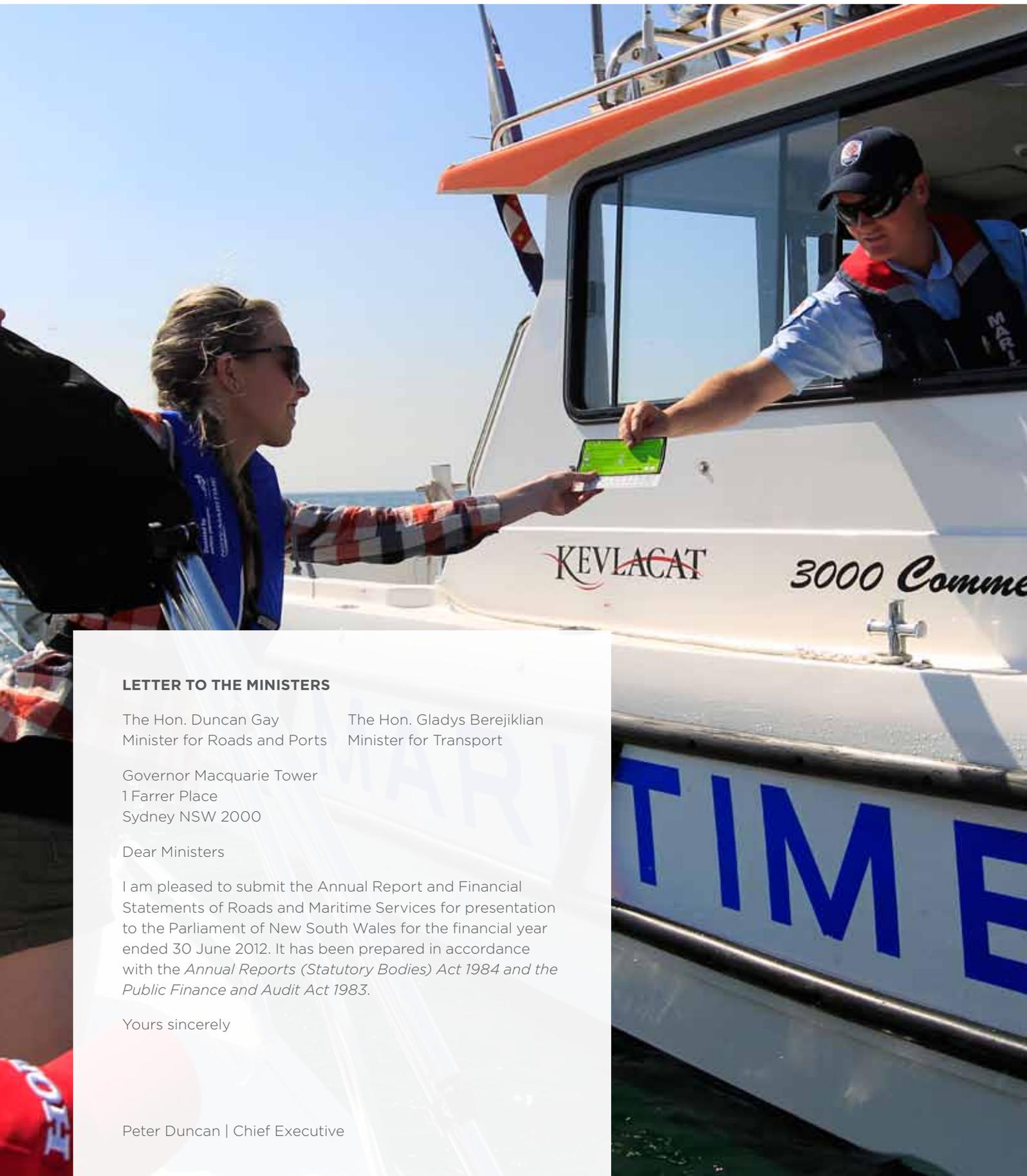




Transport
Roads & Maritime
Services

A large photograph of a cable-stayed bridge with a modern, angular design. The bridge spans across a body of water. In the foreground, a marina is filled with numerous white motorboats docked at a pier. The water is dark blue and reflects the sky and the bridge. In the background, a city skyline with various buildings is visible under a blue sky with scattered white clouds.

**ANNUAL
REPORT
2011-12**



LETTER TO THE MINISTERS

The Hon. Duncan Gay The Hon. Gladys Berejiklian
Minister for Roads and Ports Minister for Transport

Governor Macquarie Tower
1 Farrer Place
Sydney NSW 2000

Dear Ministers

I am pleased to submit the Annual Report and Financial Statements of Roads and Maritime Services for presentation to the Parliament of New South Wales for the financial year ended 30 June 2012. It has been prepared in accordance with the *Annual Reports (Statutory Bodies) Act 1984* and the *Public Finance and Audit Act 1983*.

Yours sincerely

Peter Duncan | Chief Executive

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Chief Executive's overview



Roads and Maritime Services (RMS) was formed on 1 November 2011. Since then we've worked hard to develop and implement strategies to meet the priorities set by government.

Working closely with Transport for NSW we've achieved a number of successful outcomes in our task to provide integrated, transport solutions for roads and waterways. Our vision is to be the leader in the management and delivery of safe, efficient, high quality services and infrastructure to the community and businesses of NSW. All areas of the organisation are focused on increasing efficiency through more effective work practices.

A key element of our vision is to put the customer at the centre of everything we do. In December last year we launched our Customer Focus Program to make this a reality. Last year more than 1490 community meetings, focus groups, events, displays, workshops and briefings for stakeholders were held with feedback from these activities being fed into our decision making processes.

As part of the transport cluster of NSW Government, RMS has responsibility for a number of deliverables including supporting public transport services, reducing road congestion, improving freight movement and building infrastructure. We have a number of initiatives in place to achieve these tasks. Last year:

- More than \$1 billion went to major upgrades on highways such as the Pacific and Princes, and other work was carried out on road infrastructure, such as Camden Valley Way and Richmond Road, to support housing and employment in Western Sydney.
- As part of the Pinch Point Program, we completed a five-year, \$100 million program to improve peak hour travel times on Sydney's busiest road corridors.
- The Better Boating Program continued to provide grants to improve recreational boating infrastructure and two major Sydney harbour commuter wharves were upgraded.

Other services that were developed and improved this year include:

- Enhanced real time travel information for customers on the M4 and M7 motorways.
- The establishment of a 50 per cent discount on driver licence fees for people with a five year blemish-free driving record.

Safety for our customers and staff remains a priority. In calendar year 2011 the NSW road fatalities figure was 5.1 per 100,000 population. This is less than the overall Australian figure of 5.7 and we're working with our partners to meet the NSW 2021 goal to reduce this figure to 4.3 by 2016. A range of programs are in place to achieve this such as the school zone flashing lights program.

An ongoing commitment to minimise impact on the environment, includes:

- Initiatives to save energy, conserve Australian heritage, improve land and marine pollution, and reduce waste.
- Exceeding our sustainability targets for recycling or reuse of road work materials - 91 per cent of all materials used were recycled.

I would like to acknowledge the work of all RMS staff across the State who continued to deliver these successes during a period of significant change.

Yours sincerely

Peter Duncan | Chief Executive

About this report

This Annual Report records a range of RMS achievements from the past financial year. Successes are noted along with areas for further attention. Importantly, this is an accountability tool, through which

the community can track RMS' performance and see details of project delivery.

It also covers the internal management of RMS, with details of financial arrangements, workforce

management, community consultation programs and other matters of public interest.

RMS at a glance

The formation of RMS

RMS is a NSW statutory authority established on 1 November 2011 under the *Transport Legislation Amendment Act 2011*. It works to deliver customer focused services in a cost effective manner to achieve transport outcomes.

RMS is a multi-modal transport agency within the broader transport cluster that has Transport for NSW (TfNSW) at its centre. TfNSW has responsibility for transport policy, planning and coordination functions, and the oversight of infrastructure delivery and asset management.

In this framework, RMS implements initiatives that improve the movement of people by various transport modes, including public transport (bus and ferry), cycling and walking, as well as motor vehicles. RMS also delivers initiatives to improve the movement of goods through the freight network, including the implementation of reliability, productivity and safety initiatives.

RMS' responsibilities

RMS' primary responsibilities are to:

- Manage the road network and travel times.
- Provide capacity and maintenance solutions for road and maritime infrastructure.
- Test and licence drivers and vessel operators, and register and inspect vehicles and vessels.
- Improve road and maritime safety.

Values

- **Customer focus** – We place the customer at the centre of everything we do.
- **Collaboration** – We value each other and create better outcomes by working together.
- **Solutions** – We deliver sustainable and innovative solutions to NSW transport needs.
- **Integrity** – We take responsibility and communicate openly.
- **Safety** – We promise safety for our people and our customers.

Key dimensions

Assets and funding

RMS manages a network that includes:

- 18,031 km of RMS-managed State roads, including 4323 km of national road network, for which the Australian Government provides a funding contribution, and 147 km of privately-funded toll roads.
- 2970 km of regional and local roads in the unincorporated area of NSW.
- 5190 bridges and major culverts, and 23 tunnels, 3867 traffic signals and more than 12,000 other road traffic facilities, systems and corridor assets.
- 2137 km of coastline and 32,424 km² of navigable waterways comprising, 5000 km² enclosed waters, and 27,691 km² of coastal waters to 12 nautical miles.
- 49 commuter wharves.
- 3418 aids to navigation, including 191 courtesy moorings, on NSW waterways.

RMS delivers its services through a range of facilities:

- 126 motor registries, seven Government Access Centres, 29 maritime service centres, 34 agencies (including 29 online council agencies), and 44 itinerant sites which provide face-to-face customer service across NSW.
- Purpose-built facilities including the RMS Crashlab at Huntingwood, the Document Management Centre in Auburn and three contact centres (call centres).
- Other facilities include work depots, motorcycle rider training centres, fleet workshops, mobile service units, laboratories and inspection stations.

See the Financial Statements for more details.

Licensing and registration

In 2011-12 in NSW, RMS provided:

- Registration and licensing services for around 4.98 million motor vehicle licence holders and 480,000 boat drivers licence holders.
- Registration for 5.72 million motor vehicles and 230,000 vessels.
- Services for hire and drive, aquatic, mooring and commercial boating licences.
- Management of around 22.3 million motor vehicle, and 670,000 maritime, licensing and registration related transactions over the year.

Employees

RMS currently employs around 7195 full-time equivalent (FTE) staff across NSW. This includes wages and salaried staff, school crossing supervisors, participants in targeted employment programs and 649 FTE staff currently assigned to Transport for NSW. About 47 per cent are employed in regional locations and, of these, 30 per cent are wages staff and school crossing supervisors and 70 per cent salaried staff. RMS also delivers through its industry partners and contractors across a range of services.

Our customers, stakeholders and the community

RMS values its role in the community and undertakes significant community and stakeholder consultation. Its customers and stakeholders include motorists, boat owners, commuters, pedestrians, private organisations, the construction industry, community groups, road transport groups, business groups, local councils, and NSW and Australian government agencies.

In 2011-12, local communities were involved in more than 700 different construction and maintenance projects. RMS stakeholder involvement included community focus or liaison groups, meetings, displays and information sessions, distribution of community updates and household letters, events, a new Road Projects website, and regular meetings between RMS staff and interested groups and individuals.

Financial overview

Financial performance

Detailed financial results for the period 1 November 2011 to 30 June 2012 are shown in the Financial Statements (see page 65).

Certain functions of the former entities were transferred to other transport agencies. Other functions transferred to RMS, resulting in an organisational structure which is significantly different from those of the former agencies. Although budgets for the former RTA and NSW Maritime had been prepared, any RMS budget compiled from an aggregation of these budgets was viewed as not being representative of the combined entity. Consequently, no budget information has been disclosed in the financial statements.

RMS financial performance was within NSW Treasury expenditure limits.

Funding

State funding comprised motor vehicle weight taxes and direct cash allocations. Federal funding was provided under the Nation Building Program and the Building Australia Fund.

RMS-sourced revenue primarily included revenue from the Sydney Harbour Bridge and Tunnel toll receipts, rental income, external commercial services, fees for services provided, advertising, maritime related and E-tag revenue. Non-cash revenue has been excluded.

Expenditure

Expenditure consisted of operational expenses (excluding non-cash items) incurred in achieving RMS transport objectives and capital investment to enhance the value of the road network and maritime related assets.

Table 1. RMS funding sources

| Funding | (\$m) Nov 2011 – Jun 2012 |
|------------------------------------|---------------------------|
| Motor vehicle taxes (State) | 1,038 |
| State consolidated fund allocation | 911 |
| State Government | 1,949 |
| Australian Government | 1,114 |
| RMS revenue | 514 |
| Total | 3,577 |

Figure 2. Revenue November 2011 – June 2012

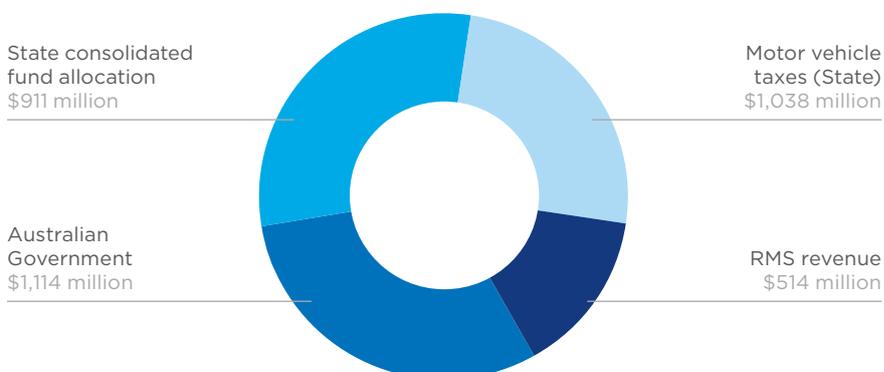
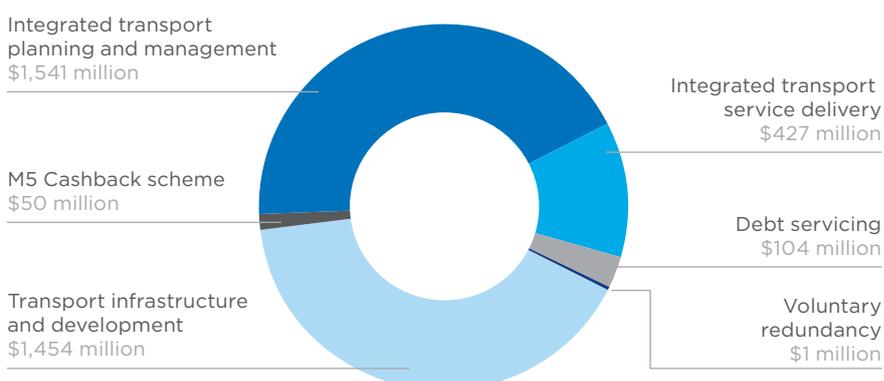


Table 2. RMS Program expenditure

| Expenditure | (\$m) Nov 2011 – Jun 2012 |
|--|---------------------------|
| Transport infrastructure and development | 1,454 |
| Integrated transport planning and management | 1,541 |
| Integrated transport service delivery | 427 |
| M5 Cashback scheme | 50 |
| Debt servicing | 104 |
| Voluntary redundancy | 1 |
| Total | 3,577 |

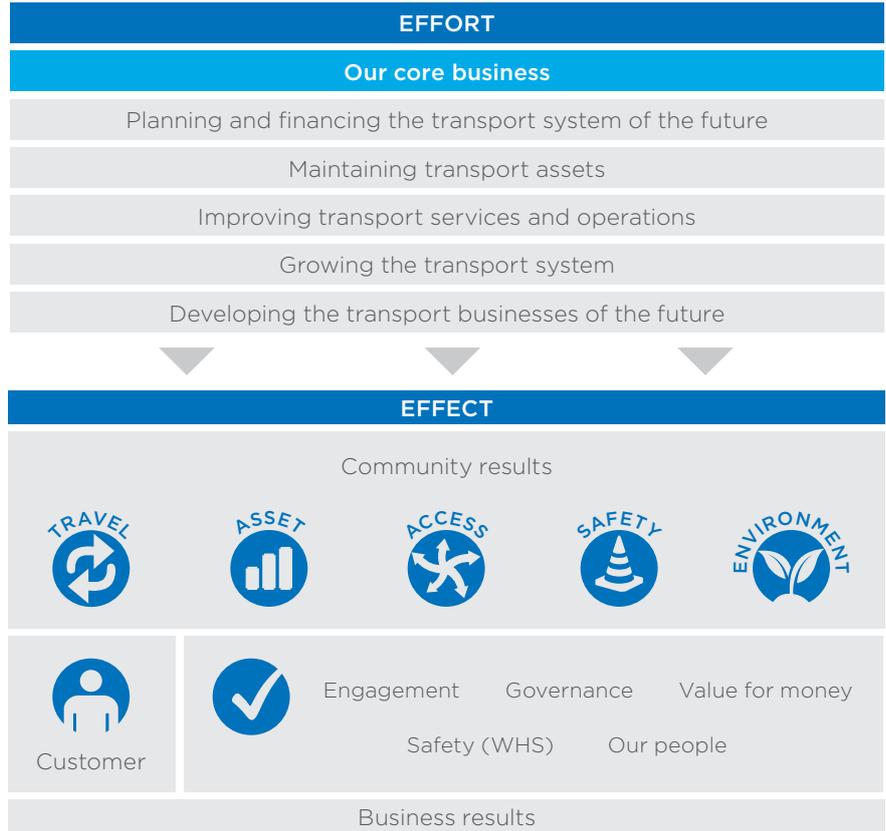
Figure 3. Operating expenditure November 2011 – June 2012



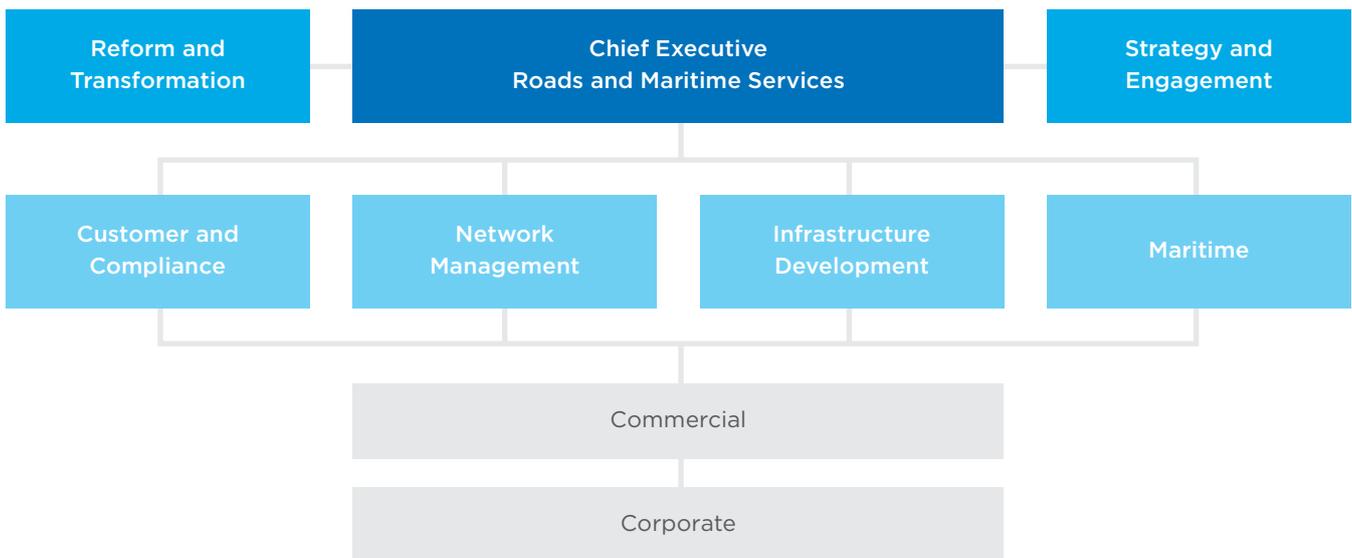
Corporate framework

This document is structured by the seven transport cluster key result areas of **Customer, Travel, Asset, Access, Safety, Environment and Business**. These guide strategy setting, decision making and resource allocation across the cluster. The definitions of each of the result areas, and what RMS does to contribute to these results, can be found at the start of each chapter.

All transport cluster organisations also operate within the transport 'core business model'. This depicts where we focus our effort, in order to achieve the desired effect outlined in our key result areas.



Organisational chart



Note: Organisational chart at September 2012.

Performance overview

The following table provides a snapshot of some RMS performance indicators within each of the transport cluster result areas at end June 2012 or between 1 November 2011 and 30 June 2012 (the period this report covers). Where indicators have been changed, the historical figures below have been amended for comparative purposes. The notes accompanying the tables provide detail on individual indicators and reference data provided outside the reporting range. Further performance indicator information is also found within the chapters and appendices of this report. Further data for the previous financial year can be found in the 1 July to 31 October 2011 End of Agency Reports for the former Roads and Traffic Authority (RTA) and NSW Maritime.

| | 07-08 | 08-09 | 09-10 | 10-11 | Target 11-12 | Actual 11-12 | Target 12-13 |
|---|-------|-------|-------|-------|--------------|--------------|--------------|
| Table 3. Customer | | | | | | | |
| Use of RMS website (million visits) ⁽ⁱ⁾ | 16.5 | 21.0 | 27.5 | 25.8 | N/A | 24.6 | N/A |
| Customers rating service as "good" or "very good" (%) ⁽ⁱⁱ⁾ | 93 | 94 | 93 | 94 | ≥ 90 | 93 | >90 |

(i) RTA only data for 2007-11. Actual as at 30 June 2012 is a combination of RTA, NSW Maritime and RMS website visits. Target will be set once website arrangements have been finalised under new structure. (ii) RTA data only. Figures based on results from survey of motor registries only.

| | | | | | | | |
|---|------|------|------|------|------|-------------|------|
| Table 4. Travel | | | | | | | |
| Change in urban traffic volume (% increase on previous year) ⁽ⁱ⁾⁽ⁱⁱ⁾ | 0.8 | 0.1 | 0.8 | 0.9 | 0.5 | 0.05 | N/A |
| Travel speed: seven major routes AM peak (km/h, urban) ⁽ⁱⁱⁱ⁾ | 31 | 31 | 31 | 29 | 30 | 30 | N/A |
| Travel speed: seven major routes PM peak (km/h, urban) ⁽ⁱⁱⁱ⁾ | 43 | 43 | 42 | 42 | 41 | 42 | N/A |
| Benefit of development program (\$ million) ⁽ⁱⁱⁱ⁾ | 4742 | 4174 | 4220 | 5920 | 5000 | 4475 | 4400 |
| Major works completed within planned duration or within 10% of planned duration | 95 | 92 | 91.4 | 96 | 90 | 89.6 | 90 |
| Bus lane length (km) | 112 | 126 | 133 | 147 | 156 | 157 | 165 |

(i) This indicator is derived by calculating the growth in average weekday traffic volumes at various points across the seven routes from year to year.

(ii) Reporting is currently in transition from seven routes to more than one hundred. New targets to be set once transition is complete. (iii) Excludes private partnerships.

| | | | | | | | |
|---|------|------|------|------|------|--------------------------|------|
| Table 5. Asset | | | | | | | |
| Ride quality: smoothness of State roads (% good) ⁽ⁱ⁾ | 90.7 | 91.6 | 91.5 | 91.2 | 91.3 | 91.1 | 91.5 |
| Pavement durability: cracking of all State roads (% good) ⁽ⁱⁱ⁾ | 78.0 | 76.3 | 77.4 | 78.1 | 78.0 | 78.1 | 78.1 |
| Maintenance and reconstruction expenditure on State roads per km of roadway (\$000) | 45 | 47 | 48.1 | 50 | 52 | 53.5 | 54 |
| Number of bridges on State roads at 30 June limiting legal usage due to structural condition | 1 | 0 | 0 | 0 | 0 | 1⁽ⁱⁱⁱ⁾ | 1 |
| Wharf Upgrade Program/commuter and charter wharf maintenance and upgrading (\$ million) ^(iv) | - | - | 20.2 | 20.3 | 16.0 | 17.6 | 19.8 |

(i) Methodology for this metric has been updated based on international roughness index and report only % good. The 2007-2011 figures have been updated accordingly. (ii) Updated to report % good only. (iii) Bridge speed limit enforced on Windsor Bridge. (iv) The Wharf Upgrade Program commenced in 2009-10.

| | | | | | | | |
|--|----|----|----|----|-----|-----------|-----|
| Table 6. Access | | | | | | | |
| Projects offered Better Boating Program grant funds ⁽ⁱ⁾ | 46 | 53 | 74 | 70 | N/A | 64 | N/A |
| Sydney Harbour commuter wharves compliant with disability standard for Accessible Public Transport (%) ⁽ⁱⁱ⁾ | - | - | 29 | 31 | 37 | 35 | 43 |
| Cycleway length: annual increase in off-road cycleways (km) | 71 | 41 | 47 | 67 | 62 | 59 | 47 |
| Cycleway length: annual increase in on-road cycleways (km) ⁽ⁱⁱⁱ⁾ | 61 | 24 | 48 | 28 | 35 | 28 | 30 |

(i) Record of actual only, not target driven. (ii) Assessment of compliance began in 2009-10 as part of the Wharf Upgrade Program.

(iii) New methodology has been used to calculate length of cycleways. Historical data has been amended for comparison to current data.

| | 07-08 | 08-09 | 09-10 | 10-11 | Target 11-12 | Actual 11-12 | Target 12-13 |
|--|--------|---------|---------|-----------------------|-----------------------|---------------------------|-----------------------|
| Table 7. Safety | | | | | | | |
| Fatalities/100,000 population ⁽ⁱ⁾⁽ⁱⁱ⁾ | 5.4 | 6.1 | 6.3 | 5.1 ⁽ⁱⁱⁱ⁾ | 5.4 ^(vii) | 5.5 ⁽ⁱⁱⁱ⁾ | 5.1 ^(vii) |
| Fatalities/100 million vehicle km travelled ^{(i)(iv)} | 0.59 | 0.65 | 0.67 | 0.55 ⁽ⁱⁱⁱ⁾ | 0.56 ^(vii) | 0.58 ⁽ⁱⁱⁱ⁾ | 0.53 ^(vii) |
| Fatalities where speed was a factor (%) ⁽ⁱ⁾ | 35 | 42 | 42 | 43 ⁽ⁱⁱⁱ⁾ | - | 38 ⁽ⁱⁱⁱ⁾ | - |
| Fatalities where illegal levels of alcohol were a factor (%) ^{(i)(v)} | 20 | 22 | 19 | 17 ⁽ⁱⁱⁱ⁾ | - | 12 ⁽ⁱⁱⁱ⁾ | - |
| Vehicle occupant fatalities who were not wearing an available restraint (%) ⁽ⁱ⁾ | 16 | 23 | 13 | 18 ⁽ⁱⁱⁱ⁾ | - | 13 ⁽ⁱⁱⁱ⁾ | - |
| Fatalities where driver fatigue was a factor (%) ⁽ⁱ⁾ | 17 | 16 | 20 | 15 ⁽ⁱⁱⁱ⁾ | - | 18 ⁽ⁱⁱⁱ⁾ | - |
| Motor vehicle controllers aged 25 or under involved in fatal crashes/10,000 licence holders ^{(i)(vi)} | 1.7 | 1.8 | 1.6 | 1.4 ⁽ⁱⁱⁱ⁾ | - | 1.5 ⁽ⁱⁱⁱ⁾ | - |
| Fatal crashes involving heavy vehicles per 10,000 heavy vehicles on register ^{(i)(vi)} | 7.0 | 6.0 | 6.1 | 4.3 ⁽ⁱⁱⁱ⁾ | - | 6.7 ⁽ⁱⁱⁱ⁾ | - |
| Boating fatalities per 100,000 total registered vessels | 9.30 | 5.17 | 9.72 | 4.30 | N/A | 8.05 | N/A |
| Boating safety compliance rate: | | | | | | | |
| - recreational vessels, including personal watercraft (%) | 87.1 | 88.3 | 89.0 | 92.8 | ≥ 87.5 | 90.8 | ≥ 87.5 |
| - commercial vessels (%) | 93.4 | 91.0 | 88.3 | 91.6 | ≥ 87.5 | 93.9 | ≥ 87.5 |
| Heavy Vehicle Inspection Scheme: number of inspections | 96,482 | 100,278 | 102,461 | 103,622 | 104,863 | 106,104 ^(viii) | 108,500 |
| Heavy Vehicle Inspection Scheme: % of defect-free vehicles | 56.00 | 56.37 | 55.00 | 52.20 | 52.00 | 52.50 ^(viii) | 52.04 |
| School Zone Flashing Lights Program ^(ix) | 52 | 100 | 100 | 274 | 176 | 183 | 179 |

(i) Road crash and fatality data provided by the Centre for Road Safety, TfNSW. (ii) Rates based on population subject to revisions to population estimates by the Australian Bureau of Statistics (ABS). Since the last annual report the ABS has revised its population estimates for 2006 onwards. (iii) The 2010-11 and 2011-12 crash data is provisional and subject to change. (iv) Rates per km travelled subject to revisions to travel estimates by the ABS. Travel estimates since 2010 have not yet been published by the ABS. The 2010-11 and 2011-12 travel estimates are based on a 2% per annum increase from the most recent figure published for 2010. The 2% per annum increase is based on the long-term trend for ABS estimates between 1998 and 2010. (v) With the lag in processing alcohol blood samples the 2011-12 alcohol data is incomplete and may be undercounted at this stage. (vi) Licence Holder and Registration statistics are based on published RMS data. Registration and Licence Holder data is as at June 2012. (vii) The 2011-12 and 2012-13 targets are based on the National Road Safety Strategy objective of a 30% reduction in the number of fatalities from the 2010 baseline (the 2008 to 2010 three year average) by 2020. Based on this objective and assuming current population and travel growth rates, the primary road safety target is 4.3 fatalities per 100,000 population by 2016 while the secondary road safety target is 0.43 fatalities per 100 million vehicle km travelled. (viii) Data includes heavy vehicle inspection scheme only and excludes inspections or defective vehicles identified as part of the Heavy Vehicle Checking Station or On-road Enforcement Program. (ix) Total School Zone Flashing Lights rolled out as part of this program is 870 as at 30 June 2012.

| Table 8. Environment | | | | | | | |
|--|---------|---------|---------|---------|------|------|-----|
| Number of Environmental Penalty Infringement Notices issued to RMS ⁽ⁱ⁾ | 2 | 0 | 1 | 4 | 0 | 2 | 0 |
| Number of non-compliances with environmental protection licences held by RMS ⁽ⁱ⁾ | 14 | 1 | 21 | 14 | N/A | 5 | N/A |
| Waste removed from Sydney Harbour (m ³) | 3183 | 2737 | 2778 | 2284 | N/A | 2689 | N/A |
| RMS' total greenhouse gas emissions from direct consumption (tonnes CO ₂ -equivalent) ⁽ⁱⁱ⁾ | 112,090 | 114,030 | 109,715 | 107,649 | N/A | N/A | TBA |
| RMS' total office energy consumption (GJ) ⁽ⁱⁱⁱ⁾ | 72,361 | 71,052 | 64,776 | 70,298 | N/A | N/A | TBA |
| RMS fleet environmental score - passenger ^(iv) | 12.3 | 12.6 | 13.4 | 13.8 | 13.5 | 13.7 | N/A |
| RMS fleet environmental score - commercial ^(iv) | 8.0 | 8.5 | 8.9 | 9.5 | 9.0 | 9.7 | N/A |

(i) Historically, Environmental Penalty Infringement Notices and non-compliances with environmental protection notices were issued to the RTA or NSW Maritime. (ii) There is a 12-month lag in reporting on annual greenhouse emission data. Current data is for the period 2010-11. New targets to be set when 2011-12 data is available. All historical data is for RTA activity only. (iii) There is a 12-month lag in reporting on building energy consumption. Current data is for the period 2010-11. New targets to be set when 2011-12 data is available. All data is for RTA activity only. (iv) The RTA met its 2011-12 targets set by the Office of Environment and Heritage (OEH). The OEH is currently developing new targets for 2012 and beyond for all agencies. Historical data is for RTA only.

| Table 9. Business | | | | | | | |
|---|---|---|---|---|-----|------|-----|
| RMS workplace injuries/100 employees ⁽ⁱ⁾ | - | - | - | - | N/A | 4.8 | 4.4 |
| RMS WHS liability workplace claims costs (\$ million) ⁽ⁱⁱ⁾ | - | - | - | - | N/A | 1.1 | N/A |
| RMS separation rate of staff (%) | - | - | - | - | N/A | 2.69 | N/A |

(i) This indicator is based on a rolling 12 month total divided by 100 FTE. (ii) Work Health and Safety data represents actual 1 November 2011 to 30 June 2012. Data for the previous financial year can be found in the 1 July to 31 October 2011 end of agency reports for the RTA and NSW Maritime.



Operational performance

Customer

| | |
|----------------------------|----|
| Keeping customers informed | 10 |
| Delivering our services | 12 |
| Challenges for the future | 13 |

Customer

The customer is at the centre of everything we do

RMS provides a range of services to customers such as vehicle and vessel registration and licensing, supplying up-to-date and accurate travel time information, and delivering traffic alerts and updates. RMS strives to engage with customers and the community to understand their needs and consider these when making decisions that impact them.

Keeping customers informed

Providing real time travel time information

The travel time information service that displays real travel time information to road users on variable message signs was expanded in 2011–12 to the Westlink M7 and Western M4 motorways in Sydney.

As a partnership initiative with the Transport for NSW Transport Management Centre, the service allows motorists to monitor travel flow and make informed decisions on route choice during their journey.

Live Traffic NSW

The Live Traffic NSW website (www.livetraffic.com) provides road users with the latest traffic information about incidents, road works, major events, fires, floods and alpine conditions. Access to camera images, travel times and trip planning helps motorists plan their journeys and make informed travel decisions. The latest communication technologies are utilised for Live Traffic NSW, with the mobile version of the site and iPhone application gaining in popularity. Twitter and Facebook pages for the site also keep the public up-to-date about road conditions and events.

During the NSW floods in March 2012, the website proved invaluable to motorists with site visits reaching almost 900,000 for the month.

Since November 2011, total visits to Live Traffic NSW have exceeded three million.

Road Projects website

In 2011–12, there were around 1.9 million page views by 185,000 unique visitors to the Road Projects section of the RMS website, which provides roads project and maintenance information. The site now publishes more than 15,000 documents, images and multi-media assets.

Online presence was increased over the past 12 months through projects involving innovative social media tools, including:

- A live webcast for the Pacific Highway upgrade program.
- An online guestbook, 'Tell us your story', for Sydney Harbour Bridge 80th anniversary.
- An interactive community issues mapping tool for the Kings Highway Safety Review.

Boating weather information

RMS provides a weather forecast telephone service on 131 236. This initiative is part of the RMS boating safety objective to raise boaters' awareness of the need to check the weather and to check it often. A total of 17,568 calls were received between 1 November 2011 and 30 June 2012.

Maritime alerts

RMS' Maritime Alert system helps boat owners and rock fishermen in their trip planning and preparation. The free online email subscription service delivers weather alerts and expiry date reminder emails for important safety gear such as marine flares, emergency position indicating radio beacons and inflatable lifejackets.

As at 30 June 2012, 1482 people had subscribed to the Maritime Alert service to receive weather alerts, and 22 people had subscribed to receive alerts about the expiry dates for their safety equipment or other important renewals.

Responding to customers

Maritime Infoline

The Maritime Infoline operates seven days a week, including public holidays. It provides important services to the public, including boating and weather information, customer service feedback, payment of renewals and map purchases.

The call centre responds to calls for assistance from the general public, police and volunteer marine rescue, and supports on-water Boating Safety Officers via two-way radio. It also allows RMS to respond quickly to feedback and on-water issues to support a culture of safe

and responsible boating. There was a decrease in the number of calls taken during 2011/2012, which can be attributed to the improvement and ease of online transactions.

Newcastle Contact Centre – Info Line

Last year the Newcastle Contact Centre Info Line helped more than 3.7 million customers over the phone and by email with registration, licensing, freight, tolling and traffic information. The centre’s results this past year reflect an ongoing commitment to customer focus.

Media enquiries

Between 1 July 2011 and 30 June 2012, RMS responded to around 1500 roads media enquiries and prepared around 2000 proactive releases. These figures are exclusive of preparation of issues notes, event management documents, Q&A charts, speeches, parliamentary briefing notes and media strategies.

The Media Unit provided support for internal and external event management, milestone and campaign launches. Members played an integral role in the success of communication campaigns including the two-weekend closure of the Sydney Harbour Bridge for critical road surfacing and waterproofing work.

From 1 November 2011 to 30 June 2012 there were more than 530 maritime-related media actions, which included responses on issues and delivering information through the media to promote a culture of safe, responsible and enjoyable boating in NSW.

Wayfinding signage

In January 2012, RMS released updated guidelines to ensure that brown and white tourist signposting is clear in guiding visitors to their destinations and communicating information on key attractions and services.

RMS worked with Destination NSW and key stakeholders to develop a strategy to provide a range of local and regional information at key rest areas on the Pacific Highway. The successful pilot of the visitor information sign at Paddy’s rest area, near Macksville in December 2011, will see this strategy expanded to 10 new locations on the Pacific Highway by the end of October 2012.

RMS online services

RMS continually updates and expands its online services in response to customer feedback and requirements.

Online transactions

www.myRTA.com

As the leading transactional government website in NSW, myRTA.com allows customers to access a range of services and complete transactions online. Transactions completed online

through myRTA.com significantly reduce RMS operational costs associated with manually processing transactions in registries.

An online video to assist customers to complete online transactions was implemented in 2011 and a further three videos were introduced in June 2012. This has resulted in a considerable increased use of services.

In November 2011, a new online service was implemented enabling customers to replace a lost or stolen driver licence or photo card without having to go to a motor registry. By the end of June 2012 approximately 1500 replacement cards had been ordered.

This year 44.9 per cent of eligible transactions (up from 40 per cent in 2010–11) were completed through myRTA.com. This figure represents 4.5 million transactions and \$1.3 billion of payments. The operational saving of transactions completed online rather than in registries in 2011–12 is estimated to be \$5.5 million.

www.maritime.nsw.gov.au

In the last year, 95,521 maritime transactions and \$5.92 million maritime payments were completed through GLS-Online (licence.nsw.gov.au), which is 15 per cent of eligible transactions.

Table 10. RMS website statistics 2011-12

| Website | No. of page views | Average length of time on site | Top five pages viewed |
|----------|-------------------|--------------------------------|---|
| Maritime | 3.8 m | 5 minutes, 18 seconds | Home, boating quiz, How to get a boat licence, Vessel registration, Boating maps |
| Roads | 82.5 m | 3 minutes, 3 seconds | Home, myRTA-home, Driver Knowledge Test, myRTA renew\transfer registration, Licensing (car) |

E-Toll website upgrades

In March 2012, a new E-Toll website (myetoll.com.au) was launched to make it easier for customers to transact with RMS and find products and services that suit their travel needs. The site now provides more relevant information that customers are asking for, and includes easy-to-use, frequently asked questions to answer common queries.

Maritime web cameras

RMS has 15 webcams installed at coastal bar entrance locations to assist boaters with trip planning. This year RMS began a review of the existing camera network with a view to improving the service for the boating community. In 2012, the webcams attracted 390,376 page views.

Driver Reviver Program goes online

The Driver Reviver Program is a key road safety initiative coordinated by RMS with volunteers from local service groups. The program provides information on driver fatigue and offers free refreshments, provided by major sponsors Bushells and Arnotts, at more than 80 driver reviver sites across NSW.

In April 2012, an interactive statewide driver reviver map was launched online. The map provides road users with improved access to information on the location of rest areas and driver reviver operating times to assist them in planning their journey. The information is updated with current times for each set of public holidays and public school holidays.

Restricted Access Vehicles map

On 5 June 2012, RMS launched the new online Restricted Access Vehicles map, providing heavy vehicle customers with an online journey planning tool. Stakeholder consultation was carried out for the development of the map, including presentations of the service to the Road Freight Advisory Council and the Transport Operations Liaison Group. The interactive map provides an active depiction of the location of road network restrictions to assist the heavy vehicle industry plan journeys complying with approved routes. From its launch to 30 June 2012, the map service received more than 2000 visits. Delivering our services.

Delivering our services

From November 2011 to June 2012 we carried out the following activities:

- Completed a pedestrian underpass in November 2011 on the Central Coast Highway connecting the new high school at Kariong with the residential area, eliminating the need for children to cross the highway directly. The design was modified to improve visual appeal and public feedback has been positive.
- Replaced the Lawrence Ferry on the Clarence River to ensure we continue to reliably get our customers where they want to go.
- Supported the efficiency of Sydney Buses operations by completing major bus depot reconstructions that suit the needs of their fleet.
- Partnered with Transport for NSW (TfNSW) to deliver timely and responsive incident management services for more than 14,000 road incidents.

- Established a new facility just north of the Hawkesbury River to provide a full-time incident response service for the F3 Freeway, including two traffic commanders, light and heavy tow trucks, and shared access for emergency services.

Providing selected maritime services at RMS motor registries and Government Access Centres

All RMS motor registries and Government Access Centres provide selected maritime services, including boat licence knowledge tests and the receipt of payment for boat licences, moorings and vessel registrations. During the year, 32,606 renewal transactions and 2503 licence tests were conducted at these centres.

Heavy Vehicle Knowledge Tests

A project to merge the Heavy Vehicle Knowledge Tests was successfully implemented in May 2012. Ten different knowledge tests for the various heavy vehicle licence classes were merged into four tests, simplifying the knowledge tests for drivers and instructors, and resulting in cost savings for RMS and road users.

'Fair go for Safe Drivers' initiative

As an election commitment, the Premier announced that safe drivers who have a driving record free of an offence for at least five years would be eligible for a 50 per cent discount on their licence renewals. Work was progressed for the 'Fair Go for Safe Drivers' initiative that was implemented on 1 July 2012. Eligible customers renewing on or after 1 July 2012 receive a discount on renewal of a licence.

Document Verification Service

The Document Verification Service was successfully piloted at Liverpool Motor Registry in May 2012. The service allows the validity of Australian Passports and citizenship documentation to be confirmed online by registry staff, providing a more efficient service to customers. Additional sites for the service are planned for the first quarter of 2012-13.

Grain auger permits

On 29 June 2012, it was announced that grain auger permits would be extended from one month to 12 months for machinery operating on Western Region roads. The existing one month permits for augers above 25 metres in length did not offer flexibility to deal with delays in grain harvest due to prolonged wet weather. This reduces the need for repeated applications for date changes, which means less red tape and reduced costs for farmers and grain harvest contractors.

Motor registry upgrade program

A number of motor registry upgrades were carried out throughout 2011-12 to refresh and refurbish existing registries. Registries upgraded included Campbelltown Motor Registry (April 2012), Grafton Motor Registry (April 2012) and Muswellbrook Motor Registry (June 2012).

Simplifying tolling services

In response to customer feedback, RMS simplified its tolling products to just three tags and one new pass, known as the electronic motorway user (eMU) pass. In December 2011, the eMU pass was successfully rolled out across hundreds of participating petrol stations and convenience stores along major routes into Sydney. The eMU pass helps make travelling through Sydney as simple as possible for regional motorists and tourists by allowing them to travel hassle-free for up to 30 days.

Easier number plate personalisation

myPlates launched a new 'Bright Lights' range and expanded the options available to heavy vehicle drivers to improve choice. RMS has also reduced the number of different prices for number plate products, released an iPhone application, and updated the website to make it easier for customers to find the number plate that suits them.

New Year's Eve event on the Cahill Expressway

RMS hosted a family-friendly ticketed event on the Cahill Expressway to view the fireworks over Sydney Harbour. During the event the road deck is transformed into a festival village with catering stalls, entertainers and a family atmosphere.

Challenges for the future

- Develop and implement a replacement brand for myRTA.com to make it easier to interact with us and increase the number of online transactions.
- Review and improve the Live Traffic website to allow the travelling public to register to receive personalised email alerts for hazards on defined journeys.
- Develop an SMS, digital and social media strategy, recommendations and implementation plan.
- Consolidate maritime customer service centres with motor registries.
- Extend the real time travel time information services on the F3 Freeway and the Sydney Motorway Orbital network, including the M2 Hills Motorway, Lane Cove Tunnel, Gore Hill Freeway, Eastern Distributor, Southern Cross Drive, M5 South-West Motorway, and the Hume Highway between the M7 Motorway and Narellan Road.
- Progress the introduction of a standard route marking system.
- Expand tourist information at rest areas.
- Provide data to Transport for NSW and support them in delivering Integrated Traffic Information System improvements, to enable:
 - Two smart phone apps.
 - A publicly accessible real time bus status data feed for use by smart phone app developers to provide new options for getting trip time information.

Operational performance

Travel

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Travel

The door-to-door movement of people and goods is efficient and reliable

RMS delivers a range of travel solutions to optimise the movement of people and goods throughout the road and maritime networks. This includes enhancing the existing networks, improving on these networks by putting new infrastructure in place, and by working to optimise the operations of these networks. This includes supporting road-based public transport solutions to move people by the most efficient and sustainable means.

Improving infrastructure

Motorway projects

M2 Motorway Upgrade

The M2 is one of Sydney's busiest road corridors, providing an important link in the Sydney Orbital Network between the M7 Motorway and the Lane Cove Tunnel. It carries around 100,000 vehicle trips and more than 17,000 bus passengers a day.

In 2011-12 works included:

- Excavation for the eastbound M2 Tunnel widening was completed in May 2012.
- Construction of the new west-facing on and off ramps at Windsor Road was substantially completed and the ramps were opened to traffic in July 2012.
- Construction of the new on and off ramps at Herring Road and Christie Road, Macquarie Park are 70 per cent complete with opening to traffic planned for late 2012.

Other motorway projects

The NSW Government has committed to commencing the next Sydney motorway project by early 2015.

The draft Long Term Transport Master Plan identifies the following Sydney motorway missing links, which are all multi-billion dollar projects:

- M5 East duplication.
- M4 Extension (plus an inner West bypass).
- F3 to M2 Link.
- F6.

Infrastructure NSW is assessing the next priority Sydney motorway and will provide recommendations to Government in the State Infrastructure Strategy in October 2012. Government will consider these recommendations before announcing which motorway will proceed.

Pacific Highway Upgrade Program

The Pacific Highway links Sydney and Brisbane and is part of the National Land Transport Network. The Australian and NSW governments have been jointly funding upgrading of the Pacific Highway since 1996.

The Pacific Highway Upgrade is being delivered in three stages:

- **Priority 1:** Hexham to Port Macquarie, Raleigh to Woolgoolga and Ballina to the Queensland border.
- **Priority 2:** Port Macquarie to Raleigh.
- **Priority 3:** Woolgoolga to Ballina.

The Pacific Highway Upgrade experienced significant wet weather during the 2011-12 financial year. RMS project teams planned for an average of 50 wet weather days (about 23 per cent) across each of the Pacific Highway construction sites. However, extensive wet weather meant an average of 79 of the 214 available working days (or about 37 per cent) were lost.

Priority 1: Hexham to Port Macquarie, Raleigh to Woolgoolga and Ballina to the Queensland border

Ballina Bypass

The \$640 million Ballina Bypass project was jointly funded by the NSW and Australian governments. The final section of the 12 km bypass was opened to traffic in May 2012. This was ahead of the estimated mid 2012 target despite 95 days being lost to wet weather during 2011-12.

Bulahdelah Upgrade

Construction is well advanced on the 8.6 km bypass of Bulahdelah. The \$315 million project is jointly funded by the NSW and Australian governments.

Major construction started in August 2010. The Myall River bridges were completed in June 2012 and are in use by construction traffic. The steel truss bridge providing access to Alum Mountain was opened in June 2012. A total of 112 days were lost to wet weather during 2011-12. Extensive wet weather has meant the project is now scheduled to open by Easter 2013.

Hérons Creek to Stills Road

Construction of the 3.5 km upgrade of the northbound carriageway between Herons Creek and Stills Road started in March 2011. The \$60 million project is jointly funded by the NSW and Australian governments. Key activities completed in 2011-12 include clearing and excavation, drainage and bridge works.

Extensive wet weather and the discovery of contaminated soil significantly and unexpectedly delayed the project. In late March 2012, a construction worker required medical attention and others reported feeling unwell while spreading excavated material from a cutting on the project site. RMS and its contractor initially placed exclusion zones around the areas where the material was found and being placed while investigations were carried out. On 8 May 2012, the construction site was closed in the interests of worker safety while RMS and its contractor investigated the contamination. The site was reopened on 31 May 2012 except for the exclusion zones. RMS and its contractor engaged independent contamination specialists and are working with government agencies to identify and remediate the areas of contamination.

The Minister for Roads and Ports asked Mr Brian Gilligan to review the handling of contaminated materials at the site. His report of 9 May 2012 on preliminary findings was posted on RMS' Roads Project website.

A total of 141 days were lost to wet weather including the period in which the contaminated soil was investigated. The project is expected to be completed in mid 2013.

Coffs Harbour (Sapphire) to Woolgoolga

Major construction for the 25 km Sapphire to Woolgoolga Upgrade on the growing northern beach suburbs of Coffs Harbour started in August 2010. The \$705 million project is jointly funded by the NSW and Australian governments.

Traffic was switched to a new bridge over Cunninghams Creek in December 2011. Detailed design was completed in March 2012. A total of 105 days were lost to wet weather during 2011-12. The project is expected to be completed in 2014.

Tintenbar to Ewingsdale

Early site establishment work has started on the project, which will provide 17 km of four-lane divided carriageway between the Ballina Bypass and the Ewingsdale interchange (Byron Bay turnoff). The project includes the provision of twin tunnels to avoid the steep grades of St Helena Hill. Current work includes service relocations, fencing, environmental measures and establishment of site compounds.

A working party was established to look at interchange options at Bangalow. In December 2011, three access options were displayed for community comment. A revised concept design was announced in May 2012. Substantial construction is expected to start in the second half of 2012.

Banora Point

Construction started in December 2009 on the \$359 million highway upgrade at Banora Point. Jointly funded by the NSW and Australian governments, the project will upgrade about 2.5 km of highway at Sextons Hill.

Southbound traffic was switched through Sextons Hill in April 2012 and northbound traffic was switched through Sextons Hill in May 2012. A total of 42 days were lost to wet weather during 2011-12. The project is expected to be completed in late 2012.

Priority 2: Port Macquarie to Raleigh

Kempsey Bypass

Major construction on the \$618 million Kempsey Bypass started in June 2010. The 14.5 km project is funded by the Australian Government and includes a 3.2 km bridge crossing of the Macleay River and floodplain. Once completed, the bridge will be the longest in Australia.

In February 2012 the Crescent Head Road overbridge was opened and concrete paving work started. Piling work for the floodplain bridge was completed in May and a traffic switch at the Frederickton interchange was opened on 16 June 2012. A total of 99 days were lost to wet weather during 2011-12. However, the project is now expected to be opened to traffic by Easter 2013, a further three months earlier than the June 2013 date announced.

Oxley Highway to Kempsey

Planning for the Oxley Highway to Kempsey Upgrade began with registrations of interest for detailed design work invited in November 2011.

The upgrade is jointly funded by the NSW and Australian governments and will provide 37 km of four-lane divided highway between the Oxley Highway and the Kempsey Bypass.

Work has continued on detailed geotechnical investigations, detailed design and land acquisition to prepare the project for construction.

Frederickton to Eungai

The Frederickton to Eungai Upgrade is stage two of the 40 km Kempsey to Eungai upgrade and will provide 26 km of four-lane divided highway from the Kempsey Bypass to Eungai. The project is jointly funded by the NSW and Australian governments.

Registrations of interest for the design and construction of the upgrade were called in November 2011. Ground survey work and geotechnical investigations neared completion by June 2012. Acquisition of land progressed and tenders for the design and construction of the upgrade were invited from a shortlist of contractors in March 2012. The main construction is expected to begin in the first half of 2013.

Nambucca Heads to Urunga

The 20 km Nambucca Heads to Urunga Upgrade is part of the larger Warrell Creek to Urunga project. Planning for the upgrade is jointly funded by the NSW and Australian governments. A draft report on the technical review of an alternative alignment for an 8 km section between Warrell Creek and Nambucca Heads near Macksville was published for community comment in March 2012.

Registrations of interest for the design and construction of an upgrade between Nambucca Heads and Urunga were called in January 2012, with tenders invited from a shortlist of contractors in June 2012. Detailed survey work was completed in June 2012 and geotechnical investigations and land acquisition were carried out to prepare the project for construction, which is expected to begin in the first half of 2013.

Priority 3: Woolgoolga to Ballina

Glenugie Upgrade

The \$60 million Glenugie Upgrade, south of Grafton, is jointly funded by the NSW and Australian governments. The final section of the 7 km upgrade was opened to traffic in February 2012.

Devils Pulpit

Construction started in December 2011 on the \$77 million Devils Pulpit Upgrade. The project is jointly funded by the NSW and Australian governments and will provide 6 km of new divided carriageways and another 3 km of median wire rope safety barriers. The project is expected to open to traffic in mid 2013 (weather permitting).

Woolgoolga to Ballina Upgrade

The Woolgoolga to Ballina project is made up of four previous Pacific Highway planning projects:

- Woolgoolga to Wells Crossing.
- Wells Crossing to Iluka Road.
- Iluka Road to Woodburn.
- Woodburn to Ballina.

The project does not include the recently completed Glenugie Upgrade or the Devils Pulpit Upgrade (which is currently under construction). RMS and its project teams are preparing the 155 km of highway for construction. The environmental assessment, land acquisitions and geotechnical investigations are being progressed. Detailed design work has also started on a 31 km section of highway between Woolgoolga (end of Sapphire to Woolgoolga Upgrade) and recently opened Glenugie Upgrade section in March 2012.

Additional crossing of the Clarence River at Grafton

RMS is carrying out investigations to identify a preferred route for a second crossing of the Clarence River at Grafton. A shortlist of six options (from a list of 26 feasible options) was announced for further evaluation in January 2012. A preferred option is planned to be identified by the end of 2012.

Princes Highway

Bega Bypass

The Australian Government is funding construction of the Bega Bypass on the Princes Highway, which will be approximately 3.5 km long and use an existing road corridor to the west of Bega. The contract for construction of the Bega Bypass on the Princes Highway was awarded in March 2012 and initial construction activities began in May 2012. The project is expected to be opened to traffic in mid-2014.

South Nowra Kinghorne to Forest Road

Upgrading 6.3 km of the Princes Highway to four lanes will improve traffic flow and efficiency through South Nowra. Work was suspended in November 2011 as a result of finding endangered Green and Golden Bell Frogs within 200 m of the project. RMS received approval from the Australian Government's Department of Sustainability, Environment, Water, Population and Communities to continue construction in February 2012.

Gerringong Upgrade

A design and construct contract for the Mount Pleasant to Toolijooa Road section of the Princes Highway was awarded on 22 December 2011. Detailed design is underway with major construction on the \$310 million upgrade expected to start in the second half of 2012.

Victoria Creek realignment

Major construction is well underway on the \$40 million upgrade of the Princes Highway between Narooma Road (the Old Princes Highway) and Corkhill Drive at Central Tilba, 13 km south of Narooma. The highway upgrade includes a new bridge replacing the narrow bridge (built in 1935) over Victoria Creek and new overtaking lanes in both directions.

Nangudga Lake Bridge replacement, Narooma

Construction work began in March 2011 for the \$3.7 million replacement of Nangudga Lake Bridge, on the Princes Highway south of Narooma. The bridge was completed and opened to traffic in December 2011.

Great Western Highway

Lawson Upgrade

Construction work is underway to realign and widen the highway to a four lane divided road between Ferguson Avenue, Hazelbrook and Bass Street, Lawson. Work includes a new bridge over the railway and 600 m long rail realignment. The new rail alignment was opened in January 2012, facilitating Stage Two of the upgrade.

Bullaburra West, Genevieve Road to Tablelands Road Upgrade

Construction began in December 2011 to widen the existing two-lane highway to a four-lane divided highway between 400 m west of Genevieve Road, Bullaburra and Tableland Road, Wentworth Falls.

Kelso Upgrade

The upgrade at Kelso, from west of the Stockland Drive intersection to east of Ashworth Drive, will widen the highway to four lanes, improve intersections and separate opposing directions of traffic. The project Review of Environmental Factors was finalised in May 2012.

Wentworth Falls East

Construction work continued to widen the highway to a four lane divided highway between Tablelands Road and Station Street, Wentworth Falls. The project is jointly funded by the NSW and Australian governments and is expected to be completed and opened to four lanes in late 2012.

Woodford to Hazelbrook

Construction work continued to widen the highway to a four lane divided highway between Station Street, Woodford and Winbourne Avenue, Hazelbrook. The project is jointly funded by the NSW and Australian governments.

A new contractor was appointed in June 2012 to complete the works after the previous contractor ceased work in February 2012 due to financial difficulties. The project is expected to be completed in 2014.

Bullaburra East

The detailed design has been completed for the highway upgrade between Ridge Street, Lawson and Genevieve Road, Bullaburra. A pedestrian bridge over the highway linking to Bullaburra railway station has also been included after community consultation was held in March 2012. The project is the final section to complete the highway upgrade to four lanes between Emu Plains and Katoomba. Funding to begin construction of this project was announced in conjunction with the 2012-13 NSW Budget in June 2012.

Hume Highway

Woomargama Bypass

The \$265 million, 9 km bypass was opened on 7 November 2011. It was built to the west of Woomargama and joins the existing Hume Highway divided carriageways to the north and south of the village. The project was funded by the Australian Government.

Tarcutta Bypass

The 7 km, \$290 million Tarcutta Bypass was built to the west of Tarcutta, joining the existing Hume Highway divided carriageways to the north and south of the village. The project was funded by the Australian Government and was opened to traffic on 15 November 2011.

Holbrook Bypass

Substantial construction of the Holbrook Bypass began in July 2011. The bypass, which is expected to be opened in mid 2013 will be approximately 9.5 km long and run from 4 km north of Holbrook to rejoin the existing dual carriageway 2 km south of Holbrook. When the bypass is opened the entire route between Sydney and Melbourne will be a minimum four lane divided highway.

Sydney roads

M4 Motorway lanes realignment at old toll plaza

The realignment of the M4 Motorway at the old toll plaza was completed in April 2012 and delivered significant traffic and safety improvements for 137,000 motorists daily.

Work completed on a 1.5 km length of motorway between James Ruse Drive and Silverwater Road included road resurfacing, line marking, signage and the installation of crash barriers. A review of the speed limit was conducted, resulting in an increase to the speed limit to 90 km/h along this length and improved travel times for motorists.

Galston Gorge over-length vehicle restrictions

Galston Gorge is a narrow and winding route for vehicles travelling between Galston in Sydney's north and Hornsby Heights. Although this route was restricted for over-length vehicles, non-compliance of route restrictions resulted in the need to close the gorge on several occasions for extended periods to remove longer vehicles unable to use the route.

In March 2012, RMS implemented a \$5 million project of traffic engineering solutions to prevent the access of over-length vehicles to this route. The installation of physical restrictions at entry points to the gorge included the placement of traffic detectors, electronic warning signs and enforcement cameras to monitor the site.

Windsor Road and Norwest Boulevard intersection

Norwest Boulevard is a key route between Windsor Road and Old Windsor Road in Baulkham Hills and provides access into Norwest Business Park, in Sydney's northwest. To improve business park access, RMS completed a \$2 million project to upgrade the intersection of Windsor Road and Norwest Boulevard.

The upgrade significantly improved access to and from the business park during peak periods, with improved traffic conditions for vehicles travelling between Windsor Road and Old Windsor Road.

Spit and Military roads

In 2011-12, RMS completed a four-year program of traffic improvement initiatives between Balgowlah and Neutral Bay on the Spit Road and Military Road

corridor. The program involved three projects at a cost of \$3.8 million and delivered improved travel time reliability, safety and traffic flow along the corridor. The projects were:

- Tidal flow scheme (AM) on Spit Road between Awaba Street and Ourimbah Road.
- Upgrade Spit Road and Parriwi Road to improve entry/exit to the Spit West carpark.
- Military Road and Spit Road safety improvements including light pole relocation and upgraded street lighting to meet the current street lighting standards.

