

VICTORIA

Report

of the

VICTORIAN RAILWAYS BOARD

for the

Year ended 30 June 1981

Ordered by the Legislative Assembly to be printed

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1981

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FOR THE

YEAR ENDED JUNE 30, 1981

VICTORIAN RAILWAYS BOARD

A. S. REIHER	Chairman
I. G. HODGES	Deputy Chairman
J. J. BROWN	Member
R. W. ELLIS	Member
R. H. HODGES	Member (appointed 7th October, 1980)
L. M. PERROTT, O.B.E.	Member
F. R. G. STRICKLAND, O.B.E.	Member
J. G. W. URBAHNS	Member
N. G. WILSON, C. M. G	Member

September 28, 1981

The Honourable Robert Maclellan, M.P.

Minister of Transport,

Dear Mr. Minister,

In accordance with Section 105 of the Railways Act, the Report of the Victorian Railways Board for the year ended June 30, 1981 is submitted to Parliament.

Yours sincerely,

A. S. Reiher,
Chairman, Victorian Railways Board.

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REPORT OF THE VICTORIAN RAILWAYS BOARD FOR THE YEAR ENDED JUNE 30, 1981

IMPROVING PERFORMANCE

Over the years the Board in its annual reports has emphasised and it re-emphasises the vital importance of a satisfactory flow of capital funds as a pre-requisite to any major changes in performance. This means not only an adequate yearly sum, but knowledge of the funds which will be available at least three years, preferably six years, in advance so responsible forward planning and funding can be achieved.

The capital funds made available to the Board for the financial year 1980/81 were far less than the amount requested and considered necessary by the Board to enable implementation of improvements which the Board considers essential to ensure the economic and efficient operation of the system.

However, in receiving approval from the Treasurer in the latter part of 1980/81 to enter into its first leverage leasing arrangements for the major part of the equipment required for the upgrading of the country passenger services, the Board sees the dawning of a new financial era for improving the performance of the Railways generally.

This method of financing is a major breakthrough and is seen as the first easing of the restrictive financial constraints under which the Board has operated since its inception.

It is realised that the effect of many years of insufficient capital will take time to overcome. The Board during the year, placed special emphasis on the improvement of performance in the suburban passenger system. Encouraging signs are emerging and a number of improvements in operating reliability have been achieved. The current performance, which is approximately 25 per cent better than in 1980 together with fewer train cancellations has substantially reduced the number of public complaints associated with the running of the suburban system.

The Board is confident that there will be a continued improvement in the performance and reliability of the suburban system as a result of:

- Continued specialised management control.
- Phasing out of the obsolete wooden bodied Tait trains as delivery is progressively taken of the 'new generation' stainless-steel air-conditioned trains.
- The refurbishing of the Harris (blue) trains.
- The implementation of the recommendations of the Consultant's report on the maintenance of suburban electric trains.
- The opening of further sections of the underground loop, particularly Parliament station.
- The completion of the next phase of METROL with the commissioning of the Train Descriptor System.
- Completion of the still partially constructed second track works between Ringwood-Bayswater, the third track works on the Caulfield-Mordialloc line and the second track works between Ringwood-Croydon.
- Continued improvement of car and bicycle parking facilities at suburban and commuting zone stations.

Special mention should be made of the completion by the Melbourne Underground Rail Loop Authority of Museum station and the Burnley and Caulfield loops. These facilities have now been handed over to the Board and are well in service, and when combined with the opening of Parliament station and the Clifton Hill/City Circle loop and completion of the North Melbourne Loop and Flagstaff station expected in 1983, the underground loop will be fully operational.

The Government has recognised the successful implementation by the Board over previous years of relatively low cost integrated road coach/rail services on a number of lightly patronised country rail passenger services in deciding to extend these services to additional lines. These services have now been substantially implemented.

The substitution of modern road coach services for the lightly patronised country passenger rail services when combined with the upgrading of the balance of the country passenger network will ensure a new deal for country travellers.

The acceptance by the Government of the recommendations made by the Board in relation to upgrading the balance of the country passenger rail network has provided the Board with the opportunity to re-organise these principal services in two stages over a three year program. On completion of the re-organisation the country passenger service will be significantly improved in terms of reliability, presentation, frequency, journey times, cleanliness, comfort and on-train services. Stage One, providing for new timetables on main lines, rescheduling of services and reallocation of rolling stock together with the introduction of a new seat reservation system is well underway with an implementation date of early October, 1981 in view. The completion of Stage Two by late 1983 will see

- Further improvements to standards as new and upgraded rolling stock, locomotives and associated facilities are placed in service.
- Upgrading of catering facilities.
- Introduction of modern train cleaning equipment.
- Elimination of all wooden bodied carriages from regular passenger services.

The year has seen further recognition by the Government of the need for conversion of the Railways into a more commercial organisation by the repeal of the Board's historic common carrier obligation. This decision is enabling the Board to become more flexible in its role as a competitive transport operator and is of special benefit during the present period of major rationalisation of the Board's tasks.

The Government's policy for the de-regulation of road transport under the Transport Regulation Act was preceded by the general issue of permits from 1st January, 1981. This has had an effect on the Board's business, with a reduction in the small freight area where traffic has declined. The effects of the policy on VicRail are being carefully monitored to ensure that adequate rationalisation of freight centres, staff and equipment is achieved.

Although VicRail this year moved the third largest harvest on record with a minimum of problems, the Board considers that a considerable improvement in the service can be achieved by the further upgrading of VicRail and Grain Elevators Board facilities together with closer co-ordination between the Grain Elevators Board, Australian Wheat Board and VicRail. Moves for closer ties between the Boards are being initiated by VicRail.

The Board is within the overall financial restrictions continuing to improve and upgrade its bulk freight intra and interstate services with the continued production of additional high speed specialised wagons, track improvements and the construction of the South Dynon Container Terminal which is now nearing completion.

Accident prevention and safety have again been of great importance to the Board with continuing programs which include the:

- Activities of VicRail's Safety Council.
- Safety programs within each Branch.
- Program of protection of bridges against high road loads.
- Program for improving the safety of road, rail and pedestrian movement at road/rail level crossings.

The Board's work in industrial safety was recently recognised by its receipt of the Colonial Mutual Life Assurance Society's State Prize for 1980 for the best contribution to safety in Australian Industry. VicRail's winning entry for the award was its detailed program for the safe handling and transport of liquified petroleum gas.

The financial result for the year's operations whilst exceeding the operating budget is considered to be a reasonable achievement when examined against certain assumptions made when the budget was framed, recognising that the non-realisation of a number of the principal assumptions was outside the control of the Board and when compared with the overall inflationary trends which applied during the period. Over the last several years, despite rapidly increasing labour and other costs, the Board has been able to contain its deficit in a manner which has not occurred in many other large railway systems which like VicRail have substantial passenger traffic and limited growth of bulk traffic.

With changes in the emphasis of activities within VicRail, and general improvements in productivity, the Board was able by natural attrition to reduce its total staff during the year by 1,347 to 21,253 persons.

Whilst the year was one with few major industrial disputes which caused cessation or major disruption of train services, VicRail was plagued with many minor industrial actions, often motivated by factors external to VicRail, which reduced the ability of the Board to provide the standard of service it would have wished. Of particular concern to the Board were the many disputes deliberately planned to cause heavy loss of freight revenue. An example is that during June over \$1m of freight revenue was lost in this way with long term effects which are likely to be far more serious for the future of the freight business. Disputes of this type are destroying the heart of the system, the bulk and specialised freight services, the services the Board is intent on preserving and expanding.

FINANCE

(1) Operating Result

The operating result was as follows:

	1980/81	1979/80
	\$M	\$M
Operating Expenditure	441.460	390.115
Receipts	252.272	228.705
Revenue Supplement in Budget	165.067	159.821
	417.339	388.526
Deficit after Budget		
Revenue Supplement	24.121	1.589

