

The Hon. Joseph Tripodi, MP
Minister for Roads
Level 31
Governor Macquarie Tower
1 Farrer Place
Sydney NSW 2000

Dear Minister,

I have pleasure in submitting the Annual Report and Financial Statements of the Roads and Traffic Authority for presentation to the Parliament of New South Wales for the financial year ended 30 June 2005. It has been prepared in accordance with the *Annual Reports (Statutory Bodies) Act 1984* and the *Public Finance and Audit Act 1983*.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Paul Forward', followed by a period.

Paul Forward
Chief Executive

RTA Annual Report 2005

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Cover photograph

An aerial photograph of Sydney Harbour Bridge and North Sydney taken in 1943. The RTA joined with the Historic Houses Trust to exhibit its spectacular collection of 1943 aerial photographs at the Museum of Sydney in 2005. See page 46 of this report for details.

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This annual report is structured according to the results and strategies outlined in the RTA's revised corporate framework approved during the reporting year. Further information on the corporate framework can be found on page 6.

A new performance summary section has been included so readers can easily access information on the RTA's performance.

The RTA's vision and new corporate framework integrates sustainability into its everyday operations. In line with this, the sustainable land use and transport section found in the previous report has been removed. All sustainability initiatives are now found integrated in the various chapters. Social and ethical issues are detailed in the **Value for money** chapter.

As an overall strategy to reduce the amount of paper used for printing, the RTA will not be publishing a hard copy annual environment report for 2005. Instead, an enhanced environment chapter can be found in this report.

For those wanting to compare this report with previous years:

- The previous chapters **Moving people and goods efficiently** and **Maintaining and renewing roads** are contained within the **Positive economic outcomes** chapter.
- All road safety initiatives are in the chapter on **Positive road safety outcomes**.
- **Customer service, Building relationships, Developing our people, Being accountable** and **The best use of resources** are in the **Value for money** chapter.
- **Valuing the environment** is now found within the **Positive environmental and urban design outcomes** chapter, along with alternative transport initiatives which were previously found with the traffic information.

The RTA publishes its annual reports online at its website (www.rta.nsw.gov.au). The annual report is also available on CD-ROM. The number of hard copies is limited to save costs and the environment.

WHO WE ARE AND WHAT WE DO

The Roads and Traffic Authority (RTA) is a New South Wales statutory authority established in 1989 under the *Transport Administration Act 1988* through an amalgamation of the former Department of Main Roads, Department of Motor Transport and the Traffic Authority. Legislation that the RTA administers can be found in **Appendix 15**. Table I provides a summary of the RTA and its business.

CUSTOMERS AND PARTNERS

RTA customers and stakeholders include individuals, private organisations, our staff, community and road transport groups, local councils and State and Federal government agencies. This year the RTA completed approximately 19 million registration and licensing transactions for the 4.4 million drivers and 4.8 million registered vehicles in NSW.

The RTA continues to participate in various external committees such as Austroads Council and the Standing Committee on Transport (SCOT). Austroads undertakes nationally strategic research on behalf of Australasian road agencies, promotes improved practice, facilitates collaboration and consistency and provides expert advice to the Australian Transport Council (ATC) and SCOT.

Refer to **Appendix 4** for more information on significant advisory groups and committees.

TABLE I: THE RTA AT A GLANCE

Responsibilities	Managing the road network to achieve consistent travel times. Providing road capacity and maintenance solutions. Testing and licensing drivers and registering and inspecting vehicles. Improving road safety.
Assets	17,776 km of State Roads and management of 3,105 km of National Highways and nearly 2,962 km of Regional Roads and Local Roads.
	Various roundabouts, signs and line markings
	4,867 bridges including major culverts
	3,410 traffic signal sites
	Nine vehicular ferries
	Road tunnels
	Property, plant, equipment, private sector provided infrastructure and other non-current assets are worth \$73 billion. This includes RTA-managed infrastructure with a written down value of more than \$69 billion.
Funding	\$2.8 billion including State and Commonwealth contributions and road user charges.
	The RTA provides financial assistance to local councils to manage 18,487 km of Regional Roads and to a lesser extent, Local Roads.
Our people	6869 (effective full-time employees)
Offices	More than 180, including 131 motor registries

