

VICTORIA

Report

of the

**METROPOLITAN TRANSIT
AUTHORITY**

for the

Year ended 30 June 1985

Ordered by the Legislative Assembly to be printed

MELBOURNE
F D ATKINSON GOVERNMENT PRINTER
1985



METROPOLITAN TRANSIT AUTHORITY

OF VICTORIA

ANNUAL REPORT

1984/85



Presented to
both Houses of the Parliament of Victoria
pursuant to the Transport Act 1983.



CONTENTS

Letter to Minister	2
Members of the Board	3
Corporate Management	4
Philosophy and Objectives	5
Chairman's Review of the Year	6
The Year at a Glance	8
Operating Performance	9
Running the Met	10
Our Passengers	11
Development of the System	12
Our Staff	14
Financial Statements	15
Statutory Information	35



**METROPOLITAN TRANSIT AUTHORITY
OF VICTORIA**

30.9.1985

616 Little Collins Street,
Melbourne, Victoria 3000.

The Hon. Tom Roper MP,
Minister for Transport,
Parliament House,
Melbourne.

Dear Minister,

In accordance with Section 9 of the Annual Reporting Act 1983, I am pleased to present the report of the operations of the Metropolitan Transit Authority for the year ended 30th June, 1985 together with the audited financial statements for that year and its financial position as at 30th June, 1985.

L.A. Strouse
Chairman and Managing Director

MEMBERS OF THE BOARD

Mr. L. A. Strouse
Chairman and Managing Director
Metropolitan Transit Authority

Mr. A. S. Reiher
Director-General of Transport

Mr. P. R. Riboni
Chief General Manager
Finance and Corporate Services
Metropolitan Transit Authority

Mr. N. Maddock
Elected employee representative

Mr. A. J. Tuohey
Elected employee representative

Mr. W. K. Deacon
Private bus operator representative
General Manager,
Dysons Bus Lines

Mr. K. Fitzmaurice
Chairman and Managing Director
State Transport Authority

Ms. J. Acton
Industrial Officer, A.C.T.U.

Mr. K. McIntyre
User Representative
Secretary, Public Transport
Users' Association

CORPORATE MANAGEMENT

Mr. Lynn A. Strouse	Chairman and Managing Director
Mr. Paolo R. Riboni	Chief General Manager, Finance and Corporate Services. Responsible for property, finance and accounting, legal supply and administrative services.
Mr. John L. Grigg	Chief General Manager, MetRail Division. Responsible for MetRail operations, maintenance and engineering.
Mr. E Dudley Snell	Chief General Manager, Tram and Bus Division. Responsible for tram and bus operations, engineering and maintenance, and private bus contracts.
Mr. Michael Maude	General Manager, Personnel and Employee Relations. Responsible for employment and staffing, personnel policy, and services, and industrial relations.
Mr. Jim Paterson	Director Corporate Affairs
Mr. Alan Dunn	Manager Public Relations



PHILOSOPHY AND OBJECTIVES

* To operate an efficient, comfortable and cost-effective integrated public transport system which meets the needs of the travelling public.

* To develop new modes of transport to meet changing conditions.

* To effectively manage its assets to improve patronage and economic viability of services.

* To ensure passenger and staff safety in all areas.

* To provide rewarding and developing employment opportunities.

* To provide, manage and operate tourist and recreation facilities to enhance the Melbourne lifestyle.

CHAIRMAN'S REVIEW OF THE YEAR

The completion of our second year as the Metropolitan Transit Authority has brought continuing improvements in all aspects of the integrated public transport system now being enjoyed by the people of Melbourne.

The year under review saw the achievement of an 8 per cent increase in passengers, from 259 million last year, to 279 million in 1984/85. This significant increase continued a rising trend evident since 1982, but was more pronounced due to the new ticketing and pricing initiatives introduced during 1984. This was particularly evident with the success of the Inner Travel Card and the new student concessions.

While patronage rose, the very factors which assisted this rise produced only a 5 per cent increase in fare revenue for the year, from \$159 million to \$167 million. There was no fare rise during the year. Miscellaneous revenue increased by \$3 million to \$13 million.

Since the introduction of the new integrated ticketing system, it is not possible to allocate fares received from passengers over the particular modes of transport travelled on by those passengers. The fare receipts are therefore reported in the financial statements by the mode where the fares are collected.

The operating result for the year, before abnormal and extraordinary items, was a deficit of \$166 million (last year \$83 million). The following table provides details of the result:

	This Year \$m	Last Year \$m
Fares and contributions to concessions	167	159
Other revenue (including Underground Loop levies)	26	24
<hr/>	<hr/>	<hr/>
Total Revenue	193	183
<hr/>	<hr/>	<hr/>
Operating expenses	515	428
Finance Charges	113	78
<hr/>	<hr/>	<hr/>
	628	506
<hr/>	<hr/>	<hr/>
Gross Operating Deficit	(435)	(323)
Cash Grants from Victorian Government to Subsidise operations	269	240
<hr/>	<hr/>	<hr/>
Net Deficit on Current Year's Operations	(166)	(83)

In addition, during the year, the Authority incurred abnormal costs of \$50 million relating to previous years. These included depreciation of the Underground Loop and retrospective adjustments to reflect enhanced non-

contributory superannuation benefits.

Extraordinary expenses of \$3 million were also incurred during the year in payments to former members of staff under the early retirement scheme introduced last year.

The financial statements contained in this report are prepared on the accrual basis and therefore reflect the impact of the cost of non-cash items such as depreciation, and other adjustments to provisions. The grants received from the Victorian Government each year provide assistance to the Authority in balancing its cash resources, but do not take into account items accrued during the year.

The Authority maintained close control over its cash resources during the year and closed the year having achieved its cash budget.

Operating costs rose during the year reflecting the inflationary impact on costs generally and the costs of improving most levels of service.

The cost of operating the metropolitan railway service including adjustments for workers' compensation provisions, employee benefits and depreciation rose by 22% to \$287 million. During the year particular emphasis was placed on improving services and on-time running of trains.

The cost of providing outer suburban bus services by private bus operators increased for two reasons. Firstly, the level of services was changed, particularly in the Ringwood and St. Albans neighbourhoods. In this connection, the Board notes that no funds for further expansion of such services are available in the forthcoming year and that the continuing expansion of these services will be dependent upon Government support. Secondly, the Government's private bus operators subsidy scheme is being phased out and progressively replaced by contract arrangements.

The escalating level of financing charges is now a matter of serious concern. All capital works, and several items of operating expenses including financing charges, are being financed from borrowings and leasing finance. The level of these borrowings has increased from \$599 million in June 1983 to \$1,031 million in June 1985, and is expected to increase by a further \$200 million in 1985/86. The cost of servicing such borrowings in the forthcoming years is estimated to be in the order of \$97 million.

The Board notes with concern the continuing high level of borrowings required to finance the Authority's capital programme and to fund certain recurring expenses. In the view of the Board, there is an urgent need to review this funding policy and its impact on the Authority's financial results.

The Board also notes that the Government has decided to proceed with certain projects without firstly referring the matter to the Board the costs of such

projects being included in the financial statements and that such costs will adversely impact on operating costs in future years.

We are now half way through the planned re-equipment programme, having committed so far \$480 million in the purchase of new rolling stock, trams and buses, and ploughed significant sums into the upgrading of the 140 years old suburban train service and the 100 years old tram service. With track upgrading and overhead line rehabilitation undertaken during the year, we have taken major steps in ensuring Melbourne's public transport reliability for the future.

A further \$200 million is to be committed during the current year to purchase additional rolling stock, for extension of the overhead line rehabilitation work, and for new improvements to signalling throughout the system.

The completion during the year of the Flagstaff station, the last link in the completion of the Melbourne Underground Rail Loop, represented a significant milestone seeing as it did the end of construction on the \$650 million Loop project. Already the Loop is an important element in the total Met inner region and has aided the acceptance of the multi-modal ticketing system.

The pleasing aspect of all this activity at the Met is that the people of Melbourne are very supportive of our plans and activities to give Melbourne a better, in fact Australia's best, public transport system. An attitude survey carried out during the year as part of an ongoing policy of monitoring public attitudes to public transport, showed that 75 per cent of the more than 500 people who participated in the survey believe the Melbourne public transport operations controlled by the Met have improved over the past 12 months.

We know the quality of the service has improved but it is heartening to know that the actual users of the Met's services believe this to be so.