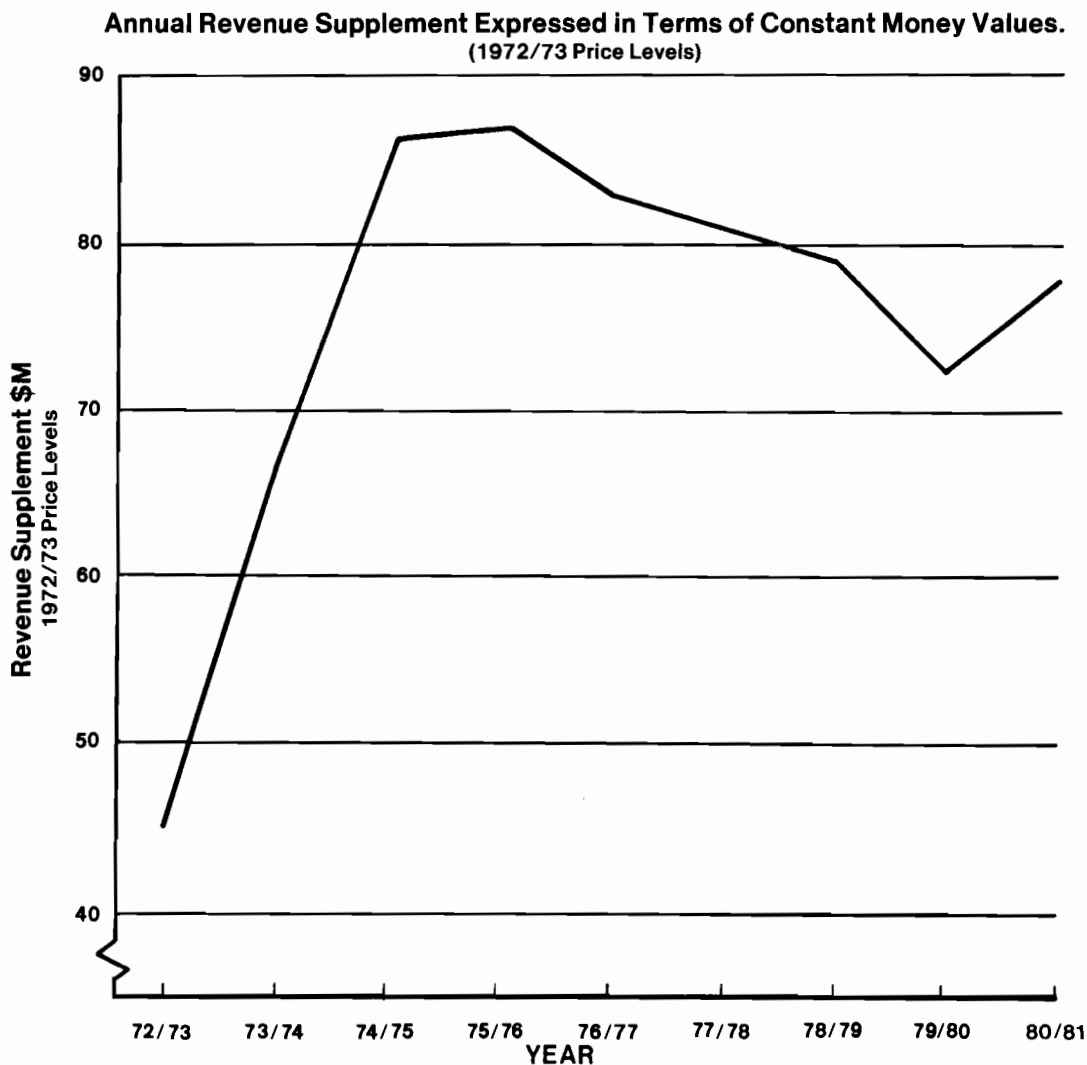
The expenditure appropriation in the 1980/81 Budget was \$426.067M. Actual expenditure was \$441.460M. The difference between the budget appropriation and actual expenditure, \$15.393M has been funded from the Treasurer's Advance.

The deficit of \$24.121M, after taking into account the budget revenue supplement was mainly due to factors beyond the control of the Board. These included a shortfall of \$8.728M in revenue, higher materials prices and service costs, the inability to recover serviceable materials including those from closed lines, less savings of expenditure for non payment of wages during strikes and a higher total labour cost despite very substantial reductions in staff numbers.

The fall in budgeted income was largely due to industrial disputes (a number of which were outside of the railway industry and some outside Victoria), and reduced grain traffic. As a result of de-regulation an increasing loss of "less than wagon load" freight tonnage is occurring, which also reduced income in 1980/81. The fall in freight tonnage resulted in lower train productivity despite a marginal improvement in average wagon loads.

Stringent economy measures were taken to reduce costs. Internal services were sub-contracted where it was economical to do so. Labour lost through attrition was only partially replaced.

Passenger fares and freight rates were increased in August, 1980, the previous increase was August/September, 1979.



(2) Business Categories

Our analysis of the year's results into the main business categories of railway operations is shown below. As foreshadowed in the 1979/80 Report, an additional category, "Inter-urban Passenger", representing "Commuter" type daily travel to Melbourne from places such as Geelong, outside the sphere of normal suburban operations, has been included.

Business Category	1980/81		Govt. Contribution	1979/80
	Receipts	Expenditure		Govt. Contribution
	\$M	\$M	\$M	\$M
Victorian Freight	112.1	184.1	72.0	56.5
Country passenger and parcels	21.0	63.4	42.4	42.5
Inter-urban passenger	4.4	11.6	7.2	
Suburban passenger and parcels	68.6	126.0	57.4	57.0
Inter-system freight	33.5	35.0	1.5	(+1.7)
Inter-system passenger and parcels	12.7	21.4	8.7	7.1
	<u>252.3</u>	<u>441.5</u>	<u>189.2</u>	<u>161.4</u>

The increase in total Government contribution from \$161.4M in 1979/80 to \$189.2M in 1980/81 has been referred to in relation to overall results compared with the Budget. Factors affecting results for specific services included:

- *Victorian freight* – Receipts were affected by industrial disputes and by a falling-off in traffic following de-regulation.
- *Country passenger and parcels* – Receipts were influenced by some decline in traffic.
- *Inter-urban passenger* – This category was introduced in 1980/81.
- *Inter-system freight* – Receipts were adversely affected by industrial disputes whilst expenditure included heavy costs associated with track relaying on the Melbourne–Serviceton route. But for the latter, this service would have shown a surplus in 1980/81.
- *Inter-system passenger and parcels* – Expenditure increased as a result of the costs associated with track relaying referred to above.

A graph showing the relationship between payments and Government contributions for each of the six categories in 1980/81 is set out on page 7.

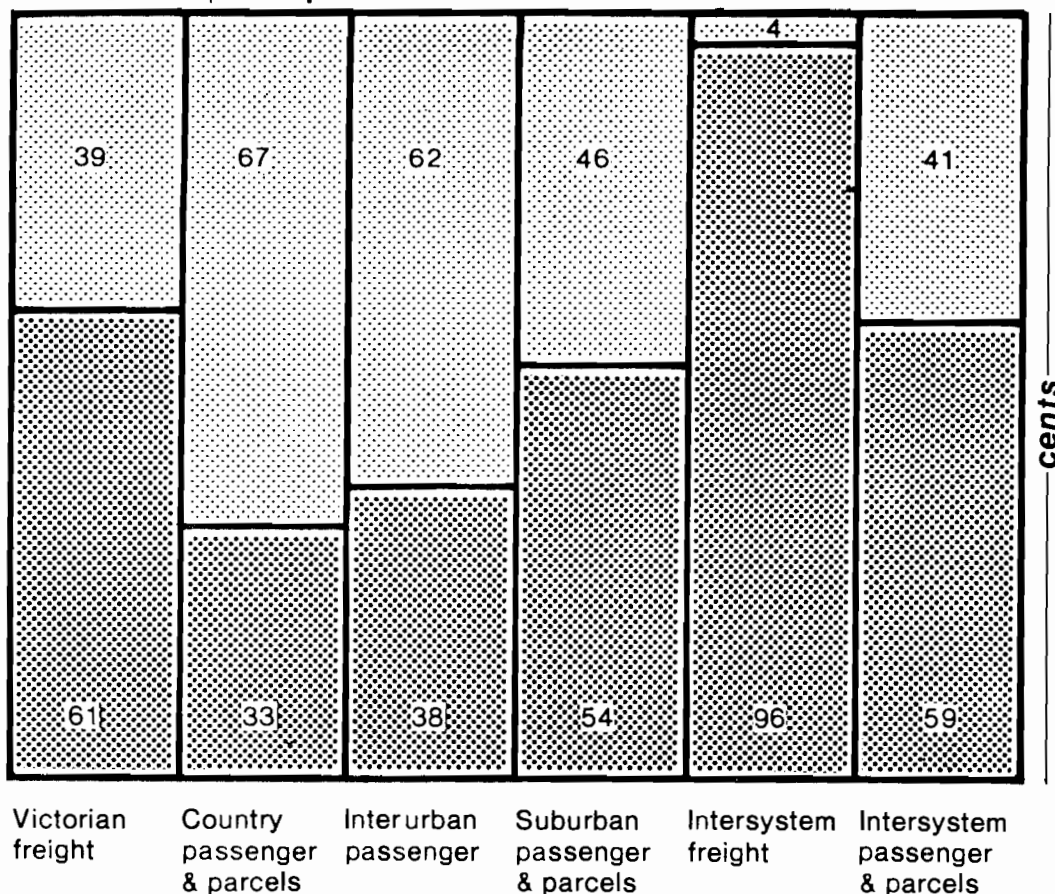
(3) Works and Services

Funds were provided under the Works and Services Act totalling \$53.709M and from the Transport Fund \$9.958M. Included in funds provided under the Works and Services Act were grants for Urban Public Transport provided by the Commonwealth Government amounting to \$9.600M and loans of \$5.117M under the National Railways Network (Financial Assistance) Act.

In August, 1980, contracts were let for the supply of 50 new suburban trains and for upgrading suburban and country carriages. A further 54 new country carriages will be built at Newport Workshops.