VISION	A SAFE, SUSTAINABLE AND EFFICIENT ROAD TRANSPORT SYSTEM		
RTA RESULTS	POSITIVE ECONOMIC OUTCOMES	POSITIVE ROAD SAFETY OUTCOMES	POSITIVE ENVIRONMENTAL AND URBAN DESIGN OUTCOMES
INTERMEDIATE RESULTS	The road transport system provides reliable and efficient access between commercial, residential and recreational locations	Safer road user behaviour, vehicles and road environment	Impacts on the natural, cultural and built environments are minimised
STRATEGIES	Maintain the road network to retain value, quality and capacity	Maximise NSW road user competence and knowledge	Encourage use of alternative transport
	Accelerate investment in projects that will deliver the greatest economic benefit	Increase community awareness and positive attitudes to road safety	Lead best practice infrastructure planning and road works
	Align the development program with future growth and population patterns	Minimise unsafe behaviours and vehicles through appropriate regulation and enforcement	Implement policies that contribute to a reduction in vehicle emissions
	Optimise the efficiency of the road network through effective traffic management	Increase market demand for safer vehicles	Use fewer natural resources and produce less waste
		Give priority to safety in the design, development and maintenance of infrastructure	

A SAFE, SUSTAINABLE AND EFFICIENT ROAD TRANSPORT SYSTEM

VALUE FOR MONEY

Quality frontline customer service functions are delivered at minimum cost	Opportunities to improve the way the RTA does business are implemented	Governance and risk management systems are effective	A committed, high performance and flexible workforce	Business partners, industry and the community contribute to positive road transport outcomes
Deliver frontline services that meet customer needs	Use research and data strategically to inform policy and management decisions	Follow best practice asset, project and contract management	Manage for high performance, productivity and staff satisfaction	Effectively communicate the RTA's challenges, priorities and successes
Pursue opportunities for electronic/alternative service delivery	Align business systems to core principles of simplicity, integration, improvement, accountability and efficiency	Maintain effective and accountable decision making, financial management and reporting processes	Provide a healthy and safe workplace	Pursue business partnerships and opportunities for stakeholder involvement
Streamline licensing and registration services		Foster a strong culture of ethics and organisational integrity	Attract, develop and retain high quality staff	Take a leadership role on national policy issues
		Integrate budget allocation, business planning and performance reporting systems		

The RTA's new corporate framework was developed and endorsed by the Executive during the 2004-05 year. The corporate framework directs the organisation with vision, results and strategies in the areas of the road transport systems, road safety, the environment, customer service, business improvement, governance and risk, our workforce and partnerships.

The new corporate framework articulates the RTA's core functions in a manner which:

- Aligns with NSW Government priorities for safer, healthier communities, economic development, social justice and equity, and the environment.
- Embeds sustainability principles into the RTA's strategy, ensuring that its long-term success is based on the enhancement of the economy, the environment and the community.
- Incorporates changes in the RTA's structure and strategic direction which make the RTA more integrated, accountable and efficient.

This annual report is structured along the lines of the corporate framework.

CHIEF EXECUTIVE PAUL FORWARD	
<p>CORPORATE COUNSEL</p> <p>GRAHAM READ</p>	<ul style="list-style-type: none"> ▪ Determine legal strategy and policy for the RTA ▪ Provide legal advice and support for key RTA policy initiatives and projects ▪ Manage and provide legal representation of the RTA
<p>OFFICE OF THE CHIEF EXECUTIVE</p> <p>GENERAL MANAGER, THERESA FAIRMAN (ACTING)</p>	<ul style="list-style-type: none"> ▪ Deliver high quality strategic planning and performance management processes ▪ Maximise the ability of the Executive to collectively consider and deliver on issues of strategic importance ▪ Ensure that the RTA attracts, develops and retains high quality staff with the skills to meet future challenges ▪ Provide effective participation in national policy forums, external committees and relevant central agency initiatives
<p>ENVIRONMENT</p> <p>GENERAL MANAGER, ERICA ADAMSON</p>	<ul style="list-style-type: none"> ▪ Develop and implement the RTA Environmental Management System ▪ Monitor and coordinate reporting on RTA's environmental performance ▪ Maintain alliances with external stakeholders with respect to environmental issues ▪ Implement environmental planning and management policy, guidelines, strategies and procedures

The Chief Executive manages the affairs of the RTA and is accountable to the Minister for Roads and Parliament for the RTA's overall performance and compliance. The RTA Executive is responsible for supporting the Chief Executive in ensuring the effective governance of the authority. The RTA Executive has collective responsibilities for key functions related to organisational strategy, conformance and performance. The Executive consists of all Directors, the General Managers for Environment and the Office of the Chief Executive and Corporate Counsel (senior executive performance statements can be found in **Appendix 5**). For information on executive appointments and remuneration and executive committees, refer to the **Governance and risk management** section of this report on page 58.