After so many years of running as separate entities, the integrated service now symbolised by the Met has already made many quite dramatic alterations and improvements to services, but it will not be until all the facets of the new service are finally in place that we will really be able to claim the most modern, most efficient and comprehensive public transport service in Australia. We are certainly heading in the right direction already. Apart from new trams, trains and buses and upgrading and replacement of outdated infrastructure, the Met is conscious of the important role of its 12,000 employees in managing the considerable changes which are taking place within and outside the Met.

To this end the Met has introduced a five year plan to enhance management expertise. Staff from each division are being selected to undergo a variety of

courses to develop within the Met a depth of managerial talent for the growth of the system in the years ahead.

The extent for which new technology is being brought to bear in the Met of the future has also made us very conscious of the need to retrain our staff to handle these new technologies.

The introduction of Automatic Vehicle Monitoring (AVM) during the year was such an example of high technology in action. The AVM system, initially installed in the Met's own bus fleet, enables improved communications with bus crews; will in time enable the improvement of services with the elimination of bunching of buses, and eventually improved scheduling. This will create a more secure and publicly responsive bus system. In time the AVM system will be extended to private operators and the tram system — all of which will be monitored from the Fleet Operations Centre in Nicholson Street.

The high regard with which the emerging Met system is held throughout the world became apparent with the announcement after year end that three years hard work had been rewarded with the award of the \$200 million contract from the Kowloon-Canton Railway Corporation for a new light rail (tram) system. The contract was won by a joint bid from the Met and Leighton Holdings Limited. The contract for 70 trams similar to those operating in Melbourne, together with ticket collection system, workshop equipment and depots, was won against competitors from Japan, Canada, Belgium and the U.K.

The achievement of this international reputation for expertise in the operation of a highly complex integrated metropolitan transport service has been assisted by the strong commitment of the Government of Victoria to the development of the Met.

Under the initial guidance of the former Minister of Transport, Mr. Steve Crabb, the people of Melbourne witnessed a renaissance in public transport. This has been made possible by a level of funding which recognised systems strengths and deficiencies and has led to the position where Melbourne is well and truly on the way to the achievement of a transport system of which we can all be proud. We are pleased to draw attention here to the commitment of the present Minister for Transport, Mr. Tom Roper, to the development of the Met. His active support and encouragement in meeting the Met's objectives are appreciated.

L. A. Strouse

THE YEAR AT A GLANCE

Passenger boardings	84/85 279m (estimate)	83/84 259m
Passenger kilometres	2217m (target)	2094m
Vehicle kilometres	90.6m	89.4m
Total trains in peak service	135 (6 car sets)	134
Total trams in service	662	653
Total government buses in service	316	277
Total private buses in service	930	946
Total kilometre length of rail track	910 single track kilometres	892
Total square kilometre area covered by the Met	6,063 sq.kms	6,063 sq.kms
Number of employees	12,550	12,334
Passenger km/\$ subsidy	7.6	8.2
Passenger km/seat km	29.7	28.6
Operating expenses/seat km	6.6	6.1
Operating deficit/seat km	3.9	3.5
Cost recovery ratio including debt servicing	33.9%	40.5%
Cost recovery ratio excluding debt servicing	44.2%	51.9%

OPERATING PERFORMANCE

Every day the Metropolitan Transit Authority of Victoria — Australia's largest fully integrated transport system — takes on the task of moving an average of 420,000 people from one part of metropolitan Melbourne to another. The multi-modal operation of trams, buses and trains enables the travelling public to complete more than 736,000 journeys in any 24 hour period (365 days through total passenger boardings of 279 million).

Since its formation in July 1983, the Met has worked towards a number of goals which together can be summarised as:

- providing a network to meet the existing public transport needs of the community within metropolitan Melbourne, with operational reliability, safety, comfort, convenience, and cost efficiency, and
- undertaking the research, planning and development necessary to ensure that the system continues to meet the changing needs of the future.

The year under review has seen considerable progress towards those goals, with an ongoing programme of investment in technology and rolling stock which has totalled \$430 million in the last two years.

Computerised systems such as Metrol, which controls the movement of trains, and AVM, the automatic vehicle monitoring system which provides immediate communication links between buses and trams and their operations centre, together with the acquisition of some of the most advanced rolling stock in the world, are providing the Met and its passengers with an ever-improving service.

The new Met, with its integrated ticketing system, has been well accepted by the public. In the past 12 months patronage increased by 8% and, through the reduction of the price of travel in the inner metropolitan

area and the introduction of new student tickets, large sections of the community were able to travel at lower rates than had previously applied. No fare rises were instituted in any sector.

Within the MetRail Division, considerable effort continued to be placed on the improvement of service reliability.

Total revenue for the year showed a 5% increase over 1983/84. This was lower than the percentage increase for the preceding year but was due to ticketing and pricing initiatives introduced in 1984 which, conversely, had a considerable effect on increasing patronage.

The Victoria Transport Borrowing Agency raised loans of \$287 million on behalf of the Met. These funds were used for the redemption of maturing loans, \$61 million, and for new capital works, \$226 million. Additional funding has been supplied by the Australian Bicentennial Road Fund.

The primary objective of the Met's Property Group is to maximise the return on assets. During the year, therefore, the Group continued to study the various uses of property, carrying out a major rental review of properties leased by the Met, disposing of some assets surplus to operational requirements, and identifying potential opportunities for better utilisation of assets. Two contracts were awarded for the exclusive advertising rights on Met property and vehicles.

In line with the Met's continuing programme of investment in new technology to improve performance, advanced financial control systems were put in place, and a formal methodology developed and data processing and communications equipment installed to further upgrade management information services.

RUNNING THE MET

The creation of the Metropolitan Transit Authority introduced for the first time proper co-ordination between the different forms of public transport operating within metropolitan Melbourne.

The Met employs more than 12,000 people across five divisions: MetRail and Tram & Bus (operating divisions), and Marketing & Planning, Finance & Corporate Services, and Personnel & Employee Relations (corporate divisions).

MetRail provides services for the suburban metropolitan electric train system, while Tram & Bus maintains the services of all trams, government buses and

the route operations of the private bus network.

Marketing & Planning identifies consumer needs and preferences, and develops strategies in operations and investment to meet the community's transport requirements.

Finance & Corporate Services provides financial, accounting and legal services. It is also responsible for procurement and supply of materials and services, management of property and internal audit.

Personnel & Employee Relations attends to the occupational requirements of all employees.

The Fleet

In its fleet of vehicles the Met has: * 154 trains running on 219.5km of rail calling at 209 stations ;
* 662 operational trams running on 42 routes over 223km of line and covering 24 million km per annum ;
* 316 government buses operating 50 routes and covering approximately 13 million km per annum ; and,
* 930 buses run by 58 private companies operating 225 routes and covering 38 million km per annum.

OUR PASSENGERS

Ensuring that the services provided are the services wanted is a vital aspect of Met planning. Throughout the year extensive passenger surveys were carried out by the Corporate Planning Group and these, together with input via the Neighborhood Co-ordination Department and its Regional Advisory Boards provided the Authority with valuable consumer data from users, community groups, bus operators, local councils and employees.

As a result, the Met revamped a number of timetables to improve links between the three travel modes, introduced new bus services and upgraded others, and embarked on an extensive programme to improve facilities for the public throughout the system. The completion of the city's underground Loop system, the opening of new rail lines and stations, and extensions to the tram service have further widened the Met network for the benefit of passengers.

Highlights in this development programme were as follows:

- * the opening in May 1985 of Flagstaff, the final station to be completed in the 18km of rail track in the underground Loop. The \$650 million Loop project, one of the largest undertakings in Melbourne's history, carries more than 600 trains per day.
- * the rescheduling of train services within the metropolitan area to link with the Loop and to altered country passenger services run by V-Line.
- * the opening of the new Box Hill Central complex, Australia's first inter-modal transport exchange which brings trains, buses, private cars and taxis under one roof, together with a community shopping centre.
- * the continuation of the Flinders Street Station refurbishment programme with the redesign of the Swanston Street concourse — new shopfronts, terrazzo paving, escalators to replace ramps, a nursing mother centre, and under-floor heating at the clock 'meeting spot'. The international style restaurant which will overlook the Yarra is scheduled for completion by the end of 1985.
- * the completion of a 5.1 km. rail line from Altona to Laverton with its new Westona Station, the first new metropolitan station for several years.
- * continuation of the Caulfield/Moorabbin third track project which will include a new station at Glenhuntly and island platforms at McKinnon and Bentleigh. When this work is complete, seven kilometres of rail line will enable an express service to Frankston during peak time.
- * the introduction of new bus routes and improvements to existing routes in the Ringwood and St. Albans neighbourhoods.

