutory creditors	10,405	6,451	10,405	6,451
Unearned rent on M5 Motorway	513	513	513	513
Sydney Harbour Tunnel tax liabilities	2,103	2,055	2,103	2,055
Income received in advance	13,557	11,774	13,557	11,774
Holding accounts	131,565	115,810	131,565	114,127
Lease incentive	-	497	-	497
Deferred revenue - reimbursement on private sector provided infrastructure	19,030	19,030	19,030	19,030
Customer advances and deposits	-	-	-	-
Priority list on moorings	512	465	512	465
Wetland lease security deposits ^(a)	1,513	1,508	1,513	1,508
Rent in advance	-	3,371	-	3,371
Boating fees in advance ^(b)	35,042	36,221	35,042	36,221
	214,240	197,695	214,240	196,012
(ii) Non-current				
Unearned rent on M5 Motorways	4,850	5,363	4,850	5,363
Sydney Harbour Tunnel tax liabilities	21,088	21,694	21,088	21,694
Income received in advance	72,442	9,250	72,442	9,250
Lease incentive	-	41	-	41
Deferred revenue - reimbursement on private sector provided infrastructure	550,081	569,109	550,081	569,109
Boating fees in advance	23,372	24,149	23,372	24,149
	671,833	629,606	671,833	629,606

(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.

Additional disclosures relating to specific items of Other Liabilities are detailed below:

Sydney Harbour Tunnel tax liabilities

Current

Sydney Harbour Tunnel past tax liability	1,765	1,717	1,765	1,717
Sydney Harbour Tunnel future tax liability	338	338	338	338
	2,103	2,055	2,103	2,055

Non-current

Sydney Harbour Tunnel past tax liability	7,834	9,044	7,834	9,044
Sydney Harbour Tunnel future tax liability	13,254	12,650	13,254	12,650
	21,088	21,694	21,088	21,694

18. Current/non-current liabilities – Other (continued)

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	Consolidated	Parent	Parent
	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000
Rent earned in prior year	16,124	15,514	16,124	15,514
Rent earned in current year	513	610	513	610
Unearned rent as at year end	5,363	5,876	5,363	5,876
	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 \$250.0 million (2015: \$259.0 million) and concession payments of \$315.0 million (2015: \$324.9 million). 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 \$4.1 million (2015: \$4.3 million) as deferred revenue and will amortise the liability over the concession period. The amortisation and deferred revenue balances are shown in the table below.

18. Current/non-current liabilities – Other (continued)

	Consolidated 2016 \$'000	Consolidated 2015 \$'000	Parent 2016 \$'000	Parent 2015 \$'000
Reimbursement of development costs for Lane Cove Tunnel, Cross City Tunnel and Western M7 Motorway				
Amortisation of deferred revenue in prior year	110,904	100,093	110,904	100,093
Amortisation of deferred revenue in current year	9,057	10,811	9,057	10,811
Unearned reimbursement as at year end	249,955	259,012	249,955	259,012
	369,916	369,916	369,916	369,916
Lane Cove Tunnel and M7 Motorway Concession Payments				
Amortisation of deferred revenue in current year	9,838	4,099	9,838	4,099
Unearned reimbursement as at year end	315,019	324,856	315,019	324,856
	324,857	328,955	324,857	328,955
M2 and Eastern Distributor Promissory Notes				
Amortisation of deferred revenue in current year	135	2,417	135	2,417
Unearned reimbursement as at year end	4,137	4,271	4,137	4,271
	4,272	6,688	4,272	6,688
Total Unearned reimbursement as at year end	569,111	588,139	569,111	588,139
Classified as:				
Current (Note 18(i))	19,030	19,030	19,030	19,030
Non-current (Note 18(ii))	550,081	569,109	550,081	569,109
Total	569,111	588,139	569,111	588,139

19. Commitments

(a) Capital Commitments

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

	Consolidated 2016 \$'000	Consolidated 2015 \$'000	Parent 2016 \$'000	Parent 2015 \$'000
Not later than 1 year	1,329,562	671,447	1,329,562	644,999
Later than 1 year and not later than 5 years	1,945,068	2,352,983	1,945,068	2,252,305
Later than 5 years	542	387,517	542	387,517
Total (including GST)	3,275,172	3,411,947	3,275,172	3,284,821

(b) Operating lease commitments

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

	Consolidated 2016 \$'000	Consolidated 2015 \$'000	Parent 2016 \$'000	Parent 2015 \$'000
Not later than one year	63,282	69,720	63,282	69,610
Later than 1 year and not later than 5 years	89,102	97,956	89,102	97,956
Later than 5 years	30,536	25,983	30,536	25,983
Total (including GST)	182,920	193,659	182,920	193,549