Other improvements included traffic signal operation, communication upgrades and tidal flow arrangements to provide significant benefits during peak travel times.

Alfords Point Bridge, northern approach

RMS has been working to reduce congestion, improve travel times and improve road safety on Alfords Point Road in southern Sydney. The Alfords Point Bridge northern approach was completed in November 2011 and widening of the southern approach is currently in development.

F5 Freeway widening, Brooks Road to Narellan Road

The final section of F5 Freeway widening between Brooks Road and Narellan Road was opened to traffic in March 2012. The project was jointly funded with the Australian Government. It provides four lanes in each direction between Brooks Road and Raby Road and three lanes in each direction between Raby Road and Narellan Road.

Camden Valley Way, Cobbitty Road to Narellan Road

The four-lane divided carriageway between Cobbitty Road (Oran Park Drive) and Narellan Road was opened to traffic in June 2012.

Camden Valley Way, Cowpasture Road/Bringelly Road to Cobbitty Road/Oran Park Drive

In June 2012, funding was committed to allow completion of the four-lane upgrade of this final 10.7 km length between Prestons and Narellan in 2015. Construction will be carried out in three stages. Detailed design for the first stage between Ingleburn Road and Raby Road was completed in December 2011 and a contract for construction of this stage was awarded in June 2012.

Bringelly Road, Camden Valley Way to The Northern Road

To support the NSW Government's urban land release strategy for the South West Growth Centre, RMS plans to upgrade Bringelly Road between Camden Valley Way, Leppington and The Northern Road, Bringelly, from a two-lane road to a four-lane divided road with a wide median.

A review of environmental factors and a revised concept design for the widening of Bringelly Road were displayed for community comment in November 2011.

Richmond Road

In November 2011, RMS displayed the proposed concept design and a review of environmental factors for the Richmond Road Upgrade between Bells Creek, Colebee and Vine Street West, Marsden Park. Funding to construct this section of the Richmond Road Upgrade was announced in conjunction with the 2012-13 NSW Budget in June 2012.

Schofields Road new rail bridge

The construction of a new rail bridge to facilitate the future extension of Schofields Road was completed in November 2011 in conjunction with the new railway station at Schofields.

Schofields Road Upgrade

Detailed design for Stage One of the Schofields Road Upgrade between Windsor Road and Tallawong Road at Rouse Hill was completed in March 2012 and tenders for construction closed in June 2012.

Hunter region roads

The Hunter Expressway

The \$1.7 billion Hunter Expressway is a 40 km, four-lane freeway between the F3 Freeway near Seahampton and the New England Highway west of Branxton. Construction of viaducts began in July 2011 and, by November 2011, 50 per cent of earthworks were completed.

In February 2012, road pavement works began on the eastern section and the first girder of Viaduct 3 Bridge (western-most) was launched. In March the first launch of the bridge over the F3 Freeway was launched and mine void filling was completed in April. The first girder of Viaduct 2 Bridge (middle) was launched in June 2012.

In November 2011, 50 per cent of earthworks were completed on the western section of the expressway and an Aboriginal Heritage Impact Permit approval was gained for Zone 4, west of Black Creek. Road pavement works began in February 2012. Mine void grouting works were 50 per cent completed in April 2012 and the first girders for the bridge over the main north railway line at Branxton on the New England Highway link road were positioned in May 2012.

The Hunter Expressway project was impacted by 90 days of wet weather in 2011-12. However, it is still anticipated that the Expressway will be open to traffic by end 2013.

New England Highway, Scone Railway Level Crossing

RMS is managing an options and feasibility study of upgrade options for the New England Highway (Kelly Street) rail level crossing at Scone. The study is funded by the Australian Government, under the Regional Infrastructure Fund. An options report was published on the RMS website in May 2012. A preferred solution is expected to be finalised during 2012-13.

Central Coast roads

F3 Sydney - Newcastle Freeway

The Wyong Road interchange is being upgraded to relieve congestion. The works include a new ramp for traffic travelling from Wyong Road to the F3 northbound. Construction began in April 2012 and is expected to be completed during 2013.

Central Coast Highway Upgrade, Brisbane Water Drive and Manns Road intersection

RMS has completed the detailed design for the upgrade of the Central Coast Highway and Brisbane Water Drive/Manns Road intersection at West Gosford.

The upgrade will improve traffic and safety conditions at these intersections. The main feature of the project includes the widening and realignment of Brisbane Water Drive and Manns Road between Kulara Avenue in the south and Stockyard Place in the north to form a single at-grade intersection with the Central Coast Highway.

Pacific Highway, Narara to Lisarow Upgrade

RMS is investigating route options to identify a preferred route for the Pacific Highway between Narara and Lisarow. Four route options were on display for comment between March and May 2012.

Pacific Highway, Ourimbah Street to Glen Road

RMS has developed a preferred design for the upgrade of the Pacific Highway between Lisarow and Ourimbah to four lanes. The review of environmental factors was determined in October 2011.

Pacific Highway, Wyong Town Centre

The Pacific Highway through Wyong is currently a single lane in each direction. A revised preferred option was displayed for community comment in November 2011.

In January 2012, an independent review of cost estimates for all through-town and bypass options for the future upgrade of the Pacific Highway at Wyong was announced. A contractor has been appointed to carry out an independent review of the cost estimates of options and the review is expected to be completed in 2012.

Western region

Golden Highway

Construction began in March 2012 in turning lanes at the Ballimore section to improve traffic flow and safety. The lanes are scheduled for completion by the end of August 2012.

Olympic Highway

The preferred option for the realignment of the Olympic Highway at Kapooka near Wagga Wagga was announced in December 2011. A major part of the project is the construction of a new bridge over the Sydney to

Melbourne railway line. This bridge will replace the existing bridge which is the only restriction to higher productivity heavy vehicles on the Olympic Highway between Albury and Cowra.

The new bridge alignment will see the Olympic Highway located to the east of the current bridge and improve the speed environment from the current right angle corners to a consistent 100 km/h speed. This will improve travel efficiency for all vehicles.

Northern region

Oxley Highway

The 6 km upgrade of the Oxley Highway between Wrights Road and the Pacific Highway at Port Macquarie was officially opened to traffic in February 2012, completing a four-lane highway between the Port Macquarie central business district and the Pacific Highway

Project delivery

Appendix 1 contains details of progress on all major works.

Supporting public transport

Strategic Bus Corridor Program

In 2011-12, RMS completed the seven year, \$295 million commitment to deliver integrated bus priority infrastructure and intelligent transport solutions on 43 strategic bus corridors in NSW. The program has delivered 151 bus priority infrastructure projects and installed 157 km of bus lane on the Sydney road network. In 2011-12, the program delivered 17 projects at a cost of \$31.7 million.

Public Transport Information and Priority System

The Public Transport Information and Priority System (PTIPS) uses satellite technology to identify late-running buses and communicate with the Sydney Coordinated Adaptive Traffic System (SCATS) to give priority to those buses at traffic signals. More than 1000 traffic signals on the road network can give priority to late-running buses and around 3060 buses are now equipped to operate with PTIPS, including all State Transit buses in Sydney and Newcastle, and some private buses. PTIPS also provides real-time bus status information to support the SMS Real Time Bus Information Service.

Optimising transport operations

Speed and traffic volume trends

Between 2009-10 and 2010-11, overall travel speeds increased for the AM peak period and decreased for the PM peak period.

For the AM peak:

- There was an increase in the overall average speed from 29 to 30 km/h from 2010-11 to 2011-12. Speeds were higher on four of the seven routes, by up to 4 km/h.
- The M4 corridor was up from 25 to 27 km/h, following further improvements at the former toll plaza.
- The Princes Highway, M5/Eastern Distributor and F3/Pacific Highway corridors improved.
- The M2/Lane Cove Tunnel/Gore Hill Freeway corridor was unchanged at 36 km/h, with this route continuing to be affected by road works.

- Victoria Road and Pittwater/Spit/Military Roads, both recorded slight decreases by 1 km/h.

For the PM peak:

- The overall average speed was down from 42 to 40 km/h from 2010-11 to 2011-12.
- The M2/Lane Cove Tunnel/Gore Hill Freeway corridor, accounted for about half of this decrease. Its average speed declined from 60 to 52 km/h, due to road works and speed limit changes in the outbound direction were more pronounced than for the previous year. However, the average trip on the corridor was just five minutes longer and it is still the quickest of the seven routes.
- Travel speeds also decreased on four of the other routes, by between 1 and 3 km/h. The corresponding increases in travel times ranged from 2 to 4 minutes (or less than 9 per cent).
- Victoria Road was unchanged at 31 km/h and the M4 corridor was up slightly from 39 to 40 km/h.

Since September 2011, RMS has also reported on the average travel times of more than 100 roads in the Sydney, Newcastle, Central Coast and Wollongong areas, based on GPS data received from probe vehicles travelling on the network throughout the year. As a baseline for future reporting, the average speed on a selected route in the AM peak for 2011-12 was 50 km/h and in the PM peak was 51 km/h. This takes into account both directions on each route. This speed is higher than the average for the seven major routes due to the inclusion of higher speed routes such as the Sydney-Newcastle Freeway and the M7 Motorway. Another factor contributing to this higher speed is that the results are derived from data gathered across the entire year rather than concentrated on short survey periods.

Traffic information and systems

The Sydney Coordinated Adaptive Traffic System (SCATS) is a computerised traffic management system developed and maintained by RMS. SCATS continues to be the premier intelligent transport system in the world and is now used in more than 263 cities in 27 countries, controlling more than 35,531 intersections.

SCATS was recently upgraded to match the latest improvements in failover and disaster recovery infrastructures. The NSW Transport Management Centre, VicRoads, Department of Planning, Transport and Infrastructure (South Australia), and Brisbane City Council are all including the SCATS upgrade as part of their disaster recovery planning.

Managed motorways

RMS and Transport for NSW are collaborating on the implementation of the NSW Managed Motorway Strategy. The strategy focuses on the Sydney Greater Metropolitan Region, which includes more than 470 km of the motorway network comprising the Sydney Orbital; the Western Motorway (M4); the Sydney–Newcastle Freeway (M1); The Hume Highway (M31) to the Southern Highlands; and the Princes Motorway (M1) to Wollongong.

This strategy will provide advanced traffic management control systems, infrastructure and information to road users through coordinated ramp signalling, variable speed limits, lane use management and variable message signs. The benefits are improved reliability, efficiency and safety of the motorway and surrounding arterial road networks.

In 2011–12, RMS secured a \$17 million funding investment from the NSW and Australian governments to develop the M4 Managed Motorway scheme to include concept design and environmental assessment. The scheme is estimated to be completed in June 2014.

Pinch Point Program

The 'pinch point' strategy aims to improve traffic flow during peak travel times on 23 of Sydney's busiest road corridors. The strategy targets peak hour traffic 'pinch points' and implements minor traffic improvement works to maintain travel speeds and improve travel time reliability.

In 2011–12, the strategy completed 16 projects at a cost of \$32.4 million.

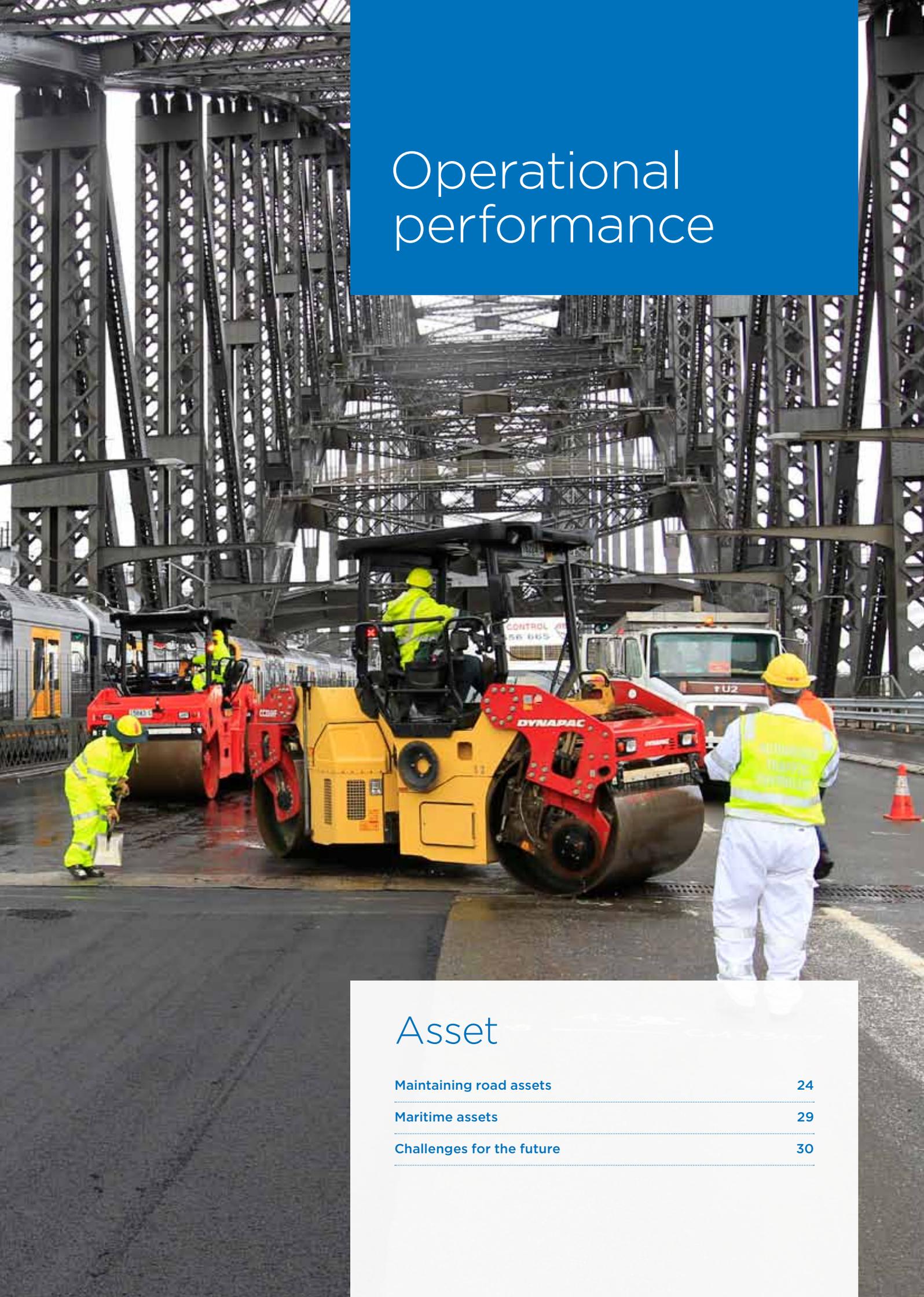
Key projects included:

- Widening exit ramps at the M4/Cumberland Highway interchange, South Wentworthville.
- Widening the on-road ramp at the F3 at Pacific Highway, Wahroonga.
- Roundabout improvements at Campbelltown Road/Raby Road.
- Extension of turn bays at key intersections on the Cumberland Highway, Elizabeth Drive (Liverpool), Hume Highway, Pacific Highway and Princes Highway.

In 2011–12, RMS completed a five-year, \$100 million program of targeted traffic improvement initiatives to improve peak hour travel. Work included minor infrastructure works and operational improvements, such as traffic signal optimisation, changes to parking restrictions, tidal flow arrangements, and investment in communication technology to improve incident management.

Challenges for the future

- Partner with Infrastructure NSW and Transport for NSW to support the next major motorway project.
- Deliver \$224 million infrastructure development program relating to Sydney's roads to improve efficiency.
- Finalise the memorandum of understanding between the Australian and NSW governments for completing the upgrade of the Pacific Highway.
- Apply new clearway or parking restrictions on key State corridors in Sydney on weekdays and weekends to improve traffic flow during peak periods.
- Provide arterial road upgrades to support residential and employment growth areas.
- Deliver key infrastructure projects across the state, including planning, constructing and opening to traffic.



Operational performance

Asset

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| Challenges for the future | 30 |

Asset

Transport infrastructure meets acceptable standards

RMS delivers maintenance and upgrade programs to ensure that infrastructure and assets are maintained in a sustainable, safe manner and to an appropriate standard. This includes regulating the access to our networks to provide balanced, sustainable outcomes for all users.

Maintaining road assets

Managing a large asset base

The 184,851 km NSW road network is a significant public asset, providing access across NSW for commuters, travellers, business and freight.

The road system can be divided into four categories:

- 18,031 km of RMS-managed State roads including 4323 km of the National Road Network, for which the Australian Government provides a funding contribution, and 147 km of privately-funded toll roads.
- 2970 km of RMS-managed Regional and local roads in the unincorporated area of NSW.

- 18,231 km of council-managed Regional roads, which receive significant State grant funds administered by RMS.
- 145,619 km of council-managed local access roads, funded by local ratepayers and Australian Government programs such as the Financial Assistance Grants and the Roads to Recovery Program.

RMS is also responsible for maintaining and operating:

- 1423 school zone flashing light signs.
- 3867 traffic signal sites.
- 9800 street lights.

- 5190 bridges and major culverts and 23 tunnels.
- 5 automated tidal flow systems.
- 56,000 km of longitudinal linemarkings and other pavement markings.
- 2 million reflective raised pavement markers.
- 71,698 guide signs for major structures and 84,192 parking, 66,018 regulatory and 39,181 warning signs.
- 9 vehicular ferry crossings.
- Intelligent traffic systems including 251 variable message signs, 135 variable speed signs and 824 CCTV cameras.

Figure 4. Pavement age profile for all State Roads (including National Network) as at 30 June 2012

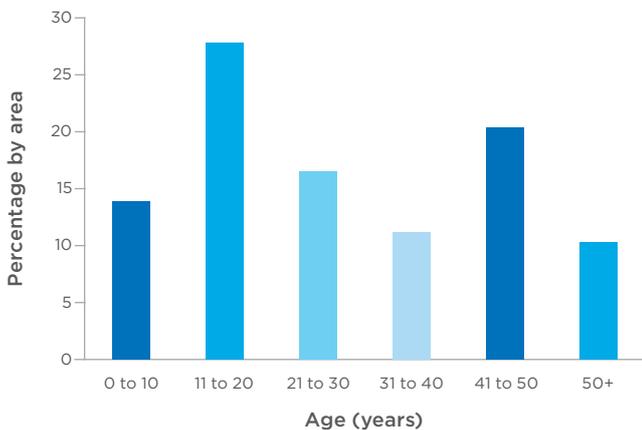
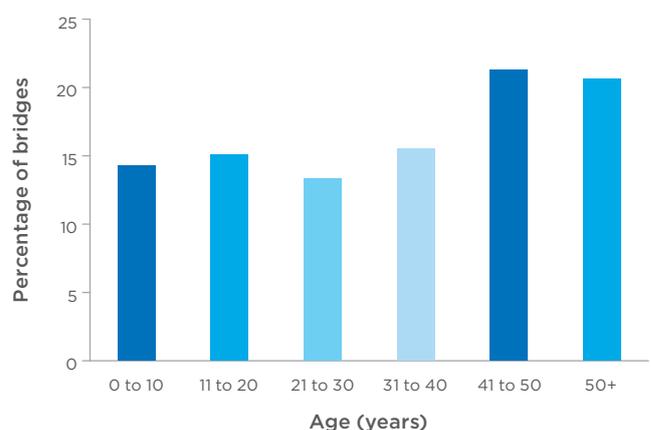


Figure 5. Age profile all bridge size structures as at 30 June 2012



RMS faces considerable challenges in maintaining and renewing NSW road and bridge infrastructure to ensure it is safe and reliable. Currently, close to 42 per cent of road pavements are more than 30 years old (Figure 4). Seventy-eight bridges are more than 100 years old and a further 991 are more than 50 years old. (Figure 5).

Road asset management achievements

The extended wet weather this year impacted a number of road maintenance programs. Additional funding was redirected to heavy patching works during the year to keep roads open and safe. Total expenditure on road maintenance in 2011-12 was \$856.6 million, which is more than in any previous year, excluding the \$217.6 million spent on restoration of natural disaster damage on State, local and Crown roads.

Maintenance of State bridges, including 36 major repairs and the replacement of Boree Creek Bridge on the Orange to Parkes road, accounted for \$192.5 million. A further \$142.7 million was spent on corridor maintenance. RMS also managed \$217.6 million of NSW Government funds to repair road damage from storms and floods across 94 council areas.

Other achievements in road asset management in 2011-12 included:

- Completion of pilot studies for customer surveys on road maintenance issues and priorities.
- Finalised a maintenance strategy for the long-term maintenance of the Sydney Harbour Bridge.
- A public consultation process on the long-term conservation strategy for Timber Truss bridges in NSW. A submissions report detailing the outcome of the public consultation process, and RMS' response was submitted to the Heritage Council.

Monitoring road infrastructure condition and performance

RMS has historically used the following to look at the condition of the infrastructure it manages:

- **Ride quality** – Measured using vehicle-mounted laser technology. Smoother roads provide a more comfortable ride and reduce the damage caused to the road by heavy vehicles. Smoother roads also cause less damage to vehicles and save fuel. The NSW 2021 Plan has a target of 93 per cent travel on smooth roads by 2016.

- **Pavement durability** – This measures the amount of surface cracking on the road. Cracks let water in, which can soften the underlying road pavement and lead to premature deterioration. Cracking is measured at highway speed by automated technology using the RMS road crack vehicle.

Figures 6 to 9 show ride quality and pavement durability performance for different types of roads.

The overall ride quality on State roads has remained effectively stable in the past year.

During 2011-12, extensive wet weather impacted the ride quality of State roads. Water flooding or soaking into the pavements caused the pavement structure and its surface to weaken, which accelerated destabilisation caused by heavy vehicles. The weather also delayed significant amounts of pavement rebuilding and resurfacing, which improve ride quality if carried out. The balance between wet weather and works carried out has generally resulted in minimal change to ride quality across the State.

Figure 6. Ride quality on State roads

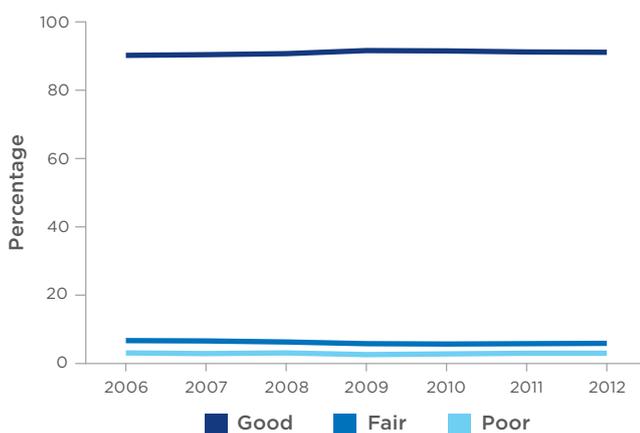


Figure 7. Ride quality on Sydney State roads

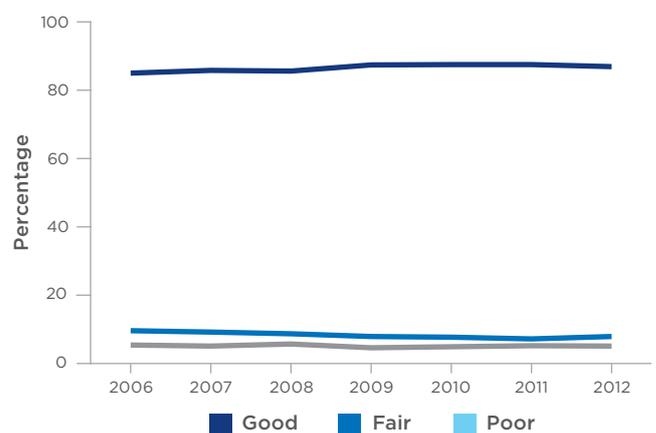
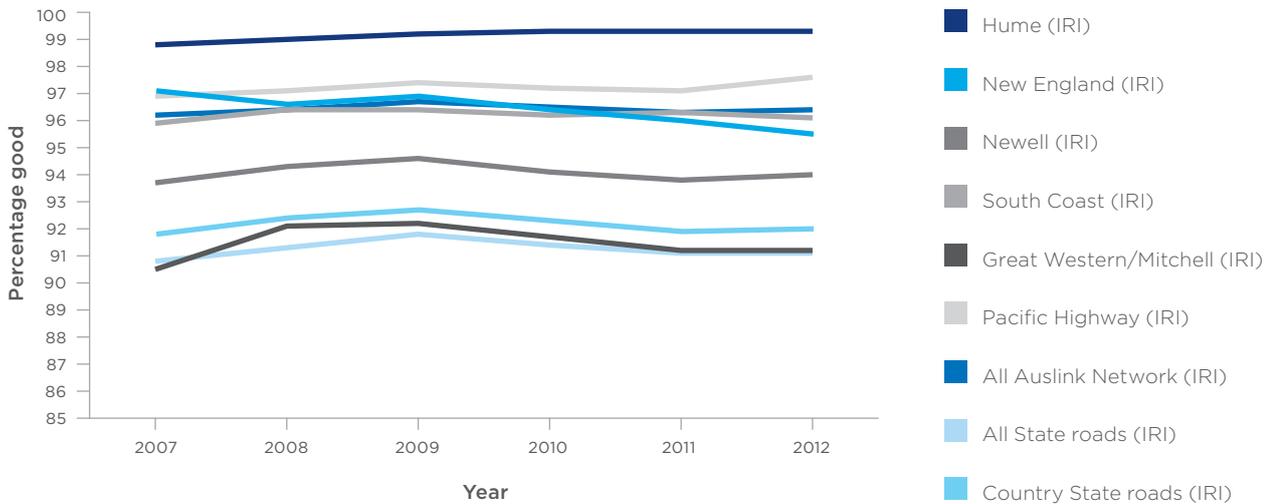


Figure 8. Road surface roughness per cent 'good' on selected State roads



Note: Measurements for Figure 8 according to International Roughness Index (IRI).

Figure 9. Pavement durability (cracking) - urban State roads

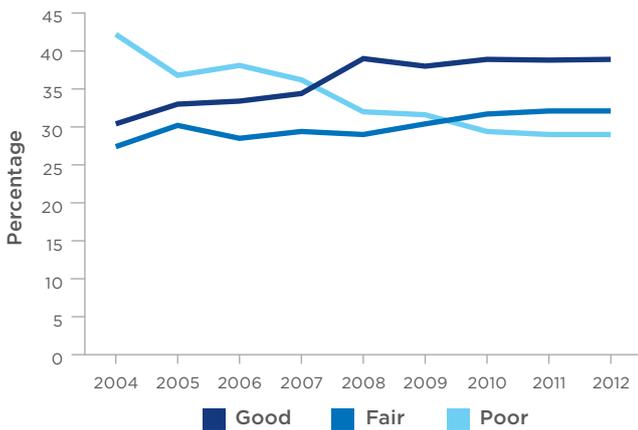
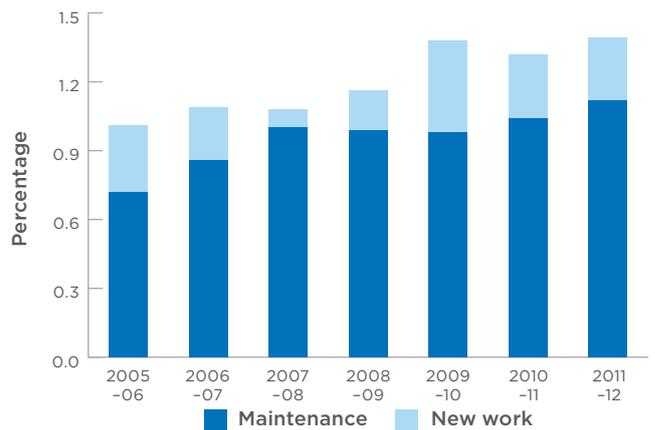


Figure 10. Rebuilding of road pavements



In 2011-12, RMS allocated an additional \$40 million for reactive pavement maintenance works and an extra \$50 million for pavement rebuilding works in response to prolonged wet weather. RMS carried out significant works on the State Road network that contributed to the smoothness of roads. This included:

- 48 km of new carriageway.
- 313 km of rebuilding or upgrading works.
- 148 km of asphalt resurfacing.
- 1196 km of spray seal resurfacing.

Pavement durability (figure 9) on the rural network has been relatively stable over the past eight years with the extent of road cracking remaining at very low levels. Greater attention is required to minimise cracking on rural roads, which are more susceptible to variations in moisture.

Urban roads, in general, display a higher level of cracking than rural roads but tend to be more resilient as they are made of manufactured materials such as asphalt. RMS has recently increased its funding and focus on urban roads and has achieved a significant improvement in road condition, with the level

of 'poor' cracking dropping from a high of 42.2 per cent in 2004 to a low of 29 per cent in the current year.

In 2011-12, road pavement rebuilding (Figure 10) was at the highest level in over a decade with 1.39 per cent of the State Road network being rebuilt. This included 313 km of maintenance rebuilding and a contribution from new infrastructure works of 48 km. The need for road rebuilding funding will continue to rise due to increasing freight demands and an ageing network, of which 42 per cent is older than 30 years (Figure 4).

Bridge maintenance

RMS spent \$192.5 million on bridge maintenance and the rehabilitation of State bridges. Program delivery included:

- Completion of 36 bridge rehabilitation projects.
- Replacement of Boree Creek Bridge on the Orange to Parkes road.
- Completion of the major rehabilitation of Hampden Bridge in the Kangaroo Valley.
- Repaint of Deepwater River Bridge at Deepwater.
- Building a new ferry for bluff Point Crossing.

Sydney Harbour Bridge

For the first time in the Sydney Harbour Bridge's 80 year history, the road surface was stripped back to the original concrete deck to carry out essential maintenance. A full bridge closure was carried out over two consecutive weekends to apply a waterproofing layer and a new road surfacing layer. The work extended from Fitzroy Street on the north to Cumberland Street in the south. In spite of wet weather the bridge was opened ten hours ahead of schedule on 22 January 2012.

Around 15,600 m² of the bridge was repainted in 2011-12. Work carried out included the complete removal and repainting of 9200 m² of southern approach spans and maintenance painting of 6400 m² of the main arch.

A communications campaign was implemented to advise customers of closures and help them identify alternate travel routes as well as public transport options.

Anzac Bridge

Maintenance work started on the Anzac Bridge in November 2011 and will take around two years to complete.

Permanent maintenance walkways have been installed along both sides of the southern span of the bridge. Work is now underway to install the maintenance walkways along the middle span of the bridge.

In April 2012, work started to improve the bridge's stay cables. A specially designed robot is currently being used to apply a spiral rib to the outside of the stay cables. This will help prevent the cables vibrating in wind and rain. In early May the newly repaired maintenance gantry was reinstalled to the underside of the bridge deck.

Higher Mass Limits bridge assessments

RMS continues to evaluate the load carrying capacity of its bridges to determine which structures can safely take specific heavy vehicle types. As a result of these ongoing assessments a further 35 structures were made available for Higher Mass Limits (HML) access, resulting in opening up a further 34 km of road network for HML access.

Spit Bridge Upgrade Program

An upgrade of the Spit Bridge drive system began in January 2012 and was completed in July 2012. This \$10.6 million project involved installing new electrical cables and a new drive system – motor, brake and gearbox – to improve the longevity and reliability of the operating system that opens and closes the bridge. This will minimise the potential for traffic delays caused by a breakdown of the lift equipment.

Timber Truss Bridge Conservation Strategy

A Submissions Report detailing the outcome of an earlier consultation process on the strategy to manage and conserve State-owned timber truss bridges and RMS' response was submitted to the NSW Heritage Council. The revised strategy proposes to retain 26 bridges and replace 22 remaining timber truss bridges. The NSW Heritage Council endorsed the RMS Timber Truss Conservation Strategy in August 2012.

Road corridor maintenance

RMS spent \$104.5 million on the routine maintenance of roadside assets, including vegetation management, maintenance of drainage systems, slopes, rest areas, noise walls, safety barriers and fencing. Continued heavy rainfall throughout the year led to the rapid growth of roadside vegetation, contributed to slope failures and an increase in asset damage from road incidents, blocking of culverts with debris and several culvert failures.

Other work carried out on road corridor assets includes:

- Replacement of 10.5 km of obsolete chain-wire fence with steel guardrail safety barriers.
- Upgrading of facilities at six rest areas including toilets, water tanks and playgrounds.
- Remediation of noise walls at City West Link and James Ruse Drive in Sydney.

The total expenditure on corridor assets (including capital works) in 2011-12 was \$142.7 million.

Slope stability

RMS remediated 45 road cuttings, embankments and retaining walls at a cost of \$20.9 million to stabilise road slopes which failed, or were identified at risk, during regular inspections. The work included the completion of repairs of slopes that caused five lane closures and two speed restrictions. Three slopes continued to remain under repair, and landslips occurred at four new sites during the heavy rains between December 2011 and April 2012 on the North Coast of NSW, causing additional speed restrictions.

Two major slope failures occurred during the year:

- Wet weather in March 2012 caused a slip on the Snowy Mountains Highway at Brown Mountain. RMS rebuilt the road embankment behind a new mass block retaining wall. This solution had the shortest timeframe for installation and allowed the road to reopen within 35 days.
- In April 2012, a landslide on the Kings Highway, East of Braidwood, brought rocks and trees down onto the roadway. RMS responded by removing the material and installing a temporary replacement for the rock-fall fence. Assessment of the stability of the slope allowed the road to be re-opened within six days.

At the end of June 2012, slope failures accounted for one lane closure on the Oxley Highway, and six speed restrictions on the Pacific Highway, Oxley Highway, Bruxner Highway, Waterfall Way and Summerland Way. Risk assessments were carried out on 178 slopes across the State in order to inform the slope stability remediation program.

Culverts

The program to assess the condition of culverts on the State Road network was progressed with 3762 of the highest priority culverts being given a risk assessment.

A total of \$13.2 million was spent on the rehabilitation of culverts and drains at 132 locations to ensure their functionality and durability. This included the completion of major drainage system upgrades in Joyce Drive, Mascot and the start of works at Railway Road, Sydenham and George Street, Newcastle.

Road pavement maintenance

Road pavement maintenance resulted in:

- Rebuilding or upgrading of 313 km of carriageway (1.12 per cent of the total network).
- 148 km of asphalt resurfacing (3.5 per cent of the asphalt surfaced network).
- 1196 km of spray seal resurfacing (8.5 per cent of the sealed network).

Implementing more efficient paving methods

RMS implemented the first foam bitumen stabilised pavement in NSW at Farlows Flat. This method of paving had previously been used in small trials and shows it is suitable for use in other projects. The resulting longer asset life at a reduced cost improves efficiency.

Road maintenance delivery

RMS is continuing to examine ways to improve the efficiency of road maintenance delivery. The internal maintenance delivery arm of RMS (Road and Fleet Services) has continued to assess which activities can be better outsourced, with 40 per cent of work subcontracted in 2011-12.

RMS has provided a range of recommendations to government on how to further improve the contestability in road maintenance delivery. This may lead to further changes in future delivery arrangements.

RMS continues to work with 78 rural councils currently carrying out the maintenance of sections of State road in regional NSW under Road Maintenance Councils Contract arrangements. System improvements to the management of these contracts were developed during 2011-12 and will be rolled out in 2012-13.

Funding assistance to local councils

RMS offers full or partial funding to councils under a range of programs.

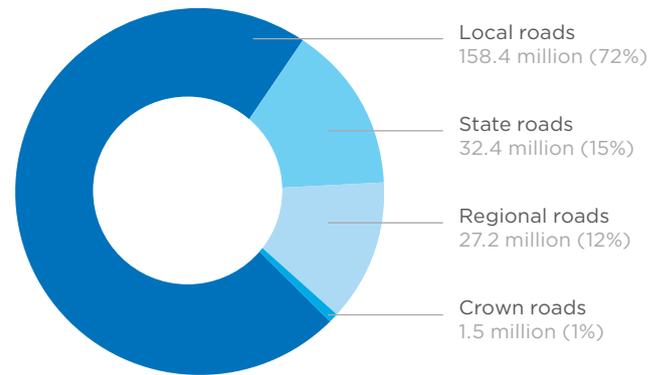
RMS provides ongoing funding to councils for roads classified as Regional roads in their area by way of the Regional roads Block Grant which provides every council with an entitlement grant for use according to their priorities. In 2011-12 Block Grant expenditure was \$134.5 million.

Under the Repair and Improvement of Roads (REPAIR) programs, councils can also apply for additional assistance on a 50:50 funding basis for major rehabilitation and development works on Regional roads. Projects are selected for funding on the basis of merit through the Regional Council Consultative Committee process which comprises groups of councils in RMS regions. In 2011-12 REPAIR Program expenditure was \$26.8 million.

Table 11. Major expenditure on works to rectify flood damage

| Flood area | Date | Expenditure |
|-----------------|--|----------------|
| Mid western NSW | December 2010 | \$78.3 million |
| Riverina | March and October 2010 and February 2011 | \$24.3 million |
| North Coast | January and June 2011 | \$24.7 million |
| Northern NSW | November 2011 and January-February 2012 | \$18.4 million |
| Southern NSW | February 2012 | \$38.3 million |
| South Coast | March 2012 | \$9.9 million |

Figure 11. Natural disaster expenditure 2011-12



Natural disaster repairs

The NSW Government funds repairs to RMS managed State roads damaged by declared natural disasters. It also provides significant financial assistance to local councils to bring their roads and bridges back to their pre-disaster condition.

Since late 2009, there has been an unprecedented number of natural disasters throughout NSW, with some communities impacted on a number of occasions by separate disasters. In 2011-12, 94 of 152 local government areas experienced natural disasters.

During the year RMS allocated \$217.6 million of NSW Government funds to repair damage arising from declared storms and floods. Each claim required careful assessment to ensure compliance with RMS' Natural Disaster Guidelines established with local government, as well as with the Australian Government's Natural Disaster Relief and Recovery Arrangements.

The extensive nature of many of these events means that restoration works will continue into 2012-13 and, in some cases, later years. At 30 June 2012 it was estimated there were more than \$280 million in outstanding damages remaining to be restored.

Maritime assets

Wharf safety audit

RMS is responsible for the inspection of public ferry wharves and to monitor wharf safety. There are around 240 public wharves statewide including the Sydney Harbour ferry commuter wharves, and wharves used by smaller commercial operators, such as charter or dive vessels in regional NSW. Within Sydney Harbour some 50 commuter wharves are owned, inspected and maintained by RMS. During 2011-12, verification inspection of 15 of these wharves indicated a high level of safety compliance.

A further 170 ferry wharves are located throughout the State. During 2011-12, inspection was carried out on 19 ferry and charter wharves owned by council or other agencies, with warning letters issued in respect of defects for 10 wharves.

Wharf maintenance program

RMS continued implementation of its wharf maintenance program for ferry and charter wharves to ensure these facilities remain safe for use by customers. This program involves regular inspections of more than 100 maritime structures

located in Sydney, Newcastle and Port Kembla harbours, together with necessary maintenance work. In 2011-12, \$5.5 million was spent on scheduled works in the maintenance program.

Significant maintenance works completed in 2011-12 include repairs to concrete decks and timber piles, girders and headstocks at the Circular Quay wharves, repairs to shelter structures at Abbotsford Wharf and Cabarita Wharf, repairs to timber stairs at Darling Point Wharf and Birchgrove Wharf, and timber pile repairs at Manly East Wharf.

Rozelle Bay maritime precinct

Sydney Superyacht Marina (SSM) submitted a Part 3A Development Application. Sydney Boathouse is an approved dry stack boat storage facility for 670 boats, which will include waterfront retail, workshop, office space and a marina component that has already been substantially completed. The total cost of works is estimated to exceed \$55 million. During 2011-12, RMS undertook with the developer to revise the land-based development phasing to enable works on the Western Boat Store, which has a 270 boat capacity, to begin during 2012-13.

Dredging and remediation, south arm of Hunter River, Newcastle

As the holder of development consent for the Extension of Shipping Channels within the Port of Newcastle, RMS negotiates dredging licences within the south arm of the Hunter River to ensure dredging activities are carried out in accordance with the planning approval.

Newcastle Coal Infrastructure Group completed development, which enabled its coal terminal capacity to increase from 30 mtpa (million tonnes per annum) to 53 mtpa.

Port Waratah Coal Services (PWCS) is evaluating the development of a fourth coal terminal (known as T4) in the Port of Newcastle. During the year it began work on the feasibility study phase to further define the project. RMS is currently negotiating a dredging licence with PWCS whose proposed works are within the footprint of the approved area.

Maritime seabed leasing

Domestic leasing

RMS administers around 1500 domestic waterfront leases primarily for private jetties, mooring pens and other boating-related facilities. A program is in place to replace all existing expired leases with new leases for terms of three or 20 years. At July 2012, 872 new domestic leases had been drafted for tenants in Sydney Harbour and Botany Bay.

The method of rental pricing for domestic leasing across NSW was reviewed by the Independent Pricing and Regulatory Tribunal during 2011 and final recommendations were handed down in December 2011. The Government will adopt all 36 recommendations made.

Key recommendations included changes to the way the rate of return component of the rent formula is determined and introduction of an administration fee of \$400 per annum for each tenancy. The overall impact of the changes will be a reduction in rental revenue for RMS of approximately \$3.3 million in the 2012-13 financial year, with most RMS domestic waterfront tenants receiving a reduction in rent payable.

Commercial leasing

RMS is the land owner of Sydney Harbour and supports the development of marinas, clubs and other boating infrastructure to facilitate continued growth in commercial and recreational boating. New commercial leases were negotiated for the expansion, upgrade or retention of existing facilities at Smith's Spit Boatshed, Blues Point Slipway, Sydney Rowing Club Abbotsford, Royal Sydney Yacht Squadron Kirribilli, Sydney Flying Squadron Milsons Point, and the Australian 18 Foot Sailing Club at Double Bay.

Marine surveys

RMS continued its program of cadastral surveys and identification of mean highwater and former mean high water mark boundaries. The general purpose of these plans is for the subdivision, consolidation and redefinition of RMS foreshore lands.

RMS reviewed and endorsed 16 subdivisions to facilitate the long-term lease of privately owned marine structures (including boathouses, jetties, ramps, pontoons and piles for vessel moorings) and mean high water mark boundary endorsements. Although the majority of surveys conducted were related to domestic property development, the number of large and complex subdivision plans for large-scale commercial development in the ports of Newcastle and Port Kembla increased.

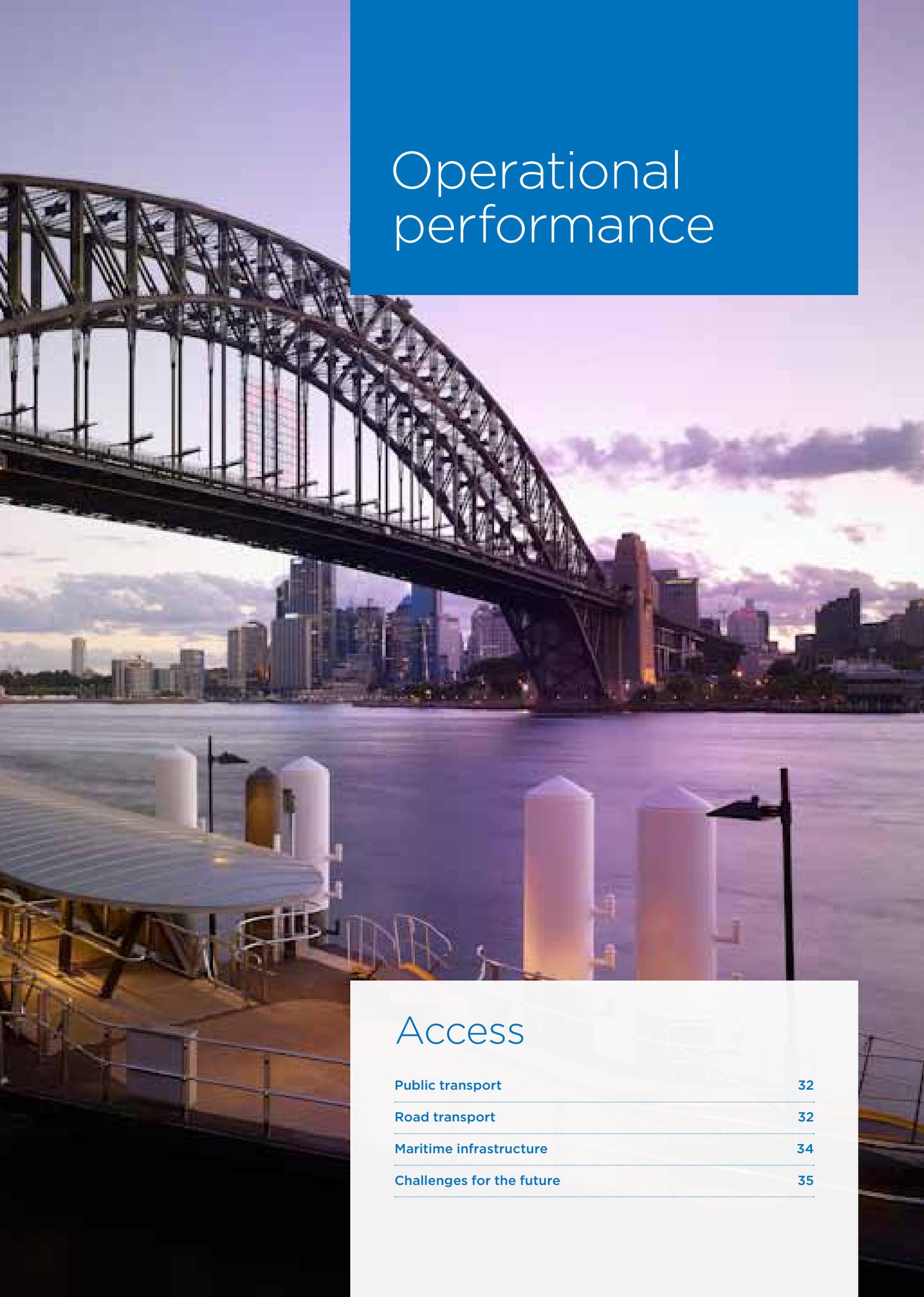
Two large, complex subdivisions managed by RMS were completed and registered at the Land and Property Information Office during the reporting period. They were DP 1151746 creating 16 lots at the Rozelle Bay maritime precinct, and DPs 1162896 & 1162898 at Berrys Bay, defining the former 'Woodleys' and 'Quarantine' sites respectively.

Hydrographic surveys for the purpose of monitoring seabed depths to ensure safe navigation were carried out at many locations including the Parramatta River, Swansea Channel, Black Neds Bay, the Batemans Bay entrance bar, Port Hacking and Georges River.

A significant bathymetric and side scan sonar survey was completed at Windsor on the Hawkesbury River in conjunction with investigations into the duplication of the Windsor Bridge. A bathymetric and foreshore topographic survey was also completed on the Murrumbidgee River near Yass in support of a maritime incident investigation.

Challenges for the future

- Continue to examine new technologies and treatments that can more effectively extend the life of road assets.
- Identify opportunities to reduce costs through more effective and efficient maintenance processes.
- Deliver the \$176 million Pavement Rebuilding Program for 2012-13.
- Improve our road maintenance plans and practices to deliver demonstrable savings of \$10 million in line with efficiency and savings targets.
- Deliver the \$238 million program of works for 2012-13 to address the impacts of previous natural disasters throughout NSW.
- Identify the next suite of bridge upgrades to facilitate wider HML access.



Operational performance

Access

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Access

The accessibility of transport options is aligned to the needs of the community and economy

RMS delivers initiatives to support access to public transport solutions such as buses, taxis, walking and cycling. RMS also works to ensure our infrastructure meets the needs of customers, such as by providing suitable access for mobility impaired travellers.

Public transport

Bicycle infrastructure

There are more than 10,055 km of cycleway in NSW. This year the cycleway network was improved with the completion of Stage 1 of the northern section of the Prospect to Blacktown cycleway. The 147 km of cycleway cost of \$27 million and consists of a shared path on Waterloo Road, Macquarie Park and a shared path on the southern side of the M4, between Merrylands and Holroyd. An integral part of the annual cycleway program is the 50:50 partnerships with Local Government which in 2011-12 delivered 110 cycleway projects in 76 local government areas across NSW.

Major road infrastructure projects also contributed \$6.3 million to the provision of shared paths as part of the Great Western Highway (Wentworth Falls East), Hoxton Park Road, Alfords Point Bridge (northern approach) Camden Valley Way (Cobbity to Narellan) and Thornton Railway Bridge (Maitland) infrastructure projects.

RMS has continued to improve the NSW Government cycling information website (www.bicycleinfo.nsw.gov.au). In 2011-12, the website was updated to provide access to Sydney-based bicycle use data and video footage for rides into the Sydney CBD.

Pedestrian program

The aim of the Pedestrian Facilities Program is to improve the safety, mobility and access of pedestrians in NSW. It includes activities such as the preparation of Pedestrian Access Mobility Plans, improvements to pedestrian facilities and construction of pedestrian bridges to improve safety. In 2011-12, the program delivered 65 pedestrian infrastructure projects at a cost of \$3.9 million on the NSW State Road network. An integral part of the program is the 50:50 partnership programs with Local Government, which improved pedestrian safety on regional and local roads through the delivery of 61 projects at a total cost of \$2.9 million.

Road transport

Intelligent Access Program

The Intelligent Access Program is a multi-jurisdictional initiative and an innovative solution to Australia's growing freight task, which allows road agencies to use satellite-based technology to monitor heavy vehicles. It ensures operators are only using approved routes for vehicle and load limits, while improving road safety, asset management and environmental outcomes.

As at June 2012, there were 684 vehicles and 442 cranes enrolled in the program, which provides enhanced route access to vehicles operating above statutory limits in NSW. This includes vehicles operating under Higher Mass Limits, restricted access vehicles and high risk mobile cranes.

Tri-axle dolly with full mass

NSW road train mass rules have changed to improve the productivity of the NSW road transport industry. From 1 July 2012, Type 1 and Type 2 road train combinations, using tri-axle converter dollies fitted with certified road friendly suspension, are able to operate on each appropriate road train network west of the Newell Highway at full regulatory axle mass limits. The new mass limits bring NSW into line with Queensland, Western Australia and South Australia.

Oversize loads of baled agricultural commodities

In NSW, vehicles carrying loads of baled hay, straw, wool and cotton may exceed the statutory width limit of 2.5 metres to a maximum of 2.7 m. This initiative took effect in July 2012 to facilitate the transportation of these loads by allowing for some irregularity in the size of the bales, which tend to expand once loaded onto a vehicle and also during travel. The exemption was developed in close consultation with the Australian fodder, wool, cotton and farming industries. The Class 3 Baled Agricultural Commodities Load Exemption Notice 2012 applies to vehicles transporting baled wool, hay and straw. It also applies to rectangular bales of cotton that have been baled at a cotton gin but does not apply to round cotton bales and modules.

Tunnel access for mobile cranes

Previously, all oversize vehicles including mobile cranes wider than 2.5 m have been restricted from travelling in all tunnels. The NSW Crane Industry Association requested that mobile cranes up to 2.9 m wide be provided with this access in order to decrease travel in urban areas. A trial in the Cross City Tunnel and the Lane Cove Tunnel was conducted to gain a better understanding of the movement of these oversize vehicles in tunnels. Both trials were successful and, as a result, mobile cranes up to a maximum width of 2.9 m are now permitted access to tunnels.

This concession is being provided as part of the Urban Access Concession which is available to eligible cranes enrolled in the Intelligent Access Program and was implemented and available to operators from 14 May 2012.

Cranes at 12 tonne per axle on 445 mm (16 inch) wide tyres

Under NSW Road Transport Law, mobile cranes are permitted to operate at 12 tonne per axle, provided the axles are fitted with single tyres at least 525 mm (20.5 inch) wide. Since 2006 the NSW Crane Industry Association (CIA) has requested concessions for increased axle mass limits and reduction in tyre widths.

From 14 May 2012, this exemption has been applied to All Terrain Cranes, up to and including five axles, with a maximum total mass limit of 50 tonnes. It is estimated that 25 per cent of the crane fleet are All Terrain Cranes, meaning this exemption will apply to approximately 250 NSW registered cranes. It is being provided through an update to the current Intelligent Access Program Mobile Crane permits.

Kamilaroi Highway - modern road trains

On 1 May 2012, the Kamilaroi Highway from Narrabri to Gunnedah Saleyards was opened to modernised road trains, B-triples and AB-triples. This change is delivering real benefits to the livestock and grain transport industries by providing growth to regional industries and economic benefits, improved trade, investment and employment opportunities to local communities.

The opening of this section of the highway to modernised road trains was possible following the completion of the agreed safety improvements in partnership with Gunnedah and Narrabri shire Councils and the NSW Government. About \$150,000 in safety work, including the installation of a number of wire rope safety barriers, was carried out on the 90 km stretch of highway.

Oversize and overmass heavy vehicle policy

The number of heavy vehicles accessing the NSW road network increased in 2011-12 with approximately 22,500 oversize/overmass permits issued. This represents a 60 per cent increase in permit applications for oversize/overmass loads since 2001. A permit is required if a restricted access vehicle exceeds statutory mass or dimension limits and/or requires access to the road network that is outside the scope of an oversize and/or overmass notice.

Over the past 12 months, RMS managed several high risk movements, including two 143 tonne autoclaves that required transportation between Sawtell and the Port of Brisbane. This movement required extensive planning and consultation between the RMS regions, the manufacturer, the transporter and other stakeholders before a permit authorising movement was issued.

Removal of requirement to carry Notices

A heavy vehicle drivers' 'requirement to carry' five Notices was removed at the Australian Trucking Convention in May 2012.

The Notices are:

- 19 Metre B-Double Mass Limit Notice 2010.
- Class 2 Road Train Notice 2010.
- Class 2 Controlled Access Bus Notice 2010.
- Class 2 Converter Dolly Combination Notice 2011.
- Class 2 Car Carrier Combination Notice 2011.

The five Notices were published in the NSW Government Gazette on Friday 18 May 2012. The removal eliminates paperwork for truck drivers and means they will no longer be fined for not carrying the notices.

Maritime Infrastructure

Better Boating Program

The RMS Better Boating Program provides grants for recreational boating infrastructure for the benefit of the boating community on NSW waterways. The current Better Boating Program began in 2009 and provides a commitment of \$25 million over five years.

This year a total of \$4.96 million in grants awarded for 64 projects across NSW, including the provision of public wharves/jetties, boat ramps, car/trailer parking, public sewage pumpout facilities, dinghy storage and related feasibility studies.

Regional infrastructure grants

RMS works in conjunction with councils during the year as part of River and Estuary Management Committees, local boating user groups or through Boating Safety Plans to identify opportunities and issues on waterways, including improvement to boating facilities.

In 2011-12, a total of 68 applications for Regional Infrastructure Grants were received for regional NSW, which resulted in 54 grants totaling \$3.1 million being offered.

Sharing Sydney Harbour Access Program

The Sharing Sydney Harbour Access Program grants are administered through the Department of Planning and Infrastructure, with funding for water based projects and technical assistance provided by RMS. Six grants were offered in 2011-12, totaling \$345,968.

Sydney Harbour boat ramps

The upgrade of boat ramp facilities in Sydney Harbour has been restricted in the past due to the limited availability of foreshore land for upgrades or new facilities. The fully funded Sydney Harbour Boat Ramps program aims to address the availability of boat launching access in Sydney Harbour.

Grants for four boat ramp projects were awarded full funding in 2011-12 to the value of \$1.5 million. During the year major upgrades began at:

- Lyne Park, Rose Bay.
- Davidson Park, Middle Harbour.
- Margaret St, Woolwich.
- Blaxland Rd, Rhodes.

Sydney Harbour commuter wharf upgrade program

RMS is delivering a program to upgrade Sydney Harbour's commuter ferry wharves. The program is delivering better access for customers who use mobility aids and increasing the speed at which customers can embark and disembark from ferries. Customers will also benefit from the improved safety and amenities.

The completion of the wharves at Neutral Bay and Rose Bay will raise the level of compliance for disabled access on commuter wharves from 31 per cent to 35 per cent. During the year, the design for the upgrade of Balmain (Thames St) Wharf was completed and a community information session was held at the Balmain Town Hall on 16 May 2012. The design for the upgrade of Huntleys Point Wharf was also completed and designs for Double Bay and McMahons Point wharves are in progress.

Neutral Bay Wharf upgrade

Work began on the \$8.3 million upgrade of Neutral Bay Wharf in February 2012. Work includes the demolition and removal of the existing wharf and construction of an entirely new ferry wharf in the same location and is due for completion in August 2012.

Rose Bay Wharf upgrade

Work also began on Rose Bay Wharf in April 2012. The work, to be completed at a cost of \$6.3 million, includes the retention of the existing wharf which will be converted into a charter vessel facility, demolition and removal of the existing public jetty to the north, and construction of an entirely new ferry wharf in place of this public jetty. The new Rose Bay Wharf is expected to be opened in September 2012.

Maritime precincts

Berrys Bay

Following a series of meetings with North Sydney Council and a local residents group in early 2012, RMS and the State Property Authority (SPA) agreed to defer a decision to sign an Agreement for Lease for the Berrys Bay maritime precinct until further studies and analyses had been completed.

RMS commissioned an independent scoping study and an independent review study, which began in May 2012. During the year, the SPA carried out further studies relating to the preparation of an Expressions of Interest document for both the RMS and the SPA sites within the former Berrys Bay quarantine depot.

Balls Head

A number of redevelopment options have been prepared for the Balls Head Wharf ranging from full demolition to full restoration of existing structures. In January 2012, a make-safe wharf maintenance program resulted in the removal of some 55 tonnes of timber superstructure and loose material. An ecological assessment of the wharf site was completed in May 2012. Following a workshop in April 2012 with North Sydney Council and community representatives, RMS has deferred further consideration of the redevelopment of this site pending the development of North Sydney Council's proposed Waverton Peninsula Strategy update.

Blackwattle Bay

On 19 April 2012, Blackwattle Bay Marina Pty Ltd (BBM) received Department of Planning and Infrastructure requirements for a development application for its major works component to develop RMS dry land at the southern end of Blackwattle Bay, for a maritime commercial/retail development and a permanent home base for charter vessels.

The major works component is a State Significant development in accordance with State Environmental Planning Policy (State and Regional Development) 2011. On 12 May 2012, BBM submitted a development application for its marina works, which comprise the permanent installation of pontoons, access ramps and piles for 19 charter vessel berths.

Circular Quay Wharf 1 pontoon replacement

In December 2011 the existing floating pontoon at Circular Quay Wharf 1 was replaced at a cost of \$1.8 million. The new pontoon has been designed with increased capacity and additional safety features to provide an improved facility for customers.

Challenges for the future

- Implement a collaborative model to improve access for higher productivity vehicles to achieve economic gains balanced with safety and asset sustainability.
- Establish a program for overheight vehicles including implementing an information and awareness campaign for height restricted infrastructure.
- Ensure existing concessions, exemptions and access declarations by way of notices and permits are maintained by participating in the Local Productivity Initiative Project Group.
- Develop strategies to promote boat storage and safe access to waterways.
- Deliver upgrades to Neutral Bay, Rose Bay, Balmain Thames Street and Huntleys Point commuter wharves.

Operational performance



Safety

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Safety

The safety and security of the transport system is maximised

RMS manages important compliance schemes and initiatives to promote safe behaviours of users on our networks and to deliver safe transport outcomes.

Incidents and fatalities

Roads

Provisional data for 2011-12 indicate there were 396 fatalities, 8 per cent more than the provisional figure for 2010-11, but the third lowest number for a financial year since 1944-45.

Analysis of the provisional fatal crash data for the financial year ending 30 June 2012 revealed that:

- Speeding was a factor in around 38 per cent of fatalities.
- At least 12 per cent of fatalities were the result of a crash involving a driver or rider with a blood alcohol level above the legal limit.
- At least 13 per cent of people killed in motor vehicles were not wearing available restraints.

