Annual Report

Transport for NSW

2016–17 • Volume 1

NSW GOVERNMENT

Contents

From the Secretary **2**

About us **6**

Transport for NSW 8

Key Facts **12**

Operational Performance **16**

Financial Performance **20**

Achievements **22**

Transforming Transport **24**

Transforming the future of transport in NSW 26

Transforming infrastructure and services 28

Making transport accessible for everyone 35

Delivering Every Day **36**

Delivering excellence for our customers 38

Moving our customers seamlessly 40

Enhancing safety for our customers 46

Leading Innovation **50**

We're empowering our people to make a difference 52

Innovating how we fund and finance transport 55

We're leveraging new technologies 56

Corporate governance **60**

Appendices **66**

I. Management 68

II. Finance 75

III. Human resources 96

IV. Legal 109

Letter to Ministers

The Hon. Andrew Constance
Minister for Transport and Infrastructure

The Hon. Stuart Ayres
Minister for WestConnex

The Hon. Melinda Pavey
Minister for Roads,
Maritime and Freight

Parliament House
Macquarie Street, Sydney NSW 2000

Dear Ministers

I am pleased to submit for presentation to Parliament the Annual Report for the Department of Transport for the financial year ended 30 June 2017.

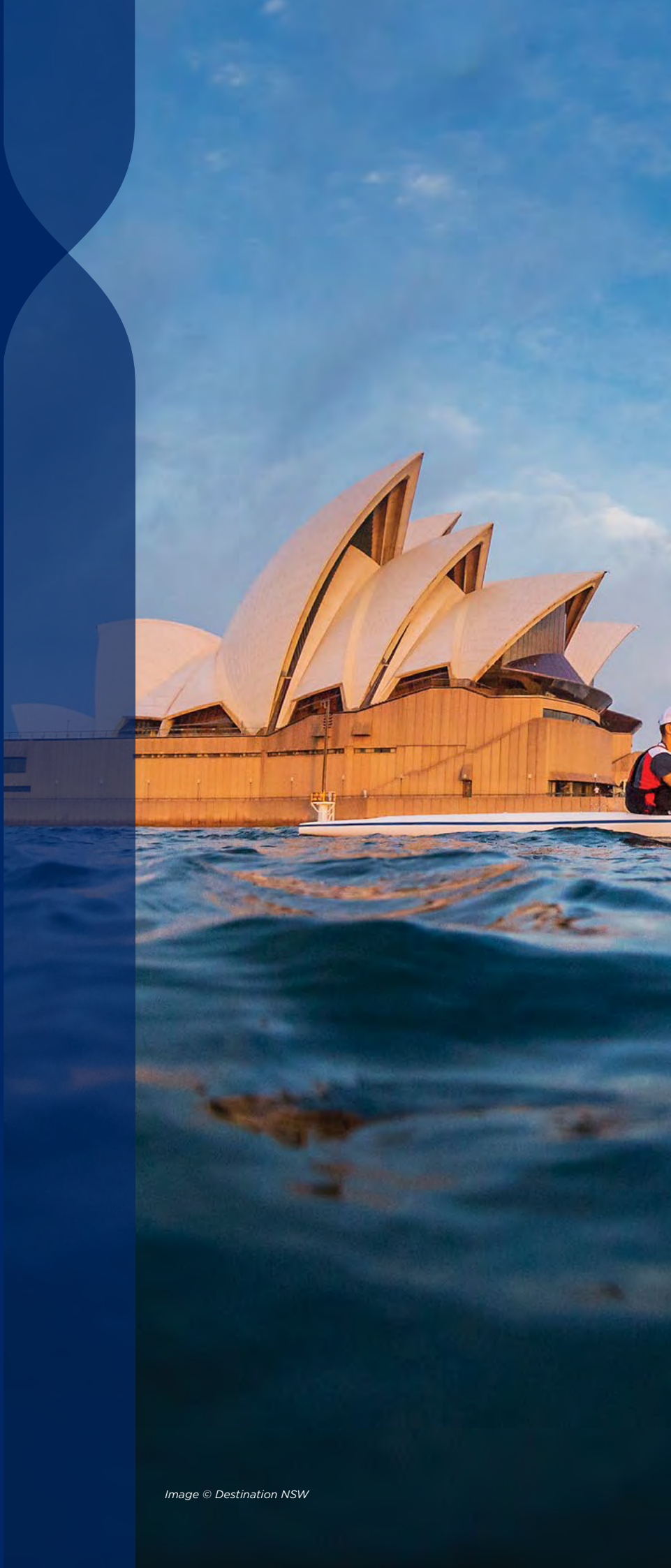
The Annual Report for the Department of Transport includes the Annual Report for Transport for NSW for the financial year ended 30 June 2017.

The annual reports have been prepared in accordance with the *Annual Reports (Departments) Act 1985* in respect of the *Department of Transport and the Annual Reports (Statutory Bodies) Act 1984* in respect of Transport for NSW. Inclusion of the annual report in respect of Transport for NSW is authorised by Section 3L of the *Transport Administration Act 1988*.

Yours sincerely

Tim Reardon
Secretary

From the Secretary



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Delivering for our customers every day

Dedication to customers is an integral part of our DNA at Transport for NSW. Our people are guided by this core value every day – whether designing a new road, driving a train, servicing a light rail carriage or monitoring safety compliance. The customer is at the centre of everything we do and we frequently measure the value we provide for our customers. I'm proud to report that we continue to deliver strong customer satisfaction results and we are achieving the customer standard outlined in the Premier's Priorities for the whole Transport cluster.

Our people matter

Our workforce is diverse, agile and empowered. Our organisation is now much more a magnet for talent and a reflection of the very diverse communities we serve.

We are on track to meet our targets of promoting women in leadership, increasing our Indigenous workforce, entrenching a culture of drive, respect, humility and operating flexibly through activity-based workplaces. We are also drawing on the wisdom of our people to get there sooner. Our People Matter survey results show that our people are seeking more and more visible leadership from executives, continuous improvement in recruitment and staff development, as well as increasing levels of collaboration across the cluster and with other departments.

Within Transport, we have integrated our agencies to promote efficiency, flexibility and collaboration. It's heartening to report that we are truly now at the end of the beginning of this ambitious process, having bedded down common legal, information communication technology and human resources platforms, so that we can reap the benefits of this critical mass for our customers and our own people. Although there is more work to do, after six years as a cluster, our level of integration has never been stronger.

The safety of our people remains paramount. Every single person has the right to expect a safe and healthy workplace and this is what we thrive to achieve.

More important than our program of work, is ensuring that we all get home to our loved ones at the end of the day. Safety is the most important of our organisation's core values. Each of us is responsible for ensuring we maintain a strong focus on our own safety and the safety of our colleagues – no matter where in Transport you work or the nature of your role.

A transport revolution

It's an extremely busy but rewarding time to work at Transport for NSW, as we enhance our capabilities and continue to deliver an historic infrastructure program. Over the next four years, our pipeline of new capital works is worth $41.4 billion, an enormous opportunity that we are pursuing with urgency and resolve to make New South Wales an even better place to live, work and visit.

The public transport network is being transformed. Since 2011, we have added 19,000 weekly train, bus and ferry services. The Intercity rail fleet is being replaced, while the suburban network will soon have 24 new air-conditioned trains. The Northern Beaches B-Line will be served by 38 new double-deck buses and fleet upgrades have occurred on many other routes. We opened Barangaroo Ferry Wharf and increased the number of Parramatta River services. A new

transport hub is operating in Newcastle. To better integrate and expand the network in that vibrant city, we are overhauling ferry and bus services and delivering light rail.

Working across the Transport cluster, we've reached significant milestones on game-changing public transport and road projects such as Northwest Metro, CBD and South East Light Rail, WestConnex and NorthConnex, completed major works on the Pacific Highway, Princes Highway, New England Highway and the Central Coast road network, and upgraded the NSW freight network.

The future of transport

We are looking deep into the future, out to the middle of the century seeking to shape our growing regions and cities to further grow both economic and social opportunities. The Future Transport Strategy is an innovative and agile 40-year plan that will use the opportunities of new technologies, population growth, changing lifestyles and travel patterns, urban development, and environmental factors.

We've engaged with communities all around the State and, using their feedback, are setting a course that will adapt to customer needs. We are testing different scenarios for growth and technology so that we can make 'no regrets' decisions on customer services. We're working closely with land-use planning agencies, particularly the Greater Sydney Commission, and Infrastructure NSW, to develop long-term strategies that will ensure transport is safe and accessible, and supports our hospitals, schools, housing and businesses.

We see digital disruption as a fantastic opportunity. In November, we released the Future Transport Technology Roadmap, leveraging platforms like Twitter, new apps, on-demand services and big data from Opal cards, to use the transport assets we have in the best possible ways. Our Smart Innovation Centre is a hub for research, development and collaboration on technologies such as connected and autonomous vehicles.

It's a privilege to be working at Transport at such a momentous time, as the network is expanded and integrated, new mobility services are trialled, our organisation is revitalised, and we prepare to meet the future with confidence gained through strong performance and experience. All of us at Transport are agents of change, busy stewards of an epic transformation, working every day with purpose, confidence and energy in the service of the people of NSW.

Tim Reardon
Secretary
Transport for NSW

About us

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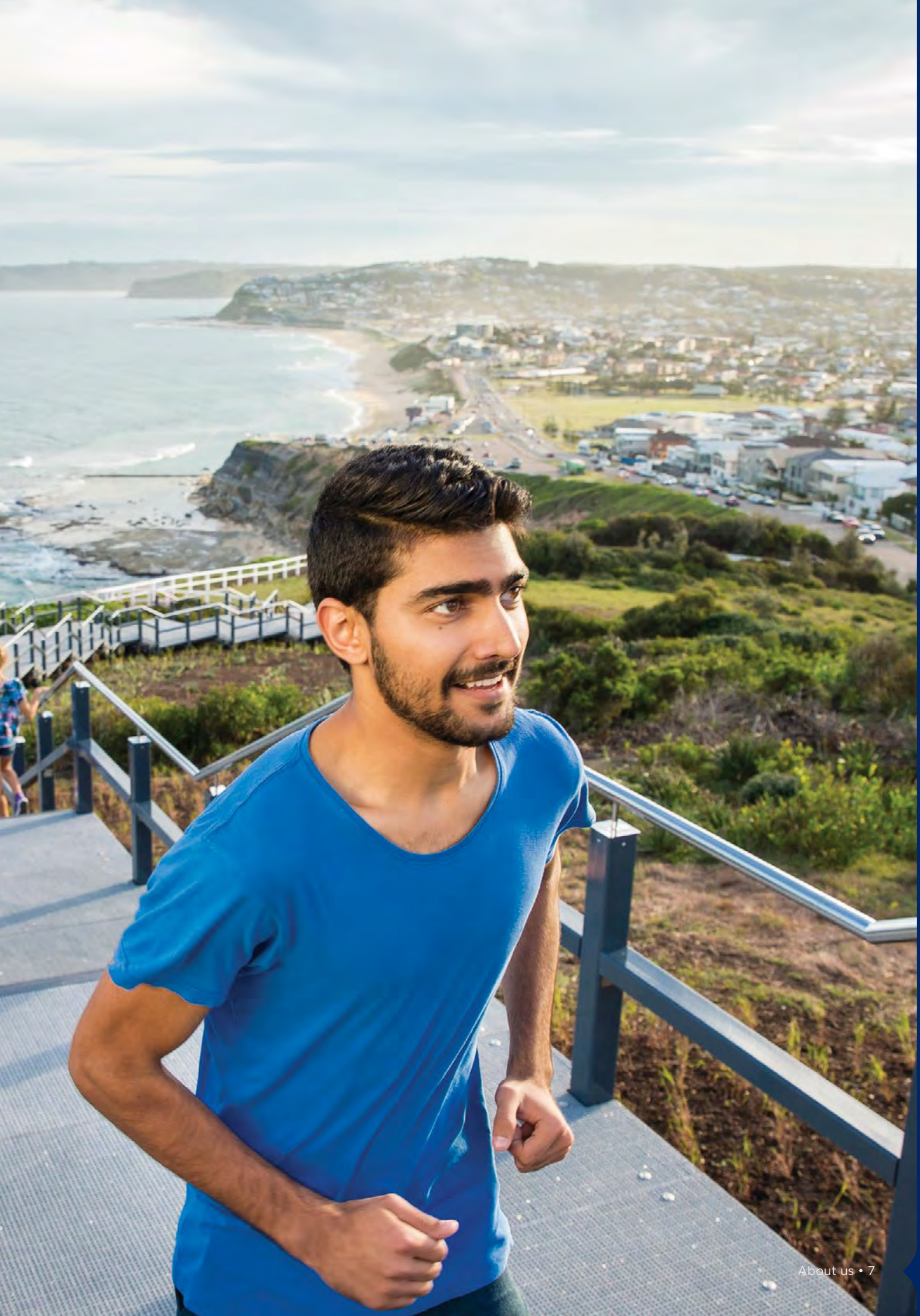


Transport for NSW

About transport

Transport affects the lives of millions of people every day.

It's how we get to work and school and how we connect with family, friends and all the great social, cultural and leisure activities that NSW has to offer. It helps our economy grow, moves the products we use every day and supports businesses to provide the services we need.

That's why we're passionate about shaping and managing a connected transport system that makes NSW a better place.

Department of Transport

The Department of Transport is the principal department in the NSW Transport cluster. It is the main source of advice on portfolio matters to the Minister for Transport and Infrastructure and the Minister for Roads, Maritime and Freight. The Department's advisory role includes developing high-level policy.

Transport for NSW

Transport for NSW is the lead agency of the NSW Transport cluster. Established in November 2011, our role is to lead the development of a safe, efficient, integrated transport system that keeps people and goods moving, connects communities, and shapes the future of our cities, centres and regions.

We are responsible for strategy, planning, policy, regulation, funding allocation and other non-service delivery functions for all modes of transport in NSW including road, rail, ferry, light rail, point to point, regional air, community transport, cycling and walking.

We focus on improving the customer experience and contract public and private operators to deliver customer-focused transport services on our behalf. This enables transport operators to focus on delivering the highest standard of services to customers.

We also lead the procurement of transport infrastructure and oversee delivery through project delivery offices and industry delivery partners.

During 2016–17, Transport for NSW managed a multi-billion dollar program of investment in transport infrastructure with a focus on delivering new infrastructure and growing existing public transport services and networks. We worked in partnership with other transport agencies and industry partners to maintain the State's $133.9 billion portfolio of transport assets.

Our structure

Transport for NSW has seven divisions and incorporates the Sydney Metro Delivery Office and the Point to Point Commission.

What we do at Transport

CUSTOMER SERVICES

Customer Services delivers services that enable customers to travel seamlessly across our transport networks and supports activities that enable better customer outcomes across the Transport cluster. It is responsible for public transport ticketing services, customer information services, wayfinding signage and customer relations, as well as pricing and revenue management. It is responsible for marketing and communications campaign across the cluster, from promoting the use of public transport to communicating about safer behaviours on roads and waterways. It manages stakeholder and community engagement, media affairs and a range of government services for TfNSW. It manages and develops digital products and gathers customer insights to apply to the design of customer experiences of all Transport products and services, enabling innovative solutions that improve customer outcomes.

FREIGHT, STRATEGY AND PLANNING

Freight, Strategy and Planning leads the delivery of evidence-based solutions, drives innovation and sets strategic directions to meet the State's transport needs of the future. This incorporates development of strategy, policy and planning for transport across NSW, as well as managing frameworks and standards to ensure the safety of transport throughout the State.

INFRASTRUCTURE AND SERVICES

Infrastructure and Services has a vital role in planning, designing and delivering the services that keep NSW moving safely. The division works in partnership with Transport cluster agencies, industry and the community, to ensure that our valuable transport services are delivered everywhere they are needed throughout NSW. From service and operational planning, to program design and delivery, asset

management and maintenance, it is responsible for delivering a multi-billion dollar portfolio of public transport infrastructure projects.

FINANCE AND INVESTMENT

Finance and Investment looks after financial and management accounting and controls the Transport budget. The division facilitates investment governance and holds a key assurance role in supporting delivery of the Transport cluster's multi-billion dollar portfolio of infrastructure projects. It also provides commercial capability to support high-value, complex projects and service models, manages transactions and supports commercial development opportunities for public transit real property.

PEOPLE AND CORPORATE SERVICES

People and Corporate Services forms an integral part of the Transport cluster working in partnership with the business to provide advice and support to enable delivery of key NSW Government and Transport initiatives. The division delivers innovative solutions through human resources, organisational development, legal services and governance, corporate policy and investigations, information technology and transport shared services. It provides HR, payroll and procurement services for Transport cluster agencies.

TRANSPORT COORDINATION

The Transport Coordination Office leads the planning, coordination and real-time management of the transport network; enabling seamless, safe and reliable journeys for our customers; providing transport services and customer information; and communication on major events and disruptions. The Office also manages traffic and transport disruptions associated with major transport and road infrastructure projects in the Sydney Metropolitan area. It takes a holistic approach to managing and minimising the impact of works on businesses, customers, and the community.

OFFICE OF THE SECRETARY

The Office of the Secretary supports the Secretary and Transport for NSW Executive with high-quality audit, risk, cabinet, strategic planning and performance reporting services. The Office also undertakes analysis of complex issues and provides consultative services and strategic advice to the Secretary and the Transport cluster. It oversees the development and execution of the Transport for NSW corporate planning framework and delivers an audit and risk framework that ensures effective and efficient business operations.

SYDNEY METRO DELIVERY OFFICE

Sydney Metro Delivery Office leads the development of Australia's first fully-automated metro rail system from Rouse Hill in Sydney's Northwest, through Chatswood to the Sydney CBD and on to Bankstown. This is the largest public transport project in Australia.

Sydney Metro Delivery Office is also leading the development phase of Sydney Metro West. This will link the CBDs of Parramatta and Sydney.

THE POINT TO POINT TRANSPORT COMMISSION

The Point to Point Transport Commission assists the NSW Point to Point Transport Commissioner as the regulator for taxis, hire cars, ride sharing and similar services. As the new regulator for point to point transport services in NSW, the Commission works with industry stakeholders to ensure they have the knowledge, capability and confidence to promote a culture of industry accountability for safety.

Organisations in the Transport cluster

The Department of Transport is the principal body of the Transport cluster. The cluster includes the following statutory bodies:

- Transport for NSW
- Roads and Maritime Services
- Sydney Trains
- NSW Trains
- State Transit Authority of NSW
- Rail Corporation of New South Wales (RailCorp)
- Sydney Ferries

The Independent Transport Safety Regulator and Office of Transport Safety Investigations are independent agencies within the Transport cluster that produce their own annual reports. The ITSR was abolished as of 31 March 2017. The Office of National Rail Safety Regulator assumed full responsibility as of 1 April 2017. The Port Authority of New South Wales, which is also a part of the Transport cluster for annual reporting purposes, is a State Owned Corporation.

Our purpose

To make New South Wales a better place to live, do business and visit, by managing and shaping the future of the whole transport system.

Our purpose and accountabilities guide our initiatives and programs across the Premier's and State Priorities, Transport Charter, Transport for NSW Corporate Plan, Connecting NSW and the NSW Long Term Transport Master Plan.

Our values

We are building a culture where all employees are valued, inspired and supported. It's important to us that our workplace is flexible, agile, innovative and diverse. Together we celebrate our successes and are proud of the work we are doing to make NSW better.

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

Integrity

We take responsibility and communicate openly

Safety

We prioritise safety for our people and our customers

Solutions

We deliver sustainable and innovative solutions to NSW's transport needs

Key Facts

$133.9 billion network assets

Approx **12,000** kilometres of rail

Approx **18,000** kilometres of road

Image © Trevor Mein

Over
4000
buses

Over
2000
train
carriages

Approx
400
stations
and stops

Over
100
wharves
and jetties

30
ferries

Key Facts

Employees

- Transport for NSW, headcount as at 30 June 2017 is **4007**
- The Transport cluster headcount as at 30 June 2017 is **27,258**
- **344** locations in Sydney and Regional NSW

Planned Infrastructure Investment

$41.4 billion for road, public transport and freight infrastructure in Sydney and regional areas over the four years to 2020.

Accessible services, stations and wharves

- **162 out of 307** stations are now wheelchair accessible (52.8 per cent of stations and approximately 87.7 per cent of overall patronage accessing stations).
- About **90 per cent** of State Transit buses and about **83 per cent** of Private Bus Operator buses in the Sydney Metropolitan Area are wheelchair accessible.

Number of extra weekly services

Train: more than **1500**
Bus: more than **17,000**
Ferry: more than **200**
Light rail: more than **150**

Registered vehicles

6,429,693
registered vehicles

Operational Performance

Customer satisfaction with public transport

Train: 89%

Bus: 89%

Ferry: 97%

Light Rail: 90%

Taxi: 81%

Customer satisfaction with roads

Private vehicle: 85%

Heavy vehicle: 61%

Motorcycle: 82%

Bicycle: 87%

Image © Trevor Mein

On time running / Punctuality

Sydney Trains: 93.4%

NSW Trains (Intercity): 88.8%

Metropolitan buses overall: 93.6%

Harbour City Ferries: 99.2%

ALTRAC Light Rail: 91.2%

Patronage on Public Transport

- Train: 385,881,830
- Bus: 315,523,169
- Ferry: 16,008,518
- Light Rail: 10,047,723

Journey time reliability on roads

Trips on time: 89%

Operational Performance

Road fatalities

4.73 per 100,000 population

Freight

- Domestic Freight – tonnages moved: **239 million tonnes**
- Bulk imports and exports: **190 million tonnes**
- Container imports and exports: **16 million tonnes**

Image © Destination NSW

Active transport

19.6 kilometres of cycleway delivered in metropolitan Sydney and **19.8 kilometres** delivered in regional NSW

Digital impressions

- Visits to Transport Websites: **68.5 million**
- Journeys planned: **90 million**
- Social media: Facebook/ Twitter (Transport Cluster) Likes **471,846** Followers **302,647**

Diversity & inclusion

- Women in leadership: **30.7%**
- Indigenous employees: **0.72%**

Employee engagement survey result

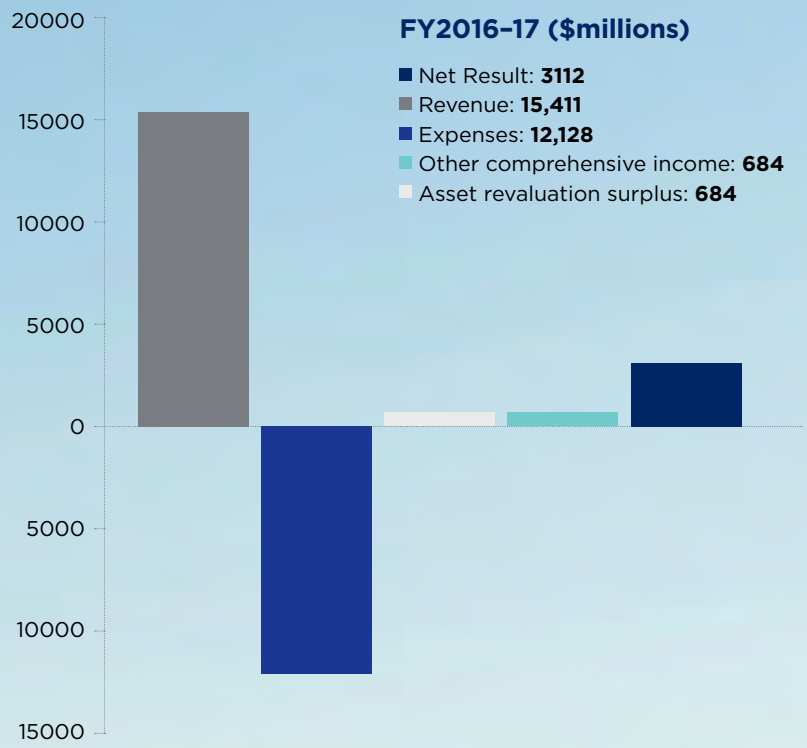
66%

Financial Performance

Key figures

Transport for NSW's net result for the year ended 30 June 2017 was $3.1 billion [2015–16:$952 million]. Transport for NSW received revenues of $15.4 billion, while total expenses of $12.1 billion were incurred in operations, depreciation, grants and subsidies, financing costs and other expenses.

Other comprehensive income for the year of $684.3 million includes an asset revaluation surplus of $683.7 million.



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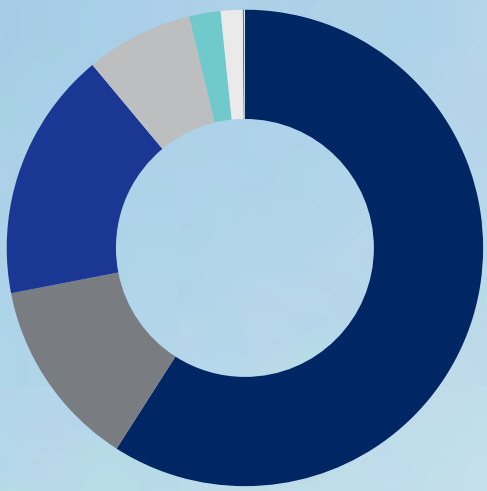
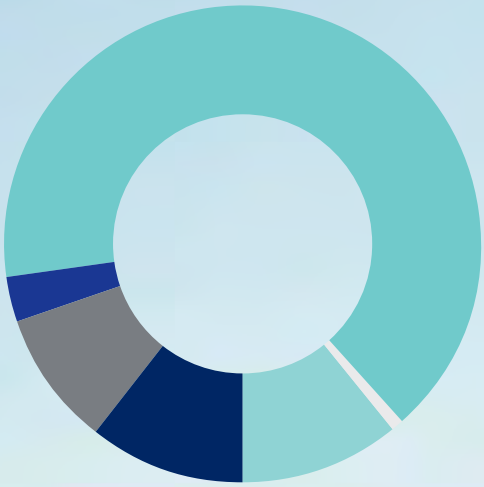


Revenue ($millions)

- Recurrent appropriations: **9101**
- Capital appropriations: **1988**
- Grants and contributions: **2618**
- Major rail project revenue: **1124**
- Sales of goods and services: **328**
- Shared and corporate services revenue: **231**
- Investment revenue: **9**
- Resources received free of charge: **12**

Total: 15,411



Expenses ($millions)

- Operating expenses: **1297**
- Major rail project expenses: **1124**
- Depreciation and amortisation: **366**
- Grants and subsidies: **7956**
- Finance costs: **94**
- Other expenses incl. service contract payments: **1291**

Total: 12,128

Achievements

Our priorities at Transport are outlined in our Corporate Plan 2016–2021. Our three priority areas and how we make a difference is in:

- Transforming transport
- Delivering every day
- Leading innovation.

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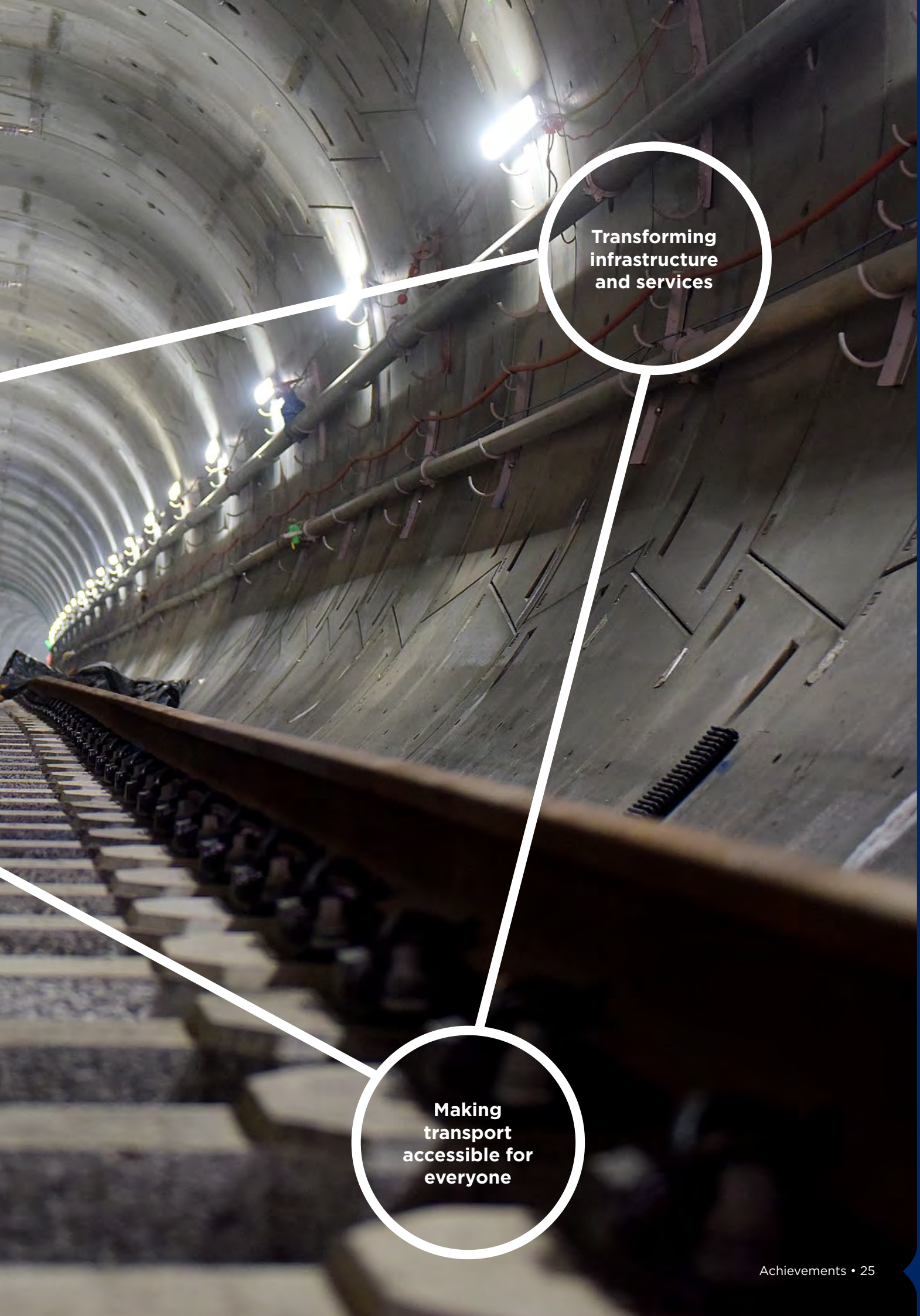
Transforming Transport

The first track laid in Sydney's new metro tunnels, 20m under Norwest on the Sydney Metro Northwest project.


Transforming infrastructure and services
Making transport accessible for everyone

Managing a transport system that supports economic growth and shapes our cities, regions and communities is a challenge.

We are working together to transform the network, to deliver every day for customers and to embrace new technologies to get the best out of our transport assets. We are playing our part by delivering the transport infrastructure and services that NSW needs today and in the future. Strong and effective relationships with industry partners and private operators underpin our ability to provide better transport for the people of NSW. We are committed to open and transparent engagement with industry, our customers, partners and local communities to achieve world-class transport options. We're also delivering the largest transport infrastructure program this nation has ever seen and our projects are transforming rail, light rail, bus and ferry services, infrastructure and assets. Over the next four years, $41.5 billion will be spent on roads, public transport and freight infrastructure. In 2016–17 alone, the government allocated a budget of $10.5 billion for public transport and $9.7 billion for roads, maritime and freight infrastructure and services for the people of NSW.

Transforming the future of transport in NSW

The Future Transport Strategy

In 2012, the NSW Government launched an integrated planning approach known as the NSW Long Term Transport Master Plan. This plan has guided unprecedented investment in transport services and infrastructure in NSW.

To ensure that we are keeping in touch with our customers' needs and the megatrends affecting our communities, we made a commitment to review the Master Plan after five years. As a result, in November 2016, we announced a commitment to develop the Future Transport Strategy.

The Future Transport Strategy is a new approach to planning transport and engaging our customers. It focuses on meeting the technological, economic and social changes ahead and will guide decision-making, infrastructure investment and service delivery over the next 20 to 40 years. Delivered with our partners, the Greater Sydney Commission and Infrastructure NSW, the Strategy will combine transport and land use planning to create great communities and a prosperous future for our growing State.

To foster engagement with our customers, we launched the Future Transport Strategy website to provide insights into the transport planning process and a snapshot of what we've delivered. In May 2017, we launched an updated version of the website, including information on 700 completed or continuing projects. Using this platform, which includes an interactive survey, Transport for NSW is learning what our customers want and the challenges we face.

We are consulting on the future of transport in NSW in a range of ways, both on and offline. In May 2017, we commenced the first round of consultation to gain input from customers, community and industry to inform the draft Future Transport Strategy. We stimulated discussion through an interactive website and an advertising and social media campaign. In May and June 2017, we surveyed regional and metropolitan customers and businesses, and conducted face-to-face consultations in nine regional locations. We held three industry round table discussions in June 2017 in Sydney and Parramatta CBDs and four deliberative forums in June 2017 across Greater Sydney, Gosford and Wollongong.

The Future Transport Strategy will be supported by services and infrastructure plans for both metropolitan and regional NSW, along with specialised plans including:

- Freight and Ports Plan
- Road Safety Plan 2021
- Disability and Inclusion Action Plan
- Tourism and Transport Plan
- Maritime Safety Plan.

In order to develop the plans listed above, extensive consultation occurred in metropolitan and regional areas with both industry and the community.

Transport for NSW is working with the Greater Sydney Commission, Infrastructure NSW, the Department of Planning and Environment, and the Department of Primary Industry to develop the Future Transport Strategy and ensure ongoing integrated planning as well

as delivery of services and infrastructure. We are also working closely with the Greater Sydney Commission and Infrastructure NSW to align the State Infrastructure Strategy 2017, establishing both formal and informal cross-government working groups.

We have established an integrated Program Management Office in Parramatta with the Greater Sydney Commission to align our transport planning work with theirs and have finalised a governance framework to facilitate this integrated planning. We are working with other government agencies to create transport that is safe and accessible, which supports our hospitals, schools, housing and businesses.

The results of this teamwork, including the draft Future Transport Strategy and draft supporting plans, will be publicly exhibited in late 2017 for further feedback and consultation. The final Future Transport Strategy will be released in early 2018, together with the Greater Sydney Commission's Towards our Greater Sydney 2056 Plan and Infrastructure NSW's State Infrastructure Plan.

Collaboration with the Commonwealth on the Western Sydney Rail Needs Study

Transport for NSW is working with the Commonwealth Government to better understand the needs, timing and service options for passenger rail investment to support Western Sydney and the proposed Western Sydney Airport. This includes scoping the proposed location and timing of rail links to Western Sydney Airport, to deliver improved travel and access to jobs for customers in Western Sydney. By engaging with industry and the community, we will deliver the best possible outcomes for the Western Sydney region.

In September 2016, we released a discussion paper titled the Western Sydney Rail Needs Scoping Study Summary Consultation Report. The discussion paper provided an overview of forecast growth and demand for transport in Western Sydney, outlined the initial rail options and requested feedback from the community. We have received more than 1000 responses to it. In addition, we released an industry engagement briefing paper to encourage industry and potential investors to be part of the conversation, and held a dedicated industry briefing with Australian and international participants, receiving 50 submissions. We encouraged consultation with our customers via the dedicated Western Sydney Rail website.

Engaging with industry

Effectively communicating with industry is fundamental to us delivering on our record $41.4 billion investment in transport infrastructure over the next four years. We rely on our industry partners for their input and expertise. We need to inform them about our pipeline to ensure they have capacity to bid on work and complete it. Working together means that we can increase our capability and deliver the most innovative solutions to the challenges we face. We do this with regular engagement opportunities, industry briefings and creating a culture of collaboration and open communication within Transport.

We have a dedicated Stakeholder and Industry Engagement team that manages events and facilitates our relationships with industry partners. We regularly communicate with industry via an online newsletter.

We held the first of our pipeline industry briefings in September 2016 to share our pipeline of projects and highlight opportunities for industry to work with us on innovative solutions to future transport initiatives. We also regularly undertake market-sounding activities to assist our project teams in developing, designing, building and operating transport infrastructure assets and services. Our project delivery offices and agencies also conducted a rolling series of similar pipeline events through the year. The second pipeline industry briefing was held in September 2017, attracting more than 400 registrations.

To make sure that we work efficiently with our industry partners and get the best possible value for money, we are also streamlining procurement procedures and processes, and engaging with hundreds of contractors and delivery partners to leverage and align activity; driving procurement accreditation, simplifying contracts, developing supplier relationships and conducting regular contract performance reviews.

Supporting residents through property acquisition

Building the infrastructure we need to deliver our transformative transport projects comes with the corresponding need to acquire land. So far, in response to the Customer Service Commission review (the Pratt Review) of property acquisition practices, Transport for NSW has implemented 17 of the 20 recommendations of the review. This included establishing the Centre for Property Acquisition (CPA), which commenced operations on 1 March 2017.

Along with establishing the Centre, we published new standards, and designed, tested and rolled out new acquisition software. We produced information packages for residents and owners to explain the property acquisition process and our newly developed website is due to be launched in September 2017. A new position of Personal Manager Acquisitions has been created which provides dedicated and appropriate support and assistance to affected parties.

The CPA is working to ensure residents are treated with respect and empathy during any property acquisition. This includes greater transparency and certainty for landowners, particularly residents, regarding the impact of major infrastructure projects. It also means an increase in compensation and improved timing on decisions and outcomes for residents. We are working closely with acquiring agencies to provide personal support and guidance to NSW residents whose properties are being acquired to enable growth in public infrastructure.

Transforming infrastructure and services

Sydney Metro

The multi-billion dollar Sydney Metro is Australia's biggest public transport project, incorporating Sydney Metro Northwest and Sydney Metro City and Southwest. Sydney Metro West is in the preliminary planning stage.

Construction work on the Sydney Metro facility and stations is well underway. With tunnelling complete, activity is now focused on station construction and fit out, station precinct works and delivering Sydney's new metro train.

Sydney Metro Northwest will open in the first half of 2019; with Sydney Metro City and Southwest services expected to begin in 2024. These current projects will deliver 31 metro stations served by automated trains along more than 66 kilometres of new metro rail – increasing Sydney's overall rail capacity across the network by 60 per cent to meet demand.

It is anticipated that delivery of Sydney Metro Northwest as well as City and Southwest, together with signalling and infrastructure upgrades across the existing network, will increase the capacity of train services into the CBD in morning peak from about 120 per hour to around 200 services from 2024. That's an increase of up to 60 per cent capacity across the network to meet the demands of our growing city.

SYDNEY METRO NORTHWEST

Sydney Metro Northwest is the first stage of Sydney Metro and will be the first fully-automated metro rail system in Australia. Servicing Sydney's growing Northwest, it will deliver a reliable public transport service to a region which has the highest car ownership levels per household in NSW.

Extending from Rouse Hill through to Chatswood, the $8.3 billion metro line includes the construction of eight new metro stations and a four kilometre skytrain. Driverless trains will provide customers with a 'turn up and go' service of one train every four minutes during peak services.

This year we continued work on the stations and precincts, roads, pedestrian bridges, and services facilities, within four core construction zones. Tunnel work was completed between Epping and Bella Vista stations while work Work continued on the skytrain between Bella Vista and Rouse Hill Cudgegong Station, including the Windsor Road Single Span Bridge. The current Epping to Chatswood rail service will be converted from suburban rail to metro operations in 2018. From late 2018, buses will replace trains for around seven months between Epping and Chatswood whilst the line is converted to metro operations.

In 2016–17, Sydney Metro Northwest won several prestigious major industry awards including the 2016 NSW Office of Environment and Heritage Green Globe Award for Public Sector Leadership and the 2016 NSW Premier's Award for Building Infrastructure.

SYDNEY METRO CITY AND SOUTHWEST

The Sydney Metro City and South West project, costing between $11.5 and $12.5 billion, travels 30 kilometres from the end of Sydney Metro Northwest at Chatswood under Sydney Harbour, through new CBD stations and south west to Bankstown. Services are expected to begin in 2024, with new metro stations located at Crows Nest, Victoria Cross, Barangaroo, Martin Place, Pitt Street and Waterloo along with new underground platforms at Central. The project is designed to increase capacity of Sydney's wider rail network by 60 per cent.

We published the final business case in late 2016, and received planning and environmental approval for the Chatswood to Sydenham component of the project in January 2017. The planning approvals process for the upgrade and conversion of the T3 Bankstown Line to metro standards also commenced and we are now working to maximise the benefits to our customers and the community. This work includes planned improvements to Victoria Cross Station, a new location for the Artarmon substation, Central Walk – a new underground concourse through Central Station and upgrades to Sydenham Station and Sydney Metro Trains Facility South.

In June 2017, we awarded John Holland CPB Contractors Ghella Joint Venture the first major contract for tunnelling work under the harbour and CBD. The first tunnel boring machine is expected to be in the ground by the end of 2018.

SYDNEY METRO WEST

The Sydney Metro West project is Sydney's next big railway infrastructure investment. It will deliver a direct connection between the CBDs of Parramatta and Sydney, linking communities along the way that have not been previously serviced by rail and unlocking housing supply and employment growth between the two major CBDs.

Four key precincts to be serviced have initially been identified at Parramatta, Sydney Olympic Park, They Bays precinct, and the Sydney CBD.

The NSW Government will integrate transport and land use planning along the corridor, with the new metro railway line expected to be built largely underground.

Community, stakeholder and industry consultation will now help shape Sydney Metro West's development, including determining the alignment and potential station locations.

The Sydney Metro Delivery Office is progressing with the final business case, and planning more detailed industry and community engagement.

A new Central Station precinct

The Central Station Precinct Plan sets the framework for the evolution of the station and the surrounding precinct over the next 30 years. It includes a vision for the renewal of Central Station and capitalises on major projects such as Sydney Light Rail and Sydney Metro, as a catalyst for commercial investment, placemaking and precinct revitalisation.

We finalised the Central Station Precinct Plan in May 2016. This directly led to NSW Government's approval of the 'Central Walk', a new underground concourse at Central Station which will better connect customers to trains, buses, Sydney Light Rail and Sydney Metro.

This project is the first step in the re-imaging of the Central Station precinct and will unlock Central's potential as an iconic destination and focal point for the southern CBD. We have established a dedicated team to lead urban renewal and commercial development of the Central Station precinct.

The Central Station Precinct Plan will continue to guide renewal of the Central Station precinct and associated transport planning and urban renewal projects over the short, medium and long term.

More Trains, More Services

More Trains, More Services is a vital program to accommodate the major surge in patronage growth and demand for train services, while a new metro train network is being built. We are also working to modernise our existing train system.

The NSW Government will invest more than $1.5 billion over the next three years on the More Trains, More Services program to boost capacity with extra services, better infrastructure and new trains for Sydney.

The NSW Government has ordered 24 new eight-car Waratah-style trains, meaning more reliable and comfortable commuter services will begin rolling onto the tracks from late 2018.

From November 2017, customers will benefit from a new train timetable including:

- More than 1500 extra weekly services, including more than 750 on weekends
- A 40 per cent increase in the number of services stopping at Parramatta, to support Sydney's second CBD
- Up to 20 express trains between Parramatta and Sydney CBD in peak hours
- An extra 10 express trains between Campbelltown and the City in peak hours via the T8 Airport Line
- A 20 per cent increase in services at Glenfield
- Faster services on the T3 Bankstown Line between Liverpool and Sydney CBD on weekdays.

There will also be more services added in non-peak times, including:

- More than 200 extra weekly services on the T8 Airport Line
- 24 new express services between the Sydney CBD and the Blue Mountains on weekends
- More than 160 new weekend T5 Richmond and Leppington Line services connecting South Western Sydney, Western Sydney and North West Sydney to expand services that currently run on weekdays only.

As Sydney moves towards a 'turn up and go' transport system, 71 per cent of suburban stations will now receive a service every 15 minutes on average across the week which is an increase of 43 per cent.

These benefits are enabled through the delivery of key infrastructure improvements including:

- Track and signalling enhancements to increase capacity and improve service reliability
- Station upgrades to increase capacity and improve customer experience
- Power network upgrades to accommodate the additional services.

We are working closely with Sydney Trains, NSW Trains and freight operators to ensure a smooth introduction of the new timetable.

There will be further improvements across the train system over the next two years as the program continues to be rolled out.

Our new Sydney Growth Train fleet

Sydney Growth Trains is the centrepiece of the More Trains, More Services program and will provide customers more frequent and express services.

On 1 December 2016, Downer EDI Limited won the contract to supply 24 new eight-car Waratah-style trains and provide maintenance services for an initial 25-year period.

The new fleet will deliver more reliable and comfortable services to support increasing patronage across the network and the growing demand for services. They will also replace the remaining non-air-conditioned trains.

Sydney Growth Trains offer improved air-conditioning, customer information screens providing journey and safety information, internal and external CCTV, and customer help points.

Manufacturing is progressing and the trains will be on the tracks from late 2018 to mid-2019.

We have saved more than $300 million due to a competitive tender process for the Sydney Growth Trains encompassing 24 new Waratah-style trains.

Connecting regional NSW: our new train fleets

We have awarded contracts and committed funding to build new train fleets and replace ageing fleets across both metropolitan and regional NSW.

OUR NEW INTERCITY TRAIN FLEET

In August 2016, RailConnect won the $2.3 billion contract to supply a brand new fleet of intercity trains, providing a new level of service to our customers from the South Coast, Blue Mountains, Central Coast and Newcastle. The new fleet, comprising 512 carriages, or around 65 new trains, will modernise intercity train services and provide contemporary amenities including charging outlets for mobile phones, improved seating comfort and luggage storage, and disability access. We engaged with our customers in 2015 to help identify the new cabin

features which will provide our long distance customers with a more comfortable and appealing environment during longer journeys.

Manufacturing is now underway and the new trains will come into service progressively, with the first trains to be delivered from 2019. In 2015, we identified Kangy Angy on the NSW Central Coast as the preferred site for a new maintenance facility and commenced design and planning in the first half of 2016. UGL Rail, part of the RailConnect joint venture, will maintain the trains for the first 15 years of the project.

OUR NEW REGIONAL RAIL FLEET

We are replacing the ageing regional fleet with new trains that are modern and fit-for-purpose, improving service reliability and comfort for our regional customers. A new regional NSW fleet will replace the ageing XPT, XPLORER and Endeavour trains for passengers who travel between Sydney, Canberra, Melbourne, Brisbane and major regional centres. In October 2016, allocation of $50 million accelerated planning and procurement of the new fleet. As a result, we have commenced the procurement process for new XPTs two years earlier than expected.

We commenced planning for procurement and consulted with industry in early 2017, and have held a series of market-sounding workshops with rolling stock manufacturers, maintainers and financiers to ensure the new trains provide value for money.

The primary maintenance facility for the new regional fleet will be designed and constructed as part of this project. It will be based in regional NSW to help create sustainable employment opportunities. Following a competitive tender process, the regional fleet will also be built in NSW, with a preference towards regional NSW.

We anticipate that the first trains will be delivered in the early 2020s. The new fleet will provide customers in regional NSW with safe, reliable, comfortable and accessible trains; a better service for customers travelling long distances; and a boost to regional jobs.

$2.3 billion contract awarded for a brand new fleet of intercity trains comprising 512 new carriages.

The new regional fleet will replace 60 XPT passenger cars (plus 19 diesel locomotives), the XPLORER and Endeavour passenger cars currently operating on the NSW TrainLink network.

Transforming urban centres: our light rail projects

CBD AND SOUTH EAST LIGHT RAIL CONSTRUCTION AND THE GEORGE STREET TRANSFORMATION CONTINUES

Construction on the transformative $2.1 billion CBD and South East Light Rail is well underway. When it opens to passengers in 2019, CBD and South East Light Rail will deliver frequent, reliable journeys from Circular Quay through the CBD to south-east Sydney's sporting and entertainment centres, medical facilities, education, business and residential precincts.

CBD and South East Light Rail includes 19 light rail stops along a 12 kilometre route, and the capacity to carry 13,500 passengers per hour during peak (7am to 7pm). During 2016–17, construction continued along most of the route and commenced on the Circular Quay light rail terminus. Construction included work on the future pedestrian boulevard that will transform George Street from Wynyard to Town Hall, and installation of the third rail, signals, station equipment, and the Eastern Distributor bridge superstructure. During the year, we unveiled the designs for the light rail stops; each uniquely designed to suit individual locations and surroundings.

We have restored Anzac Parade to its original alignment ahead of schedule and reduced flood impacts on about 900 properties. We've held intensive engagement with a wide range of stakeholders, including businesses, property owners, residents and public housing tenants, and have prioritised community and sporting events to maintain neighbourhood vibrancy during construction.

More than 1800 trees will be planted in City of Sydney and Randwick City Council areas, with at least 900 of these new trees planted along the light rail route.

NEWCASTLE LIGHT RAIL GIVEN THE GREEN LIGHT

More than $500 million is being invested in the Revitalising Newcastle Program to breathe new life into Newcastle. Light rail is a key part of this program, with Newcastle set to be the only city in Australia with a majority wire-free light rail system. It aims to bring people back to the city centre by strengthening connections between the city and the waterfront, creating employment opportunities, providing more public space and amenity, and delivering better transport.

With services set to commence in early 2019, Newcastle Light Rail will provide a frequent and reliable travel option through the city centre, linking key precincts. Six light rail stops will connect customers from the new Newcastle Interchange to Newcastle's east-end, 200 metres from the beach. The new light rail will provide easy access to the new university campus, law courts, Newcastle Civic Theatre and new public spaces. It will also assist to reinvigorate and restore Hunter and Scott Streets to thriving main streets.

In August 2016, Newcastle Light Rail was given formal planning approval and announced Downer EDI as the managing contractor. We ordered the production of six new light rail vehicles and commenced work on the new light rail depot in May 2017.

PLANNING FOR PARRAMATTA LIGHT RAIL

Parramatta Light Rail is a major infrastructure project being delivered to serve a growing Sydney, with $1 billion allocated to the project from the Restart NSW and Rebuilding NSW funds. Commencing operations in 2023, Parramatta Light Rail will be a high frequency, seven day a week service with 16 stops.

In December 2016, more than 150 staff working on the project relocated from Sydney CBD to Parramatta CBD, to ensure close engagement with, and understanding of, community needs. In February 2017, we announced the first stage of the preferred route: 12 kilometres connecting Westmead to Carlingford via Parramatta CBD.

We undertook extensive consultation with stakeholders and the local community. By May 2017, we had held more than 85 community information events and spoken to almost 12,000 people. More than 45,000 people visited our website and we distributed 23,000 brochures, while 245,000 letterbox drops were made to households in the region. We continue to engage with the community via local events, focus groups, business surveys and the formation of a Parramatta Light Rail Advisory Group.

The final business case for Stage 1 has been completed and submitted to government for approval. An Environmental Impact Statement will be exhibited in the second half of 2017 and we will start construction in 2018.

- **Construction of the $2.1 billion CBD and South East Light Rail, with 19 stops along a 12 kilometre route continues.**
- **Newcastle Light Rail given formal planning approval and Downer EDI announced as the managing contractor.**
- **Stage 1 of the planning for Parramatta Light Rail has been completed and submitted to government.**

Making a B-line for the Northern Beaches

The Northern Beaches B-Line includes a new fleet of 38 double-decker buses designed to provide faster, more reliable journeys between Newport and the Sydney CBD. The buses will run every five minutes between Mona Vale and the CBD during peak periods and every 10 minutes between Newport and the CBD.

The B-Line Program includes 10 modern stops and customer car parking at seven locations en route, providing around 900 car spaces. The new double-decker buses offer improved onboard capacity and comfort. We have also upgraded pedestrian and bicycle links to connect customers with B-Line stops.

In October 2016, we added a further 360 weekly bus services to address the immediate need for improved services on the Northern Beaches. In November 2016, Fulton Hogan Construction won the contract to deliver major infrastructure to support the new bus service. Construction has commenced on several key sites, and in June 2017, we awarded MAN/ Gemilang the contract to deliver the new fleet.

The B-Line service is expected to commence in late 2017 as part of the new Northern Beaches Bus Network. New bus bays and lanes, minor lane widening and other road improvements will support bus services and are scheduled for completion in early 2019. We will initiate the full service in 2019, following completion of infrastructure.

Wynyard Station gets a makeover

Wynyard Station is being upgraded as part of the transformation of Sydney CBD, to create a new gateway to Barangaroo and the financial district, and a lighter, brighter and cleaner station. The customer experience at Wynyard Station is being improved by a seamless integration with Wynyard Walk, Barangaroo Wharf, Sydney Light Rail, and the surrounding pedestrian and retail spaces. These changes will increase the station's capacity from 100,000 to 150,000 people per day.

In September 2016, we completed the first phase of the project. These enhanced facilities and amenities for staff and customers improved passenger flow through the concourse and platforms, and relieved congestion at ticket gate lines. Additionally, 15 new retail units were added.

In 2016–17, we completed the new design and commenced the second phase of the project. This included an upgrade of the York Street escalators and Railway House power supply systems, platform decluttering, upgraded lighting, and installation of a heat-relief system above the platforms. These measures have enhanced customer safety, comfort and accessibility, particularly during peak periods. The project is scheduled for completion in late 2017.

A walk from Wynyard to Barangaroo

The Wynyard Walk is a world-class, fully accessible pedestrian link between Wynyard Station, the CBD and Barangaroo. Wynyard Walk has increased the capacity for people travelling to Barangaroo, allowing for up to 20,000 pedestrians an hour, avoiding inclines and busy roads.

A six minute walk from Wynyard Station to Barangaroo, Wynyard Walk provides a connection to Napoleon Plaza, and a pedestrian bridge over Sussex Street to support pedestrian flow from Napoleon Plaza to Barangaroo.

Costing $306 million, Wynyard Walk opened in September 2016 with the Clarence Street entrance opening soon after in December. Wynyard Walk increases the entry and exit capacity of Wynyard Station to meet current and future demands for the CBD's western corridor and waterfront. This includes catering for the Barangaroo development, which is expected to accommodate up to 23,000 office workers and attract up to 33,000 visitors per day.

We completed all project works in June 2017.

Barangaroo Wharf opens

Barangaroo Wharf opened to the public on 26 June 2017. The new wharf serves Sydney's newest harbourside residential and commercial district, and passengers will have additional ferry services from the Parramatta River and lower North Shore. The new wharf provides increased capacity for ferry services to meet future demand and integrates with the Wynyard Walk pedestrian tunnel, providing further connection to trains and buses.

Commencing 1 September 2015, McConnell Dowell Constructors completed all major works to budget. Ferry services are now operating from Wharf 1, with Wharf 2 to become operational in November 2017, coinciding with the introduction of a new timetable. The new wharf provides capacity for up to 11 vessels during weekday peak hour and up to 14 vessels during weekend peak periods, with additional services for special events such as Vivid Festival and New Year's Eve.

The new wharf offers enhanced security, safety and customer facilities, including weather protection, ticketing pods, CCTV cameras and passenger information displays. Each of the two wharves accommodates up to four ferries and a bicycle rack for 20 bikes provides incentive for active transport.

Our new inner harbour ferries

We've invested in six new ferries for Sydney's inner harbour at a cost of $51.6 million. The first new ferries to join Sydney's fleet since 2001, they will provide service capacity for the long term.

Operating between Cockatoo Island and Watsons Bay, the new ferries are safe, comfortable and fuel efficient. They provide WiFi access, luggage and bicycle storage areas, real-time journey information and charging stations for electronic devices. While the new ferries have been designed to resemble the very popular first fleet vessels, they carry up to 400 passengers and are far more accessible for people with different mobility needs.

We engaged the public to name each ferry through the Name Your Ferry competition. More than 15,000 suggestions were made, and more than 60,000 votes were cast on the final list of names.

Incat Tasmania commenced construction on the first of six ferries, the Catherine Hamlin, in May 2016, delivering it to Sydney in late 2016. Following trials, we worked with our designer and builder to further adapt the vessel in Sydney. The second vessel, the Fred Hollows, commenced service on 26 June 2017, coinciding with the opening of Barangaroo Wharf. The third vessel, the Victor Chang, entered service in August 2017. The remaining three vessels are being delivered progressively throughout 2017.

Above: Opening of Barangaroo Ferry Wharf

Making transport accessible for everyone

Improving access to train stations, ferry wharves, carparks and interchanges, particularly for people with a disability, is part of our Transport Access Program. This is an initiative to provide a better experience for public transport customers by delivering accessible, modern, secure and integrated transport infrastructure. Since the program launched, we have commenced or completed more than 450 projects, improving both safety and access for our customers.

In 2016–17, we completed major accessibility upgrades at eight metropolitan and greater Sydney stations. We have also completed interchange upgrades at nine Sydney and regional NSW stations, as well as a ferry wharf and interchange upgrade at McMahons Point. New car parks at Engadine and Marayong are providing our customers with more than 130 additional car spaces. To support active transport and Sydney's Cycling Future, we installed secure bicycle facilities at seven stations within the greater Sydney and Central Coast region.

Through the Transport Access Program, we will continue to deliver station upgrades, accessibility improvements and more car parking across NSW. Major accessibility upgrades are underway at a further 15 Sydney metropolitan train stations while ferry wharf upgrades are occurring at six locations. Additional car parking facilities are being constructed at six Sydney suburban locations with consultation on the seventh at Eastwood.

162 out of 307 train stations are now wheelchair accessible. This represents 52.8 per cent of stations, accounting for 87.7 per cent of overall patronage to stations.

Waterfall Station

Delivering Every Day

Woods Bagot design Wynyard Walk.

Image © Trevor Mein

Moving our customers seamlessly

Enhancing safety for our customers

We make a difference to the lives of millions of people every day. While we build the transport system of the future, we are staying focused on getting it right for customers day-to-day.

We are continually improving our services and options for our customers, and managing a safe, sustainable and integrated transport system that connects our customers with people, places and opportunities.

We achieve this by excelling for our customers, enabling seamless movement and enhancing safety and sustainability. In the last four years, we have transformed transport for our customers – with thousands of extra services, new air-conditioned trains and buses, improved reliability, better customer service, accessibility upgrades and technology enhancements such as Opal and real-time apps. We're delivering an unprecedented infrastructure program and retrofitting infrastructure through busy suburbs to create a truly integrated transport system for NSW.

The following activities and projects showcase the many ways we are delivering every day.

Delivering excellence for our customers

Our customers come first

The customer is at the centre of everything we do at Transport for NSW.

We regularly monitor customer satisfaction to measure the quality of our service delivery, understand how customers feel and see where more work needs to be done. This drives continual improvement across the transport network.

Since commencing our public transport customer satisfaction surveys in 2012, customer satisfaction has increased across most modes. Customers tell us that they are most satisfied with safety and security, accessibility, cleanliness and ticketing across the public transport network, all of which have improved substantially in the past four years. Our latest customer satisfaction survey results bring together the voices of more than 23,000 customers. In total during 2016–17, more than 65,000 people provided inputs for our customer satisfaction surveys. Customer satisfaction levels are generally holding steady as we deliver several large infrastructure projects across Sydney that have temporarily disrupted normal network operation. While there is room to improve, our customer insights guide service planning, delivery and performance improvement.

Levels of satisfaction with train, bus, ferry and light rail services remained at or above 89 per cent. When compared to 2015–16, customer satisfaction with public transport has generally stayed stable despite ongoing disruption due to construction across the network. There is some room for improvement with Light Rail, where a decrease in overall satisfaction was in part driven by lower satisfaction with levels of Customer Service and Information about service changes and disruptions.

We also survey our road customers about their experiences across five modes: private vehicles, heavy vehicles, motorcycles, bicycles and walking, asking them to rate their satisfaction with road quality and design, information and signage, and reliability. Results for 2016–17 are largely stable when compared with the same period last year, with satisfaction levels at or above 85 per cent for private vehicles, bicycles and pedestrians. Satisfaction for bicycles increased by five percentage points compared to last financial year, potentially due to law reforms affecting safety for cyclists. Heavy vehicle drivers' overall satisfaction decreased compared with the same period last year, partly because of lower satisfaction with driver facilities.

Appendix I shows how satisfaction with our services has changed over time.

DIGITAL TRANSFORMATION OF CUSTOMER INFORMATION

We are continuing to improve the customer's experience of transport in the channels they use to find information and engage with us. This includes websites, contact centres, apps, social media and data feeds to third parties including Google and a range of popular Apps. These are supporting the transition to digital channels for information and engagement, and empowering our customers to make better transport decisions.

We have fully redesigned and launched new digital platforms for journey planning and transport information, started to integrate corporate websites, enhanced social media channels and expanded Open Data. The transformation of these channels makes information easier to find, more relevant and easier to understand. The supporting systems and data feeds have also been upgraded so that information about public transport services and timetables reflecting current network status can be delivered to customers in real-time. During the year, over 90 million trip plans were provided by transportnsw.info to customers to assist them in navigating the transport network. New features have also been developed including real-time occupancy level of buses, next stop alerts and the ability to track school buses in real-time.

As a result of these digital improvements in 2016–17, the volume of calls to the 131 500 Public Transport Infoline was reduced by 20 per cent, while more than 50 per cent of customer feedback is now submitted online. The launch of the Feedback2Go app also allows our customers to report issues during their journey.

We transitioned to a new integrated cloud-based customer feedback management system during the year, enabling customer feedback to be managed consistently, in accordance with the NSW Ombudsman's Best Practice Guidelines.

Engaging with our customers

In 2016–17, we delivered more than 100 communication campaigns to the community about important government programs. This included campaigns to tackle antisocial behaviour, retirement of paper ticketing, new products and features for Opal, and a patronage growth program for Parramatta. Other campaigns included the Newcastle Revitalisation Program (partnered with Urban Growth) and reforms to the Point to Point Transport sector. Our stand at the Royal Easter Show won 'Best Commercial Exhibitor Award' for the third year in a row. We also delivered our first marketing partnership with the National Rugby League, entitled 'The Knock-On Effect'.

INCREASING SOCIAL MEDIA ENGAGEMENT

Social media is a critical communication tool for us to engage and inform our customers while improving their journey. In 2016–17, our Facebook 'likes' grew by 49 per cent across six Facebook pages, with a total of 471,846 'likes' across the Transport cluster. Growth in Twitter followers over the past 12 months is up 33.9 per cent, with 302,647 followers.

In response to the increasing use of social media, we launched new tools to provide public transport timetable and service information to customers on popular social media platforms. In conjunction with Twitter, we launched the ability to subscribe to personalised disruption messages. Our team undertook a trial of a chatbot on Facebook Messenger, allowing bus customers to receive real-time information about the next services coming to their stop.

We used social media to promote safety campaigns throughout the year. For example, significant social media engagement was generated during our Road Rules Awareness Week 2017 (27 February to 5 March), with posts reaching more than two million people. This also featured our first live Q&A on Facebook, reaching nearly 100,000 people.

Changing outlooks: a case for social inclusion

Following a successful pilot at Gosford, Wyong and Morisset train stations, we entered into a collaborative partnership with Corrective Services NSW (CSNSW) to enable low-risk, community work order offenders to voluntarily contribute to their local community, environment and transport hub.

In 2016–17, the program delivered cost-effective improvements to transport amenities, including removal of vegetation and litter from train stations and their surrounds, to create safer, cleaner and more accessible environments for customers, staff and the local community. While the program cost around $30,000, it realised a saving of more than $313,000 in completed work.

The program was successful in conserving and protecting the environment, and enhancing our customers' travel experience. It also offered long-term, flexible, local work for offenders and a positive link to the community.

The program is being extended to include Roads and Maritime Services assets, while our program of work is also expanding. Next year we aim to integrate regional locations into the program and develop opportunities to provide recognised training and competencies linked to employment opportunities.

Moving our customers seamlessly

Opal

Opal has transformed the way people catch public transport by making it easy to catch any mode at any time, while offering new and modern ticketing experiences. Our commitment to enhancing customer experience on public transport with Opal continued in 2016–17.

OPAL CARD AND TICKETING SERVICES

This year, we completed the transition to the new Opal ticketing system for Sydney's public transport network and installed more than 275 new Opal top-up and single ticket vending machines across the Transport network. This included rollout of Opal-only gates, with Wynyard station being our first location. The benefits of these new generation gates include faster customer throughput, easier to read displays and larger paddles, an added deterrent to fare evasion.

Since the introduction of the Opal card, our focus has been on improving the reliability of the 20,000 Opal devices across the network. Devices average normal operation 99.8 per cent of the time. Customer satisfaction survey results have improved for ticketing across all modes since their introduction. More than 1.5 billion trips have been taken using Opal, with three million cards used on average each month. We also updated the Opal Travel app with real-time trip planning, personalised disruption messages, and a function that notifies users when their stop is approaching.

OPAL FARE REFORM

Following a thorough public review of Opal fares by the Independent Pricing and Regulatory Tribunal (IPART), in September 2016, we made two major changes to the Opal fare structure to make it fairer and more sustainable. To encourage more efficient journeys on multiple modes, we implemented a transfer discount of $2 for adult Opal card customers ($1 for child/youth, concession or senior/pensioner Opal card customers). Customers have responded positively, with the number of customers transferring between modes increasing by 14 per cent (an extra 200,000 intermodal trips per month) since the changes were made.

At the same time, our reform of the Opal weekly travel reward now provides half-priced travel after eight paid journeys in the week. Growth in public transport usage continues at well above the rate of growth in population, demonstrating that the changes are delivering a more sustainable revenue base without impacting on public transport patronage.

Making travel easy

CONCESSIONS AND PASSES MADE EASY

In 2016–17, the launch of our Transport Concession Entitlement Card standardised proof of entitlement to concession fares across NSW. These changes have resulted in reduced processing times for customer applications, made the application process more transparent, and improved the accuracy of first-time eligibility assessments. We issued 86,277 cards this year.

We delivered improvements to the School Student Transport Scheme (SSTS) application process and migrated to an easier online, fully automated process that can be used by parents, schools and service providers across NSW, processing 416,114 online applications. We also launched a new School Drive Subsidy Scheme (SDS), replacing the Private Vehicle Conveyancing (PVC) scheme, enabling customers to complete their application online.

MAKING IT EASY TO FIND YOUR WAY

Integrating signs and customer information is making it easy for our customers to navigate the public transport network. This new, multi-modal 'wayfinding' system assists customers to navigate the system and change between modes. Research demonstrates that it is preferred by our customers, is easily identified, visible at a distance and legible on mobile devices.

In the past year, we have commenced or completed upgrades to wayfinding signage at 36 train stations. With 71 station upgrades now completed, this has improved 80 per cent of our customers' journeys by train in Sydney, as well as travel by ferry, light rail or bus around the Sydney CBD or at major interchanges. We aim to complete the rollout of Sydney Trains signage during the next year, and commence installation of new signs on the Intercity Trains and bus networks.

Transport for NSW collaborates with organisations and departments such as the City of Sydney, Sydney Harbour Foreshore Authority, Barangaroo Delivery Authority, Sydney Opera House, the Centennial Park and Moore Park Trust, and others, to ensure alignment between different systems of signage in order to better support visitors and locals in finding their way around Sydney.

DESIGNING INTERCHANGES AND PRECINCTS

Our Precincts and Urban Design team drives architectural and urban design excellence. Quality design adds significantly to customer amenity on day-to-day journeys as well as improving the public domain to benefit the community. For example, we have uniquely designed the Barangaroo Ferry wharf shelter to maximise sightlines to the water, while integrating it with its contemporary surroundings and echoing the designs of other ferry wharves across the network.

The following projects were delivered in the past year and set a new benchmark for our interchanges and precincts by demonstrating best practice design:

- Wynyard Station upgrade
- Wynyard Walk
- Barangaroo Ferry Hub
- Oatley Easy Access upgrade
- Balmain Ferry Hub.

We will continue to drive place-making and design excellence on new projects for the benefit of the community.

Barangaroo Ferry Wharf

Newtown Station

Point to Point Transport

The regulatory environment for the taxi, hire car and ride share industries is being modernised by a reform process that commenced in 2015. In 2016–17, we continued to support that reform process to create a level playing field for all service providers in the industry, assist service providers to meet customer demand, and ensure safety of services, customers and drivers.

The NSW Government established a $250 million assistance fund to help the taxi and traditional hire car industries adjust to changes resulting from rideshare services. In July 2016, we opened applications for transitional assistance payments of $20,000 per eligible taxi licence, for up to two licences. Almost 100 per cent of eligible taxi licence holders applied for the assistance – equating to more than 4000 taxi licence holders and assistance totalling about $92 million.

The NSW Government has also committed $15.5 million a year to improve point to point transport services for customers with a disability, including for the 47,000 Taxi Transport Subsidy Scheme (TTSS) customers. On 1 July 2016, we increased both the maximum TTSS subsidy and the Wheelchair Accessible Taxi (WAT) driver incentive payment. We also expanded the WAT interest-free loan scheme from $1 to $5 million and provided a fully subsidised central booking service for WATs in Sydney, saving businesses that provide these services $2130 per year. In April 2017, we started a review of all subsidies and incentives of services for people with a disability.

Further industry assistance packages will be launched in 2017–18.

Newcastle Integrated Services

In December 2016, Keolis Downer Hunter Pty Limited, operating as Newcastle Transport, won the Newcastle Integrated Services contract. This contract is the first time a single operator will provide services for three separate transport modes – bus, ferry and light rail services. As of 1 July 2017, customers will receive better and more frequent services, and a new timetabling system that will provide users with better public transport options.

The improved public transport services augment the NSW Government's $500 million Revitalise Newcastle program.

Novocastrians will see improved bus and ferry services commence in early 2018 and light rail services commence in early 2019.

Regional transport

Regional planning and development is focused on enhancing the delivery of multi-modal transport services to regional, rural and remote communities, and exploring new models which could apply in a range of communities across NSW. Public transport and on-demand transport services are particularly important to the wellbeing of older residents in rural areas, to enable safe access to health services, shops and recreation.

On 31 May 2017, Dubbo was the first city in NSW to trial pre-booked transport using on-demand buses. The pilot program gave Tottenham, a township of around 300 people, a weekly pre-booked transport service linking them with the communities of Albert, Narromine and Dubbo, 140 kilometres away. This enabled access to family, friends, specialist services and larger retail stores.

Our regional transport plans show commitment to investment in roads, rail, bus and cycling networks, improvement to NSW TrainLink services, integration with local bus services, and support for major regional events such as the Parkes Elvis Festival, the Tamworth Country Music Festival and the Bathurst 1000. This work, including trials and pilot programs, will create new ways to plan and develop services in collaboration with existing service delivery, contract management and strategic directions.

Coordinating transport across NSW

The CBD Coordination Office was established in June 2015 as a single coordination point to manage the impact of the significant development and construction transforming the Sydney CBD. Its responsibilities were expanded in September 2016 from managing disruption to traffic and transport within the Sydney CBD and South East, to managing disruption related to the delivery of major infrastructure projects across the Sydney metropolitan area. These include WestConnex, NorthConnex, Sydney Metro, the CBD and South East Light Rail as well as the Northern Beaches Hospital and Sydney Airport road upgrades.

In December 2016, the CBD Coordination Office was renamed the Sydney Coordination Office and joined with the Transport Management Centre to form the Transport Coordination

Office. The newly formed Transport Coordination Division aims to achieve more consistent journey times for our customers, minimise the impact of unplanned and planned disruptions on the transport network, and enhance communication to help customers choose the best way to reach their destinations.

SYDNEY COORDINATION OFFICE

Every day in Sydney, hundreds of thousands of customers travel through or around more than 100 NSW Government transport infrastructure projects. These projects include WestConnex, NorthConnex, Sydney Metro, B-Line, the CBD and South East Light Rail as well as the Northern Beaches Hospital and Sydney Airport road upgrades. The Sydney Coordination Office actively works to inform and guide our customers through the delivery of these projects, and reduce and manage the disruption they feel because of these projects.

In 2016–17, we achieved an 11 per cent reduction in private vehicles entering the CBD during the morning peak. We reduced the length of road closures and temporary traffic arrangements by maximising project construction access for projects like the Sydney Harbour Bridge Southern Toll Plaza removal. We maximised construction productivity and access during quieter periods of the year such as weekends, school holidays and the Christmas and New Year period.

We actively monitored traffic and transport conditions to improve traffic flow, minimise delay, and assist our customers to adjust to new arrangements. We also helped customers via new wayfinding signage and customer service staff during construction.

Facilitating the earliest possible customer access to newly constructed road capacity was a focus for us during the year, as was minimising customer impacts for hundreds of traffic switches across projects like the M4 Widening and the CBD and South East Light Rail. We planned and implemented alternative bus routes to facilitate construction and extensively promoted changes to inform our customers and minimise disruption.

Keeping our customers and other stakeholders engaged on the progress of key projects, engagement levels on the Sydney Light Rail Facebook page increased to more than 299,000 engaged users (a 99 per cent increase) and page views for the Sydney Light Rail website increased to more than 1 million views (a 38 per cent increase).

We also increased customer and road user awareness by providing disruption information and travel advice on the MySydneyCBD and MySydney websites and expanded our content to include information on projects across metropolitan Sydney, reaching over 1.1 million page views across both websites over the year.

We continued to deliver Travel Choices, a program that manages travel demand more efficiently when disruption occurs. This has influenced almost 175,000 people and engaged more than 660 organisations. We also delivered business activation projects aimed at attracting and maintaining pedestrian numbers in various areas across the Sydney CBD and South East, including along George Street, which has up to 10,000 people walking along each day.

TOMORROW'S SYDNEY

We continued to support the Coordinator General's program to manage the road network impacts of major construction projects in the city via the 'Tomorrow's Sydney' campaign. This campaign contributes to maintaining a high level of awareness of the need to change travel behaviour to minimise the effects of disruptions, and has contributed to a nine per cent reduction in cars during morning peak in the CBD. We extended the Tomorrow's Sydney campaign in 2016 to keep the community informed about traffic and transport changes associated with the transport infrastructure projects currently being delivered on the network, again supporting the Coordinator General's.

TRANSPORT MANAGEMENT CENTRE

The Transport Management Centre monitors and manages the real-time operation of the NSW road network 24 hours a day, 365 days a year. It also coordinates the integrated operation of the public transport system to support reliable travel times, major event public transport services and resolution of unplanned incidents. A key function of this service is communicating real-time information to our customers through a comprehensive range of channels.

During the year, over 38,000 unplanned incidents occurred on Principal Road Transport Routes, an increase of almost five per cent from the previous year. Of the incidents that occurred, 98 per cent were cleared on average within 41.8 minutes, just over our target of 40 minutes. Breakdowns and crashes have the longest clearance times and some incidents were particularly protracted and complex to clear. We are currently working on ways to improve performance against this measure.

In 2016–17, we assisted millions of customers with organising additional transport services at more than 350 major public events. We issued more than 68,000 road occupancy licences across Sydney to permit major infrastructure upgrades and facilitate essential network maintenance. This is an increase of nine per cent on 2015–16. We enhanced our multi-modal incident management system and enhanced incident response activities, covering all modes and showing the real-time status of the transport network. We also introduced a web app making it easier to activate approved road occupancy licences in Sydney and Regional NSW.

Achievements of freight

IMPROVING CONNECTIVITY BETWEEN FREIGHT PRECINCTS

Establishing the Cargo Movement Coordination Centre (CMCC) in 2014 has improved network connectivity between networks and key freight precincts. The main objectives of the CMCC are to manage the Port Botany Landside Improvement Strategy (PBLIS) and to increase the proportion of containers carried to and from Port Botany by rail. Managing the efficient turnaround of trucks and trains at Port Botany reduces overall costs to stakeholders.

In 2016–17, we increased rail mode share at Port Botany from 16.3 to 19.1 per cent; an increase in volume of 22 per cent on 2015–16. Truck turnaround times at Port Botany remained at an average time of 23.6 minutes, despite growth in overall trade from 2015–16. Benefits to freight stakeholders associated with more efficient truck-turnaround times is estimated to be $96 million over the decade to 2018.