The property operating lease commitments are as follows:

	Consolidated 2016 \$'000	Consolidated 2015 \$'000	Parent 2016 \$'000	Parent 2015 \$'000
Not later than one year	30,450	36,284	30,450	36,174
Later than 1 year and not later than 5 years	48,112	46,333	48,112	46,333
Later than 5 years	30,536	25,919	30,536	25,919
Total (including GST)	109,098	108,536	109,098	108,426

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 2016 \$'000	Consolidated 2015 \$'000	Parent 2016 \$'000	Parent 2015 \$'000
Not later than one year	21,939	22,105	21,939	22,105
Later than 1 year and not later than 5 years	26,645	31,699	26,645	31,699
Total (including GST)	48,584	53,804	48,584	53,804

The light motor vehicle lease is managed by State Fleet, part of the Department of Finance, Services and Innovation and is financed through NSW Treasury Corporation.

19. Commitments (continued)

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

	Consolidated 2016 \$'000	Consolidated 2015 \$'000	Parent 2016 \$'000	Parent 2015 \$'000
Not later than one year	10,893	11,331	10,893	11,331
Later than 1 year and not later than 5 years	14,345	19,924	14,345	19,924
Later than 5 years	-	64	-	64
Total (including GST)	25,238	31,319	25,238	31,319

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

The total commitments detailed above include GST input tax credits of \$314.4 million for Consolidated and Parent (2015: \$327.8 million for Consolidated and \$316.2 million for Parent) that are expected to be recoverable from the ATO.

Future property operating lease rental income that are not recognised in the financial statements as receivables are as follows:

	Consolidated 2016 \$'000	Consolidated 2015 \$'000	Parent 2016 \$'000	Parent 2015 \$'000
Not later than one year	45,812	56,365	45,812	56,365
Later than 1 year and not later than 5 years	128,608	114,259	128,608	114,259
Later than 5 years	377,161	356,076	377,161	356,076
Total (including GST)	551,581	526,700	551,581	526,700

The total commitments detailed above include GST amount of \$50.1 million for Consolidated and Parent (2015: \$47.9 million for Consolidated and Parent) that are expected to be payable to the ATO.

(c) Sydney Harbour Tunnel – finance lease liability

	Consolidated 2016 \$'000	Consolidated 2015 \$'000	Parent 2016 \$'000	Parent 2015 \$'000
Minimum lease payment commitments in relation to tunnel finance lease payable as follows:				
Not later than 1 year	76,285	73,815	76,285	73,815
Later than 1 year and not later than 5 years	332,856	321,756	332,856	321,756
Later than 5 years	105,683	193,068	105,683	193,068
Minimum lease payments	514,824	588,639	514,824	588,639
Less: future finance charges	(108,894)	(141,324)	(108,894)	(141,324)
Present value of minimum lease payments	405,930	447,315	405,930	447,315

The present value of finance lease commitments is as follows:

Not later than 1 year	47,117	41,385	47,117	41,385
Later than 1 year and not later than 5 years	258,528	229,414	258,528	229,414
Later than 5 years	100,285	176,516	100,285	176,516
	405,930	447,315	405,930	447,315

Classified as:

Current (Note 15)(i)	47,117	41,385	47,117	41,385
Non-current (Note 15)(ii)	358,813	405,930	358,813	405,930
Total	405,930	447,315	405,930	447,315

19. Commitments (continued)

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 \$2.1 million for the year ending 30 June 2016 (2015: \$2.6 million).

20. Increase in net assets from equity transfer

Transfer of net assets

2016

Assets and liabilities of \$138.6 million were transferred into RMS as a result of the dissolution of WDA on 30 September 2015. Following the NSW Treasury approval to transfer former RMS award staff personnel services liabilities relating to the Long Service Leave (LSL) and Defined Benefit Scheme Superannuation from Transport Service of NSW to the Crown Finance Entity, current and non-current personnel services payable of \$1,356.4 million were transferred as an equity transfer effective 1 July 2015.

2015

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 were transferred to the Crown as an equity transfer for the year ended 30 June 2015.