* the 3.3 km. extension of the tram service from Boldrewood Parade, Bundoora, to LaTrobe University.
Where the action is

When Melbourne stepped out to enjoy itself, the Met was able to offer the means. The Special Events programme for 1984/85 took Met travellers — with discount offers in some situations — to events such as the Tianjin Cultural Exhibition, Laverton Airshow, the Australia Games, the Royal Agricultural Show, and the Bruce Springsteen Concert, and helped them participate in the celebrations for Victoria's 150th anniversary.

With pocket guides such as "The Footy Fans Game Plan" and "A Tourist's Guide to Melbourne", travellers were equipped with easy-to-follow Met route maps which meant the car could be left at home.

In addition, special ticketing arrangements, such as the Weekly Travelcard, the Family Travelcard and the Commuter Pass, were introduced to encourage weekend leisure travel by families. (And, with Met kiosks and stations now accepting three major credit cards, passengers could leave their money worries at home too.)

Information services

A department of the Marketing Services Group, Customer Services provides prompt and accurate assistance to customers on the full range of facilities offered by the Met. Customer Services Officers take part in promotional activities and community contact.

Between July and September 1984, a community awareness study into the public's understanding of the Met was undertaken. The results of this not only assisted the Group in its forward planning but were also used as the research base for a public awareness campaign consisting of three television commercials and supported by a series of press advertisements.

The Group also used its resources to communicate specific Met initiatives to the public — including a campaign to advise local communities of the upgraded bus services in the Ringwood and St. Albans neighbourhoods, and a direct marketing project to encourage students to use the Met. The latter approach resulted in a 37% and 7% increase in the usage of pre-paid passes and concession cards by tertiary and primary/secondary students respectively.

During the year the Met established a Public Affairs Office to deal with official and public enquiries and procedures, and an EDP systems based information handling procedure was designed and introduced to streamline activities.

DEVELOPMENT OF THE SYSTEM

The Met has embarked on an ongoing programme of upgrading and developing facilities and services to take metropolitan Melbourne's public transport system into the 21st century. A major priority is the acquisition of new rolling stock — the basis of a stronger, more efficient and cost-effective system which will provide considerable benefits to the travelling public both in reliability and comfort.

Trains: During the year deliveries continued as part of the Comeng contract to provide 95 6-car sets of trains and 51 airconditioned Comeng trains are now in service. MetRail expect to have the full complement by April 1987.

Evaluation of a new 'chopper' train — the first of its kind in Australia — is being carried out. Chopper control is a method of varying the amount of power applied to traction motors and the new train utilises electronic technology to replace some of the electromagnetic devices used on conventional trains. Chopper trains provide a more flexible system and smoother operation, and require less maintenance and less energy in powering and braking than conventional trains.

Tests were also carried out on disc braking systems and five out of an order of 30 such trains were delivered in 1985.

The Met's Tait wooden bodied carriages were withdrawn from service and 81 were sold at public auction. One 4-car Tait was restored by railway staff for Victoria's 150th anniversary and is made available for special hire on request.

As at 30th June 1985 the metropolitan train fleet consisted of:

102 Comeng	— 3 car units
115 Hitachi	— 3 car units
4 Refurbished Harris	— 4 car units
41 Harris	— 7 car units
1 Harris	— 6 car units

Trams: Two articulated light rail vehicles — representing the most advanced tram model in the world — were acquired and have been undergoing route and engineering trials. Used in Europe, the new tram is 1 1/2 times the size of a standard tram and is therefore cheaper to run per passenger kilometre. It also offers new standards of passenger comfort.

Modernisation of the tram fleet also included delivery of 23 new A class trams and a further 28 are due to join the service.

Six special purpose or tourist trams are maintained by the Met.

Buses: In June the Met called for tenders for up to 100 new buses to replace the 10-year-old Leyland National buses and to be used throughout the metropolitan area. The first are expected to be in service in 1986.

Significant progress has been achieved in converting private bus operators from the subsidy scheme to contracts, 25 operators entering contractual arrangements with the Met during the past 12 months. During the year private bus operators received \$55 million in support from the Met.

Computer Control

Automatic Vehicle Monitoring: Early in 1985 the Tram & Bus Division's new computer-based operations management system — AVM — began operation. The first stage comprises a new Fleet Operations Centre, communications equipment installed in 100 buses and a number of small low-powered signpost radio transmitters installed along transit routes.

Work on stage 2 — the instrumentation of a further 400 buses and trams, additional signposts and suburban radio base stations — continued during the year.

The system collects information on the location of buses and processes this for the system controllers who are able to communicate with bus drivers and initiate immediate adjustments to the service in response to problems. Management information is also collected and analysed so that schedules can be prepared on the basis of detailed and up-to-date data.

The system will bring about significant improvements in service reliability and in passenger and crew security.

Metrol: This \$10 million computer control system for MetRail services — the only one of its kind in Australia — is expected to be fully operational by the end of 1985. Responsible for automatic signalling and the changing of points, Metrol has been steadily extending its operations network during the past two years.

Facilities and Operating Improvements

MetRail Stations: A total of \$72 million will be spent on improvements within the MetRail Division — renovating railway stations and providing fully integrated facilities connecting rail services with other transport modes.

Improvements to station facilities include new or renovated buildings, better lighting, security and passenger information, facilities for the disabled, and landscaping. More carparking spaces, taxi ranks, bus bays and off loading areas will be provided, together with improvements in feeder bus services.

Stations where major redevelopment has been completed include: Bell, Croydon, Ginifer, Hoppers Crossing, Hurstbridge, Keon Park, Mooroolbark, Parliament, Seddon, and Westona.

Other stations being completely rebuilt or reconstructed are: Boronia, Frankston, Patterson, Clifton Hill, Broadmeadows, Glenhuntly, Mitcham, and Hawthorn, where particular attention is being paid to

the preservation of its Victorian architecture.

Flinders Street Station is being redeveloped at a total cost of \$24 million.

Overhead Rehabilitation Project: The rehabilitation of the overhead electric supply for suburban trains began in January 1985. This major project, which is expected to take several years to complete and will cost \$18 million, will remove a major source of faults occurring in the power supply system.

New Bridge Concept: After three years of pioneer development work by MetRail, a prototype bridge superstructure with rail in concrete decking was successfully tested by Monash University and will be employed in future bridge construction projects. The new method significantly reduces construction costs.

Signalling and Track Maintenance: Two power signalling projects have been undertaken during the year and seven new boom barriers were commissioned, with 22 others in the design and/or construction phase.

Considerable work has also been completed on signal maintenance as part of the 'on time' train running programme.

The track upgrading programme — which includes upgrading of level crossings, points and crossings, station pit reconditioning and thermit welding of track — has covered hundreds of kilometres of track.

Tram & Bus Engineering: The programme of track reconstruction was continued and more than 64% of the network has been converted to concrete-to-surface construction.

A test programme on pantographs — to replace trolley poles — was carried out and the overhead system is now being modified on a route by route basis.

Construction of new operating and maintenance facilities was completed at Footscray Bus Depot and progress continued on the construction of new bus workshops at Northcote.

OUR STAFF

The Met can be described as a 'people business'. It exists to serve the people of metropolitan Melbourne, and, to provide that service in an efficient and friendly manner, it relies heavily on the people it employs. The performance of every staff member contributes to the overall standard by which the Met is judged.

Since its establishment, the Met has been firmly committed to a policy of providing a satisfying work environment for its employees, and thus to develop training programmes which facilitate career development and the mastering of new technology.

Training programmes range from trade apprenticeships in a variety of skills, and English-language lessons for migrant workers, to courses in

problem solving, human relations and industrial relations, and overseas experience for those at management level.

Occupational health and safety is a priority. Safety training is presented to groups throughout the system on a regular basis, and research is undertaken on the health and safety aspects of the working environment.

Emphasis is also placed on staff consultative processes on a wide range of matters within the framework of industrial relations.