During the year, a number of changes were made to the organisational structure as a result of a capability review. They include:

- The creation of a new Business Reform Directorate.
- The formation of a new Operations and Services Directorate, combining the previous Client Services and Operations directorates.
- The Environment function took a new direction to ensure clear accountabilities, avoid duplication, ensure appropriate skills and simplify processes.
- Motor registries, the Newcastle Call Centre and Driver and Vehicle Administration moved from the former Operations Directorate to the Road Safety, Licensing and Vehicle Management Directorate to provide a single point of accountability for registration and licensing services.

See the **Improving our business** section of this report for more information about business reform on page 56.

CHIEF EXECUTIVE PAUL FORWARD**ROAD SAFETY, LICENSING
& VEHICLE MANAGEMENT**DIRECTOR,
MICHAEL BUSHBY

- Reduce road trauma
- Assess and license drivers and motorcyclists
- Educate road users
- Assess and register vehicles
- Maintain vehicle standards
- Maintain high standard of customer service
- Implement national transport reforms

**ROAD NETWORK
INFRASTRUCTURE**DIRECTOR,
MIKE HANNON

- Maintain State Roads and Bridges
- Develop the State Road network
- Contribute to integrated transport planning
- Manage National Highways and Roads of National Importance
- Develop policies and provide advice on infrastructure

MOTORWAYSDIRECTOR,
LES WIELINGA

- Provide motorway related management services
- Manage RTA's relationship with Tollway Concessionaires
- Coordinate motorways including interoperability and customer service
- Develop RTA's tunnel design and operation policy and processes

TRAFFIC & TRANSPORTDIRECTOR,
CHRIS FORD

- Improve the operational performance of the road network
- Manage incidents
- Plan and organise public transport infrastructure improvements
- Improve pedestrian and cyclist facilities
- Maintain traffic facility assets

OPERATIONS & SERVICESDIRECTOR,
DAVID STUART-WATT

- Construct and maintain road, bridge and traffic infrastructure
- Provide expert management of programs, projects, assets and the network
- Develop and deliver integrated road transport solutions
- Provide specialist technology and technical support
- Provide a range of fleet services
- Ensure heavy vehicle compliance

FINANCEDIRECTOR,
BRETT SKINNER

- Maintain financial and commercial management framework and manage the finance functions
- Monitor, evaluate and report on financial performance
- Develop proposals to ensure adequate funding
- Ensure adequate management of risk exposures
- Manage RTA assets and financial resources
- Improve budgeting and resource management decision making

CORPORATE SERVICESDIRECTOR,
ROD TOUT

- Develop and implement strategic human resource plans and policies including Occupational Health and Safety
- Plan and manage information technology resources
- Provide legal services
- Provide centralised management of resources for business services

BUSINESS REFORMDIRECTOR,
STEPHEN MCINTYRE

- Plan and implement a major business reform program
- Simplify processes and systems and clarify and strengthen accountabilities
- Identify the skills we need for the future
- Support and train managers to operate in the new environment
- Identify cost saving opportunities

**COMMUNICATIONS &
CORPORATE RELATIONS**DIRECTOR,
PAUL WILLOUGHBY

- Manage internal and external communications
- Manage the corporate identity of the RTA
- Assist in special events and publication of key internal and external RTA documents
- Provide communications advice and strategies



This year has been one of enormous achievement and activity across the State. In Sydney work was underway on motorways to the west, north and east of the city. In particular, the Cross City Tunnel moved close to completion, the Westlink M7 progressed at a healthy rate and work continued on the Lane Cove Tunnel. Together, these significant projects will complete the long anticipated Sydney Orbital Motorway network, providing smoother and more reliable travel for motorists, public transport and the freight that keeps our economy moving.

Outside of Sydney there were numerous milestones. In the north, work continued on the upgrade of the Pacific Highway, including the on-time opening of the Karuah Bypass. In the west, the Great Western Highway upgrade reached new milestones in its push across the Blue Mountains. To the south, construction advanced to repair Lawrence Hargrave Drive, with the spectacular new bridge taking shape.