In November, 1980, the first stage of the Melbourne Underground Rail Loop was completed with the opening of the Museum Station and completion of the Burnley and Caulfield Lines Loop Tunnels and Ramp structures. Regular services commenced on 26th January, 1981. An amount of \$122.922M covering funds expended by the Melbourne Underground Rail Loop Authority has been included in VicRail accounts which covers the value of the above work.

Source of each \$1 of expenditure



government
 rail-users

(4) Improvements in Procedures & Practices

VicRail incurs substantial expenditure each year on hire of motor vehicles, taxis and also on service and maintenance of its own fleet of motor cars and trucks. These areas have been the subject of special examination, with the assistance of consultants, with a view to improving procedures, practices and accounting arrangements to secure cost economies without loss of efficiency.

As a result of these investigations, changes have been introduced which have already resulted in savings of \$1.7 million

PROPERTY VESTED IN RAILWAY CONSTRUCTION AND PROPERTY BOARD

Up to the 30th June, 1981, VicRail property to a total value of \$8.1 million has been vested in the Railway Construction and Property Board (R.C. & P.B.) in accordance with the provisions of the R.C. & P.B. Act. Under this legislation there is no provision for payment to be made to VicRail for those lands at the time of vesting and appropriate entries and notations have been made in the Balance Sheet and other VicRail accounts. The R.C. & P.B. Act envisages benefits to VicRail arising from the operations of the R.C. & P.B.

The position for the year in relation to the "Development of Railway Land" provisions of the R.C. & P.B. Act are that land to the total value of \$1.7 million has now been vested in the R.C. & P.B.

Under the "Railway Housing" provisions of the R.C. & P.B. Act houses and associated land to the total value of \$6.4 million have now been vested in the R.C. & P.B.

The Board is concerned to see that the projects being developed by the R.C. & P.B. achieve the railway purposes set out in that Act.

THE MARKET

The Marketing Action Plan sets out one and two year quantified objectives for both the Freight and Passenger areas.

During 1980/81 VicRail was subjected to community and customer reaction in the wake of the publication of the Victorian Transport Study (Lonie Report). Industrial disputes in other States severely affected freight and passenger services, although the suburban services remained virtually free of industrial disruption during the first six months of 1981.

Significant marketing projects undertaken during 1980/81 were:

- development of rice traffic at Deniliquin.
- expansion of crushed rock freight tonnage.
- negotiation of long term freight contracts for interstate shipments of steel products and cement.
- an increase in container and wagon hire business and in overseas container traffic.
- growth in interstate (RACE) container traffic. (Industrial action severely reduced revenues in 1980/81).

De-Regulation of Road Transport

The effective relaxation of road transport regulations has resulted in a significant loss of "less than wagon load" freight. This has resulted in lower revenue and reduced productivity at some freight depots.

FREIGHT CHARGES

Intrastate

Freight rates and charges were increased in varying degrees depending on the commodity and distance concerned. This commenced from 1st August, 1980. The ongoing rationalisation of rates has continued.

Bulk grain and petroleum rates were increased by 15%, bulk superphosphate and briquettes by 20%. Other wagon-load rates were increased overall by 30%, however, volume and pallet load concessions were extended.

Interstate

Railways of Australia tariff freight rates were increased by approximately 15% on 1st September, 1980, and by a further 10% in March, 1981. There were also two increases in interstate rates during the year, on 1st September, 1980 and 1st March, 1981. Intercapital parcels rates were increased by approximately 10% on 1st September, 1980, and by approximately 5% on 1st March, 1981.

The interstate increases on 1st March, 1981, varied in accordance with the route involved and generally by 5% to 8% on the heavy traffic routes.

PASSENGER SERVICES

Fares

Victorian fares increased as from 1st August, 1980. Suburban fares rose by 30% on adult single and return fares; 20% in weekly, quarterly and half-yearly and 10% in yearly fares.

Adult country fares increased by 25%. Suburban and country fares for children, pensioners and those passengers eligible for half-fare travel were not increased.

Concession periodical (including School term) fares for suburban and country travel were revised on 1st January, 1981.

"Metrocards" allowing unlimited travel on VicRail and M.M.T.B. services in the suburban area were introduced in August, 1980, and proved very successful. Three types of MetroCard, Central, Suburban and Outer, allowed unlimited travel within the particular zone. MetroCards Off-Peak were also released.

From 1st January, 1981, concession periodical and school term tickets were replaced by concession periodicals "date to date" tickets with an altered fare charging basis. This incorporated the 25% increase that was deferred from 1st August, 1980.

Intersystem fares were increased from 1st September, 1980.

From February, 1981, winter excursion fares to and from Kalgoorlie and Perth were offered to passengers commencing tours during June and July, 1981 and completing their journeys by 15th August, 1981; 20% was allowed off the total charge (fare, berths and meals).

Intrastate Parcels

Rates were increased by approximately 25% on 1st August, 1980. On 29th November, 1980 parcels rail activity was restructured to become a Monday to Friday operation.

Mt. Buffalo Chalet

The facilities of the Chalet have been successfully directed towards the development of tourism of the Mt. Buffalo National Park; it is also becoming a venue for seminars and conventions.

The Chalet also provides a valuable means of encouraging rail based travel.

As a result of continued improvements an average of 80% bed occupancy has been achieved in 1980/81.

PERFORMANCE AND PRODUCTIVITY

Substantial increases in productivity over the past 10 years have made it possible to carry greatly increased volumes of freight and earn additional revenue with available rolling stock.

The gains recorded in the productivity of freight train operations over that period are illustrated in the following figures and the accompanying graphs.

Train and wagon productivity depends significantly upon the total level of demand, particularly in respect of the grain harvest and on the overall industrial situation but continued progress is being made with the improvement of productivity in fleet operation.

	1977/78	1978/79	1979/80	1980/81
Average km per wagon day	66	72	88	82
Average daily wagon output (net tonne km)	798	938	1249	1159
Average net wagon load (tonnes)	18.74	20.35	22.75	22.92
Average net train load (tonnes)	313	327	369	360
Standing time (hours) per 1000 train km	5.94	5.47	5.94	5.81

Factors influencing the longer term trends in productivity include:

- The progressive abandonment or rationalisation of tasks not suited to the economics of rail transport.
- The application of improved organisation, methods and management.
- Upgrading of the fleet and improvement of its maintenance with continuing and substantial capital investment.

OPERATIONS

(1) PASSENGER TRAFFIC

Suburban and Inter Urban Passenger Services.

Suburban services require a total of 133 electric trains during the morning peak period and 131 during the evening peak period.

The present suburban train fleet available for daily service consists of:

Stainless Steel trains	54
Harris (Blue trains)	57
Tait (Red trains)	35
	146

City Loop

The first phase of the City Loop, comprising Museum Station and the Burnley and Caulfield Loop tunnels was formally transferred to VicRail from the Melbourne Underground Rail Loop Authority on 14th November, 1980.

Following the settlement of an industrial dispute involving suburban Guards' and Signalmen's Sections of the Australian Railways Union, the first crew training and test train ran on 4th December, 1980.

Regular service commenced on 26th January, 1981.

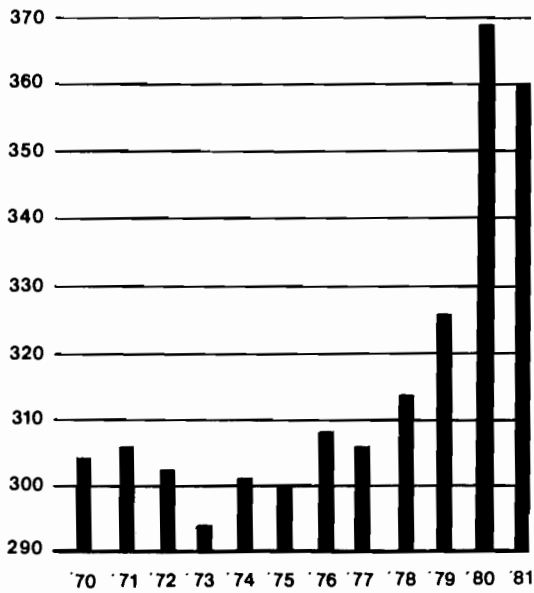
Museum Station became part of the suburban network in January, 1981, giving passengers the choice of alighting at Flinders Street, Spencer Street or Museum (later Flagstaff and Parliament Stations will be included).

Approximately 35,000 passengers use the Museum Station every day.

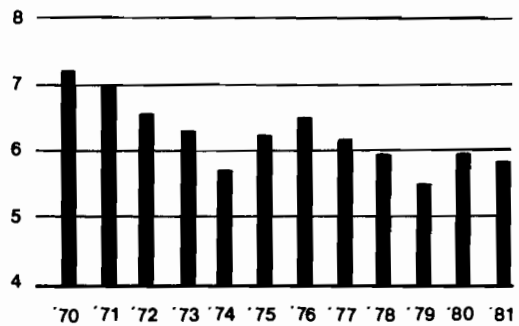
There has been a significant increase in the number of suburban passengers using Spencer Street Station as a result of eastern suburbs trains running via the Loop and removing the necessity to change trains at Flinders Street.