- Driver fatigue contributed to around 18 per cent of fatalities.
- At least 14 per cent of motorcyclists killed were not wearing helmets. Motorcyclists accounted for 15 per cent of fatalities.

Since 2002, fatalities have decreased in NSW by 32 per cent while fatalities for the rest of Australia have decreased by 21 per cent. Compared to the road toll improvements for the rest of Australia, it is estimated that NSW has saved 530 lives since 2002.

With 376 recorded fatalities in the 2011 calendar year (provisional figure as at 1 January 2012), NSW achieved the second lowest annual figure since 1944 (with 371 fatalities).

The lowest annual figure since 1944 occurred in 2008 (with 374 fatalities).

During the twelve months ending June 2012, provisional data indicated that there were 396 fatalities on NSW roads, the third lowest financial year outcome since 1944-45 (with 368 fatalities).

The NSW fatality rate per 100,000 population in calendar year 2011 was 5.1 (provisional figure), down from 5.7 in 2010, the lowest figure since records began in 1908. Table 12 shows the comparison with fatality rates in other regions.

Figure 12. Trends in road fatalities, NSW compared to rest of Australia 2001-2011

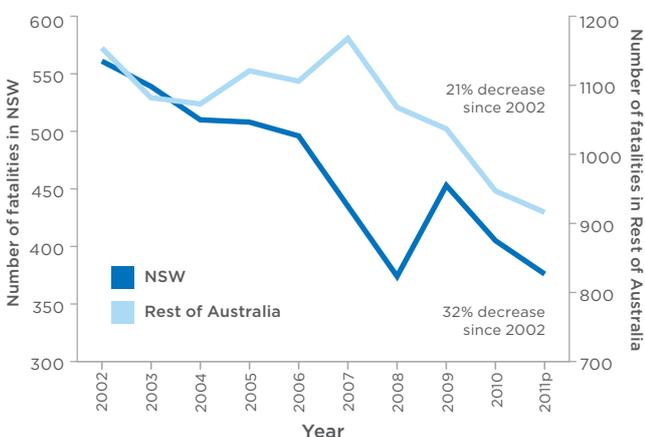


Figure 13. Fatalities, NSW, 12 months ending June 1944-45 to 2011-12



* Provisional figures as at 1 July 2011 and 1 July 2012 respectively

Table 12. Fatality rates per 100,000 population in 2011

| Region/country | Fatality rate per 100,000 population |
|----------------|--------------------------------------|
| NSW | 5.1 |
| Australia | 5.7 |
| France | 6.4 |
| Italy | 6.8 |
| New Zealand | 8.6 |
| United States | 10.7 |
| Sweden | 2.8 |
| United Kingdom | 3.1 |
| Netherlands | 3.2 |

* Provisional figure

The NSW 2021 Plan outlines a primary road safety target of 4.3 per 100,000 population by 2016. The draft *NSW Road Safety Strategy* outlines targets based on the National Road Safety Strategy objective of a 30 per cent reduction in the number of fatalities and serious injuries from 2008 to 2010 baseline levels to be achieved by 2021. Based on expected population growth and a 30 per cent reduction in fatalities, the specific objective under the draft NSW strategy is to achieve 3.2 fatalities per 100,000 population by 2021.

Marine

RMS recorded 330 boating incidents for the year, which involved both recreational and commercial vessels. The number of incidents was a 12 per cent increase from the previous period (294) and 9 per cent less than the 10-year average of 363.

Table 13 provides a summary of incident data for 2011-12 compared with the results for 2010-11. The table shows that:

- 73 per cent of all incidents (240) involved recreational vessels.
- 18 per cent of all incidents (60) involved commercial vessels.
- 9 per cent of all incidents (30) involved both commercial and recreational vessels.

The types of injuries reported during 2011-12 were:

- 19 fatalities. This was up 72.5 per cent from 11 in 2010-2011 and is 23.3 per cent higher than the five year average of 15.4.
- 63 serious injuries. This was up 58 per cent from 40 in 2010-2011 and is 21.1 per cent higher than the five year average of 52.

- 63 minor injuries. This was down 41 per cent from 107 in 2010-2011 and is 26.9 per cent lower than the five year average of 86.2.
- 15 fatal incidents. This was up 50 per cent from 10 in 2010-2011 and is 2.7 per cent higher than the five year average of 14.6.

Preliminary analysis indicates that drowning was the cause of death in the majority of fatalities. Of the fatalities, thirteen were the result of incidents involving a vessel capsizing or a person falling overboard, three fatalities resulted from a collision with a fixed object, and one was due to a propeller strike. The remaining two fatalities appear to be the result of the victims sustaining heart attacks while operating or being towed by a vessel. Lifejackets were only worn by two of the deceased and both of these victims died in high-speed incidents where lifejackets would have offered limited protection.

The statistics continue to show that in the vast majority of boating fatalities there has been a failure to wear a lifejacket during a period of heightened risk. Most of the deaths may have been prevented had a lifejacket been worn.

Table 13. Summary of maritime incident data (2011-12 and 2010-11)

| Vessel type | 2010-11 | | | | 2011-12 | | | |
|------------------|--------------|------------|-------------------------|------------|--------------|------------|-------------------------|------------|
| | Recreational | Commercial | Commercial/recreational | Total | Recreational | Commercial | Commercial/recreational | Total |
| Incidents | 215 | 47 | 32 | 294 | 240 | 60 | 30 | 330 |
| Fatalities | 9* | 2 | 0 | 11* | 17 | 2 | 0 | 19 |
| Serious injuries | 30 | 7 | 3 | 40 | 47 | 12 | 4 | 63 |
| Minor injuries | 77 | 27 | 3 | 107 | 50 | 13 | 0 | 63 |

* One fatality that occurred in the 2010-2011 financial year was not reported to Roads and Maritime Services until after the 2010-2011 Annual Report had been compiled and does not appear in that document.

Delivering safer roads

In 2011-12, RMS invested \$103.7 million on engineering treatments specifically targeting road safety. This included the Federal and State Black Spot Programs, the Road Toll Response Package, the Heavy Vehicle Safety and Productivity Program, and implementation of road safety reviews on Picton Road and the Newell Highway.

Black Spot Program

A total of \$21 million was spent on the Australian Government's Nation Building Black Spot Program with projects completed at 97 regional and metropolitan locations across NSW. A diverse range of treatments were implemented, including barrier fencing on the F3 Freeway, new and upgraded traffic signals, roundabouts, road realignment and shoulder widening.

This year the NSW Government has continued to fund its base program of \$23 million for treatments at more than 90 locations with a high crash risk. Examples of this include a response to the increasing number of crashes on the Pacific Highway at Urunga. In addition, the NSW Government has continued its commitment to a number of supplementary programs specifically targeting issues or routes where road safety outcomes can be improved.

Pacific Highway – interim priority black spots

Interim safety works have been delivered under various programs. Seven projects totalling around \$21.5 million have been substantially completed. A safety review of the Frederickton to Nambucca Heads section has been finalised with some linemarking and signposting changes implemented as a result.

Road Toll Response Package

The road safety engineering aspects of the Road Toll Response Package are programs to install safety barrier fencing and pedestrian fencing, implement the findings of highway safety reviews and fund identified works on roads managed by Local Government Councils. The total expenditure for 2011-12, which was the second full year of a five-year program, was \$29.5 million.

Heavy Vehicle Safety and Productivity Program

The Heavy Vehicle Safety and Productivity Program is a joint initiative of the Australian and State governments. It includes new and upgraded rest areas and bridge-strengthening to address fatigue and access issues for the freight industry.

In 2011-12, total expenditure on rest areas was \$13.5 million. To date in the first two rounds of the program, 63 of the 68 rest area projects have been completed. The Australian Government has announced that Round 3 of the program will begin in 2012-13.

Newell Highway safety works

In 2011-12, RMS completed the Newell Highway Safety Review three year, \$30 million program of safety works along the approximately 1060 km length of the highway. The road strategy for the Newell Highway was developed following the Newell Highway Safety Review 2009 and Road Toll Response Package 2010.

During the three year program, RMS worked closely with the Newell Highway Taskforce with representation from local government, NRMA, Members of Parliament, truck operators and transport groups.

The strategy delivered key road safety interventions to improve safety along the route including road realignment and widening, intersection upgrades, hazard removal, installation of safety barriers and a review of speed zones. This implementation of safety works was supported by enhanced enforcement by both the NSW Police Force and Heavy Vehicle Inspectors.

Picton Road safety works

In 2011-12, the Cordeaux Dam junction on Picton Road was upgraded, Stage 1 widening and barrier works west of Mt Keira Road were completed and a significant amount of widening and barrier work was completed on the 2.5 km length between NRE and Cordeaux Collieries. This safety initiative has delivered 10 km of central barrier along the route which is having a direct positive impact on reducing the occurrence of head-on crashes.

Improving road user safety

Railway Crossing Program

The Level Crossing Improvement Program is aimed at improving the safety of railway crossings.

In 2011–12, major railway crossing upgrades were completed at Bathampton Road, Wimbledon; Amaroo Road, Amaroo; Mackays Road, Coffs Harbour; and Hoddle Street, Robertson. Public education campaigns in local media, site specific education and enforcement increased community awareness of safety issues at railway crossings. This year, \$7.4 million was invested in improving safety at railway crossings in NSW.

As part of this program, RMS released the Railway Crossing Safety Series 2011. This provided the criteria for one hundred railway crossings on RMS-controlled roads to be assessed for safety and the development of a forward program of minor works improvements.

School Crossing Supervisor Program

The School Crossing Supervisor Program is a key road safety initiative to improve the safety of primary school children using supervised pedestrian facilities to access their local school. The program is coordinated by RMS and employs more than 1100 school crossing supervisors on a statewide basis.

In November 2011, the program completed the Occupational Health and Safety Drive-through Project, which investigated the frequency and cause of reported drive through incidents at supervised school pedestrian crossings across the State.

Consultation with interstate and international jurisdictions with similar programs was carried out to determine interventions that would positively influence driver behaviour and improve community awareness to reduce the number of drive through incidents. A number of recommendations and associated costs to improve the safety at supervised school crossing facilities have been identified.

School zone flashing lights

Flashing lights were installed at 138 school zones in the Sydney metropolitan area and 43 regional area zones, bringing the total to 182 for the year. The flashing lights warn motorists to slow down as they enter 40 km/h school zones and improve safety for school children.

Combating speed

Point-to-point cameras

Point-to-point cameras are being introduced to enforce restrictions on heavy vehicle speeding in NSW. This technology can enforce speed limits over long stretches of road. It is on these longer stretches that heavy vehicle speeding is of greatest concern.

Between December 2011 and June 2012, eight enforcement lengths were fully operating. The rollout of point-to-point average speed cameras for heavy vehicles had delivered 16 operational lengths by June 2012. A total of 24 lengths are planned to be rolled out, six by the end of this calendar year and the remaining two by June 2013.

Red light speed (safety) cameras

Safety cameras are installed to make intersections safer by enforcing both speeding and red-light compliance. At June 2012, 105 red-light speed cameras were operating at 91 intersections. The program was reviewed from July 2011 to June 2012, following the release of an Auditor-General report. During 2011–12, it was announced that the Red Light Safety camera installation program would recommence after the recommendations of the Auditor-General's review of speed camera programs were published.

Mobile speed cameras

Mobile speed cameras were reintroduced in July 2010 in response to an increasing road toll. Their purpose is to produce a sustained change in driver behaviour through anywhere, anytime enforcement to reduce fatalities and injuries on roads. At June 2012, the program had already delivered 930 hours of enforcement per month.

The program was reviewed from July 2011 to June 2012, following the release of an Auditor-General's report on cameras. On 1 June 2012, Stage II of the program was announced and will deliver 7000 hours of enforcement per month by June 2013.

Heavy vehicle compliance and enforcement investigations

In early 2012, RMS investigators led a series of operations targeting the speed management practices of four major transport companies. The operations were initiated following a triple fatality resulting from a B-Double colliding with a light vehicle near Menangle on 24 January 2012.

The operations involved enforcement staff targeting heavy vehicle compliance at various RMS heavy vehicle inspection stations and through inspection of vehicles. Following this, search warrants were produced with directions to produce information and records. This resulted in the detection of a number of contraventions of speed limiter requirements and chain of responsibility obligations to prevent heavy vehicle speeding. More than 1000 Court Attendance Notices were prepared throughout the operation with ongoing legal assistance and advice.

Slow Down Road Show

The Slow Down Road Show aims to deliver messages to the community about the consequences of speeding. It is an interactive display that features two crashed cars – one crashed at 60 km/h and the other at 100 km/h, to highlight the differences in impact at higher speed.

Between November 2011 and July 2012, the Slow Down Road Show reached more than 250,000 members of the community. Locations included the NSW 2012 Royal Easter Show.

NSW SpeedBlitz Blues sponsorship

This was RMS' 10th year as major sponsor of the NSW men's cricket team. The sponsorship aims to change driver attitudes towards speeding by making the behaviour socially unacceptable. This was the first year of a two-year contract extension, valued at \$1.21 million for the two-year term. This is RMS' last year as major sponsor, as the contract transfers to Transport for NSW for the 2012-13 season.

The Slow Down Pledge, a Facebook initiative designed to encourage drivers and passengers to take the pledge to slow down on our roads, continued to be a key call to action. At 30 June 2012, 3375 people had taken the pledge.

A number of NSW SpeedBlitz Blues players travelled with the 'On the Road' Road Show, an interactive educational road show. The event reached 7370 students across 46 secondary schools, including 10 regional areas and four metro areas.

Electronic work diaries

NSW law requires drivers of heavy vehicles, when travelling 100 km from base, to record their hours of work and rest in a work diary. National heavy vehicle fatigue laws allow the use of an electronic work diary as an alternative to a written work diary. A two-stage pilot of electronic work diaries is underway. Funding of \$5 million over three years is under the NSW Government's \$170 million Road Toll Response Package. The pilot is in partnership with the Government and National Transport Commission together with the road and police agencies of Queensland, Victoria, South Australia and Western Australia.

Stage 1 of the pilot was conducted from July 2011 to March 2012 and included 27 drivers and 10 transport operators using a range of in-vehicle electronic work diary options. It was a small scale pilot to test processes and systems and prepare for Stage 2.

Stage 2 began in March 2012. The purpose of Stage 2 is to build on the findings from Stage 1, resolve key legal and policy issues necessary for electronic work diary implementation and operation, and finalise the technical performance specifications for electronic work diaries. The field work in Stage 2 includes coordinated intercepts in NSW, Queensland, Victoria and South Australia. Supporting the pilot is a website (www.ewd.gov.au).

'P' Driver Project

The 'P' Driver Project is a behaviour-based program that is being trialled to determine its effectiveness in improving behaviour and reducing the number of crashes involving provisional drivers. It is a collaborative project between the Australian, NSW and Victorian governments plus a number of private organisations, including NRMA Insurance, the Royal Automotive Club of Victoria and the Federal Chamber of Automotive Industries.

The first NSW 'P' Driver project session was held in western Sydney in January 2012. Further program sessions were held in other NSW trial regions (Dubbo/Forbes/Parkes, Armidale/Tamworth, Lismore/Tweed Heads) during February and March 2012.

Vehicle Safety Compliance Certification Scheme

This scheme was introduced in December 2011, replacing the Engineering Certification Scheme. It ensures that only people licensed under the scheme can assess modified, individually constructed, and imported vehicles and certify compliance with applicable vehicle standards. As at 30 June 2012, there were 56 active licensed certifiers in the new scheme.

Maximising boating safety

Boating safety compliance

The number of vessel safety compliance checks carried out by RMS Boating Safety Officers in 2011-12 was 48,448, an increase of some 7000 checks over the previous period in 2010-11. A total of 2067 Penalty Notices were issued across NSW during the period for a range of offences. Non-compliance with safety equipment regulations (including lifejackets) accounted for 1019 or 49 per cent of Notices issued, which is a significant increase from 33 per cent in the previous period. This is attributed to the lifejacket reform that took place on 1 November 2010 with the focus of campaign activities shifting from education to compliance in 2011.

Excessive speed accounted for 374, or 18 per cent, of penalty notices. Non-compliance with safety of navigation regulations made up 13 per cent which includes offences such as not complying with distance off or towing requirements. The remaining notices were issued for a range of offences, including non-compliance with licence, registration and navigation light requirements.

Statewide and regional education and compliance campaigns

For the 2011-12 boating season, RMS scheduled nine statewide education and compliance campaigns. Campaigns were spread over longer periods than the normal one weekend to accommodate poor weather, resources, and cover larger geographical areas. Each campaign had a specific primary focus, with all campaigns including a lifejacket and safety equipment compliance component. A wide range of activities including boating checks, skipper education, safety equipment maintenance, navigation education and commercial vessel safety compliance was covered. There was a general increase in the number of checks conducted during these campaigns when compared with 2010-11. This was mainly attributable to increasing the length of the campaigns. Lifejacket education still appears to be a major challenge.

Lifejacket education

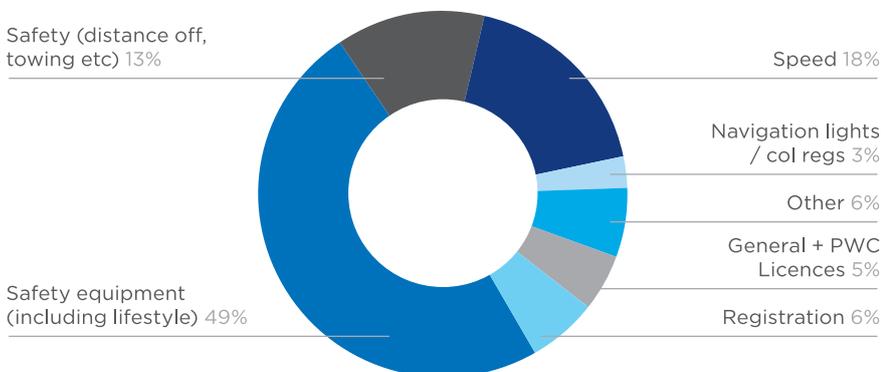
Lifejackets remained the primary boating safety message for the year and was a theme of all campaigns. From November 2011, Boating Safety Officers applied a stricter approach to compliance, following a 12 month "education" period after new lifejacket laws were introduced in November 2010.

National maritime safety reform

A National System for Commercial Vessel Safety is expected to begin in all states and territories in January 2013. It will replace 50 state and territory laws and will combine eight commercial vessel regulatory systems into one. RMS has established a project team to coordinate implementation in NSW.

RMS has mapped the impact of the new system to its processes, systems and resources and is in the process of making the necessary changes to become compliant with the new requirements when they are introduced.

Figure 14. Individual types of boating penalty notice according to percentage of total penalty notices issued



Alcohol and drug testing

More than 13,143 random breath tests were carried out on vessel operators by the NSW Police Force. A total of 41 vessel operators were charged for being over the 0.05 prescribed alcohol limit. RMS continued its public education on the risks associated with boating under the influence of alcohol and drugs.

Aids to navigation

RMS maintains 3418 aids to navigation, of which 1544 are lit, on NSW navigable waters. In the period 1 November 2011 to 30 June 2012, RMS replaced 206 aids to navigation due to age, damage or floods, including:

- 66 lights.
- 22 PVC markers replaced aged steel pipe markers.
- 4 timber poles.
- 35 small aqua-buoys.
- 29 medium size buoys.
- 40 large size plastic buoys.
- 5 courtesy mooring buoys.
- 5 hi-flow trial buoys.

New capital installations and major upgrades were also completed, including Corrie Island Lead, Clarence River lights, Lake Albert buoys, Wallis Lake piles and buoys, Port Hacking buoys, Georges River buoys, Brisbane Waters piles and Botany Bay synchronised lights.

A total of 607 maintenance notifications were issued for works required. The aids to navigation maintenance contractor achieved a 100 per cent compliance rating for meeting key contract performance targets during 2011-12.

The aids to navigation in the Ports of Yamba and Eden were transferred to Sydney Ports Corporation on 30 November 2011.

Maritime investigations

RMS conducted 25 investigations into marine accidents, and three investigations into fraud related offences (vessel rebirthing and registration forgery). These investigations resulted in nine infringements being issued, and one court prosecution which resulted in a record fine of more than \$15,000 to the offending individual.

One officer also attended a Coronial hearing to give expert evidence into a fatal incident. Several of the investigations conducted resulted in safety recommendations being made to the vessel operators.

Challenges for the future

- Deliver road safety related compliance schemes including point-to-point cameras and mobile speed camera enforcement.
- Review policies and procedures relating to on-water compliance to ensure appropriate efficiency and effectiveness.
- Develop a three year plan and deliver 'year one' education activities to promote safe and responsible boating, with an emphasis on personal responsibility and lifejacket use.
- Implement the National Maritime Safety Regulator service delivery agent arrangements.
- Continue to work collaboratively with the NSW Centre for Road Safety and key stakeholders to ensure alignment to strategic direction and understanding of stakeholder needs.
- Deliver the \$36 million State and Federal Black Spot Programs to improve the safety of infrastructure at key locations.

Operational performance



Environment

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Environment

The impact of transport on the environment is minimised

RMS supports and drives sustainable and compliant environmental management practices and behaviours to ensure that the impact of our works on the environment is minimised.

Infrastructure

Protecting biodiversity

Biodiversity is the variety of life forms, including different plants and animals and the genes they contain, and the ecosystems in which they live. RMS is committed to the protection of biodiversity in road reserves and considers biodiversity issues carefully during route selection and road design for all infrastructure projects.

Biodiversity protection is achieved through the following:

- Regular environmental inspections of construction sites.
- Development, review and implementation of environmental impact assessments.
- Policies, guidelines and procedures.
- Environmental specifications.

- Environmental awareness training for RMS staff and council workers.

Table 14 outlines how RMS protected and enhanced biodiversity during the reporting period.

RMS contributed to a number of Threatened Species Recovery Plans prepared by the NSW Office of Environment and Heritage in accordance with Part 4 of the *Threatened Species Conservation Act 1995*. Refer to Appendix 2 for full details.

Table 14. Biodiversity projects

| Activity | Purpose | Progress |
|---|--|--|
| Contribute to the NSW Wildlife Council | Manage wildlife on roads. | RMS provided \$25,000 to the NSW Wildlife Council, which coordinates wildlife carer groups and advises carers on wildlife management policy. |
| Develop biodiversity guidelines for protecting biodiversity during construction and maintaining connectivity. | Provide best-practice guidance and encourage consistency across NSW in protecting biodiversity during construction activities and maintenance works. | A best practice note on biodiversity assessment for road projects was published. A consultants' briefing on the use of the best practice note was held in March 2012. |
| Monitor the effectiveness of measures to allow threatened squirrel gliders to move across the Hume Highway. | Minimise impacts on biodiversity. | RMS continued to support a joint research project with VicRoads and the University of Melbourne to determine the effectiveness of fauna crossing structures for roads. Results are being used in the design of crossing structures for other RMS projects. |

| Activity | Purpose | Progress |
|--|--|---|
| Manage Green and Golden Bell Frog (<i>Litoria aurea</i>), South Nowra. | Minimise impacts on biodiversity. | In November 2011, RMS discovered that a Green and Golden Bell Frog population had expanded in to the project area of the Princes Highway Upgrade at South Nowra. In consultation with State and Commonwealth agencies, RMS developed and implemented a comprehensive plan of management to minimise the impact of the road project on the threatened frogs. |
| Monitor Pacific Highway threatened species. | Minimise impacts on biodiversity. | RMS undertook a monitoring program studying the impact of highway development on populations of Spotted-tailed quolls, Rufous bettongs and the endangered coastal emu population. |
| Implement biodiversity offsets. | Purchase and manage land to offset unavoidable biodiversity impacts. | In November 2011, RMS adopted a Guideline for Biodiversity Offsets and continued to implement Biodiversity Offset Strategies for a range of projects including the Hume Highway Duplication, Hume Highway bypasses and the Pacific Highway Upgrade. |

Roadside environment

RMS continued to support the Roadside Environment Committee and funded the committee's secretariat and meeting costs in 2011-12. The committee is a multi-agency advisory body that promotes the management of linear reserves to balance environmental, social and economic values. The member organisations are:

- RMS.
- Nature Conservation Council.
- Essential Energy.
- Rural Fire Service.
- RailCorp.
- Institute of Public Works Engineering Australia.
- Local Government and Shires Association.

- Livestock Health and Pest Authorities.
- Office of Environment and Heritage.
- Department of Primary Industries.
- Transgrid.
- Catchment management authorities.

Key achievements in 2011-12 included:

- Supporting the Roadside Vegetation Implementation Project by assessing applications with the Local Government and Shires Association. A total of \$1,286,428 of Environmental Trust funding was distributed across 28 projects and 31 local councils across NSW.
- Mapping the status and implementation of Roadside Vegetation Management Plans across NSW.

- Sponsoring the inaugural Roadside Environmental Management Award as part of the 2011 Local Government Excellence in the Environment Awards. The awards recognise outstanding achievements by NSW Local Government in managing and protecting the environment. The winners of the 2011 award were:
 - Winner A Division: Cooma-Monaro Shire Council - Cooma-Monaro Shire Council Native Roadside Vegetation GIS Layer.
 - Winner B Division and Overall Category Winner: Mid-Western Regional Council - Roadside Corridor Management Project.
 - Winner C Division: Hunter and Central Coast Regional Environmental Management Strategy (HCCREMS) - Regional Roadside Vegetation Marker Scheme.

- Supporting a pilot training program in roadside environmental management for local council staff with three councils: Wyong, Singleton and Gloucester.
- Presenting at the Central West and Lachlan Local Government Reference Forums in November 2011.

Environmental planning and assessment

The environmental framework

The *Environmental Planning and Assessment Act 1979* (EP&A Act) establishes the process for environmental impact assessment and approval. The *Environmental Impact Assessment Guidelines* provide a framework to ensure that RMS environmental assessments are of high quality and meet community expectations.

Managing environmental requirements for projects of State significance

From November 2011 to June 2012, two RMS projects were approved by the Minister for Planning under Part 3A of the EP&A Act, which requires environmental assessments to be carried out. The projects were the:

- M5 West widening project.
- Oxley Highway to Kempsey Upgrade (Pacific Highway).

In October 2011, changes were made, which included the repeal of Part 3A and the introduction of a new regime for assessment of State significant infrastructure under a new Part 5.1 of the Act. Since the introduction of Part 5.1, RMS

has lodged two State significant infrastructure applications and received environmental assessment requirements for the:

- Windsor Bridge replacement project.
- Woolgoolga to Ballina Upgrade (Pacific Highway).

Environmental investigations and the preparation of Environmental Impact Statements for these projects have begun. A procedure with supporting templates and guidance notes dealing with State significant infrastructure under Part 5.1 of the EP&A Act is being developed. Awareness of the new Part 5.1 assessment processes was extended across the organisation through briefings and information sessions.

Managing Part 5 reviews of environmental factors

Part 5 of the EP&A Act applies to activities that do not require development consent under Part 4 or approval under Part 5.1 (or under the former Part 3A). Part 5 applies to the majority of RMS projects. For these projects, RMS is the proponent and prepares a Review of Environmental Factors report prior to determining whether or not the project should proceed.

The report examines the potential environmental impacts of activities, assesses whether or not the potential impacts would be significant, and identifies measures to avoid, minimise, mitigate and in some cases, offset impacts. As part of the *Environmental Impact Assessment Guidelines*, RMS has procedures with supporting templates and guidance notes to ensure quality assessment of works carried out under Part 5.

Between 1 November 2011 and 30 June 2012, RMS exhibited reviews for environmental factors for community input for five projects:

- Bringelly Road.
- Richmond Road.
- Great Western Highway – Kelso.
- Termeil Creek.
- Kirribilli – Ennis Road redevelopment.

Environmental performance improvement

In 2011-12, regional environment staff undertook more than 500 inspections on 230 separate construction and maintenance projects being carried out by 47 separate contracting companies. Strategic environmental reviews were conducted on complex projects across the State including Kempsey Bypass, Holbrook Bypass, the M2 Motorway Upgrade and Erskine Park Link Road. The results and recommendations from these reviews were fed back to contractors and reported to the RMS Executive Environment Committee.

RMS also used external and internal environmental auditors to audit 12 construction projects in the period 1 November 2011 to 30 June 2012. These audit reports are used to review and improve contractors' environmental management systems and on-the-ground environmental controls.

Table 15. Licences issued for RMS activities

| Project/site name | Licensed activity |
|-------------------------------------|------------------------------------|
| Camden Valley Way Upgrade | Road construction |
| F5 Widening | Road construction |
| Central Coast Highway | Road construction |
| Hunter Expressway early works* | Road construction |
| Woodford to Hazelbrook Upgrade** | Road construction |
| Newcastle Inner City Bypass** | Road construction |
| Mortlake Slipway | Marinas and boat repair facilities |
| Ashby Dry Dock | Marinas and boat repair facilities |
| James Craig Marina | Marinas and boat repair facilities |
| Rockdale Depot | Transport of waste |
| Wagga Depot | Transport of waste |
| Unanderra Waste Processing Facility | Waste management |
| Mewburn's Gravel Quarry | Hard rock gravel quarrying |

*The environment protection licence for the Hunter Expressway early works was surrendered on 12 January 2012.

**RMS held the environment protection licences for the Woodford to Hazelbrook Upgrade and the Newcastle Inner City Bypass for a short period due to the contractor and licence holder becoming insolvent.

Environment protection licence management

RMS is required to hold environment protection licences under the *Protection of the Environment Operations (POEO) Act 1997* for certain activities that trigger the licensing schedule in the Act. During the reporting period, RMS held 13 licences under the Act. RMS was issued with one penalty notice from the Environmental Protection Agency for pollution of waters resulting from a discharge of dirty water from a sediment basin on the Central Coast Highway Upgrade project in February 2012.

Noise management

Noise Abatement Program

In 2011-12, RMS treated 126 dwellings exposed to high levels of road traffic noise under the Noise Abatement Program. Architectural noise treatments include sealing around doors and windows,

installing mechanical ventilation and replacing doors and windows with acoustically rated units. The majority of building treatments were provided in the Sydney region (around 90 homes and two schools) with the remaining treatments focused in the Northern area of the State. RMS allocated \$8 million to the program in 2011-12. This increase from \$3 million in 2010-11 was to help reduce the backlog of residences waiting for treatment. It will be increased to \$15 million in 2012-13.

Noise Nightworks DVD

The *Minimising noise from night works DVD* was developed and released. The DVD raises environmental awareness of how to approach noise management for night time works. The DVD was distributed to construction partners and the video is available to the public on the RMS Road Projects resources page.

Land and water management

Erosion and sedimentation control training

RMS delivered two-day erosion and sedimentation training across all RMS regions to 124 attendees including RMS staff, RMS contractors and staff from the NSW Environment Protection Authority. The training is designed to improve the management of erosion and sedimentation control on all RMS-contracted road construction sites.

Management of tannins from vegetation mulch

Tannins are naturally occurring plant compounds released when plants naturally breakdown in the environment. The stockpiling of vegetation mulch on construction sites may concentrate the production of tannins and result in discoloured stormwater discharges. RMS approved an Environmental Direction, which sets minimum management measures for a risk based approach to management of mulch on construction sites. The measures apply to all sites with higher level management measures to be applied to sites with a high risk of tannin generation.

Heritage

Unexpected Archaeological Finds Procedure

The Unexpected Archaeological Finds Procedure was developed to provide guidance on how to proceed in the event of uncovering an unexpected archaeological find (both Aboriginal and non-Aboriginal) during RMS activities. The procedure provides direction on when to stop work, where to seek technical advice, and how to notify the regulator if required.

The procedure includes RMS' heritage notification obligations under the following legislation: *Heritage Act 1977* (NSW), *National Parks and Wildlife Act 1974* (NSW), *Aboriginal and Torres Strait Islander Heritage Protection Act 1984* (Commonwealth) and the *Coroner's Act 2009* (NSW).

Heritage and Conservation Register

RMS continues to manage its S170 Heritage and Conservation Register, in accordance with S170 of the *Heritage Act 1977* (NSW). The register documents RMS' State and locally significant heritage assets and currently lists 319 items including bridges, buildings, memorials and movable heritage items among others. With the formation of RMS and the alignment of maritime and roads service delivery, the 84 individual heritage assets managed by the former NSW Maritime are currently being incorporated with RMS roads-related heritage into a revised RMS Heritage Register.

In November 2012, RMS started cataloguing, tagging and re-housing the significant movable heritage items associated with cash tolling on the Sydney Harbour Bridge, which ceased with the introduction of fully electronic tolling. Around 100 items and collections of items, were catalogued and tagged, including 'toll paid' indicators; toll collectors' bags, uniforms and caps; cash boxes; toll signs and automatic coin counting machines. These items are now included within the RMS Movable Heritage collection, recorded in the S170 Register.

Aboriginal cultural heritage consultation

Aboriginal cultural heritage impacts on a range of projects from maintenance works to highway upgrades. In November 2011 the *Procedure for Aboriginal Cultural Heritage Consultation and Investigation* was updated to address amendments to the *National Parks and Wildlife Act 1974*.

The procedure ensures that Aboriginal cultural heritage is assessed and managed in a responsible and appropriate manner with active engagement from the Aboriginal community.

Managing Aboriginal cultural heritage on RMS projects

Although RMS seeks to avoid impacts on Aboriginal cultural heritage, this is not always possible. In such cases, RMS must ensure that it manages its impacts in accordance with relevant legislation.

For many projects being assessed under Part 5 of the *Planning and Assessment Act 1979*, RMS is required to seek an Aboriginal Heritage Impact Permit to allow for impacts on Aboriginal objects and places. Permits were sought for the following RMS projects:

- Camden Valley Way Upgrade.
- Gostwyck Bridge Upgrade.
- Hunter Expressway, west of Black Creek.
- Nelson Bay Road Upgrade.
- Princes Highway Upgrade, Dignams Creek.
- Princes Highway Upgrade, Gerringong.
- Richmond Road Upgrade.
- Schofields Road Upgrade.

Aboriginal cultural heritage investigations and salvage excavations not requiring a permit, have also been carried out on other projects, including the Pacific Highway Upgrade and the Princes Highway Upgrade - Foxground and Berry Bypass.

RMS Heritage Committee

The RMS Heritage Committee meets quarterly to discuss issues relating to the management of heritage assets and policy development for heritage conservation. The committee includes representatives from:

- Engineers Australia.
- Heritage Branch, Office of Environment and Heritage.
- The National Trust of Australia (NSW).
- The Royal Australian Historical Society.

Over its 32 years the committee has provided specialist guidance on the value of heritage resource for the people of NSW. The meetings also present projects with significant heritage issues and provide an opportunity for stakeholders to raise issues with RMS.

RMS heritage photos on TROVE

RMS is progressively scanning selected still images from its collection of 190,000 historic photos, negatives and transparencies. The scanned images plus the associated metadata are being entered into the RMS image library. To facilitate public access, this image library has now been linked to the National Library of Australia's TROVE digital information searching facility. Almost 800 historic RMS images are now available on TROVE.

Selected historic films and videos from RMS' audiovisual collection are also being digitised and uploaded onto the RMS channel on YouTube.

Urban design

A number of initiatives were completed this year:

- *Bridge Aesthetics: Design Guidelines to improve the appearance of bridges in NSW* was updated with images of new bridges and revised guidance.
- An urban design training video was developed and is available on the RMS urban design intranet page or on a DVD.
- A design competition was held for a new pedestrian bridge across the Nepean River at Penrith. Contractors were engaged to provide a design vision for the bridge which was proposed as part of the Penrith City Master Plan *The Future of Penrith, Penrith of the Future*.
- Historic murals in The Rocks on the Cahill Expressway, implemented by Sydney Harbour Foreshore Authority working with RMS, were recognised by the National Trust's NSW Heritage Awards.
- The Inner West Busway was completed with the installation of the joint RMS-funded pontoon for use by the public including fishers and kayakers.

Clean Safe Wharf Initiative

The Clean Safe Wharf Initiative is being conducted in phases. In September 2011 a phased Three E's (Education, Enforcement, Exclusion) approach to ensuring commuter wharf cleanliness and safety was announced.

Phase One, Education, ran from October 2011 to April 2012 and initiatives included:

- Regular patrols by RMS Boating Safety Officers, Council Rangers and the NSW Police Force on wharves located in Abbotsford, Cabarita, Chiswick, Kissing Point and Taronga Park Zoo.
- Advertisements in various press and the distribution of educational brochures in numerous languages.
- The Fishcare Volunteer Program involving volunteers visiting wharves to meet and greet recreational fishers at wharves and distribute information and advice.

Phase Two, Enforcement, began on 23 April 2012 and will run through to the 2012 October long weekend. While education initiatives will continue during Phase Two, its focus is on enforcing regulations relating to littering, anti-social behaviour and fishing.

Since January 2012, more than 560 patrols and inspections of wharves have been carried out by RMS Boating Safety Officers and the NSW Police Force with 17 formal warnings and 16 infringements being issued.

Keeping waters clean

RMS daily performs the task of cleaning the waters and public foreshores of Sydney Harbour and also the navigable waters of the Parramatta and Lane Cove Rivers. This is currently the only effective means of removing floating hazards to navigation and Sydney Harbour's storm water pollution and other visible debris.

A total of 688 m³ of rubbish from the harbour and 239.56 m³ of rubbish from the Sydney electorate's navigable waters public harbour foreshores was removed during financial year 2011-12.

Vessel waste recovery

To protect the marine environment from the impact of sewage pollution from vessels and encourage the responsible disposal of vessel waste, RMS maintains pump-out facilities at King Street Wharf and Blackwattle Bay. An additional three pump-out facilities are monitored at Wharf 6 White Bay, Cabarita and Birkenhead Point.

During the 2011-12 financial year, a total of 12,123,789 litres of untreated sewage waste was pumped out from vessels through these facilities. This represented a 10 per cent decrease on the previous financial year. RMS also funds a mobile vessel pump out facility on Myall Lakes. During the year, 88,260 litres of untreated sewage waste was pumped out through these facilities, which is a decrease of 12 per cent on the previous year.

Maritime Trade Towers

RMS owns the Maritime Trade Towers at 201-207 Kent Street Sydney and occupies Level 5 (training room) and a service centre at Level 6, 207 Kent Street. RMS has introduced initiatives to reduce energy use, water use and waste at Maritime Trade Towers. These initiatives include:

- Attaining a 4.5 star energy and a 3.5 star water rating following a National Australian Built Environmental Rating Scheme energy and water audit.
- Installation of waterless urinals in all male toilets which saves 70,000 litres of water per urinal per annum and a total 2.8 million litres of water per annum for the building.
- The continuation of an active waste reduction and recycling program.

A gold star from the Sydney Catchment Authority

Sydney Catchment Authority (SCA) commissioned Deloitte to audit four of its projects delivered by external providers. Two of these projects were delivered by RMS Road and Fleet Services, the Wingecarribee Dam Improvement Works and the Kangaroo Pipeline Incident Remedial Works. This was part of an SCA environment compliance audit.

The audit found that RMS' projects were 100 per cent compliant with SCA's environmental protection requirements. The audits included a review of site environmental systems and inspections.

Recycling

RMS exceeded its sustainability targets for recycling or reuse of road work materials. At the end of the year, 91 per cent, or 514,092 tonnes of all materials, was recycled with virgin excavated natural material (or fill) at 54,818 tonnes (93 per cent), concrete at 461 tonnes (63 per cent), and recycled asphalt pavement at 7444 tonnes (97 per cent).

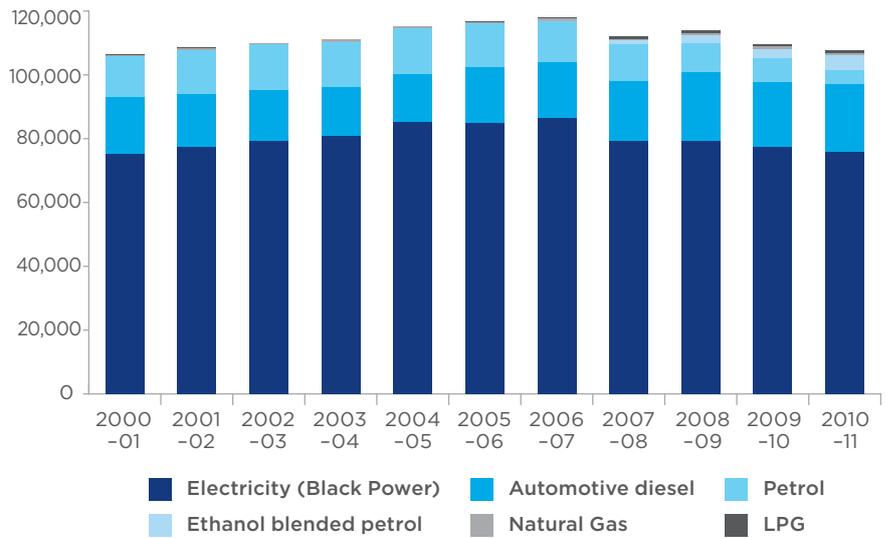
Organisational

Environmental sustainability strategy

Some key sustainability initiatives over the past 12 months include:

- RMS road maintenance crews in Sydney, Wollongong and Hunter regions were trained in eco-driving techniques to help reduce diesel fuel use.
- Installation of cathodic protection systems on several concrete bridges to extend their life.

Figure 15: Total greenhouse gas emissions (tonnes of carbon dioxide equivalent)



- Establishment of recycling contracts with two companies to safely remove contaminated sections of old timbers removed from historic road bridges.
- The start of Green Facility Management training to integrate environmental management into day-to-day building maintenance activities.
- Development of a new resource recovery exemption with the Environment Protection Authority to better facilitate the re-use of excavated road materials.

Reducing RMS' carbon footprint

Greenhouse gas emissions

Reducing RMS' greenhouse gas emissions is an objective of the RMS Climate Change Plan. The organisation has set a target of reducing its greenhouse gas emissions by an average of 2 per cent per annum up to 2020. In 2010-11 RMS reduced its greenhouse gas emission by 1.9 per cent compared to the previous year.

The main sources of emissions are the operation of RMS' buildings, street lights, traffic signals and vehicle fleet. The reduction in emissions was largely due to:

- Reduction in petrol use (38 per cent).
- Reduction in LPG use (21 per cent).
- Reduction in building energy use (1 per cent).

To reduce greenhouse emissions for road projects, this year RMS worked with other state road authorities to develop the *Greenhouse Gas Assessment Workbook for Road Projects* and calculator.

The workbook and calculator provide road designers, builders and managers with a common methodology for estimating emissions from the construction, operation and maintenance stages of a road project. The workbook also provides a better understanding of how emissions can be reduced and will enable benchmarking and comparisons of projects.

Improved light vehicle fleet fuel consumption

The Environmental Performance Score (EPS) is a rating score out of twenty given to all light vehicles sold in Australia and is based on the greenhouse gas emissions and air quality impact of vehicles. The higher the EPS score the better the environmental performance of a vehicle. RMS owns and leases a large number of vehicles and measures the average EPS scores for its passenger and commercial vehicle fleets.

The average passenger vehicle EPS score has increased from 12.34 in 2008 to 13.66 in June 2012. RMS' average commercial vehicle EPS score has increased from 8.05 in 2008 to 9.73 in June 2012. RMS has exceeded the NSW Government targets set for this period and continues to take into consideration the environmental performance of a vehicle when purchasing new RMS fleet vehicles.

Figure 18 shows RMS' improving EPS for its light vehicle fleet which is due to the implementation of a cleaner fleet procurement policy.

There has been a significant drop in the amount of unleaded petrol consumed in the past four years (see Figure 19). This is attributable to the purchase of more fuel efficient vehicles, an increase in the use of E10 fuel (a blend of 10 per cent ethanol and 90 per cent unleaded petrol), and an increasing proportion of LPG fuelled vehicles compared to previous years.

A target 20 per cent of all fuel used in government fleet light motor vehicles should be E10. The use of E10 in the RMS light vehicle fleet has been gradually increasing and was 69 per cent in June 2012, far exceeding the Government target.

Energy efficiency

RMS reports in October of every year on its direct energy consumption, in accordance with the NSW Government Sustainability Policy. In 2010-11 RMS consumed 690,712 gigajoules of energy, which is two per cent less than the energy used the previous year. RMS' major energy uses are electricity to operate traffic signals, street lights and buildings, and diesel and petrol for road machinery and vehicles. In addition, minor amounts of LPG and natural gas are consumed for heating buildings, as fuel for some light vehicles and for manufacturing asphalt. RMS' energy use profile for 2010-11 is shown in Figure 20.

During the year, RMS continued to implement building energy efficiency initiatives, including:

- Conducting energy audits at five frontline RMS offices in Illawarra and Hunter regions. The audits and subsequent installation of new energy efficient lighting and air conditioning systems were funded by the Office of Environment and Heritage, through its Government Building Retrofit Program.
- Upgrading old air conditioning systems with energy efficient systems at motor registries.

Figure 16. Environmental Performance Score for RMS light vehicle fleet

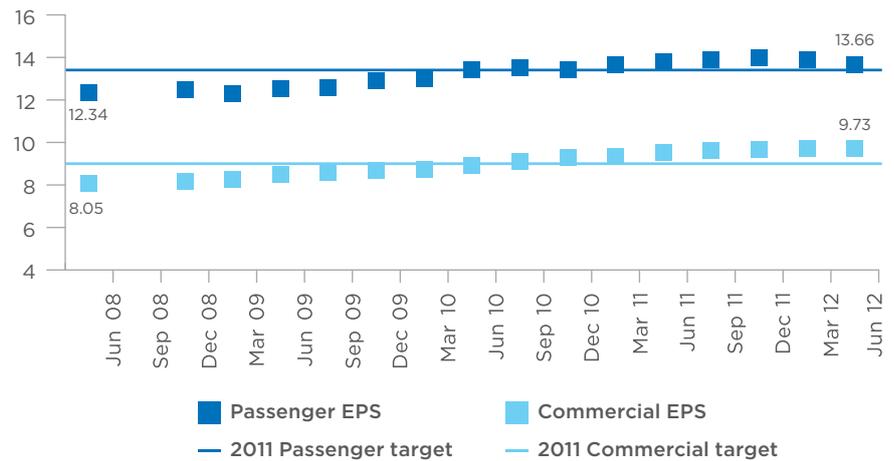
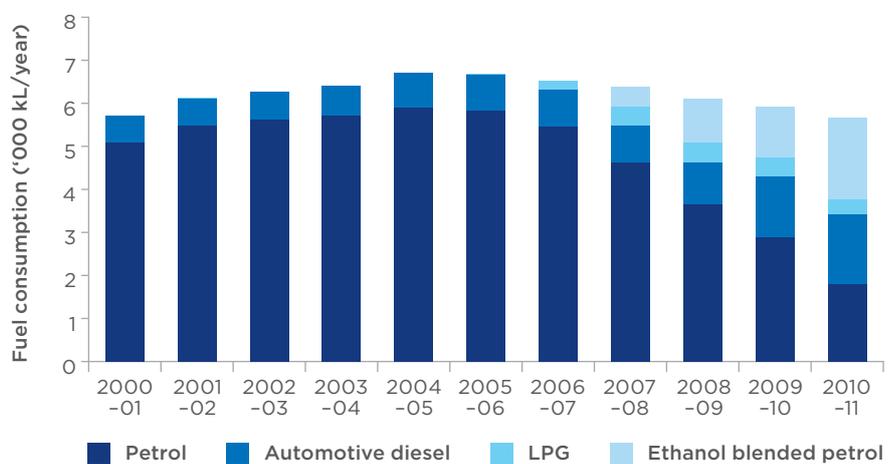


Figure 17. Fuel consumption in light vehicle fleet ('000 kL/year)



Note: Ethanol blended petrol data not collected prior to 2006-07

Waste reduction

RMS reports every two years to the Office of Environment and Heritage on the progress made in implementing its Waste Reduction and Purchasing Plan. The most recent progress was submitted in 2011 and includes information on RMS' progress in meeting the NSW Government's waste targets.

Overall, RMS is on target to meet the NSW Government's 2014 waste recovery targets. Table 16 provides summary of RMS construction waste recovery rates.

Some key waste initiatives by RMS over the past 12 months include:

- Partnering with Boral to trial using high slag content cement on the Woomargama Bypass Project. The trial began in 2011 and will use 100 tonnes of Boral's propriety product, which uses approximately 50 per cent less Portland cement than traditional mixes.
- Recovering office paper; recovery rates are currently estimated at 90 per cent based on waste audits carried out in a sample of RMS offices.

- Reselling all electronic equipment such as computers monitors and mobile phones.
- Awarding contracts to two timber recycling companies to recycle bridge timbers. Each company is required to provide test results showing that the recycled bridge timbers contain acceptable levels of residual contamination before being on-sold. Approximately 400 tonnes of old bridge timbers have been recycled.

Oil and pollution response

In 2011, strategic oversight of NSW's marine incident response arrangements moved from the former NSW Maritime to Transport for NSW. RMS is the combat agency responsible for marine incident and pollution response in NSW Waters from Port Stephens to the Queensland border and from Gerroa to the Victorian border.

The marine incident response arrangements form part of NSW's responsibility under the *National Plan to Combat Pollution of the Sea by Oil and Other Noxious and Hazardous Substances (National Plan)*. The plan is an integrated government and

industry framework enabling effective response to marine pollution incidents.

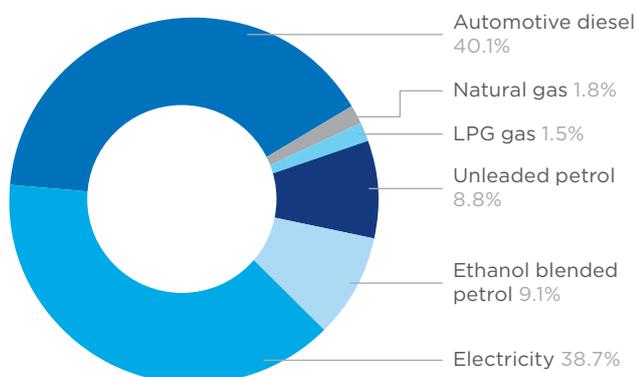
During the reporting period, RMS staff responded to a number of minor pollution incident reports. Four staff also participated in a National Oil Spill Exercise held at Western Port Bay, Victoria, on 5-7 June 2012.

Challenges for the future

- Develop publicly available reporting on RMS' environmental sustainability.
- Develop a new environmental sustainability strategy and establish new sustainability commitments and targets.
- Create an RMS response and develop a guideline for implementing the Government Road Noise Policy to drive implementation.
- Establish the effectiveness of the current engine brake noise cameras and education program for heavy vehicles and develop a proposal to progress the technology and associated regulatory framework.

Figure 18. Energy use profile 2010-11

(Per cent of direct energy consumption as measured in gigajoules)



Because of the time delay in sourcing data and collating energy reports, all annual report energy data is 12 months in arrears.

Table 16. Waste recovery rates

| Waste type | RMS waste recovery rates (2010-11) | NSW Government waste recovery targets (to be met by 2014) |
|--|------------------------------------|---|
| Vegetation | 85% | 76% |
| Concrete | 92% | 76% |
| Steel | 88% | 76% |
| Asphalt | 90% | 95% |
| Virgin Excavated Natural Material (VENM) | 96% | 95% |

An aerial photograph of a city harbor, likely New York City, showing a dense cluster of skyscrapers in the background and a busy waterway in the foreground. Several boats are visible, including a large white ferry and smaller yellow ferries. The water is dark blue, and the sky is a clear, pale blue. A large blue rectangular overlay is positioned in the upper right quadrant, containing the text 'Operational performance' in white.

Operational performance

Business results

| | |
|---------------------------------|----|
| Engagement | 55 |
| Governance | 57 |
| Value | 61 |
| Safety (Work Health and Safety) | 62 |
| Our people | 64 |

Business results – Engagement

Community, partners and stakeholders are consulted and informed about transport issues

RMS engages with members of the community, our partners and stakeholders through a number of different methods to ensure they are informed and up-to-date on matters that impact them. RMS also seeks and considers their feedback to ensure we deliver the right outcomes with the right approach.

Community consultation

In 2011-12, local communities were engaged in discussion of more than 700 different planning, construction and maintenance projects.

RMS information and consultation involved:

- Letterbox drops of more than 2664 different newsletters, community updates, letters and flyers.
- More than 1490 meetings, events and displays, attended by around 13,000 community members. This translates to roughly 30 sessions a week with customers and communities to resolve issues around road and water assets and improvements.
- Updating of more than 330 projects on the RMS Road Projects website (see Customer chapter).

On-water event coordination

RMS plays an important role in the licensing and on-water coordination of major aquatic events such as the start of the Sydney to Hobart Yacht Race, Australia Day, and New Year's Eve on Sydney Harbour celebrations. For the latter, which attracts an estimated 2500 to 3000 spectator vessels, RMS is the major event partner with the organiser, the City of Sydney. RMS issues the marine operations plan with responsibilities for risk and on-water crowd and traffic management, working closely with other organisations such as Sydney Ports Corporation, Sydney Water Police, Sydney Ferries and Marine Rescue NSW.

Sydney Harbour Bridge 80th Anniversary Event

As custodian of the Sydney Harbour Bridge, RMS held a community event to celebrate the 80th anniversary of the bridge opening. The vintage themed activities were held at Bradfield Park, Milsons Point. Around 3500 people attended the event which included a big band, swing dancers, 1930s fashion parades, souvenir tea towels and postcards. A special Seniors Morning Tea was held, where people from the community with a connection to the bridge shared their stories, including the grandchildren of Chief Bridge Engineer Dr JJC Bradfield and the Premier at the time of the opening, Jack Lang.

An online guestbook, 'Tell us your story', was also developed enabling people to contribute their memories and stories from around the State, country and the world. There have been more than 22,000 visits to the online guest book, and some remarkable memories captured, including vox pop interviews, photos and historical memorabilia.

The 'Price for Progress' campaign

A number of key corridors across Sydney have started major roadwork in the past year. A communication campaign was developed to advise customers of the changing road conditions including possible delays, alternative routes and the introduction of cashless tolling on some routes. Affected roads included the Hills M2 Motorway, the Sydney Harbour Bridge full weekend closures, the M4, Anzac Bridge, Eastern Distributor and the M5 East. The campaign used the tagline 'The Price for Progress – building for tomorrow today'.

Arthur Hall VC Way

In December 2011, the Arthur Hall VC Way was dedicated. It was the first main road in NSW to be named after a Victoria Cross recipient of the First World War. The dedication was held in the presence of the Governor of NSW, Hall family descendents and community.

Prosecutor education

The NSW Police Force has offered RMS court advocates the opportunity to participate in the 12 month Police Prosecutor Education Program designed to strengthen legal knowledge and advocacy skills. By participating, court advocates will enhance their ability to carry out complex prosecutions of camera-detected offences, administrative appeals and heavy vehicle matters in the Local Court. On completion of the program court advocates will receive the highly regarded Police Prosecutor Education Program Certificate. The first RMS participant began training in October 2011.

Maritime Medal

The Maritime Medal recognises exceptional contributions to the boating and maritime community. The annual awards are directed at, but not limited to, a person or group who performs an outstanding effort in the categories of Safety, Environment and Community.

In December 2011, three individuals and one group were recognised with a Maritime Medal, and three individuals were recommended with high commendations. The 2011 Maritime Medal recipients were:

Rear Admiral (ret) Tony Hunt AO (Community Medal), the President of the Sydney Heritage Fleet.

Michael O'Connor from Ballina established the Marine Teachers' Association, of which he is President.

Ballina Jet Boat Surf Rescue Inc., this stand-alone volunteer-run maritime rescue group has been an institution in Ballina for 40 years.

Peter Phillipson who has volunteered his time for 22 years for marine rescue work in Fingal Bay, Port Stephens.

Boat Builders Group

The Boat Builders Group brings together NSW and interstate vessel builders, designers, consultants and surveyors. The group met twice during 2011-12 and discussed a range of issues including the introduction of the NSCV (national standard for commercial vessels), survey anomalies, difficulties in the transfer of vessels between states and interpretation issues surrounding the use of the NSCV.

Boat Importers Group

This group was formed to address the specific requirements surrounding the importing of overseas vessels for commercial operations in NSW waters. The group met once during 2011-12 and discussed a range of issues including the introduction of the NSCV and the benefit of streamlining the process for importing vessels into commercial survey.

Partnership programs

A community partnership program was maintained to support local stakeholder initiatives as part of the Boating Safety Education and Communication Plan 2009-12.

The program typically provides between \$500 and \$5000 partnership funding to support a range of local community safety initiatives. Partnerships were delivered with a range of organisations such as Yachting NSW to promote the need to keep clear of larger vessels during aquatic events such as the Sydney International Regatta. Other partnerships included: Royal Humane Society in support of the NSW Bravery Awards; Corlette Point Sailing Club to promote safe and responsible boating during Sail Port Stephens.

RMS also maintained a partnership with the Boating Industry Association of NSW (BIA) at a total value of \$138,000. This partnership underpinned a year-long safety collaboration with the BIA and included the Sydney International Boat Show as the pinnacle event. The program provided a total of \$153,530 in funding over the year to support and promote stakeholder efforts that underpin a culture of safe and responsible boating in NSW.

The Recreational Vessel Advisory Group

This group is administered by the Office of Boating Safety and Maritime Affairs at TfNSW. The group met on two occasions during the reporting period to discuss and provide advice on issues including boating incidents, education and compliance campaigns, dive flag, paddle DVD and EPIRB (distress radio beacon) disposal.

Challenges for the future

- Develop an RMS Communication Strategy for both internal and external communication.
- Investigate and assess industry feedback on Design and Construct contract tendering processes, complete a process review and develop an implementation plan.
- Review and update the RMS policy for providing tender assessment feedback and publish improved guideline documentation.
- Ensure information on all major infrastructure projects is accessible to the community.

Business results – Governance

Effective governance is in place to deliver our results and services

RMS ensures that formal governance mechanisms are in place and that it is held accountable to delivering agreed outcomes in an open and transparent manner to agreed levels of quality.

Financial management

This year RMS focused on adapting the former RTA financial reporting platform, as well as identifying the process required to bring the financial reporting system of the former NSW Maritime onto that same platform. A common platform is expected to be in place by 30 June 2013.

RMS has adopted the finance policy frameworks of the former RTA and NSW Maritime, and is adapting them to align with the new organisation’s strategic financial direction.

Corporate card and purchasing card

RMS use of corporate credit and purchasing cards has been in accordance with the Premier’s memorandum and the Treasurer’s directions.

Financial performance

For details of RMS’ financial performance for period 1 November 2011 to 30 June 2012, refer to the financial statements (see pages 65–156).

Transport for NSW integrated budget

RMS is working with the transport cluster on the implementation of an integrated budget. The key objective is to enable strategic and flexible financial resource allocation across transport to optimise whole-of-transport outcomes, priorities and service delivery.

Chief Executive

The Chief Executive of RMS is appointed by the Director General of the Department of Transport with the approval of the Minister for Roads and Ports. Under the governance arrangements of the *Transport Administration Act 1988*, the Chief Executive manages and controls the affairs of RMS subject to the control and direction of the Minister for Roads and Ports, and in accordance with any directions of TfNSW. The Chief Executive also has a wider role in interacting with heads of other transport agencies in NSW, across Australia, and internationally. The Chief Executive is accountable to the Minister for Roads and Ports for overall performance.

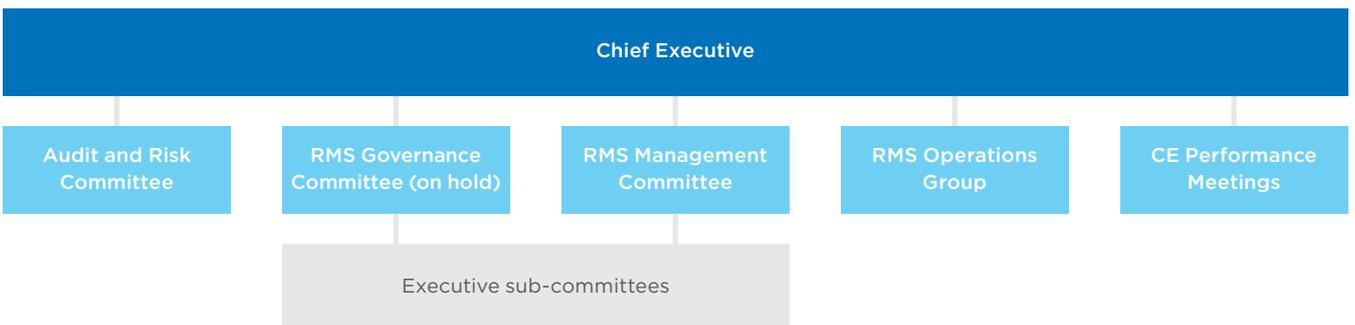
Executive framework

A new executive charter, executive committee structure and committee management system were developed for RMS. These outlined how the RMS Executive would support the Chief Executive in ensuring the effective governance of the organisation.