The RTA has primary responsibility for road safety in NSW. This was a busy year, but the combination of engineering, enforcement and education has resulted in the lowest financial year road toll since 1947-48. I am particularly pleased that we managed to improve on the previous year's result. The fatality crash rate (fatalities per 100,000 population) was lower than the national figure and significantly better than a range of OECD countries, including Germany, the USA, France and New Zealand.

The historic Road Users Summit – the first of its kind – was hosted by the RTA and resulted in a series of innovative strategies to further wrestle with the questions posed by increasing traffic volumes and our drive to cut the road toll. These innovations include ideas such as good driver incentives and an audit of speed zones. The summit provided a good basis for subsequent summits on country road users and heavy vehicles, to focus on the particular challenges in those areas.

Despite all this good work, and recognition of the RTA as a strongly performing agency, I have taken steps to ensure we continue to look forward and find ways to improve. To this end, the RTA made some changes to its management structure this year to support simpler systems and processes and improve the way we deliver services. A new Business Reform Directorate is leading the way to strengthen our organisational culture and remove the barriers to better and more efficient services to the public.

As always, all the good work we have done in the past year is a result of our hard-working and creative staff, our partners in government and the private sector, and the contribution of the people of NSW who play such an important role in the development and success of all our projects.

A handwritten signature in black ink, appearing to read 'P. Forward'.

Paul Forward
Chief Executive

RTA PERFORMANCE

The following tables provide a snapshot of RTA performance in selected areas, aligning with the key result areas of the corporate framework.

TABLE 2: POSITIVE ECONOMIC OUTCOMES

The transport system provides reliable and efficient access between commercial, residential and recreational locations

Indicator	Performance			Page
	2002-03	2003-04	2004-05	
Ride quality: smoothness of State Roads (% good)	89.6%	89.5%	89.4%	17
Pavement durability: cracking country State Roads (% good)	79.5%	81%	81.9%	21
Benefit of development program (\$million)	2147	2349	2218	17-28
Major works completed within planned duration or within 10% over planned duration	91%	86%	83.6%	20
Change in urban traffic volume (% increase on previous year)	2.2%	1.4%	2.2%	27
Travel speed: 7 major routes AM peak (km/h, urban)	34	34	31	27
Travel speed: 7 major routes PM peak (km/h, urban)	41	41	41	27

TABLE 3: POSITIVE ROAD SAFETY OUTCOMES

Safer road user behaviour; vehicles and road environment

Indicator	Performance			Page
	2002-03	2003-04	2004-05	
Fatalities/ 100,000 population	7.8	8.2	7.6	31
Fatalities/ 1,000 million vehicle km travelled	8.4	8.0	7.1	31
Young motor vehicle controllers (<25 yrs) involved in fatal crashes per 10,000 licence holders	2.5	2.7	2.5	31-39
Fatal crashes involving heavy trucks per 10,000 heavy trucks on register	9.9	9.0	8.0	31-39
Heavy vehicle inspection stations: number of inspections	83,499	82,634	80,427	36-37

TABLE 4: POSITIVE ENVIRONMENTAL AND URBAN DESIGN OUTCOMES

Impacts on the natural, cultural and built environments are minimised

Indicator	Performance			Page
	2002-03	2003-04	2004-05	
Bus lane length (km)	75	76	78	41
Transit lane length (km)	86	86	86	41
Number of environmental penalty infringement notices issued to the RTA	1	0	0	44
Number of major environmental incidents arising from RTA's direct operations	*	*	7	44
Number of non compliances with environmental licences held by the RTA	6	5	2	44
Condition of heritage assets (% good)	20%	37%	45%	45
RTA's total greenhouse gas emissions from direct energy consumption (tonnes CO ₂ - e)	114,360	112,862	—	51
RTA's total office energy consumption (GJ)	77,491	75,492	—	51

* Comparative figures from previous years are not available due to modification in the reporting system. The 2004-05 figure excludes RTA contractor incidents.

— At the time of printing, data collection and analysis was ongoing. Data for 2004-05 will be available in the next report.