Freight Operating Statistics

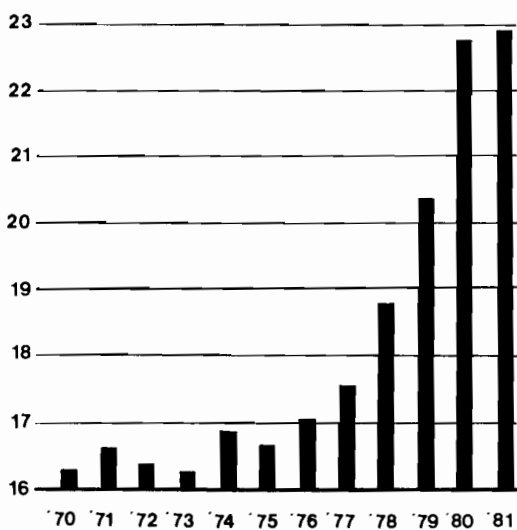
(Years ending June 30)



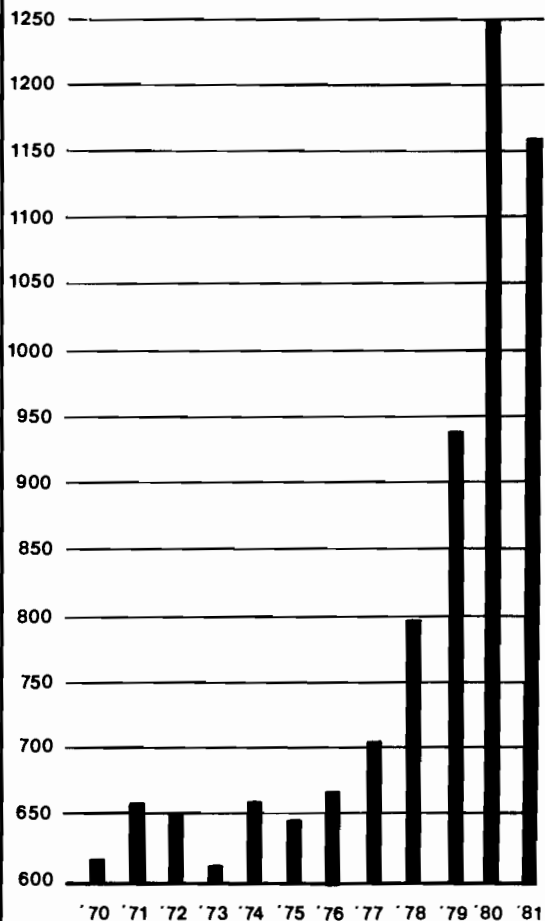
AVERAGE NET TRAIN LOAD (tonnes)



STANDING TIME PER 1,000 TRAIN km (HOURS)



AVERAGE NET WAGON LOAD (tonnes)



AVERAGE DAILY WAGON OUTPUT NET (tonne/km)

Suburban Train Control and Planning

Suburban Train Control became "METROL" on 13th September, 1980, and now controls the movements of all trains operating in the suburban area.

METROL is divided into three areas of operation

- (a) Passenger Information Display System—a visual train information display unit with television screens on all platforms of Flinders Street, Museum, Spencer Street and Richmond Stations.
- (b) The Communications System—which involves the control and monitoring of all trains in the suburban system. Operations Controllers maintain communications with staff at stations and signal boxes and other key operating personnel within the suburban area.
- (c) The Train Describer System—this is due to come into operation in 1981 and is designed to give the precise location of each train in the system.

METROL is the centre of suburban planning and control, supervising the drawing up of all suburban time-tables and the rosters for over 1,000 Enginemen and Guards.

Ticket Vending Machines

At Museum Station 18 ticket vending machines were installed for the start of train running together with 3 change machines. Another 113 ticket vending machines have been ordered for selected downside platforms for installation in the latter part of 1981.

Installation of these machines and the use of those already installed at Museum Station is dependent upon lifting of Union bans.

Country

Country passenger services will be progressively upgraded over the next three years and this work is proceeding.

The upgrading includes the construction of 54 new country passenger cars and refurbishment of 26 "B" class diesel electric locomotives predicated for the country services. The new cars will be of all steel construction, air-conditioned and will have refreshment facilities on each three car train set. The first sets of these carriages are nearing completion at Newport Workshops.

Services will be expanded. Train frequency will be increased and travel times reduced.

A computer based ticketing system for country (and interstate) reservations will be introduced. Visual display units will be installed in the Central Reservations Bureau at Spencer and Flinders Street Stations and in 15 regional booking centres.

As recommended in the Victorian Transport Study and the Board's policy of rationalisation of uneconomic services and replacing those services with more efficient road passenger coaches, the following rail passenger services were replaced by road coaches during the year.— Lilydale—Healesville, Ballarat—Geelong, Ballarat—Donald, Toolamba—Echuca, Melbourne—Leongatha and Yarram, Frankston—Mornington, Frankston—Stony Point and Numurkah—Cobram.

(2) FREIGHT

Total freight handled in 1980/81 was 12,720,780 tonnes which was a reduction of 5% or 732,651 tonnes on the total freight moved in 1979/80 of 13,453,431 tonnes.

The reduction was largely due to lower grain haulage.

A summary of major freight movements in 1980/81 with comparative figures for 1979/80 is as follows:

Commodity	1980/81 Tonnes	1979/80 Tonnes
Grain	4,129,658	4,929,886
Forwarding Agents	1,038,336	913,203
Containers	1,034,431	931,649
Mining & Quarry Products	907,731	866,847
Cement	778,494	717,833
Steel	737,261	749,437
Briquettes	633,380	783,315
Superphosphate	618,467	630,932
Foodstuffs	573,318	550,472
Manufactured Products	494,801	581,142
Petroleum Products	383,256	340,886
Paper Products	242,472	193,596

A Grain Plan was prepared jointly by VicRail and the officers of the Grain Elevators Board to plan the movement of the 1980/81 harvest. Some delays occurred but overall the harvest was moved without complaint.

Total grain hauled was 800,228 tonnes or 16% lower than the record movement in 1979/80. This was due to a lower harvest.

Cement traffic increased by 8% (60,661 tonnes). An agreement was negotiated to haul bulk cement from Fyansford to Sydney.

Export container traffic generally maintained a higher level compared with the previous year, but there was a substantial reduction in interstate container traffic, due to industrial action.

An additional 125,133 tonnes was shipped by forwarding agents in 1980/81. This is an increase of 14% and is a shift from road to rail.

Inter-system Freight

Nine standard gauge trains are scheduled daily each way between South Dynon and Albury, providing an efficient service to Sydney with an average daily haulage of approximately 8,000 tonnes each way.

There are five interstate freight trains running daily from Melbourne to Adelaide and four trains from Adelaide to Melbourne.

In addition "special" freight trains run to meet traffic demand.

Following crucial negotiations between the Australian Railways Union and the Victorian Railways Board there has been an increase in the number of 80 ft. wagons in use between Melbourne and Sydney. By June, 1981, 24, 80 ft. wagons were in use both ways daily.

A computerised system has been installed to provide timely information of location, condition and status of all freight vehicles in Victoria in order to improve wagon usage and productivity.

The system has yielded significant savings. Further improvements are planned.

INFRASTRUCTURE, ROLLING STOCK AND EQUIPMENT

NEW WORKS, IMPROVEMENTS AND REPLACEMENTS

Urban Works

Due to limitations on funds for Capital Works in the 1980/81 financial year, work on the Ringwood–Bayswater duplication, the Ringwood–Croydon duplication and the Caulfield–Mordialloc third track project was suspended.

Major works completed included the reconstruction of station buildings at: North Richmond, Aspendale, Edithvale, Bonbeach, Seddon, and new island platform stations at Blackburn and Tottenham.

Electrification of the line between Altona Junction and Werribee is in progress.

At Blackburn, train stabling facilities, new station buildings, subway alterations, track and the overhead re-arrangement have been completed.

Other works completed included drainage at Maribyrnong River siding, accommodation for electrical mechanics at North Melbourne, extension to the wheel shop, office and amenities block at Newport and other minor works.

City Loop Connections

Works completed include construction of extensive track and crossing work layouts at Spencer Street and Richmond which provide connections to the Caulfield and Burnley tunnels, temporary support works and bridging under main line tracks, and the restoration of the first stage of the Burnley sidings at Jolimont and on the 6-track running through North Melbourne.

Station Car Parks

An additional 597 car parking spaces have been provided as a result of extension, redevelopment and re-assessment of car parks at 20 locations.

A total of 19,336 car spaces are now provided at 146 locations and the utilisation of these facilities is continuing to rise.

Geelong Line Duplication

Platforms at Little River and Lara have been completed. Work on the island platform station at Corio and station alterations at Little River and Lara are in progress.