During the year plans were laid to establish a new retirement benefits scheme as part of the Met's superannuation fund which will be administered jointly by management and union representation.

FINANCIAL STATEMENTS

We certify that the financial statements of the Authority have been prepared in accordance with Section 11 of the Annual Reporting Act 1983 and the Annual Reporting (Large Trading and Rating Public Bodies) Regulations 1984 (as amended), and that in our opinion, the financial statements present fairly the financial transactions of the Authority during the year ended 30 June 1985, and the financial position of the Authority as at 30 June 1985. We are not aware of any circumstances which would render any particulars included in the statements to be misleading or inaccurate.

This statement is made in accordance with a resolution of the Members.

L. A. STROUSE
Chairman and Managing Director

A. S. REIHER
Deputy Chairman

P. R. RIBONI
Chief General Manager — Finance and Corporate Services

Melbourne
16/9/1985

AUDITOR-GENERAL'S REPORT

The accompanying financial statements comprising the profit and loss statement, balance sheet, statement of sources and application of funds and notes to and forming part of the accounts of the Metropolitan Transit Authority have been audited as required by Section 12 of the Annual Reporting Act 1983 and in accordance with Australian Auditing Standards.

As stated in Note 8 the Authority has treated moneys received from the Public Account as advances and payments to the Public Account as repayment of such advances. As neither the Appropriation (1984-85, No. 1) Act 1984 nor the Transport Act 1983, under whose provisions the transactions occur, indicate the nature of the transactions i.e. whether or not the amounts are advances and repayment of advances, I am unable to form an opinion as to whether the transactions have been reported in the appropriate manner.

In my opinion the financial statements have been properly drawn up in accordance with the Annual Reporting (Large Trading and Rating Public Bodies) Regulations 1984, as prescribed under the Annual Reporting Act 1983, and subject to the effect, if any, on the financial statements of the matter referred to above, present fairly the state of affairs of the Metropolitan Transit Authority as at 30 June 1985 and its financial transactions during the year ended on that date.

Melbourne
27/9/1985

B. J. Waldron,
Auditor-General

PROFIT AND LOSS STATEMENT for the year ended 30 June 1985

	Note No.	1985 \$'000	1984 \$'000
Operating Revenue	4	278,300	222,573
<i>Less</i> Operating Expenses	4	515,060	427,900
		(236,760)	(205,327)
Operating Deficit before abnormal items			
Abnormal Items	4	49,712	—
		(286,472)	(205,327)
Operating Deficit before subsidies and finance charges			
Operating Subsidies provided by the Victorian Government	3(1)	183,668	167,628
		(102,804)	(37,699)
Operating Deficit before finance charges			
Finance Charges	4	113,166	44,943
		(215,970)	(82,642)
Operating Deficit			
Extraordinary Expenses	5	2,938	9,257
		(218,908)	(91,899)
NET DEFICIT FOR THE YEAR	6	(218,908)	(91,899)
Accumulated Deficit Brought Forward		91,893	—
Transfer from Reserves		6	6
		(310,795)	(91,893)
Accumulated Deficit at 30 June 1985			

The Profit and Loss Statement is to be read in conjunction with the explanatory notes.

BALANCE SHEET as at 30 June 1985

	Note <u>No.</u>	1985 \$'000	1984 \$'000
<u>Current Assets</u>			
Cash on hand and at bank		681	1,323
Short Term deposits	9	1,473	19,900
Stores	10	3,230	3,467
Debtors		4,239	5,362
Prepayments and Other Current Assets		—	544
		9,623	30,596
<u>Investments</u>	11	9,640	9,638
<u>Non-Current Assets</u>			
Development Property	12	13,584	13,500
Fixed Assets	13	1,155,824	736,901
Leased Assets	14	183,708	181,107
Advance to State Transport Authority	15	—	90,182
Deferred Costs	16	21,396	11,351
		1,374,512	1,033,041
<u>Total Assets</u>		1,393,775	1,073,275
<u>Current Liabilities</u>			
Creditors, Accruals and Provisions	17	63,075	42,539
Employee Benefits	18	11,311	5,335
Advances by Victorian Government	19	14	14
Inscribed Stock and Indexed Stock	20	78,680	61,256
Leasing Finance	14	7,380	6,880
		160,460	116,024
<u>Non-Current Liabilities</u>			
Accruals and Provisions	17	5,191	3,278
Employee Benefits	18	83,797	58,892
Advances by Victorian Government	19	1,884	1,898
Inscribed Stock and Indexed Stock	20	765,895	544,788
Leasing Finance	14	178,527	174,954
Owing to State Transport Authority	15	87,420	—
Deferred Income	14	17,999	18,729
		1,140,713	802,539
<u>Capital and Reserves</u>			
Contributed Capital	21	251,559	246,682
Vested Capital	1(e)	243,519	91,598
Reserves	22	(91,681)	(91,675)
Accumulated Deficit		(310,795)	(91,893)
<u>Total Equity</u>		92,602	154,712
<u>Total Funds Employed</u>		1,393,775	1,073,275

The balance sheet is to be read in conjunction with the explanatory notes.

Statement of Sources and Applications of Funds for the year ended 30 June 1985

	<u>Note No.</u>	<u>1985 \$'000</u>	<u>1984 \$'000</u>
<u>Sources of Funds</u>			
Contributions from Government Sources:			
Operating Revenue			
Victorian Government -			
Recurrent Grants	7	84,961	47,880
Melbourne and Metropolitan Board of Works and City of Melbourne	7	13,216	5,352
Operating Subsidies			
Victorian Government -			
Recurrent Grants	3(l)	183,668	167,628
Contributed Capital			
Victorian Government	7	4,877	34,593
Melbourne and Metropolitan Board of Works and City of Melbourne	7	—	8,813
Net Payments to and from the Victorian Government Public Account	8	—	—
Proceeds from Disposal of Fixed Assets		9,401	120,349
Increase in:			
Inscribed Stock and Indexed Stock		282,183	130,191
Leasing Finance		4,073	117,264
Creditors and Other Liabilities		22,935	14,888
Reduction in:			
Cash Funds		642	—
Short Term Deposits		18,427	11,762
Current Assets		2,045	2,068
Investments		—	2,409
Utilisation of Advances provided to STA in the previous year		15,996	—
		642,424	663,197
<u>Applications of Funds</u>			
Funds Utilised in Operations:			
Outflow of Funds		549,970	449,993
Less Inflow of Funds		180,123	169,341
		369,847	280,652
Extraordinary Items:			
Payments to Former Members of Staff Under the Early Retirement Scheme	5	2,938	8,292
Refinancing of Maturing Loans		61,256	81,783
Reduction in:			
Overdraft		—	1,626
Advances by Victorian Government		14	13
Increase in:			
Fixed Assets		197,241	81,850
Leased Assets		10,698	118,799
Deferred Costs		430	—
Net Advances to STA for MetRail Operations and Capital Works		—	90,182
		642,424	663,197

The Statement of Sources and Applications of Funds is to be read in conjunction with the explanatory notes.

Notes to and Forming Part of the Financial Statements

Note
No.

1.
 - (a) The Metropolitan Transit Authority ("the Authority") has arrangements with the State Transport Authority ("STA") to provide metropolitan railway services and facilities ("MetRail") for an agreed fee. The revenue derived from these services during the year has been brought to account by the Authority.
 - (b) The revenue of the Authority has been supplemented during the year by operating subsidies from the Victorian Government.
 - (c) The Authority received during the year other contributions from the Victorian Government to fund particular projects, some being of a recurrent operating nature, and others capital items.
 - (d) Contributions were received during the year from the Victorian Government, the Melbourne and Metropolitan Board of Works and the City of Melbourne for interest and loan redemption payments in respect of the Melbourne Underground Rail Loop.
 - (e) During the year, the railway land in the Melbourne metropolitan area not previously vested, including buildings and ancillary equipment thereon, save certain land required for use solely by STA, together with all encumbrances and liabilities (if any) relating thereto and terms contracts relating to the sale of certain railway land were vested in the Authority at agreed values. Concurrent with the vesting of the assets, the Authority granted STA the right to use the vested land to perform its functions and to achieve its objectives.
 - (f) During the year, certain trams and equipment were sold by the Authority under sale and lease-back arrangements, thereby providing funds for the Authority's capital expenditure programme.
 - (g) Funds for capital expenditure incurred by MetRail during the year in respect of assets not vested were provided by the Authority to STA.
 - (h) Loans were raised on the Authority's behalf during the year by the Victorian Transport Borrowing Agency by both public loan and private treaty. Certain of these loans were raised at a discount.
 - (i) Arrangements are in hand to establish formally the MTA Superannuation Fund. However, deductions have been made from employees' earnings since 1 October 1984, and such deductions, together with equal contributions from the Authority have been invested in the short term by the Authority on behalf of the proposed fund. This investment, which is a type authorised under the proposed Trust Deed, is reported in these statements as a short term deposit (See Note 9), and the liability to the proposed fund as a creditor (See Note 17).
2. **Form and Content of the Financial Statements**

The financial statement of the Authority have been prepared in accordance with the requirements of the Annual Reporting Act 1983 and the Annual Reporting (Large Trading and Rating Bodies) Regulations 1984 (as amended). All amounts shown in the statements and these notes, unless otherwise indicated, have been expressed by reference to the nearest one thousand dollars.