TABLE 5: VALUE FOR MONEY

Customer service, business improvement, governance and risk, workforce and business partnerships

Indicator	Performance			Page
	2002-03	2003-04	2004-05	
Percentage of vehicle registration renewals completed via the internet or telephone	2%	3%	5.38%	56
Use of RTA website (million visits)	2	6	8.9	55
Number of OHS incidents reported	n/a	2130	2194	62
OHS total liability claims costs (\$ million)	2.2	3.1	2.4	63
Separation rate of staff *	5.39	6.39	5.99	65

* Separation rate is the proportion of staff who left the organisation. Includes salaried, wages and casual staff only.

FINANCIAL PERFORMANCE

Strong investment planning and results

In 2004-05, a key focus for strategic financial management has been strengthening the RTA's investment planning and results framework. This framework creates a significant link between RTA investment decisions, the delivery of key business outcomes and maximizing the benefits to the community from the funding provided by the State and Federal governments.

Achievements

- Sound financial management of the \$2.8 billion funding and expenditure program.
- Identified major organisational strategic risks and commenced implementation of the Strategic Risk Management Framework.
- Successfully completed the Treasury's International Accounting Standard requirement of a draft Balance Sheet by December 15, 2004, and March 2005.
- Generated gross revenue of \$70.2 million from sale of surplus property and leasing of residue property.
- Met the target for debt reduction by repaying \$82 million.
- Contributed \$32 million to unfunded superannuation liabilities.
- Commenced development of a formal Investment Decision Framework.
- Evaluated private sector infrastructure projects and provided advice on business proposals for financial and economic viability.
- Managed property information relating to \$3.4 billion of property assets.
- Construction of Crashlab, a world class facility for assessing vehicle safety standards.

TABLE 6: RTA FINANCIAL PERFORMANCE IN 2004-05

	Notes	Result	Result	Target	Result	Target
		02-03	03-04	04-05	04-05	05-06
Financial Performance Indicators						
Debt Servicing Cost as % of Roads Program.		6.5	5.4	5.3	4.9	4.6
Asset Sales (\$M)	1	45.0	26.8	55.0	53.2	30.0
Interest earned						
■ Hourglass Facility	2	4.7	5.2	5.3	4.6	5.0
■ Other Institutions		5.0	5.2	5.3	3.9	5.0

General Notes: The RTA is a budget dependent agency funded by the State and Federal Governments. Many standard financial ratios are therefore not applicable.

1. Sale of surplus real properties including those acquired for roadworks, and which are no longer required. All dollar amounts reported in nominal terms.

2. Target represents benchmark rate as advised by Treasury Corporation.

FIGURE 1: SOURCE OF FUNDS 2004-05 \$2,860M

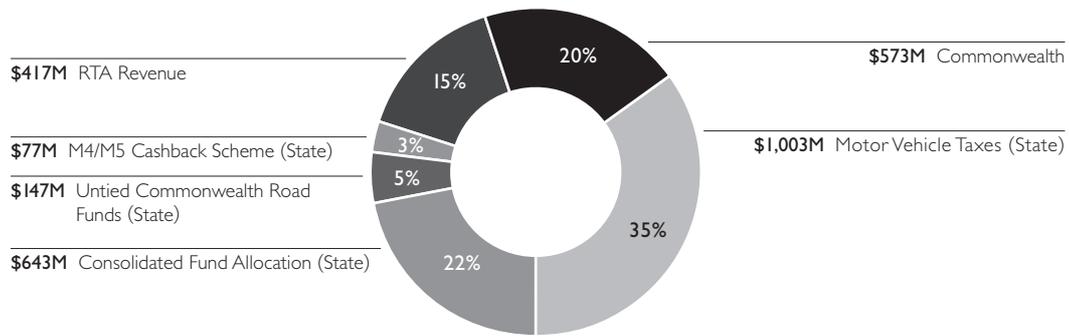
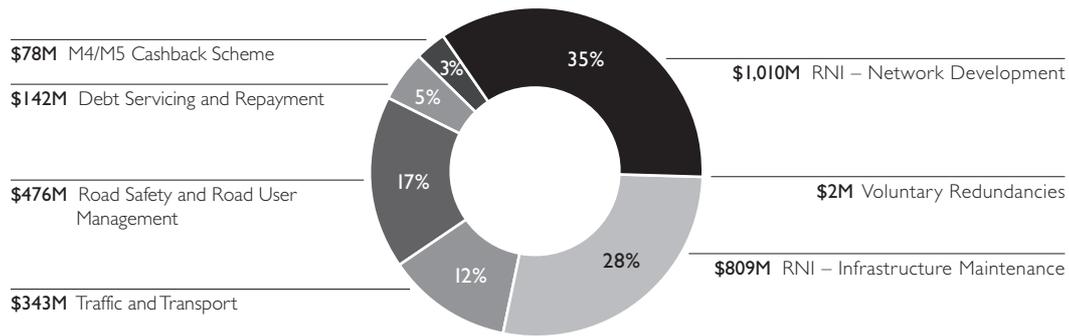