An Executive Management Committee was also formed to focus on the management of the organisation in the context of business and strategic priorities for the current period. The committee monitored current performance, particularly any issues or risks that could affect the current delivery of its results and services.

The management of RMS is also supported by a range of other executive committees that address key issues within RMS, such as commercial development, Work Health and Safety, and the environment. These committees typically comprise directors and other senior managers from across the organisation to ensure an integrated approach.

Figure 19. RMS committee structure during 2011–12



Internal audit and risk attestation for period 1 November 2011 to 30 June 2012

I am of the opinion that Roads and Maritime Services has internal audit and risk management processes in place that are, in all material respects, compliant with the core requirements set out in Treasury Circular NSW TC 09/08 Internal Audit and Risk Management Policy.

I am also of the opinion that the Audit and Risk Committee for Roads and Maritime Services is constituted and operates in accordance with the independence and governance requirements of Treasury Circular NSW TC 09/08. The Chair and members of the Audit and Risk Committee are:

1. Greg Fletcher, independent chair (three year appointment from 1 July, 2011).
2. Dr Elizabeth Coombs, independent member (three year appointment from 1 July, 2010).
3. Alexander Smith, independent member (three year appointment from 15 January, 2012).

4. Peter Wells, Director Customer and Compliance, internal member (three year appointment from 1 July, 2010).
5. Geoff Fogarty, Director Infrastructure Development, internal member (three year appointment from 1 July, 2010).

In addition, I note the following as per Section 1.2.8 of TPP09/05:

“The department head or governing board of the statutory body is required to set out which service delivery model for the Internal Audit function has been established in the department or statutory body, including the reasons for establishing that model, in the annual Attestation Statement required by the Policy.”

In this regard the RMS' Governance Branch has adopted a 'co-sourced' service delivery model, as defined in the policy, ie:

“...co-sourced service delivery with in-house management, where the department or statutory body provides and manages internal audit services through a combination of in-house resources and contracted services delivered by an appropriately qualified third party provider”.

A major reason for this is related to the diverse nature of RMS' operations, ie they include a strong focus on large infrastructure projects as well as a strong frontline community presence in regard to the licensing of road users and registration of vehicles for use on the roads. In conjunction with the current climate of rapid technological change this means that, to effectively manage its major risks, a wide range of technical engineering, financial and ICT audit and risk expertise is required. My view is that a co-sourcing model is the most effective and efficient way to procure this.

These processes provide a level of assurance that enables the senior management of Roads and Maritime Services to understand, manage and satisfactorily control the organisation's risk exposures.

As required by this policy, I have submitted an Attestation Statement outlining compliance with the policy to Treasury.



Peter Duncan | Chief Executive

Risk management

A set of key elements provided the foundation and processes for developing, implementing, monitoring, reviewing and continually improving risk management. The approach is based on ISO 31000, but is specifically tailored to the new organisation and is integrated into existing systems and processes, and in particular business planning.

In this regard, RMS undertook an enterprise-wide, high level risk process as part of its business planning cycle. The result of the risk

process was an organisation-wide Risk Profile which is presented to the Audit and Risk Committee (ARC) and the Executive for endorsement.

Reports are prepared for ARC to demonstrate the effective implementation of the risk framework and process, and its alignment with ISO 31000. This report also provides evidence to support the annual verification statement in compliance with NSW Treasury's *TPP 09-5: Internal Audit and Risk Management Policy for the Public Sector*.

Audit and Risk Committee

The committee meets at least once a quarter and one of its major objectives is to assess and provide independent assurance to the Chief Executive that RMS risk and control frameworks are operating effectively, and critical related external accountability requirements are being met.

In terms of audit, the committee:

- Approves and monitors the implementation of the internal audit programs.

- Reviews performance of internal and external audit functions.
- Reviews the internal control framework.
- Approves related external reporting of financial information.
- Reviews compliance with audit and finance related policies, procedures, central agency requirements and applicable laws and regulations.

In terms of risk management, the committee:

- Reviews the organisation's risk management framework.
- Reviews RMS' Risk Profile.
- Reviews compliance with risk-management standards, policies, central agency requirements, relevant legislation and regulations.

Internal audit and assurance

New context for RMS audits under the transport cluster

A number of core RMS initiatives to improve service delivery through a line-of-business based restructure and centralisation of planning and policy functions has resulted in a number of changes to the audit approach adopted. RMS is working closely with TfNSW in regard to how both organisations maximise the benefits derived from their audit teams.

Engineering

A major part of RMS operations are engineering-related and the Engineering Assurance Group provides independent and objective assessments of civil engineering operations. The group's work is based on the development and implementation of a risk based audit program covering the organisation's major engineering programs, projects, systems, processes and products.

Major reviews carried out between 1 November 2011 and 30 June 2012 included:

- Great Western Highway Upgrade Program between Penrith and Katoomba.
- Product Quality of Internal Alliance Development Works.
- Sydney Harbour Bridge Painting Process.
- Railway Level Crossing Improvement Program.

Audits were prioritised on the basis of the identification and analysis of major operational risks and on an assessment of the control environment in place to address these risks. In consultation with line management, audit outcomes resulted in the identification and implementation of a range of improvements to the engineering operations.

Customer and regulatory services

RMS carries out regular monitoring of customer service centre operations, other service delivery channels (such as the internet) and back office functions that support the customer and compliance services business. During the eight month period, assurance activities had a greater focus on 'root cause' analysis and adding value through advisory and consulting services. Maritime Service Centres were included in the audit program, which covered core financial and business processes as well as core service delivery operational risks. The audits continually review the operational risk management framework and related control environment for dealing with the exposures in these operations and, where necessary, the control framework is strengthened to ensure it remains effective.

Information technology

Information Technology (IT) audits for the eight month period included Information Communication Technology (ICT) governance, project management and IT security. Audits were also carried out of systems under development and improvement initiatives such as the realignment of the RMS DRIVES system.

Major assurance activities included areas such as:

- Service NSW.
- IT Contract Management.
- Review of the new Electronic Document Management System.
- IT Security Baseline review.
- Ongoing involvement in the E-Toll Modernisation Program.
- Ongoing involvement in the Court and Case Management system.
- Firewall management audit.

Significant findings at the project level led to improved management of project risk and cross-audit analysis identified 'root cause' issues which led to more fundamental improvements in, for example, firewall management.

Finance and operations

The Annual Financial and Operational Audit Program's coverage includes RMS financial support functions and a range of activities in procurement, overtime and other back office RMS services. The audit projects included an independent assessment of risks and compliance with policies, procedures and Treasury guidelines to provide assurance to the Chief Executive that related objectives were being met.

Some key audit projects for the eight month period covered:

- Budgeting and financial forecasting.
- Stock Inventory Management.
- Purchase order and service entry release process.
- Procurement.
- Overtime.
- Travel and accommodation.
- Goods and services tax.
- Cashback payments.
- Commercial contracts management.

Investigations

Corruption and fraud risk management

In addition to the investigation of allegations of corruption and fraud, RMS has a corruption and fraud control framework, for which the Corruption and Fraud Investigations Section has centralised oversight. This includes a range of tools, processes and initiatives aimed at minimising the risk of corrupt and fraudulent activity by staff and business partners. Examples of actions it involves include:

- Delivery of corruption and fraud/ethics seminars to staff across high risk business environments to reinforce the corruption resistant culture of RMS.
- Provision of anti-corruption information through the RMS intranet.
- Provision of expertise and advice to staff and management on a wide range of corruption risks and ethical, probity and policy issues.

Business continuity

Business continuity management is the planning, preparation and response to a disaster or disruption to critical business activities, processes or services. A desktop testing exercise was conducted in December 2011 with the Central Recovery Team, and the master plan was further revised as a result of the testing exercise. An IM&IT business continuity plan was developed and tested. A business continuity management framework and program of work was also developed and implemented.

Operational complaints handling framework

The Maritime Division committed to the NSW Ombudsman to refresh the existing compliments, complaints and feedback procedures and implement the framework throughout the division. The project aimed to:

- Provide guidance for Maritime Division's staff who may be required to receive and/or address public complaints, compliments and feedback.
- Ensure complaints, compliments and feedback were handled in a manner which is fair, courteous, timely and respectful of privacy.
- Ensure complaints, compliments and feedback were logged in Maritime Division's records management system to assist with improving services and informing planning.
- Ensure all employees are aware of their responsibilities regarding handling complaints, compliments and feedback.

More than 95 per cent of Maritime Division staff received the NSW Ombudsman's complaint handling training and all staff are now aware of the procedures. The division now has a compliments, complaints and feedback framework consistent with the NSW Government requirements that contributes to fast and effective resolution of issues and feedback at the earliest opportunity.

Challenges for the future

- Implement a new governance structure to drive and oversee the ongoing RMS reform process.
- Revise the RMS Governance Framework and align it with TfNSW's Framework.
- Develop and implement an investment decision making governance approach to assist RMS in responding during the preparation of the 2013-14 budget

Develop and implement governance arrangements to address challenges presented by our relationship with Service NSW.

Business results – Value for money

Value for money is delivered within the integrated budget

RMS ensures that resources are allocated to deliver best value for money and assesses new ways to deliver more with less.

Key savings initiatives

RMS achieved savings of \$56 million against a target of \$40 million in 2011-12. Key initiatives contributing to the savings included information and communications technology savings, procurement savings, principal arranged insurances, brokering fees, exiting excess staff and shared services reform.

Live traffic data collection improvements

In previous years the organisation spent around \$750,000 running controlled floating car travel time surveys on the Sydney road network. New technology using GPS has allowed RMS to calculate travel times and traffic speeds across Sydney, Newcastle, the Central Coast and Wollongong at a recurrent cost of \$120,000 per annum. This new methodology also enables greater flexibility in determining traffic speeds outside the traditional survey times, and means information can be collected 24 hours a day.

Government Licensing Service

Four new releases were made in the 2011-12 period to the Government Licensing Service (GLS), which is the primary customer service delivery system for the Maritime Division of RMS.

Some of the key maritime-related improvements were:

- Enabling renewals at counters to be processed using bar code scanners and cheque readers.

- Automation of notice delivery for commercial vessels.
- On-water licence checking services and vessel safety inspections for Boating Safety Officers and the NSW Police Force using mobile devices such as smart phones, tablets or laptop computers.

A GLS performance improvement group has identified and implemented changes to the user interface, database and screen layouts that have improved access speeds.

Reducing staff overtime

As part of a program across RMS to reduce costs and increase efficiency, a review was conducted to identify the key drivers for Road and Fleet Services overtime. This was in response to the Auditor-General's observations of overtime performance with Government.

In emergency situations, overtime is necessary for the business to be responsive and flexible, such as managing the road network during widespread flooding across NSW last year. Some opportunities were identified to reduce staff overtime with \$2.4 million saved throughout the year through a number of initiatives, including rostering new incident management crews at peak times and greater scrutiny of planned overtime for major roadwork projects. The reduction in overtime also had the added benefit of improving worker safety by reducing fatigue from excess work hours.

Reducing costs in the tolling business

More than \$9 million of savings were delivered in the tolling business. The biggest savings were realised through implementing an improved tag management system that includes greater recycling of returned tags.

Increasing revenue

A record \$419 million of commercial receipts was collected in the reporting period November 2011 to June 2012.

Challenges for the future

- Develop a framework for the assessment of RMS' efficiency and effectiveness across core business areas.
- Ensure the appropriate identification and allocation of resources to deliver services to the community of NSW.
- Delivered efficiency savings through:
 - The recovery of merchant fees.
 - The contestability of maintenance.
 - Overtime savings.
 - The corporate and shared services reforms.
- Work with TfNSW to implement the corporate and shared services reforms to improve support services.

Business results – Safety (Work Health and Safety)

Work Health and Safety is strengthened

RMS focuses on a safe work environment for our employees, those present on our sites, and those who work with us.

New Work Health and Safety legislation

The *Work Health and Safety Act 2011* was introduced in New South Wales on 1 January 2012. RMS developed the first module in a planned ongoing series of modules that provide information about the legislation to RMS workers. Module 1 covers the general duties obligations of health and safety.

The modules are being delivered to specific management levels, with the first roll out provided to RMS Senior Managers (General Managers and above) in April 2012.

Continuation of Critical Tools for Safety Leaders training

During 2011-12, Critical Tools for Safety Leaders training continued to equip leaders with the critical tools and skills to drive safe behaviours in their teams in order to prevent incidents and injuries. This one day workshop enabled managers and safety leaders to:

- Apply Work Health and Safety risk management principles to identified team risks.
- Understand the importance of near miss reporting.
- Develop skills in incident investigation.
- Build effective Work Health and Safety leadership behaviours.

During the period 1 November 2011 to 30 June 2012, a further 151 managers and supervisors attended the training sessions. Since its initial roll out in 2010, 81 per cent of all managers and supervisors have completed the workshop.

Safety first for workers and contractors on our roadwork sites

Throughout the year, RMS conducted a number of initiatives to ensure a safety focus for our staff and contractors, including:

- Conducting 'Stop and Reset' Safety sessions with 1500 staff in January and April 2012 as they returned from Christmas and Easter break to 'ensure that safety came first'.
- Securing reaccreditation for our roadwork operations with the Federal Safety Commissioner.
- Developing and implementing new safety programs for working around mobile equipment and in high speed, high volume traffic.

The RMS safety programs have been developed by specialist cross-industry taskforces to address key risks for our workers and contractors. The taskforces included senior RMS personnel, key industry leaders, stakeholders from construction partners and

subject matter experts. Continued engagement with the construction industry is a critical part of implementing the safety programs as part of our vision to deliver an injury-free workplace.

Working parties for RMS' top seven issues

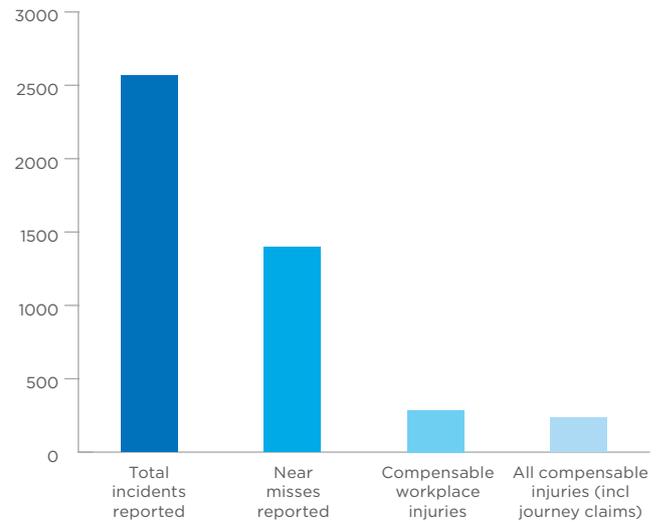
RMS established seven working parties to manage its top seven Work Health and Safety risks, which are:

- Working near or around utilities.
- Working near mobile plant.
- School crossing supervisor drive-throughs.
- Zero driving fatality.
- Violence/harassment by members of the public.
- Working near traffic.
- Driver tester risks.

During the reporting period the working parties considered and made recommendations to improve the way RMS manages the risks. The Working Party Reports are now complete and are being considered. Actions have begun to implement working near mobile plant working party recommendations within Road and Fleet Services.

Figure 20. WHS performance indicators 1 Nov – 30 Jun 2012

| Performance indicator | 1 Nov 2011 – 30 Jun 2012 |
|--|-----------------------------|
| Total incidents reported | 2567 |
| Near misses reported | 1397 |
| Lost time injuries | 91 |
| All other injuries (including first aid only) | 742 |
| Other incidents reported (including asset/property damage) | 337 |
| Number of near misses per injury | 1.68 |
| All compensable injuries (including journey claims) | 286 |
| Compensable workplace injuries | 235 |
| Total claims costs (\$ million) | 1.1 |



Annual Contractors Forum

The Annual Contractors Forum was held in December 2011. This valuable industry partnering event offered participants the opportunity to hear senior executives and managers, Work Health and Safety professionals and working parties discuss mitigation strategy for high risk hazards within RMS.

Work Health and Safety performance

The near miss reporting strategy has shown great success in reporting near misses at a rate of 1.7 near misses for every injury reported. The more near misses reported, the greater our opportunity is to prevent workplace injuries.

Prosecutions

RMS was fined \$150,000 on 25 May 2012 after a prosecution involving a fatality to a subcontractor on Alford's Point Road in 2006. The prosecution began against the then RTA on 28 February 2011.

Health Awareness Day

NSW Department of Premier and Cabinet's initiative *A Healthy Workforce: Policy on Improving the Health and Well Being of Public Sector Employees* encourages healthy lifestyles. The aim is to improve the health, happiness and productivity of employees, and reduce the levels of sick leave and workplace injuries in the NSW public sector.

During May 2012, Health Awareness Day was held across RMS and workers got involved in improving their health behaviours, increasing their health knowledge and supporting the health and safety of their peers in the workplace. Activities included healthy morning teas and facilitated discussions run by guest speakers on topics such as ergonomics, healthy eating and mental health awareness. RMS also launched a range of health and wellbeing screensavers on all desktop computers promoting healthy behaviours that encouraged staff to be active, spend time with family, relax and eat well.

Challenges for the future

- Deliver the 'workers on foot' safety program to improve the safety of our workers and contractors.
- Continue to improve our Work Health and Safety performance to meet new Work Health and Safety legislative requirements.
- Develop, consult with colleagues and industry partners, and implement the RMS Work Health and Safety Strategic Plan (2012–2016) to drive measurable improvements in Work Health and Safety performance.

Business results – Our people

Workforce commitment and capability is supported and developed

RMS drives a culture of staff engagement and accountability, with a focus on developing its people through a focus on high performance.

Employing people with a disability

In late April 2012, RMS was announced as a finalist in two categories for the Australian Human Resources Institute's Diversity Awards program. This is the first year for the awards, which have been developed to recognise the growing focus on the importance of diversity in Australian organisations. The awards recognise the outstanding individuals and organisations that have demonstrated excellence in the contributions they have made to their business, as well as to the HR profession, specifically in the area of diversity.

RMS was a finalist in the Disability Employment Award and Inclusive Workplace of the Year categories.

Aboriginal employment

Aboriginal staff network meeting

An RMS inaugural Aboriginal staff network meeting was conducted to provide a forum for improvement in Aboriginal staff retention and career development. An Aboriginal Cultural Education Program has been delivered across the business through 61 workshops throughout NSW.

HSC Scholarships for Aboriginal students

RMS has sponsored learning resources for two continuing Year 12 Aboriginal students and six additional Year 11-12 Aboriginal students. The sponsorships go towards future tertiary studies in Engineering or related technical careers.

Indigenous Engineering Summer School

RMS supported the Indigenous Australian Engineering Summer School. The event was held in January 2012 at the University of New South Wales with more than twenty Year 11-12 Aboriginal students from across Australia participating. The program included a visit to RMS where the participants received information regarding Aboriginal employment and civil engineering.

Women in engineering

RMS implements strategies to help attract women into non-traditional roles. This year RMS sponsored the Women in Engineering Summit at the University of Wollongong which had 60 female participants and the Women in Engineering weekend at the University of New England which had 24 regional senior school participants. RMS has supported our female engineers to mentor current University of Technology, Sydney female engineering students under the Lucy Mentoring Program.

Targeted Employment Programs

Through the RMS suite of Targeted Employment Programs, RMS is developing early career pathways for job readiness to ensure a skilled workforce that is ready to take on the challenges of tomorrow. For the period 1 November 2011 to 30 June 2012, more than 200 people were recruited into a range of Employment Programs including 42 into the RMS Graduate Recruitment and Development (GRAD) Program; 49 Apprentices across six trade groups; 100 trainees studying Civil Construction, Government Services or Business Services; and 18 in our paraprofessional programs including six Road Designers in Training and eight Traffic Engineering Officers in Training.

RMS currently has more than 600 people undertaking some form of study and/or work experience supported through these programs, including 136 in the GRAD Program; 86 apprentices; 193 trainees; 72 paraprofessionals; 72 in cadetship programs and 79 benefiting from support provided by RMS, including HSC Aboriginal Scholarships.

Challenges for the future

- Determine the capabilities and skills RMS will need into the future, and implement a targeted program to attract and retain these skills.
- Develop capabilities in staff in core competency areas.
- Sponsor the 2012 Year of Regional Engineering.



Financial statements

A note about accessibility

Screen readers are unable to decipher information in the Financials section. Please contact RMS' General Manager of Communication and Community Engagement on 132 213 for further information.

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Independent audit report (page 1)



INDEPENDENT AUDITOR'S REPORT

Roads and Maritime Services

To Members of the New South Wales Parliament

I have audited the accompanying financial statements of Roads and Maritime Services (the Services), which comprises the statements of financial position as at 30 June 2012, the statements of comprehensive income, the statements of changes in equity, statements of cash flows and the service group statements for the period 1 November 2011 to 30 June 2012, notes comprising a summary of significant accounting policies and other explanatory information of the Services and the consolidated entity. The consolidated entity comprises of the Services and the entities it controlled at the period's end or from time to time during the reporting period.

Opinion

In my opinion, the financial statements:

- give a true and fair view of the financial position of the Services and the consolidated entity as at 30 June 2012 and of their financial performance and their cash flows for the period 1 November 2011 to 30 June 2012 in accordance with Australian Accounting Standards
- are in accordance with section 41B of *Public Finance and Audit Act 1983* (the PF&A Act) and the Public Finance and Audit Regulation 2010

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

The Chief Executive's responsibility for the Financial Statements

The Chief Executive is responsible for the preparation of the 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 the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the Services' preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Chief Executive, as well as evaluating the overall presentation of the financial statements.

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

Independent audit report (page 2)

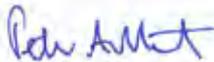
My opinion does *not* provide assurance:

- about the future viability of the Services or the consolidated entity
- that they have carried out their activities effectively, efficiently and economically
- about the effectiveness of internal control
- about the security and controls over the electronic publication of the audited financial statements on any website where they may be presented
- about any other information, which may have been hyperlinked to or from the financial statements.

Independence

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

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



Peter Achterstraat
Auditor-General

27 September 2012
SYDNEY

Chief Executive statement

ROADS AND MARITIME SERVICES

FOR THE PERIOD 1 NOVEMBER 2011 TO 30 JUNE 2012

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 2012 and financial performance for the period 1 November 2011 to 30 June 2012.
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 2010, and the Treasurer's Directions.

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



Peter Duncan
Chief Executive
26 September 2012



Paul Hesford
Director, Corporate
26 September 2012

**Statement of comprehensive income
for the period 1 November 2011 to 30 June 2012**

| | | Consolidated | Parent |
|--|-------|-------------------------------|-------------------------------|
| | Notes | Actual June 2012 \$'000 | Actual June 2012 \$'000 |
| Expenses excluding losses | | | |
| Operating expenses | | | |
| - Employee related expenses | 2(a) | 443,759 | - |
| - Personnel service expenses | 2(a) | - | 812,413 |
| - Other operating expenses | 2(b) | 342,807 | 342,807 |
| Maintenance | 2(b) | 524,912 | 524,912 |
| Depreciation and amortisation | 2(c) | 618,077 | 618,077 |
| Grants and subsidies | 2(d) | 330,992 | 330,992 |
| Finance costs | 2(e) | 61,639 | 61,639 |
| Total expenses excluding losses | | 2,322,186 | 2,690,840 |
| Revenue | | | |
| Sale of goods and services | 3(a) | 351,596 | 351,596 |
| Personnel services revenue | 3(a) | 71,067 | 71,067 |
| Investment revenue | 3(b) | 30,027 | 30,027 |
| Retained taxes, fees and fines | 3(c) | 8,012 | 8,012 |
| Operating grant received from Transport for NSW (TfNSW) | 3(d) | 1,236,098 | 1,236,098 |
| Capital grant received from TfNSW | 3(d) | 1,826,407 | 1,826,407 |
| Other grants and contributions | 3(e) | 28,147 | 28,147 |
| Other revenue | 3(f) | 145,489 | 145,489 |
| Total revenue | | 3,696,843 | 3,696,843 |
| Losses on disposal of property, plant and equipment | 4(a) | (8,856) | (8,856) |
| Other losses | 4(b) | (289,051) | (289,051) |
| Net result | | 1,076,750 | 708,096 |
| Other comprehensive income | | | |
| Net increase in asset revaluation reserve | | 2,028,547 | 2,028,547 |
| Superannuation actuarial (loss) | | (368,654) | - |
| Total other comprehensive income for the period | | 1,659,893 | 2,028,547 |
| Total comprehensive income | | 2,736,643 | 2,736,643 |

The accompanying notes form part of these financial statements.

Statement of financial position as at 30 June 2012

| | | Consolidated | Parent |
|--|-------|-------------------------------|-------------------------------|
| | Notes | Actual June 2012 \$'000 | Actual June 2012 \$'000 |
| Assets | | | |
| Current assets | | | |
| Cash and cash equivalents | 7 | 356,672 | 356,672 |
| Receivables | 8(a) | 332,890 | 332,890 |
| Inventories | | 11,806 | 11,806 |
| Financial assets at fair value | 8(d) | 48,106 | 48,106 |
| | | 749,474 | 749,474 |
| Non-current assets classified as Held for Sale | 11 | 22,525 | 22,525 |
| Total current assets | | 771,999 | 771,999 |
| Non-current assets | | | |
| Receivables | 8(b) | 6,167 | 6,167 |
| Other financial assets (at amortised cost) | 8(c) | 144,342 | 144,342 |
| Property, plant and equipment | | | |
| - Land and buildings | 9(a) | 2,741,395 | 2,741,395 |
| - Plant and equipment | 9(b) | 141,082 | 141,082 |
| - Infrastructure systems | 9(c) | 61,481,788 | 61,481,788 |
| Total property, plant and equipment | | 64,364,265 | 64,364,265 |
| Private sector provided infrastructure | 10(a) | 818,656 | 818,656 |
| Intangible assets | 10(b) | 136,448 | 136,448 |
| Investment property | 10(c) | 129,466 | 129,466 |
| Total non-current assets | | 65,599,344 | 65,599,344 |
| Total assets | | 66,371,343 | 66,371,343 |
| Liabilities | | | |
| Current liabilities | | | |
| Payables | 13 | 901,213 | 2,431,985 |
| Borrowings | 14 | 70,737 | 70,737 |
| Provisions | 16 | 330,365 | 5,356 |
| Other | 17 | 180,156 | 180,156 |
| Total current liabilities | | 1,482,471 | 2,688,234 |
| Non-current liabilities | | | |
| Borrowings | 14 | 1,043,163 | 1,043,163 |
| Provisions | 16 | 1,216,203 | 10,440 |
| Other | 17 | 553,337 | 553,337 |
| Total non-current liabilities | | 2,812,703 | 1,606,940 |
| Total liabilities | | 4,295,174 | 4,295,174 |
| Net assets | | 62,076,169 | 62,076,169 |
| Equity | | | |
| Reserves | | 2,028,547 | 2,028,547 |
| Accumulated funds | | 60,047,622 | 60,047,622 |
| Total equity | | 62,076,169 | 62,076,169 |

The accompanying notes form part of these financial statements.

**Statement of changes in equity
for the period 1 November 2011 to 30 June 2012**

| | Accumulated funds | | Asset revaluation reserve | | Total equity | |
|--|---------------------|---------------------|---------------------------|---------------------|---------------------|---------------------|
| | Consolidated | Parent | Consolidated | Parent | Consolidated | Parent |
| | June 2012 \$'000 | June 2012 \$'000 | June 2012 \$'000 | June 2012 \$'000 | June 2012 \$'000 | June 2012 \$'000 |
| Balance at 1 November 2011 | - | - | - | - | - | - |
| Net result for the period | 1,076,750 | 708,096 | - | - | 1,076,750 | 708,096 |
| Other comprehensive income | | | | | | |
| Net increase in asset revaluation reserves | - | - | 2,028,547 | 2,028,547 | 2,028,547 | 2,028,547 |
| Superannuation actuarial (losses) | (368,654) | - | - | - | (368,654) | - |
| Other comprehensive income for the period | (368,654) | - | 2,028,547 | 2,028,547 | 1,659,893 | 2,028,547 |
| Total comprehensive income for the period | 708,096 | 708,096 | 2,028,547 | 2,028,547 | 2,736,643 | 2,736,643 |
| Transfers within equity | | | | | | |
| Asset revaluation reserve balance transferred to accumulated funds on disposal of assets | - | - | - | - | - | - |
| Transactions with owners in their capacity as owners | | | | | | |
| Increase/(decrease) in net assets from equity transfers | 59,339,526 | 59,339,526 | - | - | 59,339,526 | 59,339,526 |
| Balance as at 30 June 2012 | 60,047,622 | 60,047,622 | 2,028,547 | 2,028,547 | 62,076,169 | 62,076,169 |

The accompanying notes form part of these financial statements.

**Statement of cash flows
for the period 1 November 2011 to 30 June 2012**

| | | Consolidated | Parent |
|--|-----------|-------------------------------|-------------------------------|
| | Notes | Actual June 2012 \$'000 | Actual June 2012 \$'000 |
| Cash flows from operating activities | | | |
| Payments | | | |
| Employee related | | (416,204) | (416,204) |
| Grants and subsidies | | (244,917) | (244,917) |
| Finance costs | | (59,747) | (59,747) |
| Other | | (964,156) | (964,156) |
| Total payments | | (1,685,024) | (1,685,024) |
| Receipts | | | |
| Sale of goods and services | | 408,722 | 408,722 |
| Interest received | | 16,552 | 16,552 |
| Operating grants received from TfNSW | | 1,230,843 | 1,230,843 |
| Capital grants received from TfNSW | | 1,826,407 | 1,826,407 |
| Other grants and contributions | | 28,147 | 28,147 |
| Other | | 217,050 | 217,050 |
| Total receipts | | 3,727,721 | 3,727,721 |
| Net cash flows from operating activities | 25 | 2,042,697 | 2,042,697 |
| Cash flows from investing activities | | | |
| Proceeds from sale of land and buildings, plant and equipment and infrastructure systems | | 17,338 | 17,338 |
| Purchases of land and buildings, plant and equipment and infrastructure systems | | (1,837,659) | (1,837,659) |
| Receipt of lease revenue from maritime trade tower lease | | 8,731 | 8,731 |
| Net cash flows used in investing activities | | (1,811,590) | (1,811,590) |
| Cash flows from financing activities | | | |
| Contribution paid to government | | (2,000) | (2,000) |
| Payment of finance lease liabilities | | (46,550) | (46,550) |
| Repayment of borrowings and advances | | (79,839) | (79,839) |
| Net cash flows used in financing activities | | (128,389) | (128,389) |
| Net increase in cash | | 102,718 | 102,718 |
| Opening cash and cash equivalents | | - | - |
| Cash transferred in as a result of administrative restructuring | 19 | 302,060 | 302,060 |
| Closing cash and cash equivalents | 7 | 404,778 | 404,778 |

The accompanying notes form part of these financial statements.

**Service group statements
for the period 1 November 2011 to 30 June 2012**

| RMS expenses and income | Transport infrastructure and development* | Integrated transport service delivery* | Integrated transport planning and management* | Not attributable | Total |
|--|---|--|---|---------------------|---------------------|
| | June 2012 \$'000 | June 2012 \$'000 | June 2012 \$'000 | June 2012 \$'000 | June 2012 \$'000 |
| Expenses excluding losses | | | | | |
| Operating expenses | | | | | |
| - Employee related expenses | 5,841 | 194,272 | 243,646 | - | 443,759 |
| - Other operating expenses | 4,512 | 150,076 | 188,219 | - | 342,807 |
| Maintenance | 6,909 | 229,798 | 288,205 | - | 524,912 |
| Depreciation and amortisation | 8,135 | 270,585 | 339,357 | - | 618,077 |
| Grants and subsidies | 4,356 | 144,904 | 181,732 | - | 330,992 |
| Finance costs | 811 | 26,984 | 33,844 | - | 61,639 |
| Total expenses excluding losses | 30,564 | 1,016,619 | 1,275,003 | - | 2,322,186 |
| Revenue | | | | | |
| Sale of goods and services | 144,004 | 175,559 | 32,033 | - | 351,596 |
| Personal services revenue | 935 | 31,112 | 39,020 | - | 71,067 |
| Investment revenue | 12,298 | 14,993 | 2,736 | - | 30,027 |
| Retained taxes, fees and fines | 3,281 | 4,001 | 730 | - | 8,012 |
| Operating grant received from TfNSW | 9,012 | 1,146,888 | 80,198 | - | 1,236,098 |
| Capital grant received from TfNSW | 1,426,472 | 374,994 | 24,941 | - | 1,826,407 |
| Other grants and contributions | 11,528 | 14,055 | 2,564 | - | 28,147 |
| Other revenue | 59,588 | 72,645 | 13,256 | - | 145,489 |
| Total revenue | 1,667,118 | 1,834,247 | 195,478 | - | 3,696,843 |
| Gains on disposal of property, plant and equipment | (3,627) | (4,422) | (807) | - | (8,856) |
| Other (losses) | (118,387) | (144,330) | (26,334) | - | (289,051) |
| Net result | 1,514,540 | 668,876 | (1,106,666) | - | 1,076,750 |
| Other comprehensive income | | | | | |
| Net increase/(decrease) in asset revaluation reserve | 59,127 | 1,956,452 | 12,968 | - | 2,028,547 |
| Superannuation actuarial gains/(losses) | (4,852) | (161,391) | (202,411) | - | (368,654) |
| Total other comprehensive income for the period | 54,275 | 1,795,061 | (189,443) | - | 1,659,893 |
| Total comprehensive income | 1,568,815 | 2,463,937 | (1,296,109) | - | 2,736,643 |

* Refer to Note 6 for description of service group.

| Administered expenses and income | Transport infrastructure and development | Integrated transport service delivery | Integrated transport planning and management | Not attributable | Total |
|--|--|--|---|---------------------|---------------------|
| | June 2012 \$'000 | June 2012 \$'000 | June 2012 \$'000 | June 2012 \$'000 | June 2012 \$'000 |
| Administered expenses | | | | | |
| Transfer payments | - | - | - | - | - |
| Other | - | - | - | - | - |
| Total administered expenses | - | - | - | - | - |
| Administered income | | | | | |
| Transfer receipts | - | - | - | 1,812,445 | 1,812,445 |
| Total administered income | - | - | - | 1,812,445 | 1,812,445 |
| Administered income less expenses | - | - | - | 1,812,445 | 1,812,445 |

The accompanying notes form part of these financial statements.

| RMS assets and liabilities | Transport infrastructure and development | Integrated transport service delivery | Integrated transport planning and management | Not attributable | Total |
|--|--|---------------------------------------|--|---------------------|---------------------|
| | June 2012 \$'000 | June 2012 \$'000 | June 2012 \$'000 | June 2012 \$'000 | June 2012 \$'000 |
| Current assets | | | | | |
| Cash and cash equivalents | - | 89,168 | 267,504 | - | 356,672 |
| Receivables | 22,072 | 250,413 | 60,405 | - | 332,890 |
| Inventories | - | 11,216 | 590 | - | 11,806 |
| Financial assets at fair value | - | 48,064 | 42 | - | 48,106 |
| Non-current assets classified as held for sale | - | 22,525 | - | - | 22,525 |
| Total current assets | 22,072 | 421,386 | 328,541 | - | 771,999 |
| Non-current assets | | | | | |
| Receivables | 409 | 4,639 | 1,119 | - | 6,167 |
| Other financial assets | - | 144,342 | - | - | 144,342 |
| Property, plant and equipment | | | | | |
| - Land and buildings | - | 2,446,602 | 294,793 | - | 2,741,395 |
| - Plant and equipment | - | 37,340 | 103,742 | - | 141,082 |
| - Infrastructure systems | 1,873,979 | 59,585,511 | 22,298 | - | 61,481,788 |
| Private sector provided infrastructure | - | 818,656 | - | - | 818,656 |
| Intangible assets | - | 136,448 | - | - | 136,448 |
| Investment property | - | 129,466 | - | - | 129,466 |
| Total non-current assets | 1,874,388 | 63,303,004 | 421,952 | - | 65,599,344 |
| Total assets | 1,896,460 | 63,724,390 | 750,493 | - | 66,371,343 |
| Liabilities | | | | | |
| Current liabilities | | | | | |
| Payables | 552,194 | 210,337 | 138,683 | - | 901,213 |
| Borrowings | 43,342 | 16,509 | 10,885 | - | 70,737 |
| Provisions | 202,423 | 77,104 | 50,838 | - | 330,365 |
| Other | 110,386 | 42,047 | 27,723 | - | 180,156 |
| Total current liabilities | 908,345 | 345,997 | 228,129 | - | 1,482,471 |
| Non-current liabilities | | | | | |
| Borrowings | 639,172 | 243,465 | 160,526 | - | 1,043,163 |
| Provisions | 745,198 | 283,852 | 187,153 | - | 1,216,203 |
| Other | 339,043 | 129,144 | 85,150 | - | 553,337 |
| Total non-current liabilities | 1,723,413 | 656,461 | 432,829 | - | 2,812,703 |
| Total liabilities | 2,631,758 | 1,002,458 | 660,958 | - | 4,295,174 |
| Net assets | (735,298) | 62,721,932 | 89,535 | - | 62,076,169 |

The accompanying notes form part of these financial statements.

Notes to and forming part of the financial statements of RMS for the period 1 November 2011 to 30 June 2012

1. Summary of significant accounting policies

a. Reporting entity

The *Transport Legislation Amendment Act 2011* was proclaimed on 1 November 2011. As a result of that Act the Roads and Traffic Authority (the RTA) and NSW Maritime, together with their associated entities, were abolished on 31 October 2011 with all assets and liabilities as at that date transferring to new entities created under the Act. Those new entities are Roads and Maritime Services (RMS) and Roads and Maritime Services Division (RMS Division).

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, namely RMS Division which provides personnel services 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.

These consolidated financial statements for the period 1 November 2011 to 30 June 2012 have been authorised for issue by the Chief Executive of RMS on the date that the accompanying statement under s.41C(1C) of the *Public Finance and Audit Act 1983* was signed.

b. Basis of preparation

RMS' consolidated financial statements are general purpose financial statements which have been prepared in accordance with:

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

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

Despite current liabilities exceeding current assets at period end, the operation and ability of RMS to pay its debts are assured due to its funding arrangements with Transport for NSW (TfNSW). TfNSW provides funding in the form of grants. The 2011-12 TfNSW budget papers include an amount payable for Grants and Contributions of \$4,220.213 million payable to RMS in the 2012-13 financial year.

Property, plant and equipment, and investment property assets (or disposal groups) held for sale and financial assets at 'fair value through profit or loss' and available for sale are measured at fair value. Other financial statement items are prepared in accordance with the historical cost convention.

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

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

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

The accounting policies set out have been applied consistently by the consolidated and parent entities.

c. Principles of consolidation

These financial statements have been consolidated in accordance with Australian Accounting Standard AASB 127 *Consolidated and Separate Financial Statements* and include the assets, liabilities, equities, revenues and expenses of all entities controlled by RMS.

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

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

d. New and revised Australian Accounting Standards and Interpretations

Australian Accounting Standards and Interpretations that have recently been issued or amended, but are not yet effective, have not been adopted for the financial reporting period ended 30 June 2012. Management's assessment of the impact of these new standards and interpretations is set out below:

| Standard | Summary of key requirements/changes | Applicable to annual reporting periods beginning on or after | Impact on Reporting Entity's financial statements |
|--|---|---|---|
| AASB 9 <i>Financial Instruments</i> and AASB 2010-7 <i>Amendments to Australian Accounting Standards arising from AASB 9</i> | AASB 9 introduces new requirements for the classification, measurement and derecognition of financial assets and financial liabilities. It was further amended by AASB 2010-7 to reflect amendments to accounting for financial liabilities. Financial assets and financial liabilities can be designated and measured at fair value. The existing four category approach to measurement after initial recognition will be reduced to two categories - either amortised cost or fair value. | The IASB has deferred the effective date of this standard to 1 January 2015. It is expected that AASB will also make a similar amendment. | 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. |
| AASB 10 <i>Consolidated Financial Statements</i> | AASB 10 supersedes AASB 127. It introduces a new principles-based control model that focuses on both power and rights or exposure to variable returns. The Standard requires the parent entity to present consolidated financial statements as those of a single economic entity, replacing the requirements of AASB 127 <i>Consolidated and Separate Financial Statements</i> . | 1 July 2013 | The new definition of control is not expected to impact on the reporting entity. The concept of "single economic entity" may impact on the format of the consolidated financial statements unless modifications are made for public sector entities. |
| AASB 11 <i>Joint Arrangements</i> | Under AASB 11, the focus is no longer on the legal structure of joint arrangements (which determined the accounting) but rather on how rights and obligations are shared by the joint venture parties (the underlying economics). A joint venture will be classified as either a joint operation or joint venture. The Standard also replaces and alters the existing method of accounting for joint ventures under AASB 131 <i>Interests in Joint Ventures</i> . | 1 July 2013 | The impact on the reporting entity's financial statements is expected to be insignificant due to the absence of material joint arrangements. |

| Standard | Summary of key requirements/changes | Applicable to annual reporting periods beginning on or after | Impact on Reporting Entity's financial statements |
|---|---|---|---|
| AASB 12 <i>Disclosure of Interests in other Entities</i> | AASB 12 focuses on disclosures that would help users better assess the nature and financial effects of an entity's involvement with other entities and particularly enhances disclosures about consolidated entities and unconsolidated (off balance sheet) structured entities. The Standard sets out the required disclosures for entities reporting under AASB 10 and AASB 11 and replaces the disclosure requirements of AASB 128 <i>Investment in Associates</i> . | 1 January 2013 | Application of the standard will not affect any of the amounts recognised in the consolidated financial statements. However, it may impact on the type of information disclosed. The AASB may modify the standard "for application by not-for-profit entities". |
| AASB 13 <i>Fair Value Measurement</i> and AASB 2011-8. | The Standard defines fair value, establishes a single framework or guidance for the measuring of fair value, and requires enhanced disclosures about fair value measurements. AASB 13 applies when another standard requires or permits fair value measurements or disclosures. The Standard establishes a three tier "fair value hierarchy". | 1 January 2013 | The reporting entity's major assets – property, plant and equipment, and investment properties, are recognised at fair value. It is not possible at this stage to determine the impact if any of the new rules on any of the amounts recognised in the consolidated financial statements. |
| AASB 119 <i>Employee Benefits</i> AASB 2011-10 and AASB 2011-11 | This Standard will mainly impact the accounting for defined benefit pension schemes. The corridor approach for the recognition of actuarial gains and losses has been removed, as has the option to recognise actuarial gains and losses in profit or loss. The impact of this is that all actuarial gains and losses will be recognised in other comprehensive income in the period in which they arise. In addition, the calculation of net interest cost has changed. There will no longer be separate calculations of the expected return on plan assets and the interest cost of funding the defined benefit obligation. Instead, a single rate is applied to the net of the defined benefit obligation and plan assets. | 1 January 2013 with retrospective implementation as per AASB 108 <i>Accounting Policies, Changes in Accounting Estimates and Errors</i> . | The requirements for measurement of employer liabilities and assets arising from defined benefit plans, and the measurement and presentation of changes in such liabilities and assets, are substantially different under the revised AASB 119. It is not possible at this stage to determine the impact of this new Standard on the consolidated financial statements. |
| AASB 127 <i>Separate Financial Statements</i> | AASB 127 <i>Consolidated and Separate Financial Statements</i> has been renamed <i>Separate Financial Statements</i> . The objective of this Standard is to prescribe the accounting and disclosure requirements for investments in subsidiaries, joint ventures and associates when an entity prepares separate financial statements (in addition to consolidated financial statements). The Standard requires that when an entity prepares separate financial statements, investments in subsidiaries, associates and jointly controlled entities are accounted for either at cost or in accordance with AASB 9 <i>Financial Instruments</i> . The Standard also deals with the recognition of dividends, certain group reorganisations and includes a number of disclosure requirements. | 1 July 2013 | The AASB may modify the application of this standard to the not-for-profit entities. As such it is not practical to assess the impact of its application on the reporting entity's consolidated financial statements. |

| Standard | Summary of key requirements/changes | Applicable to annual reporting periods beginning on or after | Impact on Reporting Entity's financial statements |
|--|--|---|--|
| AASB 128 <i>Investments in Associates and Joint ventures</i> | This Standard supersedes AASB 128 <i>Investments in Associates</i> and prescribes the accounting for investments in associates and sets out the requirements for the application of the equity method when accounting for investments in associates and joint ventures. The Standard defines "significant influence" and provides guidance on how the equity method of accounting is to be applied. It also prescribes how investments in associates and joint ventures should be tested for impairment. | 1 July 2013 | The impact on the reporting entity's financial statements is expected to be insignificant. |
| AASB 1053 and AASB 2010-2 <i>regarding differential reporting</i> | AASB 1053 establishes a two tier differential reporting framework for those entities that prepare general purpose financial statements: Tier 1 or full compliance with AASB and Tier 2 or Reduced Disclosure Requirements. Tier 2, therefore requires fewer disclosures than Tier 1. | 1 July 2013 | This Standard will not impact on the reporting entity's financial statements which will continue to be prepared in accordance with Financial Reporting Code for NSW General Government Sector Entities (Tier 1). |
| AASB 2010-8 <i>regarding deferred tax</i> | The amendments in AASB 2010-8 relate to the measurement of deferred tax assets and deferred tax liabilities that arise from investment property being measured at fair value. | 1 July 2013 | No impact on the reporting entity's financial statements as the controlled entity that owns investment properties is not subject to tax regime. |
| AASB 2010-10 <i>regarding removal of fixed dates for first time adopters</i> | AASB 2010-10 amendments affect AASB 1 <i>First Time Adoption of Australian Accounting Standards</i> and provide relief for first-time adopters of Australian Accounting Standards from having to reconstruct transactions that occurred before their transition to Australian Accounting Standards. | 1 July 2013 | The Standard has no impact on the reporting entity's consolidated financial statements as the group entities made the transition to AEIFRS in 2005-06. |
| AASB 2011-3 Amendments to Australian Accounting Standards - Orderly Adoption of Changes to the ABS GFS Manual and Related Amendments (AASB 1049 and AASB 2011-13) | AASB 1049 is part of the Australian Accounting Standards Board's (AASB) work to achieve the Financial Reporting Council's strategic direction to harmonise the Government Finance Statistics (GFS) and Generally Accepted Accounting Principles (GAAP) reporting by an Australian Accounting Standard for a single set of government reports that are comparable with budget statements. The reporting of the GFS is in accordance with the Australian Bureau of Statistics GFS Manual. AASB 2011-13 amends some of the requirements in AASB 1049 <i>Whole of Government and General Government Sector Financial Reporting</i> to improve that standard at an operational level. | 1 July 2013 | The impact on the reporting entity's financial statements is expected to be insignificant. |
| AASB 2011-4 <i>Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements</i> | Amends AASB 124 Related Party Disclosures to remove the individual key management personnel (KMP) disclosures required by Australian specific paragraphs. Such disclosures are more in the nature of governance disclosures that are better dealt with as part of the <i>Corporations Act 2001</i> . | 1 July 2013 | The impact on the reporting entity's financial statements is expected to be insignificant. |

| Standard | Summary of key requirements/changes | Applicable to annual reporting periods beginning on or after | Impact on Reporting Entity's financial statements |
|---|---|---|--|
| AASB 2011-9 <i>Amendments to Australian Accounting Standards - Presentation of Items of Other Comprehensive Income</i> | AASB 2011-9 made changes to AASB 101 <i>Presentation of Financial Statements</i> . The only significant impact will be that, in the Statement of Comprehensive Income, items within the "Other Comprehensive Income" section will need to be presented in two sub-sections, based on whether they may be recycled to net result in the future. Whether or not subsequent reclassification is possible depends on the requirements or conditions in the accounting standard/interpretation that relates to the item concerned. This will not affect the measurement of any of the items. | 1 July 2012 | The impact on the reporting entity's financial statements is expected to be insignificant. |
| AASB 2011-13 <i>Amendments to Australian Accounting Standard - Improvements to AASB 1049</i> | Amends some of the requirements in AASB 1049 <i>Whole of Government and General Government Sector Financial Reporting</i> to improve that standard at an operational level. | 1 July 2012 | This Standard will not impact on the reporting entity's financial statements which will continue to be prepared in accordance with Financial Reporting Code for NSW General Government Sector Entities (Tier 1). |
| AASB 2012-1 <i>Amendments to Australian Accounting Standards - Fair Value Measurement - Reduced Disclosure Requirements</i> | This Standard establishes and amends reduced disclosure requirements for entities preparing general purpose financial statements under Australian Accounting Standards - Reduced Disclosure Requirements for additional and amended disclosures arising from AASB 13 and the consequential amendments implemented through AASB 2011-8. | 1 July 2013 | This Standard will not impact on the reporting entity's financial statements which will continue to be prepared in accordance with Financial Reporting Code for NSW General Government Sector Entities (Tier 1). |
| AASB 2012-2 <i>Amendments to Australian Accounting Standards - Disclosures - Offsetting Financial Assets and Financial Liabilities</i> | This Standard amends the required disclosures in AASB 7 to include information that will enable users of an entity's financial statements to evaluate the effect or potential effect of netting arrangements, including rights of set-off associated with the entity's recognised financial assets and recognised financial liabilities, on the entity's financial position. | 1 July 2013 | The impact on the reporting entity's financial statements is expected to be insignificant. |
| AASB 2012-3 <i>Amendments To Australian Accounting Standards - Offsetting Financial Assets And Financial Liabilities</i> | This Standard adds application guidance to AASB 132 to address inconsistencies identified in applying some of the offsetting criteria of AASB 132, including clarifying the meaning of "currently has a legally enforceable right of set-off" and that some gross settlement systems may be considered equivalent to net settlement. | 1 July 2013 | The impact on the reporting entity's financial statements is expected to be insignificant. |

| Standard | Summary of key requirements/changes | Applicable to annual reporting periods beginning on or after | Impact on Reporting Entity's financial statements |
|--|--|--|---|
| AASB 2012-4 Amendments to Australian Accounting Standards - Government Loans | This Standard adds an exception to the retrospective application of Australian Accounting Standards to require that first-time adopters apply the requirements in AASB 139 <i>Financial Instruments: Recognition and Measurement</i> (or AASB 9 <i>Financial Instruments</i>) and AASB 120 <i>Accounting for Government Grants and Disclosure of Government Assistance</i> prospectively to government loans existing at the date of transition to Australian Accounting Standards. | 1 July 2013 | The impact on the reporting entity's financial statements is expected to be insignificant. |
| AASB 2012-5 Amendments to Australian Accounting Standards arising from Annual Improvements 2009-2011 Cycle | This Standard makes amendments to the Australian Accounting Standards and Interpretation listed in paragraph 1 of the Standard. These amendments are a consequence of the annual improvements process, which provides a vehicle for making non-urgent but necessary amendments to Standards. These amendments result from proposals that were included in Exposure Draft ED 213 <i>Improvements to IFRSs</i> published in July 2011 and follow the issuance of <i>Annual Improvements to IFRSs 2009-2011 Cycle</i> issued by the International Accounting Standards Board in May 2012. | 1 July 2013 | The Standard makes minor changes, primarily further clarifications and descriptions, to a number of other Australian Accounting Standards. The impact on the reporting entity's financial statements is expected to be minor. |

RMS has also reviewed the following accounting standards and interpretations and concluded that they are not applicable to RMS consolidated financial statements:

- AASB 2010-10 Further Amendments to Australian Accounting Standards - Removal of Fixed Dates for First-time Adopters.
- AASB 2011-6 Amendments to Australian Accounting Standards - Extending Relief from Consolidation, the Equity Method and Proportionate Consolidation - Reduced Disclosure Requirements.
- AASB 2011-7 Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards.

e. 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 23). RMS is accountable for the transactions relating to these administered activities but does not have the discretion, for example, to deploy the resources for the achievement of its own objectives.

Transactions and balances relating to the administered activities are not recognised as RMS' income, expenses, assets and liabilities, but are disclosed as "Administered Income and Expenses" (refer to note 23), and "Administered Assets and Liabilities" (refer to note 24) in accordance with AASB 1050 *Administered Items*.

Expenses incurred in collecting monies on behalf of the Crown Entity are recognised as RMS' expenses. The accrual basis of accounting and all applicable accounting standards have been adopted for the reporting of administered income in notes 23 and 24.

f. Income recognition

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

i. Grants from Transport for NSW

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

ii. Sale of goods and rendering of services

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

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

iii. Rental income

Rental income is recognised as revenue on an accrual basis, in accordance with AASB117 *Leases* on a straight-line basis over the lease term.

iv. Investment revenue

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

v. Gains and losses

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

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

The value of the emerging right to receive 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.

g. Employee benefits and other provisions

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

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

Long-term annual leave that is not expected to be taken within 12 months is measured at present value in accordance with AASB 119 *Employee Benefits*. Market yields on ten year government bonds are used to discount long-term annual leave.

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

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

ii. Long service leave and superannuation

RMS assumes the long service leave liability for all employees and all superannuation liabilities. These liabilities are recognised in the Statement of Financial Position. Long service leave is measured at present value in accordance with AASB 119 *Employee Benefits*. This is based on the application of certain factors (specified in NSWTC 11/06) to employees with five or more years of service, using current rates of pay. These factors were determined based on an actuarial review to approximate present value.

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

Defined contribution plans

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

Defined benefit plans

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

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

Defined Benefit Plans expense is calculated as a multiple of the employee's superannuation contributions.

iii. Other provisions

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

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

Make good provision

A provision has been made for the present value of anticipated costs of future environmental restoration. The provision includes future cost estimates associated with remediation of the maritime environment. The calculation of this provision requires assumptions such as application of environmental legislation, community expectations, available technologies and engineering cost estimates. These uncertainties may result in future actual expenditure differing from

the amounts currently provided. The provision recognised is periodically reviewed and updated based on the facts and circumstances available at the time. Changes to the estimated future costs are recognised in the statement of financial position by adjusting both the expense and/or asset (if applicable) and provision.

iv. Personnel services and shared services expense

Personal 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.

h. Borrowing costs

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

i. 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.

j. 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 the cost of acquisition of an asset or as part of an item of expense.
- Receivables, payables, accruals and commitments are stated with the amount of GST included.
- Cash flows are included in the Statement of Cash Flows on a gross basis. However, the GST components of cash flows arising from investing and financing activities which is recoverable from, or payable to, the ATO are classified as operating cash flows.

k. Asset management policy

Acquisition of assets

The cost method of accounting is used for the initial recording of all acquisitions of assets controlled by RMS. 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.

Where payment for property, plant and equipment is deferred beyond normal credit terms, the difference between its cash price equivalent and the total payment is measured as interest over the period of credit. The discount rate used to calculate the cash price equivalent is an asset specific rate.

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

Capitalisation thresholds

Property, plant and equipment and intangible assets costing above \$10,000 individually, or forming part of a network costing more than \$10,000, are capitalised. Some computer equipment and intangible assets costing above \$1,000 are capitalised. 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 07-01). This policy adopts a fair value approach in accordance with AASB 116 *Property, Plant and Equipment*.

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

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

RMS revalues 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.

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

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

Otherwise, any balances of accumulated depreciation at the revaluation date in respect of those assets are credited to the asset accounts to which they relate. The net asset accounts are then increased or decreased by the revaluation increments or decrements.

Revaluation increments are credited directly to the asset revaluation reserve, except that, to the extent that an increment reverses a revaluation decrement in respect of that class of asset previously recognised as an expense, 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, RMS is effectively exempted from AASB 136 *Impairment of Assets* and impairment testing. This is because AASB 136 modifies the recoverable amount test to the higher of fair value less costs to sell and depreciated replacement cost. This means that, for an asset already measured at fair value, impairment can only arise if selling costs are material. Selling costs are regarded as immaterial.

i. Plant and equipment

| Asset | Valuation policy | Depreciation policy |
|-------------------------------|-----------------------------|--|
| Plant, equipment and vehicles | Depreciated historical cost | Depreciated on the straight-line method over the estimated useful life between 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. |
| Navigational aids | Depreciated historical cost | Depreciated on the straight-line method over the estimated useful life between 5 and 20 years. |

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

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

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

ii. Land and buildings

| Asset | Valuation policy | Depreciation policy |
|--|--|--|
| Land and buildings in service Works administration properties Officers' Residences | Land and buildings in service are generally valued at value in use (land) and depreciated replacement cost (buildings). Where such properties are rented externally they are valued at current market value. Land and buildings in service are revalued at least every three years. | Buildings – Depreciated on the straight-line basis over the estimated useful life of between 20 and 50 years. |
| Land and Buildings Acquired for Future Roadworks (LAFFRW) | Untenanted land for future roadworks – The average rateable value per hectare of urban and rural areas within each Local Government Area (LGA). The distinction between urban and rural areas was determined by reference to the general land classification profile within each LGA. Rentable or surplus properties – Revalued progressively over a three year cycle. The valuation is carried out by a registered valuer. | No depreciation is charged as buildings are not purchased to generate revenue but ultimately to be demolished for roadworks. |
| Vacant land | The average rateable value per hectare of urban and rural areas within each LGA. The distinction between urban and rural areas was determined by reference to the general land classification profile within each LGA. | No depreciation is charged on vacant land. |
| Leasehold improvements | Depreciated historic cost/revalued amount. | Amortised over the period of the lease, or the useful life of the leasehold improvement, whichever is shorter. |

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

Included in the value of land and buildings in service is an amount of \$16.385 million for buildings on Crown land. As RMS effectively “controls” this Crown land, it has been included in RMS’ Statement of Financial Position. Should such Crown land be transferred or disposed of, associated buildings are written off in the financial year the transfer or disposal takes place.

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

iii. Infrastructure systems

| Asset | Valuation policy | Depreciation policy |
|--|---|---|
| Roads | | |
| Earthworks | Depreciated replacement cost | Indefinite life with the exception of road segments subject to: <ul style="list-style-type: none"> • Slope instability (25–50 years) • Mine subsidence (100 years) • Unsealed pavement surface (100 years) |
| Pavement | Depreciated replacement cost | Depreciated over estimated useful life dependant on pavement surface: <ul style="list-style-type: none"> • 15 years (unsealed) • 20–50 years (flush seal/asphalt) • 25–50 years (asphalt/concrete) • 40–50 years (concrete) |
| Corridor assets | Depreciated replacement cost | Depreciated over estimated useful life of 100 years. |
| Bridges | | |
| Timber structure | Depreciated replacement cost | Depreciated over estimated useful life dependant on bridge type: <ul style="list-style-type: none"> • 60 years • 100 years • 100 years • 60 years • 200 years • 100 years |
| Concrete structures | | |
| Steel structures | | |
| X Trusses (timber and steel) | | |
| Heritage bridges | | |
| Bridge size culverts/tunnels | | |
| Traffic signals | Depreciated replacement cost | Depreciated over estimated useful life of 20 years. |
| Traffic Control Network | | |
| Traffic systems | Depreciated replacement cost | Depreciated over estimated useful life of: <ul style="list-style-type: none"> • 5–20 years • 5–20 years • 30 years |
| Transport Management Centre | | |
| Variable message signs | | |
| Land under roads and within road reserves | The urban Average Rateable Value per hectare within each Local Government Area (LGA) adjusted by an “open spaces ratio”. The “open spaces ratio” is derived from open spaces data provided by the Valuer-General and is used to adjust average rateable value to approximate englobo value (unimproved and pre-subdivision land). | No depreciation applied as land does not have a limited useful life. |
| Sydney Harbour Tunnel | | |
| Immersed tube mechanical and electrical pavement earthworks | Depreciated replacement cost | Depreciated over estimated useful life depending on asset type: <ul style="list-style-type: none"> • 100 years • 20 years • 20 years 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 | Depreciated replacement cost | Independent valuation. |
| Seawall | Depreciated replacement cost | Depreciated over estimated useful life of between 25 and 40 years. |

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

These assets are recorded initially at construction cost and the annual percentage increase in the Road Cost Index (RCI) is applied each year until the following unit replacement review is undertaken.