The presentation of the following items in the financial statements has been changed during the year, and accordingly the corresponding item for 1984 is presented in the same manner:-

Contributions Towards Concessions
Contributions towards the cost of fare concessions from the Education Department for students and the Community Welfare Department for pensioners, previously reported as fares by transport mode, are now shown under the above heading.

Contributions from Government Sources
Following an amendment to the above Regulations, contributions from the Melbourne and Metropolitan Board of Works, and the City of Melbourne, for interest and loan redemption payments in respect of the Melbourne Underground Rail Loop formerly reported as Contributions from Non-Government Sources, are now included in this category.

Fixed Assets — Melbourne Underground Rail Loop
During the year, the fixed assets of the loop, previously reported as "Completed Sections of the Loop", have now been appropriately categorised.
3. **Accounting Policies**

The accounting policies adopted by the Authority are, except where stated, in accordance with the above regulations and generally accepted accounting standards.

 - (a) **Historical Cost Accounting**
The financial statements have been prepared on the basis of historical costs.

- (b) Stores
Stores have been valued at cost. Cost in respect of work in progress includes a proportion of fixed and variable overheads. Appropriate provision has been made for obsolete stock.
- (c) Fixed Assets
Tram and Bus Division
Since 1 July 1983, the cost of major capital items which have a construction period in excess of 12 months, includes interest on funds expended on such assets to the date of completion of construction.
MetRail
The assets vested during the year from STA have been recorded in the accounts by category at the agreed valuation, based on the written down value of each category. The written down value of each individual asset is not known.
Since the date of vesting, the cost of major capital items which have a construction period in excess of 12 months, includes interest on funds expended on such assets to the date of completion of construction.
Melbourne Underground Rail Loop
Administrative costs, public loan expenses, financing costs, insurance and consultancy costs have been capitalised in the cost of each section of the Melbourne Underground Rail Loop up to the stage of completion. Further expenditure has been incurred on loop assets during the year but as the project reached practical completion on 30 June 1984, only insurance and consultancy costs were capitalised during the year.
- (d) Depreciation of Fixed Assets
Tram and Bus Division
Depreciation of buildings, permanent track, rolling stock, and plant and machinery is on the straight-line method at rates based on the estimated useful life of each type of asset.
During the year, the estimated useful lives of trams and buses were reviewed. The estimated useful life of several classes of trams has been extended by an additional ten years, whereas that of buses has been reduced from 17 to 10 years. The effect of this change has been to increase the year's depreciation charge by \$833.
MetRail
The Authority has adopted in the main the depreciation policies of STA in respect of the railway assets vested from STA. Depreciation of railway stations, other buildings, trains, signals and communications equipment and boom barriers is on the straight-line method at rates based on the estimated useful life of each type of asset. Other assets including the permanent track, bridges and traction power catenary are not depreciated as they are maintained at full effectiveness.
In many cases, the Authority is not able to ascertain from the records of vested assets the unexpired useful life of a particular asset. Depreciation has, however, been calculated on the premise that the assets have not yet attained their useful lives.
During the forthcoming year, the depreciation policies in respect of these assets will be reviewed, and also an assessment will be made of the remaining useful lives of the assets.
Melbourne Underground Rail Loop
Depreciation of all assets, except permanent track and traction power catenary is on the straight-line method at rates based on the estimated useful life of each type of asset. As it is anticipated that permanent track and traction power catenary will be the subject of continuous maintenance and thus maintained in "as-new" operating conditions, such assets have been allocated an unlimited useful life span and therefore are not depreciated.
These assets, some of which were commissioned several years ago, were first subjected to depreciation during the year. The depreciation charge in respect of the period to 30 June 1984 has been separately reported as an abnormal item.
- (e) Sale and Lease-Back of Assets
Certain rolling stock and equipment has been sold and leased back. Any profit/loss arising on the sale has been recorded as deferred income/cost, and brought to profit and loss over the life of the assets concerned.
- (f) Leased Assets
As lease-back agreements are of a financial nature, the leased assets have been capitalised upon the incurrence of the liability. The value of subsequent enhancements to leased assets has also been capitalised.

(g) Amortisation of Leased Assets

Amortisation of leased assets is on the straight-line method at rates based on the estimated useful life of each type of asset.

During the year, the estimated useful lives of trams and buses was reviewed. The estimated useful life of several classes of trams has been extended by an additional ten years, whereas that of buses has been reduced from 17 to 10 years. The effect of this change has been to increase the year's amortisation charge by \$1,189.

(h) Employee Benefits

Provision for Long Service Leave

This provision is based on an actuarial assessment of the probability of all employees accruing long service leave entitlements.

Provision for Sick Leave

This provision is based upon the right of certain employees to receive, upon completion of service, payment in respect of a proportion of accumulated sick leave.

Provision for Non-Contributory Superannuation

This provision is based upon an actuarial assessment of the rights of certain employees to receive, upon completion of service, payment under the non-contributory unfunded portion of the MTA Superannuation Scheme.

Provision for Superannuation

This provision recognises the Authority's estimated liability in respect of those employees who are members of the State Superannuation Fund. The liability is estimated to be equivalent to two and a half times the employees' contributions.

Annual Leave Accrual

This accrual is based upon the right of all employees to receive payment in respect of accumulated annual leave.

(i) Inscribed Stock

Discount arising from the issue of inscribed stock below par has been recorded as a deferred cost and is being brought to account over the term of the loans concerned. The premium paid when inscribed stock is switched into indexed stock is brought to account over the term of the new loan concerned.

(j) Indexed Stock

Increments in the value of stock subject to indexation agreements are brought to profit and loss as incurred.

(k) Public Liability

The Authority self-insures public liability, and based on experience has made adequate provision for all claims outstanding at balance date.

(l) Contributions from Government Sources

1. Contributions to the operating costs of the Authority are separately reported in the profit and loss statement as Operating Subsidies provided by the Victorian Government.
2. Contributions for specific projects of a non-capital nature are included in Operating Revenue in the profit and loss statement.
3. Contributions for specific capital projects undertaken by the Authority are credited to contributed capital.

(m) Contributions from Non-Government Sources

Contributions relating to specific capital projects are credited to Contributions for Capital Reserve and then amortised over the life of the asset.

(n) Revenue

All forms of revenue are brought to account in the year in which they are earned.