The Port Botany Rail Optimisation Group continues to work on improving the efficiency of rail freight at Port Botany to ensure that rail and road will accommodate trade growth.

FIXING COUNTRY ROADS

We are unlocking the economic potential of regional NSW by providing targeted funding for projects on council-managed roads and bridges, via the Fixing Country Roads program, now in its third round. This program includes any truck washes in NSW that provide benefits to the movement of freight. It also aligns with and complements the Fixing Country Rail program to reduce the cost to market for regional businesses.

- In round one we awarded $41.4 million to 74 projects in Fixing Country Roads (2015).
- In round two, we awarded $50 million to 64 projects in Fixing Country Roads (2016).
- In round three, up to $100 million is available and open for submissions until 1 September 2017.

By 30 June 2017, the majority of round one projects were either complete or well underway while the majority of round two projects had commenced. Assessment continues on more than 1100 structures; more than 130 bridges and culverts have been or will be upgraded or replaced, and 350 kilometres worth of roads have been or will be upgraded. Applications for truck wash facilities are being accepted from round three and will contribute to protecting NSW biosecurity.

A total of $543 million is reserved for Fixing Country Roads under the Rebuilding NSW and the Restart NSW programs.

FIXING COUNTRY RAIL

Transport for NSW is providing funding for rail infrastructure enhancement projects that eliminate connectivity constraints affecting regional freight rail services. Fixing Country Rail aligns with and complements the Fixing Country Roads program in reducing the cost to market for regional businesses.

In 2016–17, we allocated $15 million to conduct a pilot round of six construction and four planning and design projects. Of these, we completed five projects ahead of schedule and under budget, and have one additional construction project currently in the planning stage.

Under round one, we have made $150 million available. We will call for expressions of interest in July 2017, and shortlisted applications will go to a full application phase in late 2017.

$400 million is reserved for Fixing Country Rail under Restart NSW.

A NEW STANDARD TO ASSESS THE HEALTH OF MARINE PILOTS

Marine pilots are safety critical workers who bring ships to berth safely, protecting the environment and port infrastructure. In 2016–17, following extensive research, audit findings and input from a wide range of government, industry, union and medical stakeholders, we released the new Standard for Health Assessment of Marine Pilots 2016 (the Standard), to assess their fitness for duty.

The Standard reflects contemporary medical knowledge and current understanding of the impact of specific health conditions on safe working performance. The Standard is performance-based, adopts a risk management approach, and ensures marine pilots are fit for duty. The new Standard includes tests to assess the upper body strength and grip test of marine pilots, ensuring their ability to climb pilot ladders. This deficiency was identified in recent safety investigations.

The new Standard requires more rigorous and formalised accreditation for health professionals, who are required to demonstrate knowledge of inherent requirements of marine pilotage, the health standard and health assessment procedures. Implementation will be monitored as health professionals familiarise themselves with the Standard and assess marine pilots to the new requirements.

Active Transport

In 2016–17, an investment of more than $40 million helped to deliver more than 290 walking and cycling improvement projects across NSW. This delivered an additional 39 kilometres of cycleway along with 74 walking infrastructure improvements. These initiatives included:

- The Bike and Ride program, enabling people to use their bike to get to a preferred public transport interchange, and then ride a bus, train, ferry or tram to continue their journey.
- A record 88 bicycle events attracting around 10,000 people were held across NSW to celebrate NSW Bike Week. This initiative helps promote cycling as a safe and healthy mode of transport for short trips and strengthens relationships between local communities and government.
- Continued support for major walking and cycling participation events including the Seven Bridges Walk and Spring Cycle.
- Continuing the roll out of the Good Move walking and cycling campaign, encouraging more people to consider walking or cycling as part of an overall transport journey.
- Progressing the Greenway pedestrian and cycling corridor through Sydney's inner west connecting the Cooks River and Iron Cove.
- Completing the Subiaco Creek link to the Parramatta Valley Cycleway enabling connectivity between Parramatta city and the surrounding suburbs of Sydney Olympic Park including Wentworth Point.
- The Opal-activated bike sheds program, part of the Transport Access Program, which resulted in 161 free and sheltered bicycle parking spaces now available at Gosford, Liverpool, Holsworthy, Seven Hills, Caringbah and West Ryde stations.

Effective management of our assets

Collaborating with industry and government, we are continuing to improve our processes to ensure our assets are fit, every day, to deliver services for our customers. We have done this by developing and adopting the Asset Management Policy and Asset Management Framework, improving integration, risk mitigation, and collaboration across the Transport cluster. We now have a much stronger understanding of how the management of assets aligns to the successful movement of people and goods.

The Asset Management Framework is designed around the International Asset Management Standards ISO 55000 series. The objective of the standards is to ensure that business processes effectively balance cost, risk and performance when it comes to asset strategy, planning, procurement, operation and maintenance decisions.

By adopting an asset management approach, we have developed and implemented asset maintenance assurance activities. These activities include collaboration on proactive surveillance through audits and assessments, such as bus fire investigations and light rail surveillance. We continue to develop and review our asset management plans and requirements for service providers as well as coordinating external independent reviews to support improvements. We have partnered with the Asset Management Council to focus on the benefits of an asset management approach and established the Asset Rationalisation Process to reduce the number and complexity of assets on the transport network.

How we plan transport

We ensure that we have the appropriate asset information for decision making, held in a digital environment. We set transport outcomes to be delivered across the whole of asset life. The influence of Future Transport's 'How we plan transport' process across the asset life cycle.

Enhancing safety for our customers

Road safety in 2016–17

Our focus is on meeting the State Priority target to reduce road fatalities from 2008–10 levels by at least 30 per cent by 2021. We are doing this by delivering on the initiatives and directions set by the NSW Road Safety Strategy 2012–21, covering safe roads, vehicles, people and speeds.

COLLABORATING WITH THE COMMONWEALTH AND STATES ON VEHICLE AND ROAD SAFETY

Transport for NSW collaborates with the Commonwealth and other states on programs to improve road safety, especially in the area of vehicle safety. This supports informed consumer choice in the purchase of new and used vehicles, child restraints and other safety equipment, and drives higher industry safety standards for vehicles and protective equipment including child restraints, helmets and motorcyclist protective clothing.

CONSULTING ON THE DEVELOPMENT OF SAFETY PLANS

From late 2016, we sought input from a wide range of experts, practitioners, stakeholders and members of the community as part of development of the Road Safety Plan 2021. Around 4000 people actively participated and we engaged another 16,000 people through social media. We also began targeted consultation on the Maritime Safety Plan in May 2017, coordinating 10 counter-measure workshops with subject matter experts.

CONTRIBUTING TO SAFETY STANDARDS AND REGULATION

We actively contribute to the national vehicle regulatory framework and are involved with key national policy groups informing the ongoing implementation of the National Road Safety Strategy and the Austroads Safety Task Force. We make high quality road trauma data available publicly on the Centre for Road Safety website. This data informs future strategies and prioritises investment. During the year:

- The Australasian New Car Assessment Program (ANCAP) released safety ratings for 45 light vehicles representing about 29 per cent of all new vehicles sold in Australia.
- We made additional data available for analysis through the national Vehicle Safety Research Group, increasing the total number of used cars receiving safety ratings from 297 in 2015 to 346 in 2016.
- We tested 30 motorcycle helmets as leader of the national Consumer Rating Assessment of Safety Helmets (CRASH) Program and released the results as part of Motorcycle Awareness Week.
- We conducted two series of tests on a total of 16 child car seats as leader of the Child Restraint Evaluation Program (CREP).

CHANGING BEHAVIOURS AND RAISING AWARENESS

During 2016–17, our team delivered behavioural communications campaigns to promote safe behaviours on roads, staying safe on our maritime waterways and courteous behaviour on public transport. In mid-2016, we launched the new 'Towards Zero' campaign to raise community awareness of the potential personal impact of the road toll. Our major safety campaigns also addressed speeding, driving under the influence of alcohol or drugs, enforcement activities, the risks of mobile phone distraction, wearing lifejackets on the water, and the risks of driver fatigue. This latter campaign, 'Don't trust your tired self', won the Asia Media Award for Road Safety Campaigns.

In October 2016, we launched a new road safety education campaign about pedestrian safety: 'Look Out Before You Step Out'. We continue to reinforce important safety messages via community based channels through our long standing partnership with Cricket NSW and our 'Towards Zero' partnership with the NRL and CRL. We also renewed our partnership with the Western Sydney Wanderers to drive home the Towards Zero message for football fans and provided road safety messaging at a range of high profile community events.

SAFE ROADS AND VEHICLES

During 2016–17, the Safer Roads Program delivered 109 projects including pedestrian safety initiatives, highway emergency satellite phones, increased safety at train level crossings and changes to align bicycle rider fines with those of vehicle drivers for serious offences.

As part of Future Transport, we are developing a new Road Safety Plan to address key risk areas and achieve a 30 per cent road toll reduction target by 2021. Between February and June 2017, more than 4000 people participated in stakeholder consultations and more than 20,000 people were engaged online or face-to-face.

SAFE SPEEDS

In 2016–17, we undertook a review of the NSW Speed Camera Program and found a 92 per cent reduction in fatalities at fixed speed camera locations. In January 2017, we announced a further 384 mobile speed cameras, 11 red-light speed cameras, and installed a fixed speed camera in Engadine.

This year, we introduced new rules which ban Provisional P2 drivers and riders from using any function on a mobile phone while driving. We launched the Motorcycle Safety Action Plan 2017–2019, and partnered with 'Stories of Bike' to engage with the riding community about riding safely on recreational routes.

We work in partnership with the NSW Police through motorcycle response teams, high visibility markings on police vehicles, and the funding of technology to assist with on-road enforcement.

SAFE PEOPLE

To improve school safety, we installed an additional 504 flashing lights at schools with multiple entrances at a cost of $5 million. This followed the successful rollout of flashing lights to every school in NSW in December 2015, totalling more than 3000 schools.

In collaboration with the Department of Education, Association of Independent Schools, Catholic Education Commission and Kids & Traffic, we relaunched the Safety Town website in July 2016. This is the first curriculum-based road safety education website in Australia and in 2016–17, there were 40,000 users of the site.

THE OUTCOMES

Road crashes remain a leading cause of death and injury in NSW. During the 12 months to June 2017, the preliminary road toll was 369 fatalities, which is 17 fewer (four per cent) than the result for the 12 months to June 2016. This equates to an estimated fatality rate for the 12 months to June 2017 of 4.73 (per 100,000 population), down from 5.03 for the 12 months to June 2016, but above the target to achieve a 30 per cent reduction.

The preliminary serious injury rate for December 2016 was 157 per 100,000 head of population, which was above the target rate of 125.6 serious injuries per 100,000 head of population.

Public transport safety in 2016–17

DIGITAL TRAIN RADIO SYSTEM

A key recommendation of the Special Commission of Inquiry into the Waterfall Rail Accident is the delivery of the Digital Train Radio System (DTRS) program; a single compatible communication system for the rail network. NSW is the first to begin this process.

In 2016–17, Transport for NSW completed construction and deployment of the DTRS and brought it into operation across the whole Sydney Trains network, including NSW Trains' electric fleets. This included completion of more than 260 base stations, 50 tunnel transmission facilities, and dispatcher terminals in every signalling and train control facility across the network.

DTRS has the benefit of simultaneous calls and faster call establishment. Train drivers, guards and controllers, signallers and supervisors of track-side work gangs in NSW are now able to communicate using the same technology.

We have completed radio coverage audits across the electrified network. This included installation of radios and peripheral equipment in every train cab in the Sydney Trains and NSW Trains electric fleet, and trained drivers, guards, signallers, train controllers, and fleet and technical maintenance personnel across Sydney Trains and NSW Trains.

AUTOMATIC TRAIN PROTECTION

The Automatic Train Protection (ATP) program is delivering technology solutions that intervene if a train exceeds its permitted speed or movement authority at specific locations. This is a key recommendation of the Special Commission of Inquiry into the Waterfall Rail Accident.

In April 2016, funding was approved for the ATP project. The safety benefits of the updated technology and specifications are broad and will provide a platform for the next generation of signalling technology. Trackside equipment will now cover 100 per cent of the electrified rail network and the fleet installation scope has increased to all electric fleets.

In 2016–17, we completed installation in 53 of 55 Oscar fleet trains and all functional testing of the generic ATP system. We completed trackside installation from Gosford to Wyong, six weeks ahead of schedule and negotiated with Reliance Rail for on-board ATP fitment of the Waratah fleet. We appointed contracts for the whole of trackside installation and data design from Berowra to Wickham, and engaged with industry for trackside delivery across the network.

It is anticipated that the ATP program will be completed in late 2019.

WORKING WITH THE POLICE TRANSPORT COMMAND

The Police Transport Command (PTC) provides policing services across all modes of public transport. Since the establishment of the PTC in May 2012, crimes on public transport, including theft, robbery and non-domestic violence alcohol-related assaults have reduced, in some cases by more than 50 per cent.

In 2016–17, 215 Transport Officers worked across trains, buses, ferries and light rail to tackle fare evasion. Working alongside 610 PTC officers, they improved fare compliance and provided a deterrent to fare evasion through high visibility checking of tickets and issuing fines.

In February 2017, we ran our second Bus Safety for Bus Operators Forum, focusing on rollaway buses, school bus safety, antisocial behaviour and fire mitigation. The forums were attended by more than 100 bus operators.

RETROFITTING BUS ENGINE BAY FIRE SUPPRESSION SYSTEMS

Transport for NSW is committed to retrofitting engine bay fire suppression systems and tyre monitoring systems to the 5000 private and public bus operator fleets in the Sydney metropolitan and Outer Sydney metropolitan areas. In the past two years, we have retrofitted 2335 private operator buses and 1300 State Transit buses.

This retrofit project, which commenced in August 2015, is on track for completion by 31 August 2017. Retrofitting of the State Transit Authority fleet was completed in December 2016. All new additions to the bus fleet will have fire suppression fitted as standard.

MARITIME SAFETY

We continued our focus on lifejackets to prevent trauma on the waterways. In 2016–17, we finalised the fifth season of our 'Wear a Lifejacket' behaviour change campaign and the fourth season of our 'Old4New' lifejacket program and mobile van. The Old4New van travelled more than 100,000 kilometres, visited 525 sites and upgraded more than 20,000 lifejackets. As a result, the state-wide lifejacket wearing rate increased to 45 per cent, the highest ever recorded.

Together with Roads and Maritime Services, we took stronger measures to address antisocial and dangerous behaviours on NSW waterways. This included trialling a system of enforcement cameras in southern Sydney, backed by Roads and Maritime and NSW Police. We supported Service NSW digital boat license app, which is now being piloted.

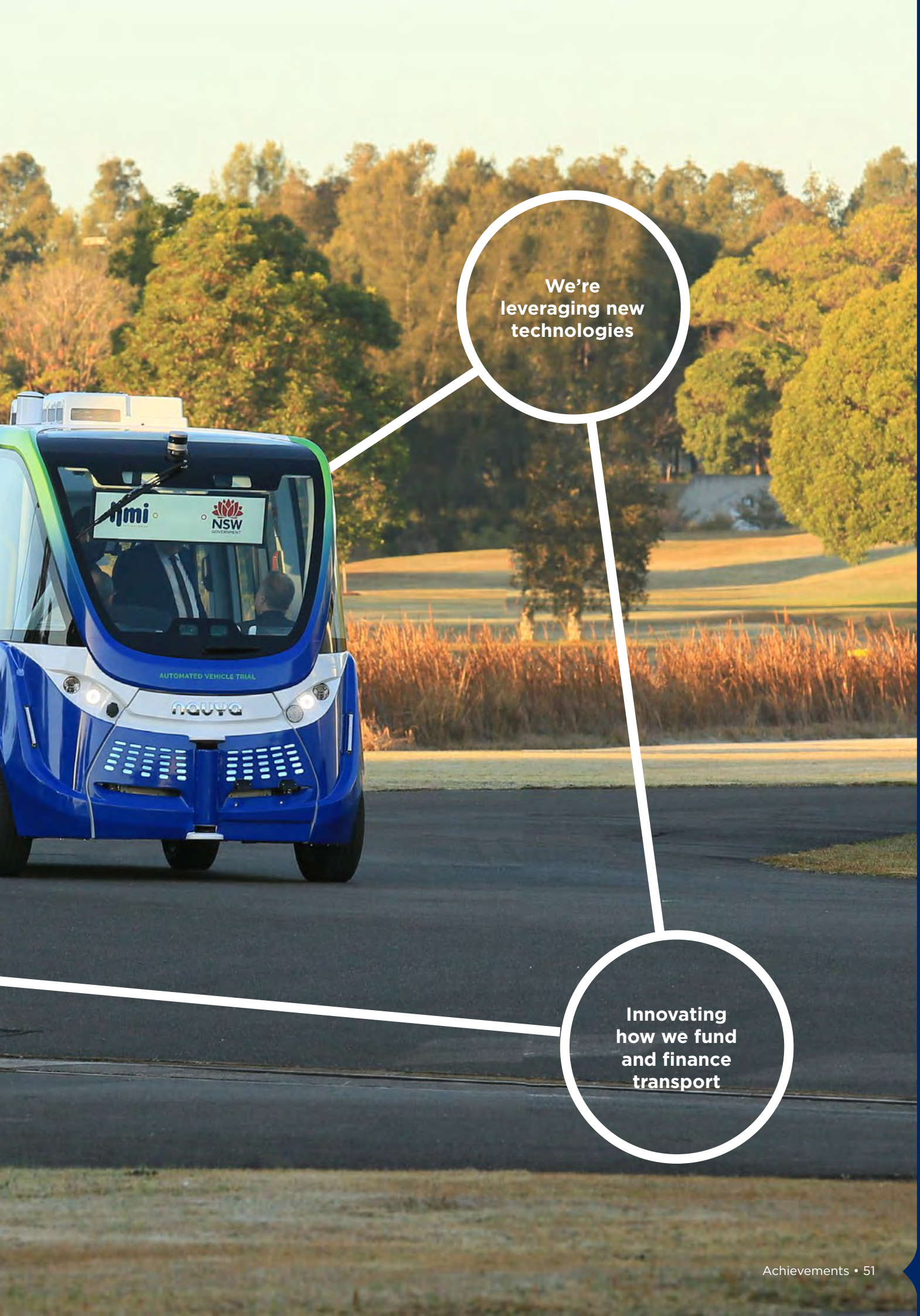
In collaboration with stakeholders and the community, we are developing a new Maritime Safety Plan to prioritise and direct efforts to address 10 key areas that impact people using our waterways. This will set out the safety priorities and directions through to 2021–22.

This year, there were four confirmed boating fatalities, the lowest number recorded in at least 40 years; nearly 70 per cent below the long-term average. The focus will remain on lifejacket compliance, in particular, on the care and maintenance of inflatable lifejackets, and on reducing incidents occurring on the waterways.

Old4New lifejacket program

Leading Innovation

We're empowering our people to make a difference



We're leveraging new technologies

Innovating how we fund and finance transport

We're applying innovative thinking to all aspects of transport.

We are using technology to improve transport for our customers and working in partnership with others to make the most of these opportunities. We are taking a leadership role in the application of technology and shifting our thinking towards transport as a technology business. This shift has led us to develop the Future Transport Technology Roadmap in order to bring about new ideas and ways of thinking, and engage with and apply new technology across the transport network.

Transport is not just about what we do – the projects and infrastructure, it is also about how we do it – our culture and the way we work. We are transforming our organisation by leveraging new technologies, innovating how we finance transport and empowering our people to make a difference. We're building a flexible, diverse and agile organisation with the right people, processes and systems in place to deliver exceptional customer-focused service.

We're empowering our people to make a difference

Driving diversity change – women in leadership and Indigenous employment

Our organisation has been driving diversity change with particular attention to increasing female representation in leadership roles and Indigenous employment across the Transport cluster.

The attraction, retention and leader sponsorship strategies which we have established to achieve our initial employment target of 25.5 per cent female representation in leadership roles across the Transport cluster have proven effective. We achieved our target nine months ahead of schedule (in March 2017), with a 51 per cent increase in the number of senior women employed since January 2016. Other initiatives included a concerted effort to attract female talent from higher education institutions to Transport entry-level programs. As a result, 52 per cent of Transport's most recent intake of scholars, cadets and graduates are women.

We have also given a high priority to increasing Indigenous employment and set an initial target of 1.2 per cent of the Transport cluster workforce by December 2017. At 30 June 2017, the rate of Indigenous workforce representation was 1.13 per cent, an increase from the baseline of 1.07 per cent. This increase excludes Aboriginal people who are employed in Transport's Entry Level Talent Programs. As at 30 June 2017, we employed 39 Aboriginal VET cadets, two Aboriginal tertiary cadets, four Aboriginal university scholars, and two Aboriginal graduates in these programs.

In 2016–17, our focus was on attraction, retention and development of Aboriginal employees and improving cultural awareness of our staff. Activities included our second annual Aboriginal Staff Forum, the launch of a new online site for Aboriginal employees, mentoring and development programs for Aboriginal employees, deployment of a recruitment campaign targeting Aboriginal employees, and staff events coinciding with National Reconciliation Week and National Aboriginal and Islander Day Observance Committee Week (NAIDOC Week).

Additionally, we celebrated the diversity of our staff and customers by contributing to the 2017 Sydney Gay and Lesbian Mardi Gras and Harmony Day.

Flexible working practices

Our programs support and enable flexible working opportunities for our people. In 2016–17, they included:

- Flexibility Works, which supports our managers to effectively implement and support flexible work practices and arrangements with staff.
- Staying Connected, which provides support to staff returning from extended parental leave to assist their transition back into the workplace. A survey was conducted with the participants of the Staying Connected experience, with 85 per cent reporting satisfaction with their experience.

Our top leadership team completed inclusive leadership assessments along with the top 250 leaders via conscious inclusion sessions. In August 2016, we assessed our current flexible working arrangements within the organisation.

The People Matter survey

In June 2017, Transport participated in the People Matter Employee Survey (PMES) coordinated by the Public Service Commission. The PMES is a NSW public sector initiative that engages almost 400,000 employees. Across the Transport cluster, participation in the 2017 PMES was 46 per cent, higher than the overall public sector response rate of 42 per cent. Our response rate was 84 per cent and showed improvement in our staff responses on a range of statements, questions and categories.

In response to the 2016 PMES results, we developed a 'You said, we're doing' staff communication campaign to illustrate our focus on improving staff engagement. Our overall engagement remained steady at 63 per cent, however, we achieved improvements in both staff communication and staff confidence that the survey would be acted upon.

We will continue to use the PMES as a key source of data to identify and drive improvements in areas which are important to staff engagement, including an ongoing focus on visible leadership, collaboration and the recruitment and career development of our people.

Promoting leadership

During 2016–17, we conducted 124 Drive It Leadership development programs to build the capability of more than 1700 participants across the Transport cluster. These programs addressed staff development needs at a range of levels including frontline staff performing team leader roles, and team leaders stepping up to functional leadership roles.

Thirty-four staff participated in the Public Service Commission's Leadership Academy and other programs that align with our Drive It Leadership strategy. We also held two Leader Alliance events, bringing together around 250 senior leaders. These events are designed to align leadership thinking, develop solutions to challenges, and fuel collaboration and accountability.

Showcasing employee excellence

In February 2017, we conducted Transport Cluster Awards to recognise excellence across all Transport agencies. Our cluster employees were recognised in nine award categories; five aligned to our values and four specialist awards for Outstanding Talent Participant of the Year, Champion of Diversity and Inclusion, Project Team of the Year and the Secretary's Award for Individual Excellence.

More than 220 staff gathered to celebrate the achievements of the teams and individuals selected as finalists from across Transport. The Minister for Transport and Infrastructure, Andrew Constance, and Minister for Roads, Maritime and Freight, Melinda Pavey, attended to recognise the finalists.

Transport for NSW was well represented in the 2016 Premier's Awards for Excellence in the NSW public sector, with seven finalists and two winners across the award categories. The Point to Point Transport Reform team won in the Creating Jobs category while the Sydney Metro Northwest Tunnelling Project won in the Building Infrastructure category.

Two employees were also recognised for their outstanding contributions in the 2017 Queen's Birthday Honours List, both receiving a Public Service Medal.

Transition to the GSE Act and GSELA Bill arrangements

We implemented the *Government Sector Employment Legislation Amendment Act 2016 No 2* (GSELA) to align the framework for employment of senior executives within the Transport cluster with those of other government agencies in the NSW public service. This is effective 1 July 2017.

GSELA encourages greater agility, flexibility and mobility across the NSW Government sector. The aim is to build a more mobile and collaborative cross-sector community, better able to deliver government services and meet the needs of the customer.

Above (top): Staff recipients of the Transport Cluster Awards 2016.

Above (middle): The Point to Point Transport Reform team won in the Creating Jobs category of the 2016 Premier's Awards

Transitioning to new employment classifications and implementing the GSELA required changes to both previous practices and the supporting employment framework. Representatives from Transport and the Public Service Commission worked collaboratively to develop an approach that aligned to the broader public sector while ensuring business continuity for Transport's key objectives.

GSELA implementation required the creation and amendment of Transport and Government Sector Employment Regulations and Rules, the review and update of policies, delegations and contracts of employment, and updating Human Capital Management system functionality. We conducted briefings and issued personalised transition letters to all existing senior service staff outlining the new arrangements prior to 30 June 2017. Work will continue to embed the new practices and requirements associated with the GSELA.

Innovating how we fund and finance transport

The Transport Asset Holding Entity

New arrangements for transport asset management in NSW are being achieved by an amendment to the *Transport Administration Act 1988*, to support the consolidation of transport asset ownership and development of a Transport Asset Holding Entity (TAHE). This optimises the existing transport asset base to enable a more effective, efficient and commercial approach to the management of transport assets, particularly property.

This year, we initiated the Program Management Office for TAHE. This is a complex program managed in collaboration with the Department of Premier and Cabinet, and the Treasury.

In the first stage of the reforms, the current functions and accountabilities of Sydney Trains and NSW Trains will not change. However, on 1 July 2019, additional amendments will include the change of RailCorp to become the Transport Asset Holding Entity of New South Wales (TAHE). This change means converting from a government agency to a statutory state-owned corporation.

Managing our budget and increasing revenue

Transport for NSW actively managed the Transport cluster's budget to deliver and grow transport services, and to build and maintain road, freight, maritime and public transport assets. In 2016–17, the net cost of the cluster's operations of more than $5 billion were within four per cent of budget, and Transport delivered a record capital works program of more than $10 billion.

In order to achieve this undertaking, we used strategies and governance processes that enabled flexible yet controlled financial management throughout the year. This included delivery of an ongoing program of efficiency savings measures which were implemented to ensure optimal delivery of transport services.

We recognise that utilising innovative financing options is key to our long-term success. During the year we aimed to create a culture of cost reduction and revenue increase by encouraging our people to develop strategic solutions by better leveraging and utilising our assets to create sustainable revenue streams.

Precinct development and capital projects

Transport for NSW is bringing its financial, property and transport planning capabilities together to leverage property development opportunities in funding the delivery and operation of transport infrastructure and services.

This initiative does more than source additional funds. One of the key benefits is development of housing and employment at transport nodes, which creates better cities and ensures improved returns on investment in transport infrastructure. Our approach to transport infrastructure improvement will deliver well-planned innovative precincts that enhance connectivity and the transport customer experience.

During 2016–17, precinct renewal projects advanced at several key sites. We conducted confidential market soundings to understand industry appetite for participation and have been encouraged to pursue precinct renewal with private sector investment. This is an innovative strategy to improve transport outcomes without complete reliance on the State budget.

We made progress on several unsolicited proposals where precinct renewal can be integrated with delivery of transport infrastructure. In December 2016, we commenced site establishment works on Wynyard Place, a commercial development above Wynyard Station that will deliver a new transit hall to George Street, with connections through to Wynyard Park.

The unsolicited proposal for the Sydney Metro Martin Place Station moved to Stage 3 in the assessment process in March 2017, which involves the negotiation of a final binding offer to be considered by the Government. The proposal integrates the new Sydney Metro Martin Place Station with two commercial towers and precinct works that create new public connections above and below ground. We also conducted preliminary assessments on a range of other unsolicited proposals lodged with the NSW Department of Premier and Cabinet in 2016–17.

In 2017–18, we aim to take precinct renewal projects to market, commencing construction on Wynyard Place. We will continue to assess unsolicited proposals in consultation with government.

Circular Quay renewal

This exciting renewal project is a significant, cross-government refurbishment and upgrade of the Circular Quay precinct wharves, transport interchange, promenade and surrounding public domain.

Using assets recycling and a non-traditional approach to financing, the NSW Government will set aside funding for the project, to be reserved in the Restart NSW infrastructure fund. The funds have been generated by the divestment of some select assets currently held by the Sydney Harbour Foreshore Authority (SHFA). The assets targeted for divestment comprise the Shangri-La and Four Seasons hotels in the Sydney CBD, the Novotel and Mercure hotels at Darling Harbour, and commercial offices at Darling Quarter.

In association with the Office of Government Architect and other key stakeholders, we developed the Circular Quay Renewal Framework in June 2016. This defined the shared vision for the precinct and developed a set of core values that underpin the renewal of Circular Quay. The Framework will help to deliver a whole-of-precinct renewal, using a coordinated approach to designing, planning, delivering and managing the place, public, infrastructure and development.

The process for the project lifecycle has been approved by the NSW Government and will enable early industry engagement to maximise innovation, efficiency and value. In December 2016, the project completed its initial justification (Gate 0) review with Infrastructure NSW and is now moving forward to a strategic business case and structured market engagement activities.

The project will meet the customers' needs and demands across all transport modes well into the future. It will improve the customer experience by coordinated delivery of multiple transport projects, and will unlock the opportunity for a world-class retail and commercial development, tourism, business and cultural precinct. Construction is expected to begin in 2019.

We're leveraging new technologies

The inaugural two-day Future Transport Summit, held in April 2016, brought together more than 600 information technology specialists, innovators, entrepreneurs, futurists, transport leaders and academics to examine how technology can be used to improve transport across NSW.

The summit launched a transformative, 12-month program of work through which we are identifying how to bring technology into the centre of what we do, to drive greater efficiency in service delivery and improve the customer experience. The outcomes of the summit are being incorporated into the Future Transport Technology Roadmap.

The Future Transport Technology Roadmap

The Future Transport Technology Roadmap is the first step in our journey to put NSW at the forefront of using innovation and emerging technologies to deliver better transport services.

Developed in collaboration with industry, customers and stakeholders, the Roadmap identifies the major technology trends that will shape the future of transport. Using different scenarios, we have imagined what transport could look like in the next decade, and are working out what we need to do now to be ready to meet a range of possible future impacts resulting from adoption of emerging technology.

With an overarching objective to transform the customer experience by personalising transport, the Roadmap outlines five key areas of focus that will guide investment in technology across transport. It also outlines 15 initiatives that aim to unlock the full value of our transport networks. These include using automation to improve the quality of information, delivering more efficient services, better managing network performance, and improving incident response with data and artificial intelligence.

The Roadmap has guided important work this year. We have called for innovative approaches to on-demand transport, assessed more than 100 innovation proposals from potential industry partners on applications of new technology in transport, actively engaged with digital entrepreneurs via the Open Data Hub and set up a trial of autonomous vehicles.

At the November 2016 launch of the Roadmap, we requested 'Expressions of Innovation'; the first example of a new approach to engaging with industry in a more collaborative way. The Roadmap directs our focus on delivering prototypes, proofs of concept, and trials of new applications of technology quickly, and at low cost, by working in ways that minimise bureaucracy and increase our ability to deliver.

A hotbed of entrepreneurial activity

As part of the Future Transport Technology Program, we established an 'Intrepreneur Hothouse', encouraging staff to put forward ideas to solve transport problems and deliver customer benefits. Since its inception, more than 500 staff have put forward 700 practical ideas about how to make transport better for our customers. As a result, we have set up an internal incubator program and allocated seed funding to prototype the best ideas.

To date 26 prototypes have been developed. These great ideas will be developed into products and services to benefit our customers and are at various stages of piloting and review, using a 'fail fast and learn' approach. This process has identified a number of practical changes that can be made by applying technology to transport processes and services.

Some examples currently under development or trial include:

- A maritime waterways app to enable a safe and enjoyable day on the water
- A digital self-service navigation kiosk for major transport interchanges
- New ways to plan journeys using an automated Facebook Messenger service
- Added functionality on public transport apps to reminds customers of their stop
- Real-time data driven information for apps on seat availability on the next service.

Concepts are also in development that will improve transport management processes, including a digital system for managing vehicle towing from clearways, managing hired plant for projects in delivery, and training and managing bus drivers on bus routes.

Smart vehicles trialled at the Smart Innovation Centre

In July 2016, we established the Smart Innovation Centre to look at new ways of using technology to improve road network safety and reliability. With a focus on testing and trialling connected and automated vehicles in a controlled environment, our work is preparing the way to support technologies that create the best customer outcomes for passenger and freight mobility. While industry and customers will drive the adoption of these emerging technologies, the government is accelerating and influencing take up in ways that help different customer groups and the community as a whole.

We are developing on-road trials of innovative and emerging technologies, particularly for connected and automated vehicles. Connected and automated vehicles are expected to offer significant community, economic and social benefits, including improved safety, productivity and network efficiency, with opportunities to minimise congestion, particularly with shared use.

We partnered with Australian company Cohda Wireless, on a connected vehicle trial for freight safety under the NSW Premier's Innovation Initiative. The project aims to reduce the number of times heavy vehicles stop at traffic lights on key freight corridors and, if successful, will inform the way we look at incorporating connected vehicle technology on other vehicles, including cars and buses.

We are working on a strategic plan to prepare for and enable connected and automated vehicles in NSW. This will align with the Future Transport Strategy and Technology Roadmap, and will be informed by community and industry engagement.

On Demand Transport pilot program

In November 2016, we launched the On Demand Transport program to identify and pilot creative new ways for people to reach their destinations quickly, safely, easily, efficiently, and at a time that suits them. With an investment of $20 million over three years, these pilots aim to improve transport services through innovative service delivery models and technology.

To explore these ideas, we reached out to the market on 5 December 2016 and held interactive sessions with proponents in January and February 2017 to explore the ideas further. The process closed on 27 February 2017. In all, 66 proposals were received from 43 proponents.

The pilots, commencing in late 2017, will be held in the Northern Beaches, Macquarie Park, Sutherland Shire, Manly/Eastern Suburbs, Revesby/Bankstown, Edmondson Park, Wetherill Park/Greystanes and Woy Woy.

The services being piloted will be demand responsive, local, and able to be booked and scheduled at times that suit the customer. The pilots will inform future service delivery models, which can be implemented into future service contracts to provide a cost effective way to improve customer outcomes.

Opening access to our data for research and development

Transport data is a public asset and it is our responsibility to share data in a way that will deliver better transport outcomes for the community. To unlock the potential of our data, we are providing open access to developers, technologists, data analytic centres and customers. Via an Open Data Hub, we are making transport data more accessible, releasing anonymous Opal data for broad research and customer product development.

To date, more than 4636 registered users are taking advantage of this data. From April 2016 to June 2017, the Open Data Hub delivered more than 480 million serves of data, which was used by a portfolio of third-party real-time transport apps, and achieved more than five million unique customer downloads.

The Open Data and Innovation Program has also enabled engagement with start-up entrepreneurs, stimulating new ways of thinking about how to deliver improved outcomes for our customers. One initiative aims to digitise the current manual print-based learner driver logbook with technology that improves the learning experience and enables electronic lodgement of records. Apps with this functionality were trialled in April 2017. Following further system development, integration and testing, this initiative is on course for a market release of a suite of new Learner Driver e-Log apps later in 2017.

Refreshing our ICT systems

During the year, we proceeded with significant programs to addresses a critical need to refresh and renew Transport's ageing and obsolete IT infrastructure assets. We completed implementation of the government's ICT Assurance Framework to improve strategic alignment and assurance for ICT projects across the Transport cluster.

Transport Equip is an Enterprise Resource Planning Program that underpins the Transport cluster, supporting HR, payroll, procurement, projects and finance functions for the Transport cluster. In 2016–17, we added around 11,000 additional employees and completed deployment of Transport Equip to NSW Trains in January 2017 and Sydney Trains in June 2017.

Making IT work for our staff

The Making IT Work for You Program is transforming the IT infrastructure of the Transport cluster by centralising IT services and support for around 27,500 staff working at various locations throughout NSW. In 2016–17, we deployed the MyIT Service Desk across the Transport cluster, providing a one stop shop for all IT services and support. As part of this initiative, we outsourced services to NEC Australia in Wollongong, providing around 100 new IT jobs in the Illawarra region.

We rolled out a new mobile device and application management platform to more than 13,000 users in June 2017 and transitioned managed network services from more than five suppliers to a single supplier across the Transport cluster.

During the year, we also developed a centralised document and records management system for the Sydney Metro Delivery Office. This provides a transparent, manageable and robust records management system for Australia's largest public transport project.

Corporate governance

Exemptions

The Treasurer, under section 45E of the *Public Finance and Audit Act 1983*, has approved an exemption from full compliance with the Financial Reporting Code. The exemption is that Transport for NSW is not required to prepare consolidated financial statements on the basis that its controlled entities are included in the Department of Transport's consolidated financial statements.

Internal Audit and internal Risk Management Policy Attestation

NSW GOVERNMENT | Transport for NSW

Internal Audit and Risk Management Attestation for the 2016/17 Financial Year

- Department of Transport
- Transport for NSW
- Transport Service of NSW
- Sydney Ferries

I, Tim Reardon, am of the opinion that the above listed entities have internal audit and risk management processes in operation that are, excluding the exceptions or transitional arrangements described below, compliant with the eight (8) core requirements set out in the *Internal Audit and Risk Management Policy for the NSW Public Sector*, specifically:

Core Requirements		For each requirement, please specify whether compliant, not-compliant, or in transition
Risk Management Framework		
1.1	The agency head is ultimately responsible and accountable for risk management in the agency	Compliant
1.2	A risk management framework that is appropriate to the agency has been established and maintained and the framework is consistent with AS/NZS ISO 31000:2009	Compliant
Internal Audit Function		
2.1	An internal audit function has been established and maintained	Compliant
2.2	The operation of the internal audit function is consistent with the International Standards for the Professional Practice of Internal Auditing	Compliant
2.3	The agency has an Internal Audit Charter that is consistent with the content of the 'model charter'	Compliant
Audit and Risk Committee		
3.1	An independent Audit and Risk Committee with appropriate expertise has been established	Compliant
3.2	The Audit and Risk Committee is an advisory committee providing assistance to the agency head on the agency's governance processes, risk management and control frameworks, and its external accountability obligations	Compliant
3.3	The Audit and Risk Committee has a Charter that is consistent with the content of the 'model charter'.	Compliant

Membership

The chair and members of the Audit and Risk Committee are:

Name	Term Commences	Term Finishes
Alex Smith (Chair)	27 November 2013	26 November 2017
Gerry Brus (Member)	19 November 2015	18 November 2017
Carolyn Burlew (Member)	03 March 2014	02 March 2018

Tim Reardon
Secretary

28 JUL 2017

Credit card certification

4.1 Credit card certification

I certify that the credit card usage in Transport for NSW during the year ended 30 June 2017 was in accordance with the Premier's Memoranda and Treasurer's Directions.

Tim Reardon
Secretary

Digital Information Security Policy Attestation

NSW GOVERNMENT | Transport for NSW

Objective Ref. IC17/08957

Mr Martin Hoffman
Chair of the ICT Board
Secretary, Department of Finance, Services and Innovation
2-24 Rawson Place
SYDNEY NSW 2000

Dear Mr Hoffman

Digital Information Security Policy Annual Attestation & Evidence of Certification Statement for the 2016-2017 Financial Year for Transport for NSW.

As required by the NSW Government Digital Information Security Policy, Transport for NSW provides the following attestation in relation to its digital information security practices for the 2016-17 financial year.

I, Tim Reardon, Secretary of Transport for NSW, am of the opinion that Transport for NSW had an Information Security Management System (ISMS) in place during the 2016-2017 financial year that is consistent with the Core Requirements set out in the NSW Government Digital Information Security Policy.

The controls in place to mitigate identified risks to the digital information and digital information systems of Transport for NSW are adequate.

Risks to the digital information and digital information system of Transport for NSW IT Service Delivery and the Transport Management Centre have been assessed with independent ISMS certified in accordance with the NSW Government Digital Information Security Policy.

Transport for NSW IT Service Delivery and the Transport Management Centre have maintained certified compliance with *ISO 27001 Information technology - Security techniques - Information security management systems - Requirements* by an Accredited Third Party during the 2016-2017 financial year.

Yours sincerely

Tim Reardon
Secretary

12 SEP 2017

18 Lee Street Chippendale NSW 2008
PO Box K659 Haymarket NSW 1240
T 8202 2200 F 8202 2209
www.transport.nsw.gov.au
ABN 18 804 239 602

Statement on the audit on the exchange of Opal Information

Transport for NSW completed an audit of the Electronic Ticketing System data provided under the Memorandum of Understanding with the NSW Police Force, which was tabled to the Audit and Risk Committee noting no issues with the information disclosed under this agreement.

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Appendices

Image © Destination NSW

I. Management

Management and structure

Department of Transport

Name	Position	Qualification
Tim Reardon	Secretary	Bachelor of Technology (Engineering & Management) Graduate Certificate in Natural Resources Diploma of Engineering (Civil) Business Management Certificate, AIM Company Directors Diploma, AICD

Transport for NSW

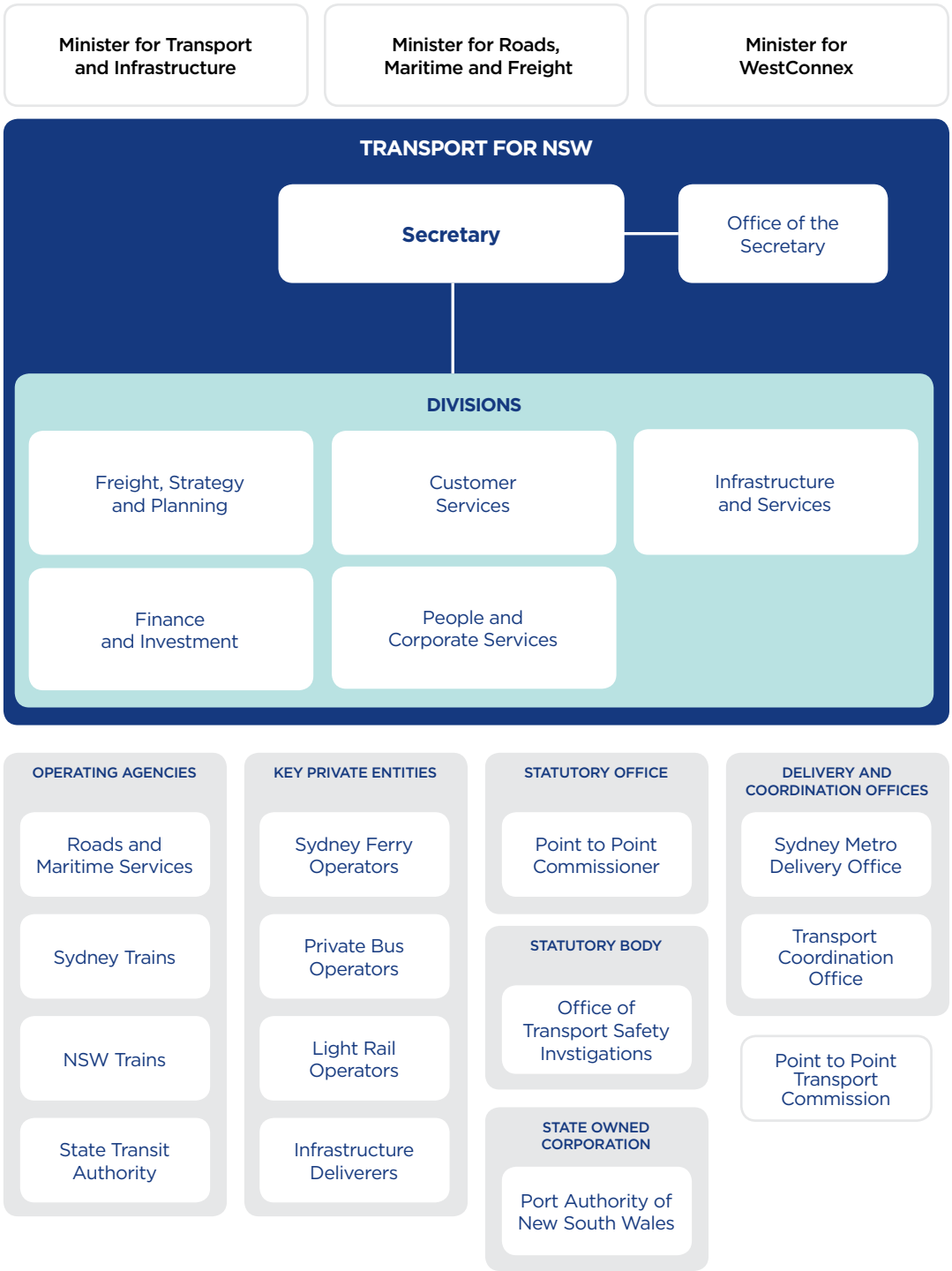
Name	Position	Qualification
Tony Braxton-Smith	Deputy Secretary, Customer Services	Master of Business Administration
Rodd Staples	Program Director Sydney Metro Delivery Office	Bachelor of Engineering (Civil) Masters of Finance (Business)
Clare Gardiner-Barnes	Deputy Secretary, Freight Strategy and Planning	Dip Teach (Primary) Grad Dip Arts (Leadership) Masters Social Welfare Administration and Planning
Peter Regan PSM	Deputy Secretary, Finance and Investment	Bachelor of Commerce (accounting and finance), UNSW Chartered Accountant (Institute of Chartered Accountants Australia)
Fran McPherson	Deputy Secretary, People and Corporate Services (to 30 September 2016)	Executive Management Certificate at University of Technology, FAIM Graduate Studies in Public Sector Management
Elizabeth Mildwater	Deputy Secretary, People and Corporate Services (from 17 January 2017)[1]	Bachelor of Economics Bachelor of Laws (Hons) Master of Contemporary Asian Analysis Advanced Management Program, Harvard Business School

Name	Position	Qualification
Marg Prendergast PSM	Coordinator General, Transport Coordination Office	Bachelor of Economics Graduate Diploma in Urban & Regional Planning
Stephen Troughton	Deputy Secretary, Infrastructure and Services (from 19 July 2016)[2]	Bachelor of Engineering (Hons) in Civil Engineering Master of Business Administration in Engineering Management Fellow of Engineers Australia Graduate of the Australian Institute of Company Directors (AICD) Member of Institution of Civil Engineers (UK)

1 Short term acting arrangements were put in place to cover the period prior to Elizabeth Mildwater commencing duties.

2 Short term acting arrangements were put in place to cover the period prior to Stephen Troughton commencing duties.

Transport Cluster Structure



Transport Advisory Board

The TAB provided expert advice to the Minister and the Secretary on strategic transport planning, prioritising, financing, delivering major transport projects and other advice, as required by the Minister or the Secretary.

Tim Besley (Chairman), Andrea Staines, Brendan Lyon and Paul Forward ('the Current Members') were first appointed as members of the TAB in May 2012. The Transport Secretary is also a member of the TAB.

As a result of the NSW Government's Eliminating Duplication Initiative, it was decided that the TAB has served its purpose and was no longer required. The TAB met for the last time in July 2016.

Legislation is currently being drafted by Treasury to implement the recommendations of the Eliminating Duplications review.

Major projects

Project Description	Planned actual completion date	Announced Estimated Total Cost ($'000)	2016–17 expenditure ($'000)	Expenditure in previous years ($'000)
Opal – Delivery Phase	2017	n.a.	25,021	411,215
Digital Train Radio System	2017	402,000	24,848	380,081
Wynyard Walk	2017	306,000	35,825	260,056
218 New buses to cater for NSW Services	2017	108,439	124,501	n.a.
Country Rail Capital Maintenance	2017	104,579	133,213	n.a.
Barangaroo Ferry Hub	2017	n.a.	23,945	35,467
Business System Improvements	2017	n.a.	23,419	163,213
Lidcombe to Granville – Corridor Upgrade	2016	n.a.	4,904	308,396
Lower Hunter Freight Corridor (Planning and Pre-Construction)		n.a.	996	n.a.
B-Line	2019	n.a.	79,630	39,570
Bus Priority Infrastructure (including Bus Rapid Transit Planning)	n/a	n.a.	797	n.a.
CBD and South East Light Rail	2019	2,100,000	139,635	359,240
Customer Experience – Digital Customer Channels and Wayfinding	2019	n.a.	50,364	117,261
Fixing Country Rail Pilot Program		n.a.	6,062	3500
Intelligent Congestion Management Program – Stage 2	2020	n.a.	5,456	3657

Project Description	Planned actual completion date	Announced Estimated Total Cost ($'000)	2016–17 expenditure ($'000)	Expenditure in previous years ($'000)
Main Western Rail Line Capacity Enhancements – Stage 1		n.a.	946	4000
Newcastle Light Rail	2019	n.a.	143,432	133,400
Next Generation Information Systems, now known as Making IT Work for You	2018	336,851	116,056	217,419
Parramatta Light Rail	2023	n.a.	67,045	12,556
Southern Sydney Freight Line Amplification (Planning)		n.a.	0	3000
Sydney Metro City and Southwest	2024	n.a.	1,873,395	868,858
Existing Network Enhancements	2019	n.a.	168,765	112,434
Automatic Train Protection	2019	n.a.	97,150	202,153
Enterprise Asset Management (EAM) Program	2017	n.a.	114,164	102,769
Fixing the Trains Investments	2021	n.a.	48,438	195,282
Next Generation Rail Fleet, now known as New Intercity Fleet	2021	n.a.	161,941	37,969
Power Supply	2018	n.a.	138,024	762,972
Rail Operations Centre	2018	276,000	85,132	66,091
Sydney Metro Northwest (including rolling stock)	2019	8,279,000	1,269,317	3,027,733
Transport Access Program	2020	n.a.	220,710	722,209

Consumer response

At Transport for NSW, we place the customer at the centre of everything we do. Wherever possible, complaints are resolved promptly at the first point of contact.

We are committed to making our systems accessible and supporting people who may require assistance when making a complaint. All complaints and feedback are handled equitably, objectively and in an unbiased manner. We're committed to responding appropriately to customer complaints and feedback; and using the insights generated to guide business decisions and improve the products and services we offer.

We aim to resolve most complaints within five business days. In circumstances where a complaint requires a detailed investigation, customers will be sent an acknowledgement that includes a tracking reference and information regarding the complaint handling process. If it is likely to take longer than 20 business days to resolve a complaint, customers will be kept informed of progress on a regular basis until the matter is resolved.

A Complaint and Feedback Management Standard (Standard) has been developed, defining the minimum mandatory requirements to meet the commitments outlined in the Transport Customer Complaints and Feedback Policy (Policy).

The Policy is conformant with the NSW Ombudsman's 'Commitments to Effective Complaint-Handling' including:

- Treating complainants with respect
- Information on and accessibility for making complaints
- Setting good communication standards with customers
- Staff taking ownership of complaints
- Timeliness of our responses
- Transparency of complaints processes.

The Standard details the strategy, approach, and processes required for customer feedback and complaint handling, including accountabilities, responsibilities, documentation and reporting.

Complaints, compliments and suggestions about public transport can be made online via the Transport Info Feedback (transportnsw.info) questions and complaints page, via an app, Feedback2Go, available for Android and iOS devices, or on the 131 500 telephone number.

Transport for NSW received 5553 customer complaints through Transport Info, 3795 by phone and the remainder via letter, direct email or Feedback2Go. Collectively, Transport for NSW received 10,049 complaints, compliments and suggestions.

Complaints predominately expressed concerns around:

- School Student Transport Scheme eligibility criteria
- Opal Gold Opal Card interstate concession entitlements
- Transport planning and service levels
- Technology:
  - Opal Travel App: complaints about incorrect/inaccurate information and requests to change functionality or reporting errors
  - TripView and other apps: complaints about incorrect/inaccurate information provided to customers
  - Trip Planner: complaints about incorrect/inaccurate information and functionality change requests.

We respond to complaints and feedback both on a case-by-case basis and also on a geographic or project approach where issues are identified specific to certain areas. Improvements to Trip Planner functionality and the launch of a new Trip Planner website were made due to customer feedback.

Customer satisfaction with public transport

Customer Satisfaction (%)	2012–13 (to June '13)	2013–14 (to May '14)	2014–15 (to May '15)	2015–16 (to May '16)	2016–17 (to May '17)
Train	81	85	88	88	89
Bus	85	87	88	89	89
Ferry	95	96	97	97	97
Light Rail	94	89	92	96	90
Taxi	79	81	84	81	81

- When compared to financial year 2015–16, customer satisfaction with public transport remained stable in the face of ongoing disruption due to construction work across the network.
- Since June 2013, customer satisfaction has increased significantly across most transport modes.
- In particular, satisfaction with train services increased by eight percentage points and satisfaction with bus services increased by four percentage points.

Customer satisfaction with roads

Customer Satisfaction (%)	2015–16 (to May '16)	2016–17 (to May '17)
Private vehicle	85	85
Heavy vehicle	66	61
Motorcycle	83	82
Bicycle	82	87
Pedestrian	86	85

- When compared to financial year 2015–16, customer satisfaction with roads remained stable across most transport modes.
- In particular, satisfaction among cyclists increased by five percentage points compared to last financial year.

Customer satisfaction with point to point transport

Customer Satisfaction (%)	2012–13 (to June '13)	2013–14 (to May '14)	2014–15 (to May '15)	2015–16 (to May '16)	2016–17 (to May '17)
Taxi	79	81	84	81	81
Ride Share	–	–	–	–	88
Hire Car	–	–	–	–	85

- Since June 2013, customer satisfaction with Taxi has improved by two percentage points
- FY 2016/17 was the first year in which customer satisfaction with Ride Share and Hire Car was measured.

Risk management and insurance

Risk management is a core capability and a key contributor to the success of Transport for NSW. We are committed to implementing proactive strategies and mechanisms to improve our performance and ensure we meet our objectives safely and successfully.

Transport for NSW's Enterprise Risk Management Framework and supporting standard and procedure establish a consistent approach to assessing, evaluating and managing risks. The Framework complies with the NSW Treasury Internal Audit and Risk Management Policy for the NSW Public Sector (TPP 15-03) and conforms to the Australian and New Zealand International Standard for Risk Management (AS/NZS ISO 31000).

Risk management is integrated with corporate strategy, business planning and performance. Business units include key risks within their business plans and report quarterly to the Transport for NSW Secretary on the effective management of risks.

The Transport Executive performs a regular review of our enterprise risk profile and has established a Transport Risk Leadership Group and a Risk Community of Practice to support the effective management of risk throughout Transport for NSW. The Transport Executive and the Transport Risk Leadership Group also provide leadership in the continuous improvement of our risk management performance.

The independent Audit and Risk Committee reviews whether management has current and appropriate risk management processes and associated procedures in place for the effective identification and management of risks.

The NSW Treasury requires all NSW Government agencies, other than state-owned corporations, to undertake Principal Arranged Insurance (PAI) through Insurance & Care NSW (iCare) for all government capital works projects estimated to cost $10 million or more.

Transport for NSW is a member agency of the Treasury Managed Fund (TMF). Our insurance policy is based on TMF's statement of cover. TMF is a self-insurance scheme provided by iCare, which was established by the *State Insurance and Care Governance Act 2015.*

The TMF provides the following areas of cover for Transport for NSW:

- Workers Compensation
- Liability
- Property
- Miscellaneous Risks
- Comprehensive Motor Vehicle.

Contractor Arranged Insurance (CAI) is required for any contract not covered by PAI. CAI is taken out by contractors to protect themselves against potential risks and liabilities that could arise as a result of services provided under the contract. All contractors engaged by Transport for NSW must provide a certificate of currency.

Transport for NSW also purchased commercial insurance policies for NSW Heritage Railways and Country Regional Network (CRN). Public Liability Insurance is provided for rail heritage organisations. Previous combined commercial insurance arrangements continued between CRN, Sydney Trains and NSW Trains. The insurance provided includes Industrial Special Risks (property damage and consequential loss insurance) and Comprehensive Liability Insurance.

II. Finance

Funds granted to non-government community organisations

The Transport Access Regional Partnerships Grants Program (TARPGP) supports initiatives to improve services and outcomes for transport disadvantaged groups in rural and regional NSW.

The TARPGP provides funding for people with limited or no access to private transport, and difficulty accessing public transport. A total of 37 grants were distributed via the TARPGP with funds totalling $763,938.

Organisation	Grant purpose	Amount
Awabakal Ltd	**Hunter Knockout** This project supported transport for Aboriginal people from the electorates of Newcastle, Upper Hunter, Cessnock, Maitland and Lake Macquarie to the Koori Knockout in Sydney during the 2016 October long weekend.	$5000
Illawarra Aboriginal Corporation	**Illawarra Titans NSW Aboriginal Knockout Carnival** This project supported coach transport for the Illawarra Titans teams (under 12, 15 & 17s) and their families and supporters to attend the Aboriginal Rugby League Knockout in Sydney between 30 September and 3 October 2016.	$3491
Woomera Aboriginal Corporation (Robert Whybrow)	**Murray River Warriors Koori Knockout 2016** This project supported transport for Aboriginal people from the electorate of Albury to Aboriginal Rugby League Knockout in Sydney during the 2016 October long weekend.	$818
Three Ways Aboriginal Sports Club	**NSW Koori Knockout – Griffith** This project supported transport for Aboriginal people from the electorate of Murrumbidgee to Aboriginal Rugby League Knockout in Sydney during the 2016 October long weekend.	$1755
Wagga Advancement Aboriginal Corporation	**2016 Aboriginal Knockout – Dindima Football Club** This project supported transport for Aboriginal people from the electorate of Wagga Wagga to Aboriginal Rugby League Knockout in Sydney during the 2016 October long weekend.	$716
Intereach Ltd	**Junior Waratahs Football Club Transport** This project enabled access to a series of three football knockout carnivals for 20 to 25 school students aged between six and 14 years from the Junior Waratahs Football Club to participate in healthy and inclusive sporting and social events.	$1260
Police Citizens Youth Club	**Mawang Gaway – Nations of Origin Wiradjuri South** This project enabled access to the Nations of Origin football event held 11–13 July 2017 at Raymond Terrace. The funds provided transport for 24 youth under the age of 16 years and volunteers to the largest youth Aboriginal event in NSW.	$3773
New England Sector Support team	**New England Koori Knockout** This project supported transport for Aboriginal people from the Tamworth, Northern Tableland and Barwon electorates to the Aboriginal Rugby League Knockout in Sydney during the 2016 October long weekend.	$5000
Kamilaroi Ageing and Disability Services – Uralla Shire Council	**Kamilaroi Elders All Star Adventure** Sixteen Kamilaroi Elders attended the Indigenous All Stars rugby league game in Newcastle. This equates to 128 trips undertaken by the group while in Newcastle. The project covers the townships of Tamworth, Armidale, Uralla, Gunnedah and outlying communities, and is a major contributor to the social and cultural wellbeing of this group.	$1200
Tablelands Community Transport	**Lake Macquarie Elders Olympics** The funding was used to provide transport assistance for Aboriginal Seniors and Elders to travel from Uralla and Tamworth to Lake Macquarie for the Elders Olympics.	$2900

Organisation	Grant purpose	Amount
Tenterfield Preschool Kindergarten	**Tenterfield Preschool Trial** This trial will build on the success of a program funded by the Department of Education's Community Preschool Outreach Grants program offering a travel service to and from preschool for children between three and five years. The bus will be fitted with safety anchorage points and booster seats.	$30,250
Tamworth Basketball Association	**Building Resilience through Basketball** This project provides coordinated, door-to-door bus transport for young disadvantaged Aboriginal and non-Aboriginal people in the greater Tamworth and New England region to access, participate and represent their community in regional basketball competitions. The project aims to ensure at-risk young people have a chance to build networks and experience events they would otherwise forego.	$14,000
Casino Cabs (North Coast Taxi and Hire Car Service Pty Ltd)	**Wheels to Independence** This funding supports subsidised taxi transport for people living with a disability and aged widows in the Richmond Valley LGA. It targets customers in areas where there is little or no public transport.	$30,000
Wyrallah Public School P&C Association	**Wyrallah Spectacular** This project supported 23 Aboriginal and non-Aboriginal students from Wyrallah Road Public School to travel by public transport to the Schools Spectacular in November 2016.	$2000
Murwillumbah Community Centre	**Caring about Kids and Culture** This project provides access for Aboriginal families to an after-school program that provides exposure to language, dance, and cultural art and crafts, to help maintain cultural identity. Cultural and family values are a main focus of the program, aiming to create stronger families and teach good parenting skills	$13,000
	Live and Learn This project enables Aboriginal youth to attend after-school and school holiday activities developed and run by the Murwillumbah Community Centre. An Aboriginal driver, trained through the Community Driven Tweed Byron Ballina initiative, will drive a hired community bus to ensure the transport is culturally appropriate.	$10,000
	Guyahyn Early Childhood This project provides access to a school-readiness program delivered at Possums Community Preschool for Aboriginal children aged five and under, and their parents. The aim is to increase engagement with school-readiness programs and Indigenous enrolments at local preschools, by promoting the employment of Aboriginal people in early childhood centres and programs.	$12,000
	Total	**$35,000**
Tweed Byron Ballina Community Transport	**Northern Rivers to the Knockout** This project supported transport for Aboriginal people from the electorates of Lismore, Byron, Ballina, Tweed, Kyogle and Richmond Valley to the Aboriginal Rugby League Knockout in Sydney during the 2016 October long weekend.	$5000

Organisation	Grant purpose	Amount
	Little Possums Trial A Toyota Coaster will be purchased and fitted with safety anchorage points and booster seats for a transport trial to and from preschool for 16 children aged between three and five years. The preschool will provide a supervising carer for up to eight children. The collaborating organisations in the project (Tweed Byron Ballina Community Transport, Possums Community Preschool and Murwillumbah Community Centre) will work together to develop the operating procedures, address any issues, and make improvements to the service throughout the trial.	$190,000
	Total	**$195,000**
Manning Valley and Area Community Transport Group	**Manning to the Knockout** This project supported transport for Aboriginal people from the Myall Lakes electorate to the Aboriginal Rugby League Knockout in Sydney during the 2016 October long weekend.	$1500
	Great Lakes to the Knockout This project provides affordable transport for Aboriginal people from Myall Lakes, Upper Hunter and Port Stephens to attend the annual Aboriginal Rugby League Knockout in Sydney during the October 2017 long weekend.	$1500
	Total	**$3000**
Homebase Youth Services	**NAIDOC Debut 2017** This project provided free and coordinated transport enabling Aboriginal youth living in the Forster–Tuncurry area to attend and perform at NAIDOC celebrations in 2017. A special event will be the Debutant Ball for young Aboriginal women to the age of 25.	$3000
Closing the Gap Community Services	**Toormina Bound** This project provides affordable transport using heavily subsidised existing transport services for some of the most disadvantaged members of the community, enabling access to the services provided by Closing the Gap Community Services following a move to Toormina. Closing the Gap Community Services is a volunteer organisation providing services to victims of domestic violence, Aboriginal people and recently released prisoners.	$25,000
Home Assistance and Regional Transport (HART) Services	**NRL2P** This project provides the opportunity for learner drivers who lack support, people with a disability or mental health illness, and people under severe financial distress, to gain their provisional licence. Partnerships with local community organisations have been formed to ensure the success of this project. The project will enable participants to have greater mobility, the opportunity to improve health and wellbeing, and more options to gain employment and financial stability.	$20,000
	Backing Box Ridge This project enables the Bogal Aboriginal Land Council to gain ownership of a 12-seat bus and trailer, to provide transport services to Aboriginal people in Coraki and Box Ridge. The bus and trailer are being donated by HART Services, while we are supporting the cost of transferring ownership of the bus and trailer, removing HART signage, a full vehicle service, and engineering to remove two back seats in order for the vehicle to be driven with a standard driver licence.	$7500

Organisation	Grant purpose	Amount
	Total	**$27,500**
Coffs Harbour, Bellingen & Nambucca Community Transport	**Building Capacity in Bowraville** This initiative enables the employment of local Aboriginal people in driving and transport coordination roles. Local people will be employed by Coffs Harbour, Bellingen & Nambucca Community Transport, which delivers community-based transport and enables improved access to critical appointments, and social and recreational activities. The community intend to reconnect young people with their culture by providing weekend transport to significant sites and activities in the area.	$130,000
	BOWRA L2P This project assists people experiencing isolation and disadvantage due to lack of access to transport. The target group is learner drivers who lack support to help them learn to drive. Coffs Harbour, Bellingen & Nambucca Community Transport will coordinate the 120 hours of learner tuition required by participants. A dual control vehicle will be purchased as part of this initiative to ensure the safety of learners and volunteer trainers. Participants will receive up to 10 hours of professional driving tuition (equivalent to 30 hours of volunteer tuition) and 90 hours of volunteer tuition.	$50,000
	Bowraville Beyond School This project enables young people in Bowraville to attend TAFE by providing free and appropriate transport, coordinated and delivered by TAFE in collaboration with Coffs Harbour, Bellingen & Nambucca Community Transport. This trial will enable Community Transport, TAFE and the Bowraville Solution Brokerage Task Group to assess the effectiveness of the model in engaging and retaining Aboriginal youth in training.	$31,000
	Driving the Valley Forward This program facilitates the training of up to 25 volunteer bus drivers in the Coffs Harbour, Bellingen and Nambucca regions. Participants will be required to volunteer a minimum of 30 hours for Coffs Harbour, Bellingen & Nambucca Community Transport or at an organisation of their choosing. Previous experience has shown that once engaged, participants provide hundreds of hours of driving back to their community and also achieve employment. This can have a significant impact on both the individuals and the communities in which they live.	$30,000
	Coffs to the Knockout This project supported transport for Aboriginal people from the electorates of Coffs Harbour and Oxley to the Aboriginal Rugby League Knockout in Sydney during the 2016 October long weekend.	$2000
	Nambucca to the Knockout This project provides affordable transport for Aboriginal people from Coffs Harbour, Bellingen and Nambucca to attend the annual Aboriginal Rugby League Knockout to be held in Sydney during the October 2017 long weekend.	$2000
	Total	**$245,000**

Organisation	Grant purpose	Amount
Bowraville Central School P&C Association	**Supporting Bowraville Youth** This initiative subsidises travel for Bowraville youth attending Bowraville Central School to enable them to attend TAFE and work experience. Travel will be on existing route services and the cost will be capped at $10 so that it does not disadvantage young people. Some local travel will be by charter where no route service exists.	$13,000
Hastings Macleay Community Transport	**Working Together in the Macleay** This project facilitates the employment of a stakeholder engagement/systems development officer. This position will work with partner agencies to develop operational frameworks for working together now and into the future. Their role will assist organisations to cooperate in the delivery of transport to the community. It will also provide the opportunity to evaluate the model and assess its suitability for other areas in the State.	$25,000
	Hastings to the Knockout This project supported transport for Aboriginal people from the electorates of Oxley and Port Macquarie to the Aboriginal Rugby League Knockout in Sydney during the 2016 October long weekend.	$1500
	Total	**$26,500**
SM and MN Rixon	**Coast to Canberra Daily Shuttle Service** The funding subsidy will ensure the continuance of daily return services from the South Coast to Canberra. Rixon Bus Service is demand responsive and adjusts their route to enable home pick up for customers and delivery to their destination in Canberra.	$70,000
Wyalong and District Community Transport Group	**Out 'n About Wyalong** This funding provides bus transport for youth (particularly Aboriginal youth) and socially isolated seniors (particularly men) to attend events and social opportunities outside the Bland Shire over the next 18 months. The service aims to provide engagement, interaction and occupation during the school holiday period. The project will also enable three Aboriginal participants the opportunity to gain a Medium Rigid (MR) bus licence and possible employment as community transport drivers. This project complements Bland Shire Council's Community Engagement Strategy.	$9425
Bathurst Community Transport	**Food Bank Shuttle Bus** This project provides weekly transport to the local food bank for people from financially and transport disadvantaged groups living in Bathurst and surrounding suburbs. This enables the target group to access a food service which will save them money and provide nutrition for them and their families. More than 200 people will be assisted with transport, which will increase social inclusion. More than 4000 trips will be made during a 12-month period.	$9350

Transport for NSW administers community grants in partnership with the following programs:

- Delivered on behalf of the NSW Department of Family and Community Services, the Community Care Support Program provides transport for young people (and their carers) who have a permanent functional disability, live in their community and risk premature or inappropriate admission to residential care.
- The Australian Government funds Transport for NSW via the Commonwealth Home Support Program to provide trips for older, frail, aged people and their carers.
- Transport for NSW, on behalf of the NSW Government, delivers the Community Transport Program that provides public passenger services to people who do not have access to public or private transport because of location, time of travel, ability or affordability.
- In 2016–17 the Country Passenger Transport Infrastructure Grants provided more than $3 million for 622 projects to improve passenger transport infrastructure in rural, regional and remote communities across NSW. This represents Transport for NSW's financial contribution towards improving the accessibility and quality of kerbside passenger transport infrastructure in country areas.