Subsequent to the review, infrastructure is valued using the unit replacement rates, adjusted by the Road Cost Index as applicable.

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

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

iv. Intangible assets

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

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

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

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

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

v. Private sector provided infrastructure (PSPI)

In respect of 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 has minor cultural collection items such as prints, drawings and artefacts that cannot be reliably valued and are considered immaterial.

| 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. |

vii. Leased assets

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

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

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

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. Investment property

Initially, investment properties are measured at cost including transaction costs. Subsequent to initial recognition, investment properties are revalued annually and stated at fair value, which is based on active market prices, adjusted if necessary for any difference in the nature, location or condition of the specific asset at the reporting date. Gains or losses arising from changes in the fair values of investment properties are included in the statement of comprehensive income in the year in which they arise.

Investment properties are derecognised when they have either been disposed of or when the investment property is permanently withdrawn from use and no future benefit is expected from its disposal. Any gains or losses on the derecognition of an investment property are recognised in the statement of comprehensive income in the year of derecognition.

Transfers are made to and from investment property when, and only when, there is a change in use. Where properties are transferred from investment property, the deemed cost for subsequent accounting is its fair value at the date of change in use. Where properties are transferred to investment property, such properties are accounted for in accordance with the policy stated under note 1(k)(ii) up to the date of the change in use.

ix. Investments

The reporting entity subsequently measures investments classified as "held for trading" or designated upon initial recognition "at fair value through profit or loss" at fair value. Financial assets are classified as "held for trading" if they are acquired for the purpose of selling

in the near term. The NSW Treasury Corporation (TCorp) Hour-Glass Investment Facilities are designated at fair value through profit and loss using the second leg of the fair value option, ie 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

x. Port Corporation dredging

As RMS is the owner of the seabed of the major NSW ports, costs incurred by Port Corporations in NSW in capital dredging (harbour deepening) of channels are recorded as an RMS asset. A corresponding amount is recorded as "Long-term channel fees unearned income" and amortised over a period of 99 years.

I. Major inspection costs

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

m. Restoration costs

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

n. Maintenance

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

o. Inventories

Inventories 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.

p. Capitalisation of expenditure

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

q. Non-current assets held for sale

RMS has 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 to sell. These assets are not depreciated while they are classified as held for sale. Refer to note 11 for details.

r. Other assets

Other assets including prepayments are recognised on a cost basis.

s. 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 15.

a. Financial assets

i. Cash and cash equivalents

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

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

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

ii. Loans and receivables

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

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

iii. Other financial assets

Other financial assets consist of non-derivative financial assets measured at amortised cost, using the effective interest method (refer note 8(c)).

iv. Impairment of financial assets

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

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

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

v. Derecognition of financial assets

A financial asset is derecognised 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 has not transferred substantially all the risks and rewards, if the entity has not retained control.

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

b. Financial liabilities

i. Payables

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

ii. Borrowings

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

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

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

iii. Derecognition of financial liabilities

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

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

iv. Financial guarantees

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

Under AASB 139, financial guarantee contracts are recognised as a liability at the time the guarantee is issued and initially measured at fair value, where material. After initial recognition, the liability is measured at the higher of the amount determined in accordance with AASB 137 *Provisions, Contingent Liabilities and Contingent Assets* and the amount initially recognised, less accumulated amortisation.

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 has an approved limit of \$3 million until 30 June 2012 from TCorp.

RMS has reviewed its financial guarantees and determined that there is no material liability to be recognised for financial guarantee contracts as at 30 June 2012 and as at 30 June 2011. Refer to note 21 regarding disclosures on contingent liabilities.

t. Equity transfers

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

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

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

u. 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.

v. Retained taxes, fines and fees

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

w. Comparative information

The Financial Statements as at 30 June 2012 are the first financial statements for RMS. Consequently no comparative information for prior periods has been provided.

However, notional financial statements for the 12 months ended 30 June 2012 with comparative information for the prior period have been included in note 27. These statements have been prepared from the perspective of RMS existing for the whole year and having always existed in its current form. The content of these statements is based on an aggregation of financial information from the former RTA and NSW Maritime adjusted for those functions transferred in or out to other agencies.

x. Budget

The Financial Reporting Code requires disclosure of budget information included in the budget paper. RMS does not have its own separate budget in the budget paper as it was established after the budget was presented for 2011-12. Consequently no budget information and review note are disclosed in the current financial statements.

y. 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(k).

ii. Accumulated funds

The category of accumulated funds includes retained funds.

z. 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(k) and note 9 |
| Private sector provided infrastructure | Note 1(k) and note 10(a) |
| Employee benefits | Note 1(g) and note 16 |

2. Expenses excluding losses

a. Employee related expenses

Employee related expenses comprise the following specific items:

| | Consolidated | Parent |
|--|---------------------|---------------------|
| | June 2012 \$'000 | June 2012 \$'000 |
| Salaries and wages (including annual leave) | 330,369 | - |
| Superannuation - defined benefit plans* | 7,683 | - |
| Superannuation - defined contribution plans | 22,015 | - |
| Personnel services | - | 778,271 |
| Long service leave | 21,545 | - |
| Payroll tax and fringe benefits tax | 17,977 | - |
| Redundancy | 539 | - |
| Skill hire contractors | 34,142 | 34,142 |
| Workers' compensation insurance | 9,489 | - |
| | 443,759 | 812,413 |
| Allocations of employee related costs to programs | | |
| - Capitalised to infrastructure | 160,505 | 160,505 |
| - Operating programs (including maintenance costs) | 443,759 | 812,413 |
| | 604,264 | 972,918 |

Included in the above are employee related expenses of \$124.491 million related to maintenance.

*Defined benefit superannuation actuarial losses of \$368.654 million in the eight months ended 30 June 2012 are recognised in the Statement of Comprehensive Income. Total superannuation expense recognised in the Statement of Comprehensive Income is \$398.352 million.

b. Other operating expenses

| | | |
|--|----------------|----------------|
| Auditor's remuneration - audit of financial statements | 610 | 595 |
| Advertising | 14,308 | 14,308 |
| Contract payments | 20,233 | 20,233 |
| Data processing | 17,065 | 17,065 |
| Contingent rent | 3,748 | 3,748 |
| Fleet hire and lease charges | 7,021 | 7,021 |
| Lease and property expenses | 30,400 | 30,400 |
| M5 Cashback refund | 47,409 | 47,409 |
| Office expenses | 22,202 | 22,202 |
| Payments to councils and external bodies | 7,684 | 7,684 |
| Sydney Harbour Tunnel operating fees | 18,370 | 18,370 |
| Travel and legal expenses | 8,673 | 8,673 |
| Utilities and communications | 2,454 | 2,454 |
| Professional fees | 56,069 | 56,069 |
| Other | 12,856 | 12,871 |
| | 269,102 | 269,102 |
| Shared services charges | 73,705 | 73,705 |
| | 342,807 | 342,807 |

Infrastructure maintenance

Major reconstruction costs for road segments on State roads are capitalised and as such not charged against maintenance expenditure. RMS capitalised \$ 228.329 million of such works during the year.

RMS expensed \$136.42 million in the eight months ended 30 June 2012 on natural disaster restoration works from State funds, and \$93.21 million in the eight months ended 30 June 2012 on block grants and other maintenance grants to councils for regional and local roads.

| | Consolidated | Parent |
|--|---------------------|---------------------|
| | June 2012 \$'000 | June 2012 \$'000 |
| Roads maintenance | 514,890 | 514,890 |
| Maritime maintenance | 10,022 | 10,022 |
| Maintenance expenses in statement of comprehensive income | 524,912 | 524,912 |
| Maintenance related employee expenses (note 2(a)) | 124,491 | 124,491 |
| Total maintenance expenses including employee related | 649,403 | 649,403 |
| Total maintenance program | 238,747 | 238,747 |
| Capitalised maintenance | 228,329 | 228,329 |
| Total maintenance program | 1,116,479 | 1,116,479 |

c. Depreciation and amortisation

| | | |
|---|----------------|----------------|
| Depreciation of operational and property assets | 28,112 | 28,112 |
| Depreciation of infrastructure assets | 583,517 | 583,517 |
| Amortisation of intangible assets | 6,448 | 6,448 |
| | 618,077 | 618,077 |

d. Grants and subsidies

| | | |
|--|----------------|----------------|
| Grants under road safety program | 5,997 | 5,997 |
| Maintenance grants to councils (note 2(b)) | 238,747 | 238,747 |
| Roads and bridges transferred to councils | 73,026 | 73,026 |
| Other grants and subsidies | 13,222 | 13,222 |
| | 330,992 | 330,922 |

e. Finance costs

| | | |
|---|---------------|---------------|
| Interest expense from financial liabilities not at fair value through profit and loss | 21,240 | 21,240 |
| Finance lease interest charges | 30,551 | 30,551 |
| Finance lease interest charges – Maritime Trade Tower | 3,962 | 3,962 |
| Other | 5,886 | 5,886 |
| | 61,639 | 61,639 |

3. Revenue

a. Sale of goods and services

| | Consolidated | Parent |
|---|---------------------|---------------------|
| | June 2012 \$'000 | June 2012 \$'000 |
| Sale of goods | | |
| Number plates | 63,642 | 63,642 |
| Rendering of services | | |
| Advertising | 13,280 | 13,280 |
| Boat licences | 13,219 | 13,219 |
| Boat registrations | 14,978 | 14,978 |
| Channel fees | 9,040 | 9,040 |
| Fees for services | 34,255 | 34,255 |
| Heavy vehicle permit fees | 1,028 | 1,028 |
| Miscellaneous services | 16,804 | 16,804 |
| Moorings | 5,657 | 5,657 |
| General maritime revenue | 2,044 | 2,044 |
| Publications | 3,516 | 3,516 |
| Rental income | 37,549 | 37,549 |
| Third party insurance data access charges | 11,514 | 11,514 |
| Toll revenue (Sydney Harbour Bridge) | 64,523 | 64,523 |
| Toll revenue (Sydney Harbour Tunnel) | 28,786 | 28,786 |
| Works and services | 31,761 | 31,761 |
| | 351,596 | 351,596 |
| Personnel services revenue | 71,067 | 71,067 |

b. Investment revenue

| | | |
|--|---------------|---------------|
| Interest | 9,392 | 9,392 |
| Interest - Maritime Trade Tower | 3,820 | 3,820 |
| Rent received - Maritime Trade Tower | 8,731 | 8,731 |
| Amortisation of zero interest loan Sydney Harbour Tunnel | 4,744 | 4,744 |
| TCorp Investment Facilities Designated at Fair Value Through Profit or Loss - Gain on Fair Valuation | 3,340 | 3,340 |
| | 30,027 | 30,027 |

c. Retained taxes, fees and fines

| | | |
|---|--------------|--------------|
| Sanction fees payable under the Fines Act | 8,012 | 8,012 |
| | 8,012 | 8,012 |

d. Grants from Transport for NSW (TfNSW)

| | Consolidated | Parent |
|---|---------------------|---------------------|
| | June 2012 \$'000 | June 2012 \$'000 |
| Operating grant | | |
| Grant to fund general operations including maintenance | 1,236,098 | 1,236,098 |
| Capital grant | | |
| Grants to fund investment in infrastructure network development | 1,826,407 | 1,826,407 |
| | 3,062,505 | 3,062,505 |

Of the \$1,826.407 million capital grant, \$1,017 million relates to federal funding. The equivalent figure for the recurrent grant is \$97.372 million. Federal funding is appropriated to TfNSW through NSW Treasury.

e. Other grants and contributions

| | | |
|-------------------------------|---------------|---------------|
| NSW Government agencies | | |
| - TfNSW | 3,813 | 3,813 |
| - Other | 6,496 | 6,496 |
| Local government | 1,707 | 1,707 |
| Other government agencies | 4,234 | 4,234 |
| Private firms and individuals | 11,897 | 11,897 |
| | 28,147 | 28,147 |

Contributions received during the eight months ended 30 June 2012 were recognised as revenue during the period and were expended in that period with no balance of those funds available at 30 June 2012.

f. Other revenue

| | | |
|--|----------------|----------------|
| Amortisation of Deferred Revenue on Private Sector Provided Infrastructure (PSPI) Projects | 8,119 | 8,119 |
| Value of emerging interest of PSPI | | |
| - M2 (refer note 10(a)) | 9,524 | 9,524 |
| - M4 (refer note 10(a)) | 695 | 695 |
| - M5 (refer note 10(a)) | 16,101 | 16,101 |
| - Eastern Distributor (refer note 10(a)) | 10,140 | 10,140 |
| - Cross City Tunnel (refer note 10(a)) | 14,924 | 14,924 |
| - Western Sydney Orbital M7 (refer note 10(a)) | 29,810 | 29,810 |
| - Lane Cove Tunnel (refer note 10(a)) | 21,082 | 21,082 |
| M2 and Eastern Distributor promissory notes | 10,253 | 10,253 |
| Fuel tax credits | 134 | 134 |
| Principal arranged insurance refund | 2,024 | 2,024 |
| Property revenue | 3,862 | 3,862 |
| Recognition of infrastructure assets | 12,682 | 12,682 |
| Miscellaneous services | 1,916 | 1,916 |
| Other boating fees | 1,305 | 1,305 |
| Other (including professional services revenue) | 2,918 | 2,918 |
| | 145,489 | 145,489 |

4. Gains/(losses) on disposal

a. Gains/(losses) on disposal

| | Consolidated | Parent |
|--|---------------------|---------------------|
| | June 2012 \$'000 | June 2012 \$'000 |
| Net gain on sale of property, plant and equipment | | |
| - Proceeds from sale | 20,744 | 20,744 |
| - Carrying amount of assets sold | (29,600) | (29,600) |
| Net gain on sale of property, plant and equipment | (8,856) | (8,856) |

b. Other gains/(losses)

| | | |
|---|------------------|------------------|
| Allowance for impairment of receivables | (677) | (677) |
| Bad debts (written off)/recovered | (4,451) | (4,451) |
| Carrying amount of assets written off | (170,080) | (170,080) |
| Revaluation decrement on investment properties* | (2,823) | (2,823) |
| Asset write-down infrastructure assets | (111,020) | (111,020) |
| Total other gains/(losses) | (289,051) | (289,051) |

The majority of the assets written off last year 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)).

*Loss on revaluation of Maritime investment property - Maritime Trade Tower (refer note 10(c)).

5. Write off of infrastructure assets

| | Consolidated | Parent |
|--|---------------------|---------------------|
| | June 2012 \$'000 | June 2012 \$'000 |
| Infrastructure assets written off | 169,544 | 169,544 |

The following infrastructure assets were written off in the eight months to 30 June 2012:

| | Replacement costs \$'000 | Accumulated depreciation \$'000 | WDRC \$'000 |
|-------------------------|--------------------------------|---------------------------------------|----------------|
| Roads | 172,406 | (26,774) | 145,632 |
| LUR | 14,957 | - | 14,957 |
| Bridges | 6,108 | (2,683) | 3,425 |
| Traffic signals network | 299 | (143) | 156 |
| Traffic control network | 6,512 | (1,138) | 5,374 |
| | 200,282 | (30,738) | 169,544 |

Write-down of infrastructure assets

| | Consolidated | Parent |
|---|---------------------|---------------------|
| | June 2012 \$'000 | June 2012 \$'000 |
| Infrastructure assets written down | 111,020 | 111,020 |

The following infrastructure assets were written down in the eight months to 30 June 2012:

| | Replacement costs \$'000 | Accumulated depreciation \$'000 | WDRC \$'000 |
|------------------|-----------------------------|------------------------------------|----------------|
| Land under roads | 111,020 | - | 111,020 |
| | 111,020 | - | 111,020 |

6. Service groups of Roads and Maritime Services

a. Transport Infrastructure and Development

This service group includes the development of new road and maritime infrastructure along with enhancement of the existing networks.

b. Integrated Transport Service Delivery

This service group seeks to implement initiatives to increase safe road and maritime use behaviour to ensure that: drivers, marine vessel operators and riders are eligible, competent and identified; vehicles and marine vessels are road and sea worthy and meet emission standards; and a high standard of customer service is maintained.

c. Integrated Transport Planning and Management

This service group seeks to ensure safe, reliable movement of people and goods on the arterial road network and marine waterways, and retain the value and quality of the infrastructure as a long-term renewable asset.

7. Current assets – cash and cash equivalents

| | Consolidated | Parent |
|--|---------------------|---------------------|
| | June 2012 \$'000 | June 2012 \$'000 |
| Rms operating account | 11,710 | 11,710 |
| Remitting account, cash in transit and cash on hand* | 41,595 | 41,595 |
| TCorp Hour-Glass Cash Facility** | 295,549 | 295,549 |
| On call deposits | 7,239 | 7,239 |
| Other | 579 | 579 |
| | 356,672 | 356,672 |

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 Investments.

*The remitting account balance above does not include cash of \$26.377 million relating to administered revenue held by RMS as at 30 June (refer to note 24).

**The TCorp Investments are unit trust investment facilities which are at call. This includes restricted assets received from the deposit holders, which are SHB ETOLL Tag Deposits of \$48.953 million, Just Terms Compensation of \$782,430, and Tow Truck Licensing and Compliance of \$395,285.

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

| | | |
|--|----------------|----------------|
| Cash and cash equivalents (per statement of financial position) | 356,672 | 356,672 |
| Long-term growth facility | 11,010 | 11,010 |
| Medium-term growth facility | 32,167 | 32,167 |
| Strategic cash facility | 4,929 | 4,929 |
| Closing cash and cash equivalents (per statement of cash flows) | 404,778 | 404,778 |

Details regarding credit risk, liquidity risk and market risk arising from financial instruments are disclosed in note 15.

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

a. Current receivables

| | Consolidated | Parent |
|-----------------------------------|---------------------|---------------------|
| | June 2012 \$'000 | June 2012 \$'000 |
| Sale of goods and services | 52,443 | 52,443 |
| TfNSW receivable (see note 1(u)) | 131,449 | 131,449 |
| Goods and services tax receivable | 88,799 | 88,799 |
| Other | 1,818 | 1,818 |
| | 274,509 | 274,509 |
| Less: allowance for impairment* | (8,679) | (8,679) |
| | 265,830 | 265,830 |
| Prepayments | 4,618 | 4,618 |
| Land sale receivables** | 24,253 | 24,253 |
| Property debtors | 9,415 | 9,415 |
| Dishonoured credit cards | 109 | 109 |
| | 304,225 | 304,225 |

| | Consolidated | Parent |
|----------------------|---------------------|---------------------|
| | June 2012 \$'000 | June 2012 \$'000 |
| Accrued income | | |
| - Interest | 105 | 105 |
| - Property sales | 18,768 | 18,768 |
| - Other | 9,792 | 9,792 |
| Total current | 332,890 | 332,890 |

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

**Land sale receivables relate to the Maritime Trade Tower land which was sold in 1989 on a 96 year term with payments extending for 25 years. The purchaser's tenure is secured by a lease. These amounts represent the capital portion owed under a Finance Lease with the amount disclosed receivable within 12 months.

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

Movement in the allowance for impairment

| | Consolidated | Parent |
|---|---------------------|---------------------|
| | June 2012 \$'000 | June 2012 \$'000 |
| Balance as part of net assets received from equity transfer | 3,708 | 3,708 |
| Amounts written off during the period | (157) | (157) |
| Increase in allowance recognised in statement of comprehensive income | 818 | 818 |
| Balance as at end of financial period | 4,369 | 4,369 |

b. Non-current receivables

| | | |
|----------------|--------------|--------------|
| Pre-paid lease | 15 | 15 |
| Other | 6,152 | 6,152 |
| | 6,167 | 6,167 |

c. Other financial assets

Non-current financial assets (at amortised cost)

| | | |
|---|----------------|----------------|
| Loan to Sydney Harbour Tunnel Company Promissory notes (refer to note 10(a)) | 111,547 | 111,547 |
| M2 and Eastern Distributor | 32,795 | 32,795 |
| | 144,342 | 144,342 |

d. Non-current financial assets (at fair value)

| | | |
|--|---------------|---------------|
| TCorp Hour-Glass Investment Facilities - long-term growth facility | 11,010 | 11,010 |
| TCorp Hour-Glass Investment Facilities - medium-term growth facility | 32,167 | 32,167 |
| TCorp Hour-Glass Investment Facilities - strategic cash facility | 4,929 | 4,929 |
| | 48,106 | 48,106 |

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

| Consolidated and parent | Land and buildings \$'000 | Plant and equipment \$'000 | Infrastructure systems \$'000 | Total \$'000 |
|---|------------------------------|-------------------------------|----------------------------------|-------------------|
| As at 1 November 2011 – fair value | | | | |
| Gross carrying amount | - | - | - | - |
| Accumulated depreciation | - | - | - | - |
| Net carrying amount | - | - | - | - |
| As at 30 June 2012 – fair value | | | | |
| Gross carrying amount | 2,788,210 | 272,291 | 83,278,453 | 86,338,954 |
| Accumulated depreciation | (46,815) | (131,209) | (21,796,665) | (21,974,689) |
| Net carrying amount | 2,741,395 | 141,082 | 61,481,788 | 64,364,265 |

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:

| Period ended 30 June 2012 | | | | |
|---|------------------|----------------|-------------------|-------------------|
| Net carrying amount at start of period | - | - | - | - |
| Net assets received from equity transfer* | 2,645,613 | 139,564 | 58,568,117 | 61,353,294 |
| Additions | 94,425 | 12,694 | 1,817,889 | 1,925,008 |
| Disposals | (22,199) | (2,156) | (149,560) | (173,915) |
| Transfers to Sydney Ports Corporation | - | (196) | (4,484) | (4,680) |
| Transfers to councils | - | - | (73,590) | (73,590) |
| Transfers from councils | - | - | 7,279 | 7,279 |
| Increase in marina assets | - | - | 1,799 | 1,799 |
| Net revaluation increment less revaluation decrements | 25,119 | - | 14,307 | 39,426 |
| Asset write down | (1,038) | - | (111,020) | (112,058) |
| Depreciation expense | (15,802) | (12,311) | (583,517) | (611,630) |
| Transfer (to)/from assets held for sale | 18,125 | 137 | - | 18,262 |
| Rci and other adjustments/WIP | 2,026 | - | 1,990,016 | 1,992,042 |
| Transfer out | (4,874) | (2,484) | (1,677,143) | (1,684,501) |
| Transfers in | - | 5,834 | 1,681,695 | 1,687,529 |
| Net carrying amount at end of period | 2,741,395 | 141,082 | 61,481,788 | 64,364,265 |

*Details regarding net assets received from equity transfer are disclosed in note 19.

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

Physical non-current assets are valued in accordance with the 'Valuation of Physical Non-Current Assets at Fair Value' Policy and Guidelines Paper (TPP 07-1). This policy adopts fair value in accordance with AASB 116 *Property, Plant and Equipment*.

Property, plant and equipment assets were transferred to RMS from the former RTA and NSW Maritime at the value reported in their respective financial statements as at 31 October 2011. These values were deemed to be fair value in accordance with TPP 09-03 Accounting Policy: Contributions by owners made to wholly owned public sector entities.

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

a. Land and buildings – consolidated and parent

| | Works administration properties and | | Land and buildings acquired for future roadworks | Leasehold improvements | Total |
|--|-------------------------------------|------------------|--|------------------------|------------------|
| | Officers' residences | Buildings \$'000 | \$'000 | \$'000 | \$'000 |
| Period ended 30 June 2012 | | | | | |
| Net carrying amount at start of period | - | - | - | - | - |
| Net assets received from equity transfer | 160,140 | 245,351 | 2,191,480 | 48,642 | 2,645,613 |
| Additions | - | 2,569 | 89,786 | 2,070 | 94,425 |
| Disposals | - | (2,477) | (17,235) | (2,487) | (22,199) |
| Net revaluation increments less revaluation decrements | 70 | 110 | 24,939 | - | 25,119 |
| Depreciation expense | - | (7,974) | - | (7,827) | (15,802) |
| Transfer from assets held for sale | - | - | 18,125 | - | 18,125 |
| Reclassifications | (2,670) | (2,820) | 5,439 | 50 | - |
| Adjustments/WIP | - | (547) | - | 2,573 | 2,026 |
| Asset write-down | - | (70) | (968) | - | (1,038) |
| Transfer to infrastructure | - | - | (4,874) | - | (4,874) |
| Net carrying amount at end of period | 157,540 | 234,142 | 2,306,692 | 43,021 | 2,741,395 |

| Category of land and building acquired for future roadworks | Aggregate carrying amount \$'000 |
|--|----------------------------------|
| Revalued as part of the current progressive revaluation and carried at fair value (market value) as at 30 June 2012 less, where applicable, any subsequent accumulated depreciation. | |
| - Surplus properties | |
| - Rentable properties | 886,504 |
| Untenanted land for roads – revalued annually not subject to progressive revaluation. | 1,420,188 |
| Total land and buildings acquired for future roadworks at 30 June 2012 | 2,306,692 |

b. Plant and equipment – consolidated and parent

| | Plant equipment and motor vehicles \$'000 | Computer hardware \$'000 | Electronic office equipment \$'000 | Maritime plant and equipment \$'000 | Total \$'000 |
|---|--|--------------------------------|---|--|-----------------|
| Period ended 30 June 2012 | | | | | |
| Net carrying amount at start of period | - | - | - | - | - |
| Net assets received from equity transfer | 87,161 | 29,983 | 2,640 | 19,780 | 139,564 |
| Additions | 6,666 | 3,318 | 295 | 2,415 | 12,694 |
| Disposals | (1,276) | - | - | (880) | (2,156) |
| Transfers to Sydney Ports Corporation | - | - | - | (196) | (196) |
| Depreciation expense | (6,436) | (3,385) | (19) | (2,471) | (12,311) |
| Transfer from assets held for sale | 137 | - | - | - | 137 |
| Reclassifications | 836 | 4,998 | (2,484) | - | 3,350 |
| Net carrying amount at end of period | 87,088 | 34,914 | 432 | 18,648 | 141,082 |

c. Infrastructure systems – consolidated and parent

Infrastructure systems are valued as follows:

| | Roads | Land under roads | Bridges | Sydney Harbour Tunnel | Traffic signals network | Traffic control network | Maritime assets | Major works in progress | Total |
|---|-------------------|------------------|-------------------|-----------------------|-------------------------|-------------------------|------------------|-------------------------|-------------------|
| | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| Period ended 30 June 2012 | | | | | | | | | |
| Carrying amount at start of period | - | - | - | - | - | - | - | - | - |
| Net assets received from equity transfer | 39,380,356 | 1,669,773 | 10,560,685 | 759,346 | 299,326 | 121,389 | 1,363,648 | 4,413,594 | 58,568,117 |
| Additions | 208,885 | - | 41,953 | - | 7,009 | 38,343 | 4,885 | 1,516,814 | 1,817,889 |
| Disposals | (104,234) | (14,957) | (8,082) | - | (156) | (5,373) | (2,377) | (14,381) | (149,560) |
| Transfers to Sydney Ports Corporation | - | - | - | - | - | - | (4,484) | - | (4,484) |
| Transfers to councils | (59,769) | (11,227) | (2,030) | - | - | - | (564) | - | (73,590) |
| Transfers from councils | - | - | 2,027 | - | - | - | 5,252 | - | 7,279 |
| Increase in marina assets | - | - | - | - | - | - | 1,799 | - | 1,799 |
| Asset write down | - | (111,020) | - | - | - | - | - | - | (111,020) |
| Depreciation expense | (425,281) | - | (103,197) | (11,248) | (18,436) | (18,714) | (6,641) | - | (583,517) |
| Transfers in | 1,275,812 | 4,551 | 401,332 | - | - | - | - | - | 1,681,695 |
| Transfers out | - | - | - | - | (573) | (3,502) | - | 1,673,068 | 1,677,143 |
| RCI and other adjustments/WIP | 1,720,458 | 323 | 245,282 | 14,307 | 1,055 | 15,719 | - | 7,179 | 2,004,323 |
| Net carrying amount at end of period | 41,996,227 | 1,537,443 | 11,137,970 | 762,405 | 288,225 | 147,862 | 1,361,518 | 4,250,138 | 61,481,788 |

RMS leases the Sydney Harbour Tunnel under agreement with the Sydney Harbour Tunnel Company (SHTC). The agreement transfers ownership of the tunnel to RMS at the end of the lease term in 2022 (see note 17 for further details). At 30 June 2012 the net carrying amount of this leased infrastructure assets was \$762.405 million.

10. Non-current assets – intangible assets and other

a. Private sector provided infrastructure

| | Consolidated | Parent |
|---|---------------------|---------------------|
| | June 2012 \$'000 | June 2012 \$'000 |
| M2 Motorway | | |
| Carrying amount at start of period | - | - |
| Net assets received from equity transfer | 59,513 | 59,513 |
| Annual increment – emerging right to receive | 9,524 | 9,524 |
| Carrying amount at end of period | 69,037 | 69,037 |
| M4 Motorway Service Centre | | |
| Carrying amount at start of period | - | - |
| Net assets received from equity transfer | 4,326 | 4,326 |
| Annual increment – emerging right to receive | 695 | 695 |
| Carrying amount at end of period | 5,021 | 5,021 |
| M5 Motorway | | |
| Carrying amount at start of period | - | - |
| Net assets received from equity transfer | 173,139 | 173,139 |
| Annual increment – emerging right to receive | 16,101 | 16,101 |
| Carrying amount at end of period | 189,240 | 189,240 |
| Eastern Distributor | | |
| Carrying amount at start of period | - | - |
| Net assets received from equity transfer | 64,475 | 64,475 |
| Annual increment – emerging right to receive | 10,140 | 10,140 |
| Carrying amount at end of period | 74,615 | 74,615 |
| Cross City Tunnel (CCT) | | |
| Carrying amount at start of period | - | - |
| Net assets received from equity transfer | 101,779 | 101,779 |
| Annual increment – emerging right to receive | 14,924 | 14,924 |
| Carrying amount at end of period | 116,703 | 116,703 |
| Western Sydney Orbital (M7) | | |
| Carrying amount at start of period | - | - |
| Net assets received from equity transfer | 202,352 | 202,352 |
| Annual increment – emerging right to receive | 29,810 | 29,810 |
| Carrying amount at end of period | 232,162 | 232,162 |
| Lane Cove Tunnel | | |
| Carrying amount at start of period | - | - |
| Net assets received from equity transfer | 110,796 | 110,796 |
| Annual increment – emerging right to receive | 21,082 | 21,082 |
| Carrying amount at end of period | 131,878 | 131,878 |
| Total carrying amount at end of period | 818,656 | 818,656 |
| Totals | | |
| Carrying amount at start of period | - | - |
| Net assets received from equity transfer | 716,380 | 716,380 |
| Annual increment – emerging right to receive | 102,276 | 102,276 |
| Carrying amount at end of period | 818,656 | 818,656 |

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 (ie 26 May 2042) subject to the provisions of the M2 Motorway Project Deed.

No payments have been made for rents for the leases for the period ended 30 June 2012. RMS, as at 30 June 2012, has received promissory notes for rent on the above leases totalling \$ 136.910 million. The net present value of these promissory notes as at 30 June 2012 is \$15.957 million.

RMS has, 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(f)(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 commenced in December 2010. The upgrade will take approximately two years to complete and the existing M2 concession period will be extended for four years after the final completion of the project. The estimated initial construction cost is \$550 million. RMS will not recognise an emerging asset for the upgrade until the upgrade is complete.

M4 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(f)(vi)).

M5 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 has 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(f)(vi)).

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

The M5 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 has the right to purchase either the business from the concession holder or the shares in the concession holder. The exercise price under the M5 Call Option Deed will be based on open market valuation of the business or shares.

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. It was announced on 26 June 2012 that contracts had been signed and financial close reached. Major construction is expected to begin at the end of August 2012.

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 \$210 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 2012, the promissory notes have a net present value of \$16.838 million.

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.

Cross City Tunnel

An agreement was signed with the concession holder on 18 December 2002 to design, construct, operate and maintain the Cross City Tunnel. Major construction started on 28 January 2003. The Cross City Tunnel was completed and opened to traffic on 28 August 2005.

The concession holder was placed into receivership in 2006-07. The receivers subsequently sold the CCT asset to a private operator in June 2007.

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

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(f)(vi)).

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

Westlink M7 Motorway

An agreement was signed with the concession holder on 13 February 2003 to design, construct, operate and maintain the Westlink M7 Motorway. Major construction started on 7 July 2003 and the completed motorway was opened to traffic on 16 December 2005.

The construction cost was \$1.54 billion. The Federal Government contributed \$356 million towards the cost of the project with the remainder of the cost being met by the private sector. RMS had responsibility under the contract for the provision of access to property required for the project. Under the terms of the agreement, the concession holder will operate the motorway until 14 February 2037, after which the motorway will be transferred back to RMS.

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(f)(vi)).

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

Lane Cove Tunnel

An agreement was signed with the concession holder on 4 December 2003 to finance, design, construct, operate and maintain the Lane Cove Tunnel Project. Major construction started on 24 June 2004 and 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. Under the terms of the agreement, the concession holder designed and constructed the motorway and will operate the motorway until 9 January 2037 after which the motorway will be transferred back to RMS.

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(f)(vi)).

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

b. Other intangible assets – consolidated and parent

| | Software June 2012 \$'000 |
|---|---------------------------------|
| Balance at start of period | |
| Cost | - |
| Accumulated amortisation and impairment | - |
| Net carrying amount | - |
| Balance at end of period | |
| Cost | 233,122 |
| Accumulated amortisation and impairment | (96,674) |
| Net carrying amount | 136,448 |
| Net carrying amount at start of period | - |
| Net assets received from equity transfer | 105,747 |
| Additions | 40,503 |
| Written off | - |
| Disposals | (4) |
| Amortisation expense | (6,448) |
| Transfer in from PPE (note 9(b)) | (3,350) |
| Net carrying amount at end of period | 136,448 |

c. Investment property

| | Consolidated | Parent |
|---|---------------------|---------------------|
| | June 2012 \$'000 | June 2012 \$'000 |
| Balance as part of net assets transferred from equity transfer | 132,289 | 132,289 |
| Disposals and assets held for sale | - | - |
| Net gain/(loss) from fair value adjustment | (2,823) | (2,823) |
| Other | - | - |
| Closing balance as at 30 June – fair value | 129,466 | 129,466 |

The fair value of investment properties has been determined by reference to independent valuations as at 30 June 2012. Such valuations are performed on an open market basis, being the amounts for which the assets could be exchanged between a knowledgeable willing buyer and a knowledgeable willing seller in an arm's length transaction at the valuation date, in accordance with Australian Valuation Standards.

Realisation of RMS' ownership of the Martime Trade Towers is restricted by a finance lease entered into in 1988 to facilitate the construction of the property.

11. Non-current assets held for sale

| | Consolidated | Parent |
|---|---------------------|---------------------|
| | June 2012 \$'000 | June 2012 \$'000 |
| Assets held for sale | | |
| Balance as part of net assets transferred from equity transfer | | |
| Land and buildings | 40,538 | 40,538 |
| Plant and equipment | 248 | 248 |
| | 40,786 | 40,786 |
| Balance at end of period | | |
| Land and buildings | 22,414 | 22,414 |
| Plant and equipment | 111 | 111 |
| | 22,525 | 22,525 |

Land and buildings held for sale include properties that have been identified as no longer required to fulfil long-term plans for road development or administrative needs. These assets are placed on auction as outlined in the annual asset selling plan and sales budget. Plant and equipment held for sale mainly consists of fully depreciated fleet assets. Impairment loss is recognised to the extent of cost to sell the assets where the cost to sell is material. Cost to sell (impairment loss) is provided by the professional valuers and/or experienced engineers and project managers land and buildings \$1.207 million, fleet assets \$nil. The gain or loss recognised on sale is: land and buildings \$2.180 million, fleet assets \$nil. The WDV of assets held for sale derecognised due to reclassification: Land and buildings \$18.125 million, fleet assets \$0.137 million.

12. Restricted assets

| | | |
|------------------------------|--------|--------|
| TCorp Hour-Glass investments | 48,952 | 48,952 |
|------------------------------|--------|--------|

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 have been invested in an account with TCorp. Transactions on this account are restricted to activity relating to E-Tag deposits.

13. Current liabilities – payables

| | | |
|--|----------------|------------------|
| Trade creditors ⁽ⁱ⁾ | 175,528 | 175,528 |
| Creditors arising from compulsory acquisitions | 12,907 | 12,907 |
| Personnel services | 131,448 | 1,673,398 |
| Accrued expenses | | |
| – Salaries, wages and on-costs | 11,178 | – |
| – Works contract expenditure | 291,264 | 291,264 |
| – Work carried out by councils | 129,684 | 129,684 |
| – Interest | 9,165 | 9,165 |
| – Other (including non-works contracts) | 140,027 | 140,027 |
| Other | 12 | 12 |
| | 901,213 | 2,431,985 |

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

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

14. Current/non-current liabilities – borrowings

| | Consolidated | Parent |
|---|------------------|------------------|
| | June 2012 | June 2012 |
| At amortised cost | \$'000 | \$'000 |
| Current | | |
| NSW Treasury Corporation borrowings | 2,973 | 2,973 |
| Treasury advances repayable | 2,011 | 2,011 |
| Finance lease – Sydney Harbour Tunnel (note 18(d)) | 40,623 | 40,623 |
| Finance lease – Maritime Trade Tower (note 18(e)) | 25,130 | 25,130 |
| | 70,737 | 70,737 |
| Non-current | | |
| NSW Treasury Corporation Borrowings | 488,666 | 488,666 |
| Treasury advances repayable | 6,336 | 6,336 |
| Finance leases – Sydney Harbour Tunnel (note 18(d)) | 547,790 | 547,790 |
| Other | 371 | 371 |
| | 1,043,163 | 1,043,163 |

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

15. 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

| Financial assets | Note | Category | Carrying amount |
|---------------------------|------|---|---------------------|
| | | | June 2012 \$'000 |
| Class: | | | |
| Cash and cash equivalents | 7 | N/A | 356,672 |
| Receivables ¹ | 8 | Loans and receivables (at amortised cost) | 215,220 |
| Financial assets | 8 | At fair value through profit and loss – designated as such upon initial recognition | 48,106 |
| Other financial assets | 8 | Loans and receivables (at amortised cost) | 144,342 |

| Financial liabilities | Note | Category | Carrying amount |
|-----------------------|-------|--|---------------------|
| | | | June 2012 \$'000 |
| Class: | | | |
| Payables ² | 13,17 | Financial liabilities measured at amortised cost | 1,021,283 |
| Borrowings | 14 | Financial liabilities measured at amortised cost | 1,113,900 |

1. Excludes statutory receivables and prepayments (ie not within scope of AASB 7).

2. Excludes statutory payables and unearned revenue (ie 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 has no exposure to foreign currency risk and does not enter into commodity contracts.

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

i. Interest rate risk

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

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

TCorp uses derivatives, primarily interest rate futures, to establish short-term (tactical) and longer term (strategic) positions within agreed tolerance limits to manage portfolio duration and maturity profiles. At reporting date the carrying value of borrowings and derivatives (net of funds held at call) managed by TCorp stood at \$491.148 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.

| | 1% increase in interest rate | | | 1% decrease in interest rate | |
|---------------------------|------------------------------|-------------------------------|------------------|-------------------------------|------------------|
| | Carrying amount \$'000 | Surplus /Deficit \$'000 | Equity \$'000 | Surplus /Deficit \$'000 | Equity \$'000 |
| 30 June 2012 | | | | | |
| Financial assets | | | | | |
| Cash and cash equivalents | 404,778 | (4,048) | (4,048) | 4,048 | 4,048 |

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 has no direct equity investments and holds units in the following Hour-Glass Investment Trusts:

| Facility | Investment sectors | Investment horizon | June 2012 \$'000 |
|-----------------------------|--|----------------------|---------------------|
| Cash facility | Cash, money market instruments | up to 1.5 years | 295,548 |
| Strategic cash facility | Cash, money market instruments, interest rate securities, bank floating rate notes | 1.5 years to 3 years | 4,929 |
| Medium-term growth facility | Cash, money market instruments, Australian and international bonds, listed property, Australian and international shares | 3 years to 7 years | 32,167 |
| Long-term growth facility | Cash, money market instruments, Australian and international bonds, listed property, Australian and international shares | 7 years and over | 11,010 |

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.

| | Impact on profit/loss | |
|-----------------------------|-----------------------|---------------------|
| | Change in unit price | June 2012 \$'000 |
| Cash facility | +/- 1% | 2,955 |
| Strategic cash facility | +/- 1% | 49 |
| Medium-term growth facility | +/- 6% | 1,930 |
| Long-term growth facility | +/- 15% | 1,652 |

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. Authority deposits held with NSW TCorp are guaranteed by the State.

| | Banks \$'000 | Government \$'000 | Other \$'000 | Total \$'000 |
|-------------------------------|-----------------|----------------------|-----------------|-----------------|
| Financial assets | | | | |
| Cash | 61,124 | 343,654 | - | 404,778 |
| Receivables | - | - | 212,292 | 212,292 |
| Other | - | - | 192,448 | 192,448 |
| Total financial assets | 61,124 | 343,654 | 404,740 | 809,518 |

i. Cash

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

ii. Receivables - trade debtors

All trade debtors are recognised as amounts receivable at balance date. Collectibility of trade debtors is reviewed on an ongoing basis. Procedures as established in the Treasurer's Directions are followed

to recover outstanding amounts, including letters of demand. An allowance for impairment is raised when there is objective evidence that the entity will not be able to collect all amounts due. This evidence includes past experience, and current and expected changes in economic conditions and debtor credit ratings. Debts which are known to be uncollectible are written off. No interest is earned on trade debtors. Sales are made on 35 day terms.

RMS is not materially exposed to concentrations of credit risk to a single trade debtor or group of

debtors. Based on past experience, debtors that are not past due (2012: \$30.733 million) and not less than six months past due (2012: \$1.498 million) are not considered impaired and together these represent 80 per cent of the total trade debtors. There are no debtors which are currently not past due or impaired whose terms have been renegotiated.

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

| 30 June 2012 | \$'000 | | |
|-----------------------------|----------------------|--|------------------------------------|
| | Total ^{1,2} | Past due but not impaired ^{1,2} | Considered impaired ^{1,2} |
| < 3 months overdue | 9,457 | 8,981 | 476 |
| 3 months - 6 months overdue | 2,602 | 1,893 | 709 |
| > 6 months overdue | 4,862 | 1,678 | 3,184 |

1. Each column in the table reports "gross receivables".

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

iii. Other financial assets

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

iv. RMS deposits

RMS has placed funds on deposit with TCorp (which has been rated "AAA" by Standard and Poor's). These deposits are similar to money market or bank deposits and can be placed "at call" or for a fixed term. For fixed term deposits, the interest rate payable by TCorp is negotiated initially and is fixed for the term of the deposit, while the interest rate payable on at call deposits can vary. The deposits at balance date were earning an average interest rate of 3.85 per cent, while over the year the weighted average interest rate was 3.01 per cent on a weighted average balance during the year of \$98.188 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 amortised cost of financial instruments recognised in the Statement of Financial Position approximates the fair value, because of the short term nature of many of the financial instruments.

The future cash flows of the M2 Motorway and Eastern Distributor promissory notes are discounted using standard valuation techniques at the applicable yield having regard to the timing of the cash flows.

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

e. Fair value recognised in statement of financial position

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).

| | Level 1 | Level 2 | Level 3 | 2012 Total |
|---------------------------------------|---------|---------|---------|------------|
| 30 June 2012 | \$'000 | \$'000 | \$'000 | \$'000 |
| Financial assets at fair value | | | | |
| TCorp Hour-Glass Investment Facility | | 343,654 | | 343,654 |

The table above only includes financial assets, as no financial liabilities were measured at fair value in the Statement of Financial Position. There were no transfers between level 1 and 2 during the period ended 30 June 2012.

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 has a Come and Go Facility with TCorp valued at \$100 million that has current approval to 30 June 2013 for cash management purposes. This year the facility was not used to fund shortfalls, incurring a total interest charge of zero.

Financing arrangements

| | Consolidated | Parent |
|--|---------------------|---------------------|
| | June 2012 \$'000 | June 2012 \$'000 |
| Unrestricted access was available at the statement of financial position | | |
| Date to the come and go facility | | |
| Total facility | 100,000 | 100,000 |
| Used at statement of financial position date | - | - |
| Unused at statement of financial position date | 100,000 | 100,000 |

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

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

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

Maturity analysis and interest rate exposure of financial liabilities

| | \$'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 2012 | | | | | | | | |
| Payables: | | | | | | | | |
| Accrued salaries, wages and on-costs | - | 11,178 | | | 11,178 | 11,178 | - | - |
| Trade payables | - | 175,528 | | | 175,528 | 175,528 | - | - |
| Other current payables | - | 12,907 | | | 12,907 | 12,907 | - | - |
| Accrued expenses | - | 570,152 | | | 570,152 | 570,152 | - | - |
| Sydney Harbour Tunnel tax liability | - | 25,607 | | | 25,607 | 1,919 | 4,063 | 19,625 |
| Personnel services | | 131,448 | | | 131,448 | 131,448 | | |
| Holding accounts | - | 94,463 | | | 94,463 | 94,463 | | |
| Borrowings: | | | | | | | | |
| Advances repayable | 5.84% | 8,348 | 8,348 | - | - | 2,011 | 6,337 | - |
| TCorp borrowings | 5.64% | 491,148 | 491,148 | | | 2,482 | 488,666 | - |
| Finance leases | 7.70% | 848,708 | 848,708 | - | - | 83,661 | 250,222 | 514,825 |
| Other loans and deposits | 5.95% | 862 | 862 | - | - | 491 | 371 | |
| Maritime lease | 13% | 25,130 | 25,130 | - | - | 25,130 | - | - |

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

16. Current/non-current liabilities – provisions

| | Consolidated | Parent |
|---|---------------------|---------------------|
| | June 2012 \$'000 | June 2012 \$'000 |
| Employee benefits and related on-costs | | |
| Current | | |
| Annual leave and related on-costs ⁽ⁱ⁾ | 73,207 | - |
| Long service leave and related on-costs ⁽ⁱⁱ⁾ | 247,404 | - |
| Provision for workers' compensation ⁽ⁱⁱⁱ⁾ | 4,398 | - |
| | 325,009 | - |
| Current other provisions | | |
| Provision for makegood | 3,856 | 3,856 |
| Provision for environmental restoration | 1,500 | 1,500 |
| | 5,356 | 5,356 |
| Employee benefits and related on-costs | | |
| Non-current | | |
| Superannuation – provision | 1,186,520 | - |
| Superannuation – accrued | 726 | - |
| Long service leave and related on-costs ⁽ⁱⁱ⁾ | 15,792 | - |
| Provision for workers' compensation ⁽ⁱⁱⁱ⁾ | 2,725 | - |
| | 1,205,763 | - |
| Non-current other provisions | | |
| Provision for makegood – leaseholds | 10,406 | 10,406 |
| Provision for makegood – land | 34 | 34 |
| | 10,440 | 10,440 |
| Total provisions | 1,546,568 | 15,796 |
| Aggregate employee benefits and related on-costs | | |
| Provisions – current | 325,009 | - |
| Provisions – non-current | 1,205,763 | - |
| Accrued salaries, wages and on-costs (note 13) | 11,178 | - |
| | 1,541,950 | - |

(i) The value of annual leave, including on-costs, expected to be taken within 12 months is \$49.233 million and \$23.974 million after 12 months.

(ii) The value of long service leave expected to be taken within 12 months \$27.320 million and \$235.876 million after 12 months.

(iii) Workers' compensation provision includes \$1.219 million for dust diseases of which \$0.410 million is current. This provision is for claims from former Maritime Services Board (MSB) staff for dust related diseases that can be attributed to their service during the period 1 July 1989 – 30 June 1995 when the MSB was a self insurer.

Provision for superannuation – consolidated

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

General description of the plan

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

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

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

Actuarial gains and losses are recognised in other comprehensive income in the year they occur.

The following information has been prepared by the scheme actuary.

Superannuation position for AASB 119 purposes

| | SASS 8 months to June 2012 \$'000 | SANCS 8 months to June 2012 \$'000 | SSS 8 months to June 2012 \$'000 | Total \$'000 |
|--|--|---|---|------------------|
| Accrued liability | 638,096 | 94,825 | 1,467,891 | 2,200,812 |
| Estimated reserve account balance | (414,170) | (61,375) | (538,747) | (1,014,292) |
| | 223,926 | 33,450 | 929,144 | 1,186,520 |
| Future service liability | (48,321) | (20,454) | (34,386) | (103,161) |
| Net (asset)/liability recognised in statement of financial position | 223,926 | 33,450 | 929,144 | 1,186,520 |

Reconciliation of the present value of the defined benefit obligation

| | | | | |
|---|----------------|---------------|------------------|------------------|
| Present value of partly funded defined benefit obligation at part of net assets received from equity transfer | 590,312 | 91,509 | 1,195,232 | 1,877,053 |
| Current service cost | 7,279 | 2,536 | 3,008 | 12,823 |
| Interest cost | 18,801 | 2,862 | 37,069 | 58,732 |
| Contributions by fund participants | 4,655 | 0 | 4,263 | 8,918 |
| Actuarial (gains)/losses | 62,929 | 6,324 | 269,791 | 339,044 |
| Benefits paid | (45,880) | (8,406) | (41,471) | (95,757) |
| Present value of partly funded defined benefit obligation at the end of the period | 638,096 | 94,825 | 1,467,892 | 2,200,813 |

Reconciliation of the fair value of fund assets

| | SASS 8 months to June 2012 \$'000 | SANCS 8 months to June 2012 \$'000 | SSS 8 months to June 2012 \$'000 | Total \$'000 |
|---|--|---|---|------------------|
| Fair value of fund assets at the beginning of the period | 439,808 | 65,361 | 558,593 | 1,063,762 |
| Expected return on fund assets | 24,248 | 3,728 | 31,833 | 59,809 |
| Actuarial gains/(losses) | (14,061) | (1,662) | (14,806) | (30,529) |
| Employer contributions | 5,400 | 2,354 | 335 | 8,089 |
| Contributions by fund participants | 4,655 | 0 | 4,263 | 8,918 |
| Benefits paid | (45,880) | (8,406) | (41,471) | (95,757) |
| Fair value of fund assets at the end of the period | 414,170 | 61,375 | 538,747 | 1,014,292 |

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

| | | | | |
|---|----------------|---------------|----------------|------------------|
| Present value of partly funded defined benefits at end of the year | 638,096 | 94,825 | 1,467,891 | 2,200,812 |
| Fair value of fund assets at end of the year | (414,170) | (61,375) | (538,747) | (1,014,292) |
| Net (asset)/liability recognised in statement of financial position at the end of the period | 223,926 | 33,450 | 929,144 | 1,186,520 |
| Current service cost | 7,278 | 2,536 | 3,008 | 12,822 |
| Interest on obligation | 18,801 | 2,862 | 37,069 | 58,732 |
| Expected return on fund assets (net of expenses) | (24,248) | (3,728) | (31,833) | (59,809) |
| Expense/(income) recognised* | 1,831 | 1,670 | 8,244 | 11,745 |

* A portion of this expense has been capitalised.

Amount recognised in other comprehensive income

| | | | | |
|--------------------------|--------|-------|---------|---------|
| Actuarial (gains)/losses | 76,990 | 7,986 | 284,597 | 369,573 |
|--------------------------|--------|-------|---------|---------|

Cumulative amount recognised in other comprehensive income

| | SASS financial year June 2012 \$'000 | SANCS financial year June 2012 \$'000 | SSS financial year June 2012 \$'000 | Total \$'000 |
|--------------------------|---|--|--|-----------------|
| Actuarial (gains)/losses | 238,673 | 33,064 | 665,175 | 936,912 |

Actual return on fund assets

| | SASS 8 months to June 2012 \$'000 | SANCS 8 months to June 2012 \$'000 | SSS 8 months to June 2012 \$'000 | Total \$'000 |
|------------------------------|--|---|---|-----------------|
| Actual return on fund assets | 13,253 | 2,066 | 16,403 | 31,722 |

Fund assets

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

| | June 2012 |
|--------------------------------------|-----------|
| Australian equities | 28.0% |
| Overseas equities | 23.7% |
| Australian fixed interest securities | 4.9% |
| Overseas fixed interest securities | 2.4% |
| Property | 8.6% |
| Cash | 19.5% |
| Other | 12.9% |

Expected rate of return on assets

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

Valuation method and principal actuarial assumptions at the reporting date

a. Valuation method

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

b. Economic assumptions

| | June 2012 |
|--|------------|
| Salary increase rate (excluding promotional increases) | 2.5% p.a. |
| Rate of CPI increase | 2.5% p.a. |
| Expected rate of return on assets | 8.6% |
| Discount rate | 3.06% p.a. |

Expected contributions

| | SASS financial year June 2012 \$'000 | SANCS financial year June 2012 \$'000 | SSS financial year June 2012 \$'000 | Total \$'000 |
|---|---|--|--|-----------------|
| Expected employer contributions to be paid in the next reporting period | 7,724 | 3,276 | 1,293 | 12,293 |

Funding arrangements for employer contributions

The following is a summary of the 30 June 2012 financial position of the fund calculated in accordance with AAS 25 - *Financial Reporting by Superannuation Plans*.

| | SASS 8 months to June 2012 \$'000 | SANCS 8 months to June 2012 \$'000 | SSS 8 months to June 2012 \$'000 | Total \$'000 |
|---------------------------------|--|---|---|-----------------|
| Accrued benefits | 509,138 | 81,202 | 803,334 | 1,393,674 |
| Net market value of fund assets | (414,170) | (61,375) | (538,747) | (1,014,292) |
| Net (surplus)/deficit | 94,968 | 19,827 | 264,587 | 379,382 |

Recommended contribution rates for the entity are:

| SASS | SANCS | SSS |
|----------------------------------|-----------------|----------------------------------|
| Multiple of member contributions | % Member salary | Multiple of member contributions |
| 1.90 | 2.50 | 0.93 |

Funded method

Contributions are set after discussion between the employer, STC and NSW Treasury.

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

| Weighted-average assumptions | June 2012 |
|--|-----------|
| Expected rate of return on fund assets backing current pension liabilities | 8.3% p.a. |
| Expected rate of return on fund assets backing other liabilities | 7.3% p.a. |
| Expected salary increase rate | 4.0% p.a. |
| Expected rate of CPI increase | 2.5% p.a. |

Nature of asset/liability

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

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

Provision for long service leave (LSL)

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

The actuarial assessment is based on the accrued long service leave liabilities and employee data of RMS as at 31 March 2011. Long Service leave is accrued at the rate of 4.4 days per annum for the first 10 years of service and then at the rate of 11 days per annum.

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

Assumptions:

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

| | |
|--------------------------------------|--------|
| Payroll tax | 5.45% |
| Superannuation | 11.00% |
| Superannuation accruing while on LSL | 4.40% |

As workers' compensation is determined without direct reference to salary, and does not accrue while an employee is on long service leave, there is no future workers' compensation expense that will be incurred when currently accrued LSL is taken during future service, and hence there is no attaching on-cost. It has been assumed that six days of LSL will be taken per year by employees who are eligible.

General salary increases of 2.5 per cent per annum have been assumed for all future years, consistent with NSW Treasury expectations for the NSW public sector in the medium-term. Promotional salary increases have been assumed at rates based on RMS and NSW public sector promotional salary experience.

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

The discount rate is based on the 10 year bond rate at 30 June 2012 but adjusted from a semi-annual rate to an annual rate.

17. Current/non-current liabilities – other

| | Consolidated | Parent |
|--|---------------------|---------------------|
| | June 2012 \$'000 | June 2012 \$'000 |
| Current | | |
| Statutory creditors | 20,698 | 20,698 |
| Unearned rent on M5 Motorway | 680 | 680 |
| Sydney Harbour Tunnel tax liabilities | 1,919 | 1,919 |
| Income received in advance | 11,068 | 11,068 |
| Holding accounts | 94,463 | 94,463 |
| Lease incentive | 497 | 497 |
| Deferred revenue – reimbursement on private sector provided infrastructure | 12,179 | 12,179 |
| Customer advances and deposits | 714 | 714 |
| Priority list on moorings | 601 | 601 |
| Wetland lease security deposits ^(a) | 1,293 | 1,293 |
| Rent in advance | 2,959 | 2,959 |
| Long-term channel fees unearned income | 3,447 | 3,447 |
| Boating fees in advance ^(b) | 29,638 | 29,638 |
| | 180,156 | 180,156 |
| Non-Current | | |
| Unearned rent on M5 Motorways | 6,898 | 6,898 |
| Sydney Harbour Tunnel tax liabilities | 23,688 | 23,688 |
| Income received in advance | 12,250 | 12,250 |
| Lease incentive | 1,534 | 1,534 |
| Deferred revenue – reimbursement on private sector provided infrastructure | 283,756 | 283,756 |
| Boating fees in advance | 14,237 | 14,237 |
| Long-term channel fees unearned income | 210,974 | 210,974 |
| | 553,337 | 553,337 |
| Current | | |
| Sydney Harbour Tunnel past tax liability | 1,581 | 1,581 |
| Sydney Harbour Tunnel future tax liability | 338 | 338 |
| | 1,919 | 1,919 |
| Non-current | | |
| Sydney Harbour Tunnel past tax liability | 12,059 | 12,059 |
| Sydney Harbour Tunnel future tax liability | 11,629 | 11,629 |
| | 23,688 | 23,688 |

(a) This amount mainly represents cash deposits, in lieu of bank guarantees, received from the developer of King Street Wharf, as security over the completion of specific stages of the construction project.

(b) Boating fees in advance comprises prepayments by customers for licences, registrations and moorings for the service component which will be provided by NSW Maritime in the future.

Unearned rent and deferred revenue on motorways

The land acquisition loan of \$22,000 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 22 August 2023.

| | Consolidated | Parent |
|--------------------------------|---------------------|---------------------|
| | June 2012 \$'000 | June 2012 \$'000 |
| Rent earned in prior period | 13,969 | 13,969 |
| Rent earned in current period | 453 | 453 |
| Unearned rent as at period end | 7,578 | 7,578 |
| | 22,000 | 22,000 |

Under the various Private Sector Provided Infrastructure, \$369.915 million was received following the letting of the Lane Cove Tunnel, Cross City Tunnel and Western M7 Motorway contracts as reimbursement of development costs. NSW Treasury 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. The treatment is summarised as follows:

| Amortisation of deferred revenue in prior period | 65,861 | 65,861 |
|--|----------------|----------------|
| Amortisation of deferred revenue in current period | 8,119 | 8,119 |
| Unearned reimbursement as at period end | 295,935 | 295,935 |
| | 369,915 | 369,915 |

18. Commitments for expenditure

a. Capital commitments

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

| | | |
|--|------------------|------------------|
| Not later than 1 year | 1,058,382 | 1,058,382 |
| Later than 1 year and not later than 5 years | 1,686,729 | 1,686,729 |
| Later than 5 years | - | - |
| Total (including GST) | 2,745,111 | 2,745,111 |

b. Other expenditure commitments

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

| | | |
|--|------------------|------------------|
| Not later than 1 year | 502,819 | 502,819 |
| Later than 1 year and not later than 5 years | 303,888 | 303,888 |
| Later than 5 years | 219,377 | 219,377 |
| Total (including GST) | 1,026,084 | 1,026,084 |

c. Operating lease commitments

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

| | Consolidated | Parent |
|--|---------------------|------------------|
| | June 2012 | June 2012 |
| | \$'000 | \$'000 |
| Not later than 1 year | 77,386 | 77,386 |
| Later than 1 year and not later than 5 years | 138,960 | 139,960 |
| Later than 5 years | 44,954 | 44,954 |
| Total (including GST) | 261,300 | 261,300 |

The property operating lease commitments are as follows:

| | | |
|--|----------------|----------------|
| Payable no later than 1 year | 43,698 | 43,698 |
| Payable later than 1 year and not later than 5 years | 103,210 | 103,210 |
| Payable later than 5 years | 44,954 | 44,954 |
| Total (including GST) | 191,862 | 191,862 |

In respect of property leases, RMS has 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:

| | | |
|--|---------------|---------------|
| Not later than 1 year | 20,556 | 20,556 |
| Later than 1 year and not later than 5 years | 19,337 | 19,337 |
| Total (including GST) | 39,893 | 39,893 |

The light motor vehicle lease is with State Fleet Services and is financed through the Department of Service, Technology and Administration by the NSW Treasury.