Trackwork and signalling between Little River and Corio is nearing completion.

Main Line Upgrading

As reported in our Annual Report for 1979/80, an agreement between the Commonwealth and Victorian Governments pursuant to the National Railway Network (Financial Assistance) Act of 1979 was signed on May 28, 1980.

Under the terms of this agreement the Commonwealth will provide funds of \$13.4M by June 30, 1983 to—

- (a) lengthen the crossing loops on the Ararat–Serviceton line, install additional loops and provide the funds for a centralised traffic control,
- (b) construct a new container terminal at South Dynon.

Resources were concentrated on these two projects. Crossing loops were completed at Kaniva, Dimboola, Murtoa–Jung, Pimpinio–Wail and Great Western.

During 1980/81 the following major trackwork was completed—

- Relaying: 44.2km of track between Ararat and Serviceton and in the district of Seymour, and minor works in the metropolitan area.
- Serviceable rail: 46.1km of track from Caldwell to Moulamein.
- Track surfaced and lined – 887 km – including 740 km on country tracks and 147 km in the metropolitan network.

Other maintenance included track testing, renewal of points and crossings and replacement of sleepers.

Bridge Construction

Six bridges were completed – Dandenong Creek, Dandenong; Elgin Street, Hawthorn; Nepean Highway, Gardenvale; Ashley Street, Tottenham; Smith Street, Caulfield; Power Street, Hawthorn and a further 11 bridges on non-urban lines were reconstructed.

Rolling Stock

Major improvements to rolling stock during the year were –

- Delivery of the first series of stainless steel trains is now complete.
- Manufacture of the 300 new generation stainless steel suburban carriages continued during the year and following testing and crew training the first train will be placed in service in September 1981.
- Refurbishing and the modernisation programme for the blue “Harris” trains has commenced.
- Commencement of building “N” cars at Newport. These carriages will be used for upgrading the country passenger service.
- Container wagons – 100 wagons were converted to KMQ wagons for the carriage of 20 ft. standard ISQ containers.
- Conversion of 198 GY wagons to GH wagons – converted to discharge wagons to handle grain traffic.
- Refurbishment of 68 carriages and brake vans for use on the reorganised country passenger service.

Railway Workshops

1980/81 was the first full year of operations for the Workshops Branch since its establishment in November, 1979. Many improvements in productivity were achieved by developing machinery and equipment to VicRail’s special needs.

Spotswood Workshops were closed on 23rd December, 1980: staff were relocated at Newport and at Electrical Workshops.

VICRAIL PIPELINES PTY. LIMITED

Altona–Somerton Pipeline

As previously reported, Union disputes and problems in obtaining sufficient products to commission the pipeline delayed commencement of operations. All jet fuel for Tullamarine is now being transported through the pipeline.

Due to the high costs involved in overcoming the commissioning problems no income was received in respect of the year ended 30th June, 1981.

For the year ended 30th June, 1981, an unaudited net loss of \$929,857 was incurred by VicRail Pipelines Pty. Ltd. The loss was after charging interest on loans of \$580,216.

PLANNING

The Corporate Review carried out last year to give an overview of VicRail, its task, its environment and its basic problems, identified the need for establishing a system of business segment planning and management, consistent with the Board’s general policy and objectives.

The Groups established as a result so far are:

- Metropolitan Passenger Services
- Country Passenger Services

The Metropolitan Passenger Services Group co-ordinates all activities related to the Metropolitan passenger services and is responsible for its performance.

The Country Passenger Services Group was established following the Government decision to close certain country passenger services with the aim of providing:

- a substantially improved rail service where it was to be retained within 3 years.
- substitution of bus services within 6 months for those of the country services closed, and where a continued publicly supported service was justified.

The Board has observed with concern that a number of land use policies which adversely affect the efficient operation of the metropolitan services continue to be implemented by planning authorities over which the Board has no control.

In particular amendments to the Metropolitan Planning Scheme which effectively inhibit greater development in the vicinity of railway stations but which allows greater numbers of cars to be parked in new developments in the Central Business District tend to mitigate against wider use of public transport.

Whilst the Government's adoption of the "Incremental Growth Strategy" for metropolitan development includes some proposals which, if fulfilled, would tend to lift rail patronage, nevertheless the Board has made submissions to the Metropolitan Regional Planning Authority which register its concern at efficient development opportunities associated with rail of which advantage is not being taken.

PERSONNEL, INDUSTRIAL AND STAFF TRAINING

At 30th June, 1981, the total staff employed (including casual labour equivalent to men working full time) was 21,253 compared with 22,600 at the end of last year.

Staff Training and Safety

A number of courses were developed to meet the needs of VicRail staff. These included:

- a Supervisor Productivity Achievement Programme. (A total of 57 supervisors took part during the year, in 8 separate courses, with savings of over \$1M.)
- Industrial Relations
- More than 100 VicRail Supervisors, Union Shop Stewards and guests attended a day-long workshop "Safety Awareness". Many ideas and suggestions that were put forward are being assessed and implemented.

Safety education has a high priority in all areas of operation. There is a continuing training programme for all operators.

Industrial Disputes

In previous years a significant number of man days were lost by staff involved in strikes and stoppages. This figure was greatly reduced in 1980/81.

Man days lost by staff directly involved in strikes/stoppages over the last five years is as follows:

Year	Man Days Lost
1976/77	9,284
1977/78	66,984
1978/79	40,189
1979/80	82,308
1980/81	11,291

Salary and Wages

The average annual payment, including overtime and penalty payments to all staff was \$13,579 compared with \$11,834 in the previous year, an increase of 14.7 per cent.

Increases in salary and wage costs granted during the year were estimated to cost \$20.5 million. These increases included the:-

- 4.2% National Wage Increase (July, 1980).
- 4.0% work value increase to salaried grades up to Clerk, Class 3 (December, 1980).
- 3.7% National Wage Increase (January, 1981).
- 3.6% National Wage Increase (May, 1981).

BOARD MEMBERSHIP

Mr. A.S. Reiher took up the appointment of Chairman of the Board on 1st July, 1980.

Mr. R.H. Hodges was appointed to the Board on 7th October, 1980.

MANAGEMENT

R. J. GALLACHER	General Manager
L. A. McCALLUM	Deputy General Manager
L. A. KRAUSGRILL	Assistant General Manager (Operations)
P. E. STUART	Assistant General Manager (Marketing & Planning)
J. K. BRODIE	Assistant General Manager (Technical)

HEADS OF BRANCHES

I. J. REIHER	Secretary for Railways
R. T. BARDEN	Chief Operations Manager
J. L. DRAPER	Chief Transportation Manager
J. S. BELL	Chief Freight Manager
M. W. B. RONALD	Chief Marketing Manager
L. C. ROLLS	Chief Mechanical Engineer
G. A. SWIFT	Chief Workshops Manager
J. K. McGOWAN	Comptroller of Accounts
M. L. G. McKENZIE	Comptroller of Stores
R. A. JENNISON	Director of Personnel
A. M. HURSE	Director of Planning
J. H. THOMPSON	Director: Management Controls
G. V. WATTS	Manager: Trading & Catering Services.
P. J. STOW	Chief Internal Auditor.

As at 30th June, 1981, the following were acting as Heads of Branch.

J. J. Emmins	for D. D. Wade (retired)
W. R. Wilkins	for A. F. Firth (retired)
P. J. Helbig	for J. L. Draper (special duties)
J. N. Lade	for A. M. Hurse (special duties)

CHANGES IN SENIOR POSITIONS

Consequent upon the appointment of Mr. P.E. Stuart to Assistant General Manager (Marketing & Planning), Mr. R.A. Jennison was promoted to Director of Personnel as from 17th November, 1980.

Mr. J.K. Brodie was appointed Assistant General Manager (Technical) on 14th April, 1981.

Mr. D.D. Wade, Chief Civil Engineer, retired on 23rd July, 1980.

Mr. N.H. Rashleigh, Assistant General Manager (Finance & Administration) retired on 20th February, 1981.

ACKNOWLEDGEMENT

Comprising one of the largest business organisations in Victoria, VicRail spreads throughout the State. The successful outcome of all VicRail's operations depend largely on the personnel who are the shop window of VicRail's endeavour to relate to the needs of passengers and freight. The Board recognises and thanks all those members of the staff who have dedicated themselves to the task of giving service to the customer.

VICTORIAN RAILWAYS BOARD

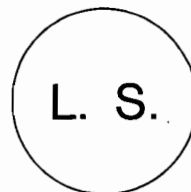
The Common Seal of the Victorian Railways Board was hereto affixed in the presence of



A. S. Reiher Chairman



I. J. Reiher Secretary



28th September, 1981.