Organisation	Program	Funding
Access Sydney Community Transport	Community Care Support Program	$240,196
	Commonwealth Home Support Program	$2,890,844
	Community Transport Program	$276,111
	Total	**$3,407,151**
Activus Transport Incorporated	Community Care Support Program	$84,723
	Commonwealth Home Support Program	$1,544,654
	Community Transport Program	$82,259
	Total	**$1,711,636**
Australian Unity Home	Community Care Support Program	$49,275
	Commonwealth Home Support Program	$318,344
	Community Transport Program	$138,666
	Total	**$506,285**
Awabakal Ltd	Community Care Support Program	$1265
	Commonwealth Home Support Program	$156,882
	Community Transport Program	$29,632
	Total	**$187,779**
Bankstown Canterbury Community Transport	Community Care Support Program	$213,506
	Commonwealth Home Support Program	$1,959,925
	Community Transport Program	$125,004
	Total	**$2,298,435**

Organisation	Program	Funding
Baptist Community Services – NSW & ACT	Community Care Support Program	$81,924
	Commonwealth Home Support Program	$785,977
	Community Transport Program	$151,487
	Total	**$1,019,388**
Bathurst Community Transport	Community Care Support Program	$115,488
	Commonwealth Home Support Program	$306,668
	Community Transport Program	$140,602
	Total	**$562,758**
Bega Valley Community Transport	Community Care Support Program	$27,455
	Commonwealth Home Support Program	$294,564
	Community Transport Program	$92,116
	Total	**$414,135**
Blue Mountains Aboriginal C & R Centre	Community Care Support Program	$12,605
	Commonwealth Home Support Program	$76,660
	Community Transport Program	$30,726
	Total	**$119,991**
Bungree Aboriginal Association	Community Care Support Program	$26,343
	Commonwealth Home Support Program	$147,953
	Community Transport Program	$41,365
	Total	**$215,661**
Cessnock Community Transport	Community Care Support Program	$21,749
	Commonwealth Home Support Program	$296,411
	Community Transport Program	$242,648
	Total	**$560,808**
Clarence Community Transport	Community Care Support Program	$325,010
	Commonwealth Home Support Program	$1,050,079
	Community Transport Program	$189,729
	Total	**$1,564,818**
Coast and Country Community Services Ltd	Community Care Support Program	$258,567
	Commonwealth Home Support Program	$1,262,877
	Community Transport Program	$386,081
	Total	**$1,907,525**
Coffs Harbour, Bellingen & Nambucca Community Transport	Community Care Support Program	$136,996
	Commonwealth Home Support Program	$1,550,048
	Community Transport Program	$317,812
	Total	**$2,004,856**

Organisation	Program	Funding
Community Connect Transport Services	Community Care Support Program	$32,320
	Commonwealth Home Support Program	$1,004,731
	Community Transport Program	$16,639
	Total	**$1,053,690**
Community Transport Central Coast	Community Care Support Program	$468,507
	Commonwealth Home Support Program	$2,983,326
	Community Transport Program	$208,503
	Total	**$3,660,336**
Community Transport Network	Commonwealth Home Support Program	$480,000
	Total	**$480,000**
Community Transport Port Stephens	Community Care Support Program	$40,144
	Commonwealth Home Support Program	$607,895
	Community Transport Program	$169,031
	Total	**$817,070**
Community Transport Warren	Community Care Support Program	$29,340
	Commonwealth Home Support Program	$85,578
	Community Transport Program	$74,408
	Total	**$189,326**
Community Wheels	Community Care Support Program	$150,939
	Commonwealth Home Support Program	$1,268,408
	Community Transport Program	$230,764
	Total	**$1,650,111**
Dungog & District Neighbourcare	Community Care Support Program	$36,916
	Commonwealth Home Support Program	$238,346
	Community Transport Program	$48,772
	Total	**$324,034**
Easy-Go Connect Incorporated	Community Care Support Program	$157,134
	Commonwealth Home Support Program	$1,321,874
	Community Transport Program	$234,070
	Total	**$1,713,078**
Easylink Community Services Ltd	Community Care Support Program	$22,926
	Commonwealth Home Support Program	$1,058,475
	Community Transport Program	$292,841
	Total	**$1,374,242**

Organisation	Program	Funding
Far West HACC Services	Community Care Support Program	$57,244
	Commonwealth Home Support Program	$146,407
	Community Transport Program	$111,231
	Total	**$314,882**
Gandangara Transport Services Ltd	Community Care Support Program	$284,040
	Commonwealth Home Support Program	$420,767
	Community Transport Program	$163,142
	Total	**$867,949**
Great Community Transport	Community Care Support Program	$423,761
	Commonwealth Home Support Program	$941,502
	Community Transport Program	$248,547
	Total	**$1,613,810**
Hastings Macleay Community Transport	Community Care Support Program	$60,479
	Commonwealth Home Support Program	$1,605,863
	Community Transport Program	$129,429
	Total	**$1,795,771**
Holdsworth Street Community Centre	Community Care Support Program	$112,246
	Commonwealth Home Support Program	$398,737
	Community Transport Program	$148,699
	Total	**$659,682**
Home Assistance and Regional Transport (HART) Services	Community Care Support Program	$316,207
	Commonwealth Home Support Program	$1,188,887
	Community Transport Program	$286,654
	Total	**$1,791,748**
Home Care Service of NSW	Community Care Support Program	$123,661
	Commonwealth Home Support Program	$586,686
	Community Transport Program	$347,491
	Total	**$1,057,838**
Hornsby Ku-Ring-Gai Community Aged Care	Community Care Support Program	$34,623
	Commonwealth Home Support Program	$1,331,520
	Community Transport Program	$53,655
	Total	**$1,419,798**
Intereach Ltd	Community Care Support Program	$107,405
	Commonwealth Home Support Program	$456,494
	Community Transport Program	$199,403
	Total	**$763,302**

Organisation	Program	Funding
Inverell HACC Services	Community Care Support Program	$10,331
	Commonwealth Home Support Program	$384,651
	Community Transport Program	$84,221
	Total	**$479,203**
Kalianna Enterprises	Community Care Support Program	$263,780
	Commonwealth Home Support Program	$434,610
	Community Transport Program	$121,922
	Total	**$820,312**
Lake Cargelligo & District Community Transport	Community Care Support Program	$10,478
	Commonwealth Home Support Program	$149,490
	Community Transport Program	$68,211
	Total	**$228,179**
Leichhardt Community Transport	Community Care Support Program	$124,668
	Commonwealth Home Support Program	$1,147,700
	Community Transport Program	$139,560
	Total	**$1,411,928**
LiveBetter Services Ltd	Community Care Support Program	$439,025
	Commonwealth Home Support Program	$1,433,061
	Community Transport Program	$624,132
	Total	**$2,496,218**
Maitland Community Care Services	Community Care Support Program	$73,888
	Commonwealth Home Support Program	$560,675
	Community Transport Program	$140,878
	Total	**$775,441**
Manning Valley and Area Community Transport	Community Care Support Program	$143,207
	Commonwealth Home Support Program	$1,485,421
	Community Transport Program	$287,793
	Total	**$1,916,421**
Meeting House	Commonwealth Home Support Program	$58,883
	Community Transport Program	$10,000
	Total	**$68,883**
Mercy Services	Community Care Support Program	$82,993
	Commonwealth Home Support Program	$1,953,618
	Community Transport Program	$183,312
	Total	**$2,219,923**

Organisation	Program	Funding
Moree Aged & Disability Services	Community Care Support Program	$56,906
	Commonwealth Home Support Program	$215,060
	Community Transport Program	$104,598
	Total	**$376,564**
Murrumburrah–Harden Flexible Care	Community Care Support Program	$4,687
	Commonwealth Home Support Program	$41,631
	Community Transport Program	$58,426
	Total	**$104,744**
Neighbourhood Central	Community Care Support Program	$23,893
	Commonwealth Home Support Program	$348,679
	Community Transport Program	$193,378
	Total	**$565,950**
Northern Coalfields Community Transport	Community Care Support Program	$54,086
	Commonwealth Home Support Program	$259,685
	Community Transport Program	$23,576
	Total	**$337,347**
Northern Illawarra Neighbour Aid	Community Care Support Program	$7849
	Commonwealth Home Support Program	$92,061
	Community Transport Program	$47,535
	Total	**$147,445**
Northern Rivers Social Development Council	Community Transport Program	$105,657
	Total	**$105,657**
Northside Community Forum	Community Care Support Program	$202,072
	Commonwealth Home Support Program	$173,019
	Community Transport Program	$69,106
	Total	**$444,197**
Ourcare Services Ltd	Community Care Support Program	$46,641
	Commonwealth Home Support Program	$286,324
	Community Transport Program	$52,134
	Total	**$385,099**
Oxley Community Transport	Community Care Support Program	$39,489
	Commonwealth Home Support Program	$665,268
	Community Transport Program	$241,936
	Total	**$946,693**

Organisation	Program	Funding
Peppercorn Services	Community Care Support Program	$114,361
	Commonwealth Home Support Program	$432,319
	Community Transport Program	$250,028
	Total	**$796,708**
Randwick Waverley Community Transport	Community Care Support Program	$127,047
	Commonwealth Home Support Program	$1,394,156
	Community Transport Program	$76,947
	Total	**$1,598,150**
Ryde Hunters Hill Community Transport	Community Care Support Program	$61,292
	Commonwealth Home Support Program	$792,483
	Community Transport Program	$42,454
	Total	**$896,229**
Rylstone District Care & Transport	Community Care Support Program	$31,488
	Commonwealth Home Support Program	$82,133
	Community Transport Program	$26,658
	Total	**$140,279**
South Eastern Community Connect	Community Care Support Program	$54,796
	Commonwealth Home Support Program	$370,763
	Community Transport Program	$25,596
	Total	**$451,155**
South West Community Transport Ltd	Community Care Support Program	$553,922
	Commonwealth Home Support Program	$3,028,434
	Community Transport Program	$236,764
	Total	**$3,819,120**
Southern Highlands Community Transport	Community Care Support Program	$195,507
	Commonwealth Home Support Program	$850,413
	Community Transport Program	$150,022
	Total	**$1,195,942**
St George Community Transport	Community Care Support Program	$517,421
	Commonwealth Home Support Program	$1,256,147
	Community Transport Program	$117,930
	Total	**$1,891,498**
TransCare Hunter Ltd	Community Care Support Program	$106,023
	Commonwealth Home Support Program	$364,696
	Community Transport Program	$267,046
	Total	**$737,765**

Organisation	Program	Funding
Translinc Inc	Community Care Support Program	$15,744
	Commonwealth Home Support Program	$102,498
	Community Transport Program	$43,580
	Total	**$161,822**
Tweed Byron and Ballina Community Transport	Community Care Support Program	$248,208
	Commonwealth Home Support Program	$1,753,627
	Community Transport Program	$233,067
	Total	**$2,234,902**
Valmar Support Services Ltd	Community Care Support Program	$152,584
	Commonwealth Home Support Program	$713,843
	Community Transport Program	$396,131
	Total	**$1,262,558**
Walcha Community Transport	Community Transport Program	$27,013
	Total	**$27,013**
Wee Waa Community Care Service	Community Care Support Program	$7307
	Commonwealth Home Support Program	$224,222
	Community Transport Program	$128,392
	Total	**$359,921**
Western Region Community Transport Forum	Community Care Support Program	$3034
	Commonwealth Home Support Program	$14,485
	Total	**$17,519**
Western Sydney Community Forum	Community Transport Program	$109,635
	Total	**$109,635**
Wyalong and District Community Transport	Community Care Support Program	$12,219
	Commonwealth Home Support Program	$160,684
	Community Transport Program	$44,592
	Total	**$217,495**
	Grand total	**$67,775,808**

Community Road Safety Grants

Organisation	Project name	Amount requested
Pedestrian Council of Australia Ltd	'Mobile Phone Campaign –Youtube and CSA video ad' – develop a 30 second video to educate pedestrians on mobile phone distraction	$30,000
Motorcycle Council of NSW Inc	'Motorcycle Helmets - the Facts' – three short films on suitability of motorcycle helmets	$30,000
Cycling NSW	Ride Leader (cycling) curriculum and training	$24,000
Bicycle NSW	"'Give a Metre' – transportable kit and activity for members of the public"	$5000
Little Blue Dinosaur	'Holiday Time' – Slow down campaign involving community (non-road) signage	$30,000
Family Resource and Network Support Inc	Road safety instruction for people with an intellectual disability"	$3960
Dulwich Hill Public School Parents and Citizens Association	'Keeping Dulwich Hill community and kids safe in Hercules Street' – printed vinyl banners to attach to school fence in regards to parking restrictions	$1500
Metro Assist Inc	'New Drivers Safety Education' – focus on refugees and migrants	$5000
Jubilee Community Services Incorporated	'Safer Georges River Pedestrians' – workshops for over 65s targeting Cantonese and Mandarin speakers	$2800
Giant Steps Sydney	'Cycling for Life': Multipurpose Road Safety Education Cycle Track for Children with Autism in their education facility	$30,000
Holdsworth Community Ltd	'Stop, Look, Listen and Think' – development of an extra module of the 'Travel Training' pedestrian safety training	29,800
Passion of Welfare Incorporated Association	'Increase Awareness of Road Safety in Indian/ Pakistani Community' – delivering four workshops on road safety	$4999
Blue Datto Foundation	'The Need' – provide training and educational support to parents of young drivers who are undertaking the Keeping Them Safe Program and 'Keeping Safe Community Program' – behavioural road safety educational workshops	$27,729 and $4800
Illawarra Road Safety Group	Illawarra Seniors Road Safety Expo	$5000
SCARF Incorporated	Destination Safe Driving (DSD) – driver education and mentoring for resettled refugees	$29,700
Multicultural Communities Council of Illawarra	'Cycle safe educational session' – targeting refugee and migrant youth	$5000
Alison Homestead Men's Shed	'Purchase of bicycle helmets' – for children from disadvantaged families	$1500
Manilla Lions Club	Assisting with development of a children's road safety park	$5000

Organisation	Project name	Amount requested
Port Stephens Family and Neighbourhood Services	'Safe Families, Safe Kids' – selection and installation of child restraints	$15,000
Blackheath Area Neighbourhood Centre	Seniors' Road Safety Film-Making Project	$5000
Anglicare	'Australia School – Road-Safe in Oz: Walk, Ride and Drive' – educational sessions targeted at newly arrived humanitarian entrants to Australia	$5000
Rotary Club of Woolgoolga Inc	'Youth Driver Awareness Day' – youth driver awareness day using the RYDA program	$1800
Rotary Club of Moss Vale	Autism Driver Training Workshop	$5000
Australian Road Safety Foundation	'Senior Driver Program' – driver coaching and mentoring program	$23,200
	Total	**$330,788**

Research and development

Transport for NSW established a new Research and Investigation Unit, to undertake innovative and practical research projects and facilitate relationships with the university sector. This business unit, along with the newly established Transport Performance and Analytics Centre of Excellence, will enable us to deliver the evidence base and insights necessary to drive the strategic decision making that underpins the development and delivery of our transport system.

In 2016–17, we undertook the following research and development activities:

Activity	Status	Partners and collaborators
Completion of the Greater Sydney Metropolitan Area Household Travel Survey for the 20th year.	Results being compiled	IPSOS Australia, an independent market research company.
Fare evasion survey.	Twice yearly	EY Sweeney, a full service market research firm, and Melbourne University.
900 responses to more than 1400 written requests for data, advice and analysis.	Ongoing	Various – including universities, councils, media and consultants.
Ensuring common data assumptions for planning via the NSW Government cross-agency Common Planning Assumptions Data Working Group.	Ongoing	Various – including Infrastructure NSW, Department of Planning and Environment, Greater Sydney Commission, and Sydney Water.
Directed Hackathons to address the real-world challenges facing transport.	Ongoing	University of Technology Sydney (UTS) post-graduate students.
UTS Capstone Student Research – undertaking research projects to help address transport challenges.	Ongoing	Final year engineering students.
Future Transport Data Science Hot Spot – Collaboration with external partners, including Data 61 and UTS Connected Intelligence Centre, to support postgraduate programs.	Ongoing	Various postgraduate programs including Data 61, UTS and consultancies.
Sponsorship of the Chair in Public Transport at the Institute of Transport and Logistics Studies, The University of Sydney. The Chair delivers teaching programs in transport policy and planning, provides briefings on relevant transport topics, and undertakes research into emerging issues including big data and analytics, economic impacts of transport initiatives, forecasting models and the influence of technology.	Ongoing to 2022	Partnership between the NSW Government and the Institute of Transport and Logistics Studies.
Better Infrastructure Initiative (BII) – a program of strategic development of people, concepts, data and thought leadership.	Ongoing to 2021	John Grill Centre for Project Leadership, The University of Sydney.

Activity	Status	Partners and collaborators
Development of internal and external visualisations and tools to provide insights into NSW public transport.	Ongoing	Various internal and external collaborations.
Forecasting and analytical support for infrastructure and service planning, with freight and passenger transport modelling, to support the development of business cases for transport projects.	Ongoing	Various internal and external collaborations.
Reforms to internal data governance processes including improved documentation and the formation of a cross agency group to ensure the ongoing accuracy and completeness of Opal data.	Ongoing	Various internal and external collaborations.

Consultants

Consultant	Category	Project	Actual cost
Abley Transportation Consultants	Engineering	Operating speed modelling	$88,501
AECOM Australia Pty Ltd	Engineering	Bays precinct transformation	$139,262
AECOM Australia Pty Ltd	Engineering	Tier 1 future interchange precincts	$78,596
Biz Ed Consultancy Solutions Pty Ltd	Management services	Freight and ports strategy performance review	$54,546
Blue Arcadia Pty Ltd	Management services	Review of NSW freight and ports strategy	$84,000
Corview Group Pty Ltd	Engineering	Bays precinct transformation	$762,815
Elton Consulting Group Pty Ltd	Management services	Long-term Transport Master Plan refresh	$244,040
Fortian Pty Ltd	Information technology	Security reference architecture	$102,000
GHD Pty Ltd	Engineering	Trains lubrication concept	$67,033
KPMG	Management services	Best practice review of long-term transport master plans	$120,549
L.E.K. Consulting	Organisational review	Assessment of contractors and professional services	$498,666
L.E.K. Consulting	Organisational review	Industrial relations stocktake	$481,355
L.E.K. Consulting	Management services	Mobilisation of PBROG work plan	$367,000
Navicle Pty Ltd	Information technology	Transport Cluster software licence review and optimisation	$158,000
Newgate Communications Pty Ltd	Management services	Future Transport Strategy	$944,146

Consultant	Category	Project	Actual cost
Newgate Communications Pty Ltd	Organisational review	Qualitative research of themes and objectives	$109,860
Nous Group Pty Ltd	Management services	Freight industry branch strategy review	$165,900
RPS Manidis Roberts Pty Ltd	Engineering	Bays precinct transport study	$70,081
The Boston Consulting Group Pty Ltd	Management services	Development of operating model	$544,273

Total number of engagements*	Total cost
7	$196,677

*All consultancy engagements less than $50,000 relate to management services.

Land disposal

Transport for NSW acquires and holds properties to construct major projects in accordance with its functions under the *Transport Administration Act 1988*. After completing projects, subject to land not being required for operational purposes, the assets are either transferred to other government agencies for approved functions or divested in accordance with government guidelines.

There were no assets disposed of by Transport for NSW with a value of greater than $5 million during 2016–17.

Payment of accounts

Payment of accounts is closely monitored to ensure accounts are paid in accordance with NSW Treasury directions. Process improvements across Transport for NSW and related entities are being undertaken to further improve on-time payment performance.

Aged analysis at the end of each quarter:

Quarter	Current (i.e. within due date) $'000	Less than 30 days overdue $'000	Less than 30 days overdue $'000	Between 61 and 90 days overdue $'000	More than 90 days overdue $'000
All suppliers					
September	$28,999	$3726	$213	$321	$700
December	$35,733	$7338	$595	$408	$288
March	$34,449	$2334	$47	$79	$877
June	$82,954	$8789	$2397	$3	$794
Small business suppliers					
September	$113	$38	$0	$0	$0
December	$233	$25	$0	$0	$0
March	$163	$4	$0	$3	$0
June	$179	$33	$0	$0	$0

Accounts due or paid within each quarter:

Quarter	Sept	Dec	Mar	Jun
All suppliers				
Number of accounts due for payment	17,322	19,432	16,878	32,027
Dollar amount of accounts due for payment ($'000)	$3,392,235	$4,680,106	$2,926,946	$4,540,756
Number of accounts paid on time	14,502	16,574	14,721	31,677
Dollar amount of accounts paid on time ($'000)	$3,257,810	$4,564,205	$2,805,913	$4,526,636
Actual percentage accounts paid on time ($ based)	96.0%	97.5%	95.9%	99.7%
Number of payments for interest on overdue accounts	0	0	0	0
Interest paid on late accounts	$0	$0	$0	$0
Small business suppliers				
Number of accounts due for payment to small businesses	239	284	302	405
Number of accounts due to small businesses paid on time	233	275	294	386
Actual percentage of small business accounts paid on time (based on number of accounts)	97.5%	96.8%	97.4%	95.3%
Dollar amount of accounts due for payment to small businesses ($'000)	$4796	$4435	$2592	$2716
Dollar amount of accounts due to small businesses paid on time ($'000)	$4759	$4330	$2576	$2646
Actual percentage of small business accounts paid on time (based on $)	99.2%	97.6%	99.4%	97.4%
Number of payments to small business for interest on overdue accounts	0	0	0	0
Interest paid to small businesses on overdue accounts	$0	$0	$0	$0

Time for payment of accounts

Quarter	Sept	Dec	Mar	Jun
Number of payments for interest on overdue accounts	0	0	0	0
Interest paid on overdue accounts	$0	$0	$0	$0

Implementation of price determination

The Independent Pricing and Regulatory Tribunal (IPART) determines maximum fares for the following services:

- Opal fares including: Sydney Trains and NSW TrainLink Intercity Services, metropolitan and outer metropolitan buses, Inner West Light Rail, Sydney Ferries and the Stockton Ferry
- Rural and regional buses.

On 1 January 2017, IPART determined there would be no changes to maximum fares for rural and regional buses for distances up to 40 kilometres. Some bus fares for longer distances fell by up to 20 cents.

Economic and other factors

The NSW economy continued to perform better than the rest of Australia in 2016–17, and is expected to grow above trend in the coming financial years. Strong economic growth is being driven by growth in exports, low interest rates, and continued investment in public infrastructure. The strong portfolio of new road and rail projects such as Sydney Metro, WestConnex, Parramatta and Newcastle light rails, will address the demands of an increasing population and network capacity constraints.

Various risk factors affect the operational objectives of the Transport cluster. Economic uncertainties, particularly around the construction market and wages growth, remain. Global demand for Australian exports is forecast to significantly increase by 2050, driven by a greater per capita global income and an increase in e-commerce-based domestic parcel delivery.

Significant transport investment could put pressure on the labour market in the medium term. The outlook for wages growth, which has flow on effects on inflation, consumption and economic activity, also affects travel demand forecasts. Regional NSW has experienced significant economic growth, with employment growing about five per cent over the last two financial years. This is somewhat mitigated by factors that are currently putting downward pressure on wages, including the unwinding mining boom.

By 2030, freight in NSW is expected to be approximately 525 million tonnes and rail freight is forecast to increase by nearly 20 per cent. To accommodate the accelerating freight trend and minimise congestion in the road networks, the rail network asset maintenance program will continue. The increasing demands on port and rail infrastructure will be addressed by extracting return from existing infrastructure to create network efficiencies and capacity enhancements.

Population in NSW continued to grow (by 1.5 per cent) and at the end of 2016, was estimated at 7.8 million people; five million in Greater Sydney, which remains the largest city in Australia. Population growth places additional demands on the level and distribution of transport infrastructure and services. Transport operational assets also require enhanced amenities and accessibility features to cater to the needs of the ageing population.

Higher global oil prices and a strengthening global economy are expected to contribute to some inflationary pressures that allow for a low interest rate environment and lower Australian dollar. The low dollar attracts overseas visitors, putting more strain on NSW transport assets and services. The Commonwealth Horizontal Fiscal Equalisation (HFE) predicts GST revenues declining in real terms for NSW compared with other jurisdictions, compounding the funding issue for transport maintenance and growth. Thus, Transport for NSW should continue to support the NSW Treasury in its bid for an equal per capita model of GST revenue allocation.

The long-term nature and the size of transport infrastructure contracts (regarding both delivery and maintenance agreements) require systematic risk assessments and more sophisticated risk management in supplier selection to ensure contractors are able to service the needs of transport customers well into the future.

Budget

Transport for NSW actively managed the Transport cluster's budget to deliver and grow transport services, and to build and maintain road, freight, maritime and public transport assets. In 2016–17, Transport delivered a record capital works program of more than $10 billion. The net cost of the cluster's operations of more than $5 billion was within four per cent of budget.

In order to achieve this undertaking, Transport for NSW used strategies and governance processes that enabled flexible yet controlled financial management throughout the year. This included delivery of an ongoing program of efficiency savings measures which were implemented to ensure optimal delivery of transport services.

Significant effects (after balance date events)

Transport for NSW awarded Keolis Downer Hunter Pty Ltd an integrated service contract to provide Newcastle bus and ferry operations from 1 July 2017. These were previously delivered by the State Transit Authority (STA), under contract with Transport for NSW. The Secretary approved the equity transfer of Newcastle bus and ferry assets from STA to Transport for NSW ($50.3 million), effective 1 July 2017. These assets are then leased by Transport for NSW to service provider Keolis Downer Hunter Pty Ltd.

III. Human resources

Human resources

Transport for NSW (inclusive of Department of Transport) employs 3911 staff, with a full time equivalent (FTE) of 3836. Growth in capitally funded projects contributed to the significant increase in 2016–17. The following table shows our workforce (excluding cadets, casuals and contractors/ labour hire) compared with the previous three years:

Annual Salary	2016–17 Total Count			2015–16 Total Count			2014–15 Total Count			2013–14 Total Count		
	F	M	Total	F	M	Total	F	M	Total	F	M	Total
<$50,000	21	27	48	0	2	2	3	3	6	5	7	12
$50,001 – $75,000	343	174	517	333	183	516	354	207	561	376	233	609
$75,001 – $100,000	476	295	771	424	265	689	420	298	718	445	381	826
$100,001 – $125,000	439	546	985	366	485	851	376	502	878	278	379	657
$125,001 – $150,000	250	330	580	175	254	429	98	199	297	62	136	198
>$150,000	311	699	1010	201	551	752	195	574	769	170	526	696
Total	**1840**	**2071**	**3911**	**1499**	**1740**	**3239**	**1446**	**1783**	**3229**	**1336**	**1662**	**2998**

Note: Employees in acting arrangements for more than 90 days are recorded in the applicable (effective) salary range.

Note: Excludes casuals in Transport for NSW.

The Department of Transport headcount remained unchanged.

The following table shows the Department of Transport (excluding cadets, casuals and contractors/labour hire) compared with the previous three years:

Annual Salary	2016–17 Total Count			2015–16 Total Count			2014–15 Total Count			2013–14 Total Count		
	F	M	Total	F	M	Total	F	M	Total	F	M	Total
<$50,000	0	0	0	0	0	0	0	0	0	0	1	1
$50,001 – $75,000	0	0	0	0	0	0	1	0	1	1	0	1
$75,001 – $100,000	0	0	0	0	0	0	0	0	0	2	0	2
$100,001 – $125,000	0	0	0	0	0	0	0	0	0	3	7	10
$125,001 – $150,000	0	0	0	0	0	0	0	0	0	2	4	6
>$150,000	0	1	1	0	1	1	0	1	1	2	3	5
Total	**0**	**1**	**1**	**0**	**1**	**1**	**1**	**1**	**2**	**10**	**15**	**25**

Note: Headcount and full time equivalent (FTE) includes Secretary's position.

Note: Excludes casuals in Department of Transport.

Transport for NSW's HR policy framework aligns to the Transport values, and modern, streamlined HR management approaches. Where appropriate, consistent policies are developed and applied across the Transport cluster to embed these practices.

Human resources policies and procedures are regularly reviewed and updated. During 2016-17, the following updated TfNSW procedures were published:

- updated Return to Work and Injury Management Procedure
- updated BYOD Allowance, First Aid Allowance, and Professional Membership Fees Procedure

Salaries, wages and allowances moved in accordance with the Government's wages policy. Staff employed under the provisions of the Transport for NSW Salaries and Conditions of Employment Award 2016 received an annual increase of 2.5 per cent from the first full period on or after 1 July 2016.

Negotiations for the 2017 Award concluded on 30 June 2017, resulting in the following changes to be implemented in 2017-18:

1. A two-year term and annual increases of 2.5 per cent, effective from the first full period on or after 1 July 2017
2. The ability for TfNSW and staff to make tailored local working arrangements that suit particular work areas, subject to written agreement between TfNSW and unions
3. Agreement with the unions to establish regular consultative meetings, to progress discussions regarding TfNSW workforce planning issues and to co-develop a change management framework.

TfNSW communicates with its employees to ensure they are informed about a broad range of topics and issues through various channels. In addition, senior management consults with employees and relevant unions and the peak union body (Unions NSW) on matters that potentially impact staff, including proposed structural and other changes.

The consultative approach adopted by TfNSW accords with the principles contained in the Consultative Arrangements: Policy and Guidelines 2012 issued by Treasury. This approach will be enhanced by the new Award arrangements.

Senior managers also deal with issues raised by unions on behalf of individual staff. The relevant unions are the Public Service Association, the Rail, Tram and Bus Union, the Australian Services Union and Professionals Australia.

One dispute was notified to the Industrial Relations Commission of NSW in relation to a staff member covered by the TfNSW Salaries and Conditions of Employment Award 2016.

The combined transport unions lodged a dispute with the Industrial Relations Commission relating to the NSW Government's decision to franchise Region 6 Inner West Bus services currently operated by the State Transit Authority.

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- The ability for Transport for NSW staff to make tailored local working arrangements that suit particular work areas, subject to written agreement between Transport for NSW and unions
- Agreement with the unions to establish regular consultative meetings, to progress discussions regarding Transport for NSW workforce planning issues and to co-develop a change management framework.

We communicate with our employees via many channels to ensure they are informed about a broad range of topics and issues. In addition, senior management consults with employees, relevant unions and the peak union body (Unions NSW) on matters that potentially impact staff, including proposed structural and other changes. Our consultative approach accords with the principles contained in the Consultative Arrangements: Policy and Guidelines 2012 issued by Treasury. This approach will be enhanced by the new Award arrangements.

MANAGING DISPUTES

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WORKFORCE DIVERSITY

Information about the representation and distribution of Transport for NSW employees in diversity groups is reported in accordance with Public Service Commission reporting requirements.

The following table shows the diversity statistics for employees at Transport for NSW:

Workforce diversity group	Benchmark/ Target (%) **	2015	2016	2017
Women	50	44.7	46.1	47.3
Aboriginal and Torres Strait Islander Peoples*	3.3	0.3	1.2	1.2
People whose first language spoken as a child was not English*	23.2	18.5	17.4	17.3
People with a disability*	N/A	2.2	1.4	0.7
People with a disability requiring work-related adjustment*	N/A	0.5	0.5	0.4

*Data for these categories is subject to a system migration review.

**Source: NSW Public Service Commission (PSC).

The Transport cluster was granted an exemption order under section 126 of the *Anti-Discrimination Act 1977* to implement diversity and inclusion programs, including targeted recruitment initiatives for women, Aboriginal and Torres Strait Islander peoples, and people with a disability. The Exemption Order took effect on 19 August 2016 and remains in force until 18 August 2021. It provides the legal framework for targeted diversity programs to be rolled out over the coming year, including increasing diversity through recruitment, Entry Level Talent Programs and Women in Leadership.

Disability inclusion action plans

Our Disability Action Plan 2012–2017 was an important initiative to ensure that customer needs are placed at the centre of planning and decision making on the transport system.

The Plan, comprising more than 150 actions, impacts on all aspects of our operations, and continues to help deliver high quality customer service through improved transport accessibility, products and facilities. In 2016–17 we implemented the majority of these actions.

Many are continued in the Disability Inclusion Action Plan 2017–21 to ensure consistency of purpose while also supporting agility and innovation.

The Draft Disability Inclusion Action Plan 2017–21 was made available for public consultation from May 2017.

Highlights from each major outcome area of the Disability Action Plan 2012–2017 are as follows:

Target	Performance
Building an accessible transport network	
Progressively undertake works to upgrade railway stations and interchanges to improve access for all customers	162 out of 307 stations are now wheelchair accessible; this represents 52.8 per cent of stations and approximately 87.7 per cent of overall patronage accessing stations. Achievements this year as part of the Transport Access Program include: • Major accessibility upgrades completed at Arncliffe, Broadmeadow, Flemington, Heathcote, Marrickville, Museum, Oatley and Wentworth Falls • Interchange upgrades completed at Albury, Balmain East, Coffs Harbour, Cremorne Point, Dubbo, Maitland, Orange, Tamworth, and Wagga Wagga • A ferry wharf and interchange upgrade completed at McMahons Point. The upgrade provided improved seating and waiting areas, improved safety for customers, improved access for mobility impaired customers, customers with prams and effective wayfinding signage and lighting.
Continue to improve the accessibility of the bus network	The NSW Government is progressively upgrading wheelchair accessibility in the State's bus fleet. As of 30 June 2017: • About 89.8 per cent of State Transit buses are wheelchair accessible • About 82.7 per cent of Private Bus Operator buses in the Sydney Metropolitan are wheelchair accessible • About 51.7 per cent of Private Bus Operator buses in the Sydney Outer Metropolitan are wheelchair accessible.
Provide alternative transport services for people with a disability who are unable to access public transport	We commenced a review of subsidies and incentives for Point to Point Transport services for people with a disability. The review will make recommendations on the future operation of the Taxi Transport Subsidy Scheme (TTSS) and the incentives provided to Wheelchair Accessible Taxi (WAT) operators and drivers to ensure that subsidies and incentives support a high level of service for people with disability. On 1 October 2016, we released new community transport service contracts, introducing elements of commercial operations, in preparation for greater contestability for service funding from 2018. These contracts include funding for specialised community transport services for frail, older people and people with a disability.

Target	Performance
Improve access to transport for people with a disability in rural communities	We have engaged five area managers in regional NSW to reduce the negative effects of transport disadvantage through improved coordination with community stakeholders, transport operators and other agencies. The Country Passenger Transport Infrastructure Grants Program provided more than $3 million for 622 projects to improve accessibility and quality of kerbside passenger transport infrastructure in rural, regional and remote areas.
Improving the journey experience of people with a disability	
Introduce practical measures to improve the journey experiences of people with a disability or restricted mobility	The new Inner Harbour ferries feature a range of practical measures to improve the experiences of people with a disability or restricted mobility. These include: wider aisles, 12 accessible spaces, hearing loops, braille signage, an accessible toilet and wider gangways for boarding the vessel. The New Intercity Fleet will feature improved onboard comfort, features and accessibility in line with the Disability Standards for Accessible Public Transport, including at least two accessible toilets on each train. To ensure that customers enjoy a safe and secure journey, each carriage will be equipped with modern CCTV technology, help points and digital announcements. Sydney Growth Trains will feature improved onboard comfort, features and accessibility in line with the Disability Standards for Accessible Public Transport. This includes: modern CCTV technology, help points, high definition passenger information screens, dedicated wheelchair spaces and priority seating, hearing aid loops and digital announcements.
Enhancing customer insight and engagement of people with a disability or restricted mobility	
Offer tailored journey planning for people with a disability	The Ferry Operation Customer Information System provides both audio and visual real-time passenger information to cater to people with hearing or vision impairment.
Increase our insight into the travel needs of customers with a disability and older people through qualitative research on their journey experiences	The Accessible Transport Advisory Committee (ATAC) met four times to provide feedback on a variety of projects, and assist with project consultations. Two highlights from these consultations were: • Ferry User Testing: members were invited to participate in a qualitative review of a mock-up of the new ferry designs to gain a better understanding of the current travel needs of people with a disability and provide advice to the project team. This gave the team a greater understanding of the real barriers to accessible public transport to be addressed prior to construction. • User groups will be included in the review of disability and other user requirements as part of the design phase for the New Intercity Fleet. Users will interact with a high fidelity mock-up which demonstrates facilities, dimensions, finishes, access points and passenger information. • Oscar Accessible Toilet: The testing session included a small group of wheelchair users and people with vision impairment.

Promotion (overseas visits by employees)

Officer	Destination	Purpose
Manager Testing and Commissioning	Japan	To witness the first article inspection and factory acceptance testing of Mitsubishi supplied equipment for the Tangara Technology Upgrade Project.
Project Director Light Rail	France/Spain	To inspect current and future light rail vehicle construction facilities, and meet with responsible senior managers and executives face-to-face.
Deputy Secretary Finance and Investment	Singapore/ China/Japan	To accompany the Minister for Transport and Infrastructure, promote current and future infrastructure pipelines and investment opportunities in NSW, and review world-class transport systems and their operations.
Director Industry and Technical Development	Singapore	To attend the 'Designing Public Policy' module as part of the Executive Masters in Public Administration, offered in conjunction with the Singaporean Government.
Senior Manager Rolling Stock and Train Maintenance	India/China	To conduct a due diligence review of the Sydney Metro train manufacturing facility; driver carriage end mask supplier; bogie frame supplier; and air-conditioning supplier.
Manager Rolling Stock and Train Maintenance	India/China	To conduct a due diligence review of the Sydney Metro train manufacturing facility (of major hold and witness points during manufacturing); driver carriage end mask supplier; bogie frame supplier; and air-conditioning supplier.
Manager Safer Roads Research and Development	New Zealand	To attend meetings of the Australasian vehicle safety groups including the Vehicle Safety Research Group and the ANCAP Council.
Director Project Operations	Germany/ France/Spain	To inspect current and future light rail vehicle construction facilities and meet with responsible senior managers and executives face-to-face.
Executive Director Program Delivery	Germany/ Netherlands	To attend the InnoTrans conference and Expo, to source solutions to issues with ageing infrastructure and gain exposure to new products, technology and industry experts for passenger and freight transport, bus and rail. Netherlands: to inspect ferry vessels that could be appropriate for Parramatta River ferries.
Executive Director Digital Products and Services	USA	To attend the Salesforce Dreamforce Conference, meet key technical leaders and senior transport leaders from other jurisdictions, and gain insights on best practice use of the technology platform.
Secretary of Transport	Japan	To participate in the Australia–Japan government-to-government delegation, covering metro train network development, faster train services, integrated land use and transport development and funding and financing of services and infrastructure.
Director Project Operations	France/Spain	To inspect current and future light rail vehicle construction facilities and meet with responsible senior managers and executives face-to-face.

Officer	Destination	Purpose
Technical Director	South Korea/ Japan	To undertake a strategic review of engineering and manufacturing capability and readiness to deliver the New Intercity Fleet project at both Hyundai Rotem Corporation and Mitsubishi Electric's facilities in South Korea and Japan.
Project Director New Intercity Fleet	South Korea/ Japan	To undertake a strategic review of engineering and manufacturing capability and readiness to deliver the New Intercity Fleet project at both Hyundai Rotem Corporation and Mitsubishi Electric's facilities in South Korea and Japan.
Senior Manager Rolling Stock and Train Maintenance	India	To conduct a manufacturing progress due diligence review of the new Sydney Metro train manufacturing facility.
Manager Rolling Stock and Train Maintenance	India	To conduct a manufacturing progress due diligence review of the new Sydney Metro train manufacturing facility.
Manager Road Safety Technology	Singapore	To present at the Autonomous Vehicles Asia Conference on the research of the Centre for Road Safety in cooperative intelligent transport systems in freight vehicles. To meet with the two operators of driverless shuttle buses and discuss the risks and benefits of these vehicles.
Senior Manager Urban Planning	New Zealand	To complete one core program module of the Executive Master of Public Administration program.
Director Strategic Projects	New Zealand	To undertake ANZSOG studies.
Manager Level Crossing Policy and Program	USA/UK	To attend the TrackSAFE Foundation's International Level Crossing Safety Study Tour of the United States and the United Kingdom rail and road agencies and level crossing safety experts.
Director Smart Innovation Centre	USA/UK/ Sweden	To participate in the Roads Australia International Study Tour on connected and automated vehicles from 29 March to 13 April 2017.
Project Director Light Rail	France/Spain	To inspect current and future light rail vehicle construction facilities and meet with responsible senior managers and executives face-to-face.
Manager Rolling Stock and Train Maintenance	Hong Kong	To review the CRRC Locomotive Plant prior to manufacturing the battery electric locomotives for Sydney Metro and meet key MTR personnel to discuss challenges and learnings associated with battery electric locomotives.
Senior Manager Rolling Stock and Train Maintenance	Hong Kong	To review the CRRC Locomotive Plant prior to manufacturing the battery electric locomotives for Sydney Metro and meet key MTR personnel to discuss challenges and learnings associated with battery electric locomotives.
Executive Director Operational Systems	UK/Denmark	To speak at the 13th Annual World MetroRail Congress (London) and meet with transport authorities and suppliers.

Officer	Destination	Purpose
Manager Security Risks and Standards	USA/UK	To ensure procedures, process, policies and protections are appropriately benchmarked against other jurisdictions.
Senior Manager Rolling Stock and Train Maintenance	India	To review the new Sydney Metro train manufacturing and testing facility and conduct a manufacturing progress due diligence review and critical hold point inspections on the first completed Sydney Metro train.
Manager Rolling Stock and Train Maintenance	India	To review the new Sydney Metro train manufacturing and testing facility and conduct a manufacturing progress due diligence review and critical hold point inspections on the first completed Sydney Metro train.
Director Customer Strategy	India	To review the customer facing elements of the first Sydney Metro train and inspect key customer facing train features and systems against quality benchmarks.
Director Project Operations	France/Spain	To inspect current and future light rail vehicle construction facilities, and meet with responsible senior managers and executives face-to-face.
Metro Bus Service Procurement and Contracts Manager	Singapore	To inspect the first of 38 MAN Gemilang double-decker buses for the Northern Beaches B-Line.
Fleet Quality and Compliance Coordinator	Singapore	To inspect the first of 38 MAN Gemilang double-decker buses for the Northern Beaches B-Line.
Deputy Secretary Customer Services	USA/Canada	To participate in the Public Transport Association World Congress (14–22 May), and meet with key strategic partners to progress the Transport for NSW Technology Roadmap.
Project Manager	Spain	To visit CAF facilities responsible for Newcastle Light Rail vehicle production, conduct audits, the interim final design review and quality inspections.
Executive Director Service Delivery and Asset Management	Singapore/ Malaysia	To gain insight into the next generation of electric buses and a better understanding of headway-based operations and bus rapid transport services, including inspections of the buses being manufactured for the Northern Beaches B-Line (B-Line).
Deputy Secretary Infrastructure and Services	Singapore	To gain insight into the next generation of electric buses and a better understanding of headway-based operations and bus rapid transport services, including inspections of the buses being manufactured for the Northern Beaches B-Line (B-Line).
Project Director New Intercity Fleet	South Korea	To assess train design and manufacturing readiness and engage with senior leaders to establish partnerships at early contract stage with RailConnect Joint Venture partner Hyundai Rotem Corporation.
Program Technical Director	India/Hong Kong	To inspect the Mass Transit Railway (MTR) South Island Line in Hong Kong and discuss commissioning and operational readiness processes with MTR; to visit Alstom's Sri City Plant in Chennai, India prior to the shipment of the first Sydney Metro Train.

Officer	Destination	Purpose
Director Metro Operations	India/Hong Kong	To inspect the Mass Transit Railway (MTR) South Island Line in Hong Kong and discuss commissioning and operational readiness processes; to visit Alstom's Sri City Plant in Chennai, India prior to the shipment of the first Sydney Metro Train.
Project Director Sydney Metro Northwest	India/Hong Kong	To inspect the Mass Transit Railway (MTR) South Island Line in Hong Kong and discuss commissioning and operational readiness processes; to visit Alstom's Sri City Plant in Chennai, India prior to the shipment of the first Sydney Metro Train.
Program Director Sydney Metro	India/Hong Kong	To inspect the Mass Transit Railway (MTR) South Island Line in Hong Kong and discuss commissioning and operational readiness processes; to visit Alstom's Sri City Plant in Chennai, India prior to the shipment of the first Sydney Metro Train.
Senior Manager Rolling Stock and Train Maintenance	India	To conduct a manufacturing progress due diligence review and critical hold point inspections of the first Sydney Metro Train.
Deputy Secretary Infrastructure and Services	China/Japan	To meet with key people involved in the construction of trains in both China and Japan.
Executive Director Fleet Program Delivery	China/Japan	To meet with key people involved in the construction of trains in both China and Japan.
Project Director Sydney Growth Trains	China/Japan	To meet with the leadership team in CRRC Changchun, China, view early manufacturing activities and testing facilities, and receive direct feedback on inspection and test points for the delivery of Sydney Growth Trains.

Multicultural policies and services program

We provide mainstream services for all people of NSW. We are committed to delivering services within a culturally, linguistically and religiously diverse society.

We continue to align our planning and current work with the expected outcomes in the 2013–15 Multicultural Policies and Services Program, and will continue reporting on the plan in the context of the themes identified by Multicultural NSW.

In 2016–17, we designed three key strategies for supporting increased diversity, with particular attention to increasing female representation in leadership roles and Indigenous employment across the Transport cluster. These were:

- Improved targeted attraction and recruitment practices
- Development and retention of existing employees, with a focus on career development
- Ongoing executive sponsorship and visibility in supporting and driving initiatives.

Between January 2016 and April 2017 the percentage of women performing senior leadership roles across the Transport cluster increased by 4.8 per cent (an additional 164 females).

PROVIDING ACCESS TO PUBLIC TRANSPORT

We provide support to assist the successful longer term settlement of asylum seekers. Since the roll out of Opal card, asylum seekers in NSW are able to apply for transport concessions and if approved, can travel on the Opal transport network at a capped price of $2.50 per day. We have issued more than 16,000 Gold Opal cards to asylum seekers and there are currently 8000 active cards.

TRANSPORT REFUGEE EMPLOYMENT INITIATIVE

In 2017, Transport for NSW implemented a refugee program, through which we placed 10 employees from Iraq and Syria in temporary positions across the cluster with dedicated placement managers in specialist fields such as engineering, IT, accounting and teaching.

By December 2017, we will submit an updated Multicultural Policies and Services Plan to Multicultural NSW for 2017 to 2020. The plan will comprise four focus areas: service delivery, planning, leadership and engagement, and will be evaluated in 2020. The plan will identify priority actions for inclusive mainstream service delivery; information access for people from CALD backgrounds; community engagement and collaboration with diverse communities; and our responsibilities as an inclusive employer.

AGREEMENTS WITH MULTICULTURAL NSW

Transport for NSW does not have any agreements with Multicultural NSW.

Work health and safety

Transport for NSW Work Health and Safety category	Count
Number of events reported	51
Total days reported lost due to workplace-related injuries or illness	3
Prosecutions reported	0
Loss Time Injury Frequency Rate	0.18
Prosecutions under the Act	0
Percentage of planned Work Health and Safety consultation meetings held	100 per cent

We continued to implement our 2015–18 Safety Strategic Plan with the aim of creating an improved safety culture. Transport for NSW's Safety Management System supports a consistent approach to workplace safety and encourages a proactive and supportive organisational culture.

We also continued to implement our Due Diligence Program, holding forums in August 2016 and February 2017. The workshops reinforced an understanding of obligations regarding work, health and safety legislation and provided senior leaders with a forum to share current initiatives.

Our strong focus on staff engagement with safety remained and in August 2016 we undertook a safety culture survey. The results of this survey will provide a baseline to measure the impact of current and future safety initiatives.

We ran staff training throughout the year, including workplace health and safety inductions, a fatigue awareness and management e-learning module, alcohol and other drugs awareness e-learning module (addressing Award requirements and Rail Safety Worker obligations) and ergonomic workstations. We continued to support workforce health and wellbeing awareness, conducting workshops and initiatives targeting mental health, resilience and nutrition.

Initiatives undertaken across the Transport cluster included a Safety Managers Forum and a Health and Wellbeing Community of Practice program, addressing both mental and physical health. We also report monthly on health and safety performance to the executive team.

Numbers and remuneration of senior executives

We implemented the *Government Sector Employment Legislation Amendment Act 2016* No 2 (GSELA) effective 1 July 2017, to align the framework for the employment of senior service executives with those in the NSW public service. The previous six-level Transport Senior Service structure has been mapped across to a GSE structure of four bands and a new Transport Senior Service Manager classification.

Transport Senior Service Level	2015–16 Female	2015–16 Male	2015–16 Total	2016–17 Female	2016–17 Male	2016–17 Total
Senior Service Level 2 (equivalent to GSE Band 1)	38	95	133	69	134	203
Senior Service Level 3 (equivalent to GSE Band 1)	25	63	88	36	82	118
Senior Service Level 4 (equivalent to GSE Band 2)	5	40	45	12	35	47
Senior Service Level 5 (equivalent to GSE Band 2)	3	10	13	4	12	16
Senior Service Level 6 (equivalent to GSE Band 3)	2	5	7	2	5	7
Senior Service Level 1 (equivalent to Transport Senior Service Manager)	128	338	466	123	268	391

The following table shows the average total remuneration packages (TRP) of Senior Service Levels (2 to 6). The average across all levels was $271,155.

Transport Senior Service Level	Average Of TRP 2015–16	Average of TRP 2016–17
Senior Service Level 2 (equivalent to GSE Band 1)	$232,980	$236,512
Senior Service Level 3 (equivalent to GSE Band 1)	$265,910	$274,020
Senior Service Level 4 (equivalent to GSE Band 2)	$328,963	$333,720
Senior Service Level 5 (equivalent to GSE Band 2)	$382,225	$397,394
Senior Service Level 6 (equivalent to GSE Band 3)	$501,395	$518,885
Senior Service Level 1 (equivalent to Transport Senior Service Manager)	N/A	$195,639

The 2016 Statutory and Other Offices Remuneration Tribunal determination was granted to employees in the Transport Senior Service classification. This provided a 2.5 per cent increase in remuneration.

Public Interest Disclosures Act 1994

During the year, we took steps to ensure our staff and contractors are aware of the Act and our internal reporting policies and procedures.

The Public Interest Disclosures Internal Reporting Policy and Procedures, internal reporting hotlines, and the Code of Conduct are located on Transport for NSW's intranet. This includes information on the significance and purpose of the *Public Interest Disclosures Act 1994* (the PID Act).

Nominated Disclosure Officer (NDO) training was conducted in-house by the NSW Ombudsman. By 1 September 2017, we will have 32 trained NDOs.

The Fraud and Corruption Prevention Unit delivered face-to-face training awareness sessions for metropolitan and regional staff; these sessions included Public Interest Disclosure information. Our fraud and corruption e-learning module (mandatory for all new starters) refers to the PID Act and our Public Interest Disclosures Internal Reporting Policy and Procedure.

We also partnered with Roads and Maritime Services (RMS) to develop a corruption prevention awareness campaign which commences on 15 September 2017.

We received the following information requests:

Information requested	Number
Number of public officials who have made a Public Interest Disclosure (PID) to TfNSW	15
Public interest disclosures made by public officials in performing their day-to-day functions	2
Public interest disclosures not covered by above that are made under a statutory or other legal obligation	0
All other public interest disclosures	0
Total number of PIDs received	15
Number of PIDs received by category:	
• Corrupt conduct	9
• Maladministration	3
• Serious and substantial waste of public money or local government money	2
• Government information contraventions	1
• Local government pecuniary interest contraventions	0
Total number of PIDs finalised	**11**

Requirements arising from employment arrangements

Department of Transport and the Transport Service of New South Wales employ staff and provide personnel services to other agencies within the Transport cluster including Transport for NSW. Both entities have complied with NSW TC 15/07.

IV. Legal

Acts and subordinate legislation administered by the Minister for Transport and Infrastructure

Minister for Transport and Infrastructure

Air Navigation Act 1938

Air Transport Act 1964

- Air Transport Regulation 2006 [to 31.08.2016]
- Air Transport Regulation 2016 [from 01.09.2016]

Broken Hill to South Australian Border Railway Agreement Act 1968

City of Sydney Act 1988

- (Part 4A and Schedule 2, jointly with the Minister for Roads, Maritime and Freight (remainder, the Minister for Local Government))

Civil Aviation (Carriers' Liability) Act 1967

National Rail Corporation (Agreement) Act 1991

Parking Space Levy Act 2009

- Parking Space Levy Regulation 2009

Passenger Transport Act 1990

- Passenger Transport (Drug and Alcohol Testing) Regulation 2010
- Passenger Transport Regulation 2007

Passenger Transport Act 2014

- Passenger Transport Regulation 2014

Point to Point Transport (Taxis and Hire Vehicles) Act 2016 (No 34)

- Point to Point Transport (Taxis and Hire Vehicles) Regulation 2016

Rail Safety (Adoption of National Law) Act 2012

- Rail Safety (Adoption of National Law) Regulation 2012

Rail Safety National Law (NSW) (South Australian Act adopted for NSW by the above adoption Act)

- Rail Safety National Law National Regulations 2012 (South Australian regulations adopted for NSW by the Rail Safety National Law)

Railway Construction (Maldon to Port Kembla) Act 1983

Transport Administration Act 1988
(The Act except the parts administered by the Minister for Roads, Maritime and Freight being the Act except Part 4A, Divisions 1 to 3, so far as it relates to Roads and Maritime Services, Part 6, and so much of the Act as relates to Roads and Maritime Services)

- Transport Administration (General) Regulation 2013
  (provisions relating to the parts of the Act administered by the Minister for Transport and Infrastructure)
- Transport Administration (Staff) Regulation 2012
  (provisions relating to the parts of the Act administered by the Minister for Transport and Infrastructure)

New Acts and amendments to Acts in the portfolio of the Minister for Transport and Infrastructure

(Acts assented to or commencing during 2016–17)

Minister for Transport and Infrastructure

Point to Point Transport (Taxis and Hire Vehicles) Act 2016

Commencement Proclamation 2016 No 423

Transport Administration Amendment (Independent Transport Safety Regulator) Act 2017 (2017 No 4)

Commencement Proclamation 2017 No 114

Statute Law (Miscellaneous Provisions) Act 2015 (No 15)

State Insurance and Care Governance Act 2015 (No 19)

(Commencement Proclamation 2015 No 524)

Statute Law (Miscellaneous Provisions) Act (No 2) 2015 (No 58)

Passenger Transport Act 2014 (No 46)

Commencement Proclamation 2016 No 93

Rail Safety National Law (South Australia) (Miscellaneous No 2) Amendment Act 2016

South Australian Act making amendments applying to the *Rail Safety National Law (NSW)* – Commencement Proclamation South Australian Government Gazette 21.07.2016 p 2989

Industrial Relations Amendment (Industrial Court) Act 2016

Schedule 2.29 amends the *Passenger Transport Act 1990*; Schedule 2.31 amends the *Rail Safety (Adoption of National Law) Act 2012* – Commencement Proclamation 2016 (No 674)

Transport Administration Amendment (Transport Entities) Act 2017 (No 12)

Commencement Proclamation 2017 No 330 – Schedule 1 to commence 01.07.2017

Electronic Transactions Legislation Amendment (Government Transactions) Act 2017 (No 25)

Transport Administration Amendment (Closure of Railway Line Between Rosewood and Tumbarumba) Act 2017 (No 34)

Rail Safety National Law (South Australia) (Miscellaneous No 3) Amendment Act 2017

South Australian Act making amendments applying to the *Rail Safety National Law (NSW)* – Commencement Proclamation South Australian Government Gazette 07.06.2017 p 2044 (to commence on 01.07.2017)

New subordinate legislation and amendments to subordinate legislation in the portfolio of the Minister for Transport and Infrastructure

(Amending Acts, subordinate legislation made or commenced during 2016–17)

Minister for Transport and Infrastructure
Rail Safety National Law National Regulations Variation Regulations 2016 (2016 No 360) (to commence on 01.07.2016)
Rail Safety National Law National Regulations (Fees) Variation Regulations 2016 (2016 No 361) (to commence on 01.07.2016)
Point to Point Transport (Taxis and Hire Vehicles) Regulation 2016 (2016 No 427)
Transport Administration (General) Amendment (Newcastle Light Rail) Regulation 2017 (2017 No 30)
Transport Administration Amendment (Independent Transport Safety Regulator) Act 2017 (2017 No 4)
Transport Administration (General) Amendment (Transitional) Regulation 2017 (2017 No 119)
Transport Administration (General) Amendment (Point to Point Transport Commissioner) Regulation 2017 (2017 No 217)
Passenger Transport Amendment (Approved Payment Devices) Regulation 2017 (2017 No 233)
Passenger Transport Amendment (Smartcards) Regulation 2017 (2017 No 234)
Passenger Transport Amendment (Ticket Offences) Regulation 2017 (2017 No 235)
Rail Safety National Law National Regulations (Fees and Returns) Variation Regulations 2017 (2017 No 257) (to commence on 01.07.2017)
Rail Safety National Law National Regulations (Miscellaneous) Variation Regulations 2017 (2017 No 258) (to commence on 01.07.2017)
Rail Safety National Law National Regulations (Queensland Fatigue Provisions) Variation Regulations 2017 (2017 No 259) (to commence on 01.07.2017)
Transport Administration (General) Amendment Regulation 2017 (2017 No 331) (to commence 01.07.2017)

Acts and subordinate legislation administered by the Minister for Roads, Maritime and Freight

Minister for Roads, Maritime and Freight
City of Sydney Act 1988 (Part 4A and Schedule 2, jointly with the Minister for Transport and Infrastructure (remainder, the Minister for Local Government))
Driving Instructors Act 1992 • Driving Instructors Regulation 2009 [to 06.10.2016] • Driving Instructors Regulation 2016 [from 06.10.2016]
Heavy Vehicle (Adoption of National Law) Act 2013 • Heavy Vehicle (Adoption of National Law) Regulation 2013

Minister for Roads, Maritime and Freight

Heavy Vehicle National Law (NSW)

- Heavy Vehicle (Fatigue Management) National Regulation (NSW)
- Heavy Vehicle (General) National Regulation (NSW)
- Heavy Vehicle (Mass, Dimension and Loading) National Regulation (NSW)
- Heavy Vehicle (Transitional) National Regulation (NSW)
- Heavy Vehicle (Vehicle Standards) National Regulation (NSW)

Marine Pollution Act 2012

- Marine Pollution Regulation 2014

Marine Safety Act 1998

- Marine Safety Regulation 2016

Marine Safety Legislation (Lakes Hume and Mulwala) Act 2001

Maritime Services Act 1935 [to 06.10.2016]

- Management of Waters and Waterside Lands Regulations – NSW [to 06.10.2016]
- Port Authority – Land Traffic Control Regulations – NSW [to 06.10.2016]

Motor Vehicles Taxation Act 1988

- Motor Vehicles Taxation Regulation 2008 [to 31.08.2016]
- Motor Vehicles Taxation Regulation 2016 [from 01.09.2016]

Photo Card Act 2005

- Photo Card Regulation 2014

Ports and Maritime Administration Act 1995

- Ports and Maritime Administration Regulation 2012

Recreation Vehicles Act 1983

(Parts 4 and 6 (remainder, the Minister for the Environment))

Road Transport Act 2013

- Road Rules 2014
- Road Transport (Driver Licensing) Regulation 2008
- Road Transport (General) Regulation 2013
- Road Transport (Vehicle Registration) Regulation 2007

Roads Act 1993

[From 15 March 2017] (jointly with the Minister for WestConnex (except parts, the Minister for the Environment, the Minister for Local Government and the Minister for Lands and Forestry)

[Previously] (except parts, jointly the Minister for the Environment, parts, the Minister for Local Government, and parts, the Minister of Natural Resources, Lands and Water)

- Roads Regulation 2008

Sydney Harbour Tunnel (Private Joint Venture) Act 1987

Tow Truck Industry Act 1998

- Tow Truck Industry Regulation 2008

Minister for Roads, Maritime and Freight
Transport Administration Act 1988 Part 4A, Divisions 1 to 3, so far as it relates to Roads and Maritime Services, Part 6, and so much of the Act as relates to Roads and Maritime Services (remainder, the Minister for Transport and Infrastructure) • Transport Administration (General) Regulation 2013 (provisions relating to the parts of the Act administered by the Minister for Roads, Maritime and Freight) • Transport Administration (Staff) Regulation 2012 (provisions relating to the parts of the Act administered by the Minister for Roads, Maritime and Freight)

New Acts and amendments to Acts in the portfolio of the Minister for Roads, Maritime and Freight

(Acts assented to or commenced during 2016–17)

Minister for Roads, Maritime and Freight
Marine Legislation Amendment Act 2016 (No 28) (Commencement Proclamation 2016 No 609)
Marine Safety Act 1998 (No 121) (Commencement Proclamation 2016 No 610)
Marine Safety Amendment Regulation 2016 (2016 No 613)
Ports and Maritime Administration Amendment Regulation 2016 (No 614)
Statute Law (Miscellaneous Provisions) Act 2016 (No 27)
Statute Law (Miscellaneous Provisions) Act (No 2) 2016 (No 55)
Regulatory and Other Legislation (Amendments and Repeals) Act 2016 (No 60)
Statute Law (Miscellaneous Provisions) Act 2017 (No 22) (to commence on 1 or 7 July 2017 as specified)
Transport Administration Amendment (Senior Executive Transitional Arrangements) Regulation 2017 (2017 No 291) (to commence on 01.07.2017)

New subordinate legislation and amendments to subordinate legislation in the portfolio of the Minister for Roads, Maritime and Freight

(Amending Acts, subordinate legislation made or commenced during 2016–17)

Minister for Roads, Maritime and Freight

Heavy Vehicle (General) National Amendment Regulation (2016 No 261)

Heavy Vehicle (Adoption Road of National Law) Amendment (Penalties) Regulation (No 2) 2016 (2016 No 325)

Photo Card Amendment (Fees and Penalty Notice Offences) Regulation 2016 (2016 No 339)

Statute Law (Miscellaneous Provisions) Act 2016 (2016 No 27)

Road Transport Legislation Amendment (Fees, Penalty Levels and Charges) Regulation 2016 (2016 No 345)

Roads Amendment (Penalty Notice Offences) Regulation 2016 (2016 No 346)

Tow Truck Industry Amendment (Fees) Regulation 2016 (2016 No 348)

Road Amendment (Miscellaneous) Rule 2016 (2016 No 412)

Road Transport (Vehicle Registration) Amendment (Auxiliary Number-plates) Regulation 2016 (2016 No 413)

Road Transport (Vehicle Registration) Amendment (SIRA) Regulation 2016 (2016 No 429)

Marine Safety Amendment Regulation 2016 (2016 No 613)

Ports and Maritime Administration Amendment Regulation 2016 (2016 No 614)

Statute Law (Miscellaneous Provisions) Act (No 2) 2016 (2016 No 55)

Statute Law (Miscellaneous Provisions) Act 2017 (2017 No 22) (to commence in July 2017)

Road Transport (Vehicle Registration) Amendment (Compliance Certificates) Regulation 2016 (2016 No 620)

Road Transport Legislation (Mobile Phones – P2 Licences) Regulation 2016 (2016 No 667)

Roads Amendment (Authorised Officers) Regulation 2016 (2016 No 668)

Regulatory and Other Legislation (Amendments and Repeals) Act 2016 (2016 No 60)

Photo Card Amendment (Fees) Regulation 2017 (2017 No 42)

Road Transport Legislation Amendment (Penalties for Over-length Bus Offences) Regulation 2017 (2017 No 156)

Driving Instructors Amendment (Fees) Regulation 2017 (2017 No 240) (to commence on 01.07.2017)

Marine Safety Amendment (Fees) Regulation 2017 (2017 No 242) (to commence on 01.07.2017)

Photo Card Amendment (Fees and Penalty Notice Offences) Regulation 2017 (2017 No 244) (to commence on 01.07.2017)

Ports and Maritime Amendment (Fees) Regulation 2017 (2017 No 245) (to commence on 01.07.2017)

Road Transport Legislation Amendment (Fees, Penalty Levels and Charges) Regulation 2017 (2017 No 246) (to commence on 01.07.2017)

Roads Amendment (Penalty Notice Offences) Regulation 2017 (2017 No 247) (to commence on 01.07.2017)

Minister for Roads, Maritime and Freight
Tow Truck Industry Amendment (Fees) Regulation 2017 (2017 No 248) (to commence on 01.07.2017)
Heavy Vehicle (Adoption of National Law) Amendment (Penalties) Regulation 2017 (2017 No 311) (to commence on 01.07.2017)
Heavy Vehicle National Amendment Regulation 2017 (2017 No 329) (Commencement linked to commencement of named Acts – see Reg. 2)

Acts and subordinate legislation administered by the Minister for WestConnex

Minister for WestConnex
Roads Act 1993
[From 15 March 2017] (jointly with the Minister for Roads, Maritime and Freight (except parts, the Minister for the Environment, the Minister for Local Government and the Minister for Lands and Forestry)

Acts and subordinate legislation administered by the Minister for Western Sydney

Minister for WestConnex
Nil

Obligations under the Government Information (Public Access) Act 2009

REVIEW OF PROACTIVE RELEASE PROGRAM

The *Government Information (Public Access) Act 2009* (GIPA Act) provides an open and transparent process for giving the public access to information from NSW public sector agencies, and to encourage the proactive public release of government information.

Transport for NSW provides a wide range of transport services and is responsible for improving the customer experience, planning, program administration, policy, regulation, procuring transport services, infrastructure and freight.

By performing these functions, we actively release information about current and planned transport projects and initiatives. Information ranges from media releases to detailed information about contracts and projects.

The Transport cluster also actively considers how we can be more proactive and ensure greater access to information. The Transport cluster established a Proactive Disclosure Committee which meets quarterly to consider how we can ensure greater access to information.

During September/October 2016, we celebrated Right to Know Week. The focus was on promoting proactive disclosure, and the link between proactive disclosure and Open Data. We published new intranet resources, including a motion graphic, and a series of Opal datasets were released on Transport's Open Data Hub.

NUMBER OF ACCESS APPLICATIONS RECEIVED

During the year, we received 246 access applications (including withdrawn applications but not invalid applications).

Number of refused applications for Schedule 1 information

We refused 35 access applications in 2016–17 because the information requested was information referred to in Schedule 1 of the GIPA Act.

STATISTICAL INFORMATION ABOUT ACCESS APPLICATIONS – SCHEDULE 2

Number of applications by type of applicant and outcome*

Type of applicant	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/deny whether information is held	Application withdrawn
Media	9	4	13	4	0	2	0	2
Members of Parliament	38	12	18	12	0	7	0	5
Private sector business	7	7	1	7	0	1	0	3
Not-for-profit organisations or community groups	2	3	1	0	0	0	0	0
Members of the public (application by legal representative)	11	4	3	15	0	0	0	3
Members of the public (other)	24	6	4	14	2	2	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.

Number of applications by type of applicant and outcome#

Type of information requested	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/deny whether information is held	Application withdrawn
Personal information applications*	1	0	0	0	0	0	0	0
Access applications (other than personal information applications)	90	36	40	52	2	12	0	13
Access applications that are partly personal information applications and partly other	0	0	0	0	0	0	0	0

*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).

#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.

Invalid applications

Reason for invalidity	Number of applications
Application does not comply with formal requirements (section 41 of the Act)	101*
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	101
Invalid applications that subsequently became valid applications	97

*Transport for NSW Resource & Compliance Unit makes decisions on validity. Due to the introduction of a credit card payment facility, applications have to be initially entered as invalid and then changed to valid after the credit card payment is approved. Of the 101 invalid applications, 93 were credit card related. As such, only four applications were actually invalid.

Conclusive presumption of overriding public interest against disclosure: matters listed in Schedule 1 of the Act

Public interest consideration against disclosure*	Number of times consideration used
Overriding secrecy laws	0
Cabinet information	29
Executive Council information	0
Contempt	4
Legal professional privilege	1
Excluded information	1
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). This also applies in relation to the following table.

Other public interest considerations against disclosure: matters listed in table to section 14 of the Act

Public interest consideration against disclosure	Number of occasions when application not successful
Responsible and effective government	9
Law enforcement and security	2
Individual rights, judicial processes and natural justice	19
Business interests of agencies and other persons	26
Environment, culture, economy and general matters	0
Secrecy provisions	0
Exempt documents under interstate Freedom of Information legislation	0

Timeliness

Timeliness of decision	Number of applications
Decided within the statutory timeframe (20 days plus any extensions)	169
Decided after 35 days (by agreement with applicant)	53
Not decided within time (deemed refusal)	14
Total	**236**

Number of applications reviewed under Part 5 of the Act (by type of review and outcome)

Type of review	Decision		
	Decision varied	Decision upheld	Total
Internal review	0	6	6
Review by Information Commissioner*	2	6	8
Internal review following recommendation under section 93 of Act	0	1	1
Review by NCAT	2	0	2
Total	**4**	**13**	**17**

*The Information Commissioner does not have the authority to vary decisions, but can make recommendation to the original decision maker. The data in this case indicates that a recommendation to vary or uphold the original decision has been made.

Applications for review under Part 5 of the Act (by type of applicant)

Timeliness of decision	Number of applications for review
Applications by access applicants	15
Applications by persons to whom information on the subject of access application relates (see section 54 of the Act)	2

Applications transferred to other agencies under Division 2 of Part 4 of the Act (by type of transfer)

Type of review applicant	Number of applications transferred
Agency-initiated transfers	9
Applicant-initiated transfers	3

Privacy and Personal Information Protection Act 1998

In accordance with section 33 of the *Privacy and Personal Information Protection Act 1998* (NSW) (PPIP Act), Transport for NSW has a Privacy Management Plan located on our website.

The Privacy Management Plan includes:

- Information about the development of policies and practices to ensure we comply with the requirements of the PPIP Act and the *Health Records and Information Privacy Act 2002* (HRIP Act)
- Communication of (the above) policies and practices to people within Transport for NSW
- Procedures that we adopt in regard to internal review under Part 5 of the PPIP Act, and other matters we consider relevant in relation to privacy and the protection of personal and health information held by the agency.

In this regard, we also work with the Transport cluster operating agencies to:

- Create greater consistency in the management of personal information to achieve the best possible results for members of the public
- Deliver plans that provide the highest standard of information about compliance with the privacy principles in the PPIP and HRIP Acts.

In 2016–17, we facilitated the preparation of several privacy impact assessments on a range of initiatives, such as Opal Open Data, the use of data analytics for fraud prevention, and the Point to Point Transport Commission.

Transport for NSW did not receive any applications for internal review under Part 5 of the PPIP Act during 2016–17.

We were an official partner of Privacy Awareness Week 2016 and acknowledged the week by publishing a factsheet and flashcard with tips for ensuring the safeguarding of our customers and staff privacy.

The Transport Privacy Forum also met in August 2016. The aim of the forum is to foster and promote a collaborative, innovative and consistent approach to responding to current and emerging privacy issues.

Response to matters raised by the NSW Auditor General

The Auditor General expressed an unmodified opinion on the Statutory Audit Reports for the year ended 30 June 2017 and raised one significant matter in relation to the impairment of leased buses.

The Audit Office recommended in 2015-16 report that Transport for NSW consider whether the revaluation decrement in respect of the entire State Transit Authority (STA) bus fleet, was an indicator of impairment of Transport for NSW's bus fleet.

In 2016-17, Transport for NSW conducted a revaluation of finance leased buses which resulted in a net decrement in fair value of $168 million for the bus fleet leased from private operators.

Annual Report accessibility requirements

The Transport for NSW Annual Report was produced in-house and complies with Web Content Accessibility Guidelines 2.0, as per the Premier's Circular 2012-18 NSW Government Website Management.

Disclosure of controlled entities

Name	Objectives	Operations and activities	Performance measures and targets
Sydney Ferries	Deliver safe and reliable Sydney ferry services in an efficient, effective and financially responsible manner.	Sydney Ferries owns the ferry fleet but does not operate ferry services.	Customer service objectives, contractual obligations and performance targets relating to contracted ferry service operators are specified in the Ferry Services Contracts.
State Transit Authority of NSW	State Transit Authority works collaboratively with Transport for NSW to achieve or exceed all customer service objectives, contractual obligations and performance targets specified in the Sydney Metropolitan and the Outer Metropolitan Bus Service Contracts.	State Transit operates as a service provider in the Transport cluster and is managed by Transport for NSW. Operating two businesses – Sydney Buses and Newcastle Buses and Ferries – State Transit carries more than 200 million passengers every year.	Key performance measures and targets for State Transit Authority are: • Maintain or improve reliability of public transport services – measured using on-time running measures. Our target is 95 per cent of bus services • Improve customer satisfaction with key government services – measured using customer satisfaction ratings for public transport modes and roads.

Name	Objectives	Operations and activities	Performance measures and targets
NSW Trains	NSW Trains works collaboratively with Transport for NSW to achieve or exceed all customer service objectives, contractual obligations and performance targets as specified in the Rail Services Contracts.	NSW Trains, trading as NSW TrainLink, is a multi-modal regional transport delivery organisation that provides intercity, regional and interstate rail and coach services for customers travelling longer distances. NSW TrainLink is dedicated to intercity and regional customers who need comfortable and reliable services with onboard facilities.	Key performance measures and targets for NSW Trains are: • Maintain or improve reliability of public transport services – measured using punctuality and on-time running measures with targets of 92 per cent of rail services • Improve customer satisfaction with key government services – measured using customer satisfaction ratings for public transport modes and roads.
Sydney Trains	Sydney Trains works collaboratively with Transport for NSW to achieve or exceed all customer service objectives, contractual obligations and performance targets as specified in the Rail Services Contracts.	Sydney Trains commenced operations on 1 July 2013 and is the operator and maintainer of rail services across the metropolitan Sydney area, bounded by Berowra, Emu Plains, Macarthur and Waterfall.	Key performance measures and targets for Sydney Trains are: • Maintain or improve reliability of public transport services – measured using punctuality and on-time running measures with targets of 92 per cent of rail services • Improve customer satisfaction with key government services – measured using customer satisfaction ratings for public transport modes and roads.
Rail Corporation New South Wales (Railcorp)	RailCorp's principal role is owner of major rail and rail property assets in New South Wales.	RailCorp owns the rail network, stations, the majority of property and certain rolling stock and but does not operate rail services.	Customer service objectives, contractual obligations and performance targets relating to RailCorp's public subsidiaries' operations are specified in the Rail Services Contract.

Name	Objectives	Operations and activities	Performance measures and targets
Roads and Maritime Services	Roads and Maritime Services works collaboratively with Transport for NSW to deliver projects and programs that enable safe and efficient journeys of people and goods throughout NSW by various transport modes.	Roads and Maritime Services implements initiatives to improve the movement of people by various transport modes, including public transport (bus and ferry), cycling and walking, and motor vehicles. We also deliver initiatives to improve the movement of goods on the freight network, by improving accessibility and infrastructure.	Key performance measures and targets for Roads and Maritime Services are: • Reduce road fatalities by at least 30 per cent by 2021 (measured using road fatalities in NSW per 100,000 population) • A target of 90 per cent of peak travel on time for key road routes • Improve customer satisfaction with key government services – measured using customer satisfaction rating for roads • Key infrastructure projects to be delivered on time and on budget across the State.

Transport Service of NSW – The Transport Service of New South Wales (Transport Service) was established on 1 November 2011 as an agency to employ staff to enable Transport for NSW (TfNSW), which cannot directly employ staff, to undertake its functions.

The Transport Service directly employs staff for Roads and Maritime Services (RMS), State Transit Authority (STA), as well as senior executives of Sydney Trains and NSW Trains.

Name	Objectives	Operations and activities	Performance measures and targets
Transport for NSW	The objectives of Transport for NSW are: • To plan for a transport system that meets the needs and expectations of the public • To promote economic development and investment • To provide integration at the decision-making level across all public transport modes • To promote greater efficiency in the delivery of transport infrastructure projects • To promote the safe and reliable delivery of public transport and freight services.	Transport for NSW has the following general functions: • Transport planning and policy, including for integrated rail network, road network, maritime operations and maritime transport, as well as land use strategies for metropolitan and regional areas • The administration of the allocation of public funding for the transport sector, including the determination of budgets and programs across that sector • The planning, oversight and delivery of transport infrastructure in accordance with integrated transport and land-use strategies, and available financial resources. This includes prioritising expenditure and projects across the transport system.	Key performance measures and targets for Transport for NSW are: • A target of 90 per cent of peak travel on time for key road routes (measured using Journey Time Reliability) • Reduce road fatalities by at least 30 per cent by 2021 (measured using road fatalities in NSW per 100,000 population) • Maintain or improve reliability of public transport services – measured using punctuality and on-time running measures. Targets include: 92 per cent of rail services punctuality, 95 per cent of bus services run on time, 98.5 per cent of ferry services run on time, and 90 per cent of light rail services run on time • Improve customer satisfaction with key government services – measured using customer satisfaction ratings for public transport modes and roads • Key infrastructure projects to be delivered on time and on budget across the State.

Each of the above entities provides transport-related services and while the consolidated financial statement provides the financial results of the group, each entity also prepared separate financial statements as at 30 June 2017.

NSW Treasury provided an exemption to Transport for NSW from preparing consolidated financial statements on the basis that the Department of Transport, as the ultimate parent entity, prepares consolidated financial statements.

Disclosure of subsidiaries

Transport for NSW has no subsidiary companies as at 30 June 2017.

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Annual Report

Transport for NSW

2016–17 • Volume 2

NSW GOVERNMENT

Transport for NSW Annual Report – Volume 2

Overview

This volume of the Transport for NSW Annual Report contains the audited financial statements and Independent Auditor's Report for the following entities:

- Department of Transport
- Transport for NSW
- Transport Service of New South Wales
- Sydney Ferries

Accessibility

If you experience difficulty accessing this content, please contact Elise Naylor, Principal Manager Financial Accounting Management, 02 8202 3146
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NSW GOVERNMENT

Department of Transport

Consolidated Annual Financial Statements

for the year ended 30 June 2017

TABLE OF CONTENTS

Statement by the Secretary 2

Statement of comprehensive income 3

Statement of financial position 4

Statement of changes in equity 5

Statement of cash flows 7

Service group statements 8

Summary of compliance with financial directives 12

1. Summary of significant accounting policies 13
2. Expenses excluding losses 31
3. Revenue 36
4. Gain/(loss) on disposal 39
5. Other gains/(losses) 39
6. Cash and cash equivalents 39
7. Receivables 42
8. Inventories 43
9. Financial assets at fair value 43
10. Non-current assets held for sale 44
11. Other financial assets 44
12. Property, plant and equipment 45
13. Intangibles assets 49
14. Other assets 49
15. Fair value measurement of non-financial assets 50
16. Payables 56
17. Borrowings 56
18. Employee benefits 57
19. Other provisions 71
20. Other liabilities 74
21. Financial liabilities at fair value 74
22. Commitments for expenditure 75
23. Contingent assets and contingent liabilities 76
24. Reconciliation of net cash flows from operating activities to net result 77
25. Non-cash financing and investing activities 78
26. Administered assets and liabilities 78
27. Restatement of infrastructure assets 79
28. Financial instruments 79
29. Equity transfers 93
30. Related party disclosures 93
31. After balance date events 94

Pursuant to section 45F of the *Public Finance and Audit Act 1983*, I state that:

(a) The accompanying financial statements have been prepared in accordance with:
- Applicable Australian Accounting Standards (which include Australian Accounting Interpretations);
- The requirements of the *Public Finance and Audit Act 1983* and *Public Finance and Audit Regulation 2015*; and
- The Financial Reporting Directions issued by the NSW Treasurer under section 9(2) (n) of the Act;

(b) The statements exhibit a true and fair view of the financial position and financial performance of the Department of Transport and the consolidated entity; and

(c) There are no known circumstances, which would render any particulars included in the financial statements to be misleading or inaccurate.

Tim Reardon
Secretary

Date: 18 October 2017

Department of Transport
Statement of comprehensive income
for the year ended 30 June 2017

	Notes	Consolidated Actual 2017 $'000	Consolidated Actual 2016 $'000	Parent Actual 2017 $'000	Parent Actual 2016 $'000
Expenses excluding losses					
Operating expenses					
Employee related expenses	2(a)	2,964,689	2,940,421	711	606
Other operating expenses	2(b)	1,570,883	1,491,284	246	479
Maintenance	2(c)	1,348,312	1,273,650	-	-
Depreciation and amortisation	2(d)	3,157,418	3,007,230	-	-
Grants and subsidies	2(e)	746,756	637,781	-	-
Finance costs	2(f)	334,815	327,038	-	-
Other expenses	2(g)	959,092	968,966	-	-
Total expenses excluding losses		**11,081,965**	**10,646,370**	**957**	**1,085**
Revenue					
Appropriation	3(a)	11,088,651	10,067,846	-	-
Sale of goods and services	3(b)	2,108,527	1,996,123	-	-
Investment revenue	3(c)	155,636	156,979	-	-
Retained taxes, fees and fines	3(d)	28,991	28,447	-	-
Grants and contributions	3(e)	2,719,994	1,357,360	246	479
Acceptance by the Crown Entity of employee benefits and other liabilities	3(f)	40,425	88,484	65	3
Personnel service revenue	3(g)	-	-	646	603
Other revenue	3(h)	306,368	300,959	-	-
Total revenue		**16,448,592**	**13,996,198**	**957**	**1,085**
Gain/(loss) on disposal	4	(31,011)	(81,432)	-	-
Other gains/(losses)	5	(620,514)	(334,530)	-	-
Net result		**4,715,102**	**2,933,866**	**-**	**-**
Other comprehensive income					
Items that may be reclassified subsequently to net result					
Net gains/(losses) in commodity swaps and foreign exchange		(8,541)	5,059	-	-
Items that will not be reclassified to net result					
Net increase/(decrease) in asset revaluation surplus	12	1,449,933	1,162,709	-	-
Remeasurement of defined benefit superannuation schemes	18	260,727	(383,816)	-	-
Total other comprehensive income		**1,702,119**	**783,952**	**-**	**-**
Total comprehensive income		**6,417,221**	**3,717,818**	**-**	**-**

The accompanying notes form part of these financial statements.