	2016 WDA* \$'000	2016 Other \$'000	2016 Total \$'000	2015 Total \$'000
Net assets transferred were:				
Current assets				
Cash and cash equivalents	63,682	-	63,682	-
Receivables	16,180	-	16,180	-
Assets held for sale	-	(1,975)	(1,975)	-
Non-current assets				
Land and building assets	115,938	(93)	115,845	(81,785)
Infrastructure Systems	35,953	-	35,953	-
Current and non-current liabilities				
Payables	(63,089)	-	(63,089)	-
Personnel Services Payables	-	1,356,353	1,356,353	-
Provisions	(30,038)	-	(30,038)	-
NSW Treasury Corporation borrowings	-	-	-	506,365
Increase/(decrease) in net assets from equity transfer	138,626	1,354,285	1,492,911	424,580

*The increase in net assets from equity transfer as a result of the WDA dissolution is eliminated on consolidation

21. Events after the reporting period

RMS have received several contractual claims subsequent to the balance date, which are in dispute at the date of signing of the financial statements and have been disclosed as contingent liabilities. 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* require disclosure of each class of contingent liabilities and contingent assets.

There are several significant contractual disputes with an estimated total contingent liability of \$25.1 million (2015: \$26.6 million). There are a number of contractual claims that have arisen from the normal course of business after the balance date, relating to matters occurring during the financial year. There is significant uncertainty as to whether a future liability will arise in respect to these items. The amount of the liability that may arise cannot be measured reliably at this time.

Compulsory property acquisition matters under litigation have an estimated contingent liability of \$658.9 million (2015: \$53.5 million). These amounts are net of Treasury Managed Fund (TMF) reimbursement.

RMS have a number of environmental matters emerging from its normal road construction works. There is significant uncertainty as to whether any future liability will emerge in respect of these matters as they are in early state of works, and cannot be reliably measured at this time.

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, the Lane Cove Tunnel, NorthConnex and WestConnex. These guarantees are unlikely to ever be exercised.

23. Budget Review

Net result

The actual net surplus result was lower than budget by \$32 million. These variances are mainly due to changes that occurred during the year as detailed in the table below.

Net surplus result as per the Budget	\$'M 3,182
Variance comprises:	
Higher than budgeted gains mainly arising from the increase in asset valuations recognised in net result	128
Lower than budgeted disposals and write-offs	129
Unbudgeted gains for write back of unutilised provisions	12
Higher than budgeted sale of goods and services revenue from increased transaction volumes for MyPlates, Tolling and Works and Services	72
Unbudgeted other revenue for assets recognised for the first time	38
Lower than budgeted capital grants received due to re-profiling in the capital projects	(331)
Lower than budgeted personnel services expenses	9
Higher than budgeted road assets transferred to councils	(21)
Higher than budgeted Natural Disaster spend included in Maintenance expenses	(44)
Higher than budgeted operating expenses largely comprising of M5 cash back refunds	(23)
Other budget variances	(1)
Net surplus result as per the Actuals	3,150

23. Budget Review (continued)

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

	\$'M
Employee related and personnel service expenses as per the Budget	530
Variance comprises:	
Higher than budgeted non-controllable non-cash actuarial adjustments for personnel service	33
Higher than budgeted capitalisation of personnel services expenses	(42)
<i>Total variance</i>	(9)
Actual employee related and personnel service expenses after adjusting variances as per the financial statements	521

Assets and liabilities

Total current assets are higher than budget by \$531.3 million largely due to higher cash and cash equivalents of \$207.5 million due to cash held to meet cash flow demands and higher restricted cash from WestConnex underspend on compulsory acquisition, higher than budgeted receivables of \$61.3 million mainly from prepayment of contract works, \$42.5 million higher than budgeted T-Corp investment and unbudgeted \$228 million from reclassification of Wentworth Point land asset as land held for sale.

Total non-current assets are lower than budget by \$2,330.3 million primarily due to the removal of the Private Motorway segments from road assets which decreased assets by \$1 billion, \$437 million lower than budgeted infrastructure revaluation increment, lower than budgeted receivables and other financial assets of \$525.5 million comprising lower prepayment for NorthConnex of \$206 million, sale of the M7 concession receivable and recognition of Other Financial Assets at amortised cost, lower than budgeted property acquisitions of \$331 million, and higher than budgeted amortisation of intangible assets of \$34 million mainly due to accelerated amortisation of assets not transferred to Service NSW.

Total liabilities are lower than budget by \$1,425.6 million. This is largely due to unbudgeted equity transfer of long service leave and defined benefit personnel services payable of \$1,356.4 million.

Cash flows

Actual Cash position at 30 June 2016 shows a \$207.5 million favourable variance.