Notes to and Forming Part of the Financial Statements

4. <u>Operating Results</u>	1985	1984
(a) <u>Operating Revenue</u>	\$'000	\$'000
Fares:-		
Trains	79,440	74,519
Trams	38,346	39,962
Government Buses	10,013	10,064
Private Buses	22,138	18,774
Contributions towards Concessions (Refer Note 2)	17,243	15,911
Sales commissions	—	1,585
Rental of properties	3,288	3,754
Interest on investments, including interest on sinking funds	4,328	2,000
Advertising	1,030	892
Profit on sale of fixed assets	787	1,006
Amortisation of profit on sale and lease- back of fixed assets	730	513
Contributions from Government sources to offset the cost of financing charges, private bus services, advertising and special projects [Refer Note 7(1)]	98,177	53,232
Other	2,780	361
	278,300	222,573
(b) <u>Operating Expenses</u>		
<u>MetRail Division</u>		
Metropolitan Railway transport services and facilities provided by STA	286,793	235,545
Depreciation of fixed assets	14,346	—
Amortisation of leased assets	2,944	895
Amortisation of loss on sale and lease-back of fixed assets	89	6
Other expenses	2,060	219
<u>Tram and Bus Division</u>		
Operations	72,870	66,864
Maintenance of rolling stock and equipment	27,455	26,775
Supply administration	1,512	1,340
Workers' compensation	6,273	4,224
Public Liability	3,179	5,482
Depreciation of fixed assets	3,575	2,514
Amortisation of leased assets	5,152	2,075
Amortisation of loss on sale and lease-back of fixed assets	33	11
Leasing charges in respect of buses	—	3,077
Other operating costs	33	77
<u>Private Bus Services</u>	54,683	45,869
<u>Corporate</u>		
Administration, Marketing and Planning	15,699	11,031
Bad debts written off	—	1
Audit fees	70	29
Emoluments of Board Members, including salary paid to full-time Member	108	100
<u>Payroll tax</u>	5,888	5,197
<u>Employees' benefits</u>	12,298	16,569
	515,060	427,900

Notes to and Forming Part of the Financial Statements

	1985	1984
	\$'000	\$'000
(c) <u>Abnormal Items</u>		
Depreciation of Melbourne Underground Rail Loop assets from commissioning to June 1984 [Refer Note 3(d)]	21,965	—
Retrospective adjustment to provision to reflect enhanced non-contributory superannuation benefits effective from March 1982 to employees as at 30 June 1984 (\$23,180) and retrospective payments to certain former employees during the year (\$4,567)	27,747	—
	<u>49,712</u>	<u>—</u>
(d) <u>Finance Charges</u>		
Interest on loans and borrowing costs	86,358	33,022
Amortisation of discounts on loans	2,712	247
Loan indexation costs	1,080	56
Financing costs under finance leases	23,016	11,618
	<u>113,166</u>	<u>44,943</u>
5. <u>Extraordinary Items</u>		
Payments to former members of staff under the Early Retirement Scheme	2,938	8,292
Writing off intangibles	—	965
	<u>2,938</u>	<u>9,257</u>
6. <u>Net Deficit for the Year</u>		
The net deficit for the year which has been presented in the profit and loss statement in accordance with the format required under the Regulations was effected by costs relating to previous years. These costs are:-		
(a) Depreciation of Melbourne Underground Rail Loop assets from commissioning to June 1984 [Refer note 3(d)]	21,965	
(b) Retrospective adjustment to provision to reflect enhanced non-contributory superannuation benefits effective from March 1982 to employees as at 30th June 1984 (\$23,180) and retrospective payments to certain former employees during the year (\$4,567)	27,747	
	<u>49,712</u>	
The deficit also includes payments of \$2,938 to former members of staff under the Early Retirement Scheme which are in addition to the ordinary operational expenditure of the Authority.		
If the deficit for the year were restated to reflect only the results of operations for the year, the net deficit in respect of the current year's operations would be more clearly discernible as illustrated below:		
Net deficit for the year		218,908
<u>Add back above items:-</u>		
Depreciation	21,965	
Superannuation Benefits	27,747	
Early Retirement Scheme	2,938	52,650
	<u>52,650</u>	
Net deficit on current year's operations		<u>166,258</u>

Notes to and Forming Part of the Financial Statements

		1985	1984
		\$'000	\$'000
7.	<u>Contributions from Government Sources</u>		
1.	<u>Profit and Loss Statement</u>		
	The following contributions were received for recurrent purposes and have been treated as operating revenue in the profit and loss statement:		
	<u>Contributions from Victorian Government</u>		
	Special Projects	1,561	864
	Private Bus Subsidies	38,600	31,700
	Melbourne Underground Rail Loop	44,800	40,000
	Less Capitalised	—	(24,684)
		84,961	47,880
	Contributions from the Melbourne and Metropolitan Board of Works and the City of Melbourne to offset the cost of financing charges relating to the Melbourne Underground Rail Loop	13,216	14,165
	Less Capitalised	—	(8,813)
		13,216	5,352
	Total Contributions	98,177	53,232
2.	<u>Balance Sheet</u>		
	The following contributions were received for capital purposes and have been treated as Contributed Capital in the Balance Sheet [Refer Note 22]:		
	<u>Construction of Tramways Works</u>		
	Grants from Australian Bicentennial Road Development Trust Fund	4,377	4,580
	Victorian Government — Special Projects	—	1,279
		4,377	5,859
	<u>Contribution to Railways Works</u>		
	Victorian Government — Special Projects	—	4,050
		—	4,050
	<u>Contribution to Tramways Works</u>		
	Victorian Government — Special Projects	500	—
		500	—
	<u>Construction of Melbourne Underground Rail Loop</u>		
	Victorian Government — Contribution Capitalised	—	24,684
	Melbourne and Metropolitan Board of Works and City of Melbourne — Contribution Capitalised	—	8,813
		—	33,497
	Total Contributed Capital	4,877	43,406

Notes to and Forming Part of the Financial Statements

	1985	1984
	\$'000	\$'000
8. <u>Payments to and from the Victorian Government</u>		
<u>Public Account</u>	<u>219,600</u>	<u>32,004</u>
<p>In accordance with Section 66(4) of the Transport Act 1983, the Authority is required to pay certain monies, including borrowings and proceeds from the sale of assets into the Victorian Government Public Account. Furthermore during the year, the Authority was directed to pay into the Public Account those advances raised for Capital Works which were unexpended at the end of the previous financial year.</p> <p>The above regulations require such transactions to be reported in accordance with their nature. As neither the Appropriation Act 1984 nor the Transport Act 1983 indicate the nature of the transactions, they have been accounted for as the repayment of moneys advanced from the Victorian Government to the Authority for capital and other purposes.</p> <p>Accordingly, during the year, the following amounts were paid into the Public Account:</p>		
Borrowings	219,600	32,004
Lease draw-downs	10,473	118,800
Loan and lease draw-downs from STA	—	32,900
Proceeds from sale of assets	1,811	2,961
Unexpended advances	26,300	31,000
Grant from Australian Bicentennial Road Development Trust Fund	4,377	4,580
Other	1,031	10,349
	<u>263,592</u>	<u>232,594</u>
<u>Appropriation from the Public Account</u>	<u>263,592</u>	<u>232,594</u>
<u>Net advances from Capital Works</u>	<u>—</u>	<u>—</u>
9. <u>Short Term Deposits</u>		
(a) Funds, surplus to immediate requirements, invested in the Victorian Development Fund. Valued at cost	—	19,900
(b) Superannuation contributions, invested on behalf of the MTA Superannuation Fund pending its formation [Refer Note 1(i)] Valued at Cost	1,473	—
	<u>1,473</u>	<u>19,900</u>
10. <u>Stores</u>		
Stores and Spares	3,302	3,221
Work-in-progress	216	246
	<u>3,518</u>	<u>3,467</u>
<u>Less Provision for Obsolescence</u>	<u>288</u>	<u>—</u>
	<u>3,230</u>	<u>3,467</u>
11. <u>Investments</u>		
Investments in		
(a) Victorian Government Statutory Authorities		
— At cost	8,228	8,182
— At face value (cost \$1,375)	1,400	1,400
(b) Australian Savings Bonds	12	12
(c) Bank Deposits	—	44
	<u>9,640</u>	<u>9,638</u>

Investments (sinking funds) of \$9,640 (1984 — \$9,603) have been made in compliance with certain loan agreements.