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

| | | |
|--|---------------|---------------|
| Not later than 1 year | 6,352 | 6,352 |
| Later than 1 year and not later than 5 years | 12,339 | 12,339 |
| Total (including GST) | 18,691 | 18,691 |

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

Maritime operating commitments are as follows:

| | | |
|--|---------------|---------------|
| Not later than 1 year | 6,779 | 6,779 |
| Later than 1 year and not later than 5 years | 4,074 | 4,074 |
| Total (including GST) | 10,853 | 10,853 |

Maritime commitments include grants to the National Marine Safety Committee, the Better Boating Program and Marine Rescue NSW.

The total commitments detailed above include GST input tax credits of \$366.590 million that are expected to be recoverable from the ATO.

(d) Sydney Harbour Tunnel finance lease liability

| | Consolidated | Parent |
|---|---------------------|---------------------|
| | June 2012 \$'000 | June 2012 \$'000 |
| Minimum lease payment commitments in relation to tunnel finance lease payable as follows: | | |
| Not later than 1 year | 83,662 | 83,662 |
| Later than 1 year and not later than 5 years | 250,222 | 250,222 |
| Later than 5 years | 514,824 | 514,824 |
| Minimum lease payments | 848,708 | 848,708 |
| Less: future finance charges | (260,295) | (260,295) |
| Present value of minimum lease payments | 588,413 | 588,413 |

The present value of finance lease commitments is as follows:

| | | |
|--|----------------|----------------|
| Not later than 1 year | 40,623 | 40,623 |
| Later than 1 year and not later than 5 years | 141,860 | 141,860 |
| Later than 5 years | 405,930 | 405,930 |
| | 588,413 | 588,413 |

Classified as:

| | | |
|-----------------------|----------------|----------------|
| Current (note 14) | 40,623 | 40,623 |
| Non-current (note 14) | 547,790 | 547,790 |
| | 588,413 | 588,413 |

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 has 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 (eg 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 \$3.748 million for the period ending 30 June 2012.

e. Maritime Trade Tower – finance lease liability

| | Consolidated | Parent |
|--|---------------------|---------------------|
| | June 2012 \$'000 | June 2012 \$'000 |
| Not later than 1 year | 28,396 | 28,396 |
| Minimum lease payments | 28,396 | 28,396 |
| Less: future finance charges | (3,266) | (3,266) |
| Present value of minimum lease payments | 25,130 | 25,130 |

The present value of finance lease commitments is as follows:

| | | |
|--|---------------|---------------|
| Not later than 1 year | 25,130 | 25,130 |
| Total (including GST) (note 14) | 25,130 | 25,130 |

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

The borrowings relate to RMS' interest in the Maritime Trade Tower. RMS owns the land and has granted a head-lease to the 4(x) companies. RMS subleases part of the property at 207 Kent from the head lessee. Final payment under the sub-lease is due on 14 March 2013.

19. Increase in net assets from equity transfer

Transfer of net assets

The *Transport Legislation Amendment Act 2011* abolished the RTA and its Division on 31 October 2011. It established two new entities: RMS and RMS Division.

Assets and liabilities of the former RTA and NSW Maritime were transferred to RMS during the year except for those assets and liabilities attributable to functions either transferred from or to other agencies as part of the establishment of RMS. The amount of these agency transfers included \$21.7 million from the Department of Planning and Infrastructure, \$1.6 million from Sydney Harbour Foreshore Authority, \$0.2 million to National Parks and Wildlife and \$1.0 million to Sydney Ports Corporation.

| Net assets transferred were | \$'000 |
|-----------------------------|-------------------|
| Cash | 302,060 |
| Other current assets | 294,467 |
| Non-current assets | 62,443,969 |
| Current liabilities | (1,187,278) |
| Non-current liabilities | (2,513,692) |
| | 59,339,526 |

20. Events after the reporting date

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

21. Contingent assets and contingent liabilities

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

There are several significant contractual disputes with an estimated total contingent liability of \$34.679 million. Compulsory property acquisition matters under litigation have an estimated contingent liability of \$52.223 million.

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

22. Native Title

The Commonwealth’s legislation (*Native Title Act*) and the New South Wales statute (*Native Title (New South Wales) Act*) have financial implications for New South Wales Government agencies generally. RMS has undertaken an assessment of the impact of this legislation on its financial position. This assessment indicates that as at 30 June 2012, there were no Native Title claims which had been initiated against RMS.

23. Administered income and expenses

| | Consolidated | Parent |
|--|---------------------|---------------------|
| | June 2012 \$'000 | June 2012 \$'000 |
| Administered income | | |
| Transfer receipts | | |
| - Taxes, fees and fines | 347,420 | 347,420 |
| - Stamp duty | 402,560 | 402,560 |
| - Motor vehicle weight tax and fines | 1,040,798 | 1,040,798 |
| - Other | 21,667 | 21,667 |
| Total administered income | 1,812,445 | 1,812,445 |
| Total administered expenses | - | - |
| Administered income less expenses | 1,812,445 | 1,812,445 |

24. Administered assets and liabilities

| | | |
|--|----------------|----------------|
| Administered assets | | |
| Remitting account, cash in transit and cash on hand | 26,377 | 26,377 |
| Total administered assets | 26,377 | 26,377 |
| Administered liabilities | | |
| Holding accounts (current/non-current liabilities other) | 26,377 | 26,377 |
| Other* | 279,061 | 279,061 |
| Total administered liabilities | 305,438 | 305,438 |

* The amount of multiple licence fees issued in the current year is approximately \$124.498 million. The maximum period of licence is five years. First year licences are not deemed to be a liability. The outstanding liability above represents the remaining four years. Refer to note 1(e) 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).

25. Reconciliation of cash flows from operating activities to surplus for the eight months from continuing operations

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

| | Consolidated | Parent |
|--|---------------------|--------------------|
| | June 2012 | June 2012 |
| | \$'000 | \$'000 |
| Net cash from operating activities | 2,042,697 | 2,042,697 |
| Adjustments for revenues and expenses not involving cash: | | |
| Net gain on disposal of plant and equipment | (8,856) | (8,856) |
| Right to receive on PSPI | 102,276 | 102,276 |
| Roads and bridges transferred from councils | 7,279 | 7,279 |
| Roads and bridges transferred to councils | (73,590) | (73,590) |
| Assets written down (note 4(b)) | (172,903) | (172,903) |
| Assets written down - infrastructure assets | (111,020) | (111,020) |
| Depreciation/amortisation | (618,077) | (618,077) |
| Other non cash items | 18,490 | 18,490 |
| Non cash personnel services | - | (368,654) |
| | (856,401) | (1,225,055) |
| Adjustments for cash movement in operating assets and liabilities | | |
| Increase/(decrease) in receivables | 104,357 | 104,357 |
| Increase/(decrease) in inventories | 338 | 338 |
| (Increase)/decrease in creditors | (193,035) | (193,035) |
| (Increase)/decrease in provisions* | (21,206) | (21,206) |
| | (109,546) | (109,546) |
| Net result for the period | 1,076,750 | 708,096 |

* Excludes non-cash adjustments of \$368.654 million relating to superannuation actuarial losses against employee provisions.

26. 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 | Parent |
|---|---------------------|------------------|
| | June 2012 | June 2012 |
| | \$'000 | \$'000 |
| Non-cash revenue and expenses | | |
| Transfers from councils | 7,279 | 7,279 |
| Transfers to councils | (73,590) | (73,590) |
| Assets written off | (172,903) | (172,903) |
| Assets written down - infrastructure assets | (111,020) | (111,020) |
| Right to receive on PSPI | 102,276 | 102,276 |

27. Roads and Maritime Services – notional financial statements (12 months)

The *Transport Legislation Amendment Act 2011* abolished the RTA and NSW Maritime. The net assets of these two entities were transferred to RMS. In addition, although most of the functions of the former entities were also transferred, some functions were transferred to and from TfNSW. Notional financial statements have been prepared on the basis that RMS in its current form has always existed. The purpose of the notional statements is to provide a context for a notional assessment of RMS performance.

Information was sourced from financial information relating to RMS for the period 1 November 2011 to 30 June 2012 and to the former entities for the period 1 July 2011 to 31 October 2011 and the 2011 financial year. Financial information was amended to exclude the financial impact of those functions transferred to or from TfNSW. Consequently comparisons should not be made between the information disclosed in the notional financial statements and the financial statements of the former entities.

Statement of comprehensive income for the period 1 November 2011 to 30 June 2012

| | RMS | |
|---|-------------------------------------|-------------------------------|
| | Consolidated June 2012 \$'000 | Parent June 2012 \$'000 |
| Expenses excluding losses | | |
| Operating expenses | | |
| - Employee related expenses | 598,751 | 579,430 |
| - Other operating expenses | 531,270 | 474,860 |
| Maintenance | 703,228 | 621,308 |
| Depreciation and amortisation | 909,515 | 864,465 |
| Grants and subsidies | 457,565 | 377,585 |
| Finance costs | 91,036 | 97,243 |
| Total expenses excluding losses | 3,291,365 | 3,014,891 |
| Revenue | | |
| Sale of goods and services | 536,027 | 494,847 |
| Personnel service revenue | 71,067 | - |
| Investment revenue | 38,868 | 20,162 |
| Operating grant received from TfNSW | 1,863,702 | 1,693,334 |
| Capital grant received from TfNSW | 2,707,168 | 2,547,457 |
| Other grants and contributions | 38,556 | 141,904 |
| Other revenue | 208,476 | 217,490 |
| Total revenue | 5,463,864 | 5,115,194 |
| Gains on disposal of property, plant and equipment | 4,416 | 5,349 |
| Other (losses) | (999,028) | (110,018) |
| Net result | 1,177,887 | 1,995,634 |
| Other comprehensive income | | |
| Net increase/(decrease) in asset revaluation reserve | (596,692) | (384,813) |
| Superannuation actuarial gains/(losses) | (545,543) | (553) |
| Total other comprehensive income for the period | (1,142,235) | (385,366) |
| Total comprehensive income | 35,652 | 1,610,268 |

**Statement of financial position
as at 30 June 2012**

| | RMS | |
|--|-------------------------------------|-------------------------------|
| | Consolidated June 2012 \$'000 | Parent June 2012 \$'000 |
| Assets | | |
| Current assets | | |
| Cash and cash equivalents | 462,880 | 366,436 |
| Receivables | 355,324 | 176,950 |
| Inventories | 11,806 | 12,641 |
| Financial assets at fair value | 48,106 | 43,740 |
| | 878,116 | 599,767 |
| Non-current assets classified as held for sale | 22,525 | 44,469 |
| Total current assets | 900,641 | 644,236 |
| Non-current assets | | |
| Receivables | 6,167 | 30,955 |
| Other financial assets | 144,342 | 121,899 |
| Property, plant and equipment | | |
| – Land and buildings | 2,741,395 | 3,365,430 |
| – Plant and equipment | 141,082 | 206,614 |
| – Infrastructure systems | 61,490,361 | 60,624,102 |
| Total property, plant and equipment | 64,372,838 | 64,196,146 |
| Private sector provided infrastructure | 818,656 | 665,242 |
| Intangible assets | 136,448 | 46,854 |
| Investment property | 129,466 | 132,289 |
| Total non-current assets | 65,607,917 | 65,193,385 |
| Total assets | 66,508,558 | 65,837,621 |
| Liabilities | | |
| Current liabilities | | |
| Payables | 888,435 | 731,918 |
| Borrowings | 70,736 | 156,716 |
| Provisions | 337,096 | 291,070 |
| Other | 180,156 | 178,510 |
| Total current liabilities | 1,476,424 | 1,358,214 |
| Non-current liabilities | | |
| Borrowings | 1,043,163 | 1,092,159 |
| Provisions | 1,216,204 | 651,732 |
| Other | 553,337 | 573,678 |
| Total non-current liabilities | 2,812,704 | 2,317,569 |
| Total liabilities | 4,289,127 | 3,675,783 |
| Net assets | 62,219,431 | 62,161,838 |
| Equity | | |
| Reserves | 31,220,569 | 31,849,462 |
| Accumulated funds | 30,998,862 | 30,312,376 |
| Total equity | 62,219,431 | 62,161,838 |

**Statement of changes in equity
for the year end 30 June 2012**

| | RMS | | | RMS | | |
|---|--|--|-------------------------------------|--|--|-------------------------------------|
| | Accumulated funds June 2012 \$'000 | Asset revaluation reserve June 2012 \$'000 | Total equity June 2012 \$'000 | Accumulated funds June 2011 \$'000 | Asset revaluation reserve June 2011 \$'000 | Total equity June 2011 \$'000 |
| Balance at 1 July 2011 | 30,312,376 | 31,849,462 | 62,161,838 | 28,075,242 | 32,287,271 | 60,362,513 |
| Net result for the period | 1,177,887 | - | 1,177,887 | 1,995,634 | - | 1,995,634 |
| Other comprehensive income | | | | | | |
| Net (decrease) in asset revaluation reserves | - | (596,692) | (596,692) | - | (384,813) | (384,813) |
| Superannuation actuarial (losses) | (545,543) | - | (545,543) | (553) | 0 | (553) |
| Other comprehensive income for the period | (545,543) | (596,692) | (1,142,235) | (553) | (384,813) | (385,366) |
| Total comprehensive income for the period | 632,344 | (596,692) | 35,652 | 1,995,081 | (384,813) | 1,610,268 |
| Transfers within equity | | | | | | |
| Transferred to accumulated funds on disposal of assets | 32,201 | (32,201) | - | 52,996 | (52,996) | - |
| Transactions with owners in their capacity as owners | - | - | - | - | - | - |
| Increase/(decrease) in net assets from equity transfers | 21,941 | - | 21,941 | 189,057 | - | 189,057 |
| Balance at 30 June 2012 | 30,998,862 | 31,220,569 | 62,219,431 | 30,312,376 | 31,849,462 | 62,161,838 |

Statement of cash flows for the year end 30 June 2012

| | RMS | |
|---|-------------------------------------|-------------------------------|
| | Consolidated June 2012 \$'000 | Parent June 2012 \$'000 |
| Cash flows from operating activities | | |
| Payments | | |
| Employee related | (584,197) | (627,875) |
| Grants and subsidies | (356,246) | (326,112) |
| Finance costs | (60,781) | (87,651) |
| Others | (1,651,677) | (1,451,275) |
| Total payments | (2,652,901) | (2,492,913) |
| Receipts | | |
| Sale of goods and services | 605,680 | 602,901 |
| Interest received | 17,451 | 20,047 |
| Operating grants received from TfNSW | 1,857,901 | 1,693,334 |
| Capital grants received from TfNSW | 2,705,508 | 2,547,457 |
| Others | 473,676 | 395,340 |
| Total receipts | 5,660,216 | 5,259,079 |
| Net cash flows from operating activities | 3,007,315 | 2,766,166 |
| Cash flows from investing activities | | |
| Proceeds from sale of land and buildings, plant and equipment and infrastructure systems | 30,834 | 35,981 |
| Purchases of land and buildings, plant and equipment and infrastructure systems | (2,768,539) | (2,504,468) |
| Receipt of lease revenue from maritime trade tower lease | - | 21,012 |
| Net cash flows from investing activities | (2,737,705) | (2,447,475) |
| Cash flows from financing activities | | |
| Contribution paid to government | (4,000) | (4,000) |
| Payment of finance lease liabilities | (63,210) | (54,653) |
| Repayment of borrowings and advances | (101,591) | (91,062) |
| Net cash flows from financing activities | (168,801) | (149,715) |
| Net (decrease)/increase in cash | 100,809 | 168,976 |
| Opening cash and cash equivalents | 410,175 | 241,199 |
| Closing cash and cash equivalents | 510,986 | 410,175 |

**Service group statements
for the period 1 November 2011 to 30 June 2012**

| RMS expenses and income | Transport infrastructure and development* | Integrated transport planning and management* | Integrated transport service delivery* | Not attributable | Total |
|--|---|--|---|---------------------|---------------------|
| | June 2012 \$'000 | June 2012 \$'000 | June 2012 \$'000 | June 2012 \$'000 | June 2012 \$'000 |
| Expenses excluding losses | | | | | |
| Operating expenses | | | | | |
| - Employee related expenses | 7,881 | 262,123 | 328,747 | - | 598,751 |
| - Other operating expenses | - | - | 531,270 | - | 531,270 |
| Maintenance | - | 703,228 | - | - | 703,228 |
| Depreciation and amortisation | - | - | 909,515 | - | 909,515 |
| Grants and subsidies | - | 442,170 | 15,395 | - | 457,565 |
| Finance costs | - | - | 91,036 | - | 91,036 |
| Total expenses excluding losses | 7,881 | 1,407,521 | 1,875,963 | - | 3,291,365 |
| Revenue | | | | | |
| Sale of goods and services | 219,542 | 267,649 | 48,836 | - | 536,027 |
| Personal services revenue | 935 | 31,112 | 39,020 | - | 71,067 |
| Investment revenue | 15,919 | 19,408 | 3,541 | - | 38,868 |
| Operating grant received from TfNSW | 13,588 | 1,729,198 | 120,916 | - | 1,863,702 |
| Capital grant received from TfNSW | 2,114,370 | 555,830 | 36,968 | - | 2,707,168 |
| Other grants and contributions | 15,791 | 19,252 | 3,513 | - | 38,556 |
| Other revenue | 85,387 | 104,096 | 18,993 | - | 208,476 |
| Total revenue | 2,465,532 | 2,726,545 | 271,787 | - | 5,463,864 |
| Gains on disposal of property, plant and equipment | 1,809 | 2,205 | 402 | - | 4,416 |
| Other (losses) | (409,174) | (498,836) | (91,018) | - | (999,028) |
| Net result | 2,050,286 | 822,393 | (1,694,792) | - | 1,177,887 |
| Other comprehensive income | | | | | |
| Net increase/(decrease) in asset revaluation reserve | (244,389) | (297,941) | (54,362) | - | (596,692) |
| Superannuation actuarial gains/(losses) | (223,439) | (272,401) | (49,703) | - | (545,543) |
| Total other comprehensive income for the period | (467,828) | (570,342) | (104,065) | - | (1,142,235) |
| Total comprehensive income | 1,582,458 | 252,051 | (1,798,857) | | 35,652 |

| Administered expenses and income | Transport infrastructure and development | Integrated transport planning and management | Integrated transport service delivery | Not attributable | Total |
|--|--|--|---------------------------------------|---------------------|---------------------|
| | June 2012 \$'000 | June 2012 \$'000 | June 2012 \$'000 | June 2012 \$'000 | June 2012 \$'000 |
| Administered expenses | | | | | |
| Transfer payments | - | - | - | - | - |
| Other | - | - | - | - | - |
| Total administered expenses | - | - | - | - | - |
| Administered income | | | | | |
| Transfer receipts | - | - | - | - | - |
| Consolidated fund | - | - | - | - | - |
| - Taxes, fees and fines | - | - | - | 515,541 | 515,541 |
| - Other | - | - | - | 2,202,349 | 2,202,349 |
| Total administered income | - | - | - | 2,717,890 | 2,717,890 |
| Administered income less expenses | - | - | - | 2,717,890 | 2,717,890 |

| RMS assets and liabilities | Transport infrastructure and development | Integrated transport planning and management | Integrated transport service delivery | Not attributable | Total |
|---|--|---|--|---------------------|---------------------|
| | June 2012 \$'000 | June 2012 \$'000 | June 2012 \$'000 | June 2012 \$'000 | June 2012 \$'000 |
| Current assets | | | | | |
| Cash and cash equivalents | - | 115,720 | 347,160 | - | 462,880 |
| Receivables | 23,559 | 267,288 | 64,477 | - | 355,324 |
| Inventories | - | 11,216 | 590 | - | 11,806 |
| Financial asset at fair value | - | 48,064 | 42 | - | 48,106 |
| Non-current assets classified as held for sale | - | 22,525 | - | - | 22,525 |
| Total current assets | 23,559 | 464,813 | 412,269 | - | 900,641 |
| Non-current assets | | | | | |
| Receivables | 409 | 4,639 | 1,119 | - | 6,167 |
| Other financial assets | - | 144,342 | - | - | 144,342 |
| Property, plant and equipment | | | | | |
| - Land and buildings | - | 2,446,602 | 294,793 | - | 2,741,395 |
| - Plant and equipment | - | 37,340 | 103,742 | - | 141,082 |
| - Infrastructure systems | 1,874,241 | 59,593,808 | 22,312 | - | 61,490,361 |
| Private sector provided infrastructure | - | 818,656 | - | - | 818,656 |
| Intangible assets | - | 136,448 | - | - | 136,448 |
| Investment property | - | 129,466 | - | - | 129,466 |
| Total non-current assets | 1,874,650 | 63,311,301 | 421,966 | - | 65,607,917 |
| Total assets | 1,898,209 | 63,776,114 | 834,235 | - | 66,508,558 |
| Liabilities | | | | | |
| Current liabilities | | | | | |
| Payables | 544,366 | 207,353 | 136,716 | - | 888,435 |
| Borrowings | 43,342 | 16,510 | 10,884 | - | 70,736 |
| Provisions | 206,547 | 78,675 | 51,874 | - | 337,096 |
| Other | 110,386 | 42,047 | 27,723 | - | 180,156 |
| Total current liabilities | 904,641 | 344,585 | 227,197 | - | 1,476,423 |
| Non-current liabilities | | | | | |
| Borrowings | 639,172 | 243,465 | 160,526 | - | 1,043,163 |
| Provisions | 745,198 | 283,852 | 187,154 | - | 1,216,204 |
| Other | 339,043 | 129,144 | 85,150 | - | 553,337 |
| Total non-current liabilities | 1,723,413 | 656,461 | 432,830 | - | 2,812,704 |
| Total liabilities | 2,628,054 | 1,001,046 | 660,027 | - | 4,289,127 |
| Net assets | (729,845) | 62,775,068 | 174,208 | - | 62,219,431 |

Service group statements for the year end 30 June 2011

| RMS expenses and income | Transport infrastructure and development• | Integrated transport planning and management• | Integrated transport service delivery• | Not attributable | Total |
|---|---|--|---|---------------------|---------------------|
| | June 2011 \$'000 | June 2011 \$'000 | June 2011 \$'000 | June 2011 \$'000 | June 2011 \$'000 |
| Expenses excluding losses | | | | | |
| Operating expenses | | | | | |
| - Employee related expenses | 7,626 | 253,666 | 318,138 | - | 579,430 |
| - Other operating expenses | - | - | 474,860 | - | 474,860 |
| Maintenance | - | 621,308 | - | - | 621,308 |
| Depreciation and amortisation | - | - | 864,465 | - | 864,465 |
| Grants and subsidies | - | 364,880 | 12,705 | - | 377,585 |
| Finance costs | - | - | 97,243 | - | 97,243 |
| Total expenses excluding losses | 7,626 | 1,239,854 | 1,767,411 | - | 3,014,891 |
| Revenue | | | | | |
| Sale of goods and services | 202,676 | 247,087 | 45,084 | - | 494,847 |
| Personal services revenue | - | - | - | - | 0 |
| Investment revenue | 8,257 | 10,068 | 1,837 | - | 20,162 |
| Operating grant received from TfNSW | 12,346 | 1,571,125 | 109,863 | - | 1,693,334 |
| Capital grant received from TfNSW | 1,989,632 | 523,038 | 34,787 | - | 2,547,457 |
| Other grants and contributions | 58,120 | 70,856 | 12,928 | - | 141,904 |
| Other revenue | 89,078 | 108,597 | 19,815 | - | 217,490 |
| Total revenue | 2,360,109 | 2,530,771 | 224,314 | - | 5,115,194 |
| Gains on disposal of property, plant and equipment | 2,191 | 2,671 | 487 | - | 5,350 |
| Other (losses) | (45,060) | (54,934) | (10,023) | - | (110,018) |
| Net result | 2,309,613 | 1,238,654 | (1,552,633) | - | 1,995,634 |
| Other comprehensive income | | | | | |
| Net increase/(decrease) in asset revaluation reserve | (157,609) | (192,145) | (35,059) | - | (384,813) |
| Superannuation actuarial gains/(losses) | (226) | (276) | (51) | - | (553) |
| Total other comprehensive income for the period | (157,835) | (192,421) | (35,110) | - | (385,366) |
| Total comprehensive income | 2,151,778 | 1,046,233 | (1,587,743) | - | 1,610,268 |

| Administered expenses and income | Transport infrastructure and development | Integrated transport planning and management | Integrated transport service delivery | Not attributable | Total |
|--|--|--|---------------------------------------|------------------|------------------|
| | June 2011 \$'000 | June 2011 \$'000 | June 2011 \$'000 | June 2011 \$'000 | June 2011 \$'000 |
| Administered expenses | | | | | |
| Transfer payments | - | - | - | - | - |
| Other | - | - | - | - | - |
| Total administered expenses | - | - | - | - | - |
| Administered income | | | | | |
| Transfer receipts | | | | | |
| Consolidated fund | - | - | - | - | - |
| - Taxes, fees and fines | - | - | - | 479,218 | 479,218 |
| - Other | - | - | - | 2,105,591 | 2,105,591 |
| Total administered income | - | - | - | 2,584,809 | 2,584,809 |
| Administered income less expenses | - | - | - | 2,584,809 | 2,584,809 |

| RMS assets and liabilities | Transport infrastructure and development | Integrated transport planning and management | Integrated transport service delivery | Not attributable | Total |
|--|--|--|---------------------------------------|---------------------|---------------------|
| | June 2011 \$'000 | June 2011 \$'000 | June 2011 \$'000 | June 2011 \$'000 | June 2011 \$'000 |
| Current assets | | | | | |
| Cash and cash equivalents | - | 91,609 | 274,827 | - | 366,436 |
| Receivables | 11,733 | 133,109 | 32,108 | - | 176,950 |
| Inventories | - | 12,009 | 632 | - | 12,641 |
| Non-current assets classified as held for sale | - | 44,469 | - | - | 44,469 |
| Other financial assets | - | 43,701 | 39 | - | 43,740 |
| Total current assets | 11,733 | 324,897 | 307,606 | | 644,236 |
| Non-current assets | | | | | |
| Receivables | 2,052 | 23,286 | 5,617 | - | 30,955 |
| Other financial assets | - | 121,899 | - | - | 121,899 |
| Property, plant and equipment | | | | | |
| - Land and buildings | - | 3,003,532 | 361,898 | - | 3,365,430 |
| - Plant and equipment | - | 54,684 | 151,930 | - | 206,614 |
| - Infrastructure systems | 1,847,837 | 58,754,267 | 21,998 | - | 60,624,102 |
| Private sector provided infrastructure | - | 665,242 | - | - | 665,242 |
| Intangible assets | - | 46,854 | - | - | 46,854 |
| Investment property | - | 132,289 | - | - | 132,289 |
| Total non-current assets | 1,849,889 | 62,802,053 | 541,443 | - | 65,193,385 |
| Total assets | 1,861,622 | 63,126,950 | 849,049 | - | 65,837,621 |
| Liabilities | | | | | |
| Current liabilities | | | | | |
| Payables | 448,464 | 170,824 | 112,630 | - | 731,918 |
| Borrowings | 96,024 | 36,576 | 24,116 | - | 156,716 |
| Provisions | 178,346 | 67,933 | 44,791 | - | 291,070 |
| Other | 109,377 | 41,663 | 27,470 | - | 178,510 |
| Total current liabilities | 832,211 | 316,996 | 209,007 | - | 1,358,214 |
| Non-current liabilities | | | | | |
| Borrowings | 669,193 | 254,901 | 168,065 | - | 1,092,159 |
| Provisions | 399,332 | 152,109 | 100,291 | - | 651,732 |
| Other | 351,507 | 133,891 | 88,280 | - | 573,678 |
| Total non-current liabilities | 1,420,032 | 540,901 | 356,636 | - | 2,317,569 |
| Total liabilities | 2,252,243 | 857,897 | 565,643 | - | 3,675,783 |
| Net assets | (390,621) | 62,269,053 | 283,406 | - | 62,161,838 |

End of audited financial statements.

Independent audit report (page 1)



INDEPENDENT AUDITOR'S REPORT

Roads and Maritime Services Division

To Members of the New South Wales Parliament

I have audited the accompanying financial statements of the Roads and Maritime Services Division (the Division), which comprises the statement of financial position as at 30 June 2012, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the period 1 November 2011 to 30 June 2012, notes comprising a summary of significant accounting policies and other explanatory information.

Opinion

In my opinion, the financial statements:

- give a true and fair view of the financial position of the Division as at 30 June 2012, and of its financial performance and its cash flows for the period 1 November 2011 to 30 June 2012 in accordance with Australian Accounting Standards
- are in accordance with section 41B of *Public Finance and Audit Act 1983* (the PF&A Act) and the Public Finance and Audit Regulation 2010.

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

Chief Executive's Responsibility for the Financial Statements

The Chief Executive is responsible for the preparation of the 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 the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Chief Executive, as well as evaluating the overall presentation of the financial statements.

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

Independent audit report (page 2)

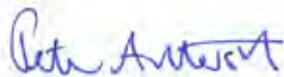
My opinion does *not* provide assurance:

- about the future viability of the Division
- that it has carried out its activities effectively, efficiently and economically
- about the effectiveness of internal control
- about the security and controls over the electronic publication of the audited financial statements on any website where they may be presented
- about any other information, which may have been hyperlinked to or from the financial statements.

Independence

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

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



Peter Achterstraat
Auditor-General

27 September 2012
SYDNEY

Chief Executive statement

ROADS AND MARITIME SERVICES DIVISION

FOR THE PERIOD 1 NOVEMBER 2011 TO 30 JUNE 2012

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

1. The accompanying financial statements and notes thereto exhibit a true and fair view of Road and Maritime Services Division's financial position as at 30 June 2012 and financial performance for the period 1 November 2011 to 30 June 2012.
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 2010, and the Treasurer's Directions.

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



Peter Duncan
Chief Executive
26 September 2012



Paul Hesford
Director, Corporate
26 September 2012

Statement of comprehensive income for the period 1 November 2011 to 30 June 2012

| | Notes | June 2012 \$'000 |
|--|-------|---------------------|
| Expenses excluding loss | | |
| Employee related expenses | 6 | 629,892 |
| Total expenses excluding losses | | 629,892 |
| Revenue | | |
| Personnel services | | 998,546 |
| Total revenue | | 998,546 |
| Net result | | 368,654 |
| Other comprehensive income for the period | | |
| Superannuation actuarial gains/(losses) | | (368,654) |
| Total comprehensive income for the period | | - |

The accompanying notes form part of these financial statements.

Statement of financial position as at 30 June 2012

| | Notes | June 2012 \$'000 |
|--------------------------------------|-------|---------------------|
| Assets | | |
| Current assets | | |
| Receivables | 2 | 1,696,144 |
| Total current assets | | 1,696,144 |
| Total assets | | 1,696,144 |
| Liabilities | | |
| Current liabilities | | |
| Payables | 3(a) | 165,373 |
| Employee benefits provisions | 3(b) | 325,008 |
| Total current liabilities | | 490,381 |
| Non-current liabilities | | |
| Employee benefits provisions | 3(c) | 1,205,763 |
| Total non-current liabilities | | 1,205,763 |
| Total liabilities | | 1,696,144 |
| Net assets | | - |
| Equity | | |
| Accumulated funds | | - |
| Total equity | | - |

The accompanying notes form part of these financial statements.

**Statement of changes in equity
for the period ended 30 June 2012**

| | June 2012 \$'000 |
|---|---------------------|
| Balance at beginning of the period | - |
| Surplus/(deficit) for the period | 368,654 |
| Other Comprehensive Income | |
| Superannuation Actuarial Gains/(Losses) | (368,654) |
| Total comprehensive income for the period | - |
| Increase/(decrease) in net assets from equity transfers | - |
| Balance at 30 June 2012 | - |

The accompanying notes form part of these financial statements.

**Statement of cash flows
for the period ended 1 November 2011 to 30 June 2012**

| | June 2012 \$'000 |
|---|---------------------|
| Cash flows from operating activities | |
| Payments | |
| Payments to suppliers and employees | - |
| Total payments | - |
| Receipts | |
| Receipts from customers | - |
| Total receipts | - |
| Net cash flows from operating activities | - |
| Cash flows from investing activities | - |
| Cash flows from financing activities | - |
| Net increase/(decrease) in cash | - |
| Opening cash and cash equivalents | - |
| Cash transferred in as a result of administrative restructuring | - |
| Closing cash and cash equivalents | - |

The accompanying notes form part of these financial statements.

Notes to and forming part of the financial statements of RMS Division for the period 1 November 2011 to 30 June 2012

1. Summary of significant accounting policies

a. Reporting entity

The *Transport Legislation Amendment Act 2011* was proclaimed on 1 November 2011. As a result of that Act the RTA and NSW Maritime, together with their associated entities, were abolished on 31 October 2011 with all assets and liabilities as at that date transferring to new entities created under the Act. Those new entities are RMS and RMS Division.

RMS Division's objective is to provide personnel services to RMS.

These financial statements have been authorised for issue by the Chief Executive of RMS at the date that the accompanying statement under s.41C(1C) of the *Public Finance and Audit Act 1983* was signed.

b. Basis of preparation

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

- Applicable Australian Accounting Standards (including Australian Accounting Interpretations).
- The requirements of the *Public Finance and Audit Act 1983* (PFAA).
- The *Public Finance and Audit Regulation 2010*.
- Specific directions issued by the NSW Treasurer.

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

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

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

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

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

c. New and revised accounting standards and interpretations

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective have not been adopted for the financial reporting period ended 30 June 2012. The RMS Division's assessment of the impact of these new standards and interpretations is set out below:

| Standard | Summary of key requirements/changes | Applicable to annual reporting periods beginning on or after | Impact on reporting entity's financial statements |
|--|---|---|---|
| AASB 9 <i>Financial Instruments</i> and AASB 2010-7 <i>Amendments to Australian Accounting Standards arising from AASB 9</i> | AASB 9 introduces new requirements for the classification, measurement and derecognition of financial assets and financial liabilities. It was further amended by AASB 2010-7 to reflect amendments to accounting for financial liabilities. Financial assets and financial liabilities can be designated and measured at fair value. The existing four category approach to measurement after initial recognition will be reduced to two categories – either amortised cost or fair value. | The IASB has deferred the effective date of this standard to 1 January 2015. It is expected that AASB will also make a similar amendment. | 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. |
| AASB 10 <i>Consolidated Financial Statements</i> | AASB 10 supersedes AASB 127. It introduces a new principles-based control model that focuses on both power and rights or exposure to variable returns. The Standard requires the parent entity to present consolidated financial statements as those of a single economic entity, replacing the requirements of AASB 127 <i>Consolidated and Separate Financial Statements</i> . | 1 July 2013 | The new definition of control is not expected to impact on the reporting entity. The concept of "single economic entity" may impact on the format of the consolidated financial statements unless modifications are made for public sector entities. |
| AASB 11 <i>Joint Arrangements</i> | Under AASB 11 the focus is no longer on the legal structure of joint arrangements (which determined the accounting) but rather on how rights and obligations are shared by the joint venture parties (the underlying economics). A joint venture will be classified as either a joint operation or joint venture. The standard also replaces and alters the existing method of accounting for joint ventures under AASB 131 <i>Interests in Joint Ventures</i> . | 1 July 2013 | The impact on the reporting entity's financial statements is expected to be insignificant due to the absence of material joint arrangements. |
| AASB 12 <i>Disclosure of Interests in other Entities</i> | AASB 12 focuses on disclosures that would help users better assess the nature and financial effects of an entity's involvement with other entities and particularly enhances disclosures about consolidated entities and unconsolidated (off balance sheet) structured entities. The standard sets out the required disclosures for entities reporting under AASB 10 and AASB 11 and replaces the disclosure requirements of AASB 128 <i>Investment in Associates</i> . | 1 January 2013 | Application of the standard will not affect any of the amounts recognised in the consolidated financial statements. However, it may impact on the type of information disclosed. The AASB may modify the standard "for application by not-for-profit entities". |
| AASB 13 <i>Fair Value Measurement</i> and AASB 2011-8. | The Standard defines fair value, establishes a single framework or guidance for the measuring of fair value and requires enhanced disclosures about fair value measurements. AASB 13 applies when another standard requires or permits fair value measurements or disclosures. The standard establishes a 3 tier "fair value hierarchy". | 1 January 2013 | The reporting entity's major assets – property, plant and equipment and investment properties are recognised at fair value. It is not possible at this stage to determine the impact if any of the new rules on any of the amounts recognised in the consolidated financial statements. |

| Standard | Summary of key requirements/changes | Applicable to annual reporting periods beginning on or after | Impact on reporting entity's financial statements |
|--|---|---|---|
| AASB 119 <i>Employee Benefits</i> AASB 2011-10 and AASB 2011-11 | This Standard will mainly impact the accounting for defined benefit pension schemes. The corridor approach for the recognition of actuarial gains and losses has been removed, as has the option to recognise actuarial gains and losses in profit or loss. The impact of this is that all actuarial gains and losses will be recognised in other comprehensive income in the period in which they arise. In addition, the calculation of net interest cost has changed. There will no longer be separate calculations of the expected return on plan assets and the interest cost of funding the defined benefit obligation. Instead, a single rate is applied to the net of the defined benefit obligation and plan assets. | 1 January 2013 with retrospective implementation as per AASB 108 <i>Accounting Policies, Changes in Accounting Estimates and Errors</i> . | The requirements for measurement of employer liabilities and assets arising from defined benefit plans, and the measurement and presentation of changes in such liabilities and assets, are substantially different under the revised AASB 119. It is not possible at this stage to determine the impact of this new Standard on the consolidated financial statements. |
| AASB 127 <i>Separate Financial Statements</i> | AASB 127 <i>Consolidated and Separate Financial Statements</i> has been renamed <i>Separate Financial Statements</i> . The objective of this Standard is to prescribe the accounting and disclosure requirements for investments in subsidiaries, joint ventures and associates when an entity prepares separate financial statements (in addition to consolidated financial statements). The Standard requires that when an entity prepares separate financial statements, investments in subsidiaries, associates and jointly controlled entities are accounted for either at cost or in accordance with AASB 9 <i>Financial Instruments</i> . The Standard also deals with the recognition of dividends, certain group reorganisations and includes a number of disclosure requirements. | 1 July 2013 | The AASB may modify the application of this standard to the not-for-profit entities. As such it is not practical to assess the impact of its application on the reporting entity's consolidated financial statements. |
| AASB 128 <i>Investments in Associates and Joint ventures</i> | This Standard supersedes AASB 128 <i>Investments in Associates</i> and prescribes the accounting for investments in associates and sets out the requirements for the application of the equity method when accounting for investments in associates and joint ventures. The Standard defines "significant influence" and provides guidance on how the equity method of accounting is to be applied. It also prescribes how investments in associates and joint ventures should be tested for impairment. | 1 July 2013 | The impact on the reporting entity's financial statements is expected to be insignificant. |
| AASB 1053 and AASB 2010-2 regarding differential reporting | AASB 1053 establishes a two tier differential reporting framework for those entities that prepare general purpose financial statements. Tier 1 or full compliance with AASB and Tier 2 or Reduced Disclosure Requirements. Tier 2, therefore requires fewer disclosures than Tier 1. | 1 July 2013 | This Standard will not impact on the reporting entity's financial statements which will continue to be prepared in accordance with Financial Reporting Code for NSW General Government Sector Entities (Tier 1). |
| AASB 2010-8 regarding deferred tax | The amendments in AASB 2010-8 relate to the measurement of deferred tax assets and deferred tax liabilities that arise from investment property being measured at fair value. | 1 July 2013 | There is no impact on the reporting entity's financial statements as the controlled entity that owns investment properties is not subject to income tax regime. |

| Standard | Summary of key requirements/changes | Applicable to annual reporting periods beginning on or after | Impact on reporting entity's financial statements |
|---|--|--|--|
| AASB 2010-10 <i>regarding removal of fixed dates for first time adopters</i> | AASB 2010-10 amendments affect AASB 1 <i>First Time Adoption of Australian Accounting Standards</i> and provide relief for first-time adopters of Australian Accounting Standards from having to reconstruct transactions that occurred before their transition to Australian Accounting Standards. | 1 July 2013 | The Standard has no impact on the reporting entity's consolidated financial statements as the group entities made the transition to AEIFRS in 2005-06. |
| AASB 2011-3 <i>Amendments to Australian Accounting Standards - Orderly Adoption of Changes to the ABS GFS Manual and Related Amendments (AASB 1049 and AASB 2011-13)</i> | AASB 1049 is part of the Australian Accounting Standards Board's (AASB) work to achieve the Financial Reporting Council's strategic direction to harmonise the Government Finance Statistics (GFS) and Generally Accepted Accounting Principles (GAAP) reporting by an Australian Accounting Standard for a single set of government reports that are comparable with budget statements. The reporting of the GFS is in accordance with the Australian Bureau of Statistics GFS Manual. AASB 2011-13 amends some of the requirements in AASB 1049 <i>Whole of Government and General Government Sector Financial Reporting</i> to improve that standard at an operational level. | 1 July 2013 | The impact on the reporting entity's financial statements is expected to be insignificant. |
| AASB 2011-4 <i>Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements</i> | Amends AASB 124 <i>Related Party Disclosures</i> to remove the individual key management personnel (KMP) disclosures required by Australian specific paragraphs. Such disclosures are more in the nature of governance disclosures that are better dealt with as part of the <i>Corporations Act 2001</i> . | 1 July 2013 | The impact on the reporting entity's financial statements is expected to be insignificant. |
| AASB 2011-9 <i>Amendments to Australian Accounting Standards - Presentation of Items of Other Comprehensive Income</i> | AASB 2011-9 made changes to AASB 101 <i>Presentation of Financial Statements</i> . The only significant impact will be that, in the Statement of Comprehensive Income, items within the "Other Comprehensive Income" section will need to be presented in two sub-sections, based on whether they may be recycled to net result in the future. Whether or not subsequent reclassification is possible depends on the requirements or conditions in the accounting standard/interpretation that relates to the item concerned. This will not affect the measurement of any of the items. | 1 July 2012 | The impact on the reporting entity's financial statements is expected to be insignificant. |
| AASB 2011-13 <i>Amendments to Australian Accounting Standard - Improvements to AASB 1049</i> | Amends some of the requirements in AASB 1049 <i>Whole of Government and General Government Sector Financial Reporting</i> to improve that Standard at an operational level. | 1 July 2012 | This Standard will not impact on the reporting entity's financial statements which will continue to be prepared in accordance with Financial Reporting Code for NSW General Government Sector Entities (Tier 1). |

| Standard | Summary of key requirements/changes | Applicable to annual reporting periods beginning on or after | Impact on reporting entity's financial statements |
|---|--|---|---|
| AASB 2012-1 <i>Amendments to Australian Accounting Standards – Fair Value Measurement – Reduced Disclosure Requirements</i> | This Standard establishes and amends reduced disclosure requirements for entities preparing general purpose financial statements under Australian Accounting Standards – Reduced Disclosure Requirements for additional and amended disclosures arising from AASB 13 and the consequential amendments implemented through AASB 2011-8. | 1 July 2013 | This Standard will not impact on the reporting entity's financial statements which will continue to be prepared in accordance with Financial Reporting Code for NSW General Government Sector Entities (Tier 1). |
| AASB 2012-2 <i>Amendments to Australian Accounting Standards – Disclosures – Offsetting Financial Assets and Financial Liabilities</i> | This Standard amends the required disclosures in AASB 7 to include information that will enable users of an entity's financial statements to evaluate the effect or potential effect of netting arrangements, including rights of set-off associated with the entity's recognised financial assets and recognised financial liabilities, on the entity's financial position. | 1 July 2013 | The impact on the reporting entity's financial statements is expected to be insignificant. |
| AASB 2012-3 <i>Amendments To Australian Accounting Standards – Offsetting Financial Assets And Financial Liabilities</i> | This Standard adds application guidance to AASB 132 to address inconsistencies identified in applying some of the offsetting criteria of AASB 132, including clarifying the meaning of "currently has a legally enforceable right of set-off" and that some gross settlement systems may be considered equivalent to net settlement. | 1 July 2013 | The impact on the reporting entity's financial statements is expected to be insignificant. |
| AASB 2012-4 <i>Amendments to Australian Accounting Standards – Government Loans</i> | This Standard adds an exception to the retrospective application of Australian Accounting Standards to require that first-time adopters apply the requirements in AASB 139 <i>Financial Instruments: Recognition and Measurement</i> (or AASB 9 <i>Financial Instruments</i>) and AASB 120 <i>Accounting for Government Grants and Disclosure of Government Assistance</i> prospectively to government loans existing at the date of transition to Australian Accounting Standards. | 1 July 2013 | The impact on the reporting entity's financial statements is expected to be insignificant. |
| AASB 2012-5 <i>Amendments to Australian Accounting Standards arising from Annual Improvements 2009-2011 Cycle</i> | This Standard makes amendments to the Australian Accounting Standards and Interpretation listed in paragraph 1 of the Standard. These amendments are a consequence of the annual improvements process, which provides a vehicle for making non-urgent but necessary amendments to Standards. These amendments result from proposals that were included in Exposure Draft ED 213 <i>Improvements to IFRSs</i> published in July 2011 and follow the issuance of <i>Annual Improvements to IFRSs 2009-2011 Cycle</i> issued by the International Accounting Standards Board in May 2012. | 1 July 2013 | The Standard makes minor changes, primarily further clarifications and descriptions, to a number of other Australian Accounting Standards. The impact on the reporting entity's financial statements is expected to be minor. |

RMS Division has also reviewed the following accounting standards and interpretations and concluded that they are not applicable to RMS Division financial statements:

- AASB 2010-10 *Further Amendments to Australian Accounting Standards - Removal of Fixed Dates for First-time Adopters*.
- AASB 2011-6 *Amendments to Australian Accounting Standards - Extending Relief from Consolidation, the Equity Method and Proportionate Consolidation - Reduced Disclosure Requirements*.
- AASB 2011-7 *Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards*.

d. Income recognition

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

e. Cash and cash equivalents

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

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

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

f. Receivables

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

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

g. Payables

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

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

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

h. Employee benefits provisions and expenses

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

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

Long-term annual leave that is not expected to be taken within 12 months is measured at present value in accordance with AASB 119 *Employee Benefits*. Market yields on 10 year government bonds are used to discount long-term annual leave.

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

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

ii. Long service leave and superannuation

The Division assumes the long service leave liability for all employees and all superannuation liabilities. These liabilities are recognised in the Statement of Financial Position. Long service leave is measured at present value in accordance with AASB 119 *Employee Benefits*. This is based on the application of the valuation ratio at the 10 year Commonwealth Government Bond rate at the reporting date, using current rates of pay. This ratio is determined based on an actuarial review to approximate present value.

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

Defined contribution plans

Contributions to defined contribution superannuation plans are expensed when incurred.

Defined benefit plans

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

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

i. Comparative information

The Financial Statements as at 30 June 2012 are the first financial statements for the Division. Consequently no comparative information for prior periods has been provided.

j. 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 effects only that period or in the period of the revision and future periods if the revision effects both current and future periods.

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

| | |
|-------------------|-----------------------|
| Employee benefits | Note 1 (h) and note 3 |
|-------------------|-----------------------|

2. Current assets

| | June 2012 \$'000 |
|-------------------------------|---------------------|
| Receivables – current | |
| Personnel services receivable | 1,696,144 |

3. Current liabilities/non-current liabilities

a. Payables – current

| | |
|------------------|----------------|
| Accrued expenses | 11,178 |
| Gst payable | 154,195 |
| | 165,373 |

b. Provisions – current

| | |
|---|----------------|
| Annual leave and related on-costs ⁽ⁱ⁾ | 73,207 |
| Long service leave and related on-costs ⁽ⁱⁱ⁾ | 247,403 |
| Provision for workers' compensation ⁽ⁱⁱⁱ⁾ | 4,398 |
| | 325,008 |

c. Provisions – non-current

| | |
|---|------------------|
| Superannuation – provision | 1,186,520 |
| Superannuation – accrued | 726 |
| Long service leave and related on-costs | 15,792 |
| Provision for workers' compensation | 2,725 |
| | 1,205,763 |

d. Aggregate employee benefits and related on-costs

| | |
|--------------------------------------|------------------|
| Provisions – current | 325,008 |
| Provisions – non-current | 1,205,763 |
| Accrued salaries, wages and on-costs | 11,178 |
| | 1,541,949 |

(i) The value of annual leave, including on-costs, expected to be taken within 12 months is \$49.233 million and \$23.974 million after 12 months.

(ii) The value of long service leave expected to be taken within 12 months \$27.320 million and \$235.876 million after 12 months.

(iii) Workers' compensation provision includes \$1.219 million for dust diseases of which \$0.410 million is current. This provision is for claims from former Maritime Services Board (MSB) staff for dust related diseases that can be attributed to their service during the period 1 July 1989 – 30 June 1995 when the MSB was a self insurer.

Provision for Superannuation – consolidated

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

General description of the plan

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

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

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

Actuarial gains and losses are recognised in other comprehensive income in the year they occur.

The following information has been prepared by the scheme actuary:

Superannuation position for AASB 119 purposes

| | SASS 8 months to June 2012 \$'000 | SANCS 8 months to June 2012 \$'000 | SSS 8 months to June 2012 \$'000 | Total \$'000 |
|--|--|---|---|------------------|
| Accrued liability | 638,096 | 94,825 | 1,467,891 | 2,200,812 |
| Estimated reserve account balance | (414,170) | (61,375) | (538,747) | (1,014,292) |
| Future service liability | 223,926 | 33,450 | 929,144 | 1,186,520 |
| | (48,321) | (20,454) | (34,386) | (103,161) |
| Net (asset)/liability recognised in statement of financial position | 223,926 | 33,450 | 929,144 | 1,186,520 |

Reconciliation of the present value of the defined benefit obligation

| | | | | |
|---|----------------|---------------|------------------|------------------|
| Present value of partly funded defined benefit obligation at part of net assets received from equity transfer | 590,312 | 91,509 | 1,195,232 | 1,877,053 |
| Current service cost | 7,279 | 2,536 | 3,008 | 12,823 |
| Interest cost | 18,801 | 2,862 | 37,069 | 58,732 |
| Contributions by fund participants | 4,655 | 0 | 4,263 | 8,918 |
| Actuarial (gains)/losses | 62,929 | 6,324 | 269,791 | 339,044 |
| Benefits paid | (45,880) | (8,406) | (41,471) | (95,757) |
| Present value of partly funded defined benefit obligation at the end of the period | 638,096 | 94,825 | 1,467,892 | 2,200,813 |

Reconciliation of the fair value of fund assets

| | | | | |
|---|----------------|---------------|----------------|------------------|
| Fair value of fund assets at the beginning of the period | 439,808 | 65,361 | 558,593 | 1,063,762 |
| Expected return on fund assets | 24,248 | 3,728 | 31,833 | 59,809 |
| Actuarial gains/(losses) | (14,061) | (1,662) | (14,806) | (30,529) |
| Employer contributions | 5,400 | 2,354 | 335 | 8,089 |
| Contributions by fund participants | 4,655 | 0 | 4,263 | 8,918 |
| Benefits paid | (45,880) | (8,406) | (41,471) | (95,757) |
| Fair value of fund assets at the end of the period | 414,170 | 61,375 | 538,747 | 1,014,292 |

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

| | SASS 8 months to June 2012 \$'000 | SANCS 8 months to June 2012 \$'000 | SSS 8 months to June 2012 \$'000 | Total \$'000 |
|---|--|---|---|------------------|
| Present value of partly funded defined benefits at end of the year | 638,096 | 94,825 | 1,467,891 | 2,200,812 |
| Fair value of fund assets at end of the year | (414,170) | (61,375) | (538,747) | (1,014,292) |
| Net (asset)/liability recognised in statement of financial position at the end of the period | 223,926 | 33,450 | 929,144 | 1,186,520 |

Expense recognised

| | | | | |
|--|--------------|--------------|--------------|---------------|
| Current service cost | 7,278 | 2,536 | 3,008 | 12,822 |
| Interest on obligation | 18,801 | 2,862 | 37,069 | 58,732 |
| Expected return on fund assets (net of expenses) | (24,248) | (3,728) | (31,833) | (59,809) |
| Expense/(income) recognised* | 1,831 | 1,670 | 8,244 | 11,745 |

* A portion of this expense has been capitalised.

Amount recognised in other comprehensive income

| | | | | |
|--------------------------|--------|-------|---------|---------|
| Actuarial (gains)/losses | 76,990 | 7,986 | 284,597 | 369,573 |
|--------------------------|--------|-------|---------|---------|

Cumulative amount recognised in other comprehensive income

| | SASS financial year June 2012 \$'000 | SANCS financial year June 2012 \$'000 | SSS financial year June 2012 \$'000 | Total \$'000 |
|--------------------------|---|--|--|-----------------|
| Actuarial (gains)/losses | 238,673 | 33,064 | 665,175 | 936,912 |

Actual return on fund assets

| | SASS 8 months to June 2012 \$'000 | SANCS 8 months to June 2012 \$'000 | SSS 8 months to June 2012 \$'000 | Total \$'000 |
|------------------------------|--|---|---|-----------------|
| Actual return on fund assets | 13,253 | 2,066 | 16,403 | 31,722 |

Fund assets

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

| | June 2012 |
|--------------------------------------|-----------|
| Australian equities | 28.0% |
| Overseas equities | 23.7% |
| Australian fixed interest securities | 4.9% |
| Overseas fixed interest securities | 2.4% |
| Property | 8.6% |
| Cash | 19.5% |
| Other | 12.9% |

Expected rate of return on assets

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

Valuation method and principal actuarial assumptions at the reporting date

a. Valuation method

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

b. Economic assumptions

| | June 2012 |
|--|------------|
| Salary increase rate (excluding promotional increases) | 2.5% p.a. |
| Rate of CPI increase | 2.5% p.a. |
| Expected rate of return on assets | 8.6% |
| Discount rate | 3.06% p.a. |

Expected contributions

| | SASS financial year June 2012 \$'000 | SANCS financial year June 2012 \$'000 | SSS financial year June 2012 \$'000 | Total \$'000 |
|---|---|--|--|-----------------|
| Expected employer contributions to be paid in the next reporting period | 7,724 | 3,276 | 1,293 | 12,293 |

Funding arrangements for employer contributions

The following is a summary of the 30 June 2012 financial position of the fund calculated in accordance with AAS 25 – *Financial Reporting by Superannuation Plans*.

| | SASS 8 months to June 2012 \$'000 | SANCS 8 months to June 2012 \$'000 | SSS 8 months to June 2012 \$'000 | Total \$'000 |
|---------------------------------|--|---|---|-----------------|
| Accrued benefits | 509,138 | 81,202 | 803,334 | 1,393,674 |
| Net market value of fund assets | (414,170) | (61,375) | (538,747) | (1,014,292) |
| Net (surplus)/deficit | 94,968 | 19,827 | 264,587 | 379,382 |

Recommended contribution rates for the entity are:

| SASS | SANCS | SSS |
|----------------------------------|-----------------|--------------------|
| Multiple of member contributions | % Member salary | Multiple of member |
| 1.90 | 2.50 | 0.93 |

Funded method

Contributions are set after discussion between the employer, STC and NSW Treasury.

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

| Weighted-average assumptions | June 2012 |
|--|-----------|
| Expected rate of return on fund assets backing current pension liabilities | 8.3% p.a. |
| Expected rate of return on fund assets backing other liabilities | 7.3% p.a. |
| Expected salary increase rate | 4.0% p.a. |
| Expected rate of CPI increase | 2.5% p.a. |

Nature of asset/liability

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

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

Provision for long service leave (LSL)

Long service leave (LSL) is measured at present value in accordance with AASB 119 *Employee Benefits*. This is based on the application of the valuation ratio at the Commonwealth Government bond rate at the reporting date to all employees using current rates of pay. This ratio is determined based on an actuarial review to approximate present value.

The actuarial assessment is based on the accrued long service leave liabilities and employee data of RMS as at 31 March 2011. Long service leave is accrued at the rate of 4.4 days per annum for the first 10 years of service and then at the rate of 11 days per annum.

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

Assumptions:

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

| | |
|--------------------------------------|--------|
| Payroll tax | 5.45% |
| Superannuation | 11.00% |
| Superannuation accruing while on LSL | 4.40% |

As workers' compensation is determined without direct reference to salary, and does not accrue while an employee is on long service leave, there is no future workers' compensation expense that will be incurred when currently accrued LSL is taken during future service, and hence there is no attaching on-cost. It has been assumed that six days of LSL will be taken per year by employees who are eligible.

General salary increases of 2.5 per cent per annum have been assumed for all future years, consistent with NSW Treasury expectations for the NSW public sector in the medium-term. Promotional salary increases have been assumed at rates based on RMS and NSW public sector promotional salary experience.

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

The discount rate is based on the 10 year bond rate at 30 June 2012 but adjusted from a semi-annual rate to an annual rate.

4. Audit fee

During the period to June 2012 an expense of \$15,000 excluding GST was incurred by the Division for the audit of the financial statements by The Audit Office of NSW which was fully paid for by RMS.

5. Related party transactions

a. Relationship between the Division and RMS

The Division is a controlled entity of RMS and provides personnel services to RMS. Information related to personnel services is as follows:

| | June 2012 \$000 |
|-----------------------------|--------------------|
| Personnel services provided | 998,546 |
| Receivable due from RMS | 1,696,144 |

The receivable is unsecured. No provision for doubtful debts relating to the receivable has been raised nor has an expense been recognised during the period in respect of bad or doubtful debts due from the RMS.

6. Employee related expenses

| | June 2012 \$000 |
|---|--------------------|
| Salaries and wages (including recreational leave) | 524,808 |
| Long service leave | 28,404 |
| Superannuation - defined benefit plan | 11,471 |
| Superannuation - defined contribution plan | 28,548 |
| Workers' compensation insurance | 10,989 |
| Payroll tax and fringe benefits tax | 25,097 |
| Redundancy | 539 |
| | 629,892 |

7. Events after the reporting period

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

End of audited financial statements.

Appendices



A note about accessibility

Screen readers are unable to decipher information in the Appendices section. Please contact RMS' General Manager of Communication and Community Engagement on 132 213 for further information.