FIGURE 2: EXPENDITURE 2004-05 \$2,860M



FINANCIAL MANAGEMENT

A strong emphasis remained on enhancing business efficiency and risk management across all RTA operations. The Finance Strategy Committee continued in its governance role, including resource funding allocation and program monitoring. This was supported by two key initiatives aimed at improving key resource funding and budgetary control:

- Establishment of the Business Investment Projects (BIP) Committee to review and approve funding of BIPs of strategic importance to the RTA.
- Introduction of a program of strategic review of resource and program budgets.

Evaluation and financial advice was provided on private sector infrastructure proposals, including a number of refinancing proposals. Advice on a number of other projects was also provided, including e-tolling, special number plates and bus corridors.

INTEGRATED MANAGEMENT SYSTEM

The RTA continued to build on its investment in the Integrated Management System. Work continued on phase two of the development and implementation of the Project Management System. The RTA has successfully completed the feasibility study and blue print to improve the system, including enhanced project budgeting, forecasting and reporting.

TOTAL ROADS PROGRAM

The expenditure for the year was \$2,860 million (\$2,836 million in 2003–04). In achieving this result, the RTA met Government commitments to specific initiatives including Action for Transport 2010, the Pacific Highway Upgrade, Western & South Western Sydney Roads and Rebuilding of Country Roads programs.

FUNDING SOURCES

Of the total funds applied to the Roads Program in 2004-05, State sources provided \$2,258 million or 80 per cent (\$2,333 million in 2003-04). The Federal Government contributed \$573 million or 20 per cent (\$460 million in 2003-04) towards National Highways, Roads of National Importance, Centenary of Federation Fund Bridges, the Australian Transport Safety Bureau - Blackspot Program and the Interstate Vehicle Registration Scheme.

A summary of the RTA's financial performance in 2004-05, as compared to previous years, is shown in the table on page 13.

RISK MANAGEMENT

See the section of this report on **Governance and risk management** (page 58) for details.

OFFICE ACCOMMODATION

The RTA submits an annual Office Accommodation Strategy, covering 21 major offices, to the NSW Government Asset Management Committee. The current average space density ratio of office space for these sites is approximately 14.8m² per person, which complies with the NSW Government accommodation guidelines.

PROPERTY MANAGEMENT

The RTA's property portfolio is reviewed regularly. Property not required for road construction and related purposes was either disposed of or leased in accordance with Government policy. A significant focus continued on identifying, implementing and protecting the RTA's commercial opportunities. Initiatives included a review of the advertising strategy for pedestrian bridges and the development of Highway Service Centres (commercial and rest areas along highways which may include retail outlets, service stations and other facilities).

During the year the revenue generated from the leasing or sale of property was above budget (gross revenue was \$70.2 million).

INTERNAL AUDIT

The Control Management Services Branch provided a high-quality, cost-effective auditing service across the full range of the RTA's activities. The branch also provided a range of other services such as corruption prevention and investigation, focused on improving the RTA's control environment. See the section on **Governance and risk management** on page 58 for full details.

CASHBACK SCHEME

The RTA administers this scheme that allows drivers of NSW privately registered motor vehicles using the M4 and M5 motorways to be eligible for a refund of tolls paid on these roads. Refunds of claims are made quarterly and during 2004-05, 504,000 claims were received from 167,000 Cashback customers. The total cost of the scheme, including administration, was \$78.3 million. To the end of June 2005, tollway account providers had opened about 345,000 Cashback accounts. The scheme is funded from Consolidated Revenue.

FUTURE CHALLENGES

- Integrate the Investment Decision Framework into the annual budget cycle and overall business practices.
 - Streamline policies, system and procedures to further improve project forecasting and reporting by tying financial forecasts to project milestones and clearly identifying contingency in projects.
-