Notes to and Forming Part of the Financial Statements

			<u>1985</u>	<u>1984</u>
			\$'000	\$'000
12.	Development Property			
	At cost. Property acquired to develop the area surrounding the Museum Underground Station (Melbourne Central)		13,584	13,500
13.	Fixed Assets			
		Depreciation		Value
		1985 1984	1985	1984
		\$'000 \$'000	\$'000	\$'000
	<u>Tram and Bus Division</u>			
	<u>Land</u>			
		— —	1,490	1,490
			—	—
	<u>Buildings</u>			
		281 217	16,518	14,062
			3,557	3,276
			—	—
			12,961	10,786
	<u>Permanent Track</u>			
		853 789	38,824	36,360
			12,624	11,863
			—	—
			26,200	24,497
	<u>Trams</u>			
		507 686	25,021	14,317
			6,305	5,878
			—	—
			18,716	8,439
	<u>Buses</u>			
		1,388 308	7,175	6,771
			4,892	3,654
			—	—
			2,283	3,117
	<u>Electrical Equipment</u>			
		123 120	5,186	5,209
			2,252	2,133
			—	—
			2,934	3,076
	<u>Motor Vehicles and Mobile Plant</u>			
		205 189	3,376	2,568
			1,259	1,200
			—	—
			2,117	1,368
	<u>Furniture & Fittings</u>			
		122 89	4,074	3,039
			514	398
			—	—
			3,560	2,641

Notes to and Forming Part of the Financial Statements

	Depreciation		Value	
	1985 \$'000	1984 \$'000	1985 \$'000	1984 \$'000
<u>General Plant & Equipment</u>	231	175		
Cost			5,884	4,622
Accumulated Depreciation			2,144	1,931
Written Down Value			<u>3,740</u>	<u>2,691</u>
<u>Capital Works in Progress</u>	—	—		
Buildings			3,506	356
Permanent Track			8,551	2,881
Trams			7,882	9,242
Plant, etc.			1,303	299
			<u>21,242</u>	<u>12,778</u>
	<u>3,710</u>	<u>2,573</u>	<u>95,243</u>	<u>70,883</u>
<u>MetRail Division</u>				
<u>Land</u>	—	—		
Cost			4,015	701
Valuation	—	—	984	—
Total			<u>4,999</u>	<u>701</u>
<u>Railway Stations</u>	885	—		
Valuation			38,804	—
Accumulated Depreciation			885	—
Written Down Value			<u>37,919</u>	<u>—</u>
<u>Other Buildings</u>	255	—		
Valuation			5,352	—
Accumulated Depreciation			255	—
Written Down Value			<u>5,097</u>	<u>—</u>
<u>Permanent Track</u>	—	—		
Valuation			22,164	—
Accumulated Depreciation			—	—
Written Down Value			<u>22,164</u>	<u>—</u>
<u>Trams</u>	877	—		
Cost			112,011	—
Accumulated Depreciation			877	—
Written Down Value			<u>111,134</u>	<u>—</u>
<u>Signals and Communications Equipment</u>	149	—		
Valuation			15,485	—
Accumulated Depreciation			149	—
Written Down Value			<u>15,336</u>	<u>—</u>

Notes to and Forming Part of the Financial Statements

	Depreciation		Value	
	1985 \$'000	1984 \$'000	1985 \$'000	1984 \$'000
<u>Bridges</u>	—	—		
Valuation			5,382	—
Accumulated Depreciation			—	—
Written Down Value			5,382	—
<u>Traction Power Catenary</u>	—	—		
Valuation			4,336	—
Accumulated Depreciation			—	—
Written Down Value			4,336	—
<u>Boom Barriers</u>	409	—		
Valuation			10,742	—
Accumulated Depreciation			409	—
Written Down Value			10,333	—
<u>Capital Works in Progress</u>	—	—		
Buildings and Railway Stations Infrastructure			29,996	—
Box Hill Transport Centre			125,109	—
Flinders Street Station Redevelopment			30,344	—
			9,375	—
			194,824	—
	2,575	—	411,524	701
<u>Melbourne Underground Rail Loop</u>				
<u>Land</u>	—	—		
Cost			14,440	14,440
<u>Tunnels and Station Structures</u>	8,521	—		
Cost			364,098	359,669
Accumulated Depreciation			8,521	—
Written Down Value			355,577	359,669
<u>Architectural Finishes</u>	4,492	—		
Cost			69,081	62,650
Accumulated Depreciation			4,492	—
Written Down Value			64,589	62,650
<u>Permanent Track</u>	—	—		
Cost			47,562	47,686
Accumulated Depreciation			—	—
Written Down Value			47,562	47,686

Notes to and Forming Part of the Financial Statements

	Depreciation		Value	
	1985 \$'000	1984 \$'000	1985 \$'000	1984 \$'000
<u>Electrical and Mechanical Equipment</u>	9,741	58		
Cost			103,474	98,837
Accumulated Depreciation			9,799	58
Written Down Value			93,675	98,779
<u>Signals and Communication Equipment</u>	7,349	—		
Cost			45,806	44,264
Accumulated Depreciation			7,349	—
Written Down Value			38,457	44,264
<u>Buildings</u>	400	—		
Cost			8,510	8,542
Accumulated Depreciation			400	—
Written Down Value			8,110	8,542
<u>Bridges</u>	2,971	—		
Cost			27,133	26,988
Accumulated Depreciation			2,971	—
Written Down Value			24,162	26,988
<u>Traction Power Catenary</u>	—	—		
Cost			2,076	1,684
Accumulated Depreciation			—	—
Written Down Value			2,076	1,684
<u>Motor Vehicles</u>	2	12		
Cost			24	24
Accumulated Depreciation			14	12
Written Down Value			10	12
<u>Furniture and Fittings</u>	260	62		
Cost			720	665
Accumulated Depreciation			321	62
Written Down Value			399	603
	33,736	132	649,057	665,317
	40,021	2,705	1,155,824	736,901

Of the depreciation allocated \$135 (1984 — \$191) has been capitalised and \$39,886 (1984 — \$2,514) taken to profit and loss.

Notes to and Forming Part of the Financial Statements

	<u>1985</u>	<u>1984</u>
	\$'000	\$'000
14. <u>Leased Assets</u>		
<u>(1) Amortised Value of Leased Assets</u>		
<u>Trams</u>		
Capitalised Cost	88,286	80,862
Accumulated Amortisation	5,661	2,797
Written down Value	82,625	78,065
<u>Trains</u>		
Capitalised Cost	89,558	89,558
Accumulated Amortisation	3,839	895
Written Down Value	85,719	88,663
<u>Buses</u>		
Capitalised Cost	18,313	18,313
Accumulated Amortisation	6,222	3,934
Written Down Value	12,091	14,379
<u>Work in Progress</u>	3,273	—
	183,708	181,107
<u>(2) Deferred Costs</u>		
Refer Note 16(1) — Loss on Sale and Lease-Back.		
<u>(3) Deferred Income</u>		
The profit arising on the sale of certain assets, subsequently leased- back under the terms of a lease classified as a financial lease, is brought to profit and loss over the life of the assets concerned [Refer Note 3(e)].		
Opening Value	18,729	—
<u>Add</u> Profit derived during the year	—	19,242
	18,729	19,242
<u>Less</u> Transferred to Profit and loss	730	513
Closing Value	17,999	18,729
<u>(4) Leasing Finance</u>		
Repayable not later than one year	7,380	6,880
Repayable later than one year and not later than two years	8,302	8,340
Repayable later than two years and not later than five years	36,500	31,149
Repayable later than five years	133,725	135,465
	185,907	181,834

Notes to and Forming Part of the Financial Statements

(5) Estimated Leasing Commitments not included in the Accounts

	Current	1985 Non Current	Total	Current	1984 Non Current	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Leased Assets –						
Subject to						
Finance Leases	31,288	343,808	375,096	27,322	319,751	347,073
Real Estate -						
Subject to						
Operating Leases	822	3,264	4,086	320	2,720	3,040
	<u>32,110</u>	<u>347,072</u>	<u>379,182</u>	<u>27,642</u>	<u>322,471</u>	<u>350,113</u>
Less						
Leasing Finance	7,380	178,527	185,907	6,880	174,954	181,834
	<u>24,730</u>	<u>168,545</u>	<u>193,275</u>	<u>20,762</u>	<u>147,517</u>	<u>168,279</u>
				1985	1984	
Payable not later than one year				24,730	20,762	
Payable later than one year but not later than two years				23,790	19,684	
Payable later than two years and not later than five years				61,796	52,360	
Payable later than five years				82,959	75,473	
				<u>193,275</u>	<u>168,279</u>	

15. Owing to STA

During the year, the Authority provided funds to STA to operate on the Authority's behalf MetRail transport services and for capital projects relating to MetRail. The Authority has brought to profit and loss STA's charge for such services and has offset the charge against the amounts advanced. Capital expenditure incurred by STA in respect of assets of the Authority has also been offset against the amounts advanced.

The major component of the outstanding balance comprises charges by STA for "non-cash" items such as depreciation and adjustments to employees' benefits, for which it has not been necessary to make cash advances.