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Appendix 1: Major works

Table A1.1. Major works – roads

| Project description | Location | Status* (as at 30 June 2012) | Announced completion date | Announced estimated total cost (\$'000) | 2011-12 exp (\$'000) | Expenditure in previous years (\$'000) |
|---|------------------------------|------------------------------------|---------------------------------|--|----------------------------|---|
| SYDNEY | | | | | | |
| Alfords Point Bridge Northern Approach, widen to 4 lanes | Padstow Heights | Completed | 2011 | 42,000 | 8,396 | 30,897 |
| Alfords Point Road, Brushwood Drive to Georges River (planning) | Alfords Point | Planning | N/A | N/A | 789 | 250 |
| Anzac Bridge structural upgrades | Pyrmont | Construction | 2015 | 60,000 | 23,186 | 8,025 |
| Bringelly Road, Camden Valley Way to The Northern Road (planning) | Bringelly | Planning | N/A | N/A | 1,890 | 3271 |
| Camden Valley Way, Bernera Road to Cowpasture Road, widen to 4 lanes | Edmondson park | Completed | 2011 | 48,000 | 2,468 | 42,881 |
| Camden Valley Way, Cowpasture Road to Cobbitty Road, widen to 4 lanes (planning and construction) | Leppington - Harrington Park | Planning | 2015 | N/A | 16,860 | 22,561 |
| Camden Valley Way, Cobbitty Road to Narellan Road, widen to 4 lanes | Harrington Park | Completed | 2012 | 33,000 | 18,850 | 13,432 |
| Campbelltown Road, Camden Valley Way to Zouch Road (planning) | Ingleburn | Planning | N/A | N/A | 851 | 806 |
| Erskine Park Link Road, Old Wallgrove Road to Lenore Lane | Eastern Creek | Construction | 2013 | 48,000 | 6,582 | 6,892 |
| F5 widening, Brooks Road to Narellan Road (State and Federal funded) | Ingleburn/ Campbelltown | Completed | 2011 | 116,000 | 24,759 | 85,825 |
| General Holmes Drive, remove rail level crossing (planning, Federal funded) | Mascot | Planning | N/A | N/A | 312 | 1,925 |
| Heathcote Road, Deadmans Creek Bridge Upgrade | Sandy Point | Planning | N/A | N/A | 649 | 14 |
| Hoxton Park Road, Banks Road to Cowpasture Road, widen to 4 lanes | Hoxton Park | Completed | 2011 | 62,000 | 6,789 | 54,248 |

| Project description | Location | Status* (as at 30 June 2012) | Announced completion date | Announced estimated total cost (\$'000) | 2011-12 exp (\$'000) | Expenditure in previous years (\$'000) |
|---|---------------------------------------|------------------------------------|---------------------------------|--|----------------------------|---|
| M2 enhancements, Windsor Road to Lane Cove Road (State and private sector funded)** | Baulkham Hills - Macquarie Park | Construction | 2013 | 550,000 | 3,759 | 12,277 |
| M5 widening, King Georges Road to Camden Valley Way (planning and preconstruction, State and private sector funded)** | Beverly Hills - Prestons | Contracted | 2014 | 400,000 | 966 | 19,693 |
| Mona Vale Road, McCarrs Creek Road to Powder Works Road (planning) | Ingleside | Planning | N/A | N/A | 724 | 836 |
| Narellan Road, Camden Valley Way to F5 Freeway (planning) | Narellan - Campbelltown | Planning | N/A | N/A | 435 | 470 |
| Old Wallgrove Road, M7 to Erskine Park Link Road (planning) | Eastern Creek | Planning | N/A | N/A | 1,064 | 664 |
| Richmond Road, Bells Creek to Grange Avenue (planning) | Marsden Park | Planning | N/A | N/A | 3083 | 730 |
| Richmond Bridge congestion study (planning, Federal funded) | Richmond | Planning | N/A | N/A | 1,065 | 81 |
| Schofields Road, Windsor Road to Tallawong Road, widen to 4 lanes (planning and preconstruction) | Rouse Hill | Planning | 2014 | 65,000 | 4,476 | 9,050 |
| Schofields Road, Tallawong Road to Richmond Road (planning) | Schofields | Planning | N/A | N/A | 4,981 | 2,848 |
| Schofields Road, New Rail Bridge for future Westerly extension of Schofield Road | Schofields | Completed | 2011 | 13,000 | 10,316 | 2,169 |
| Showground Road, Old Northern Road to Carrington Road (planning) | Castle Hill | Planning | N/A | N/A | 420 | 909 |
| The Northern Road, Camden Valley Way to Bringelly Road (planning) | Oran Park | Planning | N/A | N/A | 5,074 | 2,298 |
| Werrington Arterial Stage 1, M4 Motorway to Great Western Highway (planning, State and Federal funded) | Claremont Meadows | Planning | N/A | N/A | 437 | 54 |
| Windsor Bridge over Hawkesbury River replacement | Windsor | Planning | N/A | N/A | 3,023 | 1,859 |

| Project description | Location | Status* (as at 30 June 2012) | Announced completion date | Announced estimated total cost (\$'000) | 2011-12 exp (\$'000) | Expenditure in previous years (\$'000) |
|---|-----------------------------------|------------------------------------|---------------------------------|--|----------------------------------|---|
| Pinch Point Program | Sydney | Completed | 2012 | 100,000 | 32,400 | 70,300 |
| Strategic Bus Corridor Program | Sydney | Completed | 2012 | 295,000 | 35,400 | 263,900 |
| Spit Military Road improvement package | Sydney | Construction | 2012 | 45,000 | 2,300 | 12,300 |
| M4 Motorway realignment | Sydney | Completed | 2012 | 6000 | 7,300 | - |
| Galston Gorge vehicle restrictions | Galston | Completed | 2012 | 4600 | 2,700 | 2,200 |
| GREAT WESTERN HIGHWAY | | | | | | |
| Woodford to Hazelbrook, Station Street to Ferguson Avenue, widen to 4 lanes (State and Federal funded) | Woodford, Hazelbrook | Construction | 2014 | 175,000 | 25,271 | 92,745 |
| Lawson, Ferguson Avenue to Ridge Street, widen to 4 lanes | Lawson | Construction | 2012 | 220,000 | 40,701 | 163,232 |
| Bullaburra, Ridge Street to Genevieve Road, widen to 4 lanes | Bullaburra | Planning | 2015 | N/A | 2,112 | 9,285 |
| Bullaburra to Wentworth Falls, Genevieve Road to Tableland Road, widen to 4 lanes | Bullaburra, Wentworth Falls | Construction | 2014 | 85,000 | 12,458 | 14,035 |
| Wentworth Falls East, Tableland Road to Station Street, widen to 4 lanes (State and Federal funded) | Wentworth Falls | Construction | 2012 | 115,000 | 23,644 | 85,543 |
| Mount Victoria to Lithgow (State and Federal funded) | Mount Victoria, Hartley | Planning/ construction | N/A | N/A | 17,784 (multiple projects) | 18,748 |
| Kelso, Ashworth Drive to Stockland Drive, widen to 4 lanes (planning) | Kelso | Planning | N/A | N/A | 2,687 | 1,907 |
| HUME HIGHWAY | | | | | | |
| Tarcutta Bypass dual carriageways (Federal funded) | Tarcutta | Completed | 2011 | 290,000 | 58,314 | 204,969 |
| Holbrook Bypass dual carriageways (State and Federal funded) | Holbrook | Construction | 2013 | 247,000 | 79,065 | 28,027 |
| Woomargama Bypass dual carriageways (Federal funded) | Woomargama | Completed | 2011 | 265,000 | 53,156 | 179,844 |

| Project description | Location | Status* (as at 30 June 2012) | Announced completion date | Announced estimated total cost (\$'000) | 2011-12 exp (\$'000) | Expenditure in previous years (\$'000) |
|---|--------------------------|------------------------------------|---------------------------------|--|-------------------------------|---|
| PACIFIC HIGHWAY | | | | | | |
| Bulahdelah Upgrade, dual carriageways (State and Federal funded) | Bulahdelah | Construction | 2013 | 315,000 | 62,579 | 143,565 |
| Failford Road to Tritton Road (planning) | Failford | Planning | N/A | N/A | 857 | 4,396 |
| Hérons Creek to Stills Road (State and Federal funded) | Hérons Creek | Construction | 2013 | 60,000 | 12,387 | 12,404 |
| Oxley Highway to Kempsey (planning and preconstruction, State and Federal funded) | Port Macquarie - Kempsey | Planning | N/A | N/A | 23,611 | 19,528 |
| Kempsey Bypass, dual carriageways (Federal funded) | Kempsey | Construction | 2013 | 618,000 | 303,958 | 176,461 |
| Frederickton to Eungai (planning and preconstruction, State and Federal funded) | Clybucca | Planning | 2016 | N/A | 14,759 | 2,196 |
| Warrell Creek to Urunga (planning and preconstruction, State and Federal funded) | Nambucca Heads | Planning | 2016 | N/A | 18,672 | 42,943 |
| Coffs Harbour Bypass (planning, State and Federal funded) | Coffs Harbour | Planning | N/A | N/A | 3,807 | 40,132 |
| Coffs Harbour (Sapphire) to Woolgoolga dual carriageways (State and Federal funded) | Woolgoolga | Construction | 2014 | 705,000 | 147,785 | 259,861 |
| Woolgoolga to Ballina (planning and preconstruction, State and Federal funded) | Grafton, Maclean | Planning | N/A | N/A | 57,862 (multiple projects) | 72,719 |
| Glenugie Upgrade, dual carriageways (State and Federal funded) | Glenugie | Completed | 2011 | 60,000 | 15,753 | 46,807 |
| Devils Pulpit Upgrade, dual carriageways (State and Federal funded) | Tabbimoble | Construction | 2013 | 77,000 | 12,042 | 10,288 |
| Ballina Bypass dual carriageways (State and Federal funded) | Ballina | Completed | 2012 | 640,000 | 39,894 | 592,472 |
| Tintenbar to Ewingsdale dual carriageways (State and Federal funded) | Bangalow | Contracted | 2014 | 862,000 | 54,738 | 115,880 |

| Project description | Location | Status* (as at 30 June 2012) | Announced completion date | Announced estimated total cost (\$'000) | 2011-12 exp (\$'000) | Expenditure in previous years (\$'000) |
|---|---------------------|------------------------------------|---------------------------------|--|----------------------------|---|
| Banora Point Upgrade, including Sexton Hill (State and Federal funded) | Banora Point | Completed | 2012 | 359,000 | 124,031 | 195,784 |
| PRINCES HIGHWAY | | | | | | |
| Gerringong Upgrade, Mount Pleasant to Toolijooa Road | Gerringong | Contracted | 2015 | 310,000 | 31,267 | 11,776 |
| Foxground and Berry bypasses (planning and preconstruction) | Berry | Planning | N/A | N/A | 17,821 | 27,276 |
| Berry to Bomaderry Upgrade (planning) | Berry, Bomaderry | Planning | N/A | N/A | 493 | 1,098 |
| South Nowra duplication, Kingham Street to Forest Road | Nowra | Construction | 2014 | 62,000 | 9,403 | 6,758 |
| Victoria Creek realignment | Central Tilba | Construction | 2013 | 40,000 | 13,738 | 4,437 |
| Dignams Creek realignment (planning) | Dignams Creek | Planning | N/A | N/A | 769 | 3,156 |
| Bega Bypass (State and Federal funded) | Bega | Construction | 2014 | 60,000 | 4,157 | 5,364 |
| CENTRAL COAST | | | | | | |
| Central Coast Highway, Brisbane Water Drive, Manns Road Intersection Upgrade (planning and preconstruction) | West Gosford | Planning | N/A | N/A | 18,473 | 43,196 |
| Central Coast Highway, Carlton Road to Matcham Road, widen to 4 lanes | Erina Heights | Construction | 2012 | 75,000 | 14,693 | 55,018 |
| Central Coast Highway, Matcham Road to Ocean View Drive, widen to 4 lanes | Wamberal | Construction | 2013 | 80,000 | 22,875 | 29,641 |
| Central Coast Highway, Wisemans Ferry Road Intersection Upgrade (planning and preconstruction) | Kariong | Construction | 2013 | 13,000 | 2,970 | 614 |
| F3 Freeway, Wyong Road Interchange Upgrade | Tuggerah | Construction | 2013 | 18,000 | 1,575 | 1,292 |
| Pacific Highway, Wyong Town Centre Upgrade (planning) | Wyong | Planning | N/A | N/A | 668 | 2,139 |
| Pacific Highway, Wyong Road Intersection Upgrade (planning) | Tuggerah | Planning | N/A | N/A | 1,195 | 357 |
| Pacific Highway, Lisarow to Ourimbah, Railway Crescent to Glen Road, widen to 4 lanes (planning) | Lisarow | Planning | N/A | N/A | 3,268 | 7,924 |

| Project description | Location | Status* (as at 30 June 2012) | Announced completion date | Announced estimated total cost (\$'000) | 2011-12 exp (\$'000) | Expenditure in previous years (\$'000) |
|---|------------------------|------------------------------------|---------------------------------|--|----------------------------|---|
| Pacific Highway, Narara to Lisarow Upgrade, Manns Road to Railway Crescent (planning) | Narara - Lisarow | Planning | N/A | N/A | 2,049 | 6,504 |
| Terrigal Drive improvements | Erina - Terrigal | Planning | N/A | N/A | 1,971 | 5,720 |
| HUNTER | | | | | | |
| Hunter Expressway, F3 to Branxton (State and Federal funded) | Seahampton - Branxton | Construction | 2013 | 1,700,000 | 509,514 | 388,106 |
| Hunter Expressway ancillary works, F3 to Broadmeadow (planning and preconstruction) | Wallsend - Broadmeadow | Construction | 2013 | 61,000 | 12,696 (2 projects) | 2,632 |
| Limeburners Creek Road, upgrade of Williams River Bridge | Clarence Town | Planning | 2014 | N/A | 646 | 2,138 |
| Newcastle Inner Bypass, Shortland to Sandgate | Sandgate | Construction | 2013 | 133,000 | 22,993 | 36,936 |
| New England Highway, Scone level crossing study (planning, Federal funded) | Scone | Planning | N/A | N/A | 731 | 65 |
| Patterson Road, upgrade of Dunmore Bridge | Woodville | Construction | 2013 | 14,500 | 4,358 | 3,634 |
| NORTH COAST | | | | | | |
| Oxley Highway, upgrade from Wrights Road to the Pacific Highway | Port Macquarie | Completed | 2011 | 115,000 | 30,999 | 76,969 |
| Summerland Way, additional crossing of the Clarence River at Grafton (planning) | Grafton | Planning | N/A | N/A | 4,921 | 5,834 |
| SOUTH WESTERN NSW | | | | | | |
| Barton Highway safety improvements, Gounyan Curves realignment (Federal funded) | Murrumbateman | Completed | 2011 | 22,000 | 7,909 | 12,669 |
| Olympic Highway, Kapooka Bridge and approaches (planning) | Kapooka | Planning | N/A | N/A | 1,804 | 471 |
| Newell Highway safety works | Newell Highway | Completed | 2012 | 20,000 | 7,100 | 8,900 |
| WESTERN NSW | | | | | | |
| Newell Highway safety works | Newell Highway | Completed | 2012 | 10,000 | 3,600 | 6,400 |

| Project description | Location | Status* (as at 30 June 2012) | Announced completion date | Announced estimated total cost (\$'000) | 2011-12 exp (\$'000) | Expenditure in previous years (\$'000) |
|---------------------------------|--------------|------------------------------------|---------------------------------|--|----------------------------|---|
| STATEWIDE | | | | | | |
| NSW Federal Black Spot Program | NSW | Ongoing | Indefinite | 19,200 per annum | 19,800 | - |
| Road Toll Response Package | NSW | Ongoing | 2015 | 170,000 | 35,900 | 36,400 |
| Real Time Travel Information | NSW | Ongoing | Not announced | Not announced | 5,700 | 2,900 |
| Heavy Vehicle Rest Area Program | NSW regional | Ongoing | 2012 | 41,200 | 13,500 | 17,700 |
| Wayfinding Program | NSW | Ongoing | - | - | 17,200 | 23,300 |

* Status - Completed means 'open for use', some finalisation activities may be ongoing.

** Does not include private sector expenditure.

Maritime

Capital works expenditure, funded through the Waterways Fund, totalled \$13.92 million for the year, compared to a budget of \$17.1 million. The budgeted expenditure was underspent due to:

- A delay in the awarding of a contract for the Rozelle Fire Main Replacement.
- A delay in construction of the Rozelle Bay Western Access Road.
- The receipt of additional funding of \$2 million for the Sydney Harbour Commuter Wharf Upgrade Program which will be allocated to wharf upgrade works once Transport for NSW's Ferry Network Review is completed.

Upgrade works on Rose Bay and Neutral Bay Ferry Wharves are due to be completed in September 2012. Work was completed on Circular Quay Wharf No.1 and southern promenade (\$1.781 million), as well as Blackwattle Bay Foreshore Link (\$0.102 million).

Table A1.2. Major works - maritime

| Project description | | Allocation 2011-12 (\$M) | Estimated total cost (\$M) | Actuals 2011-12 (\$M) | Completion date |
|--|--|--------------------------------|----------------------------------|-----------------------------|--------------------|
| Commuter Wharf Upgrade Program | Upgrade of Sydney Harbour commuter wharves | 11.410 | 89.500 | 11.868 | 2014 |
| Charter Vessel Wharves Upgrade Program | Upgrade of Sydney Harbour charter vessel wharves | 1.850 | 11.255 | 1.781 | 2015 |
| Circular Quay Southern Promenade | Circular Quay Southern Promenade works | 0.065 | 0.086 | 0.086 | 2012 |
| Rozelle Bay precinct works Western Access Road | | 0.680 | 0.680 | 0.000 | 2013 |
| Rozelle Bay precinct works fire main replacement | | 1.010 | 1.010 | 0.089 | 2013 |
| Blackwattle Bay foreshore link | Blackwattle Bay foreshore link and pontoon | 0.090 | 0.102 | 0.102 | 2012 |
| Total | | 17.103 | 95.056 | 13.928 | |

Appendix 2: Threatened Species Recovery Plans

RMS is required by legislation to report on the cost and progress of Threatened Species Recovery Plans.

Table A2.1. Threatened Species Recovery Plans

| Measures | Action taken to implement measures | Estimated annual cost | Status |
|--|--|-----------------------|--|
| <i>Acacia pubescens</i> (Downy Wattle) Recovery Plan | | | |
| Identify existing and potential threats to the <i>Acacia pubescens</i> population at Beverly Hills/ Narwee on the M5 (north of Windarra Street). | RMS staff to visit site and identify existing and potential threats to the population. | N/A | Site visited and extent of population mapped in 2000. Sites have been included on the roadside corridor management plans. |
| Develop and implement a threat and habitat management program for the <i>Acacia pubescens</i> population. | RMS to develop a threat and habitat management program to be incorporated into the maintenance plan for the M5. | N/A | Interlink Roads incorporated species threat and habitat management in landscaping management plans for the M5 Motorway. |
| Regularly monitor the <i>Acacia pubescens</i> population, assess the effectiveness of threat and habitat management programs. | RMS to conduct at least an annual inspection of the population, compare inspection records and initiate corrective action if required. | \$620 | RMS inspected site September 2010. No corrective action required. |
| Assess development activities with reference to the recovery plan, the Environmental Impact Assessment (EIA) guidelines for <i>Acacia pubescens</i> and future advice from the National Parks and Wildlife Service (NPWS). | RMS staff to advise project manager of this requirement if aware of the proposed activity before the EIA process. Project manager to advise EIA consultant of this requirement. Environmental assessor to ensure that the recovery plan, EIA guidelines and NPWS advice have been considered in all relevant EIAs. Environmental assessor to take this requirement into account when preparing decision reports. | N/A | <i>Acacia pubescens</i> populations and recovery plan considered in the Environmental Assessment (EA) for M5 West widening project. Office of Environment and Heritage (OEH) consulted about removing <i>Acacia pubescens</i> as part of the proposal. This also considered in the EA. |
| Prepare or review any relevant environmental policies or management plans with reference to the recovery plans and future advice from NPWS. | References to the <i>Acacia pubescens</i> recovery plan to be included in the Maintenance Environmental Management Plan for the M5. | N/A | Management plans implemented. |
| Forward to NPWS information on all planning decisions affecting populations of <i>Acacia pubescens</i> , including decisions that protect habitat and those leading to reduction of habitat/individuals. | RMS to forward the information to NPWS as required. | N/A | Project approval for M5 West widening project includes a requirement to offset the impact on planted <i>Acacia pubescens</i> within the motorway corridor. These were planted during the original motorway construction. Offset and translocation measures have been agreed with OEH. |

| Measures | Action taken to implement measures | Estimated annual cost | Status |
|---|--|-----------------------|--|
| <i>Grevillea caleyi</i> (Caley's Grevillea) Threatened Species Recovery Plan | | | |
| Control of drainage runoff from Ryland Track in Ku-ring-gai Chase National Park. | Investigations to determine controls of runoff from other side of road. | N/A | Site meeting with NPWS in Nov 2001. No further action required at this stage. |
| Sympathetic management of plants on roadways. | Inform maintenance contractor of appropriate maintenance techniques for minimising damage to <i>Grevillea caleyi</i> . | N/A | Known locations of <i>Grevillea caleyi</i> included on roadside corridor management plans. |
| <i>Microtis angusii</i> (Angus Onion Orchid) National Recovery Plan | | | |
| Consider impact of activities carried out in areas controlled by RMS that are known to contain <i>Microtis angusii</i> or are potential habitat. | RMS to advise project manager of this requirement during the development of projects if aware of the proposed activity prior to EIA process. Environmental assessor to take this requirement into account when preparing decision reports. | N/A | Ongoing. |
| Liaise with OEH, Warringah, Pittwater and Ku-ring-gai councils to achieve and maintain a permanent record of the location of <i>Microtis angusii</i> populations and potential habitats. | RMS to share information with other recovery team members and update records accordingly. | In-kind support. | Ongoing RMS involvement in recovery team. |
| Ensure roadworks and road maintenance at the known location at Ingleside will not cause destruction or degradation of any part of a <i>Microtis angusii</i> population, its habitat or potential habitat. | RMS to advise relevant project manager of this requirement prior to activity that may impact on this species. Environmental assessor to take this requirement into account when preparing decision reports for projects that may have an impact on this species. | N/A | Ongoing. |
| Ensure all environmental personnel are familiar with the location of <i>Microtis angusii</i> . | RMS to establish a central database for sensitive sites, including known and potential locations of <i>Microtis angusii</i> . RMS to brief Environmental Services Branch on location of populations and potential habitat. | N/A | Locations of sensitive sites to be included in the roadside corridor management plans. Relevant RMS staff briefed on the location of the <i>Microtis angusii</i> population. |
| Ensure all site personnel are familiar with the location of <i>Microtis angusii</i> populations and potential habitat. | RMS to provide information to maintenance contractors regarding identification of <i>Microtis angusii</i> , its known and potential locations and preferred weed control methods. | N/A | Maintenance contractors advised of location, potential habitat and preferred weed control in population locations. |

| Measures | Action taken to implement measures | Estimated annual cost | Status |
|--|---|-------------------------|---|
| Warringah Council in consultation with RMS and experts will prepare a site management strategy for the Ingleside population. | Warringah Council has engaged a specialist to develop a management strategy. RMS recovery team member to provide management strategy to maintenance contractors. | One-off cost of \$2500. | Ongoing. |
| Notify NPWS of any new <i>Microtis angusii</i> populations discovered. | RMS recovery team member to notify NPWS when new populations of this species discovered. | N/A | No new populations identified by RMS. |
| Warringah Council and RMS will monitor the population of <i>Microtis angusii</i> at Ingleside. | Warringah Council developing a monitoring procedure and management actions. | | Warringah Council carrying out the monitoring program as to guide management of the sites. The population count indicates numbers are increasing. |
| <i>Isoodon obesulus</i> (Southern Brown Bandicoot) Recovery Plan | | | |
| Endorsement of the <i>Isoodon obesulus</i> Threatened Species Recovery Plan. | Formal notification to NPWS. | N/A | RMS has endorsed plan. |
| Liaise with NPWS, Hornsby, Warringah, Pittwater and Ku-ring-gai councils to manage areas with known <i>Isoodon obesulus</i> populations. | RMS to share information with other recovery team members to develop action plans. | In-kind support. | Ongoing RMS involvement in recovery team. |
| Ensure EIA surveys are conducted between May and October. | RMS to advise relevant project manager of this requirement prior to activity that may impact on this species. Project manager to advise EIA consultant of this requirement. | N/A | Ongoing. |
| <i>Phascolarctos cinereus</i> (Koala) Recovery Plan | | | |
| OEH will approach RMS to align its policy and practice with the NSW Koala Recovery Plan; exchange information and work on producing plans, given that koalas move across roads/highways; and ensure RMS has an active program of implementing engineering solutions and other public measures to reduce the adverse impacts of vehicles on koalas. | RMS works closely with OEH to manage and research the impacts of roads on koalas. RMS implements mitigation measures to reduce adverse impacts on koalas. | N/A. | Ongoing exchange of information. |

| Measures | Action taken to implement measures | Estimated annual cost | Status |
|---|---|--|---|
| Cumberland Plain Threatened Species Recovery Plan | | | |
| <p>Where impacts on the threatened biodiversity listed in Table 1 are unavoidable, as part of any consent, approval or licence that is issued, ensure offset measures are carried out in the priority conservation lands where practicable. (Offsets for impacts in growth centres to be in accordance with the Growth Centres Biodiversity Certification Order.)</p> | <p>Project teams working on projects in areas containing Cumberland Plain Woodland advised of this measure.</p> | <p>No additional cost.</p> | <p>No offsets required in 2011-12. RMS has identified a number of projects in or adjacent to the growth centres that will require offsetting in accordance with the Growth Centres Biodiversity Certification Order. RMS will liaise with the Department of Planning and Infrastructure and OEHL to ensure offsets are carried out in priority areas.</p> |
| <p>State and Australian government agencies will manage, to best practice standards, lands they own or for which they have care, control and management and:</p> <ul style="list-style-type: none"> • contain any of the threatened biodiversity listed in Table 1. • are located within priority conservation lands or, if outside, have conservation as a primary management objective. | <p>RMS will identify relevant lands under its care and control and manage in accordance with best practice standards.</p> | <p>No additional costs identified.</p> | <p>RMS has identified relevant land. It will review management practices to meet best practice standards.</p> |

Appendix 3: Senior Executive Service performance statements

Table A3.1. SES Number 2007-08 to 2011-12

| SES level | 2007-08 | 2008-09 | 2009-10 | 2010-11 | 2011-12 |
|------------------------------|-----------|-----------|-----------|-----------|-----------|
| Chief Executive under S.11A* | 1 | 1 | 1 | 1 | 1 |
| Level 6 | 5 | 6 | 4 | 5 | 4 |
| Level 5 | 2 | 2 | 4 | 3 | 2 |
| Level 4 | 11 | 8 | 9 | 10 | 11 |
| Level 3 | 24 | 20 | 19 | 18 | 17 |
| Level 2 | 3 | 0 | 0 | 0 | 2 |
| Level 1 | 0 | 0 | 0 | 0 | 0 |
| Other | 0 | 0 | 3+ | 0 | 0 |
| Total | 46 | 37 | 37 | 37 | 37 |

Note: The number of SES positions occupied by women in the current year was six. The number of SES positions occupied by women in the 2011-12 financial year was five. No additional positions were created as shadow positions and there were no unattached positions.

* Chief Executive position is listed under S.11A of the *Statutory and Other Officers Remuneration Act 1975*.

RMS was formed on 1 November 2011 and has been developed along a line-of-business model to support the service delivery focus of RMS, putting the customer at the centre of everything RMS does and driving efficient and effective outcomes. The individual statements below relate to the organisational structure as at the end of June 2012.

Individual statements

| Name | Peter Duncan |
|----------------------------|--|
| Position | Chief Executive, Roads and Maritime Services |
| Level | 8 |
| Period | 1 November 2011 - 30 June 2012 |
| Total remuneration package | \$ 340,354 |

Significant achievements 1 November 2011 - 30 June 2012:

- Drove a strong change agenda to implement the shift to a service delivery and customer focused model.
- Focused the organisation on its vision of being a leader in the management and delivery of safe, efficient and high quality services and infrastructure to the community and businesses of NSW.
- Directed a range of significant infrastructure activities, operational policies and delivery strategies in support of the NSW Government and transport cluster priorities.
- Led significant changes and improvements to the efficiency and management of RMS' business.
- Led the strategic change agenda for RMS ensuring the integration of the former RTA and NSW Maritime, which was supported through the implementation of a new operating structure on 27 February 2012.
- Defined the future direction of RMS and communicated this through a clear vision, corporate strategy and delivery commitments for the short, medium and long-term.
- Made RMS' vision tangible for staff, customers and the community through the definition of three aspirations:
 - Customer focus.
 - Efficiency and effectiveness.
 - Impact and reputation.
- Supported staff in delivering the vision through adopting and communicating new agency values of Collaboration, Solutions, Integrity, Safety and Customer focus.

- Drove the creation of the RMS 2012-16 Corporate Strategy to define where RMS is heading over the next four years.
- Led the Executive team to a create clear, specific, measurable RMS 2012-13 Corporate Delivery Plan, containing specific commitment to the services and deliverables that will be in place by June 2013.
- Created the RMS Customer Charter using input from members of the community, staff and partners to develop promised commitments.
- Supported the development of a Statement of Intent with Transport for NSW (TfNSW) to commit to working together in an intelligent partnership. The Statement of Intent makes a clear commitment to the services and deliverables that will be in place and how they contribute to the results of the transport cluster.
- Partnered with TfNSW in defining and delivering the TfNSW Corporate and Shared Services Reform.
- Led the RMS delivery towards its goals and targets in NSW 2021, (the State Plan) and partnered with TfNSW and the NSW Government to draft NSW 2021 Regional Action Plans.
- Contributed to the implementation of integrated transport planning for NSW, including supporting the draft Long Term Transport Master Plan.
- Led the delivery of significant road network infrastructure, such as the opening of the Ballina Bypass and the Banora Point Upgrade on the Pacific Highway.
- Led significant progress of the Hunter Expressway, providing improved network performance and supporting the efficient movement of freight.
- Ensured the effective management and delivery of the \$1.295 billion RMS road maintenance program.
- Managed the completion of the five year Pinch Point Program to improve traffic efficiency.
- Led the Sydney Harbour Bridge resurfacing and ensured that the impact of the longest closures in the history of the bridge were minimised to the public.
- Led the management of the Maritime Wharf Upgrade Program, which includes Milsons Point, Neutral Bay and Rose Bay Wharves.
- Delivered significant pavement strengthening and resurfacing works, such as on the M4 Motorway between Kingswood Road and Russell Street.
- Managed RMS contribution and implementation of Service NSW (Whole of Government) approach.
- Chaired the Road Freight Advisory Council for the Minister for Roads and Ports.
- Championed the RMS contribution to the development of a National Heavy Vehicle Regulator and a National Maritime Safety Regulator.
- Ensured the appropriate allocation of RMS' resources and budget across programs to achieve transport results and deliver services for the community that meet government priorities.
- Developed a new approach for functional design of the organisation and worked with executive members and staff across the agency to design an organisational structure that would support this line of business model.
- Developed 17 'roadmaps' to drive savings and efficiencies targets, in partnership with the Fiscal and Effectiveness Office within the Department of Premier and Cabinet.
- Championed a targeted focus on Work Health and Safety (WHS) commitments and actions, including supporting staff to understand and act upon their obligations under the new WHS legislation, and establishing working groups for the agency's top risks.

| Name | Peter Wells |
|----------------------------|----------------------------------|
| Position | Director Customer and Compliance |
| Level | 5 |
| Period | 1 November 2011 – 30 June 2012* |
| Total remuneration package | \$178,851 |

* Acted in the role from 1 November 2011 to 30 June 2012.

Significant achievements 1 November 2011 – 30 June 2012:

- Continued to provide leadership to the Customer and Compliance Division in support of the RMS vision and RMS' three aspirations: customer focus, efficiency and effectiveness, and impact and reputation.
- Maintained a strong performance delivery culture through reporting and tracking of key performance indicators.
- Represented RMS on a range of Executive committees.
- Represented RMS as a key member of the Service NSW (Whole of Government) Transformation Committee.
- Continued the management of the camera enforcement network and progressed the implementation of key camera systems including point-to-point speed and safety cameras.
- Progressed the trial of the 'P' Driver Program with the first NSW 'P' Driver Program session held in western Sydney in January 2012. The 'P' Driver Program aims to improve the behaviour of young drivers through an innovative behaviour-based education program in collaboration with the Australian, NSW and Victorian governments plus a number of private organisations.
- Implemented the Vehicle Safety Compliance Certification Scheme for modifying vehicles, replacing the former Engineering Certification Scheme.
- Achieved 93 per cent of customers rating the overall quality of service as 'good' or 'very good' in the annual customer satisfaction survey of motor registries.
- RMS investigators led a series of operations targeting the speed management practices of transport companies. These operations involved enforcement staff targeting heavy vehicle compliance at various RMS heavy vehicle inspection stations and through on-road inspection of vehicles.
- Brought about significant reforms for freight access including publication of the NSW road network Higher Mass Limit approved route maps. All transport operators can access the maps and check if the available routes meet their needs.
- Removed the requirement for drivers of heavy vehicles operating under Notice to carry a copy of a significant number of Notices in the truck cabin.
- Developed a heavy vehicle Speeding Compliance Leadership Forum with industry to address speeding enforcement and cultural change.
- Progressed work towards the implementation of the 'Fair go for safe drivers' incentive to reward safe drivers having a driving record free of an offence for the preceding five years by providing a 50 per cent discount on licence renewal.
- Continued the two stage operational pilot of Electronic Work Diaries in partnership with the NSW Government and National Transport Commission together with the road and police agencies of Queensland, Victoria, South Australia and Western Australia.
- Enrolled more than 164 individual high risk cranes in the Intelligent Access Program (IAP) taking the total to 442 by the end of June 2012.
- Continued to work with the National Heavy Vehicle Regulator (NHVR) co-ordinating work across RMS, and linking to TfNSW to progress the transition to a new regulatory environment for heavy vehicles.
- Upgraded Campbelltown, Grafton and Muswellbrook motor registries to provide better facilities for customers with improved public seating, newly designed transaction counters and merchandise display units.

| Name | Mike Veysey |
|----------------------------|--------------------------------|
| Position | Director Network Management |
| Level | 6 |
| Period | 1 November 2011 – 30 June 2012 |
| Total remuneration package | \$209,229 |

Significant achievements 1 November 2011 – 30 June 2012:

- Led the delivery of a program of works in alignment with the RMS vision and RMS' three aspirations: customer focus, efficiency and effectiveness, and impact and reputation.
 - Hume Highway, Woomargama Bypass – opened to traffic on 7 November 2011.
 - Alford's Point Bridge, Northern Approach – opened to traffic on 14 November 2011.
 - Hume Highway, Tarcutta Bypass – opened to traffic on 15 November 2011.
 - Pacific Highway, Ballina Bypass opened on 29 November 2011.
 - Strategic Asset Management Plan (SAMP) was developed and submitted to TfNSW for the 2012-13 Asset Management process.
 - Sydney Harbour Bridge resurfacing completed. Over two weekends in January 2012, the Sydney Harbour Bridge was closed to general traffic to carry out resurfacing and the application of a waterproofing membrane. These closures were the longest closures in the history of the bridge. The project was completed on time and within budget.
 - Pacific Highway, Devils Pulpit Upgrade – started construction 13 December 2011.
 - Barton Highway Safety Improvement, Gounyan Curves realignment – opened to traffic 25 January 2012.
- Great Western Highway: Bullaburra to Wentworth Falls, Genevieve Road to Tableland Road – started construction 15 December 2011.
 - Construction completed on the M4 Cycleway project.
 - Live travel time information was launched on the M4 Motorway on 28 December 2011.
 - Next roll out of the school zone flashing lights began on 5 March 2012.
 - Pay by Phone Parking System legislation began March 2012.
 - Bus Priority project at the intersection of Bridge Street and King Georges Road, Hurstville was opened.
- The following projects began in May 2012:
 - Construction of Bega Bypass.
 - HW10 Pacific Highway – \$1 million curve improvements at City Road.
 - HW9 New England Highway – \$1.5 million reconstruction for 1 km section at Parkville.
 - HW9 New England Highway – \$800,000 reconstruction for 800 m section of Liverpool Range.
- The first of three overtaking lanes on the Newell Highway between Narrabri and Moree was completed in May 2012 (part of \$10 million election commitment).
- Launched the Restricted Access Vehicle Map Service on 5 June 2012 and implemented fortnightly update schedule.
- Delivered the \$1.295 billion 2011-12 Maintenance Program.
- Spit Bridge Upgrade delivered.
- M4 Motorway pavement strengthening and resurfacing between Kingswood Road and Russell Street completed.
- Completion of the five year Pinch Point Program as identified in the Urban Transport Statement. The program delivered 124 projects: 57 infrastructure projects, installation of 11 VMS and 56 CCTV cameras across Sydney for a cost of \$101 million.
- Completion of the seven year Strategic Bus Corridor Program. The program delivered 151 projects across Sydney for a cost of \$222 million. The program has increased the length of bus lanes throughout Sydney to 157 km.
- The Wallsend to Glendale cycleway was officially opened. This is a 3 km off road cycleway on a disused tramway corridor in western Newcastle.
- The Newell Highway Safety Review: \$30 million, three year program of safety works. Approximately 1060 km length of the highway has been completed.
- The Inner West Busway project opened to traffic on schedule in early 2011.

| Name | Geoff Fogarty |
|----------------------------|-------------------------------------|
| Position | Director Infrastructure Development |
| Level | 6 |
| Period | 1 November 2011 – 30 June 2012 |
| Total remuneration package | \$203,320 |

Significant achievements 1 November 2011 – 30 June 2012:

- Program of works of \$2.2 billion (for 2011–12) delivered to plan in alignment with the RMS vision and RMS' three aspirations: customer focus, efficiency and effectiveness, and impact and reputation.
- Management of network infrastructure development works with delivery of several key projects and milestones, including:
 - Pacific Highway Upgrade Program:
 - Devils Pulpit – construction began in November 2011.
 - Bulahdelah Upgrade – traffic switch for contra flow on northbound opposite the golf course achieved in March 2012 and Myall River Bridges opened to construction traffic in June 2012.
 - Kempsey Bypass – flood mitigation house raising and flood mounds completed in March 2012, Crescent Head Road overbridge opened 8 February 2012 and Frederickton deviation opened to traffic in June 2012.
 - Frederickton to Eungai – tenders invited in March 2012.
 - Banora Point Upgrade – southbound traffic switched through Sexton Hill cut onto viaduct in April 2012 and northbound traffic switched through Sextons Hill cut and onto viaduct in May 2012.
 - Ballina Bypass – final stage opened to traffic in May 2012.
 - Safety and Minor Works Strategy – Swan Creek village access improvements opened to traffic in May 2012.
 - Glenugie Upgrade – final stage opened to traffic in February 2012.
 - Tintenbar to Ewingsdale – progressed detailed design and pre-commitment approvals.
 - M5 West widening – contract between RMS and Interlink Roads to widen the motorway from two to three lanes between King Georges Road and Camden Valley Way executed in June 2012.
 - M2 Upgrade – excavation of eastbound M2 tunnel completed. New Windsor Road west facing ramps nearing completion with opening to traffic expected July 2012.
 - F5 widening, Brooks Rd to Narellan Rd – opened to traffic in March 2012.
 - Hunter Expressway – first segment of the incrementally launched bridge BW04 launched over the F3 Freeway in March 2012.
 - MR82 F3 to Newcastle Upgrade – Longworth Avenue signalised roundabout operational May 2012.
 - Thornton Bridge – concrete bridge deck completed in May 2012.
 - Princes Highway:
 - Victoria Creek alignment – bridge piles completed in January 2012.
 - Bega Bypass – construction contract awarded in March and work started on site in May 2012.
 - Gerringong to Bomaderry – contract awarded in January 2012.
 - Sydney Growth Centres:
 - Camden Valley Way, Cobbitty Road to Narellan Road – opened to traffic in June 2012.
 - Camden Valley Way, Ingleburn Road to Raby Road – contract awarded in June 2012.
 - Schofields Road, Windsor Road to Tallawong Road – invited tenders for construction in April 2012.
 - Great Western Highway:
 - Lawson Upgrade – Stage 2 railway switch completed in January 2012.
 - Wentworth Falls East – new westbound carriageway opened to traffic in May 2012 and electric relocation over the railway completed in June 2012.
 - Bullaburra to Wentworth Falls, Genevieve Road to Tablelands Road (West) – construction began in December 2011.

- Hume Highway:
 - Woomargama Bypass - opened to traffic in November 2011.
 - Tarcutta Bypass - opened to traffic in November 2011.
 - Holbrook Bypass - work progressing on final section.
- F3 Freeway/Wyong Interchange Upgrade - construction began in March 2012.
- Central Coast Highway, Wisemans Ferry Road intersection commuter car park - opened in June 2012.
- Oxley Highway, Wrights Road to Pacific Hwy - opened to traffic in February 2012.
- Castlereagh Highway, Cudgegong South - Stage 2 construction completed and opened to traffic in February 2012.
- Barton Highway, Gounyan Curves Realignment - opened to traffic in November 2011.
- Total of 128 properties with a management value of \$24.3 million transferred to Property Sales and Leasing Section, exceeding target plan of \$20 million.
- Inner West Busway completed with the installation of the joint RMS-funded pontoon for use by the public including fishers and kayakers.
- The Division secured several awards in the period including:
 - AILA NSW Landscape Architecture Award in the Planning Category for South West Growth Centre Road Network Strategy in November 2011. This was for the approach taken to the work in considering context, being sensitive to the environment, meeting both land use and transport needs, creating a hierarchy of road types to suit community needs and integrating different transport modes.
- Kempsey Bypass - Leighton Excellence Awards Winner for Environmental Excellence in September 2011.
- Banora Point secured the International Erosion Control Association (IECA) 2011 Environmental Achievement Award in November 2011 and International Erosion Control Association (IECA) Australasia 2012 Award of Environmental Excellence in May 2012.
- Ballina Bypass was awarded Winner, CCF Earth Awards - NSW in 'Category 5, Project More than \$75 Million'.

| Name | Richard Boggon |
|----------------------------|--------------------------------|
| Position | Director Commercial Division |
| Level | 6 |
| Period | 1 November 2011 – 30 June 2012 |
| Total remuneration package | \$203,320 |

Significant achievements 1 November 2011 – 30 June 2012:

- Provided leadership in the delivery of more than \$1 billion of services to the public in support of the RMS vision and RMS' three aspirations: customer focus, efficiency and effectiveness, and impact and reputation.
- Ensured a customer focus across the Commercial Division through the implementation of a Customer Service Improvement Program, with a specific focus on E-Toll products and services.
- Innovated and simplified commercial services and product offerings to improve customer satisfaction, including:
 - Consolidating a range of E-Toll services into four flexible products.
 - Developing a new eMU tolling pass that is available in service stations across NSW to make travel in Sydney easier for regional visitors and tourists.
 - Simplifying the myPlates and Tolling websites to make it easier for customers to transact with RMS.
- Launching the myPlates 'Bright Lights' range of specially designed coloured plates and progressing on 17 new plate designs.
- Delivered services for customers in road maintenance, tolling, incident management, personalised number plates, and traffic control training.
- Partnered with TfNSW to deliver timely and responsive incident management services for more than 14,000 road incidents.

- Sourced customer and stakeholder feedback on Commercial Division's services and prepared plans for implementation in 2012-13 that will align commercial services to achieve desired outcomes, financial results and improve customer satisfaction.
- Developed and implemented a Commercial Business Improvement program to drive a culture of improving services and putting the customer at the centre of everything we do.
- Provided road repairs, traffic control and incident response services during the floods across NSW.
- Completed major bus depot reconstruction projects for the State Transit Authority of NSW.
- Manufactured and supplied new linemarkers to Queensland Main Roads and RMS.
- Contributed to the achievement of RMS and TfNSW financial results and exceeded financial targets by delivering \$421 million in external revenue.
- Achieved efficiency savings of \$13.6 million against a target of \$5.6 million, including a reduction in staff overtime.
- Expanded the RMS E-Toll business to 1.2 million active tags, with growth of more than 8000 per month.
- Processed 3.5 million transactions per month on the Sydney Harbour Bridge and Tunnel.
- Simplified prices for myPlates customers and improved revenue results.
- Optimised public and economic value through effective commercial management and development of the RMS property portfolio, generating \$34 million from rental income and sales of surplus property.
- Expanded the outdoor advertising portfolio to 66 outdoor advertising sites, generating \$13 million of revenue.
- Constructed four outdoor advertising signs as part of a single development application to generate \$4.2 million of revenue over eight years.
- Leveraged RMS and TfNSW capabilities and operations to optimise public and economic value, drive operational efficiency and diversified revenue streams, including:
 - Ongoing support of the Sydney Coordinated Adaptive Traffic System (SCATS) internationally.
 - Commercialisation of the Bridge and Asset Spatial Information System (BAASIS).
- Maintained a strong performance delivery culture through weekly, monthly, quarterly and annual performance management systems.
- Improved visibility of financial performance and efficiency opportunities by further developing the commercial financial framework.
- Successfully delivered more than 100 projects across NSW through the Road and Fleet Services business, including:
 - Major repairs to the timber Coonamit Bridge over the Wakool River.
 - Resurfacing and waterproofing of the Sydney Harbour Bridge.
- Secured reaccreditation with the Federal Safety Commissioner for the Road and Fleet Services business.
- Developed and implemented new safety programs for working around mobile plant and in high volume traffic in consultation with senior RMS personnel, key industry leaders and stakeholders from Leighton Contractors, Abigroup, Civil Contractors Federation, Endeavour Energy, Telstra and subject matter experts.
- Delivered on the RMS partnership with Avis and Budget Rent-a-Car for an industry-first rental car tolling solution. This has eliminated red tape and improved the customer experience by reducing the cost of compliance for customers.
- Increased the Sydney Coordinated Adaptive Traffic Systems (SCATS) software product distribution network to 263 cities globally.
- Ensured visibility and effective management of key risks for the Division by establishing the Work Health and Safety and Environment Governance Steering Committee.
- Recycled more than 90 per cent of roadwork materials from Road and Fleet Services operations.

| Name | Paul Hesford |
|----------------------------|--------------------------------|
| Position | Director Corporate |
| Level | 6 |
| Period | 1 November 2011 – 30 June 2012 |
| Total remuneration package | \$209,229 |

Significant achievements 1 November 2011 – 30 June 2012:

- Led the reform project team to establish Roads and Maritime Services.
- Developed and finalised the functional model and organisation design for the newly formed RMS.
- Sponsored the delivery of the Customer Focus Program across RMS in support of the RMS vision and RMS' three aspirations: customer focus, efficiency and effectiveness, and impact and reputation.
- Worked in partnership with TfNSW to develop, deliver and support the TfNSW Corporate and Shared Services Reform, implementing the operating model and governance framework, and facilitating delivery of early benefits.
- In line with TfNSW Corporate Services Reforms, led and developed the operating model and organisational design of Corporate Services to support RMS.
- Led the start of work to determine and establish the RMS non-infrastructure project management office.
- Sponsored the roll out of electronic document management system – Objective – across RMS.
- Sponsored the delivery of finance services to the newly formed RMS through the review of financial controller roles and the consolidation of financial procedures and systems.
- Delivered the 31 October 'closing' audited and unqualified financial reports for the former RTA and NSW Maritime.
- Directed the 2011-12 Budget negotiations with TfNSW and NSW Treasury.
- Implemented NSW Treasury-mandated early hard close arrangements including Internal Control and Accounting Systems Certification.
- Represented RMS at the Finance Management Committee chaired by TfNSW which provides governance over the transport budget.
- Sponsored the delivery of Human Resource services to the newly formed RMS through the review of business partner roles and the consolidation of policy, procedures and systems.
- For the period 1 November 2011 to 30 June 2012, oversaw the renewal of the workforce through a range of Employment Programs including 42 into the RMS Graduate Recruitment and Development (GRAD) Program; 49 apprentices across six trade groups; 100 trainees studying Civil Construction, Government Services or Business Services; and 18 in our paraprofessional programs including six Road Designers in Training and eight Traffic Engineering Officers in Training.
- Continued to implement the Conversations for Performance Program targeted at frontline leaders.
- Sponsored the continuation of the High Performance Project.
- Sponsored the project management and change assistance for staff assigned to the Department of Transport and TfNSW.
- Sponsored the review and development of Work Health and Safety services for the newly formed RMS, including a review of priorities, partner roles and the consolidation of policy and procedures.
- Oversaw the start of an RMS five year strategy for WHS.
- Sponsored the finalisation of five of the seven WHS High Risk Working Parties.
- Oversaw an ongoing focus on improving Workplace Injuries and Lost Time Injuries (LTI's).
- Sponsored the review and development of IM&IT services for the newly formed RMS through the review of business partner roles and the consolidation of policy, procedures and IT systems.
- Successfully completed the annual Disaster Recovery test for the Data Centres.
- Continued to chair the Information and Communications Technology (ICT) Executive Committee which provided governance and leadership over the RMS ICT.
- Continued to support the Review and Advisory Panel to work with the ICT Executive Committee to prioritise the ICT requests for the 2012-13 year.

Appendix 4: Industrial relations and policy

Communication and consultation

Communication and consultation regarding industrial matters is incorporated through regular forums with unions and professional associations representing salaried and wages staff.

The Single Bargaining Unit (SBU) is the peak negotiation and consultation forum for wages staff. It includes representatives from five unions. The SBU met on six occasions between November 2011 and June 2012.

The Peak Consultative Committee (PCC) is the primary point of consultation between RMS and the salaried staff associations and unions. The PCC includes union officials and delegates from six unions and met on six occasions during the period.

Advice

Industrial relations advice was provided to the organisation in relation to individual matters and projects and to support the amalgamation of former RTA and NSW Maritime functions.

Human resources policies

A new RMS Code of Conduct and Ethics has been developed and amalgamation of the former NSW Maritime and RTA policies and procedures is ongoing. RMS is currently trialling a Retreat Space Procedure which may be used for prayer, meditation or other contemplative activity or physical exercise programs as part of a managed return to work program.

Movements in salaries, wages and allowances

RMS successfully negotiated a pay increase of 2.5 per cent with minimal lost time due to industrial action. All awards were agreed for a term of one year, with pay increases applying from the first pay period after 1 July 2012.

Under the Maritime Authority of NSW Enterprise Agreement 2010-13 a 4 per cent pay increase was applied to Maritime Division staff after 1 July 2012.

Industrial Relations Commission

RMS was involved in nine industrial disputes before the Industrial Relations Commission (IRC). One of these disputes is ongoing.

Six unfair dismissal applications were active during the reporting period. Three of those applications were resolved by 30 June 2012. Of the remaining applications at 30 June 2012, one claim is on appeal to the Full Bench of the IRC and the remaining two remain before the IRC.

Three promotional appeals were active during the period. Two of those appeals were resolved and one remains before the IRC.

Lost time due to staff participation in industrial action

The number of days lost due to staff participation in industrial action for the period November 2011 to June 2012 was 56.9 days.

Table A4.1. Total effective full-time employees by category

| Year | Salaried staff | Wages staff | Casual staff | Total staff |
|--------------------|----------------|-------------|--------------|-------------|
| As at 30 June 2012 | 5,423 | 1,756 | 16 | 7,195 |

Table A4.2. Employment category groups

| Employment category groups | |
|----------------------------|------------------|
| Salaried staff | Wages |
| Cadets | Apprentices |
| Graduates | School crossing |
| Salaried | Wages |
| Senior executive staff | Wages - trainees |
| Trainees | |

Note: Category groups exclude casual employees.

Appendix 5: Equal Employment Opportunity

Diversity and equity in RMS

Equal Employment Opportunity (EEO) is about ensuring that all employees have equal access to the opportunities available at work. RMS actively works to ensure the mix of staff within the organisation reflects that of the communities served.

RMS' Diversity and Equity Framework has six key focus areas:

- Developing female RMS staff for more senior management positions.
- Encouraging women to pursue engineering and technical careers.
- Increasing the employment and development of Aboriginal people at all levels of responsibility.
- Increasing the employment of people with a disability.
- Encouraging youth towards tertiary studies in engineering and related technical fields where there are skill shortages.
- Continuing the inclusion of skilled migrant workers within RMS project teams.

In May 2012, RMS was a finalist in two categories of the inaugural Australian Human Resource Institute Diversity Awards.

Towards gender equity

Improving female participation in the RMS workforce is critical to ensure the continued growth of the future workforce. Gender balance is monitored and reported monthly to directors and general managers. Women made up 34.5 per cent of the workforce (as at 30 June 2012), with a strong presence in frontline customer service roles of up to

71.91 per cent. The organisation has a range of gender specific programs in place to develop and support women in middle management roles.

The 2012 intake of RMS apprentices gained one female apprentice into the non-traditional construction trade of Bridge and Wharf Carpentry. RMS has participated in recent forums to develop the Women in NSW brand, specifically in the blue-collar trades sector.

Professional skills development of female staff was facilitated by active participation in:

- 'Lucy' Mentoring Program to facilitate short-term work placement of female engineering students into RMS workplaces, with the active support of a female engineer and mentor.
- Women Moving Forward Program (via the Chartered Institute of Transport and Logistics) to provide a self-directed/distance learning option for regional and technical staff.
- Formal voice training to build confidence and clarity in verbal communication and influencing skills.
- Multiple groups with strong gender and multicultural representation enrolled in formal training and assessment towards the Diploma in Policy Management.
- Seminars and training run by the Institute of Public Administration Australia.
- Financial assistance and study leave provisions to support female staff in postgraduate study.

- The Spokeswomen's calendar and newsletters promoting our annual information days and activities.
- The Professional Women's Network lunch meetings for senior female staff.

RMS is an active member of the NSW Equal Employment Opportunity Practitioners' Association, with regular presentations from the RMS Human Resource Strategy team.

RMS has strategic partnerships with NSW universities, TAFE colleges, commercial training providers and other government agencies to remain informed and connected with best practice initiatives to build gender equity.

Increasing the number of women in engineering

RMS provides guest speakers to schools and sponsored key Women in Engineering events to actively increase female enrolments at NSW engineering faculties. Results reported by the universities in April 2012 show an average increase of 3 per cent female enrolments since 2009-10. RMS female engineering graduates and paraprofessionals presented interactive learning workshops at these events, building their own confidence, logistics and formal presentation skills and acting as role models.

The following RMS sponsored events raise the awareness of senior high school students, their parents and teachers of the pathways into, and reward gained from, non-traditional roles:

- Women in Engineering weekend (November) at University of New England with 24 regional female participants, supported by two regional female engineers.
- Women in Engineering Summit 2012 (January) at University of Wollongong with 60 female high school participants, including site visits, four RMS leaders and guest speakers.
- Hands on Engineering and IT Day at the University of Technology Sydney (May) with 200 female senior high school students from the Sydney metropolitan area.
- Imagine-Design-Construct day at Nirimba campus, Western Sydney Institute of TAFE (April) with 19 per cent female Year 10 attendees, in conjunction with University of Western Sydney, TAFE, Department of Defence, Engineers Australia, Penrith and Blacktown local councils.

Increasing the employment and development of Aboriginal people

The Aboriginal Employment Strategy sets a strategic framework for improving recruitment, development and retention of Aboriginal people across RMS.

The strategy was supported by the 'Walk the road with our mob' DVD, which profiled current Aboriginal staff and their roles and services provided to the community. This resource has been widely distributed to school careers advisors and Indigenous career expos. RMS participated in Indigenous career expos and sponsored the Indigenous Engineering Summer School in January.

In partnership with the Aboriginal Education Consultative Group NSW, RMS supported six secondary scholarships for Aboriginal Year 11 and 12 students studying maths and science subjects (both engineering prerequisites). The recruitment campaign for the start of the 2012 school year has attracted a diverse pool of candidates. Of the three RMS HSC scholars who graduated in December 2011, one has started in the RMS Paraprofessional Program.

Targeted recruitment campaigns and a dedicated email address reached NSW communities and helped to improve Aboriginal employment, career development and retention rates across salary levels at a rate similar to non-Aboriginal staff. Aboriginal.Jobs@rms.nsw.gov.au received regular enquiries from individuals and job service centres and acted as a distribution network for Aboriginal identified roles.

A female Aboriginal archaeology cadet has started under the National Indigenous Cadetship Program and will carry out work placements within our Environment and Aboriginal Programs branches throughout her degree studies.

Relationships with secondary and tertiary institutions and the Department of Premier and Cabinet were strengthened to help ensure the availability of suitable Aboriginal graduates, cadets and trainees. Increased numbers in target areas are evidence of the partnership's success.

The RMS Aboriginal Cultural Education Training Program aims to build internal relationships and improve service delivery to RMS' Aboriginal employees and customers. The program is available to targeted RMS employees,

including managers and supervisors of Aboriginal employees as well as frontline customer service staff, policy officers and senior management.

RMS held its inaugural RMS Aboriginal Employee Network forum in June 2012. The establishment of the Aboriginal Employee Network is a retention strategy within the Aboriginal Employment Strategy with the following objectives:

- Provide greater employment opportunities for Aboriginal employees.
- Assist Aboriginal employees to fulfil career aspirations/ goals through learning and development.
- Ensure Aboriginal employees receive appropriate support.
- Increase understanding of the experiences of RMS' Aboriginal employees and reflect the awareness in our internal and external service delivery.

Increasing employment and participation of people with a disability

RMS sought to ensure it was supporting staff with disabilities equitably, building its 'disability confidence' as an employer and facilitating any workplace adjustments that may be required. Of the 6.63 per cent of staff identified as having a disability, 1.85 per cent are actively supported with workplace adjustments.

RMS attracted technically skilled staff to the organisation through the 'Stepping Into' limited duration internship program for university students with disabilities. Interns in engineering disciplines maintained part-time employment while

completing their final year studies. The Inner West Busway's imported Automated Cone Lifter research and testing phases formed the basis for a Mechatronics engineering thesis.

RMS supported four Australian Paralympian staff members who balanced their training commitments and preliminary trials with part-time work. Our entry level programs in 2012 have attracted candidates with a range of disability-related needs. Support included disability-specific training for supervisors and introduction of technological software tools to ensure accessibility to project work. RMS ensured that new or renovated premises comply with the National Access to Premises legislation and made Transport Access Guides available to the public for key RMS locations.

RMS held staff celebrations in Grafton, Newcastle and North Sydney locations for the December International Day of Disability. Staff diversity was promoted with an organisation-wide themed screensaver. RMS has provided short-term work placement trials for several external people returning to work following injury or illness.

RMS is a Gold member of the Australian Network on Disability and helped to promote inclusion by providing guest speakers from our staff network to the Goldman Sachs senior management team meeting and Raising the Bar conference, in May 2012.

Please refer to Appendix 7 for details of the Disability Action Plan.

Increasing the integration and retention of young people

In total, 6.91 per cent (30 June 2012) of RMS staff were aged under 25 years. RMS Employment Programs continued to manage more than 585 young people involved in entry level programs. Roles included student support, tertiary institution liaison and proactive participant placement for the RMS range of targeted pathways.

An increasing number of engineering scholars and cadets transitioned into our Graduate Program with advanced knowledge of RMS systems and processes. This provided a link between the entry level programs and greatly reduces advertising and recruitment costs.

The RMS Young Professionals Network is an active forum for staff aged under 35 years. It offers a range of social and business networking events in key locations and raises selected member profiles via the GradLink newsletter.

Increasing the participation of staff members with a multicultural background

The RMS workforce comes from a wide cross-section of cultural and ethnic backgrounds with greater than 18.29 per cent speaking a first language other than English. Twelve community languages were spoken by 23 frontline staff statewide, directly supporting customer service.

The Community Language Allowance scheme was reviewed, with no additional nominations for CLAS assessment. The RMS Multicultural Policies and Services Plan was drafted in consultation with all new RMS divisions.

Table A5.1. Representation of EEO groups

| EEO group | Benchmark | 2010 | 2011 | 2012 |
|---|-----------|-------|-------|-------|
| Women | 50% | 35.0% | 35.6% | 35.4% |
| Aboriginal People and Torres Strait Islanders | 2.6% | 3.5% | 3.3% | 1.6% |
| People whose first language spoken as a child was not English | 19.0% | 17.5% | 18.4% | 15.3% |
| People with a disability | N/A | 7.8% | 7.3% | 6.2% |
| People with a disability requiring work-related adjustment | 1.5% | 2.6% | 2.3% | 1.9% |

Table A5.2. Trends in the distribution of EEO groups

| EEO group | Benchmark | 2010 | 2011 | 2012 |
|---|-----------|------|------|------|
| Women | 100 | 88 | 89 | 89 |
| Aboriginal People and Torres Strait Islanders | 100 | 67 | 67 | 84 |
| People whose first language spoken as a child was not English | 100 | 112 | 110 | 114 |
| People with a disability | 100 | 99 | 95 | 99 |
| People with a disability requiring work-related adjustment | 100 | 100 | 96 | 105 |

Appendix 6: Multicultural Policies and Services Plan

The Multicultural Policies and Services Plan is a requirement of key NSW agencies under the State Plan, to be lodged with the Community Relations Commission.