Department of Transport
Statement of financial position
as at 30 June 2017

	Notes	Consolidated Actual 2017 $'000	Consolidated Actual 2016 $'000	Parent Actual 2017 $'000	Parent Actual 2016 $'000
ASSETS					
Current assets					
Cash and cash equivalents	6	2,250,966	2,756,042	348	304
Receivables	7	892,945	536,228	93	104
Inventories	8	31,876	30,031	-	-
Financial assets at fair value	9	105,154	104,828	-	-
Non-current assets held for sale	10	1,018	240,874	-	-
Other financial assets	11	285,000	-	-	-
Total current assets		**3,566,959**	**3,668,003**	**441**	**408**
Non-current assets					
Receivables	7	428,919	60,097	-	-
Inventories	8	28,338	27,823	-	-
Financial assets at fair value	9	91	920	-	-
Other financial assets	11	391,461	373,304	-	-
Property plant & equipment					
Land and buildings	12	4,254,225	4,039,458	-	-
Plant and equipment	12	6,278,188	6,523,190	-	-
Infrastructure systems	12	123,422,560	108,820,245	-	-
Property, plant and equipment	12	133,954,973	119,382,893	-	-
Intangible assets	13	1,624,473	1,286,987	-	-
Other assets	14	3,565,763	2,206,272	-	-
Total non-current assets		**139,994,018**	**123,338,296**	**-**	**-**
Total assets		**143,560,977**	**127,006,299**	**441**	**408**
LIABILITIES					
Current liabilities					
Payables	16	2,524,608	2,368,940	247	272
Borrowings	17	416,448	974,431	-	-
Employee benefits	18	771,580	767,517	194	136
Other provisions	19	39,203	33,269	-	-
Other liabilities	20	432,529	332,945	-	-
Financial liabilities at fair value	21	3,830	5,983	-	-
Total current liabilities		**4,188,198**	**4,483,085**	**441**	**408**
Non-current liabilities					
Borrowings	17	5,712,046	5,155,041	-	-
Employee benefits	18	1,089,882	1,354,561	-	-
Other provisions	19	35,307	46,236	-	-
Other liabilities	20	828,504	800,688	-	-
Financial liabilities at fair value	21	1,471	2,086	-	-
Total non-current liabilities		**7,667,210**	**7,358,612**	**-**	**-**
Total liabilities		**11,855,408**	**11,841,697**	**441**	**408**
Net assets		**131,705,569**	**115,164,602**	**-**	**-**
EQUITY					
Accumulated funds		105,006,075	91,292,209	-	-
Reserves		23,183,200	22,025,340	-	-
Contributed capital		3,516,294	1,847,053	-	-
Total equity		**131,705,569**	**115,164,602**	**-**	**-**

The accompanying notes form part of these financial statements.

Department of Transport
Statement of changes in equity
for the year ended 30 June 2017

Consolidated	Notes	Accumulated funds $ '000	Asset revaluation surplus $ '000	Other reserves $ '000	Contributed Capital $ '000	Total equity $ '000
Balance at 1 July 2016		**91,292,209**	**22,025,180**	**160**	**1,847,053**	**115,164,602**
Restatement of infrastructure assets		8,503,504	-	-	-	8,503,504
Restated balance at 1 July 2016		**99,795,713**	**22,025,180**	**160**	**1,847,053**	**123,668,106**
Net result for the year		**4,715,102**	**-**	**-**	**-**	**4,715,102**
Other comprehensive income						
Net gains/(losses) in commodity swaps and foreign exchange		-	-	(8,541)	-	(8,541)
Net increase/(decrease) in asset revaluation surplus	12	-	1,449,933	-	-	1,449,933
Remeasurement of defined benefit superannuation schemes	18	260,727	-	-	-	260,727
Total other comprehensive income		**260,727**	**1,449,933**	**(8,541)**	**-**	**1,702,119**
Total comprehensive income for the year		**4,975,829**	**1,449,933**	**(8,541)**	**-**	**6,417,221**
Transactions with owners in their capacity as owners						
Transfers to/from reserves to accumulated funds		281,748	(281,748)	-	-	-
Equity transfers	29	16,155	-	-	-	16,155
Capital contribution from NSW Treasury		-	-	-	1,669,241	1,669,241
Recycling of equity previously recognised		(63,370)	(1,784)	-	-	(65,154)
Balance at 30 June 2017		**105,006,075**	**23,191,581**	**(8,381)**	**3,516,294**	**131,705,569**
Balance at 1 July 2015		**87,320,572**	**20,929,450**	**(4,899)**	**-**	**108,245,123**
Net result for the year		**2,933,866**	**-**	**-**	**-**	**2,933,866**
Other comprehensive income						
Net gains/(losses) in commodity swaps and foreign exchange		-	-	5,059	-	5,059
Net increase/(decrease) in asset revaluation surplus	12	-	1,162,709	-	-	1,162,709
Remeasurement of defined benefit superannuation schemes	18	(383,816)	-	-	-	(383,816)
Total other comprehensive income		**(383,816)**	**1,162,709**	**5,059**	**-**	**783,952**
Total comprehensive income for the year		**2,550,050**	**1,162,709**	**5,059**	**-**	**3,717,818**
Transactions with owners in their capacity as owners						
Transfers to/from reserves to accumulated funds		66,979	(66,979)	-	-	-
Equity transfers	29	1,354,608	-	-	-	1,354,608
Capital contribution from NSW Treasury		-	-	-	1,847,053	1,847,053
Balance at 30 June 2016		**91,292,209**	**22,025,180**	**160**	**1,847,053**	**115,164,602**

The accompanying notes form part of these financial statements.

Department of Transport
Statement of changes in equity
for the year ended 30 June 2017

Parent	Accumulated funds $ '000	Asset Revaluation $ '000	Other reserves $ '000	Total equity $ '000
Balance at 1 July 2016	**-**	**-**	**-**	**-**
Net result for the year	**-**	**-**	**-**	**-**
Other comprehensive income				
Net gains/(losses) in commodity swaps and foreign exchange	-	-	-	-
Net increase/(decrease) in asset revaluation surplus	-	-	-	-
Remeasurement of defined benefit superannuation schemes	-	-	-	-
Total other comprehensive income	**-**	**-**	**-**	**-**
Total comprehensive income for the year	**-**	**-**	**-**	**-**
Transactions with owners in their capacity as owners				
Transfers to/from reserves to accumulated funds	-	-	-	-
Equity transfers	-	-	-	-
Balance at 30 June 2017	**-**	**-**	**-**	**-**
Balance at 1 July 2015	**-**	**-**	**-**	**-**
Net result for the year	**-**	**-**	**-**	**-**
Other comprehensive income				
Net gains/(losses) in commodity swaps and foreign exchange	-	-	-	-
Net increase/(decrease) in asset revaluation surplus	-	-	-	-
Remeasurement of defined benefit superannuation schemes	-	-	-	-
Total other comprehensive income	**-**	**-**	**-**	**-**
Total comprehensive income for the year	**-**	**-**	**-**	**-**
Transactions with owners in their capacity as owners				
Transfers to/from reserves to accumulated funds	-	-	-	-
Equity transfers	-	-	-	-
Balance at 30 June 2016	**-**	**-**	**-**	**-**

The accompanying notes form part of these financial statements.

Department of Transport
Statement of cash flows
for the year ended 30 June 2017

	Notes	Consolidated Actual 2017 $'000	Consolidated Actual 2016 $'000	Parent Actual 2017 $'000	Parent Actual 2016 $'000
Cash flows from operating activities					
Payments					
Employee related		(2,980,407)	(2,774,723)	(588)	(694)
Grants and subsidies		(699,025)	(542,613)	-	-
Finance costs		(333,647)	(322,964)	-	-
Payments to suppliers		(4,712,721)	(4,333,435)	(25)	(453)
Total payments		**(8,725,800)**	**(7,973,735)**	**(613)**	**(1,147)**
Receipts					
Appropriation		11,135,418	10,067,846	-	-
Sale of goods and services		2,697,192	2,557,703	-	-
Retained taxes, fees and fines		28,991	28,447	-	-
Interest received		26,134	43,756	-	-
Grants and contributions		2,759,162	1,336,585	-	-
Other		-	12,661	-	-
Personnel services		-	-	657	521
Total receipts		**16,646,897**	**14,046,998**	**657**	**521**
Net cash flows from operating activities	24	**7,921,097**	**6,073,263**	**44**	**(626)**
Cash flows from investing activities					
Proceeds from sale of property, plant and equipment, intangible assets and other assets		117,712	77,881	-	-
Purchases of property, plant and equipment, intangible assets and other assets		(9,841,716)	(7,865,491)	-	-
Purchase of financial assets		(285,000)	-	-	-
Other		(3,921)	(29,699)	-	-
Net cash flows from investing activities		**(10,012,925)**	**(7,817,309)**	**-**	**-**
Cash flows from financing activities					
Proceeds from borrowings and advances		78,815	1,521,817	-	-
Repayment of borrowings and advances		(122,054)	(642,086)	-	-
Capital contribution from NSW Treasury		1,669,241	1,847,053	-	-
Payment of finance lease liabilities		(47,117)	(41,385)	-	-
Net cash flows from financing activities		**1,578,885**	**2,685,399**	**-**	**-**
Net increase / (decrease) in cash		**(512,943)**	**941,353**	**44**	**(626)**
Opening cash and cash equivalents		2,756,042	1,814,689	304	930
Cash and cash equivalents transferred (out)/in as a result of administrative restructure		7,867	-	-	-
Closing cash and cash equivalents	6	**2,250,966**	**2,756,042**	**348**	**304**

The accompanying notes form part of these financial statements.

Department of Transport
Service group statements
for the year ended 30 June 2017

Consolidated	Rail services		Buses and related services		Road and maritime services		Ferry services		Integrated transport services		Total	
Expenses and Income	**2017**	**2016**	**2017**	**2016**	**2017**	**2016**	**2017**	**2016**	**2017**	**2016**	**2017**	**2016**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Expenses excluding losses												
Operating Expenses												
Employee related expenses	1,467,176	1,466,362	195	268	33,522	22,067	-	(19)	1,463,796	1,451,743	2,964,689	2,940,421
Other operating expenses	405,921	273,187	111,670	107,475	531,497	564,147	300	382	521,495	546,093	1,570,883	1,491,284
Maintenance	787,772	778,555	44,995	44,163	479,207	443,638	166	-	36,172	7,294	1,348,312	1,273,650
Depreciation and amortisation	1,260,626	1,196,616	121,315	106,205	1,638,953	1,604,112	11,807	16,142	124,717	84,155	3,157,418	3,007,230
Grants and subsidies	4,282	8,552	135,056	99,405	443,517	430,995	-	-	163,901	98,829	746,756	637,781
Finance costs	222,744	222,949	60,755	52,127	36,108	34,852	-	-	15,208	17,110	334,815	327,038
Other expenses	33,222	30,775	857,435	857,365	-	-	68,435	80,826	-	-	959,092	968,966
Total expenses excluding losses	**4,181,743**	**3,976,996**	**1,331,421**	**1,267,008**	**3,162,804**	**3,099,811**	**80,708**	**97,331**	**2,325,289**	**2,205,224**	**11,081,965**	**10,646,370**
Revenue												
Appropriation	3,217,198	1,876,920	1,692,491	1,475,334	4,981,811	5,828,936	-	-	1,237,576	975,140	11,129,076	10,156,330
Sale of goods and services	1,121,135	1,066,163	312,758	298,295	625,407	618,345	-	-	49,227	13,320	2,108,527	1,996,123
Investment revenue	51,917	59,406	1,226	936	86,481	82,307	6,509	6,381	9,503	7,949	155,636	156,979
Retained taxes, fees and fines	11,784	11,603	291	278	16,916	15,131	-	-	-	1,435	28,991	28,447
Grants and contributions	1,832,947	901	25,400	12,989	718,403	556,583	36,525	13,753	106,719	773,134	2,719,994	1,357,360
Other revenue	6,639	6,204	-	-	294,736	288,871	4,993	5,884	-	-	306,368	300,959
Total revenue	**6,241,620**	**3,021,197**	**2,032,166**	**1,787,832**	**6,723,754**	**7,390,173**	**48,027**	**26,018**	**1,403,025**	**1,770,978**	**16,448,592**	**13,996,198**
Gain/(loss) on disposal	(152,789)	(85,811)	2,719	(3,990)	127,939	(7,020)	-	-	(8,880)	15,389	(31,011)	(81,432)
Other gains/(losses)	378	(229)	(169,022)	(192,264)	(452,761)	(134,076)	870	(6,576)	21	(1,385)	(620,514)	(334,530)
Net result	**1,907,466**	**(1,041,839)**	**534,442**	**324,570**	**3,236,128**	**4,149,266**	**(31,811)**	**(77,889)**	**(931,123)**	**(420,242)**	**4,715,102**	**2,933,866**
Other comprehensive income												
Net gains/(losses) in commodity swaps and foreign exchange	(8,541)	5,059	-	-	-	-	-	-	-	-	(8,541)	5,059
Net increase/(decrease) in asset revaluation surplus	685,180	1,033,535	15,196	9,340	748,667	121,183	890	(1,349)	-	-	1,449,933	1,162,709
Remeasurement of defined benefit superannuation schemes	226,619	(342,500)	-	-	-	-	-	-	34,108	(41,316)	260,727	(383,816)
Total other comprehensive income	**903,258**	**696,094**	**15,196**	**9,340**	**748,667**	**121,183**	**890**	**(1,349)**	**34,108**	**(41,316)**	**1,702,119**	**783,952**
Total comprehensive income	**2,810,724**	**(345,745)**	**549,638**	**333,910**	**3,984,795**	**4,270,449**	**(30,921)**	**(79,238)**	**(897,015)**	**(461,558)**	**6,417,221**	**3,717,818**

The names and purposes of each service group are summarised in note (1(t)).

Department of Transport
Service group statements
for the year ended 30 June 2017

Consolidated	Rail services		Buses and related services		Road and maritime services		Ferry services		Integrated transport services		Total	
Administered expenses and income	**2017**	**2016**	**2017**	**2016**	**2017**	**2016**	**2017**	**2016**	**2017**	**2016**	**2017**	**2016**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Administered expenses												
Transfer payments - taxes, fees and fines	-	-	-	-	-	-	-	-	12,749	23,085	12,749	23,085
Administered expenses	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**12,749**	**23,085**	**12,749**	**23,085**
Administered income												
Transfer receipts - taxes, fees and fines	-	-	-	-	3,509,944	3,501,067	-	-	12,577	23,888	3,522,521	3,524,955
Other administered activities	-	-	-	-	55,034	55,372	-	-	-	-	55,034	55,372
Administered income	**-**	**-**	**-**	**-**	**3,564,978**	**3,556,439**	**-**	**-**	**12,577**	**23,888**	**3,577,555**	**3,580,327**
Administered income less expenses	**-**	**-**	**-**	**-**	**3,564,978**	**3,556,439**	**-**	**-**	**(172)**	**803**	**3,564,806**	**3,557,242**

The names and purposes of each service group are summarised in note (1(t)).

Department of Transport
Service group statements
for the year ended 30 June 2017

Consolidated	Rail services		Buses and related services		Road and maritime services		Ferry services		Integrated transport services		Total	
Assets and liabilities	**2017**	**2016**	**2017**	**2016**	**2017**	**2016**	**2017**	**2016**	**2017**	**2016**	**2017**	**2016**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Assets												
Current assets												
Cash and cash equivalents	650,910	1,066,441	35,422	30,362	748,652	617,943	46,996	29,196	768,986	1,012,100	2,250,966	2,756,042
Receivables	249,244	110,842	3,564	3,806	449,767	267,154	1,636	981	188,734	153,445	892,945	536,228
Inventories	16,211	14,563	9,988	9,127	5,677	6,341	-	-	-	-	31,876	30,031
Financial assets at fair value	277	7,260	-	-	104,857	97,518	-	-	20	50	105,154	104,828
Non-current assets held for sale	24	1,468	719	137	275	229,176	-	-	-	10,093	1,018	240,874
Other financial assets	200,000	-	-	-	-	-	-	-	85,000	-	285,000	-
Total current assets	**1,116,666**	**1,200,574**	**49,693**	**43,432**	**1,309,228**	**1,218,132**	**48,632**	**30,177**	**1,042,740**	**1,175,688**	**3,566,959**	**3,668,003**
Non-current assets												
Receivables	32,260	32,499	-	-	396,659	27,598	-	-	-	-	428,919	60,097
Inventories	28,338	27,823	-	-	-	-	-	-	-	-	28,338	27,823
Financial assets at fair value	70	898	-	-	-	-	-	-	21	22	91	920
Other financial assets	-	-	-	-	390,532	372,829	-	-	929	475	391,461	373,304
Land and buildings	264,978	252,374	314,381	302,681	3,616,993	3,463,896	9,345	7,801	48,528	12,706	4,254,225	4,039,458
Plant and equipment	4,639,155	4,877,372	904,886	1,081,072	110,390	109,291	95,644	68,931	528,113	386,524	6,278,188	6,523,190
Infrastructure systems	44,395,447	32,732,015	168,716	101,359	78,803,047	75,960,753	5,237	-	50,113	26,118	123,422,560	108,820,245
Property, plant and equipment	**49,299,580**	**37,861,761**	**1,387,983**	**1,485,112**	**82,530,430**	**79,533,940**	**110,226**	**76,732**	**626,754**	**425,348**	**133,954,973**	**119,382,893**
Intangible assets	682,212	504,194	34,246	30,324	169,166	157,528	31,244	34,550	707,605	560,391	1,624,473	1,286,987
Other assets	1,730,854	604,776	-	-	1,834,909	1,601,496	-	-	-	-	3,565,763	2,206,272
Total non-current assets	**51,773,314**	**39,031,951**	**1,422,229**	**1,515,436**	**85,321,696**	**81,693,391**	**141,470**	**111,282**	**1,335,309**	**986,236**	**139,994,018**	**123,338,296**
Total assets	**52,889,980**	**40,232,525**	**1,471,922**	**1,558,868**	**86,630,924**	**82,911,523**	**190,102**	**141,459**	**2,378,049**	**2,161,924**	**143,560,977**	**127,006,299**

The names and purposes of each service group are summarised in note (1(t)).

Department of Transport
Service group statements
for the year ended 30 June 2017

Consolidated	Rail services		Buses and related services		Road and maritime services		Ferry services		Integrated transport services		Total	
Assets and liabilities (cont'd)	**2017**	**2016**	**2017**	**2016**	**2017**	**2016**	**2017**	**2016**	**2017**	**2016**	**2017**	**2016**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Liabilities												
Current liabilities												
Payables	413,445	481,983	17,885	28,807	1,116,829	815,801	5,373	1,295	971,076	1,041,054	2,524,608	2,368,940
Borrowings	205,866	777,166	110,991	119,974	53,680	47,117	-	-	45,911	30,174	416,448	974,431
Employee benefits	485,701	483,639	-	-	-	-	-	-	285,879	283,878	771,580	767,517
Other provisions	26,840	23,489	1,219	1,281	7,108	6,991	-	-	4,036	1,508	39,203	33,269
Other liabilities	10,074	9,542	139	2,546	223,042	211,035	2,939	4,339	196,335	105,483	432,529	332,945
Financial liabilities at fair value	2,497	4,394	-	-	-	-	-	-	1,333	1,589	3,830	5,983
Total current liabilities	**1,144,423**	**1,780,213**	**130,234**	**152,608**	**1,400,659**	**1,080,944**	**8,312**	**5,634**	**1,504,570**	**1,463,686**	**4,188,198**	**4,483,085**
Non-current liabilities												
Borrowings	4,267,519	3,633,182	817,730	823,386	305,133	358,813	-	-	321,664	339,660	5,712,046	5,155,041
Employee benefits	890,421	1,109,744	-	-	-	-	-	-	199,461	244,817	1,089,882	1,354,561
Other provisions	16,397	26,843	435	646	10,605	11,119	-	-	7,870	7,628	35,307	46,236
Other liabilities	176,338	128,810	-	-	652,120	671,832	-	-	46	46	828,504	800,688
Financial liabilities at fair value	1,267	1,558	-	-	-	-	-	-	204	528	1,471	2,086
Total non-current liabilities	**5,351,942**	**4,900,137**	**818,165**	**824,032**	**967,858**	**1,041,764**	**-**	**-**	**529,245**	**592,679**	**7,667,210**	**7,358,612**
Total liabilities	**6,496,365**	**6,680,350**	**948,399**	**976,640**	**2,368,517**	**2,122,708**	**8,312**	**5,634**	**2,033,815**	**2,056,365**	**11,855,408**	**11,841,697**
Net assets	**46,393,615**	**33,552,175**	**523,523**	**582,228**	**84,262,407**	**80,788,815**	**181,790**	**135,825**	**344,234**	**105,559**	**131,705,569**	**115,164,602**

The names and purposes of each service group are summarised in note (1(t)).

Department of Transport
Summary of compliance with financial directives
for the year ended 30 June 2017

	Notes	Appropriation $'000	Expenditure $'000
2017			
Original budget appropriation/expenditure			
Appropriations Act		11,477,595	11,088,651
		11,477,595	**11,088,651**
Other appropriation/expenditure			
Transfers to/from another entity (s27 of Appropriation Act)		(67,700)	-
		(67,700)	**-**
Total appropriations/expenditure/net claim on Consolidated Fund (includes transfer payments)	3(a)	**11,409,895**	**11,088,651**
Amount drawn down against appropriation		-	11,135,418
Liability to Consolidated Fund*	20	**-**	**(46,767)**
2016			
Original budget appropriation/expenditure			
Appropriations Act		10,696,357	10,067,846
		10,696,357	**10,067,846**
Other appropriation/expenditure			
Transfers to/from another entity (s33 of Appropriation Act)		(305,194)	-
		(305,194)	**-**
Total appropriations/expenditure/net claim on Consolidated Fund (includes transfer payments)	3(a)	**10,391,163**	**10,067,846**
Amount drawn down against appropriation		-	10,067,846
Liability to Consolidated Fund*	20	-	-

* The liability to Consolidated Fund represents the difference between the “Amount drawn down against appropriation” and the “Total expenditure/net claim on Consolidated Fund”.

The summary of compliance is based on the assumption that Consolidated Fund monies are spent first (except where otherwise identified or prescribed).

1. Summary of significant accounting policies

(a) Department of Transport – Reporting entity

The Department of Transport (the Department or the parent entity) is a NSW government entity controlled by the NSW Total State Sector, which is the ultimate parent. The Department is a not-for-profit entity as profit is not its principal objective and it has no cash generating units. The parent entity has provided personnel services to Transport for NSW.

The Department of Transport as a reporting entity comprises all the entities under its control, namely:
Transport for NSW
Transport Service of New South Wales
Roads and Maritime Services
Sydney Ferries
State Transit Authority of NSW
Rail Corporation New South Wales
Sydney Trains
NSW Trains
The Department of Transport and its controlled entities are collectively referred to as the consolidated entity.

On 1 July 2017 Residual Transport Corporation (RTC) was established under the Transport Administration Amendment (Transport Entities) Act 2017. Transport for NSW has determined that RTC is an entity under its control from 1 July 2017 for financial reporting purposes. The purpose of RTC is to hold, manage, operate and maintain transport assets.

RailCorp will progressively transition to the Transport Asset Holding Entity (TAHE). TAHE may eventually hold additional public transport assets for the State, including public transport assets currently held by entities controlled by the Department. The transfer of assets is intended to occur progressively over the next few years.

The Transport Administration Act 1988 states that the affairs of Transport for NSW are to be managed and controlled by the Secretary. The Secretary is defined as the Secretary of the Department of Transport. Consistent with the Secretary's power of direction it is considered that the Department of Transport has control for the purposes of preparing consolidated financial statements for the above agencies and special purpose entities or divisions.

These consolidated financial statements of Department of Transport for the year ended 30 June 2017 were authorised for issue by the Secretary on the date the accompanying statement was signed.

(b) Principles of consolidation

The consolidated financial statements comprise the financial statements of the parent entity and its controlled entities, after elimination of all inter-entity transactions and balances. The controlled entities are consolidated from the date the parent entity obtained control and until such time as control passes.

The financial statements of the controlled entities are prepared for the same reporting period as the parent entity, using generally consistent accounting practices. As a result no adjustments were required for any material dissimilar accounting policies.

(c) Basis of preparation

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

- applicable Australian Accounting Standards (which include Australian Accounting Interpretations);
- the requirements of the *Public Finance and Audit Act 1983* and *Public Finance and Audit Regulation 2015*; and
- Financial Reporting Directions mandated by the NSW Treasurer.

1. Summary of significant accounting policies (cont'd)

(c) Basis of preparation (cont'd)

Property, plant and equipment, assets (or disposal groups) held for sale and financial assets at "fair value through profit or loss" and available for sale are measured at fair value. Certain bus contracts are classified as finance leases in accordance with AASB 117 *Leases* and all finance leased bus assets are carried at fair value from 31 March 2017. Borrowings are initially measured at the fair value of the consideration received and subsequently using the effective interest method. Other financial report items are prepared in accordance with the historical cost convention except where specified otherwise. All amounts are rounded to the nearest one thousand dollars and are expressed in Australian currency.

(d) Critical accounting estimates, judgements and assumptions

In the application of accounting standards and Financial Reporting Directions mandated by the NSW Treasurer, 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:
Property, plant and equipment - note1(o) (iii) and (iv), and note 12.
Other assets note 1(o)(xxii).
Employee benefits note 1(p)(iii) and note 18.

(e) Statement of compliance

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

(f) Administered activities

The consolidated entity administers, but does not control, certain activities on behalf of the Crown Entity. It is accountable for the transactions relating to those administered activities but does not have the discretion, for example, to deploy the resources for the achievement of the consolidated entity's own objectives.

Transactions and balances relating to the administered activities are not recognised as the consolidated entity's income, expenses, assets and liabilities, but are disclosed in the accompanying schedules and note 26.

Where appropriate the accrual basis of accounting and applicable accounting standards have been adopted for the reporting of the administered activities.

(g) Employee related expenses

Employee related expenses include salaries, wages, leave entitlements, superannuation, workers' compensation insurance premium, payroll tax, fringe benefits tax and redundancies.

For further details on the recognition and measurement of employee related expenses refer to employee benefits note 1(p)(iii).

Some employee-related expenses are included in the construction costs of certain physical and non-physical assets and are, therefore, not included in employee related expenses.

1. Summary of significant accounting policies (cont'd)

(h) Other operating expenses and maintenance

Other operating expenses generally represent the day-to-day running costs incurred in the normal operations of the consolidated entity. The recognition and measurement policy for non-employee provision expenses is detailed below in note 1(p)(iv).

Maintenance costs relate principally to rail, road and maritime infrastructure systems and do not include employee-related expenses (refer also to note 1(o)(ix)).

(i) Grants and subsidies

Grants and subsidies generally comprise contributions in cash or in kind to various local government authorities and not-for-profit community organisations. The 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 the cash or assets. The transferred assets are measured at their fair value and transferred for nil consideration.

(j) Borrowing costs

Borrowing costs comprise mainly interest on borrowings, finance lease interest charges and the unwinding of discounts on non-employee provisions. In accordance with Treasury's Mandate for the not-for-profit general government sector agencies, borrowing costs are expensed and recognised in the Statement of comprehensive income in the period in which they are incurred. This also includes any borrowing costs that relate to qualifying assets. Other entities controlled by the Department that are classified as non-general government sector capitalise borrowing costs that meet the definition of qualifying assets. Other borrowing costs are expensed as incurred.

(k) Insurance

The consolidated entity arranges insurance cover through a combination of the NSW Treasury Managed Fund, private insurance companies, and self-insurance. Self-insurance is used for workers' compensation insurance cover by entities that hold a self-insurance licence with the Work Cover Authority. The cost of insurance is expensed in the period to which the insurance cover relates.

(l) Other expenses

Other expenses include payments to bus, ferry and light rail operators for the provision of bus, ferry and light rail services in the metropolitan, regional and rural areas of New South Wales. These payments are made at the end of the month for services provided in that month and are expensed as incurred.

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

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

- the amount of GST incurred by the consolidated entity as a purchaser that is not recoverable from the Australian Taxation Office is recognised as part of an asset's cost of acquisition or as part of an item of expense; and
- receivables and payables are stated with the amount of GST included.

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

1. Summary of significant accounting policies (cont'd)

(n) Income recognition

Income is recognised and measured at the fair value of the consideration or contribution received or receivable to the extent that it is probable that the economic benefits will flow to the consolidated entity and the income can be reliably measured. The following specific criteria must also be met before income is recognised:

(i) Parliamentary appropriations and contributions

Parliamentary appropriations and contributions are generally recognised as income when the consolidated entity obtains control over the assets comprising the appropriations/contributions. Control over appropriations/contributions is normally obtained upon the receipt of cash. At the end of the financial year unspent appropriations are recognised as liabilities rather than income, as the authority to spend the money lapses and the unspent amount must be repaid to the Consolidated Fund in the next financial year. The liability is disclosed under other liabilities (note 20).

(ii) Sale of goods and services

Revenue from the sale of goods is recognised as revenue when the consolidated entity transfers the significant risks and rewards of ownership of the assets.

Revenue from the provision of services (including passenger transport services) is recognised as revenue when the service is provided or by reference to the stage of completion.

(iii) Retained taxes, fines and fees

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

(iv) Investment revenue

Interest revenue on cash and cash equivalents and financial assets at fair value through profit or loss are recognised in accordance with AASB 139 *Financial Instruments: Recognition and Measurement*. Rental revenue is recognised in accordance with AASB 117 *Leases* on a straight-line basis over the lease term. Royalty revenue is recognised in accordance with AASB 118 *Revenue* on an accrual basis in accordance with the substance of the relevant agreement.

(v) Grants and contributions receivable

Grants and contributions comprising mainly cash and in kind contributions are recognised as revenues when control passes to the consolidated entity and the contractual obligations have been satisfied. In kind contributions (e.g. roads and bridges from local councils) are measured at fair value on transfer and recognised as property, plant and equipment (note 1(o)(ii)).

(vi) Other revenue

Other revenue includes mainly the value of the emerging rights to receive private sector provided infrastructure. The non-cash revenue is also recognised as an asset (note 1(o)(xxii)).

1. Summary of significant accounting policies (cont'd)

(o) Assets

(i) Property, plant and equipment

Property, plant and equipment comprise of land and buildings, plant and equipment (rolling stock, buses, ferries and general plant and equipment) and infrastructure systems (rail, road and maritime infrastructure including related land and buildings).

(ii) Capitalisation and initial recognition

Property, plant and equipment are initially measured at cost in accordance with AASB 116 *Property, Plant and Equipment*. 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.

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

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

Where payment for an asset is deferred beyond normal credit terms, its cost is the cash price equivalent, i.e. the deferred payment amount is effectively discounted over the period of credit.

The cost of assets constructed for own use includes the purchase cost, other directly attributable costs and the initial estimate of dismantling and restoration costs. Borrowing costs on qualifying assets are expensed or capitalised as per note 1(j).

Property, plant and equipment and intangible assets costing $5,000 and above individually (or forming part of a network costing more than $5,000) are capitalised.

(iii) Valuation of property, plant and equipment

Subsequent to initial recognition, property, plant and equipment are valued in accordance with the *"Valuation of Physical Non-Current Assets at Fair Value"* Policy and Guidelines Paper (TPP 14-01). This policy adopts fair value in accordance with AASB 13 *Fair Value Measurement*, AASB 116 *Property, Plant and Equipment* and AASB 140 *Investment Property.*

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

Fair value of property, plant and equipment is based on a market participants' perspective, using valuation techniques (market approach, cost approach, income approach) that maximise relevant observable inputs and minimise unobservable inputs. Also refer to note 15 for further information regarding fair value.

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.

1. Summary of significant accounting policies (cont'd)

(o) Assets (cont'd)

(iii) Valuation of property, plant and equipment (cont'd)

The depreciated replacement cost method is used to revalue specialised buildings (designed for a specific limited purpose), trackwork and rail infrastructure systems, road infrastructure systems, maritime infrastructure systems, buses, ferries and certain plant and equipment. Depreciated replacement cost for these types of assets is based on the "incremental optimised replacement cost". Optimised replacement cost is the minimum cost, in the normal course of business, to replace the existing asset with a technologically modern equivalent asset with the same economic benefits, adjusting for any overdesign, overcapacity and redundant components. Incremental optimisation means that optimisation is limited to the extent that optimisation can occur in the normal course of business using commercially available technology.

Non-specialised assets such as computer and office equipment with short useful lives are measured at depreciated historical cost, as a surrogate for fair value. This is because any difference between fair value and depreciated historical cost is unlikely to be material.

(iv) Revaluation of property, plant and equipment

The entities in the group revalue each class of property, plant and equipment at least every five years or with sufficient regularity to ensure that the carrying amount of each asset in the class does not differ materially from its fair value at reporting date. Revaluations are performed by independent professionally qualified valuers.

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

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

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

Revaluation decrements are recognised immediately as a loss in the net result, 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 reporting 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.

Interim revaluations are performed between comprehensive revaluations where cumulative changes to indicators/indices suggest fair value may differ from carrying value in accordance with NSW Treasury policy and guidelines paper (TPP 14.01). Each entity within the group undertakes their own assessment to comprehensively revalue a class of assets more frequently.

1. Summary of significant accounting policies (cont'd)

(o) Assets (cont'd)

(v) Impairment of property, plant and equipment

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

Notwithstanding this, the consolidated entity generally reviews the carrying values of major assets for objective evidence of impairment. Where such an indication exists, an estimate of the recoverable amount is made. An impairment loss is recognised in the Statement of comprehensive income when the carrying amount of an asset exceeds its recoverable amount unless the asset has been revalued in which case the impairment loss is treated as a revaluation decrease. When the impairment subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(vi) Depreciation of property, plant and equipment

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

All material separately identifiable components of assets are depreciated over their shorter useful lives. A component is accounted for separately if it has a useful life materially different from that of the prime asset and, therefore, requires separate replacement during the life of the prime asset; is material enough to justify separate tracking; and is capable of having a reliable value attributed to it. A dedicated spare part does not normally have a useful life of its own.

Certain heritage assets including original artworks and collections and heritage buildings may not have a limited useful life because appropriate curatorial and preservation policies are adopted. The decision not to recognise depreciation for these assets is reviewed annually. Depreciation on owned buses is calculated in line with the pattern of consumption of economic benefits.

Land is not a depreciable asset. Buildings which have been acquired for future transport infrastructure are not depreciated as these assets are not purchased to generate revenue and are ultimately demolished for transport infrastructure projects. The expected useful lives of property, plant and equipment for depreciation purposes are as follows:

Depreciation Rates	**Useful Lives**
Rail systems	10-250 years
Road systems	4-200 years
Maritime systems	5-40 years
Rolling stock	25-44 years
Buildings	10-200 years
Owned buses	20-25 years
Finance leased buses	15-25 years
Ferries	20-55 years
Plant and equipment	2-60 years

1. Summary of significant accounting policies (cont'd)

(o) Assets (cont'd)

(vi) Depreciation of property, plant and equipment (cont'd)

The assets residual values, useful lives and depreciation methods are reviewed, and adjusted, if appropriate, at each financial year end.

(vii) Major inspection costs

When each major inspection is performed, 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.

(viii) 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. If the effect of the time value of money is material, these costs are discounted at the appropriate market yields on government bonds.

(ix) 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 a component of an asset, in which case the costs are capitalised and depreciated.

(x) 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.

As lessee:

Where a non-current asset is acquired by means of a finance lease, at the commencement of the lease term, the asset is recognised at its fair value or, if lower, the present value of the minimum lease payments, at the inception of the lease. The corresponding liability is established at the same amount. Lease payments are allocated between the principal component and the interest expense.

Under the Metropolitan Bus Services, Outer Metropolitan Bus Services and Rural and Regional Bus Services contracts, payments to bus operators for the acquisition of new and certain existing buses are considered to be in the nature of finance leases and are recognised in accordance with AASB 117 *Leases*. Leased buses were carried at historical cost up until 31 March 2017.

From 31 March 2017, the consolidated entity changed its accounting policy for the measurement of leased buses from historical cost to fair value. The fair value accounting policy was adopted under AASB 136 *Impairment of assets* (paragraph Aus32.1 – 32.2) in respect of not-for-profit entities where the future economic benefits of an asset are not primarily dependant on the asset's ability to generate net cash inflows and where the entity would, if deprived of the asset, replace its remaining future economic benefits. Therefore the asset's recoverable value is determined based on the depreciated replacement cost of the asset being the best representation of its fair value. Accordingly, leased buses are now carried at fair value from 31 March 2017 onwards. As required by AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors* (paragraph 17) the change in accounting policy was accounted for as a revaluation in accordance with AASB 116 *Property, Plant and Equipment* and applied prospectively. The revaluation was accounted for based on an independent valuation of the entire leased bus fleet at 31 March 2017.

1. Summary of significant accounting policies (cont'd)

(o) Assets (cont'd)

(x) Leased assets (cont'd)

To align with the change in accounting policy from historical cost to fair value, the depreciation method was also changed from straight-line to diminishing value which better reflects the pattern of consumption and going forward will result in a closer representation of fair value in between valuation years. This is consistent with the requirements of AASB 116 paragraph 31 to ensure that the carrying value does not differ materially from what would be determined to be the fair value at the reporting date. As part of the review of the depreciation method, the remaining useful lives and residual values of the leased buses were also reassessed at the revaluation date. The change in depreciation method and the reassessment of useful lives and residual values are changes in estimates and applied prospectively from 31 March 2017.

Operating lease payments are charged to the statement of comprehensive income in the periods in which they are incurred.

As lessor:

The consolidated entity, as the lessor, classifies its long term land 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 a finance income. The finance income is calculated relevant to the term of the lease.

(xi) Derecognition

An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal. Gains and losses on disposals are determined by comparing the proceeds with the carrying amount of the asset and are included in the Statement of comprehensive income.

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.

(xii) Intangible assets

Intangible assets are recognised only if it is probable that future economic benefits will flow to the consolidated entity and the cost of the asset can be measured reliably. Intangible assets are measured initially at cost which includes the purchase price and any costs directly attributable to preparing the asset for its intended use. Where an 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 certain criteria are met.

The useful lives of intangible assets are assessed to be finite.

Intangible assets are subsequently measured at fair value only if there is an active market. As there is no active market for the consolidated entity's intangible assets, the assets are carried at cost less any accumulated amortisation and impairment loss.

The consolidated entity's intangible assets comprise principally information technology systems which are amortised using the straight-line method over periods ranging from 2 years to 18 years.

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

1. Summary of significant accounting policies (cont'd)

(o) Assets (cont'd)

(xiii) Cash and cash equivalents

Cash and cash equivalents in the Statement of financial position comprise cash at bank and in hand and NSW Treasury Corporation cash facility. These deposits have an original maturity of three months or less, are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value. The NSW Treasury Corporation short-term deposits are designated at fair value through the profit and loss. The movement in the fair value of these deposits is reported as investment revenue. Term deposits greater than 90 days are classified as other financial assets.

For the purposes of the Statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above.

(xiv) Inventories

Generally inventories are held for distribution (consumed in the ordinary activities of the consolidated entity). Inventories held for distribution are stated at cost, adjusted when applicable, for any loss of service potential. A loss of service potential is identified and measured based on the existence of a current replacement cost that is lower than the carrying amount. Costs are assigned to inventory using the weighted average, First-In-First-Out or specific identification methods depending on the nature of the inventory.

The cost of inventories comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Current replacement cost is the cost the consolidated entity would incur to acquire the asset.

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.

(xv) 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. Subsequent measurement is at amortised cost using the effective interest method, less an allowance for any impairment of receivables. Any changes are recognised in the net result for the year when impaired, derecognised or through the amortisation process.

Short-term receivables with no stated interest rate are measured at the original invoice amount where the effect of discounting is immaterial.

(xvi) Other financial assets

Other financial assets comprise receivables, loan to the Sydney Harbour Tunnel and promissory notes issued by the operators of private sector provided infrastructure assets. These assets are measured at amortised cost using the effective interest rate method.

1. Summary of significant accounting policies (cont'd)

(o) Assets (cont'd)

(xvii) Business combinations

The consolidated entity applies the acquisition method in accounting for business combinations.

The consideration transferred by the consolidated entity to obtain control of a subsidiary is calculated as the sum of the acquisition-date fair values of assets transferred and liabilities incurred, which includes the fair value of any asset or liability arising from a contingent consideration arrangement. Acquisition costs are expensed as incurred.

The consolidated entity recognises identifiable assets acquired and liabilities assumed in a business combination regardless of whether they have been previously recognised in the acquiree's financial statements prior to the acquisition. Assets acquired and liabilities assumed are generally measured at their acquisition-date fair values.

Goodwill is stated after separate recognition of identifiable intangible assets. It is calculated as the excess of the sum of (a) fair value of consideration transferred and (b) the recognised amount of any non-controlling interest in the acquiree, over the acquisition-date fair values of identifiable net assets. If the fair values of identifiable net assets exceed the sum calculated above, the excess amount (i.e. gain on a bargain purchase) is recognised in profit or loss immediately.

Goodwill acquired in a business combination is not amortised. Instead, it is tested for impairment annually or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses.

(xviii) Investments

Investments are initially recognised at fair value plus, in the case of investments not at fair value through profit or loss, transaction costs. The consolidated entity determines the classification of its financial assets after initial recognition and, when allowed and appropriate, re-evaluates this at each financial year end.

Fair value through profit or loss - the consolidated 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. Derivatives are also classified as held for trading (note 9). Gains or losses on these assets are recognised in the net result for the year.

The NSW TCorp Hour-Glass investment facilities are designated at fair value through profit or loss using the second leg of the fair value option i.e. these financial assets are managed and their performance is evaluated on a fair value basis, in accordance with a documented risk management strategy, and information about these assets is provided internally on that basis to the key management personnel.

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

Held-to-maturity investments - Non-derivative financial assets with fixed or determinable payments and fixed maturity that the consolidated entity has the positive intention and ability to hold to maturity are classified as "held-to-maturity". These investments are measured at amortised cost using the effective interest method. Changes are recognised in the net result for the year when impaired, derecognised or though the amortisation process.

Available-for-sale investments - Any residual investments that do not fall into any other category are accounted for as available-for-sale investments and measured at fair value in other comprehensive income until disposed or impaired, at which time the cumulative gain or loss previously recognised in other comprehensive income is recognised in the net result for the year. However, interest calculated using the effective interest method and dividends are recognised in the net result for the year.

1. Summary of significant accounting policies (cont'd)

(o) Assets (cont'd)

(xviii) Investments (cont'd)

Purchases or sales of investments under contract that require delivery of the asset within the timeframe established by convention or regulation are recognised on the trade date, i.e. the date the consolidated entity commits to purchase or sell the asset.

The fair value of investments that are traded at fair value in an active market is determined by reference to quoted current bid prices at the close of business on the Statement of financial position date.

Unquoted investment in subsidiaries incorporated as proprietary companies are stated at cost less accumulated impairment in the parent entity's Statement of financial position. The investment is subject to at least annual reviews for impairment.

(xix) 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 consolidated 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 net result for the year.

When an available-for-sale financial asset is impaired, the amount of the cumulative loss is removed from equity and recognised in the net result for the year, based on the difference between the acquisition cost (net of any principal repayment and amortisation) and current fair value, less any impairment loss previously recognised in the net result for the year.

Any reversals of impairment losses are reversed through the net result for the year, where there is objective evidence, except reversals of impairment losses on an investment in an equity instrument classified as available-for-sale must be made through the reserve. 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.

(xx) De-recognition of financial assets and financial liabilities

A financial asset is derecognised when the contractual rights to the cash flows from the financial assets expire; or if the consolidated entity transfers the financial asset:

- where substantially all the risks and rewards have been transferred or
- where the consolidated entity has not transferred substantially all the risks and rewards, if the consolidated entity has not retained control.

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

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

1. Summary of significant accounting policies (cont'd)

(o) Assets (cont'd)

(xxi) Non-current assets held for sale

Certain non-current assets (or disposal groups) are classified as held for sale, where their carrying amount will be recovered principally through a sale transaction, not through continuing use.

Non-current assets (or disposal groups) held for sale are recognised at the lower of carrying amount and fair value less costs to sell, in accordance with AASB 5 *Non-Current Assets held for Sale and Discontinued Operations*. These assets are not depreciated while they are classified as held for sale.

(xxii) Other assets – Private sector provided infrastructure

In these private sector provided infrastructure arrangements, the grantor (the consolidated entity) gives the service concession in exchange for the right to receive the infrastructure from the operator (private sector entity) at the end of the concession period. The operator is required to design, finance and build the infrastructure and use it to provide services directly to the public during the concession period. The operator is permitted to charge the public for the services it provides. The service concession arrangement infrastructure is operator-controlled during the concession period and grantor-controlled thereafter.

In the absence of a specific Australian Accounting Standard, Treasury Policy and Guidelines Paper *Accounting for Privately Financed Projects* (TPP06-8) applies. This policy requires the consolidated entity to initially determine the estimated written down replacement cost by reference to the project's historical cost escalated by a construction index and the system's estimated working life. The estimated written down replacement cost is then allocated on a systematic basis over the concession period using the annuity method and the government bond rate at the commencement of the project. During the concession period, the consolidated entity recognises the annual value of the right to receive the infrastructure as an asset and as revenue (note (n) (vi))

(p) Liabilities

(i) Payables

These amounts represent liabilities for goods and services provided to the consolidated entity and other amounts. Payables are recognised initially at fair value, usually based on the transaction cost. 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 not held for trading or designated at fair value through profit or loss. Borrowings are initially measured at the fair value of the consideration received. Any difference between the proceeds and the redemption amount (premium or discount) is recognised in the net result over the period of the borrowings using the effective interest method.

The finance lease liability is determined in accordance with AASB 117 *Leases.*

Borrowings are removed from the Statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid is recognised in profit or loss as other income or finance costs.

Borrowings are classified as current liabilities unless the consolidated entity has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

1. Summary of significant accounting policies (cont'd)

(p) Liabilities (cont'd)

(iii) Employee benefits

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

Liabilities for salaries and wages (including non-monetary benefits) and paid sick leave that are expected to be settled wholly before 12 months after the reporting date are recognised and measured in respect of employees' services up to the reporting date at undiscounted amounts based on the amounts expected to be paid when the liabilities are settled.

Annual leave is not expected to be settled wholly before twelve months after the end of the annual reporting period in which the employees render the related service. As such, it is required to be measured at present value in accordance with AASB 119 Employee Benefits (although short-cut methods are permitted). Actuarial advice obtained by Treasury has confirmed that the use of a nominal approach plus the annual leave on annual leave liability (using 7.9% of the nominal value of annual leave) can be used to approximate the present value of the annual leave liability. The consolidated entity has assessed the actuarial advice based on the consolidated entity's circumstances and has determined that the effect of discounting is immaterial to annual leave.

Unused non-vesting sick leave 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.

b. Long service leave and superannuation

A liability for long service leave is measured in accordance with AASB 119 *Employee Benefits* at the present value of future payments anticipated for the employee services that the consolidated entity has taken at the reporting date. An actuary calculates this using:

- expected future wage and salary levels;
- experience of employee departures; and
- periods of service.

Estimated future cash outflows are discounted using market yields at the reporting date that closely match the term of maturity of government bonds.

Apart from the parent entity and some of Transport Service of New South Wales, the controlled entities are responsible for funding their employees' accrued long service leave entitlements which are reported under employee benefits. However, in the case of the parent entity and some Transport Service employees, the long service leave liabilities are assumed by the Crown Entity and accordingly are recognised in the Statement of comprehensive income as "Acceptance by the Crown Entity of employee benefits and other liabilities".

In the case of defined benefit plans (SASS, SANCSS and SSS), the net superannuation liability or asset is recognised in accordance with AASB 119 Employee Benefits. It is measured as the difference between the present value of members' accrued benefits (as determined by actuaries) as at reporting date and the fair value of the superannuation scheme's assets at that date, determined through actuarial assessment. Actuarial gains and losses are recognised outside of the net result in the other comprehensive income in the year in which they occur.

For those group entities that are responsible for funding their accrued superannuation liabilities, superannuation expense recognised in the Statement of comprehensive income comprises:

- For defined contribution plans, the contribution payable for the period; and
- For defined benefit plan, service cost and net interest on the net superannuation liability or asset as determined by the actuaries.

1. Summary of significant accounting policies (cont'd)

(p) Liabilities (cont'd)

(iii) Employee benefits (cont'd)

b. Long service leave and superannuation (cont'd)

In the case of the parent entity, the superannuation expense recognised in the Statement of comprehensive income comprises the contribution payable for the period.

c. Consequential on-costs

Consequential costs to employment are recognised as liabilities and expenses where the employee benefits to which they relate have been recognised. This includes outstanding amounts of payroll tax, workers' compensation insurance premiums and fringe benefits tax.

(iv) Other provisions

Other provisions exist when the consolidated entity 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 consolidated entity has a detailed formal plan and it 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 rate that reflects the current market assessments of the time value of money and the risks specific to the liability.

(q) Fair value hierarchy

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability or in the absence of a principal market, in the most advantageous market for the asset or liability.

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

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

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

Refer note 15 and note 28 for further disclosures regarding fair value measurements of financial and non-financial assets.

1. Summary of significant accounting policies (cont'd)

(r) 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 consolidated entity's policy on the revaluation of property, plant and equipment as discussed in note (1)(o)(iii) and (iv).

(ii) Hedge reserve

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income and is accumulated in the hedge reserve. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss, and is included in the 'other gains and losses' line item. Amounts previously recognised in other comprehensive income and accumulated in equity are reclassified to profit or loss in the periods when the hedged item is recognised in profit or loss, in the same line as the recognised hedged item.

(iii) Accumulated funds

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

(iv) Other reserves

Separate reserve accounts are recognised in the financial statements only if such accounts are required by specific legislation or Australian Accounting Standards.

(v) Equity transfers

Equity transfers represent 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 and "equity appropriations". These equity transfers are designated or required by Accounting Standards to be treated as contributions by owners and recognised as an adjustment to "Accumulated Funds". This treatment is consistent with NSW Treasury Policy and Guidelines Paper *Accounting Policy: Contributions by owners made to wholly-owned Public Sector Entities* (TPP 09-03), AASB 1004 *Contributions* and Australian Interpretation 1038 *Contributions by Owners made to Wholly-owned Public Sector Entities*.

Transfers arising from an administrative restructure involving not-for-profit and for-profit government entities are recognised at the amount at which the assets and liabilities were recognised by the transferor immediately prior to the restructure. Subject to below, in most instances this will approximate fair value.

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

(vi) Contributed capital

In accordance with TPP 09-03, the transfer of cash from NSW Treasury to fund capital construction of major rail projects is treated as an equity contribution.

1. Summary of significant accounting policies (cont'd)

(s) Comparative information

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

During 2017, the Department modified the presentation of the Service group statements to allocate inter-services eliminations to the respective service group. Comparative amounts in the Service group statements were reclassified for consistency. Certain other comparative amounts in the Statement of comprehensive income and Statement of financial position have been reclassified or re-presented as a result of a change in the classification in certain items during the current year.

(t) Disaggregation of financial information by main activities of the consolidated entity

The consolidated entity has disaggregated expenses and revenue and assets and liabilities by its main activities. The consolidated entity's main activities comprise:

Rail services	– Rail Corporation New South Wales – Sydney Trains – NSW Trains – Transport for NSW manages light rail services, the country rail network and the Sydney Metro City South West Project
Buses and related services	– State Transit Authority of NSW – Transport for NSW manages bus transport services in the metropolitan, outer metropolitan and rural and regional areas of New South Wales
Road and maritime services	– Roads and Maritime Services
Ferry services	– Sydney Ferries – Transport for NSW makes contributions for ferry services performed by a private operator
Integrated transport services	– Department of Transport – Transport for NSW – Transport Service of New South Wales

Integrated transport services activity is responsible for:
(a) policy formulation,
(b) program and contract management,
(c) passenger transport compliance and regulation,
(d) transport project development and
(e) Opal electronic ticketing system.

The expenses, revenue, assets and liabilities were allocated to these major activities on an actual basis using the financial statements of the parent entity and its controlled entities.

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

(i) Effective for the first time in 2016-17

The accounting policies applied in 2016-17 are consistent with those of the previous financial year with the exception of AASB 2015-16 *Amendments to Australian Accounting Standards – Extending Related Party Disclosures to Not-For-Profit Public Sector Entities*. The amending pronouncement extends the scope of AASB 124 *Related Party Disclosures* to include not-for-profit public sector entities. The first time adoption of AASB 124 resulted in additional disclosures in the notes to the financial statements. Refer to note 30 Related party disclosures for further information.

1. Summary of significant accounting policies (cont'd)

(u) Changes in accounting policy, including new or revised Australian Accounting Standards (cont'd)

(ii) Issued but not yet effective

Australian Accounting Standards and Interpretations issued or revised but are not yet effective have not been early adopted in accordance with Treasury mandated policy.

(iii) New Australian Accounting Standards issued but not yet effective

AASB 16 *Leases* will apply to annual reporting periods beginning on or after 1 January 2019. The standard introduces a new approach to lease accounting that requires a lessee to recognise assets and liabilities for the rights and obligations created by leases. The consolidated entity is yet to undertake a detailed assessment of the impact of AASB 16; however management believes that the application of this standard is likely to have a significant transitional impact as a result of operating leases, except short term and low value leases, being brought onto the balance sheet.

AASB 15 *Revenue from Contracts with Customers*, including the amendments AASB 2014-5, AASB 2016-8, AASB 2016-3 and AASB 2016-7 has application from annual reporting periods on or after 1 January 2019. Management believes this standard will impact on the timing recognition of certain revenue given the core principle of the new standard requires revenue to be recognised when the goods or services are transferred to the customer at the transaction price (as opposed to stage of completion of the transaction). The model features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognised.

AASB 1058 *Income of Not-for-profit Entities* and AASB 2016-8 *Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not-for-Profit Entities* has application from annual reporting periods on or after 1 January 2019. The introduction of AASB 1058 results in the amendment of AASB 1004 *Contributions* with many of its requirements being revised and relocated to AASB 1058. The consolidated entity is yet to undertake a detailed assessment of the impact of AASB 1058 however management believe the initial adoption may defer the recognition of income in some circumstances.

The impact of the following standards in the period of initial application is not expected to be significant.

Standard	**Applicable to annual reporting periods beginning on or after**
AASB 9 *Financial Instruments*	1 January 2018
AASB 2016-2 *Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 107*	1 January 2017
AASB 2016-4 *Amendments to Australian Accounting Standards – Recoverable Amount of Non-Cash-Generating Specialised Assets of Not-for-Profit Entities*	1 January 2017
AASB 2016-6 *Amendments to Australian Accounting Standards – Applying AASB 9 with AASB 4 Insurance Contracts*	1 January 2018
AASB 2017-1 *Amendments to Australian Accounting Standards – Transfer of investment Property, Annual Improvements 2014-2016 Cycle and Other Amendments*	1 January 2019
AASB 2017-2 *Amendments to Australian Accounting Standards – Further Annual Improvements 2014-2016 Cycle*	1 January 2017
Interpretation 22 *Foreign Currency Transactions and Advance Consideration*	1 January 2019

A number of other new standards have been identified and assessed and it is expected that they will have no impact on the financial statements of the entity.

2. Expenses excluding losses

(a) Employee related expenses

	Consolidated 2017 $'000	Consolidated 2016 $'000	Parent 2017 $'000	Parent 2016 $'000
Salaries and wages (including annual leave)	2,270,904	2,189,403	581	528
Superannuation - defined benefit plans	65,075	77,786	-	-
Superannuation - defined contribution plans	171,550	171,243	26	33
Long service leave	36,329	133,795	65	3
Workers' compensation insurance	27,284	19,311	2	3
Payroll tax and fringe benefit tax	148,098	150,077	37	39
Redundancy payments	62,356	48,488	-	-
Other	1,731	1,915	-	-
Skill hire contractors	181,362	148,403	-	-
Employee related expenses	**2,964,689**	**2,940,421**	**711**	**606**

Employee related costs of $426.9 million (2016: $369.2.0 million) (parent entity: nil (2016: nil)) have been capitalised in property, plant and equipment and intangible assets and are excluded from the above.

2016 had $54.8 million professional service contractor expenses (note 2 (b)) and $1.2m maintenance – trains expenses (note 2 (c)) reclassified to skill hire contractor expenses (note 2 (a)).

2. Expenses excluding losses (cont'd)

(b) Other operating expenses

	Consolidated 2017 $'000	Consolidated 2016 $'000	Parent 2017 $'000	Parent 2016 $'000
Auditor's remuneration - audit of financial statements	2,830	2,596	246	240
Advertising and marketing	45,461	38,313	-	-
Bad debts	11	23	-	-
Cashback refund - M4/M5	108,848	99,473	-	-
Communications	51,739	33,733	-	-
Consultants	9,476	12,665	-	-
Electricity, gas and water	82,067	82,514	-	-
Fleet hire and leasing charges including access fees	61,849	55,906	-	-
Fuel costs	68,585	71,147	-	-
General expenses	155,696	123,200	-	239
Information technology	225,425	167,070	-	-
Insurance	61,878	62,112	-	-
Internal audit fees	905	1,503	-	-
Land and buildings remediation	-	2,893	-	-
Legal services	16,843	21,071	-	-
Materials	49,559	31,633	-	-
Office expenses	57,093	51,015	-	-
Professional service contractors	328,717	407,712	-	-
Payments to councils and external bodies	17,712	26,079	-	-
Operating lease rental expense	80,470	71,243	-	-
Security costs	25,862	26,066	-	-
Sydney Harbour Tunnel operating expenses	34,346	33,137	-	-
Taxes, rates and related charges	6,348	5,281	-	-
Travel expenses	13,912	10,911	-	-
Royalties and commissions	39,172	29,684	-	-
Special number plates concession fees	26,079	24,304	-	-
Other operating expenses	**1,570,883**	**1,491,284**	**246**	**479**

General expenses of $155.7 million (2016: $123.2 million) includes bus services for rail replacement, public liability claims, merchant and bank fees, vehicles number plates and occupational health and safety expenses.

2016 had $54.8 million professional service contractor expenses (note 2 (b)) reclassified to skill hire contractor expenses (note 2 (a)).

2. Expenses excluding losses (cont'd)

(c) Maintenance

	Consolidated 2017 $'000	Consolidated 2016 $'000	Parent 2017 $'000	Parent 2016 $'000
General	79,118	61,972	-	-
Buses and ferries	74,856	68,656	-	-
Rail infrastructure systems	425,845	434,405	-	-
Trains	361,187	335,426	-	-
Road and maritime infrastructure system	407,306	373,191	-	-
Maintenance	**1,348,312**	**1,273,650**	**-**	**-**
Reconciliation - Total maintenance				
Maintenance expense - contracted labour and other (non-employee related), as above	1,348,312	1,273,650	-	-
Employee related maintenance expense included in note 2(a)	450,543	427,816	-	-
Total maintenance expense included in Note 2(a) + 2(c)	**1,798,855**	**1,701,466**	**-**	**-**

A number of expense categories have been reclassified in the prior year. This includes, $1.2 million maintenance – trains expenses (note 2 (c)) reclassified to skill hire contractor expenses (note 2 (a)), $35.0 million maintenance – buses and ferries (note 2(c)) reclassed from maintenance – road and maritime infrastructure system (note 2(c)).

2. Expenses excluding losses (cont'd)

(d) Depreciation and amortisation

	Notes	Consolidated 2017 $'000	Consolidated 2016 $'000	Parent 2017 $'000	Parent 2016 $'000
Infrastructure systems:					
Road and maritime infrastructure systems		1,569,172	1,531,328	-	-
Rail infrastructure systems		953,509	861,684	-	-
Buildings:					
Buildings		28,753	27,545	-	-
Plant and equipment:					
Rolling stock		244,636	247,612	-	-
Ferries		8,232	12,469	-	-
Buses		39,148	47,839	-	-
Plant and equipment		95,657	105,435	-	-
Finance leased buses		74,582	49,566	-	-
Depreciation	12	**3,013,689**	**2,883,478**	**-**	**-**
Amortisation:					
Computer systems		143,729	123,752	-	-
Amortisation	13	**143,729**	**123,752**	**-**	**-**
Depreciation and amortisation		**3,157,418**	**3,007,230**	**-**	**-**

(e) Grants and subsidies

	Consolidated 2017 $'000	Consolidated 2016 $'000	Parent 2017 $'000	Parent 2016 $'000
Taxi Transport Subsidy Scheme	37,416	28,976	-	-
Community transport groups	79,188	78,386	-	-
Private Vehicle Conveyance	18,453	21,020	-	-
Carparks and interchanges	4,281	4,469	-	-
Grants to local councils - maintenance of transport infrastructure	359,339	295,638	-	-
Grants to local councils - transfer of roads and bridges	40,678	90,427	-	-
National transport regulators	12,686	13,631	-	-
Road safety grant to NSW Police	29,086	26,528	-	-
Others	30,549	40,820	-	-
National Heavy Vehicle Regulator	42,700	37,886	-	-
Point to point assistance package	92,380	-	-	-
Grants and subsidies	**746,756**	**637,781**	**-**	**-**

Point to point assistance started to be provided to taxi licence holders during the current year following the NSW Government's reforms to the taxi hire and car hire industry.

2. Expenses excluding losses (cont'd)

(f) Finance costs

	Consolidated 2017 $'000	Consolidated 2016 $'000	Parent 2017 $'000	Parent 2016 $'000
Finance lease interest charges	238,686	233,239	-	-
Interest expenses on NSW TCorp borrowings	87,532	88,465	-	-
Interest expense on non-current provisions and liabilities	1,883	2,677	-	-
Other finance costs	6,714	2,657	-	-
Finance costs	**334,815**	**327,038**	**-**	**-**

There were no finance costs capitalised by either the consolidated entity or the parent in property, plant and equipment and intangible assets (computer systems) in the current or prior year.

(g) Other expenses

	Consolidated 2017 $'000	Consolidated 2016 $'000	Parent 2017 $'000	Parent 2016 $'000
Bus contract payments - metropolitan and outer metro bus operators	458,795	455,069	-	-
Bus contract payments - rural and regional bus operators	384,881	389,626	-	-
Major events - hire of bus and rail services	5,518	4,110	-	-
Ferry contract payments	67,817	80,783	-	-
Light rail contract payments	33,218	30,775	-	-
Nightride bus services	8,863	8,603	-	-
Other expenses	**959,092**	**968,966**	**-**	**-**

3. Revenue

(a) Appropriations

	Consolidated 2017 $'000	Consolidated 2016 $'000	Parent 2017 $'000	Parent 2016 $'000
Recurrent appropriations	9,101,016	9,283,712	-	-
Capital appropriations	1,987,635	784,134	-	-
Appropriation (per Statement of comprehensive income)	**11,088,651**	**10,067,846**	**-**	**-**

(b) Sale of goods and services

	Consolidated 2017 $'000	Consolidated 2016 $'000	Parent 2017 $'000	Parent 2016 $'000
Passenger service revenue	1,192,090	1,108,727	-	-
Toll revenue including E-tag	150,261	148,274	-	-
Number plates	141,445	132,668	-	-
Fees earned from road and maritime infrastructure assets	71,737	67,356	-	-
Works and services including construction contract revenue	32,494	91,974	-	-
Third party insurance data access charges	3,638	4,133	-	-
Advertising	60,633	64,151	-	-
Publications	8,190	8,324	-	-
Fees for services rendered including salary recoupments	190,755	123,066	-	-
Other	100,914	110,069	-	-
Access fees	156,370	137,381	-	-
Sale of goods and services	**2,108,527**	**1,996,123**	**-**	**-**

Other revenue of $100.9 million (2016: $110.1 million) includes vehicle related fees, commissions, tours, catering, leases, sale of scrap and sale of products.

$8.5 million of other revenue was reclassified to fees earned from road and maritime infrastructure assets in the prior year.

3. Revenue (cont'd)

(c) Investment revenue

	Consolidated 2017 $'000	Consolidated 2016 $'000	Parent 2017 $'000	Parent 2016 $'000
Rents	92,199	94,802	-	-
NSW TCorp Hour-Glass Investment facilities at fair value	7,339	4,145	-	-
Interest income from financial assets not at fair value	40,028	40,975	-	-
Interest on finance lease receivables	1,738	1,755	-	-
Amortisation of zero interest Sydney Harbour Tunnel loan	8,218	9,259	-	-
Ferry lease revenue	6,114	6,043	-	-
Investment revenue	**155,636**	**156,979**	**-**	**-**

Rental income related to other properties which are primarily held to support the core transport functions of the consolidated entity. The leasing of parts of these properties ($92.2 million (2016: $94.8 million)) is therefore, incidental to the core function of the consolidated entity. Accordingly, these properties are reported as property, plant and equipment (Note 12) in the Statement of financial position.

(d) Retained taxes, fees and fines

	Consolidated 2017 $'000	Consolidated 2016 $'000	Parent 2017 $'000	Parent 2016 $'000
Taxi operators' accreditation renewal fees	-	1,435	-	-
Fines	28,991	27,012	-	-
Retained taxes, fees and fines	**28,991**	**28,447**	**-**	**-**

In the prior year, the consolidated entity collected taxi operators' accreditation fees which could only be used to fund taxi industry related operations and initiatives.

(e) Grants and contributions

	Consolidated 2017 $'000	Consolidated 2016 $'000	Parent 2017 $'000	Parent 2016 $'000
Community transport grants	71,530	67,003	-	-
NSW government agencies - others (non-transport)	80,690	121,958	-	-
Private firms and individuals	16,099	10,253	-	-
Transport entities	-	-	246	479
Crown Entity	2,539,282	1,130,757	-	-
Local councils	2,229	20,775	-	-
Other government agencies	10,164	6,614	-	-
Grants and contributions	**2,719,994**	**1,357,360**	**246**	**479**

Community transport grants of $71.5 million (2016: $67.0 million) represent grants received from the Department of Family and Community Services for the Community Transport Program funding scheme.

Local council grants of $2.2 million (2016: $20.8 million) include roads and bridges transferred to the consolidated entity (fair value - $0.9 million; 2016: $0.5 million).

3. Revenue (cont'd)

(e) Grants and contributions

Grants of $2,539.3 million (2016: $1,130.8 million) from the Crown Entity were provided for: Sydney Metro City and Southwest project $1,734.5 million (2016: $699.0 million), RMS capital program $616.5 million (2016: $397.9), Northern Beaches B-Line $25.4 million (2016: nil) and Parramatta Light Rail $98.2 million (2016: nil) all funded by Rebuild / Restart NSW, and redundancies $64.7 million (2016: $33.9 million).

Other NSW Government grants of $80.7 million (2016: $122.0 million) includes $41.9 million (2016: $100.1 million) received from Service NSW for recoupment of costs, $38.8 million for Natural Disaster Grant from the Department of Justice (2016: nil), nil (2016: $13.4 million) from Ministry for Police and Emergency Services NSW, nil (2016: $7.3 million) for Natural Disaster Claim under the Natural Disaster Relief and Recovery Arrangement, nil (2016: $0.8 million) from the Department of Planning and Environment.

(f) Acceptance by the Crown Entity of employee benefits and other liabilities

	Consolidated 2017 $'000	Consolidated 2016 $'000	Parent 2017 $'000	Parent 2016 $'000
Superannuation - defined benefit	16,876	25,846	-	-
Long service leave	22,623	61,227	65	3
Payroll tax	926	1,411	-	-
Acceptance by the Crown Entity of employee benefits and other liabilities	**40,425**	**88,484**	**65**	**3**

(g) Personnel service revenue

	Consolidated 2017 $'000	Consolidated 2016 $'000	Parent 2017 $'000	Parent 2016 $'000
Fee for personnel services	-	-	646	603
Personnel service revenue	**-**	**-**	**646**	**603**

(h) Other revenue

	Notes	Consolidated 2017 $'000	Consolidated 2016 $'000	Parent 2017 $'000	Parent 2016 $'000
Value of emerging interests of private sector provided infrastructure	14	240,050	226,808	-	-
Amortisation of deferred revenue on private sector provided		19,030	19,030	-	-
M2 and Eastern Distributor promissory notes		5,459	5,125	-	-
Other		7,815	12,100	-	-
Recognition of infrastructure assets		34,014	37,896	-	-
Other revenue		**306,368**	**300,959**	**-**	**-**

2016 had $5.1 million of other expenses reclassified to M2 and Eastern Distributor promissory notes.

4. Gain/(loss) on disposal

	Notes	Consolidated 2017 $'000	Consolidated 2016 $'000	Parent 2017 $'000	Parent 2016 $'000
Proceeds from asset sale		3,290	53,951	-	-
Written down value of property, plant and equipment disposed	12	(170,768)	(110,345)	-	-
Written down value of intangible assets disposed	13	(1,697)	(2,007)	-	-
Gain/(loss) on disposal of non-current assets held for sale		138,164	(23,031)	-	-
Gain/(loss) on disposal		**(31,011)**	**(81,432)**	**-**	**-**

2016 had $23.0 million of loss on disposal of non-current assets held for sale reclassified from other losses in note 5 to loss on disposal in note 4.

5. Other gains/(losses)

	Notes	Consolidated 2017 $'000	Consolidated 2016 $'000	Parent 2017 $'000	Parent 2016 $'000
Revaluation increment/(decrement)	12	(354,471)	(196,063)	-	-
Impairment	12	(262,709)	(131,294)	-	-
Property, plant and equipment		**(617,180)**	**(327,357)**	**-**	**-**
Allowance for impairment of receivables	7	(3,171)	(2,734)	-	-
Receivables		**(3,171)**	**(2,734)**	**-**	**-**
Impairment of inventory		-	(1,185)	-	-
Impairment on right to receive inventory		-	(119)	-	-
Impairment reversals/(losses)	13	(164)	(2,777)	-	-
Other		1	(358)	-	-
Other		**(163)**	**(4,439)**	**-**	**-**
Other gains/(losses)		**(620,514)**	**(334,530)**	**-**	**-**

6. Cash and cash equivalents

	Consolidated 2017 $'000	Consolidated 2016 $'000	Parent 2017 $'000	Parent 2016 $'000
Cash at bank and on hand	2,167,500	2,674,890	348	304
Short-term deposits with NSW TCorp	-	938	-	-
Public revenue bank account	59,851	56,496	-	-
Security deposits	23,615	23,718	-	-
Cash and cash equivalents	**2,250,966**	**2,756,042**	**348**	**304**

For the purposes of the Statement of cash flows, cash and cash equivalents include cash at bank, cash on hand, on call deposits, and investments in NSW TCorp.

6. Cash and cash equivalents (cont'd)

Cash and cash equivalent assets recognised in the Statement of financial position is reconciled at the end of the financial period to the Statement of cash flows as follows:

	Consolidated 2017 $'000	Consolidated 2016 $'000	Parent 2017 $'000	Parent 2016 $'000
Cash and cash equivalents (per Statement of financial position)	2,250,966	2,756,042	348	304
Closing cash and cash equivalents (per Statement of cash flows)	**2,250,966**	**2,756,042**	**348**	**304**

Refer note 28 for details regarding credit risk, liquidity risk and market risk arising from financial instruments.

Credit standby arrangements and loan facilities with NSW TCorp

Details of credit standby arrangements available to and used by the consolidated entity are provided under financial instruments (note 28(c)).

6. Cash and cash equivalents (cont'd)

Restricted cash and cash equivalents

Cash and cash equivalent assets include restricted cash of $471.1 million (2016: $334.4 million) (parent entity: nil (2016: nil)) which can only be used for specific purposes and are, therefore, not available to fund the ongoing operations of the consolidated entity. This consists of funds quarantined specially in relation to the Parking Space Levy (PSL) of $126.3 million (2016: $136.9 million), Community Transport Groups of $10.7 million (2016: $5.4 million), the Railway Contribution Deed of $0.1 million (2016: $7.1 million), E-tag deposit of $55.2 million (2016: $54.2 million), Maritime Waterways fund of $226.6 million (2016: $78.7 million), funds relating to land acquisition by the state of $43.5 million (2016: $44.8 million), Tow Truck Industry Fund of $8.5 million (2016: $6.9 million), and rental bonds of $0.2 million (2016: $0.3 million).

PSL funds can only be used for the purposes outlined in Section 11(3) of the Parking Space Levy Act and therefore are not available to fund the ongoing operations of Transport for NSW.

The Transport component of the Home and Community Care program is jointly funded by the NSW and Commonwealth governments. The program provides funding for the delivery of services to assist frail aged and younger people with disabilities, and their carers. These funds are required to be quarantined for specific use as defined by the terms and conditions for Home and Community Care Funding, including for the provisions of transport services by Community Transport Groups. The Community Road Safety Fund legislation, which came into effect on 1 May 2013, requires that all money raised from speed camera offences is to be spent on road safety. At balance date there was no surplus fund to be quarantined (2016: nil). Developer contributions collected under the Railway Contribution Deed in relation to the North Sydney station upgrade are only permitted to be spent on related project costs.

Holders of E-tags provide an initial amount as 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 are held within the Treasury Banking System. Transactions on this account are restricted to activity relating to E-tag deposits.

Funds administered on behalf of the Maritime Waterways fund and are restricted to activity relating to the maritime transactions. They are controlled by RMS and are covered by Section 42 of the Ports and Maritime Administration Act 1995.

Funds relating to land acquisitions by the state, the authority of the state are required to keep the money in a fund for the person entitled to the compensation concerned. Transactions on this account are restricted to activity relating to land acquisitions.

Funds administered on behalf of the Tow Truck Industry Fund and are restricted to activity relating to the fund. They are controlled by RMS and are covered by Section 91 of the Tow Truck Industry Act 1998. Transactions on this account are restricted to activity relating to Tow Truck Licensing.

Rental bonds are held against RMS properties that are leased to various customers. The funds are interest-bearing and are due to customers at the end of the lease period. Transactions on these accounts are restricted to rental payments.

7. Receivables

	Notes	Consolidated 2017 $'000	Consolidated 2016 $'000	Parent 2017 $'000	Parent 2016 $'000
Sale of goods and services		63,732	56,906	-	-
Goods and Services Tax recoverable		299,506	267,134	22	23
Prepayments		235,966	48,093	-	-
Income receivable		92,880	70,068	-	-
Other receivables		200,138	96,674	71	77
Investment income receivable		11,026	4,493	-	-
Finance leases		239	231	-	-
Personnel service receivables		-	-	-	4
		903,487	**543,599**	**93**	**104**
Less: Allowance for impairment		(10,542)	(7,371)	-	-
Current receivables		**892,945**	**536,228**	**93**	**104**
Movement in the allowance for impairment					
Balance at 1 July		(7,371)	(10,290)	-	-
Additions	5	(3,966)	(2,734)	-	-
Unused provision reversed	5	795	-	-	-
Bad debt written off		-	5,653	-	-
Balance at 30 June		**(10,542)**	**(7,371)**	**-**	**-**
Finance leases		32,260	32,499	-	-
Other receivables		158,558	-	-	-
Prepayments		238,101	27,598	-	-
Non-current receivables		**428,919**	**60,097**	**-**	**-**

Roads and Maritime Services (RMS) disposed of the Hill Road site at Wentworth point in September 2016. RMS is expected to receive the sale proceeds in annual instalments after an initial deposit of 10 per cent. Non-current other receivables of $158.6 million relate to Wentworth Point sale proceeds expected to be received in July 2018 and July 2019. Current other receivables includes $80.0 million of Wentworth Point sale proceeds received in July 2017.

$30.6 million of other receivables was reclassified to income receivable in the prior year.

Details regarding credit risk, liquidity risk and market risk, including financial assets that are either past due or impaired, are disclosed in note 28.

8. Inventories

	Consolidated 2017 $'000	Consolidated 2016 $'000	Parent 2017 $'000	Parent 2016 $'000
Materials, spare parts and other stores	45,469	43,904	-	-
Work in progress	279	309	-	-
Less: Provision for obsolescence	(13,872)	(14,182)	-	-
Current inventories held for distribution	**31,876**	**30,031**	**-**	**-**
Materials, spare parts and other stores	28,338	27,823	-	-
Non-current inventories held for distribution	**28,338**	**27,823**	**-**	**-**

9. Financial assets at fair value

	Consolidated 2017 $'000	Consolidated 2016 $'000	Parent 2017 $'000	Parent 2016 $'000
Financial assets held for trading				
Derivatives	297	7,310	-	-
Financial assets at fair value through profit or loss				
TCorp Hour-Glass investment facilities	104,857	97,518	-	-
Current financial assets at fair value	**105,154**	**104,828**	**-**	**-**
Financial assets held for trading				
Derivatives	91	920	-	-
Non-current financial assets at fair value	**91**	**920**	**-**	**-**

Refer to note 28 for further information regarding credit risk, liquidity risk, and market risk arising from financial instruments.