VICTORIAN RAILWAYS

STATEMENT OF FINANCIAL POSITION AS AT JUNE 30, 1981 (Note 1)

(figures refer to \$M (millions))

1980			1981	
\$M	\$M		\$M	\$M
		FUNDS PROVIDED (Note 2)		
666.676		State – From Loans	703.485	
<u>49.108</u>	715.784	Other	<u>59.067</u>	762.552
	<u>98.592</u>	Commonwealth		<u>113.309</u>
	814.376			875.861
	242.559	Less Depreciation – underprovided for in past years (Note 3)		<u>255.723</u>
	<u>571.817</u>			620.138
	21.439	Add Asset Realisation & Revaluation Reserve (Note 4)		<u>27.873</u>
	–	Melbourne Underground Rail Loop Authority – Value of assets transferred (Note 5)		<u>122.922</u>
	<u>593.256</u>			<u>770.933</u>
	–	Less Property vested in and assets transferred to the Railway Construction and Property Board (Note 6)		<u>14.345</u>
	<u>593.256</u>	NET WORTH (Note 7)		<u>756.588</u>
		REPRESENTED BY		
	13.272	Special Funds held by State Treasurer (Note 8)		21.721
40.317		Current Assets (Note 9)	51.411	
<u>40.583</u>		Less Current Liabilities (Note 9)	<u>65.409</u>	
	(.266)	Excess of Current Liabilities over Current Assets		(13.998)
	3.186	Investments in Vic Rail Pipelines Pty. Ltd. (Debentures and Shares) (Note 10)		3.186
		Fixed Assets (Note 11)		
		At Net Cost or Valuation (Note 1)		
313.120		Track	337.034	
381.181		Rolling Stock	403.197	
45.319		Machinery and Plant	49.904	
–		Melbourne Underground Rail Loop	122.922	
7.266		Land	7.096	
97.424		Buildings	105.901	
<u>10.700</u>		Other Assets	<u>11.135</u>	
855.010		Total – Fixed Assets	1037.189	
<u>277.946</u>	<u>577.064</u>	Less Provision for Depreciation	<u>291.510</u>	<u>745.679</u>
	<u>593.256</u>	NET ASSET VALUE		<u>756.588</u>

Notes to Statement of Financial Position and Accounts for year ended 30 June, 1981

NOTE 1—ACCOUNTING POLICIES AND PRACTICE

The following is an outline of the accounting policies followed by the Board, together with comments on terminology used.

(i) Accounting Basis

Section 105 of the Railways Act, 1958, requires the Board to "prepare an annual report of its proceedings and an account of all monies received and expended during the preceding year".

Apart from revaluations, the financial statements have been prepared on the basis of historical costs in accordance with accepted accounting standards. Revenue and expenditure is brought to account mainly on a cash basis and which is consistent with past years.

Certain fixed assets have been revalued. Other assets are to be revalued, in particular rolling stock of relatively modern construction, heavily utilised and likely to be replaced by assets of similar types.

Some property was revalued during the year ended 30 June, 1981. (See Note 4). Where property has been vested in the Railway Construction and Property Board for no consideration pursuant to the provisions of the Railway Construction and Property Board Act, such land and buildings were revalued during the year ended 30th June, 1981 by an independent valuer or at market value for the property being disposed of or sold. Other property sold has been revalued to equate to the market value.

(ii) Fixed Assets

Fixed asset accounts are debited with expenditure on additions and improvements and on replacement of assets not subject to depreciation.

During the year ended 30th June, 1981 fixed assets with a value of \$122.922 million were transferred from the Melbourne Underground Rail Loop Authority at no cost to VicRail.

Amounts for depreciation and adjustments for assets transferred, written out, sold or revalued are reflected in the total value of fixed assets as stated in the accounts.

(iii) Depreciation

Depreciation is charged on fixed assets other than Track and Land at annual rates based on the estimated working life of each type of asset with due allowance for residual value at the expiration of that period.

Depreciation is not charged on Track, the reason being that the infrastructure is maintained at full effectiveness, with damage or deterioration made good as it occurs.

Of \$291.510 million (1979/80 \$277.946 million) depreciation up to June 30, 1981 only \$35.787 million (1979/80 \$35.387 million) has been provided by cash appropriations. Consequently, considerable expenditure on replacement of assets has been financed from Loan funds. To arrive at Net Worth (See Note 7), an adjustment to Funds provided equal to the difference in total depreciation charged and the cash appropriations \$255.723 million (1979/80 \$242.559 million) has therefore been made.

(iv) Stores and Stocks on Hand

Stores consist of materials and supplies for construction, maintenance and operations and are valued at average cost. Appropriate values are assigned to stores manufactured, and reconditioned items.

Work in progress of manufactured stores has been valued at cost. Trading and Catering stock and stores are valued at cost less provision for obsolescence.

(v) Comparative Figures

Some figures for 1979/80 have been amended to provide comparability with those for the 1980/81 year.

NOTE 2—FUNDS PROVIDED

The amount of \$703.485 million (1979/80 \$666.676 million) represents advances for Capital purposes from Loans raised on behalf of the State.

The State of Victoria has an equity of \$130.564 million (1979/80 \$122.447 million) in the National Debt Sinking Fund in respect of the State Loans provided for the Railways. This arises from Sinking Fund Repayments by the State on behalf of the Railways.

Other State Funds provided relate to :-	1979/80	1980/81
	\$M	\$M
Transport Fund	16.995	26.954
Boom Barriers	.740	.740
Level Crossings Fund	10.889	10.889
Funds from Public Account	3.186	3.186
Sundry Special Funds	13.892	13.892
Working Capital for Manufacturing		
Work in Progress and Trading & Catering	3.206	3.206
Railway Accident and Fire Insurance Fund	.200	.200
	49.108	59.067

Funds received from the Transport Fund relate to expenditure on Flashing Lights, Pedestrian Crossings, Car Parks, Freight Centres and Boom Barriers (not covered by specific Acts).

No funds have been received from the Level Crossings Fund since 1973–74. Since then, funds for these purposes have been provided through the Transport Fund.

Funds from Public Account relate to advances to purchase Shares and Debentures in VicRail Pipelines Pty. Ltd. (\$3.186 million).

Sundry Special Funds were provided in previous years from proceeds of sales of State lands and also for such purposes as Drought Relief Grant, Unemployment Relief Works and Defence Works.

Commonwealth Funds \$113.309 million (1979/80 \$98.592 million) relate to:-

	1979/80	1980/81
	\$M	\$M
Commonwealth Grants—Urban Public Transport	64.494	74.094
Uniform Railway Gauge Trust Fund	31.600	31.600
National Network (Financial Assistance) Loans	2.498	7.615
	98.592	113.309

The Grants for Urban Public Transport include \$9.600 million provided in 1980/81 (1979/80 \$8.665 million). Under the Railway Standardisation Agreement, Victorian Railways were required to meet 15 per cent of the cost of the construction of the Melbourne–Albury standard gauge railway through repayments to the Commonwealth over a period of 50 years, with interest at 5 per cent per annum. Up to June, 1981 the State of Victoria has made repayments of principal totalling \$1.925 million (1979/80 \$1.829 million).

Funds of \$5.117 million were provided during the year from the National Network (Financial Assistance) Loans.

NOTE 3-DEPRECIATION

Total depreciation to 30 June, 1981 was \$291.510 million (1979/80 \$277.946 million) of which only \$35.787 million (1979/80 \$35.387 million) was provided by cash appropriations. The under provision is therefore \$255.723 million (1979/80 \$242.559 million).

Depreciation charged in 1980/81 was \$13.564 million (1979/80 \$12.713 million) of which only \$.400 million (1979/80 \$.400 million) was provided for by cash appropriation.

No depreciation was applied to fixed assets constituting the track. (See Note 1 (iii)).

NOTE 4-ASSET REALISATION AND REVALUATION RESERVE

The balance of \$27.873 million (1979/80 \$21.439 million) in the Reserve as at June 30, 1981 reflected an adjustment to the net value of Fixed Assets resulting from the revaluation of certain assets, in particular passenger cars and wagons in 1975.

The net movement on Asset Revaluation Reserve during the year ended 30 June, 1981 was \$6.434 million – an increase in property values of \$7.711 million less fixed assets written off \$1.277 million.

Property was revalued by \$7.711 million. This included property vested in the Railway Construction and Property Board of a total value of \$8.086 million during the year ended 30 June, 1981.

The following asset values were written out:-

	1979/80	1980/81
	\$M	\$M
Passenger cars	.068	.019
Wagons	.647	.216
Locomotives	.012	.004
Rail cars and Tractors	.021	.429
Track	-	.541
Buildings	-	.068
	<u>.748</u>	<u>1.277</u>

NOTE 5-ASSETS ACQUIRED FROM MELBOURNE UNDERGROUND RAIL LOOP AUTHORITY

During the year ended 30 June, 1981 assets valued at \$122.922 million were transferred from the Melbourne Underground Rail Loop Authority, at no cost. These assets covered the Burnley and Caulfield Lines Loop Tunnels and Ramp Structures and the Museum Station and associated equipment.