RMS has reviewed the draft Multicultural Policies and Services Plan following the establishment of RMS, subsequent restructures and transfer of some responsibilities to Transport for NSW.

Proposed road and maritime infrastructure changes are advised to the community via forums, advertising, brochures and websites. Where relevant, formal documents are translated into community languages, for example: impending ferry wharf closures due to maintenance schedule or Fisheries policy amendments. Network Compliance Inspectors access telephone interpreting services as required, assisting in information flow to customers.

In May 2012, RMS was a finalist in the Australian Human Resource Institute Diversity Awards in the category of Inclusive Workplace of the Year.

Key 2012 activities for the period 1 November 2011 to 30 June 2012 include:

- Development of a new Human Resource policy, building asset allocation and outfitting to support the trial of a Prayer Room/Retreat Space in our headquarters building.
- Providing a community language option at the queue-matic system within all metropolitan motor registries to direct enquiries.
- Review of our policies on Proof of Identity specific to migrant and refugee applicants for driver licensing.
- Active support of our many individual staff and work teams from diverse cultures.

Community Language Allowance Scheme (CLAS)

RMS has 23 CLAS denoted officers offering 12 spoken languages to facilitate frontline customer services. CLAS officers are externally assessed for competence and retain CLAS accreditation for a period of up to 10 years.

Most CLAS officers use their community language daily for an average of 30 minutes during direct customer service interactions and by phone support for customers visiting other locations or calling the RMS Contact Centre. The spread of languages offered supports prompt, quality customer service.

Appendix 7: Disability Action Plan

Disability action planning is underpinned by the *Disability Services Act 1993 (NSW)*, the *Disability Discrimination Act 1992 (Cwlth)* and the Australian standard AS1428 – Design for access and mobility.

RMS, together with disability service providers and other transport agencies, has contributed to the Transport for NSW (TfNSW) Disability Action Plan. RMS is also an active participant on the Accessible Transport Action Group, led by TfNSW with broad representation from diverse advocates and representatives of the disability community.

RMS diversity employment strategies contribute to the Employability program targets set by the NSW Public Service Commission and the Ready, Willing and Able program target set by TfNSW. Currently 6.63 per cent of RMS staff identify as having a disability with 1.85 per cent requiring workplace adjustment. In May, RMS was a finalist in the Australian Human Resource Institute 2012 Awards for Disability Employment.

RMS monitors and annually reviews those staff who have disclosed disability and their workplace adjustments, to ensure the organisation is removing barriers and providing suitable support and practices for productive work.

RMS has attracted skilled applicants by offering support systems to trainees and by offering limited duration internships to university students with a disability. Of two Interns placed in the last intake, one intern has transitioned in 2012 to permanent staff.

RMS also supports a work placement program for Paralympic athletes, employing four athletes, with one staff member actively supported to prepare for and participate in the 2012 Paralympics.

RMS builds capability and awareness in its staff through online subscription to Link Disability magazine, available to all staff via the RMS Library. This resource profiles new technologies, practices and policy changes supporting the disability community.

RMS celebrated the inclusion of staff with disability at a range of well attended International Day of Disability events in Grafton, Newcastle and North Sydney.

RMS holds Gold membership with the Australian Network on Disability and, from May 2012, is scheduled to participate in the 2012 Australian trial of the Disability Standard. Based on the UK Employers' Forum on Disability audit format, this work will provide an Australian benchmark for improvements in performance of services to customers, clients, employees and stakeholders with disability.

Appendix 8: Overseas travel by RMS officers

Between the period 1 November 2011 and 30 June 2012, RMS officers travelled overseas on 21 occasions to carry out official duties for RMS. Details are presented in the table below.

Table A8.1. Overseas travel by RMS Officers 1 November 2011 – 30 June 2012

| At no cost to RMS | | |
|---|--|--|
| Position | Countries/cities visited | Purpose of visit |
| Supervising Pavement Engineer (Rigid Pavement) | Québec, Canada | Attendance at the 10th International Society for Concrete Pavements (ISCP). |
| Initial Survey Manager, Commercial Operations Unit, Maritime Division | Holyhead, UK; St Giles Croix de Vie, France; Wurzburg, Germany; Avigliana, Italy | Inspect yacht production facilities in France, Germany and Italy to assist in developing guidelines to streamline the acceptance of imported vessels for commercial operations in NSW. Inspect two new pilot vessels under construction in Holyhead, UK for Sydney Ports Corporation. |
| Initial Surveyor, Commercial Operations Unit, Maritime Division | Auckland, New Zealand | Survey inspection of vessel under construction for commercial operations in NSW. |
| Manager, Environmental Planning and Assessment | Porto, Portugal | Attend and present paper at the annual conference of the International Association for Impact Assessment. |
| Part or all costs met by RMS | | |
| Position | Countries/cities visited | Purpose of visit |
| General Manager, Project Management | Auckland, New Zealand | To attend Austroads Project Delivery panel meeting and other meetings and site inspections with New Zealand Transport Agency officers. |
| Group General Manager, ETS Technology Program Manager Austroads | Auckland, New Zealand | Attendance at the Austroads Board Meeting held in November 2011. |
| Group General Manager, ETS Technology Program Manager Austroads | Auckland, New Zealand | Attendance at the Austroads Projects Delivery Taskforce in April 2012. |
| Bitumen Inspector Fleet Inspector | Papua New Guinea: Port Moresby, Mount Hagan, Goroka, Kokopo, Madang and Lae | To test and calibrate bitumen sprayers owned by Global Constructions Ltd. and other construction companies in Papua New Guinea, on a Fee for Service basis. This service has been provided for the past eleven years. |
| Strategic Projects Manager Compliance and Enforcement. | Amsterdam, Netherlands | Attendance at Telematics Europe to study industry use of Telematics/ICT systems for heavy vehicle regulation, fleet management safety and efficiency. |
| Strategic Projects Manager Compliance and Enforcement. | Amsterdam, Netherlands | Attendance at Intertraffic Europe examining speed and vehicle enforcement technology. Note primary travel costs funded by attendee. |
| Welding Engineer | Dongguan, China | Carry out assessment of technical competency of steel fabrication for Hunter Expressway projects. Continuous surveillance and monitoring during fabrication of the steel items to ensure key structural bridge beams met quality requirements. |

Part or all costs met by RMS

| | | |
|--|--|---|
| Senior Surveillance Officer | Dongguan, China | Carry out assessment of technical competency of steel fabrication for Hunter Expressway projects. Continuous surveillance and monitoring during fabrication of the steel items to ensure key structural bridge beams met quality requirements. |
| Systems Analyst/ Software Engineer | Singapore | SCATS VAX Services Migration Site Acceptance Testing. |
| Systems Analyst/ Software Engineer | Singapore | SCATS VAX Services Migration Site Acceptance Tests. |
| A/Executive Manager, Transport Strategy and Systems | Singapore | SCATS VAX Replacement Project. |
| A/Executive Manager, Transport Strategy and Systems | Singapore | SCATS VAX Replacement Project. |
| A/Executive Manager, Transport Strategy and Systems | Wellington, New Zealand | Australia and New Zealand School of Government Executive Leadership Program sponsored by the Department of Premier and Cabinet. |
| General Manager, Infrastructure Asset Management | Paris, France | Attendance at the first meeting of the World Road Association technical committee on Road Asset Management. GM is Australia's representative on this committee, supported through Austroads. |
| Manager Program and Performance, Infrastructure Asset Management | Auckland and Wellington, New Zealand | Meet New Zealand Transport Authority personnel, maintenance contractors and consultants to discuss current procurement and management of maintenance contracts, and to assess their suitability for incorporation into future maintenance contracts in NSW. |
| Project Manager Maintenance Procurement, Infrastructure Asset Management | Auckland and Wellington, New Zealand | Meet New Zealand Transport Authority personnel, maintenance contractors and consultants to discuss current procurement and management of maintenance contracts, and to assess their suitability for incorporation into future maintenance contracts in NSW. |
| Maritime Investigator, Investigations Unit, Maritime Division | Yankton, South Dakota USA | Boating Accidents Investigations Training. Covered forensic examination of physical evidence resulting from boating accidents. |

Appendix 9: Access to government information

Program for the release of government information

RMS releases a significant amount of information to members of the public and publishes technical documentation and many brochures and information sheets about its various functions including road and bridge engineering, road safety, environment protection and asset management. RMS is constantly preparing and reviewing information which it makes available to the public through these and other means. Details about the kind of available information held by RMS are contained within the RMS Information Guide, which is updated annually.

RMS formed a committee, with delegates from across the diverse business areas of RMS, to promote and encourage the proactive release of information. The Proactive Release and Open Access Committee (or PROAC) was launched in December 2011 and has been meeting regularly to discuss the proactive release of information and facilitate decisions in respect of RMS' obligations under Parts 2 and 3 of the *Government Information (Public Access) Act 2009* (GIPA Act).

PROAC developed a framework for RMS' program for proactive release and implemented the new program

to ensure that all areas of the business are considering authorised proactive release of information on an ongoing basis.

The framework has three components:

- Program of RMS' release of government information.
- Plans which describe how each business contributes to the release of government information.
- Proposals for the release of particular government information.

The 2012 program for authorised proactive release of information, as adopted by PROAC, is as follows:

Program for the Proactive Authorised Release

| | |
|---|--|
| Currently released information | <p>All information which is currently released will be catalogued and assessed with regard to:</p> <ul style="list-style-type: none"> • What information is currently being released. • How the information is being released. • How easy it is to find the information. • How often it is updated. • Who is responsible for the information accuracy and updating. • Whether the information can be proactively released. |
| What other information can be disclosed? | <p>PROAC will consider:</p> <ul style="list-style-type: none"> • What information is being released in other NSW Government agencies. • What information is being released by comparable agencies in other states. • What information do other (non-government) organisations release. • What information has been regularly sought from RMS customers, stakeholders, members of the media, regular GIPA applicants etc. |

How do each of the business areas identify information to be released?

Each business will have a specific plan which:

- Identifies information which is currently released (cataloguing).
- Includes specific categories of information to be considered for release.
- Describes the way in which new information is to be identified for release.
- Describes the requirements for the business area to support the proposals.

What is required for the information to be disclosed?

Each proposal must include a description of the information to be released including the consideration of:

- Engagement with external stakeholders.
- Priority and scheduling of release of information.
- Suitability for focused awareness of the release.

At 30 June 2012, PROAC had considered eight separate proposals for authorised proactive release of information.

It is anticipated that information which was approved for proactive release will be made available within the first few months of the new reporting year. As part of its previous program for proactive release of information, RMS makes the following information available on its website:

- The number and location of speed cameras.
- Travel speeds in the Sydney Metropolitan Area.
- RMS sponsorship.
- Safe-T Cam.
- Safe-T-Cam offences - updated quarterly.
- Heavy vehicle checking stations.
- Major projects - State Budget Paper 2010-11.

- Sydney Harbour Bridge Upgrade.
- Timber Bridge Partnership.
- Fatal crash statistics - updated daily (preliminary).
- Crash statistics - monthly bulletin (preliminary).
- Traffic volume data.
- Number of provisional licences cancelled and suspended.
- Total licences cancelled and suspended.
- Number of people who passed the Driver Knowledge Test.
- Number of licence holders with 10 or more demerit points.
- Number of people issued with penalty notices (State Debt Recovery Office website).
- Customer satisfaction survey results.
- Motor registry waiting times.

- Driving test waiting times.
- Better Boating Program grants.
- Sydney Harbour wharf upgrades.

Access applications

In the period 1 November 2011 to 30 June 2012, RMS received a total of 1781 access applications (including withdrawn applications but not invalid applications). At the end of the reporting year, 190 access applications remained unfinished.

Conclusive presumption against disclosure

Of the access applications dealt with under the GIPA Act during the reporting period, no application resulted in access being refused because there was a conclusive presumption of overriding public interest against disclosure of the information.

Statistical information

Statistical information as specified in Schedule 2 of the Government Information (Public Access) Regulation 2009 for the period 1 November 2011 - 30 June 2012 is provided on the following page.

Table A. Number of applications by type of applicant and outcome*

| | Access granted in full | Access granted in part | Access refused in full | Information not held | Information already available | Refuse to deal with application | Refuse to confirm or deny whether information is held | Application withdrawn |
|---|------------------------|------------------------|------------------------|----------------------|-------------------------------|---------------------------------|---|-----------------------|
| Media | 9 | 0 | 0 | 0 | 0 | 0 | 0 | 2 |
| Members of Parliament | 2 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Private sector business | 489 | 276 | 130 | 109 | 5 | 4 | 0 | 11 |
| Not-for-profit organisations or community groups | 4 | 0 | 32 | 33 | 0 | 0 | 0 | 0 |
| Members of the public (application by legal representative) | 55 | 6 | 12 | 11 | 4 | 1 | 0 | 0 |
| Members of the public (other) | 194 | 53 | 56 | 57 | 4 | 3 | 0 | 15 |

* More than one decision can be made in respect of a particular access application. If so, a recording must be made in relation to each such decision.

Table B. Number of applications by type of application and outcome*

| | Access granted in full | Access granted in part | Access refused in full | Information not held | Information already available | Refuse to deal with application | Refuse to confirm or deny whether information is held | Application withdrawn |
|--|------------------------|------------------------|------------------------|----------------------|-------------------------------|---------------------------------|---|-----------------------|
| Personal information applications** | 21 | 1 | 9 | 3 | 1 | 0 | 0 | 2 |
| Access applications (other than personal information applications) | 729 | 334 | 221 | 207 | 12 | 8 | 0 | 32 |
| Access applications that are partly personal information applications and partly other | 3 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |

* More than one decision can be made in respect of a particular access application. If so, a recording must be made in relation to each such decision.

** A personal information application is an access application for personal information (as defined in clause 4 of Schedule 4 to the Act) about the applicant (the applicant being an individual).

| Table C. Invalid applications | |
|---|-------------------------------|
| Reason for invalidity | Number of applications |
| Application does not comply with formal requirements (section 41 of the Act) | 143 |
| Application is for excluded information of the agency (section 43 of the Act) | 0 |
| Application contravenes restraint order (section 110 of the Act) | 0 |
| Total number of invalid applications received | 143 |
| Invalid applications that subsequently became valid applications | 81 |

| Table D. Conclusive presumption of overriding public interest against disclosure: matters listed in Schedule 1 of Act | |
|--|--|
| | Number of times consideration used* |
| Overriding secrecy laws | 0 |
| Cabinet information | 0 |
| Executive Council information | 0 |
| Contempt | 0 |
| Legal professional privilege | 0 |
| Excluded information | 0 |
| Documents affecting law enforcement and public safety | 0 |
| Transport safety | 0 |
| Adoption | 0 |
| Care and protection of children | 0 |
| Ministerial code of conduct | 0 |
| Aboriginal and environmental heritage | 0 |

* More than one public interest consideration may apply in relation to a particular access application and, if so, each such consideration is to be recorded (but only once per application).

| Table E. Other public interest considerations against disclosure*: matters listed in table to section 14 of Act | |
|--|--|
| | Number of occasions when application not successful |
| Responsible and effective government | 3 |
| Law enforcement and security | 0 |
| Individual rights, judicial processes and natural justice | 556 |
| Business interests of agencies and other persons | 7 |
| Environment, culture, economy and general matters | 0 |
| Secrecy provisions | 0 |
| Exempt documents under interstate Freedom of Information legislation | 0 |

* More than one decision can be made in respect of a particular access application. If so, a recording must be made in relation to each such decision.

| Table F. Timeliness | |
|--|-------------------------------|
| | Number of applications |
| Decided within the statutory timeframe (20 days plus any extensions) | 1534 |
| Decided after 35 days (by agreement with applicant) | 20 |
| Not decided within time (deemed refusal) | 57 |
| Total | 1611 |

Table G. Number of applications reviewed under Part 5 of the Act (by type of review and outcome)

| | Decision varied | Decision upheld | Total |
|--|-----------------|-----------------|-----------|
| Internal review | 2 | 13 | 16 |
| Review by Information Commissioner* | 0 | 7 | 10 |
| Internal review following recommendation under section 93 of Act | 0 | 0 | 0 |
| Review by Administrative Decisions Tribunal | 0 | 0 | 2 |
| Total | 2 | 21 | 28 |

* The Information Commissioner does not have the authority to vary decisions, but can make recommendations to the original decision-maker. The data in this case indicates that a recommendation to vary or uphold the original decision has been made by the Information Commissioner.

Table H. Applications for review under Part 5 of the Act (by type of applicant)

| | Number of applications for review |
|---|-----------------------------------|
| Applications by access applicants | 0 |
| Applications by persons to whom information the subject of access application relates (see section 54 of the Act) | 0 |

Appendix 10: Ombudsman complaints

RMS welcomes customer feedback, including compliments, complaints and suggestions. Between the establishment of RMS in November 2011 and the end of June 2012, 43 complaints from the NSW Ombudsman were recorded. This was a decrease from the 108 referrals made by the NSW Ombudsman in the 2010-11 financial year.

Complaints received by RMS are grouped by subject:

Table A10.1. Complaints received by subject

| Subject | Number of complaints |
|--------------------|----------------------|
| Registration | 16 |
| Tolling and E-tags | 11 |
| Licensing | 10 |
| Property | 4 |
| Number plates | 2 |
| Total | 43 |

Appendix 11: Consumer response

Table A11.1. Number of complaints

| Issue | 1 Nov 2011 – 30 June 2012 |
|---------------------------------------|---------------------------|
| Clearway towing | 153 |
| Customer service | 256 |
| Driver licensing | 246 |
| Road safety | 186 |
| Vehicle registration | 111 |
| Business systems | 50 |
| Transport efficiency | 28 |
| Organisational direction - management | 0 |
| Road asset provision - environment | 26 |
| Noise | 17 |
| Recreational boating | 11 |
| Maritime property | 5 |
| Commercial vessels | 2 |
| Commuter wharves | 1 |
| Other | 2 |
| Recreational boating | 11 |

* Total noise complaints compiled in the Noise Abatement Program Geodatabase.

** Approximately 60 per cent of the Maritime property complaints received regarded Maritime Division's implementation of the IPART Report on Wetland Leases, which resulted in rent rate changes.

Note: Maritime Division has electronic complaints data from financial year 2010-11 onwards. The electronic database was rolled out to the Division progressively, therefore the data may not reflect all complaints received in the period.

RMS procedure is for customer complaints to be entered into a corporate record management system. Complaint numbers shown in the table are compiled from a corporate record management system. As detailed throughout this report, RMS takes the role of stakeholder engagement seriously. RMS reviews all complaints and improves its services appropriately. Details of improved services can be found in the main body of this Annual Report.

Appendix 12: Legal change

Legislation administered by the Minister for Roads and Ports

(Act then Regulation)

**City of Sydney Act 1988 No. 48
(Part 4A and Schedule 2, jointly
with the Minister for Transport)**

(the remainder, the Minister for
Local Government).

Driving Instructors Act 1992 No. 3

Driving Instructors Regulation 2009

Marine Pollution Act 1987 No. 299

Marine Pollution Regulation 2006

Marine Pollution Act 2012 No. 5*

Marine Safety Act 1998 No. 121

Marine Safety (Commercial Vessels)
Regulation 2010

Marine Safety (General)
Regulation 2009

**Marine Safety Legislation (Lakes
Hume and Mulwala) Act 2001
No. 78**

Maritime Services Act 1935 No. 47

Management of Waters
and Waterside Lands
Regulations - NSW

Port Authority - Land Traffic
Control Regulations - NSW.

**Motor Vehicles Taxation Act 1988
No. 111**

Motor Vehicles Taxation
Regulation 2008

Navigation Act 1901 No. 60

Photo Card Act 2005 No. 20

Photo Card Regulation 2005

**Ports and Maritime Administration
Act 1995 No. 13**

Ports and Maritime Administration
Regulation 2007

**Recreation Vehicles Act 1983 No.
136 (Parts 4 and 6 only)**

(remainder, the Minister for
Environment).

**Road Transport (Driver Licensing)
Act 1998 No. 99**

Road Transport (Driver Licensing)
Regulation 2008

**Road Transport (General) Act 2005
No.11**

Road Transport (General)
Regulation 2005

Road Transport (Mass, Loading and
Access) Regulation 2005

**Road Transport (Safety and Traffic
Management) Act 1999 No. 20**

Road Transport (Safety and Traffic
Management) Regulation 1999

Road Rules 2008

**Road Transport (Vehicle
Registration) Act 1997 No. 119**

Road Transport (Vehicle
Registration) Regulation 2007

Roads Act 1993 No. 33

(except parts administered by the
Minister for Primary Industries,
jointly with the Minister for Regional
Infrastructure and Services, Minister
for Local Government and Minister
for Environment).

Roads Regulation 2008

**Sydney Harbour Tunnel (Private
Joint Venture) Act 1987 No. 49**

Tow Truck Industry Act 1998 No. 111

Tow Truck Industry Regulation 2008

**Transport Administration Act 1988
No. 109 (Part)**

Transport Administration (General)
Regulation 2005 (Part)

Transport Administration (Staff)
Regulation 2005 (Part)

* The *Marine Pollution Act 2012 No.299* was assented to on 14 March 2012 but has not yet come into effect.

New legislation from 1 November 2011 – 30 June 2012

New Acts

1. Transport Legislation Amendment Act 2011

This Act was assented to on 13 September 2011 and implemented in part by Proclamation on 1 November 2011 and amended the *Transport Administration Act 1988*, to establish Transport for NSW and Roads and Maritime Services and abolished the Roads and Traffic Authority and the Maritime Authority of NSW.

2. Road Transport Legislation Amendment Act 2008

This Act was assented to on 1 July 2008 with initial parts of the Act (Schedules 1 and 3) commencing by Proclamation on 1 September 2008 and Schedule 4 by Proclamation on 29 September 2008. Schedule 5 [2] – [9] of the Act commenced by proclamation on 13 August 2010 and amended the *Roads Act 1993* to streamline toll offence enforcement to make the law consistent with current laws for other road transport offences detected by cameras. Schedule 5 [1] of the Act which amended the *Roads Act 1993* to extend the time within which proceedings for a toll offence may be started from six to 12 months, commenced by Proclamation on 1 March 2012.

3. Marine Pollution Act 2012

This Act was assented to on 14 March 2012 and will come into effect on a date to be proclaimed. The object of this Act is to protect NSW's marine and coastal environment from pollution by oil and other marine pollutants discharged from ships by implementing additional provisions of the International Convention of the Prevention of Pollution from Ships, 1973 (known as MARPOL), and repeal the *Marine Pollution Act 1987*, and other purposes.

4. Road Transport Legislation Amendment (Offender Nomination) Act 2012

This Act was assented to on 11 April 2012 with initial parts of the Act commencing on date assent. Schedules 1 [3], 2.1 and 2.2 have been proclaimed to commence on 1 July 2012. This Act amended the *Road Transport (General) Act 2005* to make further provision with respect to the nomination of offenders for certain camera recorded and parking offences; and to make consequential and other minor amendments to the *Fines Act 1996* and the road transport legislation.

5. Road Transport (General) Amendment (Vehicle Sanctions) Act 2012

This Act was assented to on 3 May 2012 with initial parts of the Act (Schedules 1 and 3.1[4], [16], [17] and [19]) beginning on date of assent and Schedules 2 and 3 (other than Schedule 3.1[4], [16], [17] and [19]) proclaimed to begin on 1 July 2012. The Act amended the *Road Transport (General) Act 2005* and repealed the provisions of Division 2 of Part 5.5 relating to the wheel clamping of vehicles, expanded the operation of Division 2 of Part 5.5 of the Act by enabling the imposition of sanctions in relation to certain high range speed and police pursuit offences and enabling the confiscation of number plates from motor vehicles as an additional sanction.

6. City of Sydney Act 1988 (Part 4A and Schedule 2 only – administered jointly with the Minister for Roads and Ports)

This Act was assented to on the 25 June 2012 with initial Part 4A and Schedule 2 commencing on date of assent. New sections 51L, 51M, and 51N containing notification and consultation requirements will commence on a date to be proclaimed. The Act inserts a new Part in the *City of Sydney Act 1988* establishing a Central Sydney Traffic and Transport Committee consisting of representatives of the State Government and the Sydney City Council to provide for effective co-ordination of transport and traffic management in the Sydney Central Business District.

New regulations

1. Road Amendment (Garbage Truck Driver Exemption) Rules 2011

This Regulation began on 2 December 2011 and amended the Road Rules 2008 to exempt a driver of a vehicle engaged in the collection of waste, garbage and related operations from certain provisions of the Road Rules 2008 that require a driver to make a vehicle secure when stopping and leaving the vehicle on the road.

2. Road Transport (Vehicle Registration) Amendment (Certification of Vehicles) Regulation 2011

This Regulation began on 2 and 19 December 2011 and amended the Road Transport (Vehicle Registration) Regulation 2007 to make provisions regulating the modification and certification of modified motor vehicles in NSW.

3. Road Transport (General) Amendment (Certification of Vehicles) Regulation 2011

This Regulation began on 2 December 2011 and amended the Road Transport (General) Regulation 2005 to permit a person who is aggrieved by certain decisions of Roads and Maritime Services under Part 5A of the Road Transport (Vehicle Registration) Regulation 2007 to appeal against the decision to a Local Court, as well as to prescribe certain offences under the Road Transport (Vehicle Registration) Regulation 2007 as penalty notice offences, and other amendments of a minor nature.

4. Ports and Maritime Administration Amendment (Maritime Advisory Council) Regulation 2011

This Regulation began on 2 December 2011 and amended the Ports and Maritime Administration Regulation 2007 to provide for the establishment of a Maritime Advisory Council by the Minister for Roads and Ports and for its membership and procedure. The functions of the Maritime Advisory Council are to advise the Minister on any matter that is referred to it by the Minister in connection with the operation of the marine legislation and to advise and make recommendations to the Minister on maritime safety and on expenditure priorities for the exercise of the functions of Roads and Maritime Services in connection with maritime infrastructure and maritime research.

5. Road Transport (Driver Licensing) Amendment (Temporary Overseas Visitors) Regulation 2011

This Regulation began on 16 December 2011 and amended the Road Transport (Driver Licensing) Regulation 2008 to provide for the special eligibility criteria for temporary overseas visitors in clause 43 of the Regulation to extend to visitors applying for learner licences as well as for other kinds of driver licences.

6. Road Transport (Vehicle Registration) Amendment (Written-off Vehicles) Regulation 2012

This regulation began on 20 January 2012 and amended the Road Transport (Vehicle Registration) Regulation 2007 to make certain types of vehicles eligible for the issue of an authorisation to repair; to update references to the Vocational Education Training Accreditation Board to reflect its replacement by the Australian Skills Quality Authority as the relevant accreditation authority; extend the date by which a superficially-damaged motor bike is exempt from certain requirements to 1 November 2012 so that motor bikes assessed as a total loss up until that date may be eligible for an authorisation to repair and an exemption from the obligation to be the subject of a certificate of compliance; ensure that the Authority will not be required to cancel the registration of a vehicle that is written-off solely due to hail damage and that is subsequently retained by a registered operator of the vehicle; and extend the period within which an assessor who carries out the vehicle damage assessment with respect to such a hail-damaged vehicle must notify the Authority that the vehicle has been written-off.

7. Road Transport (Driver Licensing) Amendment (Graduated Licensing Scheme) Regulation 2012

This regulation began on 27 January 2012 and amended the Road Transport (Driver Licensing) Regulation 2008 to provide for the circumstances in which provision P1 and P2 licences must be issued to applicants for driver licenses and the circumstances in which a person will be eligible to be issued with an unrestricted driver licence.

8. Road Transport (Safety and Traffic Management) Amendment (Parking Schemes) Regulation 2012

This regulation began on 16 March 2012 and amended the Road Transport (Safety and Traffic Management) Regulation 1999 to provide for the establishment and operation of phone parking schemes for the payment of parking fees by means of a mobile phone.

9. Road Amendment (Parking Schemes) Rules 2012

These rules began on 16 March 2012 and amended the Road Rules 2008 to provide for offences in relation to parking in phone parking areas and spaces as a consequence of new provision for the establishment of phone parking schemes (being schemes for the payment of parking fees by means of a mobile phone) in the Road Transport (Safety and Traffic Management) Regulation 1999, and to extend an existing exemption (for cash in transit and escort vehicle drivers) from the offence provisions in the Road Rules 2008 relating to other pay parking areas, to the offence provisions relating to phone parking areas.

10. Road Transport (General) Amendment (Parking Schemes) Regulation 2012

This regulation began on 16 March 2012 and amended the Road Transport (General) Regulation 2005 to prescribe as penalty notice offences, certain new offences under the Road Rules 2008 that relate to parking in phone parking areas or spaces (consistent with the current prescription of offences that relate to parking in other kinds of pay parking areas or spaces as penalty notice offences).

11. Road Transport (Driver Licensing) Amendment (Licence Renewal Fees) Regulation 2012

This regulation began on 4 May 2012 and amended the Road Transport (Driver Licensing) Regulation 2008 to allow Roads and Maritime Services to waive part of the fee payable in relation to the renewal of a driver licence (other than a provisional or learner licence) by up to 50 per cent of the amount of that fee.

12. Road Transport (Driver Licensing) Amendment (Police Exemptions) Regulation 2012

This regulation began on 4 May 2012 and amended the Road Transport (Driver Licensing) Regulation 2008 to exempt police officers driving police vehicles who are holders of provisional P1 licences from the licence condition imposed on such licence holders requiring the display of a red P plate on vehicles driven by them. A similar exemption currently exists in relation to the display of green P plates by police officers holding provisional P2 licences.

13. Road Amendment (Unrestrained Passengers Offence Exemptions) Rules 2012

These Rules began on 11 May 2012 and amended the Road Rules 2008 to exempt juvenile justice officers and correctional officers in respect of passengers who are in their custody and refuse or fail to wear a seatbelt, from the requirement that drivers of motor vehicles ensure that passengers wear a seatbelt.

14. Road Transport (Vehicle Registration) Amendment (Number-Plates) Regulation 2012

This regulation began on 11 May 2012 and amended the Road Transport (Vehicle Registration) Regulation 2007 to authorise the conduct of on-road number-plate testing by allowing a sample numberplate be affixed over the registered number plate as well as updating terminology relating to bicycle rack number-plates which are now known as auxiliary number-plates.

15. Road Transport (Safety and Traffic Management) Amendment (Declared Organisations) Regulation 2012

This Regulation began on 22 June 2012 and amended the Road Transport (Safety and Traffic Management) Regulation 1999 to prescribe the Tamworth Base Hospital, as part of the area of operations of the Hunter New England Local Health District for the purposes of being a declared organisation under the *Road Transport (Safety and Traffic Management) Act 1999* in order to establish paid parking schemes within its area of operation.

Significant judicial decisions

Supreme Court

Maritime Authority of NSW v Nikolai Rofe [2012] NSWSC 5

On 14 February 2010, Nikolai Rofe (a senior non-commissioned Officer of the Royal Australian Navy) conducted a training activity for Australian Defence Force Academy trainee officers, using a 6.3 metre ridge hull inflatable boat with an outboard motor and unguarded propeller on Lake Burrinjuck near Yass. After completing fast water insertion exercises, Petty Officer Rofe took a number of officer cadets out on the vessel for what was variously described as a “joy ride”. An officer cadet fell from the vessel and sustained serious injuries after his lower back connected with the propeller.

Petty Officer Rofe was charged under contravening section 13(1)(b) of the *Maritime Safety Act 1998* for operating a commercial vessel recklessly occasioning grievous bodily harm and under section 13(1)(a) for operating a commercial vessel negligently occasioning grievous bodily harm.

On 21 December 2010, Magistrate Beattie at the Local Court of Yass dismissed both charges. The then Maritime Authority of NSW appealed Magistrate Beattie's decision at the NSW Supreme Court submitting that Magistrate Beattie erred in law on four grounds:

1. In holding that for the purposes of *Marine Safety Act* sections 13(1)(a) and 13(1)(b) respectively, the existence of a possibility of serious harm was not sufficient to constitute recklessness and/or negligence.
2. In holding that contravention of section 13(1)(a) required a high and significantly culpable degree of negligence, being a higher degree of negligence than the standard applicable under civil law.
3. In treating the facts that the officer cadets who participated in the relevant boat rides did so for fun and willingly as exculpatory for the purposes of section 13(1)(a) and section 13(1)(b).
4. In failing to hold that the facts as found constituted a contravention of section 13(1)(b) or alternatively section 13(1)(a) of the Act.

On 16 January 2012, Justice Brereton of the NSW Supreme Court held the following:

- On the first ground, Justice Brereton confirmed that there was no error by the local court, as the mere existence of a possibility of serious harm was insufficient to found recklessness or, in the alternative, negligence, for the purposes of section 13(1)(b) and section 13(1)(a) respectively.
- On the second ground, Justice Brereton concluded that there was an error by the local court finding that contravention of section 13(1)(a) required a higher degree of negligence than the standard applicable under civil law.
- On the third ground, Justice Brereton found that there was no error by the local court by treating the voluntary participation of trainees as a relevant consideration rather than exculpatory factor.
- On the fourth ground, Justice Brereton found that there was no error by the local court because, on proper consideration of facts, the local court was not bound to find either offence proven.

Justice Brereton concluded that it would not be in the interests of justice to uphold the appeal on the basis of the second ground alone. The appeal was dismissed and the then Maritime Authority of NSW was ordered to pay Nikolai Rofe's costs.

Appendix 13: Land disposal

RMS owns property for administrative purposes and acquires property for road and maritime construction. Properties that are surplus to requirements are disposed of in accordance with NSW Government policy. Proceeds from property sales are used to support and improve the State's road network infrastructure.

In the eight months ended 30 June 2012, contracts were brought to account for the sale of 60 properties for a total value of \$18.410 million. Of these, seven properties were valued at more than \$500,000 each, to a total value of \$6.140 million. Major sales included properties in Parry Street, Newcastle (\$1.495 million), Wakehurst Parkway, Seaforth (\$1.430 million), Charles Street, Redfern (\$1.120 million), Boundary

Street, Roseville (\$885,000), Campbelltown Road, Denham Court (\$835,000), Ramsgate Road, Ramsgate (\$650,000 and \$617,000) and Park Ave, Ashfield (\$611,000).

No properties were sold to people with a family or business connection to the person responsible for approving the disposal. All documents relating to the disposal of properties are available under the *Government Information (Public Access) Act 2009*.

Appendix 14: Payments to consultants

Details of the amounts paid to consultants in 2011–12 are provided in tables 14.1 and 14.2.

RMS defines consultants in terms of the Department of the Premier and Cabinet's 'Guidelines for the Engagement and Use of Consultants' issued in July 2004, where a consultant is defined as a person or organisation engaged under contract on a temporary basis to provide recommendation or high level specialist or professional advice to assist decision-making by management.

Table A14.1: Consultants paid more than \$50,000

| Project description | Consultant | Amount (\$) |
|---|---|------------------|
| Strategic Property Framework | Deloitte Touche Tohmatsu | 432,167 |
| Commercial Options | Ernst & Young | 557,387 |
| Pedestrian Bridges Project | PWC | 90,563 |
| RFS Future State Strategy | Evans & Peck | 107,780 |
| Overtime Management | Third Horizon | 57,407 |
| Management of RFS Estimation, Procurement, Quality, Safety and Environment review | Evans & Peck | 78,960 |
| RMS Formation - Phase 1 | Booz & Co | 260,880 |
| RMS Formation - Phase 2 | Third Horizon | 220,699 |
| Commercial Businesses Strategy | Third Horizon | 207,805 |
| Drives Delivery Process Improvement | Think Place | 166,871 |
| Maintenance Outsourcing Strategy | Halcrow | 154,801 |
| Maintenance Outsourcing Strategy | Pricewaterhouse | 82,525 |
| Review of Waterfront Rental Determination | Independent Pricing & Regulatory Tribunal | 107,000 |
| Review of Asset Management Systems | GHD | 105,614 |
| Total | | 2,630,459 |

Table A14.2: Consultants paid less than \$50,000

| | |
|-----------------------------|------------------|
| Total number of consultants | 242,767 |
| Total number of engagements | 10 |
| Total | 2,873,226 |

Appendix 15: Reporting of RMS contracts with private sector entities

Under Part 3 of the *Government Information (Public Access) Act 2009* (GIPA Act), RMS is required to maintain a register of government contracts that records information about each government contract to which RMS is a party that has (or is likely to have) a value of \$150,000 or more.

The Premier's Memorandum No 2007-01 mandates the disclosure of particular information about invitations to tender.

RMS' government contracts register and tender disclosure information was available on the Department of Services, Technology and Administration eTender website at tenders.nsw.gov.au.

RMS also maintains a separate register of government contracts which was on its website and available for view by class of contract.

Any inquiries about RMS' tender of contract disclosure can be directed to the General Manager, Government Information and Privacy Branch on 02 8588 4990.

Appendix 16: Accounts payment performance 2012

Table A16.1. Ageing of amounts unpaid at month end

| Quarter | Current | <30 Days overdue | 30-60 Days overdue | 60-90 Days overdue | >90 Days overdue |
|---------------|------------------------|-----------------------|-----------------------|-----------------------|---------------------|
| Sep 11 | \$44,329,920.83 | \$13,847,487.06 | \$1,899,477.65 | \$569,529.60 | \$646,135.82 |
| Oct 11 | \$43,196,179.28 | \$7,449,952.48 | \$295,403.07 | \$57,526.73 | \$71,197.76 |
| Nov & Dec 11 | \$42,281,319.75 | \$8,894,280.89 | \$303,169.09 | \$99,897.21 | \$94,316.09 |
| Mar 12 | \$45,814,914.35 | \$27,237,983.02 | \$426,336.98 | \$150,843.63 | \$49,462.29 |
| Jun 12 | \$90,329,685.72 | \$15,702,948.48 | \$1,081,048.49 | \$162,034.56 | \$559,414.45 |

Table A16.2. Accounts payable payment performance - trade vendors

| Quarter | Total accounts paid on time | | | |
|---------------|-----------------------------|---------------|----------------------|----------------------|
| | Target % | Actual % | \$ | Total |
| Sep 11 | 86% | 92.91% | 312,627,819.80 | 330,020,159.55 |
| Oct 11 | 86% | 92.96% | 67,844,876.12 | 84,449,749.44 |
| Nov & Dec 11 | 86% | 92.75% | 146,434,587.96 | 156,420,575.31 |
| Mar 12 | 86% | 90.65% | 208,380,543.70 | 231,622,158.78 |
| Jun 12 | 86% | 92.10% | 250,044,552.68 | 269,435,111.07 |

Accounts Payable Payment Performance exceeded the performance target for each quarter. Oct 11 Quarter only captures the October month data as RTA amalgamated to RMS. From Nov 2011 the RTA and NSW Maritime were amalgamated to RMS.

Appendix 17: Funds granted to non-government community organisations

Table A17.1. Funds granted to non-government community organisations 1 November 2011 – 30 June 2012

| Division/ region | Name of recipient organisation | Amount of grant | Program area as per budget paper | Nature and purpose of the project including aims and target audience |
|---------------------|-------------------------------------|--------------------|--|--|
| Maritime | Tweed Marina | \$7,000 | Better Boating Program | Slipway Cradle Refurbishment, Tweed Heads – recreational boating community. |
| Maritime | Wangi Wangi RSL sub branch | \$10,000 | Better Boating Program | Wangi Wangi RSL Jetty Upgrade (investigation), Lake Macquarie – recreational boating community. |
| Maritime | Ulladulla Ski Club | \$64,000 | Better Boating Program | Ulladulla Ski Club Boat Ramp Upgrade – Kings Point – recreational boating community. |
| Maritime | Concord and Ryde Sailing Club | \$10,000 | Better Boating Program | Investigation study – restoration soft water access at Bennelong Park, Putney – sailing cub and recreational boating community. |
| Maritime | National Marine Safety Committee | \$399,000 | | NMSC's purpose is to improve marine safety in Australia for the benefit of the community and the maritime industry. This national body is charged with promoting uniform national standards, supported by national data information, policy, research and safety education. |
| Network Services | Bicycle NSW | \$120,000 | Road use | Sponsorship of the NSW Government Spring Cycle. |
| Total | | \$610,000 | | |

Appendix 18: Privacy Management Plan

RMS complies with the *Privacy and Personal Information Protection Act 1998* (the Act).

RMS is required to provide a statement of action taken in complying with the requirements of the Act and to supply statistical details of any review conducted by, or on behalf of, the agency under Part 5 of the Act.

RMS continues to do the following;

- Identify and consider the requirements of the Act, such as principles, codes, public register provisions and internal reviews.
- Identify collections of personal information for which RMS is responsible.

- Ensure measures are in place to provide an appropriate level of protection for personal information.
- Establish mechanisms to ensure RMS staff are aware of their obligations under the Act and are appropriately trained to apply the information protection principles.

In June 2012, all of the functions of dealing with privacy-related issues were transferred to the Government Information and Privacy Branch (GIPB) at North Sydney. The previous Roads and Traffic Authority (RTA) policies and procedures in respect of the management of privacy related

issues have been adopted and adapted to apply to all personal information held by RMS.

During the period from 1 November 2011 to 30 June 2012, RMS received three requests for review of conduct under Part 5 of the Act.

One of the requests for review of conduct arose as a result of concern that personal information had been mistakenly changed, resulting in correspondence being sent to the wrong address. The investigation found that the customer's information had been mistakenly changed and that there had been a breach of the information protection principles in respect of the use and disclosure of the customer's personal information.

In another matter, a customer was concerned that their personal information, regarding whether a vehicle was registered in their name, had been disclosed to a third party. The review of conduct concluded that RMS had improperly disclosed personal information – being the

fact of whether a car was registered in the customer's name – to a third party.

In the third review of conduct, the person alleged that RMS had breached a range of information protection principles, specifically

that the information had not been properly collected and had been improperly used and disclosed. There was no evidence to suggest that any of the information protection principles had been breached and consequently no breach found.

Appendix 19: Research and development

RMS has a research and development (R&D) program which identifies and develops innovative solutions to materials, products, equipment, systems and processes to achieve business improvements as well as a range of research projects focusing on road safety.

Specialist RMS staff carry out the work, with some projects being conducted in collaboration with universities or outsourced to specialist research groups. In recent years, there has been an increased focus on research into the performance of roads and bridges to assist planning of long-term maintenance needs and programs.

RMS and the University of Technology Sydney continued the development of a Grit Blasting Assistive Device (GAD) for blast cleaning of steel on bridges prior to re-painting. The GAD device is scheduled for full-time use on the Sydney Harbour Bridge in late July 2012.

RMS also contributes to R&D work funded by Austroads in conjunction with other road agencies to apply new technologies at a national level or assist with improving knowledge of the impact of increasing freight loads on road infrastructure.

Other projects carried out in 2011-12 include the following:

Pavements

- Based on extensive research, procedures are being developed for the assessment of in-situ pavement materials for foamed bitumen stabilisation.
- Use of non-complying marginal gravels as a pavement material.
- Investigation of transverse heaving in blended slag pavements in the Hunter Region and development of solutions to maintain these pavements.
- Maintained involvement on Warm Asphalt Mix (WAM) technology through input to Austroads project TT 1454 and liaison with industry groups.
- A review of triggers for intervention on seals and quad axle effects on the life of sprayed seals.
- Supported the second major "no-fines" concrete trial on the Hume Highway Bypass Project at Tarcutta with industry participation. The performance of this new surface is encouraging.

- Specialist technical support was provided to the Hunter Expressway project team to conduct the first low noise diamond grinding trial outside the USA. The preliminary results showed noise levels were less than an asphalt surface.
- Completed three year research thesis on effects of higher mass limits on heavy duty pavements with the University of Cambridge, based on RMS data.
- Studies on abrasion resistance of manufactured sands continued in conjunction with Cement Concrete Aggregates Australia (CCAA).
- Testing carried out on flexural fatigue characteristics of steel fibre concrete pavements.
- Delivered the second RMS pavements conference with great interaction in pavement innovations with key industry partners.
- Work began on the review of the skid resistance policy and technical documents to make further improvements with the delivery and maintenance of safe road surfaces.

Bridges

- Sacrificial cathodic protection systems were installed on six bridges and results were promising.
- Successful field trials and monitoring of chloride extraction systems.
- Two trials began on Concrete Culverts using migratory corrosion inhibitors as a means to prevent further corrosion.
- Literature review and initial trial began on passive re-alkalisation for concrete culvert rehabilitation.
- Testing and refining mixes for generic steel fibre reinforced reactive powder concrete (ultra-high performance fibre reinforced concrete).
- Assessment of the strength and behaviour of timber truss bridge components.
- Australian Research Council (ARC) Linkage Project with UTS to develop a crawling robot for condition assessment of difficult to reach bridge locations.
- A geotechnical review of rock socket pile design and construction was completed, with particular reference on weak to very weak rock.

Geotechnical

- Remote wireless monitoring of critical sites continued during the year and a guide was developed to cover real time monitoring. In addition, a stocktake of all RMS geotechnical instrumentation and monitoring locations, types and details across NSW was completed.

- Rockfall Fencing design improvement project involving computer simulations and actual physical testing of RMS rockfall fences was successfully completed.
- A vacuum consolidation workshop was held in December 2011 summarising this ground improvement technology and associated information has been placed on RMS intranet for reference.
- Soft Ground Engineering Guidelines have been completed illustrating innovative ground treatment methods used on RMS projects.

Road design engineering

- Ongoing work on longitudinal line marking mobile retro-reflectometer analysis.
- Continued development of new and innovative paint application systems on linemarking machines to deliver improved performance and durability at the minimised whole-of-life cost.

Transport planning

- Collection and analysis of trip generation and parking demand data for two land use types – high density residential developments and industrial estates/business parks.

Environment

- Research into the effectiveness of wildlife crossing mitigation structures, such as underpasses and overpasses, for quolls, emus, and squirrel gliders with VicRoads, the University of Melbourne, Southern Cross University and Macquarie University.

- RMS is a project partner of the Sustainable Built Environment National Research Centre, related to sustainable infrastructure procurement. The project aims to identify methods for measuring, minimising and controlling mass haul operations and reduce fuel consumption and emissions.

Materials technology

- Continued research to produce a guide document on alternative power and communications for Intelligent Transport System (ITS) installations and their advantages, disadvantages and whole-of-life-cycle costs.
- Continued development of an LED in-pavement light.
- Evaluation of radar-based vehicle detection to determine whether a non-intrusive (above-ground) vehicle detection system (radar) can be a suitable alternative to in-road loop detectors.

Transport Shared Services support

- Improvement and centralising of part of the accounts payable function to have visibility of invoices through the electronic scanning process.
- Improvement of the utilisation of purchase cards for low value, high volume purchases in accordance with the NSW Treasury Policy. This has resulted in further process improvements with the removal of petty cash floats and local orders.
- Implementation of processes to ensure small business invoices are processed within 30 days, including penalty interest for late payment in accordance with NSW Treasury policy.

Appendix 20: Driver, vehicle and maritime statistics

Table A20.1. Number of vehicles registered in NSW as at 30 June 2012 by year of manufacture

| Year of manufacture | Number of vehicles |
|---------------------|--------------------|
| 1900-1959 | 9,301 |
| 1960-1964 | 7,761 |
| 1965-1969 | 15,662 |
| 1970-1974 | 44,283 |
| 1975-1979 | 82,739 |
| 1980-1984 | 126,626 |
| 1985-1989 | 268,533 |
| 1990-1994 | 408,412 |
| 1995-1999 | 883,702 |
| 2000 | 243,833 |
| 2001 | 240,630 |
| 2002 | 266,298 |
| 2003 | 297,651 |
| 2004 | 311,123 |
| 2005 | 325,468 |
| 2006 | 317,985 |
| 2007 | 349,981 |
| 2008 | 343,518 |
| 2009 | 323,198 |
| 2010 | 366,373 |
| 2011 | 346,246 |
| 2012 | 135,997 |
| Total | 5,715,359 |

Table A20.2. Number of vehicles registered in NSW as at 30 June 2012 by vehicle type

| Vehicle type | Number of vehicles |
|--------------------|--------------------|
| Passenger vehicles | 2,957,172 |
| Off-road vehicles | 1,004,250 |
| Small buses | 17,133 |
| Buses | 14,940 |
| Mobile homes | 6,652 |
| Motor cycles | 187,464 |
| Light vehicles | 557,080 |
| Heavy vehicles | 80,397 |
| Prime movers | 23,480 |
| Light plants | 2,831 |
| Heavy plants | 6,450 |
| Small trailers | 525,720 |
| Trailers | 331,680 |
| Other vehicles | 110 |
| Total | 5,715,359 |

Intranet Table 1.1.1 Vehicle type - registered vehicles as at 30 June 2012.

Table A20.3. Number of vehicles registered in NSW as at 30 June 2012 by vehicle usage

| Vehicle usage | Number of vehicles |
|---|--------------------|
| Private | 3,966,196 |
| Pensioner concession | 750,626 |
| Primary producer concession | 105,281 |
| Business general | 824,328 |
| Taxi | 6,990 |
| Public bus and coach | 7,203 |
| Federal Interstate Registration Scheme (FIRS) | 4,433 |
| Other vehicle usages | 50,300 |
| Total | 5,715,357 |

Table A20.4. NSW licensed drivers and riders as at 30 June 2012

| By gender | Number of licence holders | % of total |
|--------------|---------------------------|---------------|
| Female | 2,418,398 | 48.5% |
| Male | 2,566,575 | 51.5% |
| Total | 4,984,973 | 100.0% |

Table A20.5. Licence holders by age

| Age | Number of people |
|--------------|------------------|
| 16-19 | 282,504 |
| 20-24 | 399,270 |
| 25-29 | 430,886 |
| 30-34 | 455,754 |
| 35-39 | 472,646 |
| 40-44 | 486,620 |
| 45-49 | 464,130 |
| 50-54 | 461,092 |
| 55-59 | 406,741 |
| 60-64 | 363,770 |
| 65-69 | 294,449 |
| 70-74 | 204,207 |
| 75-79 | 134,629 |
| 80-84 | 85,802 |
| 85+ | 42,473 |
| Total | 4,984,973 |

Table A20.6. NSW driver and rider licences on issue as at 30 June 2012

| By licence class | Number of licences | % of total |
|------------------|--------------------|---------------|
| C | 4,432,276 | 80.5% |
| LR | 86,186 | 1.6% |
| MR | 127,679 | 2.3% |
| HR | 202,892 | 3.7% |
| HC | 110,908 | 2.0% |
| MC | 21,054 | 0.4% |
| R | 525,002 | 9.5% |
| Total | 5,505,997 | 100.0% |

Note: The total number of licences on issue exceeds the total number of licensed drivers and riders, because people who hold two licence classes (to drive and ride) are counted twice.

Table A20.7. Boat licences and registrations

| Outputs | 2006-07 | 2007-08 | 2008-09 | 2009-10 | 2010-11 | 2011-12 |
|---|---------|---------|---------|---------|---------|-------------------|
| General non-personalised watercraft boating licences | 414,173 | 419,080 | 447,253 | 452,803 | 447,194 | 445,436 |
| Personalised watercraft boating licences | 31,563 | 32,616 | 36,396 | 38,718 | 40,247 | 41,369 |
| Non-personalised watercraft registered recreational vessels | 206,271 | 209,767 | 214,614 | 218,161 | 214,705 | 217,511 |
| Personalised watercraft registrations | 7116 | 7307 | 7708 | 8354 | 8623 | 9123 |
| Aquatic licences issued | 637 | 675 | 637 | 655 | 697 | 711 |
| Environmental assessments for mooring and aquatic licences | 2831 | 2734 | 2797 | 2800 | 2331 | 3153 |
| Educational seminars presented | 432 | 246 | 245 | 56 | 31 | 28 |
| Solar-powered navigation aids | 1280 | 1298 | 1282 | 1444 | 1506 | 1520 |
| Number of commercial vessel discharges at Maritime monitored sewage pump-out facilities | 5224 | 4932 | 6249 | 7733 | 8306 | 9835 |
| Volume of commercial vessel discharge at Maritime monitored sewage pump-out facilities (litres) | - | - | - | - | - | 12,123,789 |
| Number of "permission to lodge" development applications determined | 132 | 174 | 121 | 114 | 290 | 225 |
| Development applications determined | 30 | 58 | 42 | 30 | 48 | 67 |
| Projects offered Better Boating Program grant funds | 39 | 46 | 53 | 74 | 70 | 64 |

| Outcomes | 2006-07 | 2007-08 | 2008-09 | 2009-10 | 2010-11 | 2011-12 |
|---|---------|---------|---------|---------|---------|-------------|
| Fatalities per 100,000 total registered or licensed vessels | 10.3 | 9.3 | 5.17 | 9.7 | 4.3 | 8.1 |
| Safety compliance rate: recreational vessels, inc. personalised watercraft (percentage) | 87.4 | 87.1 | 88.3 | 89 | 92.8 | 90.8 |
| Safety compliance rate: commercial vessels (percentage) | 89.8 | 93.4 | 91 | 88.3 | 91.6 | 93.9 |
| Complaints received on the Maritime Division's Infoline (as percentage of total calls recorded) | 0.3 | 0.3 | 0.3 | 0.3 | 0.3 | 0.2 |
| Maritime Services Board (MSB) residual workers compensation exposure (\$ million) | 1.5 | 1.3 | 1.6 | 1.9 | 1.8 | 1.9 |

*A programming error during transition to the GLS database lead to cancelled and surrendered licences being included for this result in the 2010-11 NSW Maritime Annual Report. This was discovered during an audit process and corrected above.

Appendix 21: Insurance

Principal arranged insurance

RMS provides principal arranged insurance via its broker AON. The program covers its contractors and subcontractors for all construction and maintenance work on roads and bridges and third party liability. A similar insurance program for real estate is also in place for building construction, maintenance and repair contracts.

Treasury Managed Fund (TMF)

TMF is a NSW Government arranged indemnity scheme operated by NSW Treasury. RMS utilises the scheme to provide indemnity cover for workers compensation, motor vehicles, property damage, legal liability, fidelity guarantee and travel.

Premium details and claim performance on the major insurance categories for the period 1 November 2011 to 30 June 2012 are as follows:

| Insurance type | Premium (\$'m) | Claim performance |
|----------------------|----------------|------------------------------|
| Workers compensation | 5.31 | 8.2 claims per 100 employees |
| Motor vehicle | 1.40 | 10.5 claims per 100 vehicles |
| Property | 3.50 | |
| Liability | 10.50 | |

The scheme covers all NSW Government agencies and as such premiums levied are similar for those agencies presenting similar risk profiles.

Appendix 22: Public interest disclosures report to Minister

In accordance with Section 31 of the *Public Interest Disclosures Act 1994*, the following information (as stipulated by Clause 4 of Public Interest Disclosures Regulation 2011) is being supplied by RMS to the Minister for Roads and Ports and the Minister for Transport. The Act came into effect on 1 January 2012 and the reporting period for this report is 1 January 2012 to 30 June 2012.

| | |
|--|---|
| The number of public officials who have made a public interest disclosure to RMS | 5 |
| The number of public interest disclosures received by RMS | 8 |
| The number of public interest disclosures (received since 1 January 2012) that have been finalised by RMS in this reporting period | 7 |

The number of public interest disclosures received by RMS relating to each of the following categories

| | |
|--|-----|
| Corrupt conduct | 7 |
| Maladministration | Nil |
| Serious and substantial waste of public money or local government money (as appropriate) | 1 |
| Government information contraventions | Nil |
| Local government pecuniary interest contraventions | Nil |

In accordance with section 6D of the *Public Interest Disclosures Act 1994*, RMS does have a Public Interest Disclosures internal reporting policy in place.

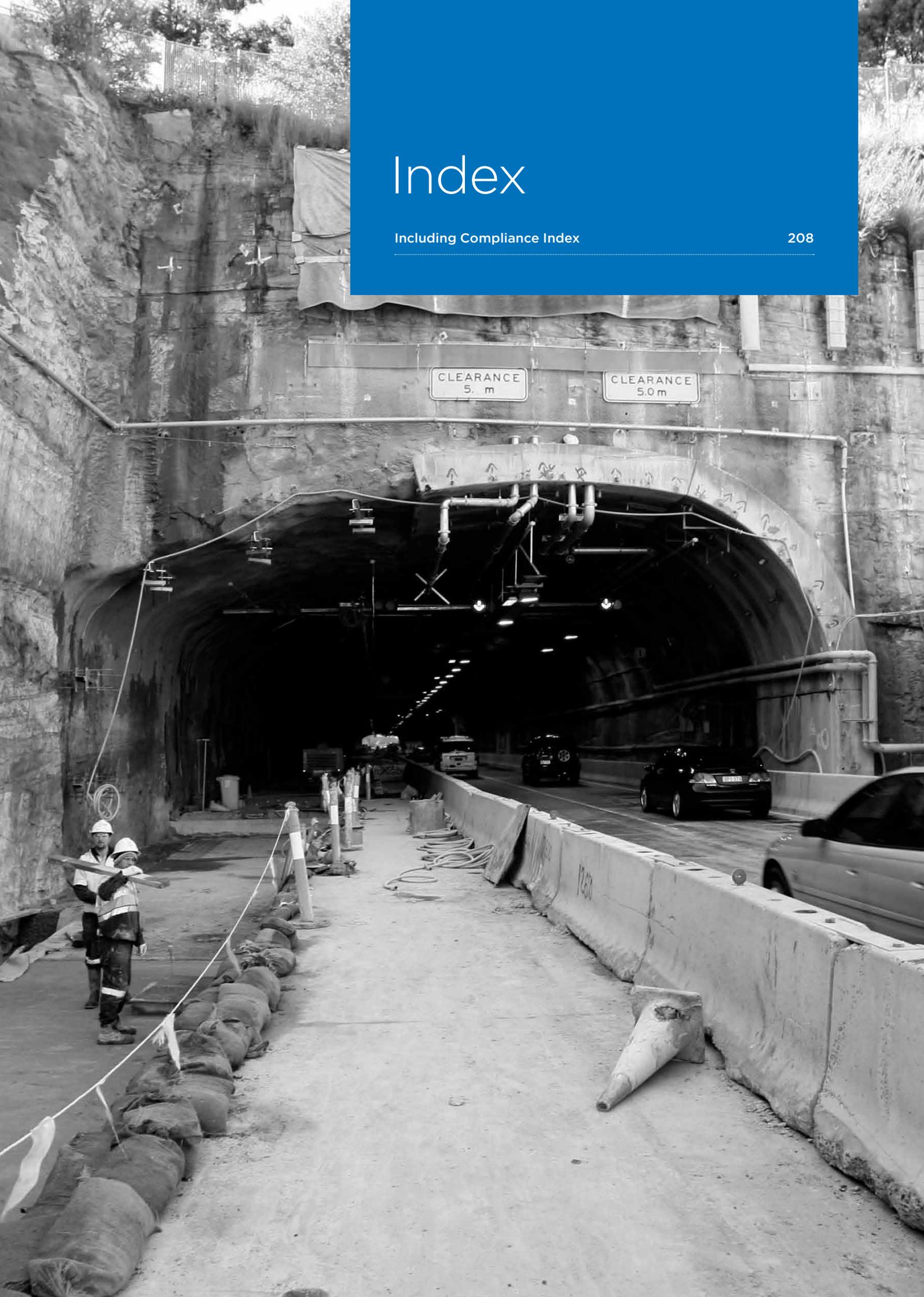
The Chief Executive of RMS has taken action to meet staff awareness obligations under Section 6E (1) (b) of the *Public Interest Disclosures Act 1994*. The actions taken by the Chief Executive of RMS include:

- Policy briefing from senior managers.
- Training provided to new staff during induction.
- Links to policy on RMS Intranet site.
- Statement of commitment by the Chief Executive.

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Including Compliance Index

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(Including Compliance Index)

The items in **bold** form the Compliance Index. This index lists the legislative requirements set out in the NSW Treasury checklist for public sector annual reporting and the pages on which the relevant information can be found. The checklist, including a detailed description of each requirement, is available at www.treasury.nsw.gov.au (click on 'information for agencies' and then 'annual reporting').

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