Transport for NSW and Sydney Trains are the only group entities that use derivative financial instruments. These activities are carried out in accordance with the Transport for NSW and Sydney Trains Treasury Management Policies which establish a prudential framework covering policies, best practice, internal controls and reporting systems for the management of financial risk within both Transport for NSW and Sydney Train's operations. These policies cover specific areas such as foreign exchange risk, interest rate risk, commodity risk, credit risk, use of derivative financial instruments and investment of excess funds. The reporting entities have derivative financial instruments as an asset and liability.

These policies comply strictly with the internal policies and guidelines within the broad framework of the NSW *"Treasury Management Policy"* (TPP07 7). Accounting for Treasury instruments is in accordance with NSW Treasury Accounting Policy, *"Accounting for Financial Instruments"* (TPP08 1). Treasury instruments approved for the management of financial risk are in accordance with the *Public Authorities (Financial Arrangements) Act 1987.*

Derivative financial instruments are used to hedge against exposures to foreign currency risk on overseas purchase commitments and on commodity price risk on forecast distillate and electricity purchases (where applicable).

Forward foreign exchange contracts are used to hedge against currency risk on firm commitments for the purchase of goods or services from overseas suppliers. These contracts entail a right to receive a fixed amount of foreign currency at a specified future date, which is offset by an obligation to pay a fixed amount of domestic currency at that time.

10. Non-current assets held for sale

	Consolidated 2017 $'000	Consolidated 2016 $'000	Parent 2017 $'000	Parent 2016 $'000
Land and buildings held for sale	299	240,737	-	-
Plant and equipment	44	-	-	-
Buses	675	137	-	-
Non-current assets held for sale	**1,018**	**240,874**	**-**	**-**

The assets held for sale relate to property, plant and equipment that have been determined as being surplus to operating needs. In such cases, sales are expected to be realised within the next reporting period.

11. Other financial assets

	Consolidated 2017 $'000	Consolidated 2016 $'000	Parent 2017 $'000	Parent 2016 $'000
Other loans and deposits[1]	285,000	-	-	-
Current other financial assets	**285,000**	**-**	**-**	**-**
Loan to Sydney Harbour Tunnel Company[2]	154,987	145,125	-	-
Promissory notes[3]	52,473	53,734	-	-
Interest free advances to taxi operators[4]	929	475	-	-
Lane Cove Tunnel receivable[5]	183,072	173,970	-	-
Non-current other financial assets	**391,461**	**373,304**	**-**	**-**

Refer to note 28 for further information regarding credit risk, liquidity risk, and market risk arising from financial instruments.

[1] Other loans and deposits of $285.0 million (2016: nil) relate to short-term deposits of $200.0 million held with Westpac and $85.0 million held with TCorp.

[2] This loan is considered to be part of the consolidated entity's interest in the Sydney Harbour Tunnel and at reporting date has been valued on a net present value (NPV) basis. The loan is due for repayment on 31 December 2022.

[3] Promissory notes relate to amounts receivable under the Private Sector Road Toll agreement in respect of the M2 Motorway and Eastern Distributor. The promissory notes are redeemable at the earlier of the achievement of certain Internal Rate of Return (IRR) or the end of the respective concession period.

[4] The consolidated entity provides repayable interest-free loans to assist taxi operators (in rural and regional NSW) to make taxis wheel-chair accessible. The consolidated entity holds bills of sale as security for these advances and has recorded its financial interests in the vehicles in the Register of Encumbered Vehicles.

[5] Lane Cove Tunnel receivable relates to concession fees receivable due to the extension periods in the Private Public Partnership agreements of Lane Cove Tunnel. The amount represents the nominal value of $200.0 million receivable from 31 December 2017 to 30 June 2019. The concession fees receivable are valued at amortised cost using effective interest rate of 5.63%.

12. Property, plant and equipment

Consolidated – Land, buildings and infrastructure systems

Consolidated		Infrastructure systems			Plant and equipment							
	Land and buildings	Road and maritime systems	Rail systems	Total	Plant and equipment	Finance leased buses	Rolling stock	Leased rolling stock	Buses	Ferries	Total	Total Property, plant and equipment
	$ '000	$ '000	$ '000	$ '000	$ '000	$ '000	$ '000	$ '000	$ '000	$ '000	$ '000	$ '000
At 30 June 2017												
At cost - Gross carrying amount	57,183	5,737,479	9,810,176	15,547,655	52,675	-	193,925	-	17,240	-	263,840	15,868,678
At fair value - Gross carrying amount	4,232,719	109,067,719	70,296,035	179,363,754	1,306,515	1,016,317	5,935,530	2,698,835	1,072,231	279,707	12,309,135	195,905,608
Accumulated depreciation and impairment	(35,677)	(36,002,151)	(35,486,698)	(71,488,849)	(595,877)	(433,321)	(3,977,332)	(355,161)	(744,347)	(188,749)	(6,294,787)	(77,819,313)
Net carrying amount	**4,254,225**	**78,803,047**	**44,619,513**	**123,422,560**	**763,313**	**582,996**	**2,152,123**	**2,343,674**	**345,124**	**90,958**	**6,278,188**	**133,954,973**
At 30 June 2016												
At cost - Gross carrying amount	19,943	4,267,406	7,168,833	11,436,239	103,242	904,939	151,279	-	-	-	1,159,460	12,615,642
Accumulated depreciation and impairment	-	-	-	-	-	(172,194)	-	-	-	-	(172,194)	(172,194)
At fair value - Gross carrying amount	4,277,946	106,519,615	40,788,643	147,308,258	1,143,126	-	5,982,415	2,698,835	1,012,147	241,714	11,078,237	162,664,441
Accumulated depreciation and impairment	(258,431)	(34,826,268)	(15,097,984)	(49,924,252)	(555,916)	-	(3,851,034)	(271,003)	(675,273)	(189,087)	(5,542,313)	(55,724,996)
Net carrying amount	**4,039,458**	**75,960,753**	**32,859,492**	**108,820,245**	**690,452**	**732,745**	**2,282,660**	**2,427,832**	**336,874**	**52,627**	**6,523,190**	**119,382,893**

There was nil (2016: nil) property, plant and equipment held by the parent.

Further details regarding the fair value measurement of property, plant and equipment are disclosed in Note 15.

12. Property, plant and equipment (cont'd)

Consolidated - Reconciliation

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

Consolidated		Infrastructure systems			Plant and equipment							
	Land and buildings	Road and maritime systems	Rail systems	Total	Plant and equipment	Finance leased buses	Rolling stock	Leased rolling stock	Buses	Ferries	Total	Total Property, plant and equipment
	$ '000	$ '000	$ '000	$ '000	$ '000	$ '000	$ '000	$ '000	$ '000		$ '000	$ '000
At 30 June 2017												
Net carrying amount at start of year	4,039,458	75,960,753	32,859,492	108,820,245	690,452	732,745	2,282,660	2,427,832	336,874	52,627	6,523,190	119,382,893
Restatement of infrastructure assets	-	-	8,503,504	8,503,504	-	-	-	-	-	-	-	8,503,504
Restated net carrying amount at start of year	4,039,458	75,960,753	41,362,996	117,323,749	690,452	732,745	2,282,660	2,427,832	336,874	52,627	6,523,190	127,886,397
Additions	516,078	3,813,031	3,833,316	7,646,347	68,674	104,573	51,660	-	39,493	33,602	298,002	8,460,427
Revaluation increment/decrement recognised in equity	(121,435)	886,188	680,366	1,566,554	-	-	4,814	-	-	-	4,814	1,449,933
Revaluation increment/decrement recognised in net result	(185,449)	-	-	-	-	(179,740)	-	-	10,718	-	(169,022)	(354,471)
Disposals	(711)	-	(160,191)	(160,191)	(9,516)	-	60	-	(410)	-	(9,866)	(170,768)
Impairment losses	-	(262,709)	-	(262,709)	-	-	-	-	-	-	-	(262,709)
Assets transferred to/from non-current assets held for sale	11,923	-	676	676	(44)	-	-	-	(538)	-	(582)	12,017
Reclassification between PPE classes	(16,515)	6,681	(42,166)	(35,485)	72,164	-	(20,164)	-	-	-	52,000	-
Reclassifications (to)/from intangible assets	1,024	(25,930)	(5,962)	(31,892)	46,118	-	-	-	-	-	46,118	15,250
Depreciation expense	(28,753)	(1,569,172)	(953,509)	(2,522,681)	(95,657)	(74,582)	(160,478)	(84,158)	(39,148)	(8,232)	(462,255)	(3,013,689)
Increase/(decrease) in net assets from equity transfer	36,685	-	(28,190)	(28,190)	-	-	-	-	-	-	-	8,495
Transfer to and from local councils	-	(39,809)	(7,054)	(46,863)	-	-	-	-	-	-	-	(46,863)
Recognition of assets	-	34,014	-	34,014	-	-	-	-	-	-	-	34,014
Recycling of assets previously recognised	1,920	-	(60,769)	(60,769)	(8,878)	-	(6,429)	-	(1,865)	12,961	(4,211)	(63,060)
Net carrying amount at 30 June	**4,254,225**	**78,803,047**	**44,619,513**	**123,422,560**	**763,313**	**582,996**	**2,152,123**	**2,343,674**	**345,124**	**90,958**	**6,278,188**	**133,954,973**

12. Property, plant and equipment (cont'd)

Consolidated – Reconciliation (prior year)

Consolidated – Reconciliation		Infrastructure systems			Plant and equipment							
	Land and buildings	Road and maritime systems	Rail systems	Total	Plant and equipment	Finance leased buses	Rolling stock	Leased rolling stock	Buses	Ferries	Total	Total Property, plant and equipment
	$ '000	$ '000	$ '000	$ '000	$ '000	$ '000	$ '000	$ '000	$ '000	$ '000	$ '000	$ '000
At 30 June 2016												
Net carrying amount at start of year	3,802,103	73,873,194	29,777,193	103,650,387	512,189	548,317	2,374,274	2,490,153	557,406	64,811	6,547,150	113,999,640
Additions	812,403	3,638,910	3,016,781	6,655,691	114,167	233,994	81,804	14,558	29,484	5,883	479,890	7,947,984
Recognition of assets	-	37,896	-	37,896	-	-	-	-	-	-	-	37,896
Revaluation increment/decrement recognised in equity	31,022	95,129	1,033,535	1,128,664	-	-	-	-	(7,893)	(1,799)	(9,692)	1,149,994
Revaluation increment/decrement recognised in net result	-	-	-	-	-	-	-	-	(192,264)	(3,799)	(196,063)	(196,063)
Disposals	(7,728)	-	(84,101)	(84,101)	(11,473)	-	(3,229)	-	(3,814)	-	(18,516)	(110,345)
Impairment losses	-	(131,294)	-	(131,294)	-	-	-	-	-	-	-	(131,294)
Assets transferred to/from non-current assets held for sale	(267,396)	-	(768)	(768)	-	-	-	-	(48)	-	(48)	(268,212)
Reclassification between PPE classes	(301,135)	68,130	337,389	405,519	(106,770)	-	544	-	1,842	-	(104,384)	-
Reclassifications (to)/from intangible assets	-	-	(16,511)	(16,511)	287,775	-	-	-	-	-	287,775	271,264
Reclassifications (to)/from other assets	(1,229)	-	(338,002)	(338,002)	(1)	-	-	-	-	-	(1)	(339,232)
Depreciation expense	(27,545)	(1,531,328)	(861,684)	(2,393,012)	(105,435)	(49,566)	(170,733)	(76,879)	(47,839)	(12,469)	(462,921)	(2,883,478)
Increase/(decrease) in net assets from equity transfer	(93)	-	-	-	-	-	-	-	-	-	-	(93)
Transfer to and from local councils	(944)	(89,884)	(4,340)	(94,224)	-	-	-	-	-	-	-	(95,168)
Net carrying amount at 30 June	**4,039,458**	**75,960,753**	**32,859,492**	**108,820,245**	**690,452**	**732,745**	**2,282,660**	**2,427,832**	**336,874**	**52,627**	**6,523,190**	**119,382,893**

12. Property, plant and equipment (cont'd)

The reclassifications between property, plant and equipment classes comprise mainly transfer of infrastructure assets transferred from TfNSW to RMS during the year, as well as transfer of assets related to RMS major infrastructure projects.

Reclassification from intangible assets comprises mainly the transfer of computer equipment acquired for the Next Generation Information System project for TfNSW and components of RMS major infrastructure projects.

Roads were transferred to and from councils.

a) Revaluations on land and buildings were undertaken in a number of the controlled entities in 2016-17. The fair value of such assets is stated at fair value using either the direct comparison approach or depreciated replacement cost (DRC).

b) Revaluations on infrastructure assets, track, roads, bridges and land and building acquired for future road works, were performed in 2016-17.

c) All road infrastructure assets are stated at fair value using the DRC approach:

   The methods and significant assumptions applied in estimating the 'Roads' asset class fair values include Primary Approach, Secondary Approach and Hybrid Approach;

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

   Land and buildings acquired for future road works, where possible, the fair value are determined by reference to recent market transactions, using the following methods and assumptions:
   - The pre-acquisition market value was used as the base value for determining fair value.
   - For land and buildings parcels purchased prior to 2000 or where pre-acquisition market values were not available, a rate per square metre was calculated from recent market transactions within the same or similar Local Government Areas and applied to the current parcel area.

d) Revaluations on buses were undertaken in 2016-17 using the DRC approach.

e) Earthworks and tunnel boring assets were valued and recognised in 2016-17 using the DRC approach. Valuation inputs to arrive at replacement cost are categorised in level 3 of the fair value hierarchy and are predominantly an assessment of the construction costs such as materials, labour and overhead. Refer to note 27.

13. Intangibles assets

	Notes	Consolidated 2017 $'000	Consolidated 2016 $'000	Parent 2017 $'000	Parent 2016 $'000
Cost (gross carrying amount)		2,293,607	1,812,220	-	-
Accumulated amortisation and impairment		(669,134)	(525,233)	-	-
Intangible assets		**1,624,473**	**1,286,987**	**-**	**-**
Balance at 1 July		1,286,987	1,159,651	-	-
Additions		498,326	527,136	-	-
Disposals	4	(1,697)	(2,007)	-	-
Reclassification to property, plant and equipment	12	(15,250)	(271,264)	-	-
Impairment losses	5	(164)	(2,777)	-	-
Amortisation	2(d)	(143,729)	(123,752)	-	-
Balance at 30 June		**1,624,473**	**1,286,987**	**-**	**-**

14. Other assets

	Notes	Consolidated 2017 $'000	Consolidated 2016 $'000	Parent 2017 $'000	Parent 2016 $'000
Non-current other assets					
Right to receive privately financed transport infrastructure		1,904,254	1,664,204	-	-
Prepaid asset		1,661,509	542,068	-	-
Other assets		**3,565,763**	**2,206,272**	**-**	**-**
Movement in right to receive privately financed transport infrastructure					
Balance at 1 July		1,664,204	1,437,396	-	-
Additions	3(h)	240,050	226,808	-	-
Balance at 30 June		**1,904,254**	**1,664,204**	**-**	**-**

Transport for NSW has entered into PPP contracts with ALTRAC Light Rail Consortium for the construction of Sydney Light Rail and with Northwest Rapid Transit for the construction of the Sydney Metro Northwest. The costs incurred prior to completion of the construction phase are recognised as a prepaid asset in accordance with NSW Treasury Policy TPP 06-8. Both construction phases are expected to be completed by 2019.

15. Fair value measurement of non-financial assets

(a) Fair value hierarchy

Fair value measurements recognised in the balance sheet are categorised into the following levels at 30 June 2017.

2017	Notes	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total fair value $'000
Property, plant and equipment					
Land and buildings	12	**-**	**3,630,252**	**566,789**	**4,197,041**
Plant and equipment		-	1,182	108,182	109,364
Finance leased buses		-	-	582,996	582,996
Rolling stock		-	-	1,958,196	1,958,196
Buses		-	-	326,017	326,017
Ferries		-	-	79,658	79,658
Leased rolling stock		-	-	2,343,674	2,343,674
Plant and equipment	12	**-**	**1,182**	**5,398,723**	**5,399,905**
Road systems		-	-	73,065,567	73,065,567
Rail systems		-	-	34,809,340	34,809,340
Infrastructure systems	12	**-**	**-**	**107,874,907**	**107,874,907**
Non-current assets held for sale	10	**-**	**275**	**743**	**1,018**
Other assets	14	**-**	**-**	**1,904,254**	**1,904,254**
		-	**3,631,709**	**115,745,416**	**119,377,125**

The above property, plant and equipment exclude assets measured at depreciated historical cost as a surrogate for fair value.

2016	Notes	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total fair value $'000
Property, plant and equipment					
Land and buildings	12	**-**	**3,463,896**	**552,592**	**4,016,488**
Plant and equipment		-	903	105,504	106,407
Finance leased buses		-	-	-	-
Rolling stock		-	-	2,131,381	2,131,381
Buses		-	-	334,436	334,436
Ferries		-	-	52,627	52,627
Leased rolling stock		-	-	2,427,832	2,427,832
Plant and equipment	12	**-**	**903**	**5,051,780**	**5,052,683**
Road systems		-	-	71,693,347	71,693,347
Rail systems		-	-	25,690,659	25,690,659
Infrastructure systems	12	**-**	**-**	**97,384,006**	**97,384,006**
Non-current assets held for sale	10	**-**	**229,176**	**10,230**	**239,406**
Other assets	14	**-**	**-**	**1,664,204**	**1,664,204**
		-	**3,693,975**	**104,662,812**	**108,356,787**

The above property, plant and equipment exclude assets measured at depreciated historical cost as a surrogate for fair value.

15. Fair value measurement of non-financial assets (cont'd)

(b) Valuation techniques

The consolidated entity obtains independent valuations for its non-financial assets at least every 5 years. For land and buildings (except infrastructure and land under infrastructure) independent valuations are obtained at lease every 3 years.

At the end of each reporting period, the consolidated entity updates its assessment of the fair value of each category of non-financial asset, taking into account the most recent independent valuation. The best evidence of fair value is current prices in an active market for similar assets. Where such information is not available, the consolidated entity considers information from a variety of other sources and uses specific valuation techniques including:

- current prices in an active market for assets of a similar nature or recent prices of similar assets in less active markets, adjusted to reflect those differences.
- depreciated replacement cost where the selling price is not available, with reference to the most appropriate modern, depreciated equivalent replacement asset that provides similar economic benefits, adjusted for obsolescence.
- construction costs incurred by the entity.
- indexation of rates and/or fair value used in previous valuation assessments, including review of the rates against current market conditions and selected Australian Bureau of Statistics indexes applicable to the construction industry, to ensure that the carrying amount of the asset does not differ materially from the market value at the reporting date.
- discounted cash flow projections based on estimates of future cash flows.
- indexation of vacant land acquisition costs using Land Property Index data provided by the Valuer General.

These valuation techniques maximise the use of observable inputs where available and rely as little as possible on entity or asset specific estimates. The level in the fair value hierarchy is determined on the basis of the lowest level input that is significant to the measurement in its entirety. If significant inputs required to measure fair value of an asset are observable, the asset is included in level 2 of the fair value hierarchy. If one or more of the significant inputs is not based on observable market data, the asset is included in level 3 of the fair value hierarchy. All resulting fair value estimates for non-financial assets are included in level 3 with the exception of some land and building, and plant and equipment included under level 2.

There were no changes to the valuation techniques used during the year.

(c) Valuation processes and inputs

The consolidated entity engages external professionally qualified valuers to determine the fair value of the entity's non-financial assets at the end of the reporting period, at least every 5 years. During the 2017 financial year, a full valuation of the following assets was carried out by independent valuers, with the other non-financial assets not required to be revalued:

- The fair value of land and buildings at State Transit Authority was valued by AssetVal Pty Ltd.
- The fair value of certain land and buildings at RMS was valued by various independent valuers, internally qualified valuers and employees.
- The fair value of land and buildings at Sydney Ferries was valued by Rodney Hyman Asset Services Pty Ltd (RHAS).
- The fair value of country regional network infrastructure assets was valued by E3 Advisory.
- The fair value of leased buses under STA and various private operators was valued by RHAS.
- The fair value of STA owned buses was valued by AssetVal Pty Ltd.
- The fair value of earthworks and tunnel boring assets prior to 2000 in RailCorp was valued by E3 Advisory.

In addition, independent interim valuations using indexation were carried out for the following assets:

- Inner West Light Rail assets of Transport for NSW were valued by Pitcher Partners.
- Certain land and buildings at RMS were valued by various independent valuers, internally qualified valuers and employees of RMS.
- The roads and maritime infrastructure assets were valued internally by qualified valuers and employees of RMS.

15. Fair value measurement of non-financial assets (cont'd)

(c) Valuation processes and input (cont'd)

The main level 2 and 3 inputs used are as follows:

- **Land and building -** acquisition cost, sale prices for comparable properties, rate per square metre of land area, land size, replacement building costs are determined by the external valuer and/or management, based on the most comparable sales evidence applicable for each property, adjusted for the specific attributes of the property being revalued, such as location, land use, landing values applying in the locality and taking into consideration the implications of the applicable existing lease over the property. Indexation factors are determined based on selected Australian Bureau of Statistics indices applicable to the construction industry. Construction costs incurred are determined by management in accordance with applicable Australian Accounting Standards.
- **Plant and equipment** – replacement cost for modern equivalent assets, expected useful life and remaining life of the assets are estimated and reviewed by management, based on inputs principally obtained from the manufacturer of the assets.
- **Light rail infrastructure and rolling stock** - replacement costs, construction project costs, length of the tracks, overhead power and stabling yards, number of stops/stations, economic working lives of the assets, expired and remaining economic life, depreciation methods, residual values, indexed historical costs and gross replacements costs were estimated by the external valuer and/or management taking into consideration the physical age of the assets, their physical condition, repair and maintenance records, allowance for obsolescence, residual value at the end of the asset's economic life, and construction project budget/forecast.
- **Country rail infrastructure assets** - replacement cost for modern equivalent assets, unit of measure for each asset, appropriate indexation factors, expected useful life and remaining life of the assets are estimated by the external valuer and/or management based on recently completed transactions, projects, and current market rates where available, with allowances for demolition of the existing property, contractor's off-site overheads and margin, and the location factor.
- **Trackwork and other rail infrastructure assets** – raw materials and labour rates, pricing for tracks/wiring, construction methodology, structural foundations, and other specific allowances were estimated by the external valuer to establish the optimised replacement cost of each asset, taking into consideration historical data, existing assets and current railway infrastructure technologies. Indexation factors are determined based on selected Australian Bureau of Statistics indices applicable to the construction industry.
- **Other rolling stock** - prices from relevant contracts awarded for the manufacture of the asset, international transportation costs, structural modification costs, replacement cost, are estimated by the external valuer, based on replacement costs of both domestic and international vehicles adjusted by an optimisation factor to reflect the technical and functional obsolescence and qualitative attractiveness of the fleet sub types relative to the modern equivalent. International prices and exchange rates are adjusted for international transportation costs or structural modifications. Technical data and remaining life of rolling stock were confirmed by the engineering staff of Sydney Trains and Transport for NSW.
- **Road infrastructure** - unit replacement rates for road, bridge and traffic control signal infrastructure valuation is carried out by suitably qualified engineering contractors and employees of Roads and Maritime Services, by reference to unit prices quoted in the most recent relevant infrastructure construction tender documents, where the price range is adjusted to eliminate outlier amounts. The unit replacement rates are 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.
- **Ferries** - depreciated replacement cost, including delivery and professional fees were estimated by the external valuer based on the advice of a locally-based, reputable and long-standing boat-builder, assuming the lowest cost of replacing the vessel with a vessel based on the agreed criteria with management. Costs incurred on major periodic maintenance are determined by management based on the applicable Australian Accounting Standards.
- **Owned buses and finance leased buses** – Optimised replacement cost estimates are based on the most recent cost prices for the buses and current Transport for NSW Bus Procurement Panel pricing for Rural and Regional Urban and School bus types, as quoted by numerous chassis and bus providers. End of life residual value, exponential decay curve and disposal costs were estimated by the external valuer based on the current market sales evidence and common valuation practice for buses.

15. Fair value measurement of non-financial assets (cont'd)

(c) Valuation processes and input (cont'd)

- **Non-current asset held for sale** - rate per square meter of gross floor area, land size, estimated sale costs, valuation decline factor, market trading value per gaming machine entitlements and permits, and development costs incurred are determined by the external valuer and/or management, based on the most comparable sales evidence applicable for each parcel of land adjusted for specific factor attributable to the asset and market condition.
- **Leasehold improvement make good** - restoration cost per square metre, inflation rate, market yield on Government bonds, lease terms are estimated and obtained by management.
- **Emerging interest from Public Private Partnership Projects** – replacement costs, inflation rate and discount rate are determined by management in accordance with Treasury policy.

The determination of unit replacement rates is carried out by suitably qualified external valuers, engineering contractors and employees of the Transport cluster. Road infrastructure assets are initially measured at construction cost and the annual percentage increase in the Road Cost Index is applied each year until the following revaluation is undertaken.

There were no transfers between level 1 and 2 for recurring and non-recurring fair value measurements during the year.

Individual Land and Building acquired for future roadwork parcels are categorised under Land and Building, level 2 fair value measurement; they are transferred to land under roads work in progress when road construction begins, level 3 fair value measurement. The date of transfer is the construction start date as detailed in the construction contract. At the time of transfer, the land is deemed to have no feasible alternative use and is revalued downward to value in use (englobo or unimproved value).

(d) Valuation input and relationships to fair value

The following table summarises the quantitative information about the significant unobservable inputs used in level 3 fair value measurements.

Assets	Valuation Technique	Significant Unobservable Input	Quantity	Relationship between unobservable inputs and fair value measurement
Emerging interest assets	Present value approach: this valuation method involves determining the replacement cost (fair value) of the underlying physical assets at the end of the public private partnership contract, allocating the replacement cost over the contract period as the compounding value of an annuity discounted using the NSW Government bond rate applicable at the commencement of the contract, adjusted for inflation.	• Replacement cost • Discount rate • Inflation rate	In aggregate $1.9 billion (2016: $1.7 billion)	The fair value will increase/(decrease) if the estimated: • replacement cost increase/(decrease) • discount rate decrease/(increase) • inflation rate increase/(decrease)

There were no significant inter-relations between unobservable inputs that would materially affect the overall valuation.

15. Fair value measurement of non-financial assets (cont'd)

(e) Reconciliation of recurring Level 3 fair value measurement

	Land and Buildings	Plant and equipment	Finance leased buses	Rolling stock	Buses	Ferries	Leased rolling stock	Road and Maritime systems	Rail Systems	Other assets	Total
	$ '000	$ '000	$ '000	$ '000	$ '000	$ '000	$ '000	$ '000	$ '000	$ '000	$ '000
Fair value at start of year	552,592	105,503	-	2,131,382	334,436	52,628	2,427,832	71,693,347	25,690,658	1,664,204	104,652,582
Restatement of infrastructure assets	-	-	-	-	-	-	-	-	8,503,504	-	8,503,504
Restated Fair value at start of year	552,592	105,503	-	2,131,382	334,436	52,628	2,427,832	71,693,347	34,194,162	1,664,204	113,156,086
Reclass from cost to fair value	-	-	745,150	-	-	-	-	-	-	-	745,150
Additions	2,960	-	35,527	-	22,542	4,858	-	931,951	-	240,050	1,237,888
Revaluation increments/decrements recognised in net result	17,121	-	(179,739)	-	10,718	-	-	-	-	-	(151,900)
Revaluation increment/decrement recognised in other comprehensive income	-	-	-	4,814	-	-	-	886,189	680,362	-	1,571,365
Transfer (to)/from Level 2	-	-	-	-	-	-	-	38,120	(13,260)	-	24,860
Transfer (to)/from council	-	-	-	-	-	-	-	(39,809)	-	-	(39,809)
Recognition of assets	-	-	-	-	-	-	-	34,014	-	-	34,014
Transfer (to)/from assets held for sale	-	-	-	-	(538)	-	-	-	676	-	138
Disposals	(436)	(844)	-	(17)	(128)	-	-	(128,055)	(128,449)	-	(257,929)
Depreciation	(9,520)	(17,618)	(17,942)	(160,479)	(39,148)	(8,231)	(84,158)	(1,569,171)	(953,508)	-	(2,859,775)
Other movements	(120)	-	-	-	-	-	-	-	(28,190)	-	(28,310)
Transfer (to)/from other classes of assets	-	20,058	-	(20,164)	-	-	-	-	106	-	-
Transfer from assets under construction	2,272	9,961	-	9,089	-	17,442	-	1,218,981	1,118,210	-	2,375,955
Recycling of assets previously recognised	1,920	(8,878)	-	(6,429)	(1,865)	12,961	-	-	(60,769)	-	(63,060)
Fair value as at 30 June 2017	**566,789**	**108,182**	**582,996**	**1,958,196**	**326,017**	**79,658**	**2,343,674**	**73,065,567**	**34,809,340**	**1,904,254**	**115,744,673**

15. Fair value measurement of non-financial assets (cont'd)

(e) Reconciliation of recurring Level 3 fair value measurement (cont'd)

	Land and Buildings	Plant and equipment	Rolling stock	Buses	Ferries	Leased rolling stock	Road and Maritime systems	Rail Systems	Other assets	Total
	$ '000	$ '000	$ '000	$ '000	$ '000	$ '000	$ '000	$ '000	$ '000	$ '000
Fair value at start of year	850,974	217,206	2,281,223	549,169	55,680	2,490,153	69,549,634	24,480,345	1,437,396	101,911,780
Additions	2,276	26,677	20,399	29,484	5,882	14,558	1,256,516	1,123,382	226,808	2,705,982
Revaluation increment/decrement recognised in net result	-	-	-	(192,264)	(3,799)	-	-	-	-	(196,063)
Revaluation increment/decrement recognised in other comprehensive income	17,683	-	-	(7,893)	(1,799)	-	95,129	1,033,535	-	1,136,655
Transfer (to)/from Level 2	-	-	-	-	-	-	17,847	-	-	17,847
Transfer (to)/from council	(944)	-	-	-	-	-	(89,884)	-	-	(90,828)
Recognition of assets	-	-	-	-	-	-	37,896	-	-	37,896
Transfer (to)/from assets held for sale	-	-	-	(48)	-	-	-	(768)	-	(816)
Disposals	-	(5,950)	(52)	(165)	-	-	(131,135)	(258,459)	-	(395,761)
Depreciation	(9,619)	(40,817)	(170,733)	(47,508)	(12,469)	(76,879)	(1,531,328)	(861,684)	-	(2,751,037)
Other movements	(1,555)	-	-	-	9,132	-	-	-	-	7,577
Transfer (to)/from other classes of assets	(306,223)	(91,612)	544	-	-	-	-	397,835	-	544
Transfer from assets under construction	-	-	-	3,661	-	-	2,488,672	(223,527)	-	2,268,806
Fair value as at 30 June 2016	**552,592**	**105,504**	**2,131,381**	**334,436**	**52,627**	**2,427,832**	**71,693,347**	**25,690,659**	**1,664,204**	**104,652,582**

16. Payables

	Consolidated 2017 $'000	Consolidated 2016 $'000	Parent 2017 $'000	Parent 2016 $'000
Trade creditors	267,769	255,421	-	16
Accrued salaries, wages and on-costs	67,523	65,706	3	2
Accruals	1,969,181	1,827,923	244	252
Interest	28,137	21,250	-	-
Other creditors	191,998	198,640	-	2
Current payables	**2,524,608**	**2,368,940**	**247**	**272**

Details regarding credit risk, liquidity risk and market risk, including a maturity analysis of the above payables are disclosed in note 28.

17. Borrowings

	Notes	Consolidated 2017 $'000	Consolidated 2016 $'000	Parent 2017 $'000	Parent 2016 $'000
TCorp borrowings		280,604	844,091	-	-
Finance leases	22	135,844	130,340	-	-
Current borrowings		**416,448**	**974,431**	**-**	**-**
TCorp borrowings		2,699,823	2,130,143	-	-
Finance leases	22	3,012,223	3,024,898	-	-
Non-current borrowings		**5,712,046**	**5,155,041**	**-**	**-**

The finance leases relate to the provision of a maintenance facility, simulators and trains under a public private partnership (PPP) for rolling stock and 'deemed finance lease' arrangements for buses under the Sydney metropolitan, outer Sydney metropolitan and rural and regional bus contracts with private transport operators.

Repayment of borrowings

	Consolidated 2017 $'000	Consolidated 2016 $'000	Parent 2017 $'000	Parent 2016 $'000
Not later than one year	416,448	974,431	-	-
Later than one year and not later than five years	2,631,631	1,672,630	-	-
Later than five years	3,080,415	3,482,411	-	-
Repayment of borrowings	**6,128,494**	**6,129,472**	**-**	**-**

Details regarding credit risk, liquidity risk and market risk, including a maturity analysis of the above payables, are disclosed in note 28.

18. Employee benefits

	Consolidated 2017 $'000	Consolidated 2016 $'000	Parent 2017 $'000	Parent 2016 $'000
Annual leave[1]	312,085	301,597	184	134
Long service leave[1]	397,558	412,814	10	2
Workers compensation insurance	18,303	18,135	-	-
Payroll tax	7,502	6,547	-	-
Public holidays	8,909	12,092	-	-
Severance payments/redundancies	27,223	16,332	-	-
Current employee benefits and related on-costs	**771,580**	**767,517**	**194**	**136**
Long service leave	32,501	37,916	-	-
Workers compensation insurance	85,995	89,451	-	-
Superannuation	971,386	1,227,194	-	-
Non-current employee benefits and related on-costs	**1,089,882**	**1,354,561**	**-**	**-**

[1] It is estimated that the provision for annual leave includes $58.2 million (2016: $47.0 million) and long service leave includes $369.4 million (2016: $385.9 million) that are expected to be paid later than 12 months.

Defined-benefit superannuation overview

This overview only relates to those employees whose defined benefit superannuation schemes are not assumed by the Crown Entity.

Employer contributions are made to three defined-benefit superannuation schemes administered by the SAS Trustee Corporation (STC): The State Authorities Superannuation Scheme (SASS), the State Authorities Non-Contributory Superannuation Scheme (SANCSS) and the State Superannuation Scheme (SSS), which together form the Pooled Fund. Each scheme is closed to new members and its investments are held in trust by the Pooled Fund. At least a component of the final benefit is derived from a multiple of members' salary and years of membership. All Fund assets are invested by SAS Trustee Corporation at arm's length through independent fund managers.

An underfunded scheme is recognised as a provision and an overfunded scheme is recognised as an asset. Details of both provisions and assets are given below.

18. Employee benefits (cont'd)

Year ended 30 June 2017	SASS	SANCS	SSS	Total
Member numbers				
Contributors	2,238	2,242	4	
Deferred benefits	-	-	-	
Pensioners	769	-	38	
Pensions fully commuted	-	-	2	
	$'000	**$'000**	**$'000**	**$'000**
Superannuation position for AASB 119 purposes				
Accrued liability[1]	2,155,837	164,426	71,747	2,392,010
Estimated reserve account balance	(1,269,080)	(116,982)	(34,562)	(1,420,624)
Deficit/(surplus)	**886,757**	**47,444**	**37,185**	**971,386**
Future service liability[2]	10,225	5,960	-	16,185
Surplus in excess of recovery available from schemes	-	-	-	-
Net (asset)/liability to be recognised in Statement of financial position	**886,757**	**47,444**	**37,185**	**971,386**

Year ended 30 June 2016	SASS	SANCS	SSS	Total
Member numbers				
Contributors	-	-	-	
Deferred benefits	-	-	-	
Pensioners	-	-	-	
Pensions fully commuted	-	-	-	
	$'000	**$'000**	**$'000**	**$'000**
Superannuation position for AASB 119 purposes				
Accrued liability[1]	2,352,589	180,754	80,274	2,613,617
Estimated reserve account balance	(1,243,406)	(109,416)	(33,601)	(1,386,423)
Deficit/(surplus)	**1,109,183**	**71,338**	**46,673**	**1,227,194**
Future service liability[2]	78,720	57,693	601	137,014
Surplus in excess of recovery available from schemes	-	-	-	-
Net (asset)/liability to be recognised in Statement of financial position	**1,109,183**	**71,338**	**46,673**	**1,227,194**

1. The accrued liability includes a contribution tax provision. This is calculated based on grossing up the deficit less the allowance for past service expenses and insurable death and disability liabilities at a contribution tax rate of 15%.

2. The Future Service Liability (FSL) does not have to be recognised by an employer. It is only used to determine if an asset ceiling limit should be imposed (AASB 119 para 64). Under AASB 119, any prepaid superannuation asset recognised cannot exceed the present value of any economic benefits that may be available in the form of refunds from the plan or reductions in future contributions to the plan. Where the "surplus in excess of recovery" is zero, no asset ceiling limit is imposed. (Note: this also includes a contribution tax provision).

18. Employee benefits (cont'd)

- **Nature of the benefits provided by the fund**

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)
* Police Superannuation Scheme (PSS)
* 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. Members receive lump sum or pension benefits on retirement, death, disablement and withdrawal.

All the Schemes are closed to new members.

- **Description of the regulatory framework**

The schemes in the Pooled Fund are established and governed by the following NSW legislation: Superannuation Act 1916, State Authorities Superannuation Act 1987, Police Regulation (Superannuation) Act 1906, State Authorities Non-Contributory Superannuation Scheme Act 1987, and their associated regulations.

The schemes in the Pooled Fund are exempt public sector superannuation schemes under the Commonwealth Superannuation Industry (Supervision) Act 1993 (SIS). The SIS Legislation treats exempt public sector superannuation funds as complying funds for concessional taxation and superannuation guarantee purposes.

Under a Heads of Government agreement, the New South Wales Government undertakes to ensure that the Pooled Fund will conform with the principles of the Commonwealth's retirement incomes policy relating to preservation, vesting and reporting to members and that member' benefits are adequately protected.

The New South Wales Government prudentially monitors and audits the Pooled Fund and the Trustee Board activities in a manner consistent with the prudential controls of the SIS legislation. These provisions are in addition to other legislative obligations on the Trustee Board and internal processes that monitor the Trustee Board's adherence to the principles of the Commonwealth's retirement incomes policy.

An actuarial investigation of the Pooled Fund is performed every three years. The last actuarial investigation was performed as at 30 June 2015. The next actuarial investigation is due as at 30 June 2018.

- **Description of other entities' responsibilities for the governance of the fund**

The Fund's Trustee is responsible for the governance of the Fund. The Trustee has a legal obligation to act solely in the best interests of Fund beneficiaries. The Trustee has the following roles:

* Administration of the Fund and payment to the beneficiaries from Fund assets when required in accordance with the Fund rules;
* Management and investment of the Fund assets; and
* Compliance with other applicable regulations.

18. Employee benefits (cont'd)

- **Description of risks**

There are a number of risks to which the Fund exposes the Employer. The more significant risks relating to the defined benefits are:

* Investment risk - The risk that investment returns will be lower than assumed and the Employer will need to increase contributions to offset this shortfall.
* Longevity risk – The risk that pensioners live longer than assumed, increasing future pensions.
* Pension indexation risk – The risk that pensions will increase at a rate greater than assumed, increasing future pensions.
* Salary growth risk - The risk that wages or salaries (on which future benefit amounts for active members will be based) will rise more rapidly than assumed, increasing defined benefit amounts and thereby requiring additional employer contributions.
* Legislative risk - The risk is that legislative changes could be made which increase the cost of providing the defined benefits.

The defined benefit fund assets are invested with independent fund managers and have a diversified asset mix. The Fund has no significant concentration of investment risk or liquidity risk.

- **Description of significant events**

There were no fund amendments, curtailments or settlements during the year.

- **Reconciliation of the net defined benefit liability/(asset)**

Year ended 30 June 2017	SASS	SANCS	SSS	Total
	$ '000	$ '000	$ '000	$ '000
Net defined benefit liability/(asset) at start of year	1,109,183	71,338	46,673	1,227,194
Current service cost	21,482	6,772	163	28,417
Net interest on the net defined benefit liability/(asset)	21,753	1,267	929	23,949
Actual return on Fund assets less Interest income	(85,820)	(7,776)	(2,387)	(95,983)
Actuarial (gains)/losses arising from changes in financial assumptions	(161,607)	(8,405)	(7,335)	(177,347)
Actuarial (gains)/losses from liability experience	13,631	(179)	(828)	12,624
Employer contributions	(32,073)	(15,374)	-	(47,447)
Actuarial (gains)/losses arising from changes in demographic assumptions	208	(199)	(30)	(21)
Net defined benefit liability/(asset) at end of year	**886,757**	**47,444**	**37,185**	**971,386**

18. Employee benefits (cont'd)

Year ended 30 June 2016	SASS	SANCS	SSS	Total
	$ '000	$ '000	$ '000	$ '000
Net defined benefit liability/(asset) at start of year including RMS	960,762	76,764	986,992	2,024,518
Net defined benefit liability/(asset) for RMS transfer to Crown at 1 July 2015	(216,815)	(20,640)	(953,992)	(1,191,447)
Net defined benefit liability/(asset) at start of year excluding RMS	**743,947**	**56,124**	**33,000**	**833,071**
Current service cost	19,943	6,555	92	26,590
Net interest on the net defined benefit liability/(asset)	22,050	1,572	1,000	24,622
Actual return on Fund assets less Interest income	814	(99)	(37)	678
Actuarial (gains)/losses arising from changes in financial assumptions	250,989	14,680	10,252	275,921
Actuarial (gains)/losses from liability experience	33,625	1,371	85	35,081
Employer contributions	(32,424)	(8,481)	-	(40,905)
Actuarial (gains)/losses arising from changes in demographic assumptions	70,239	(384)	2,281	72,136
Net defined benefit liability/(asset) at end of year	**1,109,183**	**71,338**	**46,673**	**1,227,194**

- **Reconciliation of the fair value of fund assets**

Year ended 30 June 2017	SASS	SANCS	SSS	Total
	$ '000	$ '000	$ '000	$ '000
Fair value of fund assets at beginning of the year	1,243,406	109,416	33,601	1,386,423
Interest income	23,843	2,146	646	26,635
Actual return on Fund assets less Interest income	85,820	7,776	2,387	95,983
Employer contributions	32,073	15,374	-	47,447
Contributions by participants	13,259	-	43	13,302
Benefits paid	(133,575)	(16,151)	(2,530)	(152,256)
Taxes, premiums & expenses paid	4,254	(1,579)	415	3,090
Fair value of fund assets at end of the year	**1,269,080**	**116,982**	**34,562**	**1,420,624**

18. Employee benefits (cont'd)

Year ended 30 June 2016	SASS $ '000	SANCS $ '000	SSS $ '000	Total $ '000
Fair value of fund assets at beginning of the year including RMS	1,684,563	148,345	586,240	2,419,148
Fair value of fund assets for RMS transfer to Crown at 1 July 2015	(369,280)	(33,500)	(551,352)	(954,132)
Fair value of fund assets at beginning of the year excluding RMS	**1,315,283**	**114,845**	**34,888**	**1,465,016**
Interest income	38,207	3,379	1,019	42,605
Actual return on Fund assets less Interest income	(814)	99	37	(678)
Employer contributions	32,424	8,481	-	40,905
Contributions by participants	12,703	-	45	12,748
Benefits paid	(146,497)	(15,940)	(2,537)	(164,974)
Taxes, premiums & expenses paid	(7,900)	(1,448)	149	(9,199)
Fair value of fund assets at end of the year	**1,243,406**	**109,416**	**33,601**	**1,386,423**

- **Reconciliation of the defined benefit obligation**

Year ended 30 June 2017	SASS $ '000	SANCS $ '000	SSS $ '000	Total $ '000
Present value of defined benefit obligations at beginning of the year	2,352,589	180,754	80,274	2,613,617
Current service cost	21,482	6,772	163	28,417
Interest cost	45,596	3,413	1,575	50,584
Contributions by participants	13,259	-	43	13,302
Actuarial (gains)/losses arising from changes in demographic assumptions	208	(199)	(30)	(21)
Actuarial (gains)/losses arising from changes in financial assumptions	(161,607)	(8,405)	(7,335)	(177,347)
Actuarial (gains)/losses from liability experience	13,631	(179)	(828)	12,624
Benefits paid	(133,575)	(16,151)	(2,530)	(152,256)
Taxes, premiums & expenses paid	4,254	(1,579)	415	3,090
Present value of defined benefit obligations at end of the year	**2,155,837**	**164,426**	**71,747**	**2,392,010**

18. Employee benefits (cont'd)

Year ended 30 June 2016	SASS $ '000	SANCS $ '000	SSS $ '000	Total $ '000
Present value of defined benefit obligations at beginning of the year including RMS	2,645,325	225,109	1,573,232	4,443,666
Present value of defined benefit obligations for RMS transfer to Crown at 1 July 2015	(586,095)	(54,140)	(1,505,344)	(2,145,579)
Present value of defined benefit obligations at beginning of the year excluding RMS	**2,059,230**	**170,969**	**67,888**	**2,298,087**
Current service cost	19,943	6,555	92	26,590
Interest cost	60,257	4,951	2,019	67,227
Contributions by participants	12,703	-	45	12,748
Actuarial (gains)/losses arising from changes in demographic assumptions	70,239	(384)	2,281	72,136
Actuarial (gains)/losses arising from changes in financial assumptions	250,989	14,680	10,252	275,921
Actuarial (gains)/losses from liability experience	33,625	1,371	85	35,081
Benefits paid	(146,497)	(15,940)	(2,537)	(164,974)
Taxes, premiums & expenses paid	(7,900)	(1,448)	149	(9,199)
Present value of defined benefit obligations	**2,352,589**	**180,754**	**80,274**	**2,613,617**

- **Reconciliation of the effect of the asset ceiling**

Year ended 30 June 2017	SASS $ '000	SANCS $ '000	SSS $ '000	Total $ '000
Adjustment for effect of asset ceiling at beginning of the year	-	-	-	-
Change in the effect of asset ceiling	-	-	-	-
Adjustment for effect of asset ceiling at end of the year	**-**	**-**	**-**	**-**

Year ended 30 June 2016	SASS $ '000	SANCS $ '000	SSS $ '000	Total $ '000
Adjustment for effect of asset ceiling at beginning of the year	-	-	-	-
Change in the effect of asset ceiling	-	-	-	-
Adjustment for effect of asset ceiling at end of the year	**-**	**-**	**-**	**-**

18. Employee benefits (cont'd)

- **Fair value of fund assets**

All Pooled Fund assets are invested by SAS Trustee Corporation (STC) at arm's length through independent fund managers. Assets are not separately invested for each entity and it is not possible or appropriate to disaggregate and attribute fund assets to individual entities. **As such, the disclosures below relate to total assets of the Pooled Fund**.

Year ended 30 June 2017 Asset category	Total $ '000	Quoted prices in active markets for identical assets Level 1 $ '000	Significant observable inputs Level 2 $ '000	Unobservable inputs Level 3 $ '000
Australian fixed interest	2,500,725	997	2,499,728	-
International fixed interest	480,991	-	480,991	-
Australian equities	9,446,079	8,947,483	498,572	24
International equities	12,053,503	9,033,497	1,869,112	1,150,894
Property	3,453,108	926,105	533,191	1,993,812
Alternatives	9,066,056	390,899	5,068,137	3,607,020
Cash	3,087,307	3,077,362	9,945	-
Total	**40,087,769**	**22,376,343**	**10,959,676**	**6,751,750**

Year ended 30 June 2016 Asset category	Total $ '000	Quoted prices in active markets for identical assets Level 1 $ '000	Significant observable inputs Level 2 $ '000	Unobservable inputs Level 3 $ '000
Short term securities	2,050,414	2,044,454	5,960	-
Australian fixed interest	2,720,590	2,724	2,717,866	-
International fixed interest	834,374	(1,358)	835,732	-
Australian equities	9,720,877	9,171,767	549,086	24
International equities	12,093,667	9,026,207	2,078,766	988,694
Property	3,650,267	1,113,253	618,946	1,918,068
Alternatives	7,115,949	470,130	3,122,185	3,523,634
Total	**38,186,138**	**21,827,177**	**9,928,541**	**6,430,420**

Level 1 - quoted prices in active markets for identical assets or liabilities. The assets in this level are listed shares and listed unit trusts.

Level 2 - inputs other than quoted prices observable for the asset or liability either directly or indirectly. The assets in this level are cash, notes, government, semi-government and corporate bonds, unlisted trusts where quoted prices are available in active markets for identical assets or liabilities.

Level 3 - inputs for the asset or liability that are not based on observable market data. The assets in this level are unlisted property, unlisted shares, unlisted infrastructure, distressed debt and hedge funds.

18. Employee benefits (cont'd)

- **Fair value of fund assets (cont'd)**

The percentage invested in each asset class at the reporting date is:

	2017 %	2016 %
Short term securities	-	5.4
Australian fixed interest	6.2	7.1
International fixed interest	1.2	2.2
Australian equities	23.6	25.5
International equities	30.1	31.7
Property	8.6	9.6
Alternatives	22.6	18.5
Cash	7.7	-
Total	**100.0**	**100.0**

Derivatives, including futures and options, can be used by investment managers. However, each manager's investment mandate clearly states that derivatives may only be used to facilitate efficient cash flow management or to hedge the portfolio against market movements and cannot be used for speculative purposes or gearing of the investment portfolio. As such managers make limited use of derivatives.

- **Fair value of entity's own financial instruments**

The fair value of the Pooled Fund assets include as at 30 June 2017 of $354.0 million (2016: $189.6 million) in NSW government bonds.

Of the direct properties owned by the Pooled Fund:

* SAS Trustee Corporation occupies part of a property 100% owned by the Pooled Fund with a fair value of $250 million (30 June 2016: $222 million).
* Health Administration Corporation occupies part of a property 50% owned by the Pooled Fund with a fair value (100% interest) of $261 million (30 June 2016: $243 million).

18. Employee benefits (cont'd)

- **Significant actuarial assumptions at the reporting date**

	2017	2016
Discount rate	2.62% pa	1.99% pa
Salary increase rate (excluding promotional increases)	2.50% 2017/2018 and 2018/2019; 3.50% 2019/2020 and 2020/2021; 3.00% pa 2021/2022 to 2025/2026; 3.50% pa thereafter	2.50% 2016/2017 to 2018/2019;3.50% 2019/2020 and 2020/2021; 3.00% pa 2021/2022 to 2025/2026; 3.50% pa thereafter
Rate of CPI increase	2.00% 2017/2018; 2.25% 2018/2019; 2.50% pa thereafter	1.50% 2015/2016; 1.75% 2016/2017; 2.25% 2017/2018; 2.50% pa thereafter
Pensioner mortality	The pensioner mortality assumptions are as per the 2015 Actuarial Investigation of the Pooled Fund. These assumptions are disclosed in the actuarial investigation report available from the trustee's website. The report shows the pension mortality rates for each age.	The pensioner mortality assumptions are as per the 2015 Actuarial Investigation of the Pooled Fund. These assumptions are disclosed in the actuarial investigation report available from the trustee's website. The report shows the pension mortality rates for each age.

18. Employee benefits (cont'd)

- **Sensitivity analysis**

The entity's total defined benefit obligation as at 30 June 2017 under several scenarios is presented below. The total defined benefit obligation disclosed is inclusive of the contribution tax provision which is calculated based on the asset level at 30 June 2017.

Scenarios A to F relate to sensitivity of the total defined benefit obligation to economic assumptions, and scenarios G and H relate to sensitivity to demographic assumptions.

Year ended 30 June 2017	**Base case**	**Scenario A -1% discount rate**	**Scenario B +1% discount rate**
Discount rate	2.62%	1.62%	3.62%
Rate of CPI increase	as above	as above	as above
Salary inflation rate	as above	as above	as above
Defined benefit obligation (A$'000)	2,392,009	2,681,754	2,156,396
	Base case	**Scenario C +0.5% rate of CPI increase**	**Scenario D -0.5% rate of CPI increase**
Discount rate	as above	as above	as above
Rate of CPI increase	as above	above rate plus 0.5% pa	above rate less 0.5% pa
Salary inflation rate	as above	as above	as above
Defined benefit obligation (A$'000)	2,392,009	2,479,808	2,311,862
	Base case	**Scenario E +0.5% Salary increase rate**	**Scenario F -0.5% Salary increase rate**
Discount rate	as above	as above	as above
Rate of CPI increase	as above	as above	as above
Salary inflation rate	as above	above rates plus 0.5% pa	above rates less 0.5% pa
Defined benefit obligation (A$'000)	2,392,009	2,436,433	2,349,641
	Base case	**Scenario G Higher pensioner mortality rates [1]**	**Scenario H Lower pensioner mortality rates [2]**
Defined benefit obligation (A$'000)	2,392,009	2,425,059	2,375,613

[1] Assumes the short term pensioner mortality improvement factors for years 2017-2021 also apply for years after 2021
[2] Assumes the long term pensioner mortality improvement factors for years post 2021 also apply for years 2017-2021

The defined benefit obligation has been recalculated by changing the assumptions as outlined above, whilst retaining all other assumptions.

18. Employee benefits (cont'd)

- **Sensitivity analysis (cont'd)**

The entity's total defined benefit obligation as at 30 June 2016 under several scenarios is presented below. Scenarios A to F relate to sensitivity of the total defined benefit obligation to economic assumptions, and scenarios G and H relate to sensitivity to demographic assumptions.

Year ended 30 June 2016	**Base case**	**Scenario A -1% discount rate**	**Scenario B +1% discount rate**
Discount rate	1.99%	0.99%	2.99%
Rate of CPI increase	as above	as above	as above
Salary inflation rate	as above	as above	as above
Defined benefit obligation (A$'000)	2,613,617	2,964,064	2,332,220
	Base case	**Scenario C +0.5% rate of CPI increase**	**Scenario D -0.5% rate of CPI increase**
Discount rate	as above	as above	as above
Rate of CPI increase	as above	above rate plus 0.5% pa	above rate less 0.5% pa
Salary inflation rate	as above	as above	as above
Defined benefit obligation (A$'000)	2,613,617	2,716,333	2,520,163
	Base case	**Scenario E +0.5% Salary increase rate**	**Scenario F -0.5% Salary increase rate**
Discount rate	as above	as above	as above
Rate of CPI increase	as above	as above	as above
Salary inflation rate	as above	above rates plus 0.5% pa	above rates less 0.5% pa
Defined benefit obligation (A$'000)	2,613,617	2,668,701	2,561,205
	Base case	**Scenario G Higher pensioner mortality rates [1]**	**Scenario H Lower pensioner mortality rates [2]**
Defined benefit obligation (A$'000)	2,613,617	2,594,704	2,652,869

[1] Assumes the long term pensioner mortality improvement factors for years post 2021 also apply for years 2016 to 2021
[2] Assumes the short term pensioner mortality improvement factors for years 2016-2021 also apply for years after 2021

The defined benefit obligation has been recalculated by changing the assumptions as outlined above, whilst retaining all other assumptions.

- **Asset-Liability matching strategies**

The Trustee monitors its asset-liability risk continuously in setting its investment strategy. It also monitors cash flows to manage liquidity requirements. No explicit asset-liability matching strategy is used by the Trustee.

- **Funding arrangements**

Funding arrangements are reviewed at least every three years following the release of the triennial actuarial review and was last reviewed following completion of the triennial review as at 30 June 2015. Contribution rates are set after discussions between the employer, STC and NSW Treasury.

18. Employee benefits (cont'd)

- **Funding arrangements (cont'd)**

Funding positions are reviewed annually and funding arrangements may be adjusted as required after each annual review.

- **Surplus/deficit**

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

Year ended 30 June 2017	**SASS**	**SANCS**	**SSS**	**Total**
	$ '000	**$ '000**	**$ '000**	**$ '000**
Accrued benefits	1,417,173	123,757	37,362	1,578,292
Net market value of fund assets	(1,269,080)	(116,982)	(34,562)	(1,420,624)
Net (surplus)/deficit	**148,093**	**6,775**	**2,800**	**157,668**

Year ended 30 June 2016	**SASS**	**SANCS**	**SSS**	**Total**
	$ '000	**$ '000**	**$ '000**	**$ '000**
Accrued benefits	1,422,481	127,562	37,183	1,587,226
Net market value of fund assets	(1,243,406)	(109,416)	(33,601)	(1,386,423)
Net (surplus)/deficit	**179,075**	**18,146**	**3,582**	**200,803**

*There is no allowance for a contribution tax provision within the Accrued Benefits figure for AAS 25. Allowance for contributions tax is made when setting the contribution rates.

- **Contribution recommendations**

Year ended 30 June 2017	**SASS**	**SANCS**	**SSS**
	% p.a.	**% p.a.**	**% p.a.**
Different contributions are recommended for each entity in the consolidated entity. The contributions rates were:			
RailCorp	-	-	-
NSW Trains	-	-	-
Sydney Trains	-	-	-
STA Employment Group (Transport Services)	2.20	2.50	1.60

Year ended 30 June 2016	**SASS**	**SANCS**	**SSS**
	% p.a.	**% p.a.**	**% p.a.**
Different contributions are recommended for each entity in the consolidated entity. The contributions rates were:			
RailCorp	-	-	-
NSW Trains	-	-	-
Sydney Trains	-	-	-
STA Employment Group (Transport Services)	2.20	2.50	1.60

18. Employee benefits (cont'd)

- **Economic assumptions**

The economic assumptions adopted for the 30 June 2017 AASB 1056 Accounting Standard "Superannuation Entities":

Weighted-average assumptions	2017	2016
Expected rate of return on Fund assets backing current pension liabilities	7.4% pa	7.8% pa
Expected rate of return on Fund assets backing other liabilities	6.4% pa	6.8% pa
Expected salary increase rate (excluding promotional salary increases)	2.7% to 30 June 2019 then 3.2% pa thereafter	3.0% to 30 June 2019 then 3.5% pa thereafter
Expected rate of CPI increase	2.2% pa	2.5% pa

- **Expected contributions**

Year ended 30 June 2017	SASS	SANCS	SSS	Total
	$ '000	$ '000	$ '000	$ '000
Expected employer contributions	35,067	772	-	35,839

Year ended 30 June 2016	SASS	SANCS	SSS	Total
	$ '000	$ '000	$ '000	$ '000
Expected employer contributions	35,024	822	-	35,846

* Total includes additional contributions of $30.4 million in respect of RailCorp, Sydney Trains and NSW Trains.

- **Maturity profile of defined benefit obligation**

The weighted average duration of the defined benefit obligation is 12.8 years.

- **Profit and loss impact**

Year ended 30 June 2017	SASS	SANCS	SSS	Total
	$ '000	$ '000	$ '000	$ '000
Current service cost	21,482	6,772	163	28,417
Net interest	21,753	1,267	929	23,949
Defined benefit cost	**43,235**	**8,039**	**1,092**	**52,366**

Year ended 30 June 2016	SASS	SANCS	SSS	Total
	$ '000	$ '000	$ '000	$ '000
Current service cost	19,943	6,555	93	26,591
Net interest	22,050	1,572	1,000	24,622
Defined benefit cost	**41,993**	**8,127**	**1,093**	**51,213**

18. Employee benefits (cont'd)

- **Other comprehensive income**

Year ended 30 June 2017	SASS	SANCS	SSS	Total
	$ '000	$ '000	$ '000	$ '000
Actuarial (gains) losses on liabilities	(147,768)	(8,783)	(8,193)	(164,744)
Actual return on Fund assets less Interest income	(85,820)	(7,776)	(2,387)	(95,983)
Total remeasurement in other comprehensive income	**(233,588)**	**(16,559)**	**(10,580)**	**(260,727)**

Year ended 30 June 2016	SASS	SANCS	SSS	Total
	$ '000	$ '000	$ '000	$ '000
Actuarial (gains) losses on liabilities	354,853	15,667	12,618	383,138
Actual return on Fund assets less Interest income	814	(99)	(37)	678
Effects of transfers in/out due to business combinations and disposals	(216,815)	(20,640)	(953,992)	(1,191,447)
Total remeasurement in other comprehensive income	**138,852**	**(5,072)**	**(941,411)**	**(807,631)**

19. Other provisions

	Consolidated 2017 $'000	Consolidated 2016 $'000	Parent 2017 $'000	Parent 2016 $'000
Airport Line asset replacement	2,458	2,440	-	-
Ballast disposal	1,364	1,240	-	-
Land and buildings remediation	15,931	17,865	-	-
Lease make good costs	12,639	2,430	-	-
Legal and related claims	1,500	2,000	-	-
Public liability claims[1]	4,340	6,013	-	-
Other[1]	971	1,281	-	-
Current other provisions	**39,203**	**33,269**	**-**	**-**
Airport Line asset replacement	3,062	3,491	-	-
Land and buildings remediation	5,126	9,127	-	-
Lease make good costs	22,626	28,998	-	-
Other[1]	4,493	4,620	-	-
Non-current other provisions	**35,307**	**46,236**	**-**	**-**

[1]These provisions are amalgamated into other provisions in the movement note below.

2016 had $6.1 million other provisions – other reclassified to other provisions - land and buildings remediation.

19. Other provisions (cont'd)

Movement in other provisions

Movements in each class of provision during the financial year, other than employee benefits, are set out below:

	Airport Line asset replacement	Ballast disposal	Land and buildings remediation	Lease make good costs	Legal and related claims	Others	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Carrying amount at the beginning of the financial year	5,931	1,240	26,992	31,428	2,000	11,914	79,505
Additional provision recognised	-	3,083	8,293	7,735	437	5,673	25,221
Amounts used	(502)	(2,959)	(9,242)	(276)	(937)	(6,725)	(20,641)
Unused amounts reversed	-	-	(5,103)	(3,778)	-	(1,038)	(9,919)
Unwinding/change in discount rate	91	-	117	156	-	(20)	344
Carrying amount at the end of the financial year	**5,520**	**1,364**	**21,057**	**35,265**	**1,500**	**9,804**	**74,510**

Interest expense of $0.3 million (2016: $1.5 million) is included in finance costs (note 2(f)) and comprises unwinding or a change in the discount rate on the above provisions.

Airport Line asset replacement

The provision of $5.5 million (2016: $5.9 million) recognises the contractual obligation to fund the replacement of major track and tunnel assets of the Airport Line by the line's maintenance contractor during the term of the contractor to 2030. Any unused balance of the provision remaining in 2030 will be shared equally with the maintenance contractor.

The liability at year end is the unused portion of the contractually specified maximum sum to be provided. The timing of payments is inherently uncertain as they are based on unpredictable future claims by the maintenance contractor. This provision has been discounted to a present value that reflects the time value of money.

Ballast disposal

The provision of $1.4 million (2016: $1.2 million) recognises the legal obligation in relation to the disposal of non-recyclable landfill and materials arising from ballast recycling operations.

The liability was assessed at 3 April 2017 (2016: 1 April 2016) by management after investigation of stockpiles at the Chullora site. The liability is inherently uncertain due to the quantum and timing of future disposals.

Land and buildings remediation

The provision of $21.1 million (2016: $27.0 million) comprises provisions for remediation of asbestos of $8.1 million (2016: $13.0 million) and contaminated land of $13.0 million (2016: $14.0 million). In response to the identification of asbestos contamination in a railway station in March 2006, the consolidated entity initiated a program of hazardous materials surveys to identify the full extent of contamination and remedial action required in stations. The program has since been extended to encompass other hazardous materials and operational buildings including signal boxes, depots and maintenance centres as well as rolling stock.

19. Other provisions (cont'd)

Lease make good

The lease made good provision of $35.3 million (2016: $31.4 million) recognises the consolidated entity's obligations to dismantle, remove and restore items of property, plant and equipment on the leased properties to its original condition at the conclusion of the lease. The amount of the provision is the best estimate of the expenditure required to settle the present obligations, discounted to reflect the present value of such expenditures.

Legal and related claims

The provision of $1.5 million (2016: $2.0 million) recognises claims against the consolidated entity arising from legislative or contractual breaches or other matters. The liability at year end was assessed by management by reviewing individual claims. The liability is inherently uncertain due to disputes over the existence or quantum of individual claims.

Other provisions

Other provisions include the public liability provision of $4.4 million (2016: $6.0 million) and the quarry restoration provision of $4.1 million (2016: $4.0 million).

The public liability provision recognises claims against the consolidated entity arising from personal injuries or property damage occurring on its premises or involving its assets. The liability at year end was assessed by management. The likely timing of settlement was assessed by reviewing individual claims. The liability is inherently uncertain due to disputes over the existence or quantum of individual claims.

The quarry restoration provision recognises the legal obligation to restore quarry sites when operations cease. The liability at year end was assessed by an independent expert undertaking site inspections to estimate the minimum cost of the necessary restoration work. The liability is inherently uncertain due to the time likely to elapse before the restoration is required.

Other provisions also include third party property damage, marine damage claims, public risk and other minor provisions.

20. Other liabilities

	Consolidated 2017 $'000	Consolidated 2016 $'000	Parent 2017 $'000	Parent 2016 $'000
Liability to Consolidated Fund	46,767	-	-	-
Statutory creditors	11,905	12,818	-	-
Sydney Harbour Tunnel tax liabilities	2,153	2,103	-	-
Holding accounts[1]	282,131	230,770	-	-
Lease incentive	329	548	-	-
Deferred revenue	19,049	19,030	-	-
Income received in advance	66,719	63,337	-	-
Liability for former employees' leave entitlements	3,476	4,339	-	-
Current other liabilities	**432,529**	**332,945**	**-**	**-**
Sydney Harbour Tunnel tax liabilities	19,482	21,088	-	-
Deferred revenue	531,051	550,081	-	-
Unearned rent on M5 Motorway	4,336	4,850	-	-
Income received in advance	97,252	95,814	-	-
Security deposit	47	47	-	-
Epping to Chatswood Rail Link improvements liability	61,036	60,608	-	-
Contribution from Sydney City Council for light rail	115,300	68,200	-	-
Non-current other liabilities	**828,504**	**800,688**	**-**	**-**

[1] Holding accounts include the e-tag deposits, Opal cardholder top-ups and advances.

21. Financial liabilities at fair value

	Consolidated 2017 $'000	Consolidated 2016 $'000	Parent 2017 $'000	Parent 2016 $'000
Derivative financial instruments	3,830	5,983	-	-
Current financial liabilities at fair value	**3,830**	**5,983**	**-**	**-**
Derivative financial instruments	1,471	2,086	-	-
Non-current financial liabilities at fair value	**1,471**	**2,086**	**-**	**-**

22. Commitments for expenditure

	Notes	Consolidated 2017 $'000	Consolidated 2016 $'000	Parent 2017 $'000	Parent 2016 $'000
(a) Capital commitments					
Aggregate capital expenditure for the acquisition of property, plant and equipment contracted for at reporting date and not provided for:					
Not later than one year		6,147,537	3,093,582	-	-
Later than one year and not later than five years		5,107,729	3,250,882	-	-
Later than five years		151	542	-	-
Total (including GST)		**11,255,417**	**6,345,006**	**-**	**-**
(b) Operating lease commitments					
Future non-cancellable operating lease rentals not provided for and payable:					
Not later than one year		179,094	197,100	-	-
Later than one year and not later than five years		302,124	351,588	-	-
Later than five years		80,542	95,130	-	-
Total (including GST)		**561,760**	**643,818**	**-**	**-**
Future non-cancellable operating lease rentals receivable:					
Not later than one year		55,853	53,666	-	-
Later than one year and not later than five years		139,931	147,120	-	-
Later than five years		320,933	379,970	-	-
Total (including GST)		**516,717**	**580,756**	**-**	**-**
(c) Finance lease commitments					
Minimum lease payment commitments in relation to finance leases payable as follows:					
Not later than one year		402,974	364,225	-	-
Later than one year and not later than five years		1,629,851	1,487,983	-	-
Later than five years		5,098,703	5,360,306	-	-
Minimum lease payment		**7,131,528**	**7,212,514**	**-**	**-**
Less: future finance charges		(3,983,461)	(4,057,276)	-	-
The present value of finance lease commitments is as follows:					
Not later than one year		135,844	130,340	-	-
Later than one year and not later than five years		645,026	581,783	-	-
Later than five years		2,367,197	2,443,115	-	-
Present value of finance lease commitments		**3,148,067**	**3,155,238**	**-**	**-**
Finance lease commitments classified as:					
Current borrowings	17	135,844	130,340	-	-
Non-current borrowings	17	3,012,223	3,024,898	-	-
		3,148,067	**3,155,238**	**-**	**-**
(d) Other public and private partnerships contract commitments					
Not later than one year		94,336	98,405	-	-
Later than one year and not later than five years		369,361	366,297	-	-
Later than five years		2,410,929	2,526,783	-	-
Total (including GST)		**2,874,626**	**2,991,485**	**-**	**-**

Input tax on all commitments estimated at $1,288.6 million (2016: $907.3 million) (parent entity: nil (2016: nil)) will be recouped from the Australian Taxation Office.

23. Contingent assets and contingent liabilities

The parent entity had no contingent liabilities as at 30 June 2017 (2016: nil). The consolidated entity had contingent liabilities and contingent assets at 30 June 2017 in respect of:

(i) Public Private Partnership arrangements

Sydney Trains has certain obligations under the contract for the rolling stock Public Private Partnership (PPP) and the NSW Government guarantees the performance of those obligations. However, there is no expectation that those guarantees will ever be exercised.

Roads and Maritime Services has certain obligations under contracts with private sector parties with the performance of these obligations guaranteed by the NSW Government. The current guarantees outstanding are for the Sydney Harbour Tunnel, the M2 Motorway, the Eastern Distributor, the Cross City Tunnel, the Western Orbital, the Lane Cove Tunnel, NorthConnex and WestConnex. There is no reason to believe that these guarantees are ever to be exercised.

(ii) Litigation

Roads and Maritime Services has a number of contractual disputes with an estimated total contingent liability of $25.1 million (2016: $25.1 million). Compulsory property acquisition matters under litigation have an estimated contingent liability of $676.2 million (2016: $658.9 million). These amounts are net of Treasury Managed Fund (TMF) reimbursement.

Transport for NSW also has a number of contractual and compulsory property acquisition disputes with an estimated contingent liability of $2.9 million (2016: $7.0 million).

(iii) Letter of comfort

Transport for NSW provided a letter of comfort to the Office of Transport Safety Investigation (OTSI) to ensure the ongoing financial viability of OTSI during the 2017-18 financial year. Transport for NSW and NSW Treasury monitor the financial performance of OTSI on an ongoing basis as part of OTSI's reporting obligation.

(iv) Other matters

The State Transit Authority of NSW (the Authority) has announced it will implement a new operating model in 2017-18 that will introduce voluntary redundancies. Detailed planning for the new structure has not been completed, and consequently redundancy costs cannot be reliably measured at the date of preparation of these financial statements.

In the ordinary course of business, contractual disputes and other claims have been notified to and by entities controlled by the Department. Further, contractual claims have arisen after the balance date relating to matters occurring during the financial year. The amounts claimed are not disclosed since they are commercial in confidence and the existence or quantum of each claim is usually in dispute and the outcome cannot be measured reliably.

24. Reconciliation of net cash flows from operating activities to net result

	Consolidated 2017 $'000	Consolidated 2016 $'000	Parent 2017 $'000	Parent 2016 $'000
Net cash inflows/(outflows) from operating activities	7,921,097	6,073,263	44	(626)
Acceptance by the Crown Entity of employee benefits and other liabilities	40,425	88,484	65	3
Depreciation and amortisation	(3,157,418)	(3,007,230)	-	-
Non-cash revenue and expenses	305,087	216,100	(65)	(3)
Derecognition, impairment and write off assets	(262,873)	(135,375)	-	-
Roads and bridges transferred from/(to) councils	(39,809)	(95,168)	-	-
Revaluation increment/(decrement) of assets	(354,471)	(196,063)	-	-
Net gain/(loss) on sale of assets held for sale	138,164	(23,031)	-	-
Impairment of receivable/written off	(3,171)	(2,734)	-	-
(Decrease)/increase in receivables, inventories and other assets	459,721	71,114	(11)	82
(Increase)/decrease in payables and provisions	(162,475)	2,907	(33)	544
Net gain/(loss) on sale of property, plant and equipment	(169,175)	(58,401)	-	-
Reconciliation to net result	**4,715,102**	**2,933,866**	**-**	**-**

25. Non-cash financing and investing activities

	Notes	Consolidated 2017 $'000	Consolidated 2016 $'000	Parent 2017 $'000	Parent 2016 $'000
Financial lease liabilities in respect of the acquisition of PPE		(104,574)	(233,994)	-	-
M2 and Eastern Distributor promissory notes		(1,260)	5,125	-	-
Non-cash financing activities		**(105,834)**	**(228,869)**	**-**	**-**
Plant and equipment acquired by finance lease	12	104,574	233,994	-	-
Roads transferred from councils	3(e)	869	543	-	-
Roads and bridges transferred to councils	2(e)	(40,678)	(95,711)	-	-
Value of emerging interests in private sector provided infrastructure	3(h)	240,050	226,808	-	-
Assets recognised for the first time	3(h)	34,014	37,896	-	-
Restatement of infrastructure assets	27	8,503,504	-	-	-
Recognition of Epping Chatswood Rail Link improvement liabilities		428	41,667	-	-
Assets impairment	5	(262,873)	(131,294)	-	-
Assets disposed without cash proceeds		(169,175)	(1,989)	-	-
Major periodic maintenance work by Harbour City Ferries		4,993	5,884	-	-
Acquisition of assets free of charge (transactions with owners as owners)	29	8,495	323	-	-
Net revaluation increment/(decrement) in net result	5	(354,471)	(196,063)	-	-
Non-cash investing activities		**8,069,730**	**122,058**	**-**	**-**
Non-cash financing and investing activities		**7,963,896**	**(106,811)**	**-**	**-**

Non-cash investing activities in 2016 has been re-stated to include $196.1 million net revaluation decrement recognised in net result.

26. Administered assets and liabilities

	Consolidated 2017 $'000	Consolidated 2016 $'000	Parent 2017 $'000	Parent 2016 $'000
Cash	33,805	31,084	-	-
Administered assets	**33,805**	**31,084**	**-**	**-**
Payables	266,182	251,252	-	-
Administered liabilities	**266,182**	**251,252**	**-**	**-**

27. Restatement of infrastructure assets

In previous years, the Department has carried bored and excavated tunnels and earthworks in the Country Regional Network and bored and excavated tunnels and earthworks entering service prior to 30 June 2000 in RailCorp at nil value on the basis that the assets could not be reliably measured. In 2016-17, the Department has valued these assets using advances in technology, improved asset management systems, equipment and technical asset information. On balance, it now appears it may have been possible to reliably value these assets in a prior year. As a result, the Department has recorded an additional $971.1 million in tunnel boring assets and $7,532.4 million in earthworks to correct the value of infrastructure assets as at 1 July 2016 with an adjustment to equity. The nature of the inputs to the valuation makes it impractical to retrospectively restate previously reported balances.

28. Financial instruments

The consolidated entity's principal financial instruments are outlined below. These financial instruments arise directly from the reporting entities operations or are required to finance the consolidated entity's operations.

The consolidated entity does not enter into trade financial instruments, including derivative financial instruments, for speculative purposes. Derivatives are exclusively used for hedging purposes.

The operational activities of the consolidated entity expose it to a variety of financial risks: credit risk, liquidity risk and market risk (including interest rate risk currency risk, and commodity price risk in respect of distillate and electricity purchases). The main risks arising from these financial instruments are outlined below together with the consolidated entity's objectives, policies and processes for measuring and managing risk.