NOTE 6-PROPERTY VESTED AND ASSETS TRANSFERRED TO RAILWAY CONSTRUCTION AND PROPERTY BOARD

	\$M
1. Railway Land and Property Vested in Railway Construction and Property Board to 30th June, 1981 – at valuation by an independent valuer or at market value for the property being disposed of or sold.	8.086
2. Eastern Railway Project – cost of property and surveys associated with the Eastern Railway project, previously included as track in fixed assets, now transferred and under the control of the Railway Construction and Property Board.	6.259
	<u>14.345</u>

NOTE 7-NET WORTH

The Net Worth represents the total advances to the Railways for capital purposes from Loans and Special Funds after adjusting for:-

- (1) Depreciation not provided for by cash appropriations (See Note 3).
- (2) Adjustments to values of certain assets (See Note 4).
- (3) Assets transferred from Melbourne Underground Rail Loop Authority (See Note 5).
- (4) Value of property vested in and assets transferred to the Railway Construction and Property Board (See Note 6).

NOTE 8-SPECIAL FUNDS HELD BY STATE TREASURER

The balances in Special Funds held by the State Treasurer were:-

	1979/80	1980/81
	\$M	\$M
Railway Accident & Fire Insurance Fund	.200	.200
Railway Renewals & Replacements Fund	-	1.000
Manufacturing & Trading & Catering Account	.189	.458
Railways Repayment Account	.062	.019
Treasury Trust Funds	12.821	15.728
Railways Stores Suspense	-	4.316
	<u>13.272</u>	<u>21.721</u>

The Railways Repayment Account represents cash held at Treasury on behalf of railway clients who lodge deposits pending the completion of certain work.

Treasury Trust Funds are amounts held in the Treasury equivalent to Railway liabilities for salaries and wages and payroll deductions.

Amounts held in Railways Stores Suspense represent funds available to fund stock purchases. The balance of Railway Renewals & Replacements Fund of \$1 million carried forward will be used to acquire fixed assets.

NOTE 9—CURRENT ASSETS AND LIABILITIES

Current assets are as follows:—

	1979/80	1980/81
	\$M	\$M
Cash Advances	3.221	9.099
Revenue Cash in transit	.417	.264
Debtors:		
Revenue	14.610	17.878
Other	1.400	3.358
Stocks of Stores and Materials (See Note 1)	11.511	10.137
Manufacturing – Work in Progress (See Note 1)	2.127	2.039
Trading and Catering Stock and Equipment (See Note 1)	1.302	1.376
Securities Held in Trust	5.729	7.260
	40.317	51.411

Cash advances represent monies held by Stationmasters, Accounting Offices, the Agent-General and due for reimbursement by Treasury.

Other Debtors \$3.358 million (1979/80 \$1.400 million) include amounts due in respect of agency works, sales of land and materials, and sundry debtors.

Securities held in Trust represent securities deposited by contractors, the contra being Trust Creditors.

The reconciliation between the value of stocks of Stores and Materials \$10.137 million (1979/80 \$11.511 million) and the Funds provided for purchase of such Stores and Materials (\$9 million) is:—

	1979/80	1980/81
	\$M	\$M
Value of Stores	11.511	10.137
Add:		
Advance to Agent-General	.088	.067
Debtors – sundry sales	–	.116
Balance at Treasury	–	4.316
	11.599	14.636
Deduct:		
Creditors	2.599	5.636
Funds	9.000	9.000

Current Liabilities are as follows:—

	1979/80	1980/81
	\$M	\$M
Trade Creditors	18.799	37.014
Treasury – Current Account	15.993	21.116
Trust – Creditors	5.791	7.279
	40.583	65.409
Trade Creditors comprise:	\$M	\$M
Salaries and Wages due but not paid	8.706	12.224
Payroll Deductions	4.115	3.504
Payroll Tax	1.226	1.226
Creditors – stores and services	2.939	17.115
Trading and Catering creditors	.413	.659
Bank Overdraft	.186	–
Rebates of Fares and Freights, and Unearned Income – (Revenue Credits)	1.058	1.208
Advance payments by Customers and Agencies	.156	1.078
	18.799	37.014

Treasury Current Account represents advances to cover Railway revenue earned but not received, and amounts due from Treasury for reimbursement of expenditure.

The amount of \$7.279 million (1979/80 \$5.791 million) for Trust Creditors is the contra of Securities Held in Trust \$7.260 million (1979/80 \$5.729 million) and the balance of \$.019 million (1979/80 \$.062 million) held in the Railways Repayment Account (See Note 8).

NOTE 10 – VICRAIL PIPELINES PTY. LTD.

This asset consists of:-

	1979/80	1980/81
	\$M	\$M
Shares – at cost	.001	.001
Debentures – at cost (secured by a floating charge over the assets of the company)	3.185	3.185
	<u>3.186</u>	<u>3.186</u>

NOTE 11 – FIXED ASSETS

Expenditure on Fixed Assets, including Renewals and Replacements in 1980/81 was \$69.757 million (1979/80 \$53.820 million) excluding expenditure on VicRail Pipelines Pty. Ltd.

During the year property was revalued by \$7.711 million (1979/80 \$1.894 million).

Fixed assets no longer in use and written off amounted to \$1.209 million (1979/80 \$.748 million). The book value of property disposed of, sold or scrapped was \$8.285 million. Assets transferred and under the control of the Railway Construction and Property Board totalled \$6.259 million. Other assets sold totalled \$2.458 million. Asset values have been adjusted accordingly.

Depreciation provided amounted to \$13.564 million (1979/80 \$12.713 million) of which \$.400 million (1979/80 \$.400 million) was provided for by cash appropriations.

Fixed assets totalling \$122.922 million were acquired from the Melbourne Underground Rail Loop Authority during the year.

Details of transactions affecting fixed assets are given in the table below:-

	Value at 30.6.80 after Depreciation	Additions in year	Total	Revaluation during year	Transferred, Disposed of Sold or Written off in year	Value at 30.6.81 before Depreciation	Depreciation 1980/81	Value at 30.6.81 after Depreciation
	(all figures \$M)							
Track	233.175	30.862	264.037	-	(6.948)	257.089	-	257.089
Rolling Stock	214.148	24.994	239.142	-	(2.978)	236.164	10.324	225.840
Machinery-Plant	35.016	4.585	39.601	-	-	39.601	1.818	37.783
Land	7.266	-	7.266	6.971	(7.143)	7.094	-	7.094
Buildings	79.792	8.881	88.673	.740	(1.142)	88.271	.424	87.847
Other Assets	7.667	.435	8.102	-	-	8.102	.501	7.601
Melbourne Underground Rail Loop	577.064	69.757	646.821	7.711	(18.211)	636.321	13.067	623.254
		122.922	122.922	-	-	122.922	.497	122.425
	577.064	192.679	769.743	7.711	(18.211)	759.243	13.564	745.679

SUMMARY OF RECEIPTS AND EXPENDITURE

OPERATING			
	Year 1979/80 \$M	Year 1980/81 \$M	Increase (+) Decrease (-) \$M
Receipts	228.705	252.272	+ 23.567
Budget Revenue Supplement	159.821	165.067	+ 5.246
Total	388.526	417.339	+ 28.813
Operating Expenditure (Notes (a) and (b))	390.115	441.460	+ 51.345
Operating Surplus (Deficit) after Budget Revenue Supplement	(1.589)	(24.121)	+ 22.532

(a) The difference of \$15.393 million between the expenditure appropriation of \$426.067 million and the actual expenditure of \$441.460 million was funded from Treasurer's Advance. There was also a short fall of railway receipts which are paid into Consolidated Revenue of \$8.728 million.

(b) Includes interest (\$.151 million), (1979/80 \$.156 million) and repayment of Principal (\$.096 million), (1979/80 \$.096 million) to the Commonwealth in respect of funds provided under the Railways Standardisation Agreement.