	\$'M
Closing cash and cash equivalents as per the Budget	410
Variance comprises:	
Lower than budgeted cash flows used in investing activities mainly due to lower cash outlays on capital spending and unbudgeted cash inflow from monetisation of M7 receivable	253
Favourable opening cash position at the beginning of the year due to re-profiling of capital projects in the prior year	185
Higher than budgeted net cash outflows from operating activities mainly due to prepayment of contract works, and higher than budgeted M5 cashback refund, and maintenance spending	(230)
Closing cash and cash equivalents as per the Actuals	618

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 as at 30 June 2016. This assessment indicates there were no Native Title Claims which had a financial impact during the financial year ending 30 June 2016 (2015: none).

25. Administered income and expenses

	Consolidated 2016 \$'000	Consolidated 2015 \$'000	Parent 2016 \$'000	Parent 2015 \$'000
Administered income				
Transfer receipts				
- Taxes, fees and fines	723,759	513,998	723,759	513,998
- Stamp duty	786,584	707,284	786,584	707,284
- Motor vehicle weight tax and fines	1,990,724	1,874,751	1,990,724	1,874,751
- Other	55,372	56,883	55,372	56,883
Total administered income	3,556,439	3,152,916	3,556,439	3,152,916
Total administered expenses	-	-	-	-
Administered income less expenses	3,556,439	3,152,916	3,556,439	3,152,916

26. Administered assets and liabilities

	Consolidated 2016 \$'000	Consolidated 2015 \$'000	Parent 2016 \$'000	Parent 2015 \$'000
Administered assets				
Remitting account, cash in transit and cash on hand	30,790	32,214	30,790	32,214
Total administered assets	30,790	32,214	30,790	32,214
Administered liabilities				
Holding accounts (current/non-current liabilities other)	30,790	32,214	30,790	32,214
Other*	220,259	320,156	220,259	320,156
Total administered liabilities	251,049	352,370	251,049	352,370

* The amount of multiple licence fees issued in the current year is approximately \$168.9 million (2015: \$141.6 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 2016 \$'000	Consolidated 2015 \$'000	Parent 2016 \$'000	Parent 2015 \$'000
Net cash from operating activities	4,430,261	3,557,088	4,419,630	3,394,639
Adjustments for revenues and expenses not involving cash:				
Net gain/(loss) on disposal of plant and equipment	(7,020)	(5,161)	(7,020)	(5,161)
Right to receive on PSPI	220,604	200,129	220,604	200,129
M2 and Eastern Distributor promissory notes	5,125	(5,986)	5,125	(5,986)
Roads and bridges transferred from councils	543	110	543	110
Roads and bridges transferred to councils	(90,427)	(1,857)	(90,427)	(1,857)
Assets free of charge	58,370	8,523	58,370	8,523
Assets written off (Note 5)	(131,294)	(171,423)	(131,294)	(171,423)
Net revaluation increment net decrement recognised in net result (Note 5)	43,949	(52,147)	68,729	(52,147)
Other Loss	(358)	-	(358)	-
Depreciation/amortisation	(1,604,112)	(1,551,357)	(1,604,112)	(1,551,357)
Other non-cash items	163,200	203,094	163,200	203,094
Non cash personnel services	(48,014)	(5,229)	(48,014)	(5,229)
	(1,389,434)	(1,381,304)	(1,364,654)	(1,381,304)
Adjustments for cash movement in operating assets and liabilities				
Increase/(decrease) in receivables	89,461	83,383	104,646	52,020
Increase/(decrease) in inventories	(390)	(2,678)	(390)	(2,678)
(Increase)/decrease in creditors	(20,195)	(15,677)	(32,283)	21,720
(Increase)/decrease in provisions	40,701	(71,464)	41,244	(71,464)
	109,577	(6,436)	113,217	(402)
Net result	3,150,404	2,169,348	3,168,193	2,012,933

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 2016 \$'000	Consolidated 2015 \$'000	Parent 2016 \$'000	Parent 2015 \$'000
Transfers from councils	543	110	543	110
Transfers to councils	(90,427)	(1,857)	(90,427)	(1,857)
Assets written off (Note 5)	(131,294)	(171,423)	(131,294)	(171,423)
Net revaluation increment net decrement recognised in net result (Note 5)	43,949	(52,147)	68,729	(52,147)
Assets free of charge	58,370	8,523	58,370	8,523
Assets recognised for the first time	37,896	198,452	37,896	198,452
Resources received free of charge	48,014	5,552	48,014	5,552
M2 and Eastern Distributor promissory notes	5,125	(5,986)	5,125	(5,986)
Right to receive on PSPI	220,604	200,129	220,604	200,129
Net assets and liabilities assumed on dissolution of WDA	-	-	74,944	-
Personnel services liabilities transferred to Crown	1,356,353	-	1,356,353	-
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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