Methods used to measure risk include sensitivity analysis in the case of interest rate, foreign exchange and other commodity price risks, and an ageing analysis for credit risk. Further quantitative and qualitative disclosures are included throughout these financial statements.

The Secretary and each of the Chief Executives of the controlled entities have overall responsibility for the establishment and oversight of risk management and review and determine policies for managing each of these risks. Risk management policies are established to identify and analyse the risks faced by the consolidated entity, to set limits and to monitor risks. Compliance with these policies is reviewed by the Audit and Risk Committee and internal audit on a regular basis.

28. Financial instruments (cont'd)

(a) Financial instrument categories

Consolidated	Note	Category	Carrying amount 2017 $'000	Carrying amount 2016 $'000
Financial assets				
Class:				
Cash and cash equivalents	6	N/A	2,250,966	2,756,042
Receivables[1]	7	Loans and receivables (at amortised cost)	548,291	253,500
Financial assets at fair value	9	At fair value through profit or loss designated upon initial recognition	104,857	97,518
Financial assets at fair value	9	Fair value through profit or loss	388	8,230
Other financial assets	11	Loans and receivables/held-to-maturity investments (at amortised cost)	676,461	373,304
			3,580,963	**3,488,594**
Financial liabilities				
Class:				
Payables[2]	16,20	Financial liabilities measured at amortised cost	3,055,000	2,756,095
Borrowings	17	Financial liabilities measured at amortised cost	6,128,494	6,129,472
Financial liabilities at fair value	21	Fair value through profit or loss	5,301	8,069
			9,188,795	**8,893,636**

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

Parent	Note	Category	Carrying amount 2017 $'000	Carrying amount 2016 $'000
Financial assets				
Class:				
Cash and cash equivalents	6	N/A	348	304
Receivables[1]	7	Loans and receivables (at amortised cost)	71	81
			419	**385**
Financial liabilities				
Class:				
Payables[2]	16	Financial liabilities measured at amortised cost	247	270
			247	**270**

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

28. Financial instruments (cont'd)

(b) Derivatives

The consolidated entity only uses derivatives for hedging purposes and not as trading or speculative instruments.

Forward foreign exchange contracts are used to mitigate exchange rate exposure arising from firm commitments for the purchase of goods and services in foreign currency. Forward foreign exchange and commodity swap contracts are used to hedge against commodity price risk on forecast purchase of distillate.

All forward foreign exchange and commodity swap contracts have been designated as hedging instruments in cash flow hedges in accordance with AASB 139 *Financial Instruments*. The gain or loss from remeasuring the hedging instruments at fair value is recognised in other comprehensive income and deferred in equity in the hedging reserve, to the extent that the hedge is effective. There was no hedge ineffectiveness in the current year.

The consolidated entity held $0.4 million (2016: $8.2 million) in derivative financial assets and $5.3 million (2016: $8.1 million) in derivative financial liabilities. The parent did not have any derivative financial assets or liabilities (2016: nil).

The following table indicates the periods in which the cash flow associated with cash flow hedges are expected to occur and the carrying amounts of the related hedging instruments.

				Expected Cash Flow			
Consolidated		**Weighted average exchange rate**	**Contract value $ '000**	**No later than 3 months $ '000**	**Later than 3 months and no later than 12 months $ '000**	**Later than 12 months $ '000**	**Total $ '000**
2017	Denominated in US Dollars	0.7528	3,978	3,978	-	-	3,978
	Denominated in US Dollars	0.7433	8,764	-	8,764	-	8,764
	Denominated in US Dollars	0.7154	9,797	-	-	9,797	9,797
	Denominated in Euros	0.6610	20,515	6,871	9,841	3,803	20,515
	Denominated in Euros	0.6894	834	834	-	-	834
	Denominated in Pounds Sterling	0.5710	32	32	-	-	32
	Denominated in Pounds Sterling	0.5661	1,511	-	1,511	-	1,511
	Denominated in Pounds Sterling	0.5571	1,347	-	-	1,347	1,347
	Foreign exchange contracts		**46,778**	**11,715**	**20,116**	**14,947**	**46,778**
	Favourable		4,096	-	724	3,372	4,096
	Non-favourable		17,162	-	11,343	5,819	17,162
	Commodity hedge contracts		**21,258**	**-**	**12,067**	**9,191**	**21,258**
2016	Denominated in US Dollars	0.7646	3,592	3,592	-	-	3,592
	Denominated in US Dollars	0.7198	41,308	-	41,308	-	41,308
	Denominated in US Dollars	0.7146	10,722	-	-	10,722	10,722
	Denominated in Euros	0.6549	1,623	-	1,623	-	1,623
	Denominated in Euros	0.6430	31,406	-	31,406	-	31,406
	Denominated in Euros	0.6546	31,264	12,999	5,458	12,807	31,264
	Denominated in Pounds Sterling	0.4488	29	29	-	-	29
	Denominated in Japanese Yen	85.1500	44,948	-	44,948	-	44,948
	Foreign exchange contracts		**164,892**	**16,620**	**124,743**	**23,529**	**164,892**
	Favourable		7,801	-	4,508	3,293	7,801
	Non-favourable		15,159	3,657	4,608	6,894	15,159
	Commodity hedge contracts		**22,960**	**3,657**	**9,116**	**10,187**	**22,960**

28. Financial instruments (cont'd)

(b) Derivatives (cont'd)

All derivatives are measured at fair value. Information about the exposure to credit risk, foreign exchange risk, commodity risk the methods and assumptions used in determining fair values of derivatives is provided in note 28(e). Further details on derivatives are provided in notes 9 and 21.

(c) Credit risk

Credit risk arises where a debtor or counterparty does not complete their obligations, resulting in financial risk to the consolidated entity.

Credit risk can arise from financial assets of the consolidated entity, including cash and cash equivalents, derivative financial instruments, deposits with banks and NSW TCorp, as well as credit exposure to customers, including outstanding receivables and committed transactions. The consolidated entity holds bank guarantees for significant customers as well as property bonds for some leased premises. The consolidated entity has not granted any financial guarantees.

Credit risk policy is aimed at minimising the potential for counter party default.

Credit risk associated with the consolidated entity's financial assets, other than receivables, is managed through the sound selection of counterparties and establishment of minimum credit rating standards. All debt management and investment activities are undertaken with NSW TCorp, which is guaranteed by the NSW Government.

Credit risk impacts on the following financial instruments which are discussed below:

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.

Receivables – trade debtors
All trade debtors are recognised as amounts receivable at balance date. Collectability of trade debtors is reviewed on an ongoing basis. Procedures as established in the Treasurer's Directions are followed to recover outstanding amounts, including letters of demand. Debts which are known to be uncollectible are written off. An allowance for impairment is raised when there is objective evidence that the consolidated 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. No interest is earned on trade debtors. Sales are generally made on 30 day terms.

The consolidated entity 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 $106.6 million (2016: $20.6 million); parent entity nil (2016: nil)) and not more than 3 months overdue $32.9 million (2016: $21.4 million); parent entity nil (2016: nil)) are not generally considered impaired. These debtors represent 88.7% (2016: 73.7%) of the total trade debtors.

28. Financial instruments (cont'd)

(c) Credit risk (cont'd)

The only financial assets that are past due or impaired are "sales of goods and services" in the ''receivables" category of the Statement of financial position.

Consolidated		Past due but not impaired $ '000	Considered impaired $ '000	Total $ '000
2017	< 3 months overdue	32,915	541	33,456
	3 months - 6 months overdue	2,244	594	2,838
	> 6 months overdue	4,937	9,391	14,328
		40,096	**10,526**	**50,622**
2016	< 3 months overdue	21,404	401	21,805
	3 months - 6 months overdue	2,073	642	2,715
	> 6 months overdue	5,497	6,328	11,825
		28,974	**7,371**	**36,345**

[1] Each column in the table reports "gross receivables".
[2] The aging analysis 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.
[3] There is no credit risk in parent entity.

The parent did not have any financial assets that are past due or impaired (2016: nil).

Derivatives
Transport for NSW and Sydney Trains have undertaken both forward exchange currency swaps and commodity swaps. The risks associated with these arrangements are mitigated by only entering into arrangements with reputable, well established financial institutions with high level credit ratings.

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.

(d) Liquidity risk

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

The consolidated entity has access to credit facilities with NSW TCorp of $3,705.2 million (2016: $3,674.2 million) of which $2,980.4 million (2016: $2,974.2 million) had been used at reporting date.

28. Financial instruments (cont'd)

(d) Liquidity risk (cont'd)

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

Maturity analysis and interest rate exposure of financial liabilities

Consolidated			Interest rate exposure			Maturity dates		
	Weighted average effective interest rate	Nominal amount[1] $ '000	Fixed interest rate $ '000	Variable interest rate $ '000	Non-interest bearing $ '000	< 1 year $ '000	1 - 5 years $ '000	> 5 years $ '000
2017								
Payables								
Trade creditors and accruals		3,055,001	-	-	3,055,001	2,859,136	195,199	666
Borrowings								
TCorp borrowings	3.10	2,980,427	2,774,561	205,866	-	280,604	1,986,606	713,217
Finance leases	8.50	3,148,067	3,148,067	-	-	135,844	645,024	2,367,199
Financial liabilities at fair value:								
Derivatives financial instruments		5,301	-	-	5,301	3,830	1,471	-
		9,188,796	**5,922,628**	**205,866**	**3,060,302**	**3,279,414**	**2,828,300**	**3,081,082**
2016								
Payables								
Trade creditors and accruals		2,756,095	-	-	2,756,095	2,606,152	141,931	8,012
Borrowings								
TCorp borrowings	2.92	2,974,234	2,197,068	777,166	-	66,926	1,090,846	1,039,296
Finance leases	8.60	3,155,238	3,155,238	-	-	907,506	581,783	2,443,115
Financial liabilities at fair value:								
Derivatives financial instruments		8,069	-	-	8,069	5,983	2,086	-
		8,893,636	**5,352,306**	**777,166**	**2,764,164**	**3,586,567**	**1,816,646**	**3,490,423**

28. Financial instruments (cont'd)

(d) Liquidity risk (cont'd)

	Parent			Interest rate exposure			Maturity dates		
2017		Weighted average effective int. rate (%)	Nominal amount[1] $ '000	Fixed interest rate $ '000	Variable interest rate $ '000	Non-interest bearing $ '000	< 1 year $ '000	1 - 5 years $ '000	> 5 years $ '000
	Trade creditors and accruals		247	-	-	247	247	-	-
	Payables		**247**	**-**	**-**	**247**	**247**	**-**	**-**
2016	Trade creditors and accruals		270	-	-	270	270	-	-
	Payables		**270**	**-**	**-**	**270**	**270**	**-**	**-**

[1]The amounts disclosed are the contractual undiscounted cash flows of each class of financial liabilities based on the earliest date on which the entity can be required to pay. Therefore the amounts disclosed will not reconcile to the Statement of financial position.

28. Financial instruments (cont'd)

(e) Market risk

Market risk relates to fluctuations in the fair value of future cash flows of financial instruments because of changes in market prices. This applies to the consolidated entity's foreign exchange, interest rate and commodity price hedging instruments.

Sensitivity analysis on market risk is based on a reasonably possible price variability taking into account the economic environment in which the consolidated entity operates and the time frame for assessment, that is, until the end of the next reporting period. The sensitivity analysis is based on financial instruments held at the balance date. The analysis assumes that all other variables remain constant.

The effect on the net result and equity due to a reasonably possible change in risk variable is outlined in the information provided below, for interest rate risk and other price risk including currency movements. A reasonably possible change in risk variable has been determined after taking into account the economic environment in which the consolidated entity operates and the time frame for the assessment (i.e. until the end of the next annual reporting period). The sensitivity analysis is based on risk exposures in existence at the balance date. The analysis is performed on the same basis as for 2016 and assumes that all other variables remain constant.

The consolidated entity is exposed to market risks in respect of:

(i) Interest rate risk

Exposure to interest rate risk arises primarily through the consolidated entity's interest bearing liabilities. This risk is minimised by undertaking mainly fixed rate borrowings, primarily with NSW Treasury Corporation (NSW TCorp).

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

28. Financial instruments (cont'd)

(e) Market risk (cont'd)

(i) Interest rate risk (cont'd)

		-1%		+1%	
Consolidated	**Carrying amount 2017 $'000**	**Net result 2017 $'000**	**Equity 2017 $'000**	**Net result 2017 $'000**	**Equity 2017 $'000**
Financial assets					
Cash and cash equivalents	2,250,966	(22,510)	(22,510)	22,510	22,510
Financial assets at fair value	105,245	(1,049)	(1,049)	1,049	1,049
Other financial assets	285,000	(2,850)	(2,850)	2,850	2,850
	2,641,211	**(26,409)**	**(26,409)**	**26,409**	**26,409**
Financial liabilities					
Borrowings	6,128,494	2,059	2,059	(2,059)	(2,059)
Financial liabilities at fair value	5,301	-	-	-	-
	6,133,795	**2,059**	**2,059**	**(2,059)**	**(2,059)**

		-1%		+1%	
Consolidated	**Carrying amount 2016 $'000**	**Net result 2016 $'000**	**Equity 2016 $'000**	**Net result 2016 $'000**	**Equity 2016 $'000**
Financial assets					
Cash and cash equivalents	2,756,042	(26,888)	(26,888)	26,888	26,888
Financial assets at fair value	105,748	(975)	(975)	975	975
	2,861,790	**(27,863)**	**(27,863)**	**27,863**	**27,863**
Financial liabilities					
Borrowings	6,129,472	23,945	23,945	(23,945)	(23,945)
Financial liabilities at fair value	8,069	-	-	-	-
	6,137,541	**23,945**	**23,945**	**(23,945)**	**(23,945)**

28. Financial instruments (cont'd)

(e) Market risk (cont'd)

(i) Interest rate risk (cont'd)

		-1%		+1%	
Parent	**Carrying amount 2017 $'000**	**Net result 2017 $'000**	**Equity 2017 $'000**	**Net result 2017 $'000**	**Equity 2017 $'000**
Financial assets					
Cash and cash equivalents	348	(3)	(3)	3	3
	348	**(3)**	**(3)**	**3**	**3**

			-1%	+1%	
Parent	**Carrying amount 2016 $'000**	**Net result 2016 $'000**	**Equity 2016 $'000**	**Net result 2016 $'000**	**Equity 2016 $'000**
Financial assets					
Cash and cash equivalents	304	(3)	(3)	3	3
	304	**(3)**	**(3)**	**3**	**3**

(ii) Foreign exchange risk

Exposure to foreign exchange risk arises primarily through the contractual commercial transactions denominated in a foreign currency. The risk is measured using sensitivity analysis and cash flow forecasting.

The consolidated entity manages its foreign exchange risk by entering into forward exchange contracts in accordance with each controlled entities' risk management policies.

Foreign exchange risk related to the principal amount of overseas purchase commitments made, that are primarily dominated in Euros, US dollars and Pounds Sterling, have been fully hedged using forward contracts that mature on the same dates as the forecast purchase are due for payment. These contracts are designated as cash flow hedges.

The consolidated entity's exposure to foreign exchange risk is set out in the table below, with all other variables being held constant. All underlying exposure and related hedges are taken into account. The impact on other comprehensive income is due to changes in the fair value of the financial instruments. The impact on equity is due to changes in the fair value of forward exchange contracts designated as cash flow hedges.

A sensitivity of 10% movement in the exchange rates has been selected for use in the sensitivity analysis at the reporting date, as this is considered reasonable, based on the current Australian dollar level and the historical volatility of the Australian dollar against other currencies. Based on the value of the Australian dollar at the reporting date as compared with the currencies below, adverse or favourable movements in the foreign exchange rates would result in an increase or decrease in the Australian dollar fair value respectively.

28. Financial instruments (cont'd)

(e) Market risk (cont'd)

(ii) Foreign rate risk (cont'd)

			+10%		-10%	
Consolidated		**Contract value $ '000**	**Net result $ '000**	**Equity $ '000**	**Net result $ '000**	**Equity $ '000**
2017	Denominated in US Dollars	22,539	-	2,254	-	(2,254)
	Denominated in Euros	21,349	-	2,135	-	(2,135)
	Denominated in Pounds Sterling	2,890	-	289	-	(289)
	Foreign exchange contracts	**46,778**	**-**	**4,678**	**-**	**(4,678)**
2016	Denominated in US Dollars	55,622	-	5,562	-	(5,562)
	Denominated in Euros	64,293	-	6,429	-	(6,429)
	Denominated in Pounds Sterling	29	-	3	-	(3)
	Denominated in Japanese Yen	44,948	-	4,495	-	(4,495)
	Foreign exchange contracts	**164,892**	**-**	**16,489**	**-**	**(16,489)**

There is no foreign rate risk in parent entity.

(iii) Commodity price risk

The consolidated entity is exposed to a range of commodity price risks, principally from distillate and electricity purchases.

Australian dollar costs under the supply agreements price mechanism for distillate are reflective of movements in Singapore Gas Oil prices and AUD/USD exchange rates. The consolidated entity hedges its distillate exposure by entering into Singapore Gas Oil swap and US Dollar forward contracts.

These commodity swap contracts are designated as cash flow hedges. The consolidated entity's exposure to commodity price risk is set out in the table below, with all other variables being held constant. All underlying exposure and related hedges are taken into account. The impact on other comprehensive income is due to changes in the fair value of the financial instruments. The impact on equity is due to changes in the fair value of commodity swap contracts designated as cash flow hedge.

A sensitivity of 10% movement in the Singapore Gas Oil spot price has been selected for use in the sensitivity analysis at the reporting date.

			10%		-10%	
Consolidated		**Contract value $ '000**	**Net Result $ '000**	**Equity $ '000**	**Net Result $ '000**	**Equity $ '000**
2017	Distillate	21,258	-	2,126	-	(2,126)
		21,258	**-**	**2,126**	**-**	**(2,126)**
2016	Distillate	22,960	-	2,296	-	(2,296)
		22,960	**-**	**2,296**	**-**	**(2,296)**

28. Financial instruments (cont'd)

(e) Market risk (cont'd)

(iv) Other price risk – TCorp Hour-Glass facilities

Exposure to other price risk primarily arises through the investment in the NSW TCorp Hour-Glass investment facilities which are held for strategic rather than trading purposes. The consolidated entity has no direct equity investments and holds units in the following Hour-Glass Investment Trusts:

Facility	Investment sectors	Investment horizon	2017 $ '000	2016 $ '000
Cash facility	Cash, money market instruments	up to 1.5 years	-	938
Strategic Cash facility	Cash, money market instruments, interest rate securities, bank floating rate notes	1.5 years to 3 years	-	-
Medium term growth facility	Cash, money market instruments, Australian and international bonds, listed property, and Australian shares	3 years to 7 years	72,937	68,897
Long term growth facility	Cash, money market instruments, Australian and international bonds, listed property, and Australian shares	7 years and over	31,920	28,621

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, NSW TCorp has appointed external managers to manage the performance and risks of each facility in accordance with a mandate agreed by the parties. However, NSW TCorp acts as manager for part of the Cash Facility. A significant portion of the administration of the facilities is outsourced to an external custodian.

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

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

The impact on the net result as a result of changes in the unit prices of the investments is not considered to be material.

28. Financial instruments (cont'd)

(f) Fair value compared to carrying amount

Financial instruments are generally recognised at cost, with the exception of the TCorp Hour-Glass facilities and derivatives, which are measured at fair value.

The amortised cost of all other 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, with the exception of TCorp borrowings.

The following table details the financial instruments where the fair value differs from the carrying amount:

Consolidated	Carrying amount 2017 $'000	Fair value 2017 $'000	Fair value level 2017
Financial liabilities			
Borrowings	2,980,427	3,070,783	2
	2,980,427	**3,070,783**	

Consolidated	Carrying amount 2016 $'000	Fair value 2016 $'000	Fair value level 2016
Financial liabilities			
Borrowings	2,974,235	3,100,294	2
	2,974,235	**3,100,294**	

28. Financial instruments (cont'd)

(g) Fair value hierarchy

Consolidated	Level 1 2017 $'000	Level 2 2017 $'000	Level 3 2017 $'000	Total 2017 $'000
Financial assets				
Derivative financial instruments	-	388	-	388
TCorp Hour-Glass investment facility	-	104,857	-	104,857
	-	**105,245**	**-**	**105,245**
Financial liabilities				
Derivative financial instruments	-	5,301	-	5,301
Borrowings	-	3,070,783	-	3,070,783
	-	**3,076,084**	**-**	**3,076,084**

Consolidated	Level 1 2016 $'000	Level 2 2016 $'000	Level 3 2016 $'000	Total 2016 $'000
Financial assets				
Derivative financial instruments	-	8,230	-	8,230
Tcorp-Hour Glass investment facility	-	97,518	-	97,518
	-	**105,748**	**-**	**105,748**
Financial liabilities				
Derivative financial instruments	-	8,069	-	8,069
Borrowings	-	3,100,294	-	3,100,294
	-	**3,108,363**	**-**	**3,108,363**

The consolidated entity 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).

The consolidated entity has assessed the fair value of its financial instruments on the basis of inputs other than quoted prices that are observed directly or indirectly (Level 2).

The fair value of the TCorp Hour-Glass investments is based on the entity's share of the value of the underlying assets of the facility, based on the market value. All of the Hour-Glass facilities are valued using redemption pricing.

The fair value of forward foreign exchange contracts is determined using forward exchange rates at the reporting date.

The fair value of commodity swap contracts is determined using market prices at the reporting date.

There were no transfers between Level 1, 2 or 3 during the year.

There were no changes in the valuation techniques during the year.

29. Equity transfers

	Notes	Consolidated 2017 $'000	Consolidated 2016 $'000	Parent 2017 $'000	Parent 2016 $'000
Superannuation assumed by the Crown Entity[1]		-	1,191,448	-	-
Long service leave assumed by the Crown[1]		-	164,905	-	-
Other		-	(1,652)	-	-
Net equity transfer for property, plant and equipment[2]	12	8,495	(93)	-	-
Transfer from administrative restructure - others[3]		7,660	-	-	-
Equity transfers		**16,155**	**1,354,608**	**-**	**-**

[1] Long service leave and superannuation assumed by the Crown Entity in respect to the former Roads and Maritime Services (RMS) award staff in 2015-16.

[2] Land valued at $33.5 million was transferred from Sydney Harbour Foreshore Authority to RMS for WestConnex construction offset by $1.3 million of land transferred out from RMS to the Office of Environment Heritage for compensatory habitat loss as a result of road widening work and $2.4 million of administrative land and buildings transferred from RMS to Government Property New South Wales (GPNSW) under Ministerial Order. RailCorp transferred land of $27.1 million to Hunter Development Corporation. Land valued at $7.0 million was transferred to Transport for NSW from the Department of Planning and Environment offset by $1.2 million assets under construction and land transferred to GPNSW.

[3] Following the proclamation under the Transport Administration Amendment (Independent Transport Safety Regulator) Act 2017, Independent Transport Safety Regulator (ITSR) was abolished on 31 March 2017. ITSR ceased operations and operations were transitioned to the Office of the National Rail Safety Regulator (ONRSR) on 9 March 2017. The residual assets, rights and liabilities of ITSR were transferred to Transport for NSW under an order issued by the Minister for Transport and Infrastructure effective on and from 31 March 2017.

30. Related party disclosures

(a) Key management personnel compensation

	Consolidated 2017 $'000	Parent 2017 $'000
Short-term employee benefits	2,704	-
Post-employment benefits	119	-
Other long-term benefits	-	-
Termination benefits	324	-
	3,147	**-**

(b) Transactions and outstanding balances with key management personnel of the Department and its parent during the financial year

There were no material transactions or outstanding balances with key management personnel of the Department and its parent during the financial year.

30. Related party disclosures (cont'd)

(c) Transactions and outstanding balances with other related parties during the financial year

There were no transactions or outstanding balances with other related parties during the financial year.

(d) Transactions with government related entities during the financial year

During the 2016-17 financial year, the consolidated entity entered into the following transactions with other entities consolidated as part of the NSW Total State Sector (the ultimate parent) within the normal course of business:

- Recurrent and capital draw-downs from NSW Treasury
- Grants and contributions from NSW Treasury to fund redundancy grants in the Transport cluster, RMS capital works, Sydney Metro City and Southwest project funded by Restart NSW, Northern Beaches B-line project and Parramatta Light Rail project
- Grants and contributions from the Department of Family & Community Services for the Community Transport Group funding scheme, and from various NSW government agencies (Department of Justice, The Ministry for Police & Emergency Services, Mine Subsidence Board and Service NSW)
- All long service leave and defined benefit superannuation scheme expenses relating to TfNSW, RMS and all senior executives were assumed by the Crown
- Disposal costs for the sale of land paid or payable to Urban Growth NSW
- The Pooled Fund held in trust the investment relating to the closed NSW public sector superannuation schemes
- Investment in TCorp Hour-Glass facilities and investment revenue earned from these facilities
- NSW TCorp borrowings and associated interest expense
- Capital funding via equity from NSW Treasury

31. After balance date events

WestConnex Stage 1A was opened to traffic on 4 July 2017 and the NSW Government announced a one month toll free period from 15 July 2017. This will result in a re-classification between assets for existing infrastructure works contributed of approximately $450 million and recognition of an emerging asset starting from 4 July 2017. Expense for the toll free period will be recognised in the 2017-18 financial year when incurred.

There were no other significant events after balance date that impacted on these financial statements.

End of Audited Financial Statements

INDEPENDENT AUDITOR'S REPORT

Department of Transport

To Members of the New South Wales Parliament

Opinion

I have audited the accompanying financial statements of the Department of Transport (the Department), which comprise the statements of financial position as at 30 June 2017, the statements of comprehensive income, the statements of changes in equity, the statements of cash flows for the year then ended, service group statements and a summary of compliance with financial directives, notes comprising a summary of significant accounting policies and other explanatory information of the Department and the consolidated entity. The consolidated entity comprises the Department and the entities it controlled at the year's end or from time to time during the financial year.

In my opinion, the financial statements:

- give a true and fair view of the financial position of the Department and the consolidated entity as at 30 June 2017, and of their financial performance and cash flows for the year then ended in accordance with Australian Accounting Standards
- are in accordance with section 45E of the *Public Finance and Audit Act 1983* (PF&A Act) and the Public Finance and Audit Regulation 2015.

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

Basis for Opinion

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

I am independent of the Department and the consolidated entity in accordance with the requirements of the:

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

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

Parliament further promotes independence by ensuring the Auditor-General and the Audit Office of New South Wales are not compromised in their roles by:

- providing that only Parliament, and not the executive government, can remove an Auditor-General
- mandating the Auditor-General as auditor of public sector agencies
- precluding the Auditor-General from providing non-audit services.

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

The Secretary's Responsibility for the Financial Statements

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

In preparing the financial statements, the Secretary must assess the ability of the Department and the consolidated entity to continue as a going concern except where operations will cease as a result of an administrative restructure. The assessment must disclose, as applicable, matters related to going concern and the appropriateness of using the going concern basis of accounting.

Auditor's Responsibility for the Audit of the Financial Statements

My objectives are to:

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

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

A description of my responsibilities for the audit of the financial statements is located at the Auditing and Assurance Standards Board website at:
http://www.auasb.gov.au/auditors_responsibilities/ar3.pdf.
The description forms part of my auditor's report.

My opinion does *not* provide assurance:

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

Margaret Crawford
Auditor-General of NSW

19 October 2017
SYDNEY

NSW GOVERNMENT

Transport for NSW

Annual Financial Statements

for the year ended 30 June 2017

Table of contents

Statement by the Secretary 2

Statement of comprehensive income 3

Statement of financial position 4

Statement of changes in equity 5

Statement of cash flows 6

Service group statements 7

Summary of compliance with financial directives 10

1. Summary of significant accounting policies 11
2. Expenses excluding losses 29
3. Revenue 32
4. Gain/(loss) on disposal 34
5. Other gains/(losses) 34
6. Service groups of Transport for NSW 34
7. Cash and cash equivalents 35
8. Receivables 36
9. Financial assets at fair value 36
10. Non-current assets held for sale 37
11. Other financial assets 37
12. Property, plant and equipment 38
13. Intangible assets 41
14. Other assets 41
15. Fair value measurement of non-financial assets 42
16. Payables 47
17. Borrowings 47
18. Provisions 48
19. Other liabilities 48
20. Financial liabilities at fair value 48
21. Reconciliation of cash flows from operating activities to net result 49
22. Non-cash financing and investing activities 49
23. Commitments for expenditure 50
24. Equity transfers 51
25. Contingent liabilities and contingent assets 51
26. Restatement of infrastructure assets 51
27. Financial instruments 52
28. Administrative restructure 61
29. Related party disclosures 62
30. Administered assets and liabilities 63
31. Events after the reporting period 63

Transport for NSW
Statement by the Secretary
for the year ended 30 June 2017

Pursuant to sections 41C (1B) and (1C) of the *Public Finance and Audit Act 1983*, I state that:

(a) The accompanying financial statements have been prepared in accordance with:

- Applicable Australian Accounting Standards (which include Australian Accounting Interpretations);
- The requirements of the *Public Finance and Audit Act 1983* and the *Public Finance and Audit Regulation 2015*; and
- The Financial Reporting Directions issued by the Treasurer under section 9(2) (n) of the Act;

(b) The statements exhibit a true and fair view of the financial position and financial performance of Transport for NSW; and

(c) There are no known circumstances, which would render any particulars included in the financial statements to be misleading or inaccurate.

Tim Reardon
Secretary

Date: 18 October 2017

Transport for NSW
Statement of comprehensive income
for the year ended 30 June 2017

	Notes	Actual 2017 $'000	Actual 2016 $'000
Expenses excluding losses			
Operating expenses			
Personnel service expenses	2(a)	503,036	476,460
Other operating expenses	2(b)	673,546	487,012
Major rail project expense	2(c)	1,124,071	1,597,084
Maintenance	2(d)	120,827	109,229
Depreciation and amortisation	2(e)	366,384	276,696
Grants and subsidies	2(f)	7,956,263	7,870,498
Finance costs	2(g)	93,681	87,858
Other expenses	2(h)	1,290,525	1,297,828
Total expenses excluding losses		**12,128,333**	**12,202,665**
Revenue			
Appropriation	3(a)	11,088,651	10,067,846
Sale of goods and services	3(b)	328,035	211,509
Investment revenue	3(c)	9,503	10,366
Shared and corporate services revenue	3(d)	230,933	214,852
Retained taxes, fees and fines	3(e)	-	1,435
Grants and contributions	3(f)	2,617,875	1,197,760
Major rail project revenue	3(g)	1,124,071	1,597,084
Resources received free of charge	3(h)	12,353	31,968
Total revenue		**15,411,421**	**13,332,820**
Gain/(loss) on disposal	4	(2,744)	1,622
Other gains/(losses)	5	(168,009)	(179,935)
Net result		**3,112,335**	**951,842**
Other comprehensive income			
Items that may be reclassified subsequently to net result			
Net gains/(losses) in commodity swaps and foreign exchange		548	563
Items that will not be reclassified to net result			
Net increase/(decrease) in asset revaluation surplus	12	683,718	82,052
Total other comprehensive income		**684,266**	**82,615**
Total comprehensive income		**3,796,601**	**1,034,457**

The accompanying notes form part of these financial statements.

Transport for NSW
Statement of financial position
as at 30 June 2017

	Notes	Actual 2017 $'000	Actual 2016 $'000
ASSETS			
Current assets			
Cash and cash equivalents	7	754,685	1,004,470
Receivables	8	490,289	239,614
Financial assets at fair value	9	20	50
Non-current assets held for sale	10	-	10,093
Other financial assets	11	85,000	-
Total current assets		**1,329,994**	**1,254,227**
Non-current assets			
Financial assets at fair value	9	21	22
Other financial assets	11	929	475
Property plant and equipment			
Land and buildings	12	315,717	282,472
Plant and equipment	12	1,408,195	1,472,573
Infrastructure systems	12	10,335,053	3,205,393
Property, plant and equipment	12	12,058,965	4,960,438
Intangible assets	13	858,803	694,310
Other assets	14	1,661,509	542,068
Total non-current assets		**14,580,227**	**6,197,313**
Total assets		**15,910,221**	**7,451,540**
LIABILITIES			
Current liabilities			
Payables	16	1,545,537	1,303,027
Borrowings	17	199,874	154,300
Provisions	18	4,035	1,509
Other liabilities	19	195,799	105,482
Financial liabilities at fair value	20	1,333	1,589
Total current liabilities		**1,946,578**	**1,565,907**
Non-current liabilities			
Borrowings	17	1,388,044	1,426,206
Provisions	18	7,871	7,627
Other liabilities	19	176,381	128,853
Financial liabilities at fair value	20	204	528
Total non-current liabilities		**1,572,500**	**1,563,214**
Total liabilities		**3,519,078**	**3,129,121**
Net assets		**12,391,143**	**4,322,419**
EQUITY			
Accumulated funds		11,534,260	4,149,802
Reserves		856,883	172,617
Total equity		**12,391,143**	**4,322,419**

The accompanying notes form part of these financial statements.

Transport for NSW
Statement of changes in equity
for the year ended 30 June 2017

		Notes	Accumulated funds $ '000	Asset revaluation surplus $ '000	Hedge reserve $ '000	Total equity $ '000
2017	**Balance at 1 July 2016**		**4,149,802**	**174,661**	**(2,044)**	**4,322,419**
	Restatement of infrastructure assets	26	4,258,671	-	-	4,258,671
	Restated balance at 1 July 2016		**8,408,473**	**174,661**	**(2,044)**	**8,581,090**
	Net result for the year		**3,112,335**	**-**	**-**	**3,112,335**
	Other comprehensive income					
	Net gains/(losses) in commodity swaps and foreign exchange		-	-	548	548
	Net increase/(decrease) in asset revaluation surplus	12	-	683,718	-	683,718
	Total other comprehensive income		**-**	**683,718**	**548**	**684,266**
	Total comprehensive income for the year		**3,112,335**	**683,718**	**548**	**3,796,601**
	Transactions with owners in their capacity as owners					
	Equity transfers	24	5,793	-	-	5,793
	Increase/(decrease) in net assets from administrative restructure	28	7,659	-	-	7,659
	Balance at 30 June 2017		**11,534,260**	**858,379**	**(1,496)**	**12,391,143**
2016	**Balance at 1 July 2015**		**3,417,066**	**92,609**	**(2,607)**	**3,507,068**
	Net result for the year		**951,842**	**-**	**-**	**951,842**
	Other comprehensive income					
	Net gains/(losses) in commodity swaps and foreign exchange		-	-	563	563
	Net increase/(decrease) in asset revaluation surplus	12	-	82,052	-	82,052
	Total other comprehensive income		**-**	**82,052**	**563**	**82,615**
	Total comprehensive income for the year		**951,842**	**82,052**	**563**	**1,034,457**
	Transactions with owners in their capacity as owners					
	Equity transfers	24	(219,106)	-	-	(219,106)
	Balance at 30 June 2016		**4,149,802**	**174,661**	**(2,044)**	**4,322,419**

The accompanying notes form part of these financial statements.

Transport for NSW
Statement of cash flows
for the year ended 30 June 2017

	Notes	Actual 2017 $'000	Actual 2016 $'000
Cash flows from operating activities			
Payments			
Personnel services		(499,824)	(417,070)
Grants and subsidies		(7,860,859)	(7,806,844)
Finance costs		(93,680)	(87,858)
Bus, ferry and light rail contract payments		(1,281,159)	(1,281,381)
ETS payments to operators		(1,500,202)	(1,152,494)
Other		(2,582,733)	(2,559,217)
Total payments		**(13,818,457)**	**(13,304,864)**
Receipts			
Appropriation		11,135,418	10,067,846
Sale of goods and services		2,333,200	2,714,018
Retained taxes, fees and fines		-	1,435
Interest received		7,599	13,164
Grants and contributions		2,657,911	1,246,360
ETS cardholder receipts		1,567,655	1,184,122
Total receipts		**17,701,783**	**15,226,945**
Net cash flows from operating activities	21	**3,883,326**	**1,922,081**
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		3,005	22,741
Purchases of property, plant and equipment and intangible assets		(3,938,825)	(1,492,291)
Purchase of investments		(85,000)	-
Other		(454)	77
Net cash flows from investing activities		**(4,021,274)**	**(1,469,473)**
Cash flows from financing activities			
Repayment of borrowings and advances		(119,704)	(136,389)
Net cash flows from financing activities		**(119,704)**	**(136,389)**
Net increase/(decrease) in cash		**(257,652)**	**316,219**
Opening cash and cash equivalents		1,004,470	688,251
Cash and cash equivalents transferred (out)/in as a result of administrative restructure	28	7,867	-
Closing cash and cash equivalents	7	**754,685**	**1,004,470**

The accompanying notes form part of these financial statements.

Transport for NSW
Service group statements
for the year ended 30 June 2017

Expenses and income

	Asset Maintenance		Services & Operations		Growth & Improvement		Not attributable		Total	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Expenses excluding losses										
Operating expenses										
Personnel service expenses	29,777	30,156	412,790	401,987	60,469	44,317	-	-	503,036	476,460
Other operating expenses	18,404	8,865	619,264	447,738	35,878	30,409	-	-	673,546	487,012
Major rail project expense	-	-	-	-	1,124,071	1,597,084	-	-	1,124,071	1,597,084
Maintenance	120,827	109,229	-	-	-	-	-	-	120,827	109,229
Depreciation and amortisation	-	-	366,384	276,696	-	-	-	-	366,384	276,696
Grants and subsidies	379,346	459,602	2,939,839	2,628,288	4,637,078	4,782,608	-	-	7,956,263	7,870,498
Finance costs	-	-	78,474	70,748	15,207	17,110	-	-	93,681	87,858
Other expenses	-	144	1,290,443	1,297,466	82	218	-	-	1,290,525	1,297,828
Total expenses excluding losses	**548,354**	**607,996**	**5,707,194**	**5,122,923**	**5,872,785**	**6,471,746**	**-**	**-**	**12,128,333**	**12,202,665**
Revenue										
Appropriation	-	-	-	-	-	-	11,088,651	10,067,846	11,088,651	10,067,846
Sale of goods and services	54,972	22,693	219,276	183,187	53,787	5,629	-	-	328,035	211,509
Investment revenue	2	2	9,501	10,364	-	-	-	-	9,503	10,366
Shared and corporate services revenue	-	-	230,933	214,852	-	-	-	-	230,933	214,852
Retained taxes, fees and fines	-	-	-	1,435	-	-	-	-	-	1,435
Grants and contributions	-	-	759,681	100,875	1,858,194	1,096,885	-	-	2,617,875	1,197,760
Major rail project revenue	-	-	-	-	1,124,071	1,597,084	-	-	1,124,071	1,597,084
Resources received free of charge	-	-	12,353	31,968	-	-	-	-	12,353	31,968
Total revenue	**54,974**	**22,695**	**1,231,744**	**542,681**	**3,036,052**	**2,699,598**	**11,088,651**	**10,067,846**	**15,411,421**	**13,332,820**
Gain/(loss) on disposal	-	-	2,066	218	(4,810)	1,404	-	-	(2,744)	1,622
Other gains/(losses)	-	-	(168,009)	(179,935)	-	-	-	-	(168,009)	(179,935)
Net increase/(decrease) in asset revaluation surplus	-	-	684,266	82,615	-	-	-	-	684,266	82,615
Total other comprehensive income	**-**	**-**	**684,266**	**82,615**	**-**	**-**	**-**	**-**	**684,266**	**82,615**
Total comprehensive income	**(493,380)**	**(585,301)**	**(3,957,127)**	**(4,677,344)**	**(2,841,543)**	**(3,770,744)**	**11,088,651**	**10,067,846**	**3,796,601**	**1,034,457**

The names and purposes of each service group are summarised in note 6.

Appropriations are made on an entity basis and not to individual service groups. Consequently appropriations are included in the “Not attributable” column.

Transport for NSW
Service group statements
for the year ended 30 June 2017

Assets and liabilities

	Asset Maintenance		Services & Operations		Growth & Improvement		Not attributable		Total	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
ASSETS										
Current assets										
Cash and cash equivalents	102,639	86,370	513,206	893,949	138,840	24,151	-	-	754,685	1,004,470
Receivables	62,617	20,603	357,023	213,250	70,649	5,761	-	-	490,289	239,614
Financial assets at fair value	-	-	20	50	-	-	-	-	20	50
Non-current assets held for sale	-	-	-	-	-	10,093	-	-	-	10,093
Other financial assets	-	-	85,000	-	-	-	-	-	85,000	-
Total current assets	**165,256**	**106,973**	**955,249**	**1,107,249**	**209,489**	**40,005**	**-**	**-**	**1,329,994**	**1,254,227**
Non-current assets										
Financial assets at fair value	-	-	21	22	-	-	-	-	21	22
Other financial assets	-	-	929	475	-	-	-	-	929	475
Property, plant and equipment										
Land and buildings	-	-	262,955	263,420	52,762	19,052	-	-	315,717	282,472
Plant and equipment	-	-	1,363,766	1,445,427	44,429	27,146	-	-	1,408,195	1,472,573
Infrastructure systems	-	-	6,837,268	1,929,845	3,497,785	1,275,548	-	-	10,335,053	3,205,393
Property, plant and equipment	-	-	8,463,989	3,638,692	3,594,976	1,321,746	-	-	12,058,965	4,960,438
Intangible assets	-	-	330,471	210,493	528,332	483,817	-	-	858,803	694,310
Other assets	-	-	-	-	1,661,509	542,068	-	-	1,661,509	542,068
Total non-current assets	**-**	**-**	**8,795,410**	**3,849,682**	**5,784,817**	**2,347,631**	**-**	**-**	**14,580,227**	**6,197,313**
Total assets	**165,256**	**106,973**	**9,750,659**	**4,956,931**	**5,994,306**	**2,387,636**	**-**	**-**	**15,910,221**	**7,451,540**
LIABILITIES										
Current liabilities										
Payables	88,279	55,266	1,210,850	811,832	246,408	435,929	-	-	1,545,537	1,303,027
Borrowings	-	-	153,962	124,126	45,912	30,174	-	-	199,874	154,300
Provisions	-	-	4,035	1,509	-	-	-	-	4,035	1,509
Other liabilities	-	-	195,799	105,482	-	-	-	-	195,799	105,482
Financial liabilities at fair value	-	-	1,333	1,589	-	-	-	-	1,333	1,589
Total current liabilities	**88,279**	**55,266**	**1,565,979**	**1,044,538**	**292,320**	**466,103**	**-**	**-**	**1,946,578**	**1,565,907**
Non-current liabilities										
Borrowings	-	-	1,066,379	1,086,546	321,665	339,660	-	-	1,388,044	1,426,206
Provisions	-	-	7,871	7,627	-	-	-	-	7,871	7,627
Other liabilities	-	-	-	-	176,381	128,853	-	-	176,381	128,853
Financial liabilities at fair value	-	-	204	528	-	-	-	-	204	528
Total non-current liabilities	**-**	**-**	**1,074,454**	**1,094,701**	**498,046**	**468,513**	**-**	**-**	**1,572,500**	**1,563,214**
Total liabilities	**88,279**	**55,266**	**2,640,433**	**2,139,239**	**790,366**	**934,616**	**-**	**-**	**3,519,078**	**3,129,121**
Net assets	**76,977**	**51,707**	**7,110,226**	**2,817,692**	**5,203,940**	**1,453,020**	**-**	**-**	**12,391,143**	**4,322,419**

The names and purposes of each service group are summarised in note 6.

Transport for NSW
Service group statements
for the year ended 30 June 2017

Administered expenses and income

	Asset Maintenance		Services & Operations		Growth & Improvement		Not attributable		Total	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Administered expenses										
Transfer payments - taxes, fees and fines	-	-	-	-	-	-	12,749	23,085	12,749	23,085
Total administered expenses	**-**	**-**	**-**	**-**	**-**	**-**	**12,749**	**23,085**	**12,749**	**23,085**
Administered income										
Transfer receipts - taxes, fees and fines	-	-	-	-	-	-	12,577	23,888	12,577	23,888
Total administered income	**-**	**-**	**-**	**-**	**-**	**-**	**12,577**	**23,888**	**12,577**	**23,888**
Administered income less expenses	**-**	**-**	**-**	**-**	**-**	**-**	**(172)**	**803**	**(172)**	**803**

The names and purposes of each service group are summarised in note 6.
Administered assets and liabilities are disclosed in note 30.

Transport for NSW
Summary of compliance with financial directives
for the year ended 30 June 2017

	Notes	Appropriation $'000	Expenditure $'000
2017			
Original budget appropriation/expenditure			
Appropriation Act		11,477,595	11,088,651
		11,477,595	**11,088,651**
Other appropriation/expenditure			
Transfers to/from another entity (s27 of Appropriation Act)		(67,700)	-
		(67,700)	**-**
Total appropriation/expenditure net claim on Consolidated Fund		**11,409,895**	**11,088,651**
Amount drawn down against appropriations		-	11,135,418
Liability to Consolidated Fund[1]	19	**-**	**(46,767)**
2016			
Original budget appropriation/expenditure			
Appropriation Act		10,696,357	10,067,846
		10,696,357	**10,067,846**
Other appropriation/expenditure			
Transfers to/from another entity (s33 of Appropriation Act)		(305,194)	-
		(305,194)	**-**
Total appropriations/expenditure net claim on Consolidated Fund (includes transfer payments)		**10,391,163**	**10,067,846**
Amount drawn down against appropriations		-	10,067,846
Liability to Consolidated Fund	19	**-**	**-**

The summary of compliance is based on the assumption that Consolidated Fund monies are spent first (except where otherwise identified or prescribed).

[1] The liability to Consolidated Fund represents the difference between the 'amount drawn down against appropriations' and the 'expenditure / net claim on Consolidated Fund'.

1. Summary of significant accounting policies

(a) Transport for NSW - Reporting entity

Transport for NSW was established on 1 November 2011 as a not for profit statutory authority (as profit is not its principal objective) and it has no cash generating units. Its roles include planning, procurement, delivery and coordination of transport services and infrastructure in NSW.

The *Transport Administration Act 1988* states that the affairs of Transport for NSW are to be managed and controlled by the Secretary of the Department of Transport. Consistent with the Secretary's power of direction it is considered that Transport for NSW has control for the purposes of preparing consolidated financial statements for the following agencies and special purpose entities or divisions:

- Roads and Maritime Services
- Sydney Ferries
- State Transit Authority
- Rail Corporation of New South Wales
- Sydney Trains
- NSW Trains

On 1 July 2017 Residual Transport Corporation (RTC) was established under the *Transport Administration Amendment (Transport Entities) Act 2017*. Transport for NSW has determined that RTC is an entity under its control from 1 July 2017 for financial reporting purposes. The purpose of RTC is to hold, manage, operate and maintain transport assets.

Transport for NSW, a controlled entity of the Department of Transport, has received an exemption from NSW Treasury from preparing consolidated financial statements on the basis that the Department of Transport, as the parent entity of Transport for NSW, produces consolidated financial statements. These financial statements are for the Transport for NSW parent entity only.

RailCorp will progressively transition to the Transport Asset Holding Entity (TAHE). TAHE may eventually hold additional public transport assets for the State, including public transport assets currently held by Transport for NSW. The transfer of assets is intended to occur progressively over the next few years.

Transport for NSW is consolidated as part of the NSW Total State Sector Accounts, which is the ultimate parent. The financial statements of Transport for NSW for the year ended 30 June 2017 were authorised for issue by the Secretary on the date the accompanying Statement was signed.

(b) Basis of preparation

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

- applicable Australian Accounting Standards (which include Australian Accounting Interpretations);
- the requirements of the *Public Finance and Audit Act 1983* and the *Public Finance and Audit Regulation 2015*; and
- Financial Reporting Directions mandated by the NSW Treasurer.

Property, plant and equipment, 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. Certain bus contracts are classified as finance leases in accordance with AASB 117 Leases and all finance leased bus assets are carried at fair value from 31 March 2017. Borrowings are initially measured at the fair value of the consideration received and subsequently using the effective interest method. Other financial report items are prepared in accordance with historical cost convention except where specified otherwise.

All amounts are rounded to the nearest one thousand dollars and are expressed in Australian currency.

1. Summary of significant accounting policies (cont'd)

(c) Critical accounting estimates, judgement and assumptions

In the application of accounting standards and the Financial Reporting Directions mandated by the NSW Treasurer, 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.

The judgements, key assumptions and estimates management has made are disclosed in the relevant notes to the financial statements.

(d) Statement of compliance

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

(e) Administered activities

Transport for NSW administers, but does not control, certain activities on behalf of the Crown Entity. It is accountable for the transactions relating to those administered activities but does not have discretion, for example, to deploy the resources for the achievement of Transport for NSW's own objectives.

Transactions and balances relating to the administered activities are not recognised as Transport for NSW's income, expenses, assets and liabilities, but disclosed in the accompanying schedules as "Administered income", "Administered expenses", "Administered assets" and "Administered liabilities".

The accrual basis of accounting and applicable accounting standards has been adopted.

(f) Personnel services

Transport for NSW cannot directly employ staff. The personnel services are provided by the Transport Service of New South Wales and the Department of Transport. As a result, Transport for NSW reports personnel service expenses, not employee related expenses.

Personnel service expenses include salaries, wages, leave entitlements, superannuation, workers' compensation insurance premium, payroll tax, fringe benefits tax and redundancies.

For further details on personnel service expenses refer to note 2(a).

Some personnel service expenses are included in the construction costs of intangible assets and rail infrastructure systems and are, therefore, not included in the personnel service expenses.

1. Summary of significant accounting policies (cont'd)

(g) Major rail projects

Transport for NSW manages the design and construction of major rail projects on behalf of RailCorp. From 1 July 2015, RailCorp receives a direct equity injection from the Crown Entity to fund its contract activities with Transport for NSW. Under this funding arrangement, RailCorp reimburses Transport for NSW for construction costs incurred on a monthly basis. The arrangement is considered to be in the nature of construction contracts and is recognised in accordance with AASB 111 *Construction Contracts*.

Major rail project revenue is recognised in the Statement of comprehensive income in proportion to the stage of completion of these RailCorp funded construction activities at the reporting date. The value of work performed is measured at the value of the progressive costs incurred during the reporting period for each project. Major rail project expense is recognised in the Statement of comprehensive income as incurred.

Amounts due from RailCorp for these rail projects are disclosed as an asset, and the amounts due to RailCorp are disclosed as a liability.

(h) Other operating expenses and maintenance

Other operating expenses generally represent the day-to-day running costs incurred in the normal operations of Transport for NSW.

Maintenance costs relate principally to infrastructure systems and interchanges and do not include any personnel service expenses.

(i) Grants and subsidies

Grants and subsidies generally comprise contributions in cash or in kind to transport services providers and various local government authorities and not-for-profit community organisations.

(j) Finance costs

Finance costs comprise mainly interest on borrowings and finance lease interest charges. In accordance with Treasury's mandate for the not-for-profit general government sector agencies, finance costs are expensed and recognised in the Statement of comprehensive income in the period in which they are incurred.

(k) Insurance

Transport for NSW arranges insurance cover through the NSW Treasury Managed Fund Scheme apart from country rail infrastructure cover which is arranged through private insurance providers. The cost of insurance is expensed in the period to which the insurance cover relates.

(l) Other expenses

Other expenses include payments to bus, ferry and light rail operators for the provision of bus, ferry and light rail services in the metropolitan, regional and rural areas of New South Wales.

1. Summary of significant accounting policies (cont'd)

(m) 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 Transport for NSW as a purchaser that is not recoverable from the Australian Taxation Office is recognised as part of an asset's cost of acquisition or as part of an item of expense; and
- receivables and payables are stated with the amount of GST included.

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

(n) Income recognition

Income is recognised and measured at the fair value of the consideration or contribution received or receivable to the extent that it is probable that the economic benefit will flow to Transport for NSW and the income can be reliably measured. The following specific criteria must also be met before income is recognised:

(i) Parliamentary appropriations and contributions

Parliamentary appropriations and contributions from other bodies (including grants and contributions) are generally recognised as income when Transport for NSW obtains control over the assets comprising the appropriations/contributions. Control over appropriations/contributions is normally obtained upon the receipt of cash. At year end unspent appropriations are recognised as liabilities rather than income, as the authority to spend the money lapses and the unspent amount must be repaid to the Consolidated Fund. Any liability is disclosed in note 19 as part of "Other liabilities". The amount will be repaid and the liability will be extinguished in the next financial year.

(ii) Sale of goods and services

Revenue from the sale of goods is recognised as revenue when Transport for NSW transfers the significant risks and rewards of ownership of the assets.

Revenue from the provision of services (including passenger transport services) is recognised as revenue when the service is provided or by reference to the stage of completion.

(iii) Retained taxes, fines and fees

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

(iv) Investment revenue

Interest revenue on cash and cash equivalents is recognised using the effective interest method as set out AASB 139 *Financial Instruments: Recognition and Measurement*. Rental revenue is recognised in accordance with AASB 117 *Leases* on a straight line basis over the lease term. Royalty revenue is recognised in accordance with AASB 118 *Revenue* on an accrual basis in accordance with the substance of the relevant agreement.

(v) Shared and corporate services revenue

Shared and corporate services revenue represents revenue for the provision of shared and other corporate services to various transport operating entities and is recognised when the service is provided.

1. Summary of significant accounting policies (cont'd)

(o) Property, plant and equipment

Property, plant and equipment comprise land and buildings, plant and equipment (general plant and equipment and finance lease assets) and infrastructure systems.

(i) Capitalisation and initial recognition

The cost method of accounting is used for the initial recording of all acquisitions of assets controlled by Transport for NSW in accordance with AASB 116 *Property, Plant and Equipment*. 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.

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

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

Where payment for an asset is deferred beyond normal credit terms, its cost is the cash price equivalent, i.e. deferred payment amount is effectively discounted over the period of credit.

The cost of assets constructed for own use includes the purchase cost, other directly attributable costs and the initial estimates of dismantling and restoration costs.

Property, plant and equipment and intangible assets costing $5,000 and above individually (or forming part of a network costing more than $5,000) are capitalised.

(ii) Valuation of property, plant and equipment

Subsequent to initial recognition, property, plant and equipment assets are valued in accordance with the "Valuation of Physical Non – Current Assets at Fair Value" Policy and Guidelines paper (TPP 14-01). This policy adopts fair value in accordance with AASB 13 *Fair Value Measurement,* AASB 116 *Property, Plant and Equipment* and AASB 140 *Investment Property*.

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

1. Summary of significant accounting policies (cont'd)

(o) Property, plant and equipment (cont'd)

(iii) Revaluation of property, plant and equipment

Fair value of property, plant and equipment is based on a market participants' perspective, using valuation techniques (market approach, cost approach, income approach) that maximise relevant observable inputs and minimise unobservable inputs. Refer to note 12 and note 15 for further information regarding fair value.

Where there is no available market evidence, the asset's fair value is measured at its market buying price, the best indicator of which is depreciated replacement cost.

The depreciated replacement cost is used to revalue specialised buildings (designed for a specific limited purpose), infrastructure systems and certain plant and equipment. Depreciated replacement cost for these types of assets is based on "incremental optimised replacement cost". Optimised replacement cost is the minimum cost, in the normal course of business, to replace the existing asset with a technologically modern equivalent asset with the same economic benefits, adjusting for any overdesign, overcapacity and redundant components. Incremental optimisation is limited to the extent that optimisation can occur in the normal course of business with commercially available technology.

Transport for NSW revalues land and buildings at least once every three years and each other class of property, plant and equipment at least every five years or with sufficient regularity to ensure that the carrying amount of each asset in the class does not differ materially from its fair value at reporting date. Transport for NSW revalues infrastructure systems asset class on a rolling basis. Revaluations are performed by independent professionally qualified valuers.

The last comprehensive revaluation of property, plant and equipment was summarised as follows:

Asset Type	Last comprehensive revaluation date
Land and buildings	28 February 2015
Light rail infrastructure	30 June 2014
Country regional network infrastructure	31 March 2017
Finance leased buses	31 March 2017

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

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

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

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

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

1. Summary of significant accounting policies (cont'd)

(o) Property, plant and equipment (cont'd)

(iii) Revaluation of property, plant and equipment (cont'd)

Revaluation decrements are recognised immediately as a loss in the net result, except that, to the extent that a credit balance exists in the asset revaluation surplus in respect of the same class of assets, they are debited directly to the asset revaluation surplus.

As a not-for-profit reporting 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 surplus in respect of that asset is transferred to accumulated funds.

(iv) Impairment of property, plant and equipment

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

Notwithstanding this, Transport for NSW generally reviews the carrying values of major assets for objective evidence of impairment. Where such an indication exists, an estimate of the recoverable amount is made. An impairment loss is recognised in the Statement of comprehensive income when the carrying amount of an asset exceeds its recoverable amount unless the asset has been revalued in which case the impairment loss is treated as a revaluation decrease. When the impairment subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(v) Depreciation of property, plant and equipment

Depreciation is provided for on a straight-line basis for all depreciable assets so as to write off the depreciable amount of each asset as it is consumed over its useful life to Transport for NSW except for leased buses, which are depreciated on a diminishing value basis, as detailed in Note 1 (o) (ix).

Land is not a depreciable asset. Buildings which have been acquired for future transport infrastructure are not depreciated as these assets are not purchased to generate revenue and are ultimately demolished for transport infrastructure projects. The expected useful lives of property, plant and equipment for depreciation purposes are as follows:

Asset Class	Useful Lives
Buildings	25 - 80 years
Infrastructure systems	20 - 197 years
Plant and equipment	3 - 25 years
Finance leased buses	15 - 25 years
Rolling stock	25 years

The asset residual values, useful life and depreciation methods are reviewed, and adjusted, if appropriate, at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in assets are considered to modify the depreciation period or method, as appropriate, and are treated as changes in accounting estimates and adjusted prospectively.

1. Summary of significant accounting policies (cont'd)

(o) Property, plant and equipment (cont'd)

(vi) Major inspection costs

When each major inspection is performed, 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.

(vii) 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. If the effect of the time value of money is material, these costs are discounted at the appropriate market yields on government bonds.

(viii) 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 a component of an asset, in which case the costs are capitalised and depreciated.

(ix) 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 does not transfer substantially all the risks and rewards.

Where a non-current asset is acquired by means of a finance lease, at the commencement of the lease term, the asset is recognised at its fair value or if lower, the present value of the minimum lease payments, at the inception of the lease. The corresponding liability is established at the same amount. Lease payments are allocated between the principal component and the interest expense.

Under the Sydney Metropolitan Bus Services Contracts, Outer Sydney Metropolitan Bus Services Contracts and Rural and Regional Bus Service Contracts, payments to bus operators for the acquisition of new buses and certain existing buses are considered to be in the nature of finance leases and are recognised in accordance with AASB 117 Leases. Leased buses were carried at historical cost up until 31 March 2017.

From 31 March 2017, Transport for NSW changed its accounting policy for the measurement of leased buses from historical cost to fair value. The fair value accounting policy was adopted under AASB 136 (para. Aus32.1-32.2) in respect of not-for-profit entities where the future economic benefits of an asset are not primarily dependent on the asset's ability to generate net cash inflows and where the entity would, if deprived of the asset, replace its remaining future economic benefits. Therefore the asset's recoverable amount is determined based on the depreciated replacement cost of the asset being the best representation of its fair value. Accordingly, leased buses are now carried at fair value from 31 March 2017 onwards. As required by AASB 108 (para. 17) the change in accounting policy was accounted for as a revaluation in accordance with AASB 116 and processed prospectively. The revaluation was accounted for based on an independent valuation of the entire leased bus fleet as at 31 March 2017.

1. Summary of significant accounting policies (cont'd)

(o) Property, plant and equipment (cont'd)

(x) Leased assets (cont'd)

To align with the change in accounting policy from historical cost to fair value, the depreciation method was also changed from straight-line to diminishing value which better reflects the pattern of consumption and going forward will result in a closer representation of fair value in between valuation years. This is also therefore consistent with the requirements of paragraph 31 of AASB 116 to ensure that the carrying value does not differ materially from what would be determined to be the fair value at the reporting date. As part of the review of the depreciation method, the remaining useful lives and residual values of the leased buses were also reassessed at the revaluation date. The change in depreciation method and the reassessment of useful lives and residual values are changes in estimates and therefore were processed prospectively from 31 March 2017.

Operating lease payments are charged to the Statement of comprehensive income in the periods in which they are incurred.

(xi) Derecognition

An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal. Gains and losses on disposal are determined by comparing the proceeds with the carrying amount of the asset and are included in the Statement of comprehensive income.

(p) Intangible assets

Intangible assets are recognised only if it is possible that future economic benefits will flow to Transport for NSW and the cost of the asset can be measured reliably. Intangible assets are measured initially at cost which includes the purchase price and any costs directly attributable to preparing the asset for its intended use. Where an 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 certain criteria are met in accordance with AASB 138 *Intangible Assets*.

The useful lives of intangible assets are assessed to be finite.

Intangible assets are subsequently measured at fair value only if there is an active market. As there is no active market for Transport for NSW's intangible assets, the assets are carried at cost less any accumulated amortisation and impairment losses.

Transport for NSW's intangible assets comprise principally information technology systems which are amortised using the straight line method over periods ranging from 5 to 18 years.

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

1. Summary of significant accounting policies (cont'd)

(q) Financial instruments recognition and measurement

Financial assets and financial liabilities are recognised when Transport for NSW becomes a party to the contractual provisions of the financial instrument.

Financial assets are classified, at initial recognition, as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

Financial assets and financial liabilities are measured initially at fair value (usually cost) plus transactions costs, except for financial assets and financial liabilities carried at fair value through profit or loss, and measured initially at fair value. Subsequent measurement of financial assets and financial liabilities are described below.

For the purpose of subsequent measurement, financial assets other than those designated as hedging instruments (non derivative financial assets) are classified into the following categories upon initial recognition:

- Loans and receivables;
- Financial assets at fair value through profit or loss;
- Held-to-maturity investments;
- Available-for-sale financial assets.

The category determines subsequent measurement and whether any resulting income or expense is recognised in profit or loss or other comprehensive income. Refer to note 1(r) to 1(t) for further disclosure regarding the accounting policy on subsequent measurement of non derivative financial assets.

Financial liabilities other than those designated as hedging instruments (non derivative financial liabilities) are subsequently measured at amortised cost using the effective interest method, which is a reasonable approximation of their fair value; except for financial liabilities held for trading or designated at fair value through profit or loss, that are carried subsequently at fair value with any gain or loss recognised in profit or loss. Refer to note 1(y) for further disclosure regarding the accounting policy on financial liabilities.

Financial assets and financial liabilities carried at amortised cost after initial recognition, is considered as a reasonable approximation of their fair value.

1. Summary of significant accounting policies (cont'd)

(r) Cash and cash equivalents

Cash and cash equivalents in the Statement of financial position comprises cash on hand and cash at bank held predominantly through the Treasury Banking System (TBS). Cash and cash equivalents outside of the TBS are held with well rated major Australian banks.

For the purposes of the Statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above.

(s) Loans and receivables

Loans and receivables are non derivative financial assets with fixed or determined payments that are not quoted in an active market. These financial assets are recognised initially at fair value, usually based on the transaction cost. Subsequent measurement is at amortised cost using the effective interest method, less an allowance for any impairment of receivables. Any changes are recognised in the net result for the period when impaired, derecognised or through the amortisation process.

Short-term receivables with no stated interest rate are measured at the original invoice amount where the effect of discounting is immaterial.

(t) Investments

Investments are initially recognised at fair value plus, in the case of investments not at fair value through profit and loss, transaction costs. Transport for NSW determines the classification of its financial assets on initial recognition and, when allowed and appropriate, re-evaluates this at each financial year end.

(i) Fair value through profit and loss: Transport for NSW subsequently measures investments classified as "held for trading" or designated upon initial recognition "at fair value through profit and 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. Derivatives are also classified as held for trading. Gains or losses on these assets are recognised in the net result for the period.

(ii) Held-to-maturity investments: Non derivative financial investments with fixed or determinable payments and fixed maturity that Transport for NSW has the positive intention and ability to hold to maturity are classified as "held to maturity". These investments are measured at amortised cost using the effective interest rate method. Changes are recognised in the net result for the period when impaired, derecognised or through the amortisation process.

(iii) Available-for-sale investments: Any residual investments that do not fall into any other category are accounted for as available-for-sale investments and measured at fair value in other comprehensive income until disposed or impaired, at which time the cumulative gain or loss previously recognised in other comprehensive income is recognised in the net result for the period. However, interest calculated using the effective interest method and dividends are recognised in the net result for the period.

Purchases or sales of investments under contract that require delivery of the asset within the timeframe established by convention or regulation are recognised on the trade date, i.e. the date Transport for NSW commits to purchase or sell the asset.

1. Summary of significant accounting policies (cont'd)

(t) Investments (cont'd)

The fair value of investments that are traded at fair value in an active market is determined by reference to quoted current bid prices at the close of business on the Statement of financial position date.

Unquoted investment in subsidiaries incorporated as proprietary companies are stated at cost less accumulated impairment in the parent entity's Statement of financial position. The investment is subject to at least annual reviews for impairment.

(u) Derivative financial instruments and hedge accounting

Transport for NSW holds derivative financial instruments to hedge its foreign currency risk exposure arising from overseas purchase commitments. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. Embedded derivatives are separated from the host contract and accounted for separately if certain criteria are met.

Specific accounting treatment is required for derivatives designated as hedging instruments in cash flow hedge relationships. To qualify for hedge accounting, the hedging relationship must meet several strict conditions with respect to documentation, probability of occurrence of the hedged transaction and hedge effectiveness. All other derivative financial instruments are accounted for at fair value through profit or loss.

At the inception of a hedge relationship, Transport for NSW formally designates and documents the hedge relationship to which Transport for NSW wishes to apply hedge accounting. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

For the purpose of hedge accounting, hedges are classified as:

- Fair value hedges when hedging the exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment;
- Cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognised firm commitment;
- Hedges of a net investment in a foreign operation.

Transport for NSW has designated its forward currency contracts as cash flow hedges. The effective portion of the gain or loss on the hedging instrument is recognised in other comprehensive income and included within the cash flow hedge reserve in equity, while any ineffective portion is recognised immediately in profit or loss.

At the time the hedged item affects profit or loss, any gain or loss previously recognised in other comprehensive income is transferred from equity to profit or loss and presented as a reclassification adjustment within other comprehensive income. However, if the hedged item is the cost of a non-financial asset or liability, the gains and losses previously recognised in other comprehensive income are included in the initial measurement of the hedged item.

If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover (as part of the hedging strategy), or if its designation as a hedge is revoked, or when the hedge no longer meets the criteria for hedge accounting or hedge accounting is discontinued, any cumulative gain or loss previously recognised in other comprehensive income remains separately in equity until the forecast transaction occurs. However, if the forecast transaction is no longer expected to occur, the cumulated gain or loss in equity is transferred to profit or loss.

1. Summary of significant accounting policies (cont'd)

(v) 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 Transport for NSW 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 net result for the period.

When an available for sale financial asset is impaired, the amount of the cumulative loss is removed from equity and recognised in the net result for the period, based on the difference between the acquisition cost (net of any principal repayment and amortisation) and current fair value, less any impairment loss previously recognised in the net result for the period.

Any reversals of impairment losses are reversed through the net result for the period, where there is objective evidence, except reversals of impairment losses on an investment in an equity instrument classified as available - for - sale must be made through the reserve. 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.

(w) Derecognition of financial assets and financial liabilities

A financial asset is derecognised when the contractual rights to the cash flows from the financial assets expire; or if Transport for NSW transfers the financial assets:

- where substantially all the risks and rewards have been transferred; or
- where Transport for NSW has not transferred substantially all the risks and rewards, if the reporting entity has not retained control.

Where Transport for NSW has neither transferred nor retained substantially all the risk and rewards or transferred control, the asset is recognised to the extent of Transport for NSW's continuing involvement in the asset.

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

(x) Non-current assets (or disposal groups) held for sale

Certain non-current assets (or disposal groups) are classified as held for sale, where their carrying amount will be recovered principally through a sale transaction, not through continuing use.

Non-current assets (or disposal groups) held for sale are recognised at the lower of carrying amount and fair value less costs to sell, in accordance with AASB 5 *Non-Current Assets held for Sale and Discontinued Operations*. These assets are not depreciated while they are classified as held for sale.

1. Summary of significant accounting policies (cont'd)

(y) Liabilities

(i) Payables

These amounts represent liabilities for goods and services provided to Transport for NSW and other amounts. Payables are recognised initially at fair value, usually based on the transaction cost. 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 not held for trading or designated at fair value through profit or loss. Borrowings are initially measured at the fair value of the consideration received and are recognised at amortised cost using the effective interest rate method. Gains or losses are recognised in the net result for the year on de-recognition.

The finance lease liability is determined in accordance with AASB 117 *Leases*.

Borrowings are removed from the Statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid is recognised in profit or loss as other income or finance costs.

Borrowings are classified as current liabilities unless the reporting entity has an unconditional right to deter settlement of the liability for at least 12 months after the reporting date.

(iii) Other provisions

Other provisions exist when Transport for NSW 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 Transport for NSW has a detailed formal plan and it has raised a valid expectation in those affected by 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 rate that reflects the current market assessments of the time value of money and risk specific to the liability.

1. Summary of significant accounting policies (cont'd)

(z) Fair value hierarchy

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability or in the absence of a principal market, in the most advantageous market for the asset or liability.

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

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

Transport for NSW recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Refer to note 15 and note 27 for further disclosures regarding fair value measurements of financial and non-financial assets.

(aa) Equity and reserves

(i) Asset revaluation reserve

The asset revaluation surplus is used to record increments and decrements on the revaluation of non-current assets. This accords with Transport for NSW's policy on the revaluation of property, plant and equipment as discussed in note 1(o)(iii).

(ii) Hedge reserve

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income and is accumulated in the hedge reserve. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss, and is included in the 'other gains and losses' line item. Amounts previously recognised in other comprehensive income and accumulated in equity are reclassified to profit or loss in the periods when the hedged item is recognised in profit or loss, in the same line as the recognised hedged item.

(iii) Accumulated funds

The category "Accumulated funds" includes all current and prior period retained funds.

1. Summary of significant accounting policies (cont'd)

(aa) Equity and reserves (cont'd)

(iv) Equity transfers

Equity transfers represent the transfer of net assets / liabilities between agencies as a result of an administrative restructure, transfers of programs / functions and parts thereof between NSW public sector agencies and "equity appropriations". These equity transfers are designated or required by Accounting Standards to be treated as contributions by owners and recognised as an adjustment to "Accumulated funds". This treatment is consistent with NSW Treasury Policy and Guidelines Paper Accounting Policy: *Contribution by owners made to wholly-owned public sector entities* (TPP 09-03), AASB 1004 *Contributions* and Australian Interpretation 1038 *Contributions by Owners made to Wholly-owned Public Sector Entities*.

Transfers arising from an administrative restructure involving not-for-profit and for-profit government entities are recognised at the amount at which the assets and liabilities were recognised by the transferor immediately prior to the restructure. Subject to below, in most instances this will approximate fair value.

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

(bb) Comparative information

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

(cc) Service groups costing

Service Groups costs comprise direct costs and indirect costs. Direct and indirect costs include personnel related expenses, depreciation and amortisation, grants and subsidies, finance charges and operating expenses. Direct costs relate to those activities that contribute specifically to the service delivery of one of the Service Groups. Indirect costs relate to those general activities that benefit all Service Groups. Indirect costs are allocated across the three service groups on a pro-rata basis having regard to the direct allocations to each service groups with this method considered to be both systematic and rational and is applied consistently to all costs having similar characteristics.

Assets and liabilities that could be attributed to one of the service groups were allocated to that service group. The other assets and liabilities are allocated across the three service groups on a pro-rata basis having regard to the direct allocations to each service groups with this method considered to be both systematic and rational and is applied consistently to all assets and liabilities having similar characteristics.

1. Summary of significant accounting policies (cont'd)

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

(i) Effective for the first time in 2016-17

The accounting policies applied in 2016-17 are consistent with those of the previous financial year with the exception of AASB 2015-6 *Amendments to Australian Accounting Standards – Extending Related Party Disclosures to Not-for-Profit Public Sector Entities*. The amending pronouncement extends the scope of *AASB 124 Related Party Disclosures* to include not-for-profit public sector entities. The first time adoption of AASB 124 resulted in additional disclosures in the notes to the financial statements.

(ii) Issued but not yet effective

Australian Accounting Standards and Interpretations that have been issued or revised but are not yet effective have not been early adopted in accordance with Treasury mandated policy.

AASB 16 *Leases* will apply to annual reporting periods beginning on or after 1 January 2019. The standard introduces a new approach to lease accounting that requires a lessee to recognise assets and liabilities for the rights and obligations created by leases. Transport for NSW is yet to undertake a detailed assessment of the impact of AASB 16 however we believe that the application of this standard will likely have a significant transitional impact as a result of operating leases, except short term and low value, brought on balance sheet.

AASB 15 *Revenue from Contracts with Customers*, including the amendments AASB 2014-5, AASB 2016-3, AASB 2016-7 and AASB 2016-8 has application from annual reporting periods on or after 1 January 2019. We believe this standard will impact on the timing of recognition of certain revenue given the core principle of the new standard requires revenue to be recognised when the goods or services are transferred to the customer at the transaction price (as opposed to stage of completion of the transaction). The model features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognised.

AASB 1058 *Income of Not-for-profit Entities* and AASB 2016-8 *Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not-for-Profit Entities* has application from annual reporting periods on or after 1 January 2019. The introduction of AASB 1058 results in the amendment of AASB 1004 *Contributions* with many of its requirements being revised and relocated to AASB 1058. Transport for NSW is yet to undertake a detailed assessment of the impact of AASB 1058, however, we believe the initial adoption may defer the recognition of income in some circumstances.

1. Summary of significant accounting policies (cont'd)

(dd) Changes in accounting policy, including new or revised Australian Accounting Standards (cont'd)

(ii) Issued but not yet effective (cont'd)

The impact of the following standards in the period of initial application is not expected be significant.

Standard	**Applicable to annual reporting periods beginning on or after**
AASB 9 Financial Instruments	1 January 2018
AASB 2016-1 Amendments to Australian Accounting Standards – Recognition of Deferred Tax Assets for Unrealised Losses	1 January 2017
AASB 2016-2 Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 107	1 January 2017
AASB 2016-4 Amendments to Australian Accounting Standards – Recoverable Amount of Non-Cash-Generating Specialised Assets of Not-for-Profit Entities	1 January 2017
AASB 2016-5 Amendments to Australian Accounting Standards – Classification and Measurement of Share-based Payment Transactions	1 January 2018
AASB 2016-6 Amendments to Australian Accounting Standards – Applying AASB 9 with AASB 4 Insurance Contracts	1 January 2018
AASB 2017-1 Amendments to Australian Accounting Standards – Transfer of investment Property, Annual Improvements 2014-2016 Cycle and Other Amendments	1 January 2019
AASB 2017-2 Amendments to Australian Accounting Standards – Further Annual Improvements 2014-2016 Cycle	1 January 2017
Interpretation 22 Foreign Currency Transactions and Advance Consideration	1 January 2019

2. Expenses excluding losses

(a) Personnel service expenses

	2017 $'000	2016 $'000
Salaries and wages (including annual leave)	343,451	317,046
Superannuation - defined benefit plans	4,285	6,967
Superannuation - defined contribution plans	27,731	26,271
Long service leave	7,155	24,600
Workers' compensation insurance	344	297
Payroll tax and fringe benefits tax	21,156	21,571
Redundancy payments	14,170	13,633
Other	894	873
Skilled hire contractors	83,850	65,202
Personnel service expenses	**503,036**	**476,460**

In addition to the above, $249.8 million (2016: $108.8 million) has been included in major rail project expenses, non-cash grant expenses and capitalised in intangible assets.