CAPITAL			
	\$M	\$M	\$M
Expenditure on Fixed Assets	53.820	69.757	+ 15.937
Investment in VicRail Pipelines Pty. Ltd.	.185	-	- .185
Melbourne Underground Rail Loop – Assets Transferred	-	122.922	+122.922
	54.005	192.679	+138.674
Less			
Proceeds from sale of assets and depreciation provided by cash appropriations used to acquire Fixed Assets	1.172	1.877	+ .705
Net Expenditure	52.833	190.802	+137.969

OTHER PAYMENTS BY TREASURY			
	\$M	\$M	\$M
Interest and Exchange	27.180	31.104	+ 3.924
Sinking Fund Contribution	.740	.792	+ .052

Note re Funding of Expenditure on Fixed Assets in 1980/81

Funds were provided from:–

Works & Services Act	53.709
Transport Fund	9.958
Railways Renewals and Replacement Fund	
– Sale of Assets	2.477
Depreciation – cash appropriation	.400
Less Balance of Fund held in reserve	(1.000)
	1.877
Less – Owing in respect of work for Agencies	65.544
	2.374
Funded Expenditure for 1980/81	63.170
Creditors	6.587
Expenditure on Fixed Assets	69.757

ADJUSTMENT OF TREASURY (CASH) FIGURES RELATING TO RECEIPTS AND OPERATING EXPENDITURE TO TAKE ACCOUNT OF ACTUAL REVENUE EARNED AND EXPENSES INCURRED BY RAILWAYS

		1979/80	1980/81
		\$M	\$M
REVENUE			
Receipts–Treasury		228.705	252.272
ADD	–Amounts Collected by Railways but not Brought to Account by Treasury during the year.	1.566	1.099
	Revenue Debtors at End of Year not included in Treasury Receipts (Note 1)	15.027	18.142
	Sundry Revenue Creditors at Beginning of the Year.	1.158	2.557
		<u>246.456</u>	<u>274.070</u>
DEDUCT	–Amounts Collected by Railways in Previous Year but included in Treasury Receipts for Current Year	1.017	1.566
	Revenue Debtors at Beginning of Year included in Treasury Receipts	13.748	15.027
	Sundry Revenue Creditors at End of Year	1.058	1.208
		<u>15.823</u>	<u>17.801</u>
REVENUE	–RAILWAYS	<u>230.633</u>	<u>256.269</u>
OPERATING EXPENSES			
Expenditure–Treasury		390.115	441.460
ADD	–Amounts charged to Operating Expenses by Railways but not included in Treasury Expenditure during year	3.932	7.283
		<u>394.047</u>	<u>448.743</u>
DEDUCT	–Amounts charged to Operating expenses by Railways in Previous Year but included in Treasury Expenditure during year	1.037	.465
EXPENSES	–RAILWAYS	<u>393.010</u>	<u>448.278</u>

Notes

1. The difference between this figure and the \$17.878 million (1979/80 \$14,610 million) shown for Revenue Debtors in Note 9 to the Accounts comprises Revenue cash in transit.
2. Expenses – Railways for 1980/81 amounting to \$448.278 million includes expenditure of \$7.116 million incurred in respect of the year 1979/80.

RAILWAYS STORES SUSPENSE ACCOUNT

	1979/80		1980/81	
	\$M	\$M	\$M	\$M
Funds provided at the date of the authorization of the Stores Suspense Account (June 30, 1896)	1.119		1.119	
Less expended on special and deferred repairs in accordance with Section 3 of Act 1820	<u>.100</u>	1.019	<u>.100</u>	1.019
Advances from Loan Account subsequent to June 30, 1896		<u>7.981</u>		<u>7.981</u>
Total Funds Provided		9.000		9.000
Sundry Creditors		2.599		5.636
		<u>11.599</u>		<u>14.636</u>
Stores and Materials on hand at end of year – Railways		11.511		10.137
Sundry Debtors		-		.116
Advances with Agent General		.088		.067
Cash at Treasury		-		4.316
		<u>11.599</u>		<u>14.636</u>

RAILWAY RENEWALS AND REPLACEMENTS FUND

Nature and Source of Funds	Year ended June 30, 1980	Period July 1, 1937, to June 30, 1980	Year ended June 30, 1981	Period July 1, 1937, to June 30, 1981
	\$M	\$M	\$M	\$M
Funds specifically appropriated under Act No. 6355	.400	17.200	.400	17.600
Additional funds authorised by Parliament	-	11.500	-	11.500
Rail motor and road motor, etc. depreciation	-	4.592	-	4.592
Sundry Sales, abolitions, etc.	.772	19.151	2.477 (Refer note)	21.628
Interest on investments	-	1.407	-	1.407
Amount charged Item 5 Loan Acts	-	119.193	-	119.193
	<u>1.172</u>	<u>173.043</u>	<u>2.877</u>	<u>175.920</u>
Disposal of Funds				
Renewals and Replacements -				
Traffic	-	.486	-	.486
Rolling Stock	.537	118.279	1.310	119.589
Way and Works	.635	47.837	.567	48.404
Electrical Engineering	-	6.441	-	6.441
Balance as at end of year	-	-	1.000	1.000
	<u>1.172</u>	<u>173.043</u>	<u>2.877</u>	<u>175.920</u>

Note - Included in sundry sales is an amount of \$1.84 million for the sale of passenger cars which are to be repurchased in 1981/82 and are to be leased under a proposed leverage lease to be negotiated.

DEPRECIATION - PROVISION AND ACCRUAL

	Year ended June 30, 1980	Period July 1, 1937, to June 30, 1980	Year ended June 30, 1981	Period July 1, 1937, to June 30, 1981
	\$M	\$M	\$M	\$M
Cash Appropriations	.400	17.200	.400	17.600
Additional funds authorised by Parliament	-	11.500	-	11.500
Sundry depreciation provided in working expenses	-	4.592	-	4.592
Provision from Sundry sales etc., included as additional depreciation	-	.688	-	.688
Interest on investments	-	1.407	-	1.407
Notional amount short provided	12.313	242.559	13.164	255.723
	<u>12.713</u>	<u>277.946</u>	<u>13.564</u>	<u>291.510</u>
Detail of Asset Type				
Way, works, buildings, etc.	2.081	110.872	1.539	112.411
Rolling Stock (Including machinery and equipment in Workshops)	10.365	151.450	10.972	162.422
Electrical Engineering Plant and Equipment	.267	11.131	.556	11.687
Rail motors and road motors	-	4.493	-	4.493
Melbourne Underground Rail loop	-	-	.497	.497
	<u>12.713</u>	<u>277.946</u>	<u>13.564</u>	<u>291.510</u>

STATEMENT OF CAPITAL EXPENDITURE

	Year ended June 30, 1980	Year ended June 30, 1981
	\$M	\$M
New lines and surveys--		
Gross expenditure	.353	.129
Credits	-	-
Net expenditure	.353	.129
Additions and improvements on existing lines--		
Gross expenditure	30.086	42.837
Credits	(.635)	(.567)
Net expenditure	29.451	42.270
Rolling stock--		
Gross expenditure	22.705	24.994
Credits	(.537)	(1.310)
Net expenditure	22.168	23.684
Electrification of Melbourne suburban lines--		
Gross expenditure	.676	1.797
Credits	-	-
Net expenditure	.676	1.797
Sub Total--		
Gross expenditure	53.820	69.757
Credits from Railways Renewals and Replacement Fund used to fund expenditure	(1.172)	(1.877)
Net expenditure	52.648	67.880
Investments in VicRail Pipelines P/L--		
Gross expenditure	.185	-
Net expenditure	.185	-
Total--		
Gross expenditure	54.005	69.757
Credits from Railways Renewals and Replacement Fund used to fund expenditure	(1.172)	(1.877)
Net expenditure	52.833	67.880
Melbourne Underground Rail Loop - assets transferred	-	122.922
Total	<u>52.833</u>	<u>190.802</u>

LENGTH OF RAILWAYS AND TRACKS

Kilometres open for Traffic

		Tracks			Railways								
		Tracks	Sidings	Total	Ten tracks	Eight tracks	Seven tracks	Six tracks	Four tracks	Three tracks	Two tracks	One track	Total
Year 1980/81	1600 mm gauge	6599.48	1389.03	7988.51	0.61	2.16	1.42	3.22	28.86	103.48	731.49	4998.82	5870.06
	1435 mm gauge	332.27	64.29	396.56									
	Dual gauge	8.59	5.13	13.72									
Total		6940.34	1458.45	8398.79									
Year 1979/80	1600 mm gauge	6799.00	1392.68	8191.68	0.61	2.16	1.42	3.22	28.86	103.48	731.49	5198.36	6069.60
	1435 mm gauge	332.27	64.29	396.56									
	Dual gauge	8.59	5.13	13.72									
Total		7139.86	1462.10	8601.96									

Average Kilometres open for Traffic during the year.

		Tracks			Railways								
		Tracks	Sidings	Total	Ten tracks	Eight tracks	Seven tracks	Six tracks	Four tracks	Three tracks	Two tracks	One track	Total
Year 1980/81	1600 mm gauge	6846.17	1418.49	8264.66	0.61	2.16	1.42	2.90	28.00	103.37	729.28	5255.64	6123.38
	1435 mm gauge	332.27	63.78	396.05									
	Dual gauge	8.59	4.91	13.50									
Total		7187.03	1487.18	8674.21									
Year 1979/80	1600 mm gauge	6912.32	1418.72	8331.04	0.61	2.16	1.42	2.90	28.00	103.37	729.28	5321.79	6189.53
	1435 mm gauge	332.27	63.78	396.05									
	Dual gauge	8.59	4.91	13.50									
Total		7253.18	1487.41	8740.59									

NEW LINES UNDER CONSTRUCTION AT JUNE 30, 1981.

Section	Kilometres
Caulfield to Mordialloc Third track	15.91
Melbourne Underground Loop	3.22
Ringwood to Bayswater Duplication	5.09
Ringwood to Croydon Duplication	5.28
Little River to Corio Duplication	12.63

LINES CLOSED FOR TRAFFIC DURING THE YEAR ENDED JUNE 30, 1981.

Section	Kilometres
Diggora West to Cohuna	73.03
Kerang to Koondrook	21.53
Bandiana to Cudgewa	104.96