(b) Other operating expenses

	2017 $'000	2016 $'000
Auditor's remuneration - audit of financial statements	660	507
Advertising and marketing	41,851	34,197
Telecommunications	49,811	21,762
Consultants	5,277	10,296
Electricity, gas and water	2,893	2,138
Fleet hire and leasing charges including access fees	2,519	2,025
General expenses	28,823	21,250
Information technology	105,902	38,013
Insurance	1,560	1,493
Legal services	3,450	3,556
Office expenses	16,641	14,191
Professional service contractors	358,805	310,717
Property rent and other related expenses	50,326	23,695
Security costs	1,495	1,102
Travel expenses	3,533	2,070
Other operating expenses	**673,546**	**487,012**

2. Expenses excluding losses (cont'd)

(c) Major rail project expenses

	2017 $'000	2016 $'000
Personnel related expenses	87,215	83,927
Skill hire contractors	62,495	62,260
Professional service contractors	919,385	1,371,806
Property acquisition	8,128	5,862
Insurance	-	30,558
Legal services	11,546	8,177
Rent and other related expenses	10,767	11,281
Information technology and telecommunication expenses	5,945	6,076
Consultants	-	334
Other	18,590	16,803
Major rail project expenses	**1,124,071**	**1,597,084**

Transport for NSW manages the design and construction of major rail projects on behalf of RailCorp. From 1 July 2015, RailCorp receives a direct equity injection from the Crown to fund its contract activities with Transport for NSW. Under this new funding arrangement, RailCorp reimburses Transport for NSW for construction costs incurred on a monthly basis. These expenses are recovered through major rail project revenue (note 3(g)).

Gross amount due from/(to) RailCorp and billing to date are as follows:

Costs incurred	(1,124,071)	(1,597,084)
Billings to date	1,124,071	1,597,084
Gross amount due from RailCorp	**-**	**-**

(d) Maintenance

	2017 $'000	2016 $'000
Maintenance - general	36,306	10,028
Maintenance - rail infrastructure system	84,521	99,201
Maintenance	**120,827**	**109,229**

There is no maintenance costs included in personnel related expenses.

2. Expenses excluding losses (cont'd)

(e) Depreciation and amortisation

	Notes	2017 $'000	2016 $'000
Infrastructure systems			
Rail systems		130,149	95,935
Buildings			
Buildings		7,643	5,399
Plant and equipment			
Rolling stock		1,092	6,686
Plant and equipment		56,675	42,055
Finance leased buses		107,994	87,437
Depreciation	12	**303,553**	**237,512**
Computer systems		62,831	39,184
Amortisation	13	**62,831**	**39,184**
Depreciation and amortisation		**366,384**	**276,696**

(f) Grants and subsidies

	2017 $'000	2016 $'000
Taxi Transport Subsidy Scheme	37,416	28,976
Community transport groups	79,187	78,386
Private Vehicle Conveyance	18,453	21,020
Carparks and interchanges	8,516	8,552
Grants to councils - maintenance of transport infrastructure	10,013	5,150
National transport regulators	12,686	13,631
Road safety grant to NSW Police	29,051	26,528
Rail services and capital works	2,047,996	1,868,922
Roads and Maritime services & capital works	5,548,194	5,759,978
Ferry services and capital works	37,993	13,750
Point to point assistance package[1]	92,380	-
Others	20,862	30,388
Other transport operators	13,516	15,217
Grants and subsidies	**7,956,263**	**7,870,498**

[1] Point to Point assistance started to be provided to taxi licence holders during the current year following the NSW Government's reforms to the taxi and hire car industries.

(g) Finance costs

	2017 $'000	2016 $'000
Finance lease interest charges	78,475	70,748
Interest expenses on NSW TCorp borrowings	15,206	17,110
Finance costs	**93,681**	**87,858**

2. Expenses excluding losses (cont'd)

(h) Other expenses

	2017 $'000	2016 $'000
Bus contract payments - metropolitan and outer metro bus operators	785,419	780,154
Major events - hire of bus and rail services	9,363	7,616
Ferry contract payments	68,435	80,826
Light rail contract payments	33,315	30,775
Bus contract payments - rural and regional bus operators	384,881	389,626
Nightride bus services	9,112	8,831
Other expenses	**1,290,525**	**1,297,828**

3. Revenue

(a) Appropriation

	2017 $'000	2016 $'000
Recurrent appropriation	9,101,016	9,283,712
Capital appropriation	1,987,635	784,134
Appropriation (per Statement of comprehensive income)	**11,088,651**	**10,067,846**

(b) Sale of goods and services

	2017 $'000	2016 $'000
Light rail fare box revenue	11,275	10,558
Fees for personnel and other services	32,182	17,906
Other	15,399	10,204
Major events revenue	6,065	4,987
Training	4,016	4,093
Recoupment of project costs	247,150	151,115
Access fees	11,948	12,646
Sale of goods and services	**328,035**	**211,509**

(c) Investment revenue

	2017 $'000	2016 $'000
Rents	3,093	3,809
Interest income from financial assets not at fair value through profit or loss	6,410	6,557
Investment revenue	**9,503**	**10,366**

(d) Shared and corporate services revenue

	2017 $'000	2016 $'000
Shared and corporate services revenue	230,933	214,852
Shared and corporate services revenue	**230,933**	**214,852**

Shared and corporate services revenue comprises fees charged by the entity for the provision of shared and other corporate services to other transport entities.

3. Revenue (cont'd)

(e) Retained taxes, fees and fines

	2017 $'000	2016 $'000
Taxi operators accreditation renewal fees	-	1,435
Retained taxes, fees and fines	**-**	**1,435**

(f) Grants and contributions

	2017 $'000	2016 $'000
Department of Family and Community Services[1]	71,530	67,003
Developer contributions	7,063	-
Crown Entity[2]	2,539,282	1,130,757
Grants and contributions	**2,617,875**	**1,197,760**

[1] Transport for NSW received grants of $71.5 million (2016: $67.0 million) from the Department of Family and Community Services for the Community Transport Program funding scheme.

[2] Transport for NSW received grants from the Crown Entity of $64.7 million (2016: $33.9 million) to fund redundancy grants in the Transport cluster, $616.5 million (2016: $397.9 million) for RMS capital works, $1,734.5 million (2016: $699.0 million) for Sydney Metro City and Southwest project funded by Restart NSW, $25.4 million (2016: nil) for Northern Beaches B-line project and $98.2 million (2016: nil) for Parramatta Light Rail project.

(g) Major rail project revenue

	Notes	2017 $'000	2016 $'000
Major rail project revenue	2(c)	1,124,071	1,597,084
Major rail project revenue		**1,124,071**	**1,597,084**

(h) Resources received free of charge

Resources received free of charge represents acceptance by the Crown Entity of employee benefits and other liabilities.

	2017 $'000	2016 $'000
Personnel services - superannuation - defined benefit	4,646	6,981
Personnel services - long service leave	7,452	24,707
Personnel services - payroll tax	255	280
Resources received free of charge	**12,353**	**31,968**

4. Gain/(loss) on disposal

	Notes	2017 $'000	2016 $'000
Proceeds from asset sale		2,068	785
Written down value of property, plant and equipment disposed	12	(5,275)	(15,110)
Written down value of intangibles disposed	13	-	(9)
Gain/(loss) on disposal of non-current assets held for sale		463	15,956
Gain/(loss) on disposal		**(2,744)**	**1,622**

5. Other gains/(losses)

	2017 $'000	2016 $'000
Revaluation increment/(decrement)	(168,031)	-
Impairment of finance leased buses	-	(178,550)
Allowance for impairment of receivables	22	(81)
Impairment of inventory	-	(1,185)
Impairment of right to receive inventory	-	(119)
Other gains/(losses)	**(168,009)**	**(179,935)**

6. Service groups of Transport for NSW

Transport for NSW has three service groups namely:

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

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

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

7. Cash and cash equivalents

	2017 $'000	2016 $'000
Cash at bank and on hand	754,685	1,004,470
Cash and cash equivalents	**754,685**	**1,004,470**

Cash and cash equivalents comprises of cash at bank held predominantly through the Treasury Banking System (TBS). $183.8 million (2016: $200.7 million) of Opal fare box revenue to be paid to service operators and Opal cardholder balances comprise of accounts held through the TBS and outside of the TBS and in the case of term deposits of less than 90 days, TCorp. Cash and cash equivalents outside of the TBS are held with well rated major Australian banks.

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

	2017 $'000	2016 $'000
Cash and cash equivalents (per Statement of financial position)	754,685	1,004,470
Cash and cash equivalents (per Statement of cash flows)	**754,685**	**1,004,470**

Refer note 27 for details regarding credit risk, liquidity risk and market risk arising from financial instruments.

Cash and cash equivalent assets do not include funds held in trust for compulsory land acquisition compensation payable under the Land Acquisition (Just Terms Compensation) Act 1911 $24.1 million (2016: nil).

Restricted cash and cash equivalents

Cash and cash equivalent assets include restricted cash of $137.1 million (2016: $149.4 million), of which $126.3 million (2016: $136.9 million) has been quarantined specifically in relation to the Parking Space Levy (PSL), $10.7 million (2016: $5.4 million) for Community Transport Groups and $0.1 million (2016: $7.1 million) for the Railway Contribution Deed.

PSL funds can only be used for the purposes outlined in Section 11(3) of the *Parking Space Levy Act* and therefore are not available to fund the ongoing operations of Transport for NSW.

The Transport component of the Home and Community Care program is jointly funded by the NSW and Commonwealth governments. The program provides funding for the delivery of services to assist frail aged and younger people with disabilities, and their carers. These funds are required to be quarantined for specific use as defined by the terms and conditions for Home and Community Care Funding, including for the provisions of transport services by Community Transport Groups.

The Community Road Safety Fund legislation, which came into effect on 1 May 2013, requires that all money raised from speed camera offences is to be spent on road safety. At balance date there was no surplus fund to be quarantined (2016: nil).

Developer contributions collected under the Railway Contribution Deed in relation to the North Sydney station upgrade are only permitted to be spent on related project costs.

8. Receivables

	2017 $'000	2016 $'000
Sale of goods and services	70,456	25,356
Goods and Services Tax recoverable	160,341	112,332
Prepayments	93,223	22,710
Income receivable	88,077	73,124
Other receivables	76,586	3,319
Investment income receivable	1,672	2,861
	490,355	**239,702**
Less: Allowance for impairment	(66)	(88)
Current receivables	**490,289**	**239,614**
Movement in allowance for impairment		
Balance at 1 July	(88)	(7)
Increase in allowance recognised in net result	(352)	(81)
Amounts recovered during the year	374	-
Balance at 30 June	**(66)**	**(88)**

Details regarding credit risk, liquidity risk and market risk, including financial assets that are either past due or impaired, are disclosed in note 27.

9. Financial assets at fair value

	2017 $'000	2016 $'000
Financial assets held for trading		
Derivatives	20	50
Current financial assets at fair value	**20**	**50**
Financial assets held for trading		
Derivatives	21	22
Non-current financial assets at fair value	**21**	**22**

10. Non-current assets held for sale

	2017 $'000	2016 $'000
Land and buildings held for sale	-	10,093
Non-current assets held for sale	**-**	**10,093**

Non-current assets held for sale in the prior year comprise land and buildings transferred from Transport Construction Authority and Sydney Metro as part of administrative restructures in 2011-12. Assets that were not required for any future transport infrastructure projects have been sold. In the current year, land assets previously designated as held for sale have been withdrawn from the market and accordingly transferred back to assets under construction as they will now be used for a future infrastructure project.

11. Other financial assets

	2017 $'000	2016 $'000
Term deposits	85,000	-
Current other financial assets	**85,000**	**-**
Interest free advances to taxi operators[1]	929	475
Non-current other financial assets	**929**	**475**

[1] Interest free advances to taxi operators:
Transport for NSW provides repayable interest-free advances to assist taxi operators (in rural and regional NSW) to make their taxis wheel-chair accessible. Transport for NSW holds bills of sale as security for these advances and has recorded its financial interests in the vehicles in the Register of Encumbered vehicles.

Refer to note 27 for further information regarding credit risk, liquidity risk, and market risk arising from financial instruments.

12. Property, plant and equipment

	Land and Building			Infrastructure systems			Plant and equipment					
	Land and buildings	Assets under construction	Total	Rail systems	Assets under construction	Total	Plant and equipment	Finance leased buses*	Rolling stock	Assets under construction	Total	Total Property, plant and equipment
	$ '000	$ '000	$ '000	$ '000	$ '000	$ '000	$ '000	$ '000	$ '000	$ '000	$ '000	$ '000
At 30 June 2017												
At cost - Gross carrying amount	-	52,762	52,762	-	3,497,785	3,497,785	-	-	-	44,429	44,429	3,594,976
Accumulated depreciation and impairment	-	-	-	-	-	-	-	-	-	-	-	-
At fair value - Gross carrying amount	285,773	-	285,773	14,086,482	-	14,086,482	563,083	1,736,589	40,200	-	2,339,872	16,712,127
Accumulated depreciation and impairment	(22,818)	-	(22,818)	(7,249,214)	-	(7,249,214)	(112,666)	(854,124)	(9,316)	-	(976,106)	(8,248,138)
Net carrying amount	**262,955**	**52,762**	**315,717**	**6,837,268**	**3,497,785**	**10,335,053**	**450,417**	**882,465**	**30,884**	**44,429**	**1,408,195**	**12,058,965**
At 30 June 2016												
At cost - Gross carrying amount	-	19,092	19,092	-	1,275,548	1,275,548	-	1,516,775	-	27,146	1,543,921	2,838,561
Accumulated depreciation and impairment	-	-	-	-	-	-	-	(485,403)	-	-	(485,403)	(485,403)
At fair value - Gross carrying amount	277,699	-	277,699	2,599,366	-	2,599,366	449,024	-	29,176	-	478,200	3,355,265
Accumulated depreciation and impairment	(14,319)	-	(14,319)	(669,521)	-	(669,521)	(62,130)	-	(2,015)	-	(64,145)	(747,985)
Net carrying amount	**263,380**	**19,092**	**282,472**	**1,929,845**	**1,275,548**	**3,205,393**	**386,894**	**1,031,372**	**27,161**	**27,146**	**1,472,573**	**4,960,438**

In 2015 Transport for NSW entered into a Public Private Partnership (PPP) with Northwest Rapid Transit for the construction of the Sydney Metro Northwest (SMN), formerly the North West Rail Link (NWRL). The SMN project includes improvement to the Epping to Chatswood Rail Link (ECRL), extending from Chatswood to the North Western suburbs of Sydney. The ECRL improvement assets are brought to account as the costs incurred under the PPP in line with NSW Treasury Policy TPP06-8. The ECRL is a component of SMN assets. The PPP will operate until 2034.

*As disclosed in note 1(o)(ix), from 31 March 2017 Transport for NSW changed its accounting policy for the measurement of leased buses from historical cost to fair value. For further details refer to note 15(e).

12. Property, plant and equipment (cont'd)

Reconciliation

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:

Reconciliation		Land and buildings			Infrastructure systems			Plant and equipment					
	Notes	Land and buildings $ '000	Assets under construction $ '000	Total $ '000	Rail systems $ '000	Assets under construction $ '000	Total $ '000	Plant and equipment $ '000	Finance leased buses $ '000	Rolling stock $ '000	Assets under construction $ '000	Total $ '000	Total property, plant and equipment $ '000
Net carrying amount at start of year		263,380	19,092	282,472	1,929,845	1,275,548	3,205,393	386,894	1,031,372	27,161	27,146	1,472,573	4,960,438
Restatement of infrastructure assets	26	-	-	-	4,258,671	-	4,258,671	-	-	-	-	-	4,258,671
Restated net carrying amount at start of year		263,380	19,092	282,472	6,188,516	1,275,548	7,464,064	386,894	1,031,372	27,161	27,146	1,472,573	9,219,109
Transfers to other Transport agencies		-	-	-	-	(88,132)	(88,132)	-	-	-	-	-	(88,132)
Additions		2,774	21,026	23,800	-	2,465,934	2,465,934	-	127,118	-	53,599	180,717	2,670,451
Disposals	4	(436)	-	(436)	-	(4,839)	(4,839)	-	-	-	-	-	(5,275)
Reclassification between property, plant and equipment classes		3,976	(3,976)	-	99,998	(136,623)	(36,625)	71,587	-	-	(34,962)	36,625	-
Increase/(decrease) in net assets from equity transfers	24	(120)	7,000	6,880	-	(1,087)	(1,087)	-	-	-	-	-	5,793
Reclassifications (to)/from intangible assets	13	1,024	-	1,024	-	(5,962)	(5,962)	48,611	-	-	(1,354)	47,257	42,319
Assets transferred (to)/from non-current assets held for sale		-	9,620	9,620	-	-	-	-	-	-	-	-	9,620
Transfer of assets under construction to local councils		-	-	-	-	(7,054)	(7,054)	-	-	-	-	-	(7,054)
Revaluation increment/decrement through P/L	5	-	-	-	-	-	-	-	(168,031)	-	-	(168,031)	(168,031)
Depreciation expense	2(e)	(7,643)	-	(7,643)	(130,149)	-	(130,149)	(56,675)	(107,994)	(1,092)	-	(165,761)	(303,553)
Net revaluation increments less revaluation decrements		-	-	-	678,903	-	678,903	-	-	4,815	-	4,815	683,718
Net carrying amount at 30 June 2017		**262,955**	**52,762**	**315,717**	**6,837,268**	**3,497,785**	**10,335,053**	**450,417**	**882,465**	**30,884**	**44,429**	**1,408,195**	**12,058,965**

Further details regarding the fair value measurement of property, plant and equipment are disclosed in note 15.

12. Property, plant and equipment (cont'd)

Reconciliation

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

Reconciliation		Land and buildings			Infrastructure systems			Plant and equipment					
	Notes	Land and buildings $ '000	Assets under construction $ '000	Total $ '000	Rail systems $ '000	Assets under construction $ '000	Total $ '000	Plant and equipment $ '000	Finance leased buses $ '000	Rolling stock $ '000	Assets under construction $ '000	Total $ '000	Total property, plant and equipment $ '000
Net carrying amount at start of year		311,481	280,440	591,921	1,861,032	592,046	2,453,078	135,812	1,029,889	33,303	-	1,199,004	4,244,003
Additions		2,074	1,044	3,118	-	1,111,768	1,111,768	-	267,470	-	27,146	294,616	1,409,502
Disposals	4	-	-	-	-	(14,579)	(14,579)	(531)	-	-	-	(531)	(15,110)
Reclassification between property, plant and equipment classes		-	-	-	82,696	(85,850)	(3,154)	2,610	-	544	-	3,154	-
Increase/(decrease) in net assets from equity transfers	24	(44,776)	(261,448)	(306,224)	-	86,795	86,795	-	-	-	-	-	(219,429)
Reclassifications (to)/from intangible assets	13	-	-	-	-	(13,920)	(13,920)	291,058	-	-	-	291,058	277,138
Reclassifications (to)/from other assets		-	-	-	-	(338,002)	(338,002)	-	-	-	-	-	(338,002)
Transfers (to)/from local councils		-	(944)	(944)	-	(4,340)	(4,340)	-	-	-	-	-	(5,284)
Impairment losses	5	-	-	-	-	-	-	-	(178,550)	-	-	(178,550)	(178,550)
Depreciation expense	2(e)	(5,399)	-	(5,399)	(95,935)	-	(95,935)	(42,055)	(87,437)	(6,686)	-	(136,178)	(237,512)
Net revaluation increments less revaluation decrements		-	-	-	82,052	-	82,052	-	-	-	-	-	82,052
Transfers (to)/from other transport entities		-	-	-	-	(58,370)	(58,370)	-	-	-	-	-	(58,370)
Net carrying amount at 30 June 2016		**263,380**	**19,092**	**282,472**	**1,929,845**	**1,275,548**	**3,205,393**	**386,894**	**1,031,372**	**27,161**	**27,146**	**1,472,573**	**4,960,438**

In 2016, Transport for NSW entered into new rural and regional bus services contracts with a number of bus operators, which include capital payments for new and existing buses. All contracts funding new buses are deemed as finance leased assets, as well as for certain existing buses. This resulted in $198.6 million of additional finance leased buses and finance lease liabilities (note 17) being recognised.

13. Intangible assets

	Notes	2017 $'000	2016 $'000
Computer systems - cost (gross carrying amount)		977,797	740,242
Computer systems - accumulated amortisation and impairment		(118,994)	(45,932)
Intangible assets		**858,803**	**694,310**
Balance at 1 July		694,310	720,169
Additions		269,643	290,472
Disposals	4	-	(9)
Reclassification to property, plant and equipment	12	(42,319)	(277,138)
Amortisation	2(e)	(62,831)	(39,184)
Balance at 30 June		**858,803**	**694,310**

14. Other assets

	2017 $'000	2016 $'000
Prepaid asset - light rail	572,526	428,034
Prepaid asset - Sydney Metro Northwest	1,088,983	114,034
Other assets	**1,661,509**	**542,068**

Transport for NSW has entered into a PPP with ALTRAC Light Rail Consortium for the construction of the Sydney Light Rail and with Northwest Rapid Transit for the construction of the Sydney Metro Northwest. The costs incurred prior to completion of the construction phase are recognised as a prepaid asset in accordance with NSW Treasury Policy TPP 06-8. Both construction phases are expected to be completed by 2019.

15. Fair value measurement of non-financial assets

(a) Fair value hierarchy

Fair value measurements recognised in the balance sheet are categorised into the following levels at 30 June 2017.

	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total fair value $'000
Property, plant and equipment				
Land and buildings	-	-	258,535	258,535
Land and buildings	**-**	**-**	**258,535**	**258,535**
Plant and equipment	-	-	147	147
Finance leased buses	-	-	882,465	882,465
Rolling stock	-	-	30,884	30,884
Plant and equipment	**-**	**-**	**913,496**	**913,496**
Rail systems	-	-	6,837,268	6,837,268
Infrastructure systems	**-**	**-**	**6,837,268**	**6,837,268**
	-	**-**	**8,009,299**	**8,009,299**

The above property, plant and equipment exclude assets measured at depreciated replacement cost as a surrogate for fair value.

Fair value measurements recognised in the balance sheet are categorised into the following levels at 30 June 2016.

	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total fair value $'000
Property, plant and equipment				
Land and buildings	-	-	259,502	259,502
Land and buildings	**-**	**-**	**259,502**	**259,502**
Plant and equipment	-	-	209	209
Rolling stock	-	-	27,161	27,161
Plant and equipment	**-**	**-**	**27,370**	**27,370**
Rail systems	-	-	1,929,845	1,929,845
Infrastructure systems	**-**	**-**	**1,929,845**	**1,929,845**
Non-current assets held for sale	**-**	**-**	**10,093**	**10,093**
	-	**-**	**2,226,810**	**2,226,810**

15. Fair value measurement of non-financial assets (cont'd)

(b) Valuation process

Transport for NSW obtains independent valuations for its land and buildings assets at least every 3 years and for its other non-financial assets at least every 5 years.

Transport for NSW engages external professionally qualified valuers to determine the fair value of the entity's non-financial assets. A comprehensive valuation of land and buildings (including land and building under construction) were conducted by Preston Rowe Paterson NSW Pty Ltd for 30 June 2015. A comprehensive valuation of the country regional network infrastructure assets was conducted by E3 Advisory for 31 March 2017. A comprehensive valuation of the finance leased buses was conducted by RHAS for 31 March 2017. A comprehensive valuation of the Inner West Light Rail assets was performed in 2014. Pitcher Partners was engaged to conduct an interim valuation for these assets at 31 March 2017 using indexation. Majority of plant and equipment are measured using depreciated historical cost as an approximation of fair value and do not require fair value hierarchy disclosure.

(c) Valuation techniques and input

At the end of each reporting period, Transport for NSW updates its assessment of the fair value of each category of non-financial asset, taking into account the most recent independent valuation. The best evidence of fair value is current prices in an active market for similar assets. Where such information is not available, Transport for NSW considers information from a variety of other sources and uses specific valuation techniques including:

- current prices in an active market for assets of a similar nature or recent prices of similar assets in less active markets, adjusted to reflect those differences;
- depreciated replacement cost where the selling price is not available, with reference to most appropriate modern, depreciated equivalent replacement asset that provides similar economic benefits;
- construction costs incurred by the entity;
- indexation of rates used in previous valuation assessments, including review of the rates against current market conditions;
- discounted cash flow projections based on estimates of future cash flows.

These valuation techniques maximise the use of observable inputs where available and rely as little as possible on entity or asset specific estimates. The level in the fair value hierarchy is determined on the basis of the lowest level input that is significant to the measurement in its entirety. If significant inputs required to measure fair value of an asset are observable, the asset is included in level 2 of the fair value hierarchy. If one or more of the significant inputs is not based on observable market data, the asset is included in level 3 of the fair value hierarchy. All resulting fair value estimates for non-financial assets are included in level 3.

There were no changes to the valuation techniques used during the year.

15. Fair value measurement of non-financial assets (cont'd)

(c) Valuation techniques and input (cont'd)

The main inputs used for level 3 fair value measurements are as follows:

- **Land and building** – acquisition cost, sale prices for comparable properties, land size are determined by the external valuer and/or management, based on the most comparable sales evidence applicable for each property, adjusted for the specific attributes of the property being revalued, such as location, land use and landing values applying in the locality. Construction costs incurred and expected useful life of the assets are determined and reviewed by management in accordance with applicable Australian Accounting Standards.
- **Plant and equipment** – replacement cost for modern equivalent assets, expected useful life and remaining life of the assets are estimated and reviewed by management, based on inputs principally obtained from the manufacturer of the assets.
- **Country rail infrastructure assets** – replacement cost for modern equivalent assets, unit of measure for each asset, appropriate indexation factors, expected useful life and remaining life of the assets are estimated by the external valuer and/or management based on recently completed transactions, projects, and current market rates where available, with allowances for demolition of the existing property, contractor's off-site overheads and margin, and the location factor.
- **Light rail infrastructure and rolling stock** – replacement costs for the Pyrmont Light Rail network assets, construction costs for the Inner West Light Rail extension network assets, length of the tracks, overhead power and stabling yards, number of stops/stations, economic working lives of the assets, expired and remaining economic life, depreciation methods, residual values, indexed historical costs and gross replacements costs were estimated by the external valuer and/or management taking into consideration the physical age of the assets, their physical condition, repair and maintenance records, allowance for obsolescence, residual value at the end of the asset's economic life, and construction project budget/forecast.
- **Non-current Asset held for sale** – rate per square meter of gross floor area, land size, estimated sale costs, valuation decline factor, market trading value per gaming machine entitlements and permits, and development costs incurred are determined by the external valuer and/or management, based on the most comparable sales evidence applicable for each parcel of land adjusted for specific factor attributable to the asset and market condition.
- **Leasehold improvement make good** – restoration costs on the leased property estimated on the rate per square metre basis were discounted, adjusted for inflation and depreciated over the remaining lease period.
- **Finance leased buses** – Optimised Replacement Cost (ORC) is the minimum that it would cost, in the normal course of business, to replace the existing asset with a technologically modern equivalent new asset with the same economic benefits, allowing for any differences in the quantity and quality of input and in operating costs. The ORC estimates are based on the most recent cost prices for the buses and current Transport for NSW Bus Procurement Panel pricing for Rural and Regional Urban and School bus types, as quoted by numerous chassis and bus providers.

There were no transfers between level 1, 2 and 3 for recurring and non-recurring fair value measurements during the year.

15. Fair value measurement of non-financial assets (cont'd)

(d) Valuation input and relationships to fair value

The following table summarises the quantitative information about the significant unobservable inputs used in level 3 fair value measurements for the non-current assets held for sale as at 30 June 2016.

Valuation Technique	Significant Unobservable Input	Range of Inputs (probability or weighted average)	Relationship between unobservable inputs and fair value measurement
Direct comparison and direct capitalisation approaches: these valuation methods involve comparing the subject asset to comparable sales in similar and surrounding locations on a rate per square metre of the gross floor area, and current market trading value on a price per gaming entitlements and permits basis, adjusted for key attributes such as location, size, demand, sales condition and market condition.	Rate per square metre of the gross floor area	$475 - $2,990 (2015: $475 – 2,990)	The higher the rate, the higher the fair value.
	Market value per block of gaming machine entitlements	$180,000 (2015: $180,000)	The higher the market value, the higher the fair value.
	Market value per poker machine permits	$130,000 (2015: $130,000)	The higher the market value, the higher the fair value.
	Valuation decline factor	5% (2015: 5%)	The higher the factor, the lower the fair value.
	Sales cost per property	$30,000 - $590,000 (2015: $30,000 - $590,000)	The higher the cost, the lower the fair value.

There were no significant inter-relations between unobservable inputs that would materially affect the overall valuation.

15. Fair value measurement of non-financial assets (cont'd)

(e) Reconciliation of level 3 fair value measurement

		Land and buildings $ '000	Plant and equipment $ '000	Finance leased buses $ '000	Rolling stock $ '000	Infrastructure systems $ '000	TOTAL $ '000
2017	Fair value at start of year	259,502	209	-	27,161	1,929,845	2,216,717
	Restatement of infrastructure assets	-	-	-	-	4,258,671	4,258,671
	Restated Fair value at start of year	259,502	209	-	27,161	6,188,516	6,475,388
	Reclassification of written down value of finance leased buses from cost to fair value at 31 March 2017	-	-	1,038,602	-	-	1,038,602
	Additions	2,774	-	39,474	-	-	42,248
	Revaluation increments/decrements recognised in net result	-	-	(168,031)	-	-	(168,031)
	Revaluation increments/decrements recognised in other comprehensive income	-	-	-	4,815	678,903	683,718
	Disposals	(436)	-	-	-	-	(436)
	Depreciation	(4,690)	(62)	(27,580)	(1,092)	(130,149)	(163,573)
	Equity transfer	(120)	-	-	-	-	(120)
	Transfer from assets under construction	1,505	-	-	-	99,998	101,503
	Fair value as at 30 June 2017	**258,535**	**147**	**882,465**	**30,884**	**6,837,268**	**8,009,299**

		Land and buildings $ '000	Land and building Assets under construction $ '000	Plant and equipment $ '000	Rolling stock $ '000	Infrastructure systems $ '000	TOTAL $ '000
2016	Fair value at start of year	306,176	262,392	289	33,303	1,861,032	2,463,192
	Additions	2,074	-	-	-	-	2,074
	Revaluation increments/decrements recognised in other comprehensive income	-	-	-	-	82,052	82,052
	Transfer (to)/from local councils	-	(944)	-	-	-	(944)
	Depreciation	(3,972)	-	(80)	(6,686)	(95,935)	(106,673)
	Decrease of net assets from equity transfer	(44,776)	(261,448)	-	-	-	(306,224)
	Transfer from other classes of property, plant and equipment	-	-	-	544	-	544
	Transfer from assets under construction	-	-	-	-	82,696	82,696
	Fair value as at 30 June 2016	**259,502**	**-**	**209**	**27,161**	**1,929,845**	**2,216,717**

16. Payables

	2017 $'000	2016 $'000
Trade creditors	333,076	120,272
Accrued expenses	1,122,911	1,076,828
Other creditors	4	7,912
Personnel service payables	89,546	98,015
Current payables	**1,545,537**	**1,303,027**

Details regarding credit risk, liquidity risk and market risk, including a maturity analysis of the above payables, are disclosed in note 27.

17. Borrowings

	2017 $'000	2016 $'000
TCorp borrowings	45,912	30,174
Finance leases	153,962	124,126
Current borrowings	**199,874**	**154,300**
TCorp borrowings	321,665	339,660
Finance leases	1,066,379	1,086,546
Non-current borrowings	**1,388,044**	**1,426,206**

Repayment of borrowings

	2017 $'000	2016 $'000
Not later than one year	199,874	154,300
Later than one year and not later than five years	817,432	766,625
Later than five years	570,612	659,581
Repayment of borrowings	**1,587,918**	**1,580,506**

18. Provisions

	2017 $'000	2016 $'000
Lease make good costs	4,035	1,509
Current provisions	**4,035**	**1,509**
Lease make good costs	7,871	7,627
Non-current provisions	**7,871**	**7,627**

Movement in lease make good provision

	Lease make good costs $'000	Total $'000
Carrying amount at the beginning of the financial year	9,136	9,136
Additional provision recognised	4,255	4,255
Amounts used	(167)	(167)
Unused amounts reversed	(1,309)	(1,309)
Unwinding / change in discount rate	(9)	(9)
Carrying amount at the end of the financial year	**11,906**	**11,906**

19. Other liabilities

	2017 $'000	2016 $'000
Liability to Consolidated Fund	46,767	-
Opal card holding accounts	145,612	98,610
Income received in advance	3,420	6,872
Current other liabilities	**195,799**	**105,482**
Security deposit	45	45
Epping to Chatswood Rail Link improvements liability	61,036	60,608
Contribution from Sydney City Council for light rail	115,300	68,200
Non-current other liabilities	**176,381**	**128,853**

20. Financial liabilities at fair value

	2017 $'000	2016 $'000
Derivative financial instruments	1,333	1,589
Current financial liabilities at fair value	**1,333**	**1,589**
Derivative financial instruments	204	528
Non-current financial liabilities at fair value	**204**	**528**

21. Reconciliation of cash flows from operating activities to net result

	2017 $'000	2016 $'000
Net cash inflows/(outflows) from operating activities	3,883,326	1,922,081
Depreciation and amortisation	(366,384)	(276,696)
Non-cash revenue and expenses	(89,196)	(63,654)
Derecognition, impairment and write off assets	-	(179,854)
Revaluation increment / (decrement) of assets	(168,031)	-
Net gain/(loss) on sale of assets held for sale	463	15,956
(Decrease)/increase in receivables, inventories and other assets	235,968	1,196
(Increase)/decrease in payables and provisions	(380,604)	(452,853)
Net gain/(loss) on sale of property, plant and equipment	(3,207)	(14,334)
Reconciliation to net result	**3,112,335**	**951,842**

22. Non-cash financing and investing activities

	Notes	2017 $'000	2016 $'000
Financial lease liabilities in respect of the acquisition of plant and equipment		(127,118)	(267,470)
Non-cash financing activities		**(127,118)**	**(267,470)**
Plant and equipment acquired by finance lease	12	127,118	267,470
Restatement of infrastructure assets		4,258,671	-
Recognition of ECRL improvements liability		428	41,667
Equity transfers	24	5,793	(219,106)
Non-cash investing activities		**4,392,010**	**90,031**
Non-cash financing and investing activities		**4,264,892**	**(177,439)**

23. Commitments for expenditure

	Notes	2017 $'000	2016 $'000
(a) Capital commitments			
Aggregate capital expenditure for the acquisition of property, plant and equipment contracted for at reporting date and not provided for:			
Not later than one year		1,696,754	1,190,411
Later than one year and not later than five years		3,203,650	1,034,114
Total (including GST)		**4,900,404**	**2,224,525**
(b) Operating lease commitments			
Future non-cancellable operating lease rentals not provided for and payable:			
Not later than one year		79,121	86,912
Later than one year and not later than five years		191,632	185,458
Later than five years		66,542	64,569
Total (including GST)		**337,295**	**336,939**
(c) Finance lease commitments			
Minimum lease payment commitments in relation to finance leases payable as follows:			
Not later than one year		250,633	190,060
Later than one year and not later than five years		831,249	728,805
Later than five years		636,950	685,036
Minimum lease payment		**1,718,832**	**1,603,901**
Less: future finance charges		(498,491)	(393,229)
Present value of minimum lease payments		**1,220,341**	**1,210,672**
The present value of finance lease commitments is as follows:			
Finance leased buses			
Not later than one year		153,962	124,126
Later than one year and not later than five years		542,259	513,166
Later than five years		524,120	573,380
Present value of finance lease commitments		**1,220,341**	**1,210,672**
Finance lease commitments classified as:			
Current Borrowings	17	153,962	124,126
Non-current Borrowings	17	1,066,379	1,086,546
		1,220,341	**1,210,672**

Input tax (GST) on all commitments estimated at $476.1 million (2016: $232.9 million) will be recouped from the Australian Taxation Office.

24. Equity transfers

	2017 $'000	2016 $'000
Land transferred from Sydney Harbour Foreshore Authority	-	323
Assets under construction transferred to RailCorp[1]	-	(306,931)
Land transferred from Department of Planning and Environment	7,000	-
Assets under construction transferred from RailCorp[2]	-	87,502
Assets under construction and land transferred to Property NSW	(1,207)	-
Equity transfers	**5,793**	**(219,106)**

[1] The Secretary directed Transport for NSW to transfer some assets under construction ($306.9 million) to RailCorp under *the Transport Administration Act 1988*, and it has been accounted for as an adjustment to equity effective 31 March 2016 in accordance with TPP 09-3 *'Contributions by owners made to wholly-owned Public Sector Entities*'.
[2] The Secretary directed RailCorp to transfer some assets under construction ($87.5 million) to Transport for NSW under *the Transport Administration Act 1988*, and it has been accounted for as an adjustment to equity effective 1 June 2016, in accordance with TPP 09-3 *'Contributions by owners made to wholly-owned Public Sector Entities'*.

25. Contingent liabilities and contingent assets

In the ordinary course of business, contract disputes have been notified to and by Transport for NSW in relation to its construction activities. As the outcomes of these disputes remain uncertain, it is unpredictable to estimate any potential financial effect from these disputes.

There were a number of property acquisitions and contract claims subject to litigation which management have assessed as totalling up to $2.9 million.

Apart from the compulsory property acquisition and contract disputes and the probable cost recovery mentioned above, Transport for NSW does not have any other contingent liability or contingent assets that would significantly impact on the state of affairs of Transport for NSW or have a material effect on these financial statements.

Transport for NSW provided a letter of comfort to the Office of Transport Safety Investigation (OTSI) to ensure the ongoing financial viability for a period of at least twelve months from the date when the 2016-17 audit report for OTSI is signed. Transport for NSW and NSW Treasury monitor the financial performance of OTSI on an ongoing basis as part of OTSI's reporting obligations to Government.

26. Restatement of infrastructure assets

In previous years, Transport for NSW has carried bored and excavated tunnels and earthworks including cuttings and embankments at nil value on the basis that the assets could not be reliably measured. In 2016-17, Transport for NSW has valued these assets using advances in technology, improved asset management systems, equipment and technical asset information. On balance, it now appears it may have been possible to reliably value these assets in a prior year. As a result, Transport for NSW has recorded an additional $29.9 million in tunnel boring assets and $4,228.8 million in earthworks to correct the value of infrastructure assets as at 1 July 2016 with an adjustment to equity. The nature of the inputs to the valuation makes it impractical to retrospectively restate previously reported balances.

27. Financial instruments

Transport for NSW's principal financial instruments are outlined below. These financial instruments are required to finance Transport for NSW's operations.

Transport for NSW does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

The operational activities of Transport for NSW expose it to a variety of financial risks: credit risk, liquidity risk and market risk including interest rate risk. The main risks arising from these financial instruments are outlined below together with Transport for NSW's objectives, policies and processes for measuring and managing risk.

Methods used to measure risk include sensitivity analysis in the case of interest rate, foreign exchange and other commodity price risks, and an ageing analysis for credit risk. Further quantitative and qualitative disclosures are included throughout these financial statements.

The Secretary has overall responsibility for the establishment and oversight of risk management and review, and determines policies for managing each of these risks. Risk management policies are established to identify and analyse the risks faced by the reporting entity, to set limits and to monitor risks. Compliance with these policies is subject to review by the internal audit.

(a) Financial instrument categories

	Note	Category	Carrying amount 2017 $'000	Carrying amount 2016 $'000
Financial assets				
Class:				
Cash and cash equivalents	7	N/A	754,685	1,004,470
Receivables[1]	8	Loans and receivables (at amortised cost)	236,725	104,572
Financial assets at fair value	9	Derivatives designated as hedging instruments (at fair value)	41	72
Other financial assets	11	Loans and receivables (at amortised cost)	85,929	475
			1,077,380	**1,109,589**
Financial liabilities				
Class:				
Payables[2]	16	Financial liabilities measured at amortised cost	1,545,537	1,303,020
Other Liabilities	19	Financial liabilities measured at amortised cost	368,715	227,418
Borrowings	17	Financial liabilities measured at amortised cost	1,587,918	1,580,506
Financial liabilities at fair value	20	Derivatives designated as hedging instruments (at fair value)	1,537	2,117
			3,503,707	**3,113,061**

During the year ended 30 June 2017, there were no defaults on any loans payable (2016: nil).

[1] Excludes statutory receivables and prepayments (i.e. not within scope of AASB 7).

[2] Excludes statutory payables and unearned revenue (i.e. not within scope of AASB 7).

27. Financial instruments (cont'd)

(b) Derivatives

Transport for NSW only uses derivatives for hedging purposes and not as trading or speculative instruments. Forward foreign exchange contracts are used to mitigate exchange rate exposure arising from firm commitments for the purchase of goods and services in foreign currency.

All forward currency contracts have been designated as hedging instruments in cash flow hedges in accordance with AASB 139 Financial Instruments. The gain or loss from remeasuring the hedging instruments at fair value is recognised in other comprehensive income and deferred in equity in the hedging reserve, to the extent that the hedge is effective. There was no hedge ineffectiveness in the current year.

Transport for NSW held nil (2016: $0.1 million) in derivative financial assets and $1.5 million (2016: $2.1 million) in derivative financial liabilities.

The following table indicates the periods in which the cash flow associated with cash flow hedges are expected to occur and the carrying amounts of the related hedging instruments.

				Expected Cash flow			
		Weighted average exchange rate	Contract value	No later than 3 months	Later than 3 months and no later than 12 months	Later than 12 months	Total
			$'000	$'000	$'000	$'000	$'000
2017	Denominated in Euros	0.6610	20,515	6,871	9,841	3,803	20,515
	Foreign exchange contracts	**-**	**20,515**	**6,871**	**9,841**	**3,803**	**20,515**
2016	Denominated in Euros	0.6546	31,264	12,999	5,458	12,807	31,264
	Foreign exchange contracts	**-**	**31,264**	**12,999**	**5,458**	**12,807**	**31,264**

Information about the exposure is provided: credit risk in note 27(c), foreign exchange risk in note 27(e), the methods and assumptions used in determining fair values of derivatives in note 27(f).

27. Financial instruments (cont'd)

(c) Credit risk

Credit risk arises where a debtor or counterparty does not complete their obligations, resulting in financial loss to Transport for NSW.

Credit risk can arise from financial assets of the reporting entity, including cash and cash equivalents, deposits with banks and TCorp, as well as credit exposure to customers, including outstanding receivables and committed transactions. Transport for NSW holds bank guarantees for significant customers as well as property bonds for some leased premises. Transport for NSW has not granted any financial guarantees.

Credit risk policy is aimed at minimising the potential for counter party default.

Credit risk associated with Transport for NSW's financial assets other than receivables, is managed through the sound selection of counterparties and establishment of minimum credit rating standards. All debt management and investment activities are undertaken with TCorp, which is guaranteed by the NSW Government.

Credit risk impacts on the following financial instruments which are discussed below:

Cash

Cash comprises cash on hand and bank balances within the NSW Treasury Banking System. Interest is earned on daily bank balances at the current Reserve Bank of Australia official cash rate.

Derivatives

All derivatives are entered into with bank and financial institutions counterparties, which are rated A or greater, based on a Standard & Poor's long term credit rating.

Receivables - trade debtors

All trade debtors are recognised as amounts receivable at balance date. Collectability of trade debtors is reviewed on an ongoing basis. Procedures as established in the Treasurer's Directions are followed to recover outstanding amounts, including letters of demand. Debts which are known to be uncollectible are written off. An allowance for impairment is raised when there is objective evidence that the reporting 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. No interest is earned on trade debtors. Sales are generally made on 30 day terms.

Transport for NSW is not materially exposed to concentrations of credit risk to a single trade debtor or group of debtors. Debtors of nil million (2016: nil million) is considered impaired of debtors of $19.9 million (2016: $14.4 million) past due as at 30 June 2017.

27. Financial instruments (cont'd)

(c) Credit risk (cont'd)

The only financial assets that are past due are "Sale of goods and services" in the "Receivables" category of the Statement of financial position.

		Past due but not impaired $ '000	Considered impaired $ '000	Total $ '000
2017	< 3 months overdue	16,726	6	16,732
	3 months - 6 months overdue	544	6	550
	> 6 months overdue	2,604	54	2,658
		19,874	**66**	**19,940**
2016	< 3 months overdue	10,637	-	10,637
	3 months - 6 months overdue	874	-	874
	> 6 months overdue	2,811	88	2,899
		14,322	**88**	**14,410**

The ageing analysis excludes statutory receivables as these are not within scope of AASB 7.

(d) Liquidity risk

Liquidity risk is the risk that Transport for NSW will be unable to meet its payment obligations when they fall due. Transport for NSW 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 loans and other advances.

Transport for NSW has access to credit facilities with TCorp of $467.0 million (2016: $467.0 million) of which $367.6 million (2016: $369.8 million) had been used at reporting date.

During the current and prior year, there were no defaults of loans payable and no assets have been pledged as collateral. Transport for NSW's exposure to liquidity risk is deemed insignificant based on prior periods' data and current assessment of risk.

The liabilities are recognised for amounts due to be paid in the future for goods or services received, whether or not invoiced. Amounts owing to suppliers (which are unsecured) are settled in accordance with the policy set out in NSW TC 11/12. For small business suppliers, where terms are not specified, payment is made not later than 30 days from date of receipt of a correctly rendered invoice. For other suppliers, 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. For small business suppliers, where payment is not made within the specified time period, simple interest must be paid automatically unless an existing contract specifies otherwise.

27. Financial instruments (cont'd)

(d) Liquidity risk (cont'd)

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

Maturity analysis and interest rate exposure of financial liabilities			Interest rate exposure			Maturity dates		
	Weighted average effective Int. rate (%)	Nominal amount $ '000	Fixed interest rate $ '000	Variable interest rate $ '000	Non-interest bearing $ '000	< 1 year $ '000	1 - 5 years $ '000	> 5 years $ '000
2017								
Payables								
Trade creditors	-	333,076	-	-	333,076	333,076	-	-
Accrued expenses	-	1,122,911	-	-	1,122,911	1,122,911	-	-
Other creditors	-	4	-	-	4	4	-	-
Personnel services payable	-	89,546	-	-	89,546	89,546	-	-
Other liabilities	-	368,715	-	-	368,715	192,379	176,336	-
Borrowings								
TCorp borrowings	4.98	367,577	367,577	-	-	45,912	275,174	46,491
Finance leases	6.46	1,220,341	1,220,341	-	-	153,962	542,258	524,121
Derivative financial instruments								
Foreign exchange contracts outflows	-	20,515	-	-	20,515	16,712	3,803	-
	-	**3,522,685**	**1,587,918**	**-**	**1,934,767**	**1,954,502**	**997,571**	**570,612**
2016								
Payables								
Trade creditors	-	120,272	-	-	120,272	120,272	-	-
Accrued expenses	-	1,076,821	-	-	1,076,821	1,076,821	-	-
Other creditors	-	7,912	-	-	7,912	7,912	-	-
Personnel services payable	-	98,015	-	-	98,015	98,015	-	-
Other liabilities	-	227,418	-	-	227,418	98,610	128,808	-
Borrowings								
TCorp borrowings	4.92	369,834	369,834	-	-	30,174	253,459	86,201
Finance leases	6.79	1,210,672	1,210,672	-	-	124,126	513,166	573,380
Derivative financial instruments								
Foreign exchange contracts outflows	-	31,264	-	-	31,264	18,457	12,807	-
	-	**3,142,208**	**1,580,506**	**-**	**1,561,702**	**1,574,387**	**908,240**	**659,581**

27. Financial instruments (cont'd)

(e) Market risk

Market risk relates to fluctuations in the fair value of future cash flows of financial instruments because of changes in market prices. Transport for NSW's exposure to market risk is primarily through interest rate risk on Transport for NSW's borrowings, foreign exchange risks associated with overseas purchase commitments and other price risks associated with the movement in the unit price of the TCorp Hour-Glass Investment Facility.

The effect on net result and equity due to a reasonable possible change in risk variable is outlined in the information provided below, for interest rate risk and other price risk including currency movements. A reasonable possible change in risk variable has been determined after taking into account the economic environment in which Transport for NSW operates and the time frame for the assessment (i.e. until the end of the next annual reporting period). The sensitivity analysis is based on risk exposures in existence at the balance date. The analysis assumes that all other variables remain constant.

Transport for NSW does not enter into commodity contracts.

Interest rate risk

Exposure to interest rate risk arises primarily through Transport for NSW's interest bearing liabilities. This risk is minimised by undertaking mainly fixed rate borrowings, primarily TCorp. Transport for NSW does not account for any fixed rate financial instruments at fair value through profit or loss or as available-for-sale. Therefore, for these financial instruments, a change in interest rates would not affect profit or loss or equity. A reasonably possible change of +/- 1% is used, consistent with current trends in interest rates (based on official RBA interest rate volatility over the last five years). The basis will be reviewed annually and amended where there is a structural change in the level of interest rate volatility.

Transport for NSW's exposure to interest rate risk is set out in the table below:

		-1%		+1%	
	Carrying amount 2017 $'000	Profit 2017 $'000	Equity 2017 $'000	Profit 2017 $'000	Equity 2017 $'000
Financial assets					
Cash and cash equivalents	754,685	(755)	(755)	755	755

		-1%		+1%	
	Carrying amount 2016 $'000	Profit 2016 $'000	Equity 2016 $'000	Profit 2016 $'000	Equity 2016 $'000
Financial assets					
Cash and cash equivalents	1,004,470	(10,045)	(10,045)	10,045	10,045

27. Financial instruments (cont'd)

(e) Market risk (cont'd)

Foreign exchange risk

Exposure to foreign exchange risk arises primarily through the contractual commercial transactions denominated in a foreign currency. The risk is measured using sensitivity analysis and cash flow forecasting.

Transport for NSW manages its foreign exchange risk by entering into forward exchange contracts in accordance with the Transport for NSW risk management policies.

Foreign exchange risk related to the principal amount of overseas purchase commitments made, that are primarily denominated in Euros and US dollars, have been fully hedged using forward contracts that mature on the same dates as the forecast purchase are due for payment. These contracts are designated as cash flow hedges.

Transport for NSW's exposure to foreign exchange risk is set out in the table below, with all other variables being held constant. All underlying exposure and related hedges are taken into account. The impact on other comprehensive income is due to changes in the fair value of the financial instruments. The impact on equity is due to changes in the fair value of forward exchange contracts designated as cash flow hedge.

A sensitivity of 10% movement in the exchange rates has been selected for use in the sensitivity analysis at the reporting date, as this is considered reasonable, based on the current Australian dollar level and the historical volatility of the Australian dollar against other currencies. Based on the value of the Australian dollar at the reporting date as compared with the currencies below, adverse or favourable movements in the foreign exchange rates would result in an increase or decrease in the Australian dollar fair value respectively.

			+10%		-10%	
		Contract value $ '000	Profit $ '000	Equity $ '000	Profit $ '000	Equity $ '000
2017	Denominated in Euros	20,515	-	2,052	-	(2,052)
	Foreign exchange contracts	**20,515**	**-**	**2,052**	**-**	**(2,052)**
2016	Denominated in Euros	31,264	-	3,126	-	(3,126)
	Foreign exchange contracts	**31,264**	**-**	**3,126**	**-**	**(3,126)**

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27. Financial instruments (cont'd)

(f) Fair value compared to carrying amount

Financial instruments are generally recognised at cost, with the exception of the TCorp Hour-Glass facilities and derivatives, which are measured at fair value.

The fair values of financial instrument assets and liabilities are determined as follow:

- the fair value of financial instrument assets and liabilities with standard terms and conditions and traded in active liquid markets are determined with reference to quoted market prices; and
- the fair value of other financial instrument assets and liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

The amortised cost of all other 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, with the exception of TCorp borrowings.

The following table details the financial instruments where the fair value differs from the carrying amount:

	2017 Carrying amount $'000	2017 Fair value $'000	Fair value level	2016 Carrying amount $'000	2016 Fair value $'000	Fair value level
Financial liabilities at fair value						
Borrowings	367,577	386,277	2	369,834	399,585	2
	367,577	**386,277**		**369,834**	**399,585**	

27. Financial instruments (cont'd)

(g) Fair value recognised in the Statement of financial position

	Level 1 2017 $'000	Level 2 2017 $'000	Level 3 2017 $'000	Total
Financial assets at fair value				
Derivative financial instruments	-	41	-	**41**
	-	**41**	**-**	**41**
Financial liabilities at fair value				
Derivative financial instruments	-	1,537	-	**1,537**
	-	**1,537**	**-**	**1,537**

	Level 1 2016 $'000	Level 2 2016 $'000	Level 3 2016 $'000	Total
Financial assets at fair value				
Derivative financial instruments	-	72	-	72
	-	**72**	**-**	**72**
Financial liabilities at fair value				
Derivative financial instruments	-	2,117	-	2,117
	-	**2,117**	**-**	**2,117**

Transport for NSW 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)

Transport for NSW has assessed the fair value of its financial instruments on the basis of inputs other than quoted prices that are observed directly or indirectly (Level 2).

The fair value of the TCorp Hour-Glass Investments is based on the entity's share of the value of the underlying assets of the facility, based on the market value. All of the Hour-Glass facilities are valued using 'redemption' pricing. The fair value of forward foreign exchange contracts is determined using forward exchange rates at the reporting date.

There were no transfers between Level 1, 2 or 3 during the year.

There were no changes in the valuation techniques during the year.

28. Administrative restructure

Net assets and liabilities transferred to Transport for NSW were as follows:

	ITSR 2017 $'000	Total 2017 $'000	Total 2016 $'000
ASSETS			
Current assets			
Cash and cash equivalents	7,867	7,867	-
Receivables	30	30	-
Total current assets	**7,897**	**7,897**	**-**
Total assets	**7,897**	**7,897**	**-**
LIABILITIES			
Current liabilities			
Payables	238	238	-
Total current liabilities	**238**	**238**	**-**
Total liabilities	**238**	**238**	**-**
Net assets	**7,659**	**7,659**	**-**

Following the Proclamation under the *Transport Administration Amendment (Independent Transport Safety Regulator) Bill 2017*, Independent Transport Safety Regulator (ITSR) was abolished on 31 March 2017. ITSR ceased operations and operations were transitioned to ONRSR on 9 March 2017. The residual assets, rights and liabilities of ITSR were transferred to Transport for NSW under an order issued by the Minister for Transport and Infrastructure effective on and from 31 March 2017.

29. Related party disclosures

(a) Key management personnel compensation

During the year, the entity incurred $3,147,461 in respect of the key management personnel services that are provided by the Department of Transport and Transport Service of NSW. The amount incurred excludes long service leave and defined benefit superannuation scheme benefits assumed by the Crown Entity in accordance with NSWTC 16-12 Related party disclosures.

(b) Transactions and outstanding balances with key management personnel of the entity and its parent during the financial year

There were no material transactions or outstanding balances with key management personnel of the entity and its parent during the financial year.

(c) Transactions and outstanding balances with other related parties during the financial year

There were no transactions or outstanding balances with other related parties during the financial year.

(d) Transactions with government related entities during the financial year

During the 2016-17 financial year, Transport for NSW has entered into the following transactions with other entities consolidated as part of the NSW Total State Sector (the ultimate parent) within the normal course of business:

- Recurrent and capital draw-downs from NSW Treasury
- Grants and contributions from NSW Treasury to fund redundancy grants in the Transport cluster, Roads and Maritime Services capital works, Sydney Metro City and Southwest project funded by Restart NSW, Northern Beaches B-line project and Parramatta Light Rail project
- Grants and contributions from the Department of Family & Community Services for the Community Transport Group funding scheme
- Monthly reimbursements from RailCorp for the design and construction of major rail projects by Transport for NSW
- Recoupment of project costs incurred by Transport for NSW on behalf of Roads and Maritime Services and Sydney Trains
- Grants paid to various Transport cluster agencies including Sydney Trains, NSW Trains, RailCorp, Sydney Ferries, Roads and Maritime Services and the Office of Transport Safety Investigations
- Road safety grants paid to NSW Police to support drug and alcohol screening
- Lease of buses from State Transit Authority
- Hire of bus and rail services for major events from Sydney Trains and State Transit Authority
- Fleet hire and leasing charges for motor vehicles from Roads and Maritime Services
- Short term deposits held by NSW Treasury Corporation and associated interest income
- Investment in TCorp Hour-Glass facilities and investment revenue earned from these facilities
- Interest revenue earned from the Treasury Banking System
- NSW TCorp borrowings and associated interest expense
- Payments for personnel services provided by Transport Service and personnel service revenue for seconded staff from other NSW government agencies
- Annual fees due to the Office of the National Rail Safety Regulator, the National Transport Commission and the Office of Transport Safety Investigations

30. Administered assets and liabilities

	2017 $'000	2016 $'000
Cash	122	294
Administered assets	**122**	**294**
Other	122	294
Administered liabilities	**122**	**294**

31. Events after the reporting period

Newcastle bus and ferry operations previously carried out by State Transit Authority (STA) under contract with Transport for NSW is carried out by Keolis Downer Hunter Pty Limited (KD) from 1 July 2017 due to the awarding of an Integrated Service Contract (ISC).

As a result of KD being awarded the ISC, the Secretary approved the equity transfer of Newcastle bus and ferry assets from STA to Transport for NSW ($50.3 million), effective 1 July 2017. These assets are then leased by Transport for NSW to KD.

End of audited financial statements.

INDEPENDENT AUDITOR'S REPORT

Transport for NSW

To Members of the New South Wales Parliament

Opinion

I have audited the accompanying financial statements of Transport for NSW (TfNSW) which comprise the statement of financial position as at 30 June 2017, the statement of comprehensive income, statement of changes in equity, statement of cash flows, service group statements and a summary of compliance with financial directives for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information.

In my opinion, the financial statements:

- give a true and fair view of the financial position of TfNSW as at 30 June 2017, and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards
- are in accordance with section 41B of the *Public Finance and Audit Act 1983* (PF&A Act) and the Public Finance and Audit Regulation 2015.

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

Basis for Opinion

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

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

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

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

Parliament promotes independence by ensuring the Auditor-General and the Audit Office of New South Wales are not compromised in their roles by:

- providing that only Parliament, and not the executive government, can remove an Auditor-General
- mandating the Auditor-General as auditor of public sector agencies
- precluding the Auditor-General from providing non-audit services.

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

The Secretary's Responsibility for the Financial Statements

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

In preparing the financial statements, the Secretary must assess TfNSW's ability to continue as a going concern except where TfNSW will be dissolved by an Act of Parliament or otherwise cease operations. The assessment must disclose, as applicable, matters related to going concern and the appropriateness of using the going concern basis of accounting.

Auditor's Responsibility for the Audit of the Financial Statements

My objectives are to:

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

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

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

My opinion does *not* provide assurance:

- that TfNSW carried out its activities effectively, efficiently and economically
- about the security and controls over the electronic publication of the audited financial statements on any website where they may be presented
- about any other information which may have been hyperlinked to/from the financial statements.

Margaret Crawford
Auditor-General of NSW

19 October 2017
SYDNEY

NSW GOVERNMENT

Transport Service of New South Wales

Annual Financial Statements

for the year ended 30 June 2017

Table of contents

Statement by the Secretary 2

Statement of comprehensive income 3

Statement of financial position 4

Statement of changes in equity 5

Statement of cash flows 6

1. Summary of significant accounting policies 7
2. Expenses excluding losses 11
3. Revenue 11
4. Cash and cash equivalents 12
5. Receivables 12
6. Payables 12
7. Employee benefits 13
8. Reconciliation of cash flows from operating activities to net result 25
9. Financial instruments 26
10. Equity transfers 28
11. Related party disclosures 28
12. After balance date events 28

Pursuant to sections 41C (1B) and (1C) of the *Public Finance and Audit Act 1983*, I state that:

(a) The accompanying financial statements have been prepared in accordance with:
- applicable Australian Accounting Standards (which include Australian Accounting Interpretations);
- the requirements of the *Public Finance and Audit Act 1983* (the Act) and *Public Finance and Audit Regulation 2015*; and
- Financial Reporting Directions issued by the NSW Treasurer under section 9(2)(n) of the Act.

(b) The statements exhibit a true and fair view of the financial position and financial performance of Transport Service of New South Wales; and

(c) There are no known circumstances, which would render any particulars included in the financial statements to be misleading or inaccurate.

Tim Reardon
Secretary

Date: 21 September 2017

Transport Service of New South Wales
Statement of comprehensive income
for the year ended 30 June 2017

	Notes	2017 $'000	2016 $'000
Expenses excluding losses			
Employee related	2(a)	1,809,564	1,809,899
Other operating	2(b)	45	44
Total expenses excluding losses		**1,809,609**	**1,809,943**
Revenue			
Grants and contributions	3(c)	45	44
Acceptance by the Crown Entity of employee benefits and other liabilities	3(b)	40,360	88,484
Personnel service revenue	3(a)	1,735,096	1,762,731
Total revenue		**1,775,501**	**1,851,259**
Net result		**(34,108)**	**41,316**
Other comprehensive income			
Items that may be reclassified subsequently to net result			
Remeasurement of defined benefit superannuation schemes	7	34,108	(41,316)
Total other comprehensive income		**34,108**	**(41,316)**
Total comprehensive income		**-**	**-**

The accompanying notes form part of these financial statements.

Transport Service of New South Wales
Statement of financial position
as at 30 June 2017

	Notes	2017 $'000	2016 $'000
ASSETS			
Current assets			
Cash and cash equivalents	4	13,955	7,326
Receivables	5	294,588	304,788
Total current assets		**308,543**	**312,114**
Non-current assets			
Receivables	5	199,461	244,816
Total non-current assets		**199,461**	**244,816**
Total assets		**508,004**	**556,930**
LIABILITIES			
Current liabilities			
Payables	6	21,541	28,711
Employee benefits	7	287,002	283,403
Total current liabilities		**308,543**	**312,114**
Non-current liabilities			
Employee benefits	7	199,461	244,816
Total non-current liabilities		**199,461**	**244,816**
Total liabilities		**508,004**	**556,930**
Net assets		**-**	**-**
EQUITY			
Accumulated funds		-	-
Total equity		**-**	**-**

The accompanying notes form part of these financial statements.

Transport Service of New South Wales
Statement of changes in equity
for the year ended 30 June 2017

	Notes	Accumulated funds $ '000	Total equity $ '000
Balance at 1 July 2016		**-**	**-**
Net result for the year		**(34,108)**	**(34,108)**
Other comprehensive income			
Remeasurement of defined benefit superannuation schemes	7	34,108	34,108
Total other comprehensive income		**34,108**	**34,108**
Total comprehensive income for the year		**-**	**-**
Balance at 30 June 2017		**-**	**-**
Balance at 1 July 2015		**-**	**-**
Net result for the year		**41,316**	**41,316**
Other comprehensive income			
Remeasurement of defined benefit superannuation schemes	7	(41,316)	(41,316)
Total other comprehensive income		**(41,316)**	**(41,316)**
Total comprehensive income for the year		**-**	**-**
Transactions with owners in their capacity as owners			
Long service leave and defined benefit superannuation assumed by the Crown		1,356,353	1,356,353
Debt forgiveness on the RMS personnel service receivable		(1,356,353)	(1,356,353)
Balance at 30 June 2016		**-**	**-**

The accompanying notes form part of these financial statements.

Transport Service of New South Wales
Statement of cash flows
for the year ended 30 June 2017

	Notes	2017 $'000	2016 $'000
Cash flows from operating activities			
Payments			
Employee related		(1,784,067)	(1,702,801)
Total payments		**(1,784,067)**	**(1,702,801)**
Receipts			
Personnel services		1,790,696	1,693,216
Total receipts		**1,790,696**	**1,693,216**
Net cash inflows/(outflows) from operating activities	8	**6,629**	**(9,585)**
Cash flows from investing activities			
Net cash inflows/(outflows) from investing activities		**-**	**-**
Cash flows from financing activities			
Net cash inflows/(outflows) from financing activities		**-**	**-**
Net increase/(decrease) in cash		**6,629**	**(9,585)**
Opening cash and cash equivalents		7,326	16,911
Closing cash and cash equivalents	4	**13,955**	**7,326**

The accompanying notes form part of these financial statements

1. Summary of significant accounting policies

(a) Reporting entity

The Transport Service of New South Wales (Transport Service) was established on 1 November 2011 as an agency to employ staff to enable Transport for NSW, which cannot directly employ staff, to undertake its functions. Transport Service also directly employs staff for Roads and Maritime Services (RMS), State Transit Authority (STA), as well as senior executives of Sydney Trains and NSW Trains.

The salaries and related costs are recovered from the relevant entities to which the employees are assigned except for long service leave and defined benefits superannuation scheme expenses relating to Transport for NSW, RMS and all senior executives which are assumed by the Crown.

Transport Service is a NSW government entity controlled by the Department of Transport. The financial statements of Transport Service are consolidated in the Department of Transport financial statements and the NSW Total State Sector, which is the ultimate parent.

The financial statements of Transport Service for the year ended 30 June 2017 were authorised for issue by the Secretary on the date the accompanying statement was signed.

(b) Basis of preparation

The financial statements are general purpose financial statements which have been prepared on an accrual basis in compliance with:

- Applicable Australian Accounting Standards (which include Australian Accounting Interpretations);
- The requirements of the *Public Finance and Audit Act 1983* and *Public Finance and Audit Regulation* 2015; and
- Financial Reporting Directions mandated by the NSW Treasurer.

Financial statements items are prepared in accordance with the historical cost convention except for superannuation.

All amounts are rounded to the nearest one thousand dollars and are expressed in Australian currency.

(c) 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 estimates are 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.

(d) Statement of compliance

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

(e) Employee related

Employee related expenses include salaries, wages, leave entitlements, superannuation, workers' compensation insurance premium, payroll tax, fringe benefit tax and redundancies.

1. Summary of significant accounting policies (cont'd)

(f) Income recognition

Income is recognised and measured at the fair value of the consideration or contribution received or receivable to the extent that it is probable that the economic benefit will flow to Transport Service and the income can be reliably measured.

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.

(g) Cash and cash equivalents

Cash and cash equivalents in the Statement of financial position comprise cash at bank.

For the purposes of the Statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above.

(h) Receivables

Receivables are recognised when it is probable that the future cash inflows associated with them will be realised and they have a value that can be measured reliably. They are 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. Subsequent measurement is at amortised cost using the effective interest method, less an allowance for any impairment of receivables. Any changes are recognised in the net result for the year when impaired, derecognised or through the amortisation process.

Short-term receivables with no stated interest rate are measured at the original invoice amount where the effect of discounting is immaterial.

(i) Payables

Payables include accrued salaries and wages and related on costs (such as payroll tax, fringe benefits tax, 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. 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.

1. Summary of significant accounting policies (cont'd)

(j) Employee benefits provisions and expenses

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

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

Annual leave is not expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service. As such, it is required to be measured at present value in accordance with AASB 119 Employee Benefits (although short-cut methods are permitted). Actuarial advice obtained by Treasury has confirmed that the use of a nominal approach plus the annual leave on annual leave liability (using 7.9% of the nominal value of annual leave) can be used to approximate the present value of the annual leave liability. Transport Service has assessed the actuarial advice based on Transport Services' circumstances and has determined that the effect of discounting is immaterial to annual leave.

Unused non-vesting sick leave does not give rise to a liability as it is not considered probable that sick leave taken in the future will be greater than the benefits accrued in the future.

(ii) Long service leave and superannuation

Transport Services' liabilities for long service leave and defined benefit superannuation are either assumed by the Crown Finance Entity or the entity itself.

For liabilities that are assumed by the Crown Finance Entity, Transport Service accounts for the liability as having been extinguished, resulting in the amount assumed being shown as part of the non-monetary revenue item described as 'Acceptance by the Crown Finance Entity of employee benefits and other liabilities'.

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 NSW TC 15/09) 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.

The superannuation expense recognised in the Statement of comprehensive income comprises:

- defined contribution plans, the expense is calculated as a percentage of the employees' salary;
- defined benefit plans, the expense is a multiple of the employees' superannuation contributions as specified in the Treasury Circular *"Accounting for Superannuation"* (NSW TC 17/07).

When liabilities are assumed by Transport Service, they are recognised in the Statement of financial position and measured as follows:

- Long service leave is measured as the present value of expected future payments to be made in respect of employee's service up to the reporting date, in accordance with AASB 119 *Employee Benefits*. This is based on an actuarial assessment. Consideration is given to the expected future wage and salary levels, experience of employee departures and period of service.
- Contributions to defined contribution plans are expensed when incurred. The superannuation expense is calculated as a percentage of the employee's salary. A liability is recognised only to the extent of unpaid employer contributions at reporting date.

1. Summary of significant accounting policies (cont'd)

(j) Employee benefits provisions and expenses (cont'd)

(ii) Long service leave and superannuation (cont'd)

- For defined benefit plans, actuarial valuations are carried out at each reporting date by Pillar Administration and the actuarial gains and losses are recognised outside of the net result in other comprehensive income in the year in which they occur. Expenses are recognised based on service costs plus net interest on the net liability or asset for the reporting period as calculated and advised by Pillar Administration. A net liability or asset is recognised based on the difference between the present value of Transport Services' defined benefit obligations and the fair value of fund assets as at the reporting date, as adjusted for any asset ceiling. The net liability or asset is actuarially determined.

(iii) Consequential on-costs

Consequential costs to employment are recognised as liabilities and expenses where the employee benefits to which they relate have been recognised. This includes outstanding amounts of payroll tax, workers' compensation insurance premiums and fringe benefits tax.

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

(i) Effective for the first time in 2016-17

The accounting policies applied in 2016-17 are consistent with those of the previous financial year with the exception of AASB 2015-6 Amendments to Australian Accounting Standards – Extending Related Party Disclosures to Not-for-Profit Public Sector Entities. The amending pronouncement extends the scope of AASB 124 *Related Party Disclosures* to include not-for-profit public sector entities. The first time adoption of AASB 124 resulted in additional disclosures in the notes to the financial statements.

(ii) New Australian Accounting Standards issued but not effective

Australian Accounting Standards and Interpretations that have been issued or revised but are not yet effective have not been early adopted in accordance with Treasury mandated policy.

AASB 15 *Revenue from Contracts with Customers*, including the amendments AASB 2014-5, AASB 2015-8, AASB 2016-3 and AASB 2016-7 has application from annual reporting periods on or after 1 January 2019. We believe this standard will impact on the timing of recognition of certain revenue given the core principle of the new standard requires revenue to be recognised when the goods or services are transferred to the customer at the transaction price (as opposed to stage of completion of the transaction). The model features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognised.

AASB 1058 *Income of Not-for-profit Entities* and AASB 2016-8 *Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not-for-Profit Entities* has application from annual reporting periods on or after 1 January 2019. The introduction of AASB 1058 results in the amendment of AASB 1004 *Contributions* with many of its requirements being revised and relocated to AASB 1058. Transport Service is yet to undertake a detailed assessment of the impact of AASB 1058 however we believe the initial adoption may defer the recognition of income in some circumstances.

The impact of the following standards in the period of initial application is not expected be significant.

Standard	**Applicable to annual reporting periods beginning on or after**
AASB 9 Financial Instruments	1 January 2018
AASB 16 Leases	1 January 2019
AASB 2016-1 Amendments to Australian Accounting Standards – Recognition of Deferred Tax Assets for Unrealised Losses	1 January 2017
AASB 2016-2 Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 107	1 January 2017

1. Summary of significant accounting policies (cont'd)

(k) Changes in accounting policy, including new or revised Australian Accounting Standards (cont'd)

(ii) New Australian Accounting Standards issued but not effective (cont'd)

Standard	Applicable to annual reporting periods beginning on or after
AASB 2016-4 Amendments to Australian Accounting Standards – Recoverable Amount of Non-Cash-Generating Specialised Assets of Not-for-Profit Entities	1 January 2017
AASB 2016-5 Amendments to Australian Accounting Standards – Classification and Measurement of Share-based Payment Transactions	1 January 2018
AASB 2016-6 Amendments to Australian Accounting Standards – Applying AASB 9 with AASB 4 Insurance Contracts	1 January 2018
AASB 2017-1 Amendments to Australian Accounting Standards – Transfer of investment Property, Annual Improvements 2014-2016 Cycle and Other Amendments	1 January 2019
AASB 2017-2 Amendments to Australian Accounting Standards – Further Annual Improvements 2014-2016 Cycle	1 January 2017
Interpretation 22 Foreign Currency Transactions and Advance Consideration	1 January 2019

A number of other new standards have been identified and assessed and it is expected that they will have no impact on the financial statements of the entity.

2. Expenses excluding losses

(a) Employee related expenses

	2017 $'000	2016 $'000
Salaries (including annual leave)	1,500,279	1,444,696
Superannuation - defined benefit plan	25,965	36,751
Superannuation - defined contribution plan	114,190	112,982
Long service leave	31,595	75,940
Workers' compensation insurance	11,559	8,600
Payroll tax and fringe benefit tax	91,899	91,763
Redundancies	33,213	38,677
Other employment benefits	864	490
Employee related expenses	**1,809,564**	**1,809,899**

(b) Other operating expenses

	2017 $'000	2016 $'000
Auditor's remuneration - audit of financial statements	45	44
Other operating expenses	**45**	**44**

3. Revenue

(a) Personnel service revenue

	2017 $'000	2016 $'000
Fee for personnel services	1,735,096	1,762,731
Personnel service revenue	**1,735,096**	**1,762,731**

3. Revenue (cont'd)

(b) Acceptance by the Crown Entity of employee benefits and other liabilities

	2017 $'000	2016 $'000
Superannuation - defined benefit	16,876	25,846
Long service leave	22,558	61,227
Payroll tax	926	1,411
Acceptance by the Crown Entity of employee benefits and other liabilities	**40,360**	**88,484**

(c) Grants and contributions

	2017 $'000	2016 $'000
Grant from Transport for NSW	45	44
Grants and contributions	**45**	**44**

4. Cash and cash equivalents

	2017 $'000	2016 $'000
Cash at bank	13,955	7,326
Cash and cash equivalents	**13,955**	**7,326**

For the purposes of the Statement of cash flows, cash and cash equivalents include cash at bank.

5. Receivables

	2017 $'000	2016 $'000
Personnel service receivables	294,588	304,788
Current receivables	**294,588**	**304,788**
Personnel service receivables	199,461	244,816
Non-current receivables	**199,461**	**244,816**

6. Payables

	2017 $'000	2016 $'000
Accruals - salaries and oncosts	19,843	14,642
Creditors	1,698	14,069
Current payables	**21,541**	**28,711**

7. Employee benefits

	2017 $'000	2016 $'000
Annual leave[1]	148,994	143,425
Long service leave[2]	126,416	128,837
Workers compensation insurance[3]	3,672	4,198
Payroll tax	7,502	6,547
Public holidays	418	396
Current employee benefits	**287,002**	**283,403**
Long service leave[2]	9,632	11,121
Workers compensation insurance[3]	17,256	17,588
Superannuation	172,573	216,107
Non-current employee benefits	**199,461**	**244,816**

[1] It is estimated that the provision for annual leave includes an amount of $3.3 million that is expected to be taken after 30 June 2018.

[2] The provision for long service leave represents consequential costs not assumed by the Crown Entity for Transport for NSW and RMS Employment Groups and the provision for long service leave and associated consequential costs for State Transit Authority (STA) Employment Group of Transport Service as per NSW TC 15/09. It is estimated that the current provision for long service leave includes an amount of $116.2 million that is expected to be taken after 30 June 2018.

[3] Includes STA self insurance arrangement for workers compensation.

Defined benefit superannuation overview

This overview only relates to the STA Employment Group whose defined benefit superannuation schemes are not assumed by the Crown Entity.

Employer contributions are made to three defined benefit superannuation schemes administered by the SAS Trustee Corporation (STC): The State Authorities Superannuation Scheme (SASS), the State Authorities Non-contributory Superannuation Scheme (SANCS) and the State Superannuation Scheme (SSS), which are part of the Pooled Fund. Each scheme is closed to new members and its investments are held in trust by the Pooled Fund. At least a component of the final benefit is derived from a multiple of members' salary and years of membership. All Fund assets are invested by SAS Trustee Corporation at arm's length through independent fund managers.

An underfunded scheme is recognised as a provision and an overfunded scheme is recognised as an asset. Details of both provisions and assets are given below.

7. Employee benefits (cont'd)

Year ended 30 June 2017	SASS	SANCS	SSS	Total
Member numbers				
Contributors	415	415	-	
Deferred benefits	-	-	-	
Pensioners	180	-	17	
Pensions fully commuted	-	-	2	
	$'000	**$'000**	**$'000**	**$'000**
Superannuation Position for AASB 119 purposes				
Accrued liability (Note 1)	336,521	23,077	19,943	379,541
Estimated reserve account balance	(170,360)	(23,960)	(12,648)	(206,968)
Deficit/(surplus)	**166,161**	**(883)**	**7,295**	**172,573**
Future service liability (Note 2)	10,225	5,960	-	16,185
Surplus in excess of recovery available from schemes	-	-	-	-
Net (asset)/liability to be recognised in Statement of financial position	**166,161**	**(883)**	**7,295**	**172,573**

Year ended 30 June2016	SASS	SANCS	SSS	Total
Member numbers				
Contributors	454	454	-	
Deferred benefits	-	-	1	
Pensioners	174	-	16	
Pensions fully commuted	-	-	2	
	$'000	**$'000**	**$'000**	**$'000**
Superannuation Position for AASB 119 purposes				
Accrued liability (Note 1)	358,179	26,784	22,627	407,590
Estimated reserve account balance	(166,684)	(12,559)	(12,240)	(191,483)
Deficit/(surplus)	**191,495**	**14,225**	**10,387**	**216,107**
Future service liability (Note 2)	13,495	7,100	-	20,595
Surplus in excess of recovery available from schemes	-	-	-	-
Net (asset)/liability to be recognised in Statement of financial position	**191,495**	**14,225**	**10,387**	**216,107**

Note 1
The accrued liability includes a contribution tax provision. This is calculated based on grossing up the deficit/(surplus) less the allowance for past service expenses and insurable death and disability liabilities at a contribution tax rate of 15%.

Note 2
The Future Service Liability (FSL) does not have to be recognised by an employer. It is only used to determine if an asset ceiling limit should be imposed (AASB 119 para 64). Under AASB 119, any prepaid superannuation asset recognised cannot exceed the present value of any economic benefits that may be available in the form of refunds from the plan or reductions in future contributions to the plan. Where the "surplus in excess of recovery" is zero, no asset ceiling limit is imposed.
(Note: this also includes a contribution tax provision).

7. Employee benefits (cont'd)

- **Nature of the benefits provided by the fund – Para 139(a)(i)**

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. Members receive lump sum or pension benefits on retirement, death, disablement and withdrawal.

All the Schemes are closed to new members.

- **Description of the regulatory framework - Para 139(a)(ii)**

The schemes in the Pooled Fund are established and governed by the following NSW legislation: Superannuation Act 1916, State Authorities Superannuation Act 1987, Police Regulation (Superannuation) Act 1906, State Authorities Non-Contributory Superannuation Act 1987, and their associated regulations.

The schemes in the Pooled Fund are exempt public sector superannuation schemes under the Commonwealth Superannuation Industry (Supervision) Act 1993 (SIS). The SIS Legislation treats exempt public sector superannuation funds as complying funds for concessional taxation and superannuation guarantee purposes.

Under a Heads of Government agreement, the New South Wales Government undertakes to ensure that the Pooled Fund will conform with the principles of the Commonwealth's retirement incomes policy relating to preservation, vesting and reporting to members and that members' benefits are adequately protected.

The New South Wales Government prudentially monitors and audits the Pooled Fund and the Trustee Board activities in a manner consistent with the prudential controls of the SIS legislation. These provisions are in addition to other legislative obligations on the Trustee Board and internal processes that monitor the Trustee Board's adherence to the principles of the Commonwealth's retirement incomes policy.

An actuarial investigation of the Pooled Fund is performed every three years. The last actuarial investigation was performed as at 30 June 2015. The next actuarial investigation is due as at 30 June 2018.

- **Description of other entities' responsibilities for the governance of the fund - Para 139(a)(iii)**

The Fund's Trustee is responsible for the governance of the Fund. The Trustee has a legal obligation to act solely in the best interests of fund beneficiaries. The Trustee has the following roles:

* Administration of the fund and payment to the beneficiaries from fund assets when required in accordance with the fund rules;
* Management and investment of the fund assets; and
* Compliance with other applicable regulations.

7. Employee benefits (cont'd)

- **Description of risks - Para 139(b)**

There are a number of risks to which the Fund exposes the Employer. The more significant risks relating to the defined benefits are:

* Investment risk - The risk that investment returns will be lower than assumed and the Employer will need to increase contributions to offset this shortfall.
* Longevity risk – The risk that pensioners live longer than assumed, increasing future pensions.
* Pension indexation risk – The risk that pensions will increase at a rate greater than assumed, increasing future pensions.
* Salary growth risk - The risk that wages or salaries (on which future benefit amounts for active members will be based) will rise more rapidly than assumed, increasing defined benefit amounts and thereby requiring additional employer contributions.
* Legislative risk - The risk is that legislative changes could be made which increase the cost of providing the defined benefits.

The defined benefit fund assets are invested with independent fund managers and have a diversified asset mix. The Fund has no significant concentration of investment risk or liquidity risk.

- **Description of significant events - Para 139(c)**

There were no fund amendments, curtailments or settlements during the year.

- **Reconciliation of the net defined benefit liability/(asset) - Para 140(a)**

Year ended 30 June 2017	**SASS**	**SANCS**	**SSS**	**Total**
	$'000	**$'000**	**$'000**	**$'000**
Net defined benefit liability/(asset) at start of year	191,495	14,225	10,387	216,107
Current service cost	4,006	967	-	4,973
Net interest on the net defined benefit liability/(asset)	3,763	145	207	4,115
Actual return on fund assets less interest income	(11,662)	(1,140)	(876)	(13,678)
Actuarial (gains)/losses arising from changes in financial assumptions	(20,473)	(1,047)	(1,978)	(23,498)
Actuarial (gains)/losses from liability experience	3,598	(293)	(445)	2,860
Employer contributions	(4,767)	(13,748)	-	(18,515)
Actuarial (gains)/losses arising from changes in demographic assumptions	201	8	-	209
Net defined benefit liability/(asset) at end of year	**166,161**	**(883)**	**7,295**	**172,573**

7. Employee benefits (cont'd)

- **Reconciliation of the net defined benefit liability/(asset) - Para 140(a) (cont'd)**

Year ended 30 June 2016	SASS	SANCS	SSS	Total
	$'000	$'000	$'000	$'000
Net defined benefit liability/(asset) at start of year	151,602	19,704	6,837	178,143
Current service cost	4,007	963	-	4,970
Net interest on the net defined benefit liability/(asset)	4,517	468	207	5,192
Actual return on fund assets less interest income	(331)	(128)	(15)	(474)
Actuarial (gains)/losses arising from changes in financial assumptions	30,931	1,829	2,769	35,529
Actuarial (gains)/losses from liability experience	2,438	(136)	(50)	2,252
Employer contributions	(5,031)	(8,483)	-	(13,514)
Actuarial (gains)/losses arising from changes in demographic assumptions	3,362	8	639	4,009
Net defined benefit liability/(asset) at end of year	**191,495**	**14,225**	**10,387**	**216,107**

- **Reconciliation of the fair value of fund assets – Para 140(a)(i)**

Year ended 30 June 2017	SASS	SANCS	SSS	Total
	$'000	$'000	$'000	$'000
Fair value of fund assets at the beginning of the year	166,684	12,559	12,240	191,483
Interest income	3,141	341	235	3,717
Actual return on fund assets less interest income	11,662	1,140	876	13,678
Employer contributions	4,767	13,748	-	18,515
Contributions by participants	2,125	-	-	2,125
Benefits paid	(18,976)	(1,965)	(838)	(21,779)
Taxes, premiums & expenses paid	958	(1,863)	135	(770)
Fair value of fund assets at end of the year	**170,361**	**23,960**	**12,648**	**206,969**

Year ended 30 June 2016	SASS	SANCS	SSS	Total
	$'000	$'000	$'000	$'000
Fair value of fund assets at the beginning of the year	174,842	6,707	12,626	194,175
Interest income	4,993	277	369	5,639
Actual return on fund assets less interest income	331	128	15	474
Employer contributions	5,032	8,483	-	13,515
Contributions by participants	2,105	-	-	2,105
Benefits paid	(18,716)	(1,907)	(829)	(21,452)
Taxes, premiums & expenses paid	(1,903)	(1,129)	59	(2,973)
Fair value of fund assets at end of the year	**166,684**	**12,559**	**12,240**	**191,483**

7. Employee benefits (cont'd)

- **Reconciliation of the defined benefit obligation – Para 140(a)(ii)**

Year ended 30 June 2017	SASS $'000	SANCS $'000	SSS $'000	Total $'000
Present value of defined benefit obligation at beginning of the year	358,179	26,784	22,627	407,590
Current service cost	4,006	967	-	4,973
Interest cost	6,904	487	441	7,832
Contributions by participants	2,125	-	-	2,125
Actuarial (gains)/losses arising from changes in demographic assumptions	201	8	-	209
Actuarial (gains)/losses arising from changes in financial assumptions	(20,473)	(1,047)	(1,978)	(23,498)
Actuarial (gains)/losses arising from liability experience	3,598	(293)	(445)	2,860
Benefits paid	(18,976)	(1,965)	(838)	(21,779)
Taxes, premiums & expenses paid	958	(1,863)	135	(770)
Present value of defined benefit obligations at end of the year	**336,522**	**23,078**	**19,942**	**379,542**

Year ended 30 June 2016	SASS $'000	SANCS $'000	SSS $'000	Total $'000
Present value of defined benefit obligation at beginning of the year	326,444	26,411	19,463	372,318
Current service cost	4,007	963	-	4,970
Interest cost	9,511	746	576	10,833
Contributions by participants	2,105	-	-	2,105
Actuarial (gains)/losses arising from changes in demographic assumptions	3,362	8	639	4,009
Actuarial (gains)/losses arising from changes in financial assumptions	30,931	1,829	2,769	35,529
Actuarial (gains)/losses arising from liability experience	2,438	(136)	(50)	2,252
Benefits paid	(18,716)	(1,908)	(829)	(21,453)
Taxes, premiums & expenses paid	(1,903)	(1,129)	59	(2,973)
Present value of defined benefit obligations at end of the year	**358,179**	**26,784**	**22,627**	**407,590**

7. Employee benefits (cont'd)

- **Fair value of fund assets - Para 142**

All Pooled Fund assets are invested by SAS Trustee Corporation (STC) at arm's length through independent fund managers, assets are not separately invested for each entity and it is not possible or appropriate to disaggregate and attribute fund assets to individual entities. As such, the disclosures below relate to total assets of the Pooled Fund.

Year ended 30 June 2017	Total $'M	Quoted prices in active markets for identical assets $'M	Significant observable inputs $'M	Unobservable inputs $'M
Cash	3,087	3,077	10	-
Australian fixed interest	2,501	1	2,500	-
International fixed interest	481	-	481	-
Australian equities	9,446	8,947	499	-
International equities	12,053	9,033	1,869	1,151
Property	3,453	926	533	1,994
Alternatives	9,066	391	5,068	3,607
Total	**40,087**	**22,375**	**10,960**	**6,752**

Year ended 30 June 2016	Total $'M	Quoted prices in active markets for identical assets $'M	Significant observable inputs $'M	Unobservable inputs $'M
Short term securities	2,050	2,044	6	-
Australian fixed interest	2,721	3	2,718	-
International fixed interest	835	(1)	836	-
Australian equities	9,721	9,172	549	-
International equities	12,094	9,026	2,079	989
Property	3,650	1,113	619	1,918
Alternatives	7,116	470	3,122	3,524
Total	**38,187**	**21,827**	**9,929**	**6,431**

7. Employee benefits (cont'd)

- **Fair value of fund assets - Para 142 (cont'd)**

The percentage invested in each asset class at the reporting date is:

	2017 %	2016 %
Short term securities	-	5.4
Australian fixed interest	6.2	7.1
International fixed interest	1.2	2.2
Australian equities	23.6	25.5
International equities	30.1	31.7
Property	8.6	9.6
Alternatives	22.6	18.5
Cash	7.7	-
Total	**100.0**	**100.0**

Level 1 - quoted prices in active markets for identical assets or liabilities. The assets in this level are listed shares; listed unit trusts.
Level 2 - inputs other than quoted prices observable for the asset or liability either directly or indirectly. The assets in this level are cash; notes; government, semi-government and corporate bonds; unlisted trusts where quoted prices are available in active markets for identical assets or liabilities.
Level 3 - inputs for the asset or liability that are not based on observable market data. The assets in this level are unlisted property; unlisted shares; unlisted infrastructure; distressed debt; hedge funds.

Derivatives, including futures and options, can be used by investment managers. However, each manager's investment mandate clearly states that derivatives may only be used to facilitate efficient cashflow management or to hedge the portfolio against market movements and cannot be used for speculative purposes or gearing of the investment portfolio. As such managers make limited use of derivatives. .

Fair value of entity's own financial instruments – Para 143

The fair value of the pooled fund assets as at 30 June 2017 include $354 million in NSW government bonds.

Of the direct properties owned by the Pooled Fund:
- SAS Trustee Corporation occupies part of a property 100% owned by the Pooled Fund with a fair value of $250 million (30 June 2016: $222 million).
- Health Administration Corporation occupies part of a property 50% owned by the Pooled Fund with a fair value (100% interest) of $261 million (30 June 2016: $243 million).

- **Significant actuarial assumptions at the reporting date - Para 144**

	2017	2016
Discount rate	2.62% pa	1.99% pa
Salary increase rate (excluding promotional increases)	2.50% 2017/2018 and 2018/2019; 3.50% 2019/2020 and 2020/2021; 3.00% pa 2021/2022 to 2025/2026; 3.50% pa thereafter	2.50% 2016/2017 to 2018/2019; 3.50% 2019/2020 and 2020/2021; 3.00% pa 2021/2022 to 2025/2026; 3.50% pa thereafter
Rate of CPI increase	2% 2017/2018; 2.25% 2018/2019; 2.50% pa thereafter	1.5% 2015/2016; 1.75% 2016/2017; 2.25% 2017/2018; 2.50% pa thereafter
Pensioner mortality	as per the 2015 Actuarial Investigation of the Pooled Fund	as per the 2015 Actuarial Investigation of the Pooled Fund

7. Employee benefits (cont'd)

- **Sensitivity analysis – Para 145**

The entity's total defined benefit obligation as at 30 June 2017 under several scenarios is presented below. The total defined benefit obligation disclosed is inclusive of the contribution tax provision which is calculated based on the asset level at 30 June 2017.

Scenarios A to F relate to sensitivity of the total defined benefit obligation to economic assumptions, and scenarios G and H relate to sensitivity to demographic assumptions.

Year ended 30 June 2017	**Base case**	**Scenario A -1% discount rate**	**Scenario B +1% discount rate**
Discount rate	2.62%	1.62%	3.62%
Rate of CPI increase	as above	as above	as above
Salary inflation rate	as above	as above	as above
Defined benefit obligation (A$'000)	379,541	417,653	347,952
	Base case	**Scenario C +0.5% rate of CPI increase**	**Scenario D -0.5% rate of CPI increase**
Discount rate	as above	as above	as above
Rate of CPI increase	as above	above rates plus 0.5% pa	above rates less 0.5% pa
Salary inflation rate	as above	as above	as above
Defined benefit obligation (A$'000)	379,541	392,031	368,089
	Base case	**Scenario E +0.5% rate of salary increase**	**Scenario F -0.5% rate of salary increase**
Discount rate	as above	as above	as above
Rate of CPI increase	as above	as above	as above
Salary inflation rate	as above	above rates plus 0.5% pa	above rates less 0.5% pa
Defined benefit obligation (A$'000)	379,541	384,692	374,589
	Base case	**Scenario G Lower mortality rates***	**Scenario H Higher mortality rates****
Defined benefit obligation (A$'000)	379,541	384,108	377,024

*Assumes the short term pensioner mortality improvement factors for years 2017 to 2021 also apply for years after 2021.
**Assumes the long term pensioner mortality improvement factors for years post 2021 also apply for years 2017 to 2021.

The defined benefit obligation has been recalculated by changing the assumptions as outlined above, whilst retaining all other assumptions.

7. Employee benefits (cont'd)

- **Sensitivity analysis – Para 145 (cont'd)**

The entity's total defined benefit obligation as at 30 June 2016 under several scenarios is presented below. The total defined benefit obligation disclosed is inclusive of the contribution tax provision which is calculated based on the asset level at 30 June 2016.

Scenarios A to F relate to sensitivity of the total defined benefit obligation to economic assumptions, and scenarios G and H relate to sensitivity to demographic assumptions.

Year ended 30 June 2016	**Base case**	**Scenario A -1% discount rate**	**Scenario B +1% discount rate**
Discount rate	1.99%	0.99%	2.99%
Rate of CPI increase	as above	as above	as above
Salary inflation rate	as above	as above	as above
Defined benefit obligation (A$'000)	407,591	452,792	370,547

	Base case	**Scenario C +0.5% rate of CPI increase**	**Scenario D -0.5% rate of CPI increase**
Discount rate	as above	as above	as above
Rate of CPI increase	as above	above rates plus 0.5% pa	above rates less 0.5% pa
Salary inflation rate	as above	as above	as above
Defined benefit obligation (A$'000)	407,591	422,075	394,359

	Base case	**Scenario E +0.5% rate of salary increase**	**Scenario F -0.5% rate of salary increase**
Discount rate	as above	as above	as above
Rate of CPI increase	as above	as above	as above
Salary inflation rate	as above	above rates plus 0.5% pa	above rates less 0.5% pa
Defined benefit obligation (A$'000)	407,591	413,784	401,651

	Base case	**Scenario G Higher mortality rates***	**Scenario H Lower mortality rates****
Defined benefit obligation (A$'000)	407,591	404,750	412,867

*Assumes the long term pensioner mortality improvement factors for years post 2021 also apply for years 2016 to 2021
**Assumes the short term pensioner mortality improvement factors for years 2016 to 2021 also apply for years post 2021

The defined benefit obligation has been recalculated by changing the assumptions as outlined above, whilst retaining all other assumptions.

7. Employee benefits (cont'd)

- **Asset-liability matching strategies - Para 146**

The Trustee monitors its asset-liability risk continuously in setting its investment strategy. It also monitors cashflows to manage liquidity requirements. No explicit asset-liability matching strategy is used by the Trustee.

- **Funding arrangements - Para 147(a)**

Funding arrangements are reviewed at least every three years following the release of the triennial actuarial review and was last reviewed following completion of the triennial review as at 30 June 2015. Contribution rates are set after discussions between the employer, STC and NSW Treasury.

Funding positions are reviewed annually and funding arrangements may be adjusted as required after each annual review.

- **Surplus/deficit**

The following is a summary of the 30 June 2017 financial position of the Fund calculated in accordance with AASB 1056 "Superannuation Entities":

Year ended 30 June 2017	**SASS $'000**	**SANCS $'000**	**SSS $'000**	**Total $'000**
Accrued benefits*	232,505	19,127	10,981	262,613
Net market value of fund assets	(170,360)	(23,960)	(12,648)	(206,968)
Net (surplus)/deficit	**62,145**	**(4,833)**	**(1,667)**	**55,645**

Year ended 30 June 2016	**SASS $'000**	**SANCS $'000**	**SSS $'000**	**Total $'000**
Accrued benefits*	229,738	19,204	11,060	260,002
Net market value of fund assets	(166,684)	(12,559)	(12,240)	(191,483)
Net (surplus)/deficit	**63,054**	**6,645**	**(1,180)**	**68,519**

*There is no allowance for a contribution tax provision within the Accrued Benefits figure for AASB 1056. Allowance for contributions tax is made when setting the contribution rates.

- **Contribution recommendations**

Year ended 30 June 2017	**SASS multiple of member contributions**	**SANCS % member salary**	**SSS multiple of member contributions**
Recommended contributions rates were:			
STA Employment Group	2.2	2.5%	1.6

Year ended 30 June 2016	**SASS multiple of member contributions**	**SANCS % member salary**	**SSS multiple of member contributions**
Recommended contributions rates were:			
STA Employment Group	2.2	2.5%	1.6

7. Employee benefits (cont'd)

- **Economic assumptions**

The economic assumptions adopted for the 30 June 2017 AASB 1056 "Superannuation entities":

Weighted-average assumptions	**2017**	**2016**
	% p.a.	**% p.a.**
Expected rate of return on fund assets backing current pension liabilities	7.4% pa	7.8% pa
Expected rate of return on fund assets backing other liabilities	6.4% pa	6.8% pa
Expected salary increase rate (excluding promotional salary increases)	2.7% to 30 June 2019 then 3.2% pa thereafter	3.0% to 30 June 2019 then 3.5% pa thereafter
Expected rate of CPI increase	2.2% pa	2.5% pa

- **Expected contributions - Para 147(b)**

Year ended 30 June 2018	**SASS**	**SANCS**	**SSS**	**Total**
	$'000	**$'000**	**$'000**	**$'000**
Expected employer contributions	4,674	772	-	5,446

Year ended 30 June 2017	**SASS**	**SANCS**	**SSS**	**Total**
	$'000	**$'000**	**$'000**	**$'000**
Expected employer contributions	4,631	822	-	5,453

- **Maturity profile of defined benefit obligation - Para 147(c)**

The weighted average duration of the defined benefit obligation is:

STA employment group – 11.2 years.

- **Profit or loss impact**

Year ended 30 June 2017	**SASS**	**SANCS**	**SSS**	**Total**
	$'000	**$'000**	**$'000**	**$'000**
Current service cost	4,006	967	-	4,973
Net interest	3,763	145	207	4,115
Defined benefit cost	**7,769**	**1,112**	**207**	**9,088**

Year ended 30 June 2016	**SASS**	**SANCS**	**SSS**	**Total**
	$'000	**$'000**	**$'000**	**$'000**
Current service cost	4,007	963	-	4,970
Net interest	4,517	468	207	5,192
Defined benefit cost	**8,524**	**1,431**	**207**	**10,162**

7. Employee benefits (cont'd)

- **Other comprehensive income**

Year ended 30 June 2017	SASS	SANCS	SSS	Total
	$'000	$'000	$'000	$'000
Actuarial (gains)/losses on liabilities	(16,674)	(1,333)	(2,423)	(20,430)
Actual return on fund asset less interest income	(11,662)	(1,140)	(876)	(13,678)
Total remeasurement in other comprehensive income	**(28,336)**	**(2,473)**	**(3,299)**	**(34,108)**

Year ended 30 June 2016	SASS	SANCS	SSS	Total
	$'000	$'000	$'000	$'000
Actuarial (gains)/losses on liabilities	36,731	1,701	3,358	41,790
Actual return on fund assets less interest income	(331)	(128)	(15)	(474)
Total remeasurement in other comprehensive income	**36,400**	**1,573**	**3,343**	**41,316**

8. Reconciliation of cash flows from operating activities to net result

	2017	2016
	$'000	$'000
Net cash outflows from operating activities	6,629	(9,585)
Non cash acceptance by the Crown Entity of employee entitlements	40,361	88,484
Non cash expense (long service leave and superannuation assumed by the Crown Entity)	(40,361)	(88,484)
(Decrease)/increase in receivables	(55,555)	(1,286,792)
(Increase)/decrease in payables	7,170	(6,003)
(Increase)/decrease in employee benefits	7,648	1,343,696
Net Result	**(34,108)**	**41,316**

9. Financial instruments

The reporting entity's principal financial instruments are outlined below. These financial instruments arise directly from the reporting entity's operations or are required to finance the reporting entity's operations.

The reporting entity does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

The operational activities of the reporting entity do not expose it to a variety of financial risks such as credit, liquidity or market risk. The main risks arising from any financial instrument of the reporting entity are outlined below together with the reporting entity's objectives, policies and processes for measuring and managing the risks.

Further quantitative and qualitative disclosures are included throughout these financial statements.

The Secretary of the reporting entity has overall responsibility for the establishment and oversight of risk management and review and determines policies for managing each of these risks. Risk management policies are established to identify and analyse the risks faced by the reporting entity, to set limits and to monitor risks. Compliance with these policies is reviewed by the Audit and Risk Committee and internal audit on a regular basis.

(a) Financial instrument categories

	Note	Category	Carrying amount 2017 $'000	Carrying amount 2016 $'000
Financial assets				
Class:				
Cash and cash equivalents	4	N/A	13,955	7,326
Receivables[1]	5	Loans and receivables (at amortised cost)	494,049	549,604

	Note	Category	2017 $'000	2016 $'000
Financial liabilities				
Class:				
Payables[2]	6	Financial liabilities (at amortised cost)	20,876	28,142

[1] Excludes statutory receivables and prepayments (i.e. not within scope of AASB7)
[2] Excludes statutory payables and unearned revenue (i.e. not within scope of AASB7)

(b) Credit risk

Credit risk arises where a debtor or counterparty does not complete their obligations, resulting in financial loss to Transport Service.

Credit risk can arise from financial assets of the reporting entity, including cash and cash equivalents, deposits with banks and TCorp, as well as credit exposure to customers, including outstanding receivables and committed transactions.

Credit risk impacts on the following financial instruments which are discussed below:

Cash
Cash comprises bank balances within the NSW Treasury Banking System.

Receivables – personnel service receivables
All personnel service receivables are recognised as amounts receivable at balance date. Personnel service receivables are employee related. All debtors are NSW government agencies and no debtor balances are considered impaired as at 30 June 2017.

9. Financial instruments (cont'd)

(c) Liquidity risk

Liquidity risk is the risk that Transport Service will be unable to meet its payment obligations when they fall due. Transport Service continuously manages risk through monitoring future cash flows and maturities planning to ensure adequate holding of high quality liquid assets primarily in the form of cash at bank.

During the current and prior year, there were no defaults of loans payable and no assets have been pledged as collateral.

			Interest rate exposure			Maturity dates		
	Weighted average effective int. rate (%)	Nominal amount $ '000	Fixed Interest Rate $ '000	Variable Interest Rate $ '000	Non-interest bearing $ '000	< 1 year $ '000	1 - 5 years $ '000	> 5 years $ '000
2017 Payables:								
Accrued salaries, wages and on-costs	-	19,843	-	-	19,843	19,843	-	-
Other creditors	-	1,033	-	-	1,033	1,033	-	-
Total	**-**	**20,876**	**-**	**-**	**20,876**	**20,876**	**-**	**-**
2016 Payables:								
Accrued salaries, wages and on-costs	-	14,642	-	-	14,642	14,642	-	-
Other creditors	-	13,500	-	-	13,500	13,500	-	-
Total	**-**	**28,142**	**-**	**-**	**28,142**	**28,142**	**-**	**-**

(d) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The entity has no exposure to foreign currency risk and does not enter into commodity contracts.

(e) Fair value compared to carrying amount

Financial instruments are recognised at amortised cost. The carrying value 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.

10. Equity transfers

	2017 $'000	2016 $'000
Long service leave and defined benefit superannuation assumed by the Crown	-	1,356,353
Debt forgiveness on the RMS personnel service receivable	-	(1,356,353)
Equity transfers	**-**	**-**

The Treasurer approved the equity transfer of long service leave ($164.9 million) and defined benefits superannuation scheme ($1,191.5 million) liabilities relating to former RMS award staff from Transport Service to the Crown, effective 1 July 2015.

The Secretary directed Transport Services and RMS to extinguish the $1,356.4 million receivable and payable between the entities in relation to the former RMS award staff employee related liabilities via an adjustment to equity in both entities, also effective 1 July 2015.

11. Related party disclosures

(a) Key management personnel compensation

All of the entity's key management personnel compensation are borne by Transport for NSW.

(b) Transactions with government related entities during the financial year

All transactions and outstanding balances in these financial statements relate to the entity's function as provider of personnel services to Transport for NSW, Sydney Trains, NSW Trains, STA and RMS. Transport Service and these fellow entities are members of the Department of Transport consolidated entity whose parent entity is Department of Transport.

As a result of its function, long service leave and defined benefit superannuation scheme expenses relating to Transport for NSW, RMS and all senior executives were assumed by the Crown; while the Pooled Fund held in trust the investment relating to the closed NSW public sector superannuation schemes.

(c) Transactions and outstanding balances with other related parties during the financial year

There were no transactions or outstanding balances with other related parties during the financial year (2016: no transactions or outstanding balances).

12. After balance date events

347 Newcastle based employees belonging to the STA Employment Group became employees of Keolis Downer Hunter Pty Limited (KD), effective 1 July 2017, due to the transferring of Newcastle bus and ferry operations previously carried out by State Transit Authority under contract with Transport for NSW to KD from 1 July 2017. Annual leave and long service leave entitlements of the transferred employees were transferred to KD on 1 July 2017 and settled in July 2017 in accordance with the transfer agreement.

60 Newcastle based employees belonging to the STA Employment Group are members of the SASS defined benefits scheme and following KD’s scheduling as an accredited employer by Mercer Administration, effective 1 July 2017, KD assumes any future rise and fall of the net liability.

End of audited financial statements.

INDEPENDENT AUDITOR'S REPORT

Transport Service of New South Wales

To Members of the New South Wales Parliament

Opinion

I have audited the accompanying financial statements of the Transport Service of New South Wales (the Service), which comprise the statement of financial position as at 30 June 2017, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information.

In my opinion, the financial statements:

- give a true and fair view of the financial position of the Service as at 30 June 2017, and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards
- are in accordance with section 41B of the *Public Finance and Audit Act 1983* (PF&A Act) and the Public Finance and Audit Regulation 2015.

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

Basis for Opinion

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

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

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

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

Parliament promotes independence by ensuring the Auditor-General and the Audit Office of New South Wales are not compromised in their roles by:

- providing that only Parliament, and not the executive government, can remove an Auditor-General
- mandating the Auditor-General as auditor of public sector agencies
- precluding the Auditor-General from providing non-audit services.

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

The Secretary's Responsibility for the Financial Statements

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

In preparing the financial statements, the Secretary must assess the Service's ability to continue as a going concern except where the Service will be dissolved by an Act of Parliament or otherwise cease operations. The assessment must disclose, as applicable, matters related to going concern and the appropriateness of using the going concern basis of accounting.

Auditor's Responsibility for the Audit of the Financial Statements

My objectives are to:

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

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

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

My opinion does *not* provide assurance:

- that the Service carried out its activities effectively, efficiently and economically
- about the security and controls over the electronic publication of the audited financial statements on any website where they may be presented
- about any other information which may have been hyperlinked to/from the financial statements.

Somaiya Ahmed
A/Director, Financial Audit Services

26 September 2017
SYDNEY

NSW GOVERNMENT

Sydney Ferries

Annual Financial Statements

for the year ended 30 June 2017

Table of contents

Statement by the Chief Executive 2

Statement of comprehensive income 3

Statement of financial position 4

Statement of changes in equity 5

Statement of cash flows 6

1. Summary of significant accounting policies 7
2. Expenses excluding losses 17
3. Revenue 18
4. Other gains/(losses) 18
5. Cash and cash equivalents 19
6. Receivables 19
7. Property, plant and equipment 20
8. Intangible assets 23
9. Fair value measurement of non-financial assets 24
10. Payables 26
11. Other liabilities 26
12. Commitments 26
13. Contingent liabilities 26
14. Reconciliation of operating result to net cash from operating activities 27
15. Financial instruments 28
16. Related party disclosure 32
17. After balance date events 32

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

1) The accompanying financial statements, consisting of the Statement of comprehensive income, Statement of financial position, Statement of changes in equity, Statement of cash flows and the notes accompanying and forming part of the financial statements, exhibit a true and fair view of the financial position of Sydney Ferries as at 30 June 2017, and of its financial performance for the year ended on that date.

2) These financial statements have been prepared in accordance with the provisions of the applicable Australian Accounting Standards, including Australian Accounting Interpretations, and other mandatory and statutory reporting requirements, including the *Public Finance and Audit Act 1983*, the *Public Finance and Audit Regulation 2015* and NSW Treasurer's Directions.

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

Stephen Troughton
Acting Chief Executive

25 September 2017

Sydney Ferries
Statement of comprehensive income
for the year ended 30 June 2017

	Notes	Actual 2017 $'000	Actual 2016 $'000
Expenses excluding losses			
Operating expenses			
Employee related expenses	2(a)	-	(19)
Other operating expenses	2(b)	853	396
Depreciation and amortisation	2(c)	11,806	16,142
Total expenses excluding losses		**12,659**	**16,519**
Revenue			
Operational revenue	3(a)	6,114	6,043
Investment revenue	3(b)	395	339
Grants and contributions	3(c)	37,993	13,753
Other revenue	3(d)	4,993	5,884
Total revenue		**49,495**	**26,019**
Other gains/(losses)	4	870	(6,126)
Net result		**37,706**	**3,374**
Other comprehensive income			
Items that will not be reclassified to net result			
Net increase/(decrease) in asset revaluation surplus	7	890	(1,799)
Total other comprehensive income		**890**	**(1,799)**
Total comprehensive income		**38,596**	**1,575**

The accompanying notes form part of these financial statements.

Sydney Ferries
Statement of financial position
as at 30 June 2017

	Notes	Actual 2017 $'000	Actual 2016 $'000
ASSETS			
Current assets			
Cash and cash equivalents	5	46,996	29,196
Receivables	6	1,636	981
Total current assets		**48,632**	**30,177**
Non-current assets			
Property, plant and equipment	7	103,591	76,731
Intangible assets	8	31,245	34,550
Total non-current assets		**134,836**	**111,281**
Total assets		**183,468**	**141,458**
LIABILITIES			
Current liabilities			
Payables	10	5,853	1,576
Other liabilities	11	3,476	4,339
Total current liabilities		**9,329**	**5,915**
Total liabilities		**9,329**	**5,915**
Net assets		**174,139**	**135,543**
EQUITY			
Accumulated funds		168,012	130,306
Reserves		6,127	5,237
Total equity		**174,139**	**135,543**

The accompanying notes form part of these financial statements.

Sydney Ferries
Statement of changes in equity
for the year ended 30 June 2017

	Accumulated funds $ '000	Asset revaluation surplus $ '000	Total equity $ '000
Balance at 1 July 2016	**130,306**	**5,237**	**135,543**
Net result for the year	**37,706**	**-**	**37,706**
Other comprehensive income			
Net increase/(decrease) in asset revaluation surplus	-	890	890
Total other comprehensive income	**-**	**890**	**890**
Total comprehensive income for the year	**37,706**	**890**	**38,596**
Balance at 30 June 2017	**168,012**	**6,127**	**174,139**
Balance at 1 July 2015	**126,932**	**7,036**	**133,968**
Net result for the year	**3,374**	**-**	**3,374**
Other comprehensive income			
Net increase/(decrease) in asset revaluation surplus	-	(1,799)	(1,799)
Total other comprehensive income	**-**	**(1,799)**	**(1,799)**
Total comprehensive income for the year	**3,374**	**(1,799)**	**1,575**
Balance at 30 June 2016	**130,306**	**5,237**	**135,543**

The accompanying notes form part of these financial statements.

Sydney Ferries
Statement of cash flows
for the year ended 30 June 2017

	Notes	Actual 2017 $'000	Actual 2016 $'000
Cash flows from operating activities			
Payments			
Payments to former employees		(826)	(1,744)
Payments to suppliers		(3,001)	(898)
Total payments		**(3,827)**	**(2,642)**
Receipts			
Operational revenue		8,009	6,093
Interest received		383	264
Grants and contributions		37,993	13,753
Total receipts		**46,385**	**20,110**
Net cash flows from operating activities	14	**42,558**	**17,468**
Cash flows from investing activities			
Purchases of property, plant and equipment and intangible assets		(24,758)	(6,444)
Net cash flows from investing activities		**(24,758)**	**(6,444)**
Net (decrease)/increase in cash		**17,800**	**11,024**
Opening cash and cash equivalents		29,196	18,172
Closing cash and cash equivalents	5	**46,996**	**29,196**

The accompanying notes form part of these financial statements.

1. Summary of significant accounting policies

(a) Reporting entity

Sydney Ferries is a statutory corporation established by the *Transport Administration Act 1988*. Sydney Ferries is a "statutory authority" for the purposes of the *Public Finance and Audit Act 1983* and is a controlled entity of Transport for NSW. Transport for NSW is a controlled entity of the Department of Transport which is consolidated as part of the NSW Total State Sector (ultimate parent).

Sydney Ferries was initially established to deliver public ferry services in Sydney. On 3 May 2012 the Minister for Transport announced that Harbour City Ferries (HCF) was awarded a contract to operate ferry services on Port Jackson and the Parramatta River for seven years under a new Ferry System Contract between HCF and Transport for NSW. The contract commenced on 28 July 2012. Since 28 July 2012, HCF leases the vessels, land and buildings from Sydney Ferries.

RailCorp will progressively transition to the Transport Asset Holding Entity (TAHE). TAHE may eventually hold additional public transport assets for the State, including ferry vessel assets currently held by Sydney Ferries. The transfer of assets is intended to occur progressively over the next few years.

The financial statements were authorised for issue by the Acting Chief Executive on the date on which the accompanying Statement by the Chief Executive was signed.

(b) Basis of preparation

The financial statements of Sydney Ferries have been prepared as general purpose financial statements on an accrual basis in accordance with:

- applicable Australian Accounting Standards and Interpretations;
- the requirements of the *Public Finance and Audit Act 1983* and the *Public Finance and Audit Regulation 2015*; and
- Financial Reporting Directions mandated by the NSW Treasurer.

All amounts are rounded to the nearest one thousand dollars unless otherwise stated and are expressed in Australian currency.

(c) Statement of compliance

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

(d) Basis of measurement

These financial statements have been prepared under the historical cost convention except for certain classes of property, plant and equipment and intangible assets, which are measured at fair value.

(e) Use of estimates and judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimate are recognised in the period in which the estimate is revised and in any future periods affected.

The judgements, key assumptions and estimates management has made are disclosed in the relevant notes to the financial statements.

1. Summary of significant accounting policies (cont'd)

(e) Use of estimates and judgements (cont'd)

(i) Critical judgements in applying the accounting policies:

Determination of for-profit or not-for-profit
Sydney Ferries is a not-for-profit entity as profit is not its principal objective.

Going concern
The financial statements have been prepared on a going concern basis which assumes that payment of liabilities will be met, as and when they fall due, without any intention or necessity to liquidate assets or otherwise wind up operations.

(f) Revenue

Revenue is measured at the fair value of the consideration or contributions received or receivable. In most cases this is the value of the cash exchanged or exchangeable. Revenue is not recognised unless receipt is probable and the amount is reliably measureable. Revenue is recognised on major income categories as follows:

(i) Grants

Income from grants is recognised when all of the following conditions are satisfied:

- Sydney Ferries obtains control of the grant or the right to receive the grant;
- it is probable that the economic benefits comprising the grant will flow to Sydney Ferries, and
- the amount of the grant can be measured reliably. Income from grants is measured at the fair value of the grant received or receivable.

Sydney Ferries is deemed to have assumed control when the grant is received or receivable. Unspent grants are accounted for as liabilities if there is a contractual obligation to refund the unspent amounts.

(ii) Investment revenue

Interest revenue is recognised in the Statement of comprehensive income as it accrues, using the effective interest method.

(iii) Rental revenue

Rental revenue arising from operating leases is accounted for on a straight-line basis over the lease term.

(iv) MPM revenue

MPM Revenue is recognised in line with major periodic maintenance work undertaken by the Ferry Services Contractor, Harbour City Ferries, on Sydney Ferries vessels.

(g) Leases

A distinction is made between finance leases which effectively transfers from the lessor to the lessee substantially all the risks and rewards incidental to ownership of the leased assets, and operating leases under which the lessor does not transfer substantially all the risks and rewards. Where a non-current asset is acquired by means of a finance lease, at the commencement of the lease term, the asset is recognised at its fair value or, if lower, the present value of the minimum lease payments, at the inception of the lease. The corresponding liability is established at the same amount. Lease payments are allocated between the principal component and the interest expense.

An operating lease is a lease other than a finance lease. Operating lease payments are recognised as an operating expense in the Statement of comprehensive income in the periods in which they are incurred.

1. Summary of significant accounting policies (cont'd)

(h) Insurance

HCF has appropriate insurance to cover material liability, physical damage, business interruption, and other exposures arising out of normal business operations.

(i) Taxes

(i) Accounting for Goods and Services Tax (GST)

In relation to GST, revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred by Sydney Ferries as a purchaser is not recoverable from the Australian Taxation Office. In such cases, the GST incurred is recognised as part of the cost of acquisition of an asset or as part of an item of expense.

Receivables and payables are stated with the amount of GST included. Cash flows are included in the statement of cash flows on a gross basis. However, the GST components of cash flows arising from investing activities which is recoverable or payable to the Australian Taxation Office are classified as operating cash flows.

(ii) Income Tax

NSW Treasury has advised that Sydney Ferries is exempt from the Tax Equivalent Regime for Government Businesses (Treasury Policy Paper 03-4). Accordingly, tax effect accounting is not prepared.

(iii) State taxes

Sydney Ferries is exempt from land tax.

(j) Cash and cash equivalents

Cash is carried at its principal amount and is subject to an insignificant risk of changes in value. Cash includes cash on hand and at bank.

(k) Trade and other receivables

Trade and other 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. Subsequent measurement is at amortised cost using the effective interest method, less an allowance for any impairment of receivables. Any changes are accounted for in the Statement of comprehensive income when impaired, derecognised or through the amortisation process. Short-term receivables with no stated interest rate are measured at the original invoice amount where the effect of discounting is immaterial.

(l) Impairment of financial assets

All financial assets, except those measured at fair value through profit or loss, are subject to an annual review for impairment. An allowance for impairment is established when there is objective evidence that Sydney Ferries 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.

1. Summary of significant accounting policies (cont'd)

(l) Impairment of financial assets (cont'd)

When an available for sale financial asset is impaired, the amount of the cumulative loss is removed from equity and recognised in the Statement of comprehensive income, based on the difference between the acquisition cost (net of any principal repayment and amortisation) and current fair value, less any impairment loss previously 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, except reversals of impairment losses on an investment in an equity instrument classified as "available for sale" must be made through the reserve. 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.

(m) Trade and other payables

These amounts represent liabilities for goods and services provided to Sydney Ferries and other amounts. Trade and other payables are recognised initially at fair value, usually based on the transaction cost. 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.

(n) De-recognition of financial assets and financial liabilities

A financial asset is de-recognised when the contractual rights to the cash flows from the financial assets expire or if the agency transfers the financial asset:

- where substantially all the risks and rewards have been transferred; or
- where the agency has not transferred substantially all the risks and rewards, if the entity has not retained control.

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

A financial liability is de-recognised when the obligation specified in the contract is discharged or cancelled or expires.

(o) Property, plant and equipment

(i) Acquisition of assets and capitalisation threshold

The cost method of accounting is used for the initial recording of all acquisitions of assets controlled by Sydney Ferries. Cost is the amount of cash or cash equivalents paid or the fair value of the other consideration given to acquire the asset when initially recognised in accordance with the specific requirements of other Australian Accounting Standards. Assets acquired at no cost, or for nominal consideration, are initially recognised at their fair value at the date of acquisition. Fair value is the amount for which an asset could be exchanged between knowledgeable, willing parties in an arm's length transaction. Where payment for an item is deferred beyond normal credit terms, its cost is the cash equivalent. The deferred payment amount is effectively discounted at an asset-specific rate.

Property, plant and equipment costing $5,000 or more individually and having a minimum expected useful life of one year or more is capitalised.

Major spares purchased specifically for particular assets or class of assets are, at the time of acquisition, included in the cost of the assets and depreciated accordingly.

1. Summary of significant accounting policies (cont'd)

(o) Property, plant and equipment (cont'd)

(ii) Revaluation of property, plant and equipment

Physical non-current assets are valued in accordance with the *'Valuation of Physical Non-Current Assets at Fair Value' Policy and Guidelines Paper* (TPP 14-01). This policy adopts fair value in accordance with AASB 13 *Fair Value Measurement,* AASB 116 *Property, Plant and Equipment* and AASB 140 *Investment Property*.

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

Fair value of property, plant and equipment is based on a market participants' perspective, using valuation techniques (market approach, cost approach, income approach) that maximise relevant observable inputs and minimise unobservable inputs. Refer to note 7 and note 9 for further information regarding fair value.

Sydney Ferries revalue land and buildings at least once every three years and each other class of property, plant and equipment at least five years or with sufficient regularity to ensure that the carrying amount of each asset in the class does not differ materially from its fair value at reporting date. The last comprehensive revaluation of ferries was completed on 30 June 2013; comprehensive revaluations of freehold land, buildings and improvements were undertaken on 31 Mar 2017. Interim revaluations were undertaken on ferries on 30 June 2016.

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

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

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

Revaluation decrements are recognised immediately as a loss in the net result, except that, to the extent that a credit balance exists in the asset revaluation surplus in respect of the same class of assets, they are debited directly to the asset revaluation surplus.

As a not-for-profit reporting entity, revaluation increments and decrements are offset against one another within a class of non-current assets, but not otherwise.

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

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

1. Summary of significant accounting policies (cont'd)

(o) Property, plant and equipment (cont'd)

(ii) Revaluation of property, plant and equipment (cont'd)

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end.

The depreciated replacement cost is used to revalue specialised buildings (designed for specific limited purposes), infrastructure systems and certain plant and equipment. Depreciated replacement cost for these types of assets is based on "incremental optimised replacement cost". Optimised replacement cost is the minimum cost, in the normal course of business, to replace the existing asset with a technologically modern equivalent asset with the same economic benefits, adjusting for any overdesign, overcapacity and redundant components.

For vessels which are specialised assets, depreciated replacement cost is determined by reference to the most appropriate modern, depreciated equivalent replacement asset that provided similar economic benefits.

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. The accumulated depreciation is restated proportionately with the change in the gross carrying amount so that the carrying amount of the asset after revaluation equals its revalued amount. In all other cases the accumulated depreciation is eliminated against the gross carrying amount of the asset and the net carrying amount is restated to the revalued amount of the asset.

(iii) Work in progress

Costs relating to property, plant and equipment that are under construction, or are otherwise incomplete, are shown in the statement of financial position as work in progress and are not depreciated until the assets are brought into service.

(iv) Impairment of property, plant and equipment

In respect of a not-for-profit entity, value in use is the depreciated replacement cost. Hence an impairment loss is unlikely to arise on any of Sydney Ferries' assets because the carrying amount (usually optimised replacement cost) is unlikely to exceed the recoverable amount. For vessels (which are specialised assets) held for sale, an impairment loss would arise when they are valued at market value and not disposed of in the same financial year.

Notwithstanding this, Sydney Ferries generally reviews the carrying values of major assets for objective evidence of impairment. Where such an indication exists, an estimate of the recoverable amount is made. An impairment loss is recognised in the Statement of comprehensive income when the carrying amount of an asset exceeds its recoverable amount unless the asset has been revalued in which case the impairment loss is treated as a revaluation decrease. When the impairment subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

1. Summary of significant accounting policies (cont'd)

(o) Property, plant and equipment (cont'd)

(v) Depreciation of property, plant and equipment

Except for certain non-depreciable assets, depreciation is provided for on a straight-line basis so as to write off the depreciable amount of each asset as it is consumed over its useful life to Sydney Ferries. Property, plant and equipment, excluding freehold land and work in progress, are depreciated over their estimated useful lives as follows:

Asset Class	Life	Method
Freehold buildings	40 Yrs	Straight Line
Plant and equipment	3 to 30 Yrs	Straight Line
Ferries	20 to 55 Yrs	Straight Line

(vi) Dry docking

As part of the long-term maintenance program for the fleet, all vessels undergo a major refit (dry docking) on a regular basis (every 5 years for the Freshwater class of ferries and every 2 years for the remainder of the fleet). The cost of these dockings are capitalised and depreciated over the period to the subsequent docking or until the next revaluation date (whichever comes sooner).

(vii) Repairs and maintenance

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

(p) Intangible assets

(i) Right to receive

Sydney Ferries recognises the right to receive ferry spare parts inventory and fuel stocks which Harbour City Ferries (HCF) under its contract that must return at the end of that contract. HCF advises Sydney Ferries the value of the right to receive assets as at 30 June each year based on the amount of fuel and of each inventory item and relevant values, of each of the right to receive items at the reporting date. The advice from HCF is used for the purpose of assessing impairment to the right to receive assets as at 30 June each year.

(ii) Computer software

The Ferry Operations Customer Information System (FOCIS) is recognised as computer software and amortised over its useful life of 5 years.

1. Summary of significant accounting policies (cont'd)

(q) Provisions

A provision is recognised in the Statement of financial position when Sydney Ferries has a present legal or constructive obligation as a result of past event, and it is probable that an outflow of economic benefits will be required to settle the obligation, and the amount has been reliably estimated.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

If the effect of the time value of money is material, provisions are measured using the present value of the expenditure expected to be required to settle the obligation and using a discount rate that reflects current market assessments of the time value of money and the risks specific to the liability.

(r) Other liabilities

Other liabilities include amounts brought to account for the leave amounts owing to HCF for former Sydney Ferries employees, not including superannuation for leave taken in service.

Liabilities for leave that are expected to be settled wholly within 12 months of the reporting date are recognised and measured at undiscounted amounts based on the amounts expected to be paid when the liabilities are settled.

(s) Comparatives

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

(t) Allocation between current and non-current assets and liabilities

In the determination of whether an asset or liability is current or non-current, consideration is given to the time when each asset or liability is expected to be settled. The asset or liability is classified as current if it is expected to be settled within the ensuing 12 months, being Sydney Ferries' operational cycle. In the case of liabilities where Sydney Ferries does not have the unconditional right to defer settlement beyond 12 months, such as vested long service leave, the liability is classified as current even if not expected to be settled within the next 12 months.

(u) Fair value hierarchy

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability or in the absence of a principal market, in the most advantageous market for the asset or liability.

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

1. Summary of significant accounting policies (cont'd)

(u) Fair value hierarchy (cont'd)

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

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

Refer Note 9 and Note 15 for further disclosures regarding fair value measurements of financial and non-financial assets.

(v) Equity and reserves

(i) Asset revaluation reserve

The asset revaluation reserve is used to record increments and decrements on the revaluation of noncurrent assets. This accords with Sydney Ferries policy on the revaluation of property, plant and equipment as discussed in note 1(o). Separate reserve accounts are recognised in the financial statements only if such accounts are required by specific legislation or Australian Accounting Standards (e.g. asset revaluation reserve).

(ii) Accumulated funds

The category "Accumulated funds" includes all current and prior period retained funds.

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

(i) Effective for the first time in 2016-17

The accounting policies applied in 2016-17 are consistent with those of the previous financial year with the exception of AASB 2015-6 *Amendments to Australian Accounting Standards – Extending Related Party Disclosures to Not-for-Profit Public Sector Entities.* The amending pronouncement extends the scope of AASB 124 *Related Party Disclosures* to include not-for-profit public sector entities. The first time adoption of AASB 124 resulted in additional disclosures in the notes to the financial statements.

(ii) Issued but not yet effective

Australian Accounting Standards and Interpretations that have been issued or revised but are not yet effective have not been early adopted in accordance with Treasury mandated policy.

AASB 16 *Leases* will apply to annual reporting periods beginning on or after 1 January 2019. The standard introduces a new approach to lease accounting that requires a lessee to recognise assets and liabilities for the rights and obligations created by leases. Sydney Ferries is yet to undertake a detailed assessment of the impact of AASB 16 however we believe that the application of this standard will likely have a significant transitional impact as a result of all leases, except short term and low value, brought on balance sheet.

1. Summary of significant accounting policies (cont'd)

(w) Changes in accounting policy, including new or revised Australian Accounting Standards (cont'd)

(ii) Issued but not yet effective (cont'd)

AASB 15 *Revenue from Contracts with Customers*, including the amendments AASB 2014-5, AASB 2015-8, AASB 2016-3 and AASB 2016-7, has application from annual reporting periods on or after 1 January 2018. We believe this standard will impact on the timing recognition of certain revenue given the core principle of the new standard requires revenue to be recognised when the goods or services are transferred to the customer at the transaction price (as opposed to stage of completion of the transaction). The model features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognised.

AASB 1058 *Income of Not-for-profit Entities* and AASB 2016-8 *Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not-for-Profit Entities* has application from annual reporting periods on or after 1 January 2019. The introduction of AASB 1058 results in the amendment of AASB 1004 *Contributions* with many of its requirements being revised and relocated to AASB 1058. Sydney Ferries is yet to undertake a detailed assessment of the impact of AASB 1058 however we believe the initial adoption may defer the recognition of income in some circumstances.

The impact of the following standards in the period of initial application is not expected be significant.

Standard	**Applicable to annual reporting periods beginning on or after**
AASB 9 Financial Instruments	1 January 2018
AASB 2016-2 Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 107	1 January 2017
AASB 2016-4 Amendments to Australian Accounting Standards – Recoverable Amount of Non-Cash-Generating Specialised Assets of Not-for-profit	1 January 2017
AASB 2016-6 Amendments to Australian Accounting Standards – Applying AASB 9 with AASB 4 Insurance Contracts	1 January 2018
AASB 2017-2 Amendments to Australian Accounting Standards – Further Annual Improvements 2014-2016 Cycle	1 January 2017
Interpretation 22 Foreign Currency Transactions and Advance Consideration	1 January 2019

2. Expenses excluding losses

(a) Employee related expenses

	2017 $'000	2016 $'000
Long service leave*	-	(7)
Workers' compensation insurance*	-	(12)
Employee related expenses	**-**	**(19)**

* Employee related expenses in 2016 were impacted due to the overprovision of employment liabilities in 2015.

There are no employees in 2017 and 2016.

(b) Other operating expenses

	2017 $'000	2016 $'000
Auditor's remuneration - audit of financial statements	44	25
Professional services	79	7
Operating lease rental expense	72	70
General expenses	16	54
Administration	193	240
Maintenance	449	-
Other operating expenses	**853**	**396**

(c) Depreciation and amortisation

	Notes	2017 $'000	2016 $'000
Buildings		379	373
Ferries		8,103	12,340
Plant and equipment		183	288
Depreciation	7	**8,665**	**13,001**
Computer software		3,141	3,141
Amortisation	8	**3,141**	**3,141**
Depreciation and amortisation		**11,806**	**16,142**

3. Revenue

(a) Operational revenue

	2017 $'000	2016 $'000
Ferry lease revenue	6,114	6,043
Operational revenue	**6,114**	**6,043**

(b) Investment revenue

	2017 $'000	2016 $'000
Interest income	395	339
Investment revenue	**395**	**339**

(c) Grants and contributions

	2017 $'000	2016 $'000
Grants from Transport for NSW	37,993	13,753
Grants and contributions	**37,993**	**13,753**

(d) Other revenue

	2017 $'000	2016 $'000
Major periodic maintenance revenue	4,993	5,884
Other revenue	**4,993**	**5,884**

4. Other gains/(losses)

	2017 $'000	2016 $'000
Revaluation decrement reversals on land assets	1,034	450
Revaluation decrement on ferries assets	-	(3,799)
Impairment losses on right to receive assets	(164)	(2,777)
Other gains/(losses)	**870**	**(6,126)**

5. Cash and cash equivalents

	2017 $'000	2016 $'000
Cash at bank and on hand	46,996	29,196
Cash and cash equivalents	**46,996**	**29,196**

For the purposes of the Statement of cash flows, cash and cash equivalents include cash at bank and cash on hand. Cash and cash equivalent assets recognised in the Statement of financial position are reconciled at the end of the financial year to the Statement of cash flows as follows:

	2017 $'000	2016 $'000
Cash and cash equivalents (per Statement of financial position)	46,996	29,196
Closing cash and cash equivalents (per Statement of cash flows)	**46,996**	**29,196**

6. Receivables

	2017 $'000	2016 $'000
Current receivables		
Trade debtors	557	554
Goods and Services Tax recoverable	896	263
Prepayments	6	-
Interest receivables	177	164
Current receivables	**1,636**	**981**

7. Property, plant and equipment

(a) Classes

	Land and buildings $ '000	Plant and equipment $ '000	Ferries $ '000	Assets under construction $ '000	Total ferries	Total property, plant and equipment $ '000
At 30 June 2017						
At fair value – Gross carrying amount	20,160	13,720	254,046	24,262	278,308	312,188
Accumulated depreciation and impairment	(10,815)	(9,033)	(188,749)	-	(188,749)	(208,597)
Net carrying amount	**9,345**	**4,687**	**65,297**	**24,262**	**89,559**	**103,591**
At 30 June 2016						
At fair value – Gross carrying amount	18,632	13,720	231,746	12,961	244,707	277,059
Accumulated depreciation and impairment	(10,832)	(8,850)	(180,646)	-	(180,646)	(200,328)
Net carrying amount	**7,800**	**4,870**	**51,100**	**12,961**	**64,061**	**76,731**

7. Property, plant and equipment (cont'd)

(b) Reconciliation of property, plant and equipment

Reconciliation of carrying amounts of each class of property, plant and equipment at the beginning and at the end of the reporting period are set out below:

	Notes	Land and buildings $ '000	Plant and equipment $ '000	Ferries $ '000	Assets under construction $ '000	Total ferries $ '000	Total property, plant and equipment $ '000
Net carrying amount at start of year		**7,800**	**4,870**	**51,100**	**12,961**	**64,061**	**76,731**
Additions		-	-	-	28,608	28,608	28,608
Major periodic maintenance additions		-	-	4,858	135	4,993	4,993
Reclassification between PPE classes		-	-	17,442	(17,442)	-	-
Revaluation increment/(decrement) recognised in net result	4	1,034	-	-	-	-	1,034
Depreciation expense	2(c)	(379)	(183)	(8,103)	-	(8,103)	(8,665)
Revaluation increment/(decrement) recognised in equity		890	-	-	-	-	890
Net carrying amount at 30 June 2017		**9,345**	**4,687**	**65,297**	**24,262**	**89,559**	**103,591**

	Notes	Land and buildings $ '000	Plant and equipment $ '000	Ferries $ '000	Assets under construction $ '000	Total ferries $ '000	Total property, plant and equipment $ '000
Net carrying amount at start of year		**7,723**	**5,158**	**63,155**	**5,749**	**68,904**	**81,785**
Additions		-	-	-	7,212	7,212	7,212
Major periodic maintenance additions		-	-	5,883	-	5,883	5,883
Revaluation increment/(decrement) recognised in net result	4	450	-	(5,598)	-	(5,598)	(5,148)
Depreciation expense	2(c)	(373)	(288)	(12,340)	-	(12,340)	(13,001)
Net carrying amount at 30 June 2016		**7,800**	**4,870**	**51,100**	**12,961**	**64,061**	**76,731**

7. Property, plant and equipment (cont'd)

(b) Reconciliation of property, plant and equipment (cont'd)

Estimates:
Management has estimated expected usage and assessed the assets for impairment.

Valuations:
(a) Property, plant and equipment were revalued in accordance with the basis of valuation set out in Note 1 (o).
(b) The following non-current assets were independently valued by registered valuers:

Class of assets	Date of valuation	Registered valuers
Land and buildings	30-Jun-17	Rodney Hyman Asset Services Pty. Ltd.
Ferries	30-Jun-16	Rodney Hyman Asset Services Pty. Ltd.

8. Intangible assets

	2017 $'000	2016 $'000
Plant and equipment	4,310	4,597
Intangibles	1,280	760
Leasehold improvements	12,565	13,314
Inventory (including fuel)	8,901	8,549
Right to receive assets	**27,056**	**27,220**
Computer software	**4,189**	**7,330**
Total intangible assets	**31,245**	**34,550**

The contract with Harbour City Ferries for the provision of ferry services provides for assets to be returned to Sydney Ferries at the end of the contract. Those assets have been brought to account as a right to receive intangible asset.

Reconciliation of carrying amounts of each class of intangible at the beginning and at the end of the reporting period are set out below:

	Right to receive assets $ '000	Computer software $ '000	Total $ '000
Cost (gross carrying amount)	34,106	15,664	49,770
Accumulated amortisation and impairment	(7,050)	(11,475)	(18,525)
Net carrying amount at 30 June 2017	**27,056**	**4,189**	**31,245**
Cost(gross carrying amount)	34,106	15,664	49,770
Accumulated amortisation and impairment	(6,886)	(8,334)	(15,220)
Net carrying amount at 30 June 2016	**27,220**	**7,330**	**34,550**

Reconciliation

	Notes	Right to receive assets $ '000	Computer software $ '000	Total $ '000
Net carrying amount at start of year		27,220	7,330	**34,550**
Impairment reversals/(losses)	4	(164)	-	**(164)**
Amortisation	2(c)	-	(3,141)	**(3,141)**
Net carrying amount at 30 June 2017		**27,056**	**4,189**	**31,245**
Net carrying amount at start of year		29,997	10,385	**40,382**
Additions		-	86	**86**
Impairment reversals/(losses)	4	(2,777)	-	**(2,777)**
Amortisation	2(c)	-	(3,141)	**(3,141)**
Net carrying amount at 30 June 2016		**27,220**	**7,330**	**34,550**

9. Fair value measurement of non-financial assets

(a) Fair value hierarchy

Fair value measurements recognised in the balance sheet are categorised into the following levels at 30 June 2017.

	Notes	Level 1 $'000	Level 2 $'000	Level 3 $'000	Property, plant and equipment $'000
Land and buildings	7	-	-	9,345	9,345
Ferries	7	-	-	65,297	65,297
Property, plant and equipment		**-**	**-**	**74,642**	**74,642**

30 June 2016

	Notes	Level 1 $'000	Level 2 $'000	Level 3 $'000	Property, plant and equipment $'000
Land and buildings	7	-	-	7,800	7,800
Ferries	7	-	-	51,100	51,100
Property, plant and equipment		**-**	**-**	**58,900**	**58,900**

(b) Valuation processes

Sydney Ferries obtains independent valuations for its land and building assets at least every 3 years and for its other non-financial assets at least every 5 years.

Sydney Ferries engages external professionally qualified valuers to determine the fair value of the entity's non-financial assets. A comprehensive valuation of land and buildings was conducted by Rodney Hyman Asset Services Pty Ltd (RHAS) for 30 June 2017. A comprehensive valuation of ferries was conducted by RHAS at 30 June 2013, and an interim valuation was performed by RHAS at 30 June 2016 using an optimised replacement cost approach.

(c) Valuation techniques and input

At the end of each reporting period, Sydney Ferries updates its assessment of the fair value of each category of non-financial asset, taking into account the most recent independent valuation. The best evidence of fair value is current prices in an active market for similar assets. Where such information is not available, Sydney Ferries considers information from a variety of other sources and uses specific valuation techniques including:

- current prices in an active market for assets of a similar nature or recent prices of similar assets in less active markets, adjusted to reflect those differences
- depreciated replacement cost where the selling price is not available, with reference to most appropriate modern, depreciated equivalent replacement asset that provides similar economic benefits
- construction costs incurred by the entity
- indexation of rates used in previous valuation assessments, including review of the rates against current market conditions
- discounted cash flow projections based on estimates of future cash flows

9. Fair value measurement of non-financial assets (cont'd)

(c) Valuation techniques and input (cont'd)

These valuation techniques maximise the use of observable inputs where available and rely as little as possible on entity or asset specific estimates. The level in the fair value hierarchy is determined on the basis of the lowest level input that is significant to the measurement in its entirety. If significant inputs required to measure fair value of an asset are observable, the asset is included in level 2 of the fair value hierarchy. If one or more of the significant inputs is not based on observable market data, the asset is included in level 3 of the fair value hierarchy. All resulting fair value estimates for non-financial assets are included in level 3.

The main level 2 and level 3 inputs used by the valuers for property, plant and equipment are as follows:

- Land – rate per square metre of land area is determined by the external valuer based on the most comparable land sales evidence applicable for each property, adjusted for the specific attributes of the subject land. The external valuer assumed a hypothetical 'R1 – General Residential' zoning for the subject landholding consistent with surrounding properties when making comparison to the sales evidence less an appropriate adjustment factor in the range of 80% - 90% to account for the unique and restrictive planning provisions associated with the subject site.
- Building – replacement cost of buildings and site improvements have been determined with reference to Rawlinsons Australian Construction Handbook and other industry cost publications. Depreciation rates adopted take into account both property specific (e.g. age, condition of improvements) and market specific (e.g. depth of buyer demand) factors based on an analysis of available sales evidence.
- Vessels – optimised replacement cost, including delivery and professional fees were estimated by RHAS valuers based on the advice of a locally-based, reputable and long-standing boat-builder, assuming the lowest cost of replacing the vessel with a vessel based on the above criteria. Costs incurred on major periodic maintenance are determined by management based on the applicable Australian Accounting Standards.

(d) Reconciliation of recurring Level 3 fair value measurements

	Land and buildings	Ferries	Total
	$ '000	$ '000	$ '000
Fair value at start of year	7,800	51,100	**58,900**
Additions	-	22,300	**22,300**
Revaluation increment/(decrement) recognised in net result	1,034	-	**1,034**
Revaluation increment/(decrement) recognised in other comprehensive income	890	-	**890**
Depreciation	(379)	(8,103)	**(8,482)**
Fair value as at 30 June 2017	**9,345**	**65,297**	**74,642**
Fair value at start of year	7,723	63,155	**70,878**
Additions	-	5,883	**5,883**
Revaluation increment/(decrement) recognised in net result	450	(3,799)	**(3,349)**
Revaluation increment/(decrement) recognised in other comprehensive income	-	(1,799)	**(1,799)**
Depreciation	(373)	(12,340)	**(12,713)**
Fair value as at 30 June 2016	**7,800**	**51,100**	**58,900**

10. Payables

	2017 $'000	2016 $'000
Trade creditors	7	-
Accrued expenses	5,846	1,576
Current payables	**5,853**	**1,576**

11. Other liabilities

	2017 $'000	2016 $'000
Liability for former employees' leave entitlements	3,476	4,339
Current other liabilities	**3,476**	**4,339**

12. Commitments

	2017 $'000	2016 $'000
(a) Capital Commitments		
Aggregate capital commitments for property, plant & equipment contracted for at reporting date and not provided for:		
Not later than one year	9,998	28,262
Later than one year	-	7,379
Total (including GST)	**9,998**	**35,641**
(b) Operating lease commitments		
Not later than one year	80	80
Later than one year	318	318
Later than five years	364	444
Total (including GST)	**762**	**842**

Input tax credits of $0.92 million (2016: $3.32 million), expected to be recoverable from the Australian Taxation Office, are included above.

13. Contingent liabilities

Contingent liabilities represent matters that are unconfirmed (pending the occurrence or non-occurrence of an uncertain future event), or not reliably measurable or unlikely to be settled. However, their probability of settlement is not remote.

Contractual and other claims against Sydney Ferries arise in the ordinary course of operations. The existence or quantum of each claim is usually in dispute and the outcome cannot be measured reliably. Sydney Ferries had no contingent liabilities as at 30 June 2017 and 30 Jun 2016.

14. Reconciliation of operating result to net cash from operating activities

(a) Reconciliation of operating result to net cash from operating activities

	2017 $'000	2016 $'000
Net cash inflows from operating activities	42,558	17,468
Depreciation and amortisation	(11,806)	(16,142)
Other non-cash items	4,993	5,884
Derecognition, impairment and write off assets	(164)	(6,126)
Revaluation increment/(decrement) of assets	1,034	-
(Decrease)/increase in receivables	312	869
(Increase)/decrease in payables and provisions	(84)	(20)
(Increase)/decrease in other liabilities	863	1,441
Reconciliation to net result	**37,706**	**3,374**

(b) Non-cash financing and investing activities

	2017 $'000	2016 $'000
Major periodic maintenance work by HCF	4,993	5,884
Non-cash investing activities	**4,993**	**5,884**
Non-cash financing and investing activities	**4,993**	**5,884**

15. Financial instruments

Sydney Ferries' principal financial instruments are outlined below. These financial instruments arise directly from Sydney Ferries' operations or are required to finance Sydney Ferries' operations. Sydney Ferries does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

Sydney Ferries' main risks arising from financial instruments are outlined below, together with the Sydney Ferries' objectives, policies and processes for measuring and managing risk. Further quantitative and qualitative disclosures are included throughout this financial report.

Risk management policies are established to identify and analyse the risks faced by Sydney Ferries, to set risk limits and control and monitor risks. Compliance with policies is reviewed by Management on a continuous basis. There have been no changes to Sydney Ferries' exposure to credit, liquidity, market and interest rate risk or objectives, policies and processes for managing the risk and the methods used to measure the risks from the prior year.

(a) Financial instrument categories

	Note	Category	Carrying amount 2017 $'000	Carrying amount 2016 $'000
Financial assets				
Class:				
Cash and cash equivalents	5	N/A	46,996	29,196
Receivables	6	Loans and receivables (at amortised cost)*	734	718
			47,730	**29,914**
Financial liabilities				
Class:				
Payables	10	Financial liabilities measured at amortised cost**	5,853	1,576
Other liabilities	11	Financial liabilities measured at amortised cost	3,476	4,339
			9,329	**5,915**

* Excludes statutory receivables and prepayments which are not within the scope of AASB 7.
**Excludes statutory payables and unearned revenue which are not within the scope of AASB 7.

(b) Credit risk

Credit risk arises when there is the possibility of Sydney Ferries' debtors defaulting on their contractual obligations, resulting in a financial loss to Sydney Ferries. 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 Sydney Ferries, including cash and cash equivalents and receivables and authority deposits. No collateral is held by Sydney Ferries. Sydney Ferries has not granted any financial guarantees.

Credit risk associated with Sydney Ferries financial assets, other than receivables, is managed through the selection of counterparties and establishment of minimum credit rating standards.

15. Financial instruments (cont'd)

(b) Credit risk (cont'd)

(i) Cash

Cash comprises cash on hand and bank balances within the NSW Treasury banking systems. Interest is earned on daily bank balances at the current Reserve Bank of Australia official cash rate.

(ii) Receivables

At the end of the reporting period there were no significant concentrations of credit risk. Credit risk is the risk of financial loss arising from another party to a contract or financial position failing to discharge a financial obligation there under. Sydney Ferries' maximum exposure to credit risk is represented by the carrying amounts of the financial assets included in the statement of financial position.

	Government $'000	Other $'000	Total $'000
2017			
Receivables	-	734	734
Total receivables	**-**	**734**	**734**
2016			
Receivables	-	718	718
Total receivables	**-**	**718**	**718**

At 30 June 2017, Sydney Ferries had trade debtors of $0.557 million (2016: $0.554 million) that were neither past due nor impaired. There are no debtors whose terms have been re-negotiated.

(c) Liquidity risk

Liquidity risk is the risk that Sydney Ferries will be unable to meet its payment obligations when they fall due. Sydney Ferries continuously manages risk through monitoring cash flows and debt maturities and 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.

No assets have been pledged as collateral. Sydney Ferries' 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 NSW TC 11/12. If trade terms are not specified, payment is made no later than the end of the month following the month in which an invoice or a statement is received.

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

15. Financial instruments (cont'd)

(c) Liquidity risk (cont'd)

(i) Maturity analysis and interest rate exposure of financial liabilities

Exposure to interest rate risk and the effective interest rates of financial liabilities, both recognised and unrecognised at balance date, are as follows: Trade creditors are non-interest bearing and are normally settled on 30 day terms.

			Interest rate exposure			Maturity dates		
	Weighted average effective int. rate (%)	Nominal amount $ '000	Fixed interest rate $ '000	Variable interest rate $ '000	Non-interest bearing $ '000	< 1 year $ '000	1 - 5 years $ '000	> 5 years $ '000
2017								
Trade creditors	-	7	-	-	7	7	-	-
Accrued expenses	-	5,846	-	-	5,846	5,846	-	-
Other liabilities	-	3,476	-	-	3,476	3,476	-	-
	-	**9,329**	**-**	**-**	**9,329**	**9,329**	**-**	**-**
2016								
Trade creditors	-	-	-	-	-	-	-	-
Accrued expenses	-	1,576	-	-	1,576	1,576	-	-
Other liabilities	-	4,339	-	-	4,339	4,339	-	-
	-	**5,915**	**-**	**-**	**5,915**	**5,915**	**-**	**-**

15. Financial instruments (cont'd)

(d) Fair value

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.

(e) 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. Sydney Ferries 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 information 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 Sydney Ferries operates and the time frame for the assessment (that is, until the end of the next annual reporting period). The sensitivity analysis is based on risk exposures in existence at the end of the reporting period. The analysis is performed on the same basis as for 2016. The analysis assumes that all other variables remain constant.

Interest rate risk

Interest rate risk is the risk that the value of the financial statements will fluctuate due to changes in market interest rates. Sydney Ferries exposure to interest rate risk is set out in the table below:

Sensitivity analysis

2017	**Carrying amount**	**-1%**		**+1%**	
		Profit	**Equity**	**Profit**	**Equity**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**
Financial assets					
Cash and cash equivalents	46,996	(470)	(470)	470	470

2016	**Carrying amount**	**-1%**		**+1%**	
		Profit	**Equity**	**Profit**	**Equity**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**
Financial assets					
Cash and cash equivalents	29,196	(292)	(292)	292	292

16. Related party disclosure

(a) Key management personnel compensation

The entity's key management personnel compensation are borne by Transport for NSW.

(b) Transactions with government related entities during the financial year

During the 2016-17 financial year, Sydney Ferries transacted with other entities consolidated as part of the NSW Total State Sector (ultimate parent) within the normal course of business:

- Capital grants revenue received from Transport for NSW (parent entity)
- Payments (capital and operational expenditure) made to Transport for NSW
- Interest revenue earned from the Treasury Banking System
- Audit fee payments made to the Audit office of NSW

17. After balance date events

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

End of audited financial statements

INDEPENDENT AUDITOR'S REPORT

Sydney Ferries

To Members of the New South Wales Parliament

Opinion

I have audited the accompanying financial statements of Sydney Ferries, which comprise the statement of financial position as at 30 June 2017, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information.

In my opinion, the financial statements:

- give a true and fair view of the financial position of Sydney Ferries as at 30 June 2017, and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards
- are in accordance with section 41B of the *Public Finance and Audit Act 1983* (PF&A Act) and the Public Finance and Audit Regulation 2015

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

Basis for Opinion

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

I am independent of Sydney Ferries in accordance with the requirements of the:

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

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

Parliament promotes independence by ensuring the Auditor-General and the Audit Office of New South Wales are not compromised in their roles by:

- providing that only Parliament, and not the executive government, can remove an Auditor-General
- mandating the Auditor-General as auditor of public sector agencies
- precluding the Auditor-General from providing non-audit services.

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

The Chief Executive's Responsibility for the Financial Statements

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

In preparing the financial statements, the Chief Executive must assess Sydney Ferries' ability to continue as a going concern except where Sydney Ferries will be dissolved by an Act of Parliament or otherwise cease operations. The assessment must disclose, as applicable, matters related to going concern and the appropriateness of using the going concern basis of accounting.

Auditor's Responsibility for the Audit of the Financial Statements

My objectives are to:

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

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

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

My opinion does *not* provide assurance:

- that Sydney Ferries carried out its activities effectively, efficiently and economically
- about the security and controls over the electronic publication of the audited financial statements on any website where they may be presented
- about any other information which may have been hyperlinked to/from the financial statements.

Somaiya Ahmed
A/Director, Financial Audit Services

27 September 2017
SYDNEY

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