16. Deferred Costs

	1985 \$'000	1984 \$'000
(1) <u>Loss on Sale and Lease-Back</u>		
The loss arising on the sale of rolling stock, subsequently leased-back under the terms of a lease classified as a financial lease, is brought to profit and loss over the life of the assets concerned [Refer Note 3(e)].		
Opening Value	3,691	—
<u>Add</u> Loss incurred during the year	940	3,708
	<u>4,631</u>	<u>3,708</u>
<u>Less</u> Transferred to profit and loss	122	17
Closing Value	<u>4,509</u>	<u>3,691</u>
(2) <u>Discount on Inscribed Stock</u>		
The discount arising from the issue of inscribed stock below par value is brought to account over the term of the loans concerned [Refer Note 3(i)].		
Opening Value	7,213	—
<u>Add</u> Discount arising during the year	11,545	8,493

Notes to and Forming Part of the Financial Statements

		1985	1984
		<u>\$'000</u>	<u>\$'000</u>
		18,758	8,493
<u>Less</u>	Capitalised in Fixed Assets	—	1,033
	Transferred to profit and loss	2,712	247
		<hr/>	<hr/>
	Closing Value	16,046	7,213
		<hr/>	<hr/>
(3)	<u>Premium on Inscribed Stock/Indexing Stock Switch</u>		
	The premium paid when certain inscribed stock was switched into indexed stock is brought to account over the term of the new loan concerned.		
	Opening Balance	447	—
<u>Add</u>	Loss incurred during the year	—	459
		<hr/>	<hr/>
		447	459
<u>Less</u>	Transferred to profit and loss	20	12
		<hr/>	<hr/>
	Closing Value	427	447
		<hr/>	<hr/>
(4)	<u>Lease Surrender Premium</u>		
	A premium paid during the year to compensate for the surrender of a lease upon the purchase of a business has been brought to account over the unexpired portion of the lease.		
	Premium paid this year	430	—
<u>Less</u>	Transferred to Profit and Loss	16	—
		<hr/>	<hr/>
	Closing Value	414	—
		<hr/>	<hr/>
	Total Deferred Items	21,396	11,351
		<hr/>	<hr/>
17.	<u>Creditors, Accruals and Provisions</u>		
	Included is the provision for public liability [Refer Note 3(k)]		
	Current	3,900	3,675
	Non-Current	2,547	3,258
		<hr/>	<hr/>
		6,447	6,933
		<hr/>	<hr/>
	and a current liability in respect of the proposed MTA Superannuation Fund [Refer Note 1(i)].	1,504	—
		<hr/>	<hr/>
18.	<u>Employee Benefits</u>		
		1985	1984
		Non-	Non-
		Current	Current
		Total	Total
		<u>\$'000</u>	<u>\$'000</u>
		<u>\$'000</u>	<u>\$'000</u>
	Provision for:		
	Long Service Leave	1,458	16,154
	Sick Leave	1,090	3,761
	Retirement Benefits	5,749	58,654
	Superannuation	—	205
	Accrued Annual Leave	3,014	5,023
		<hr/>	<hr/>
		11,311	83,797
		<hr/>	<hr/>
		95,108	95,108
		<hr/>	<hr/>
		5,335	58,892
		<hr/>	<hr/>
		64,227	64,227
		<hr/>	<hr/>

*Estimated legal liability at 30 June 1985 \$12,857.

Notes to and Forming Part of the Financial Statements

19. Advances by Victorian Government

In 1974/75, the Victorian Government advanced \$2,000 to MURLA to finance capital works. The advance is repayable over 40 years.

20. Inscribed Stock and Indexed Stock

	1985	1984
	\$'000	\$'000
Inscribed Stock issued at face value	515,277	495,905
Inscribed Stock issued at a discount, at face value	302,258	84,158
Indexed Stock at current value	27,040	25,981
	844,575	606,044
Repayable not later than one year	78,680	61,256
Repayable later than one year and not later than two years	98,266	76,625
Repayable later than two years and not later than five years	230,617	179,315
Repayable later than five years	437,012	288,848
	844,575	606,044

21. Contributed Capital

Contributions from Government Sources:-

Construction of Tramways Works

Opening Balance	14,873	9,014
Contributions during the year	4,877	5,859
Closing Balance	19,750	14,873

Purchase of Trams and Buses
Balance

	22,690	22,690
--	--------	--------

(There has been no movement in the account during the year)

Construction of Railways Works

Opening Balance	4,050	-
Contributions during the year	-	4,050
Closing Balance	4,050	4,050

Construction of Melbourne Underground Rail Loop

Opening Balance	205,069	171,572
Contributions during the year	-	33,497
Closing Balance	205,069	205,069

Total Contributed Capital

	251,559	246,682
--	---------	---------

Notes to and Forming Part of the Financial Statements

22.	<u>Reserves</u>	1985	1984
(1)	Contributions from non-Government Sources	\$'000	\$'000
	Construction of Tramways Works		
	Opening Balance	230	236
	Amortised this year and transferred to the Accumulated Deficit	6	6
		<u>224</u>	<u>230</u>
(2)	MMTB Accumulated Deficit		
	Balance	(91,905)	(91,905)
	(There has been no movement in the account during the year)		
	Total Reserves	<u>(91,681)</u>	<u>(91,675)</u>
23.	<u>Capital Commitments</u>		
	Contracts with an estimated value of \$75,232 (1984 — \$70,933) have been entered into for capital works, the liability for which has not been incurred at 30 June 1985, and is not included in the financial statements.		

STATUTORY INFORMATION

Objectives and Functions of Metropolitan Transit Authority

The Transport Act 1983 provides that the Metropolitan Transit Authority shall operate inside the Melbourne metropolitan area and may where the Minister so determines operate outside the Melbourne metropolitan area.

The functions of the Metropolitan Transit Authority are:

- a) To provide, manage and, where in accordance with Government Policy, to operate facilities for passengers and freight;
- b) To arrange with the State Transport Authority, transport operators or other persons or bodies for the provision of transport services and facilities;
- c) To co-ordinate transport services;
- d) To develop integrated ticket systems;
- e) To develop new modes of transport;
- f) To investigate and to promote and undertake research into any matter related to the performance of its functions, powers or duties;
- g) To provide, manage and operate tourist and recreational facilities; and
- h) To compete for work on the open market.

Ministerial Determinations and Directions

No directions were given to the Authority during 1984/85 in accordance with the powers vested in the Minister for Transport under Section 31(1).

Acts of Parliament, Regulations and Judicial Decisions

1. Subordinate Legislation (Review and Revocation) No. 10169:

This Act amends the Subordinate Legislation Act 1962. Under the amendments, the Attorney-General is to publish guidelines in relation to the preparation and making of new statutory rules or amendments thereof. In addition, an "impact statement" must be prepared showing the effect of the proposed statutory rules. Further, the Chief Parliamentary Counsel and the Director-General of the Department of Management and Budget must be informed of the proposed amendment and their advice requested. The effect of this Act is to make it more difficult to bring into force new statutory rules or to amend existing rules.

2. Workers' Compensation (Amendment) Act 1984 No. 10100:

The chief provisions of this Act which came into effect on 1st January, 1985 provide that if a worker is only partially incapacitated that an employer must offer him suitable work or else pay him weekly payments of compensation for total incapacity. On the other hand, the Act provides that if a worker who is only partially incapacitated fails to accept an

offer of suitable work then his payments can be reduced to those applicable for partial incapacity. On a more radical note, this amendment to the Workers' Compensation Act has reversed the onus of proof. Prior to this enactment, an employer could deny a claim for compensation without providing any reason. However, this amending Act provides that if an employer wishes to deny liability, that employer must issue an application at the Workers' Compensation Board within twenty-one days of receiving the claim and demonstrate to the Board that there is a genuine dispute between the employer and the worker in relation to the claim.

The emphasis of this amendment is, of course, to reduce delays in decisions about claims and has meant that the Authority must deal with claims made by workers in a much more efficient manner.

Apart from these two Acts which have some effect on the Authority, there were no other Acts of Parliament which had a direct effect on the Authority and there were no Acts of Parliament passed during the financial year which the authority was responsible for administering. However, there were a number of very important regulations which came into force on 1st July 1984. This is in accordance with the provisions of Section 253 of the Transport Act which provided that any by-laws and regulations made under Acts of Parliament repealed by the Transport Act would continue in force until 1st July 1984 unless they were revoked earlier. No revocations occurred and, accordingly, all the by-laws and regulations made under Acts of Parliament which were replaced by the Transport Act were revoked on 1st July, 1984 and the following regulations came into effect:

1. Transport (Public Rail and Road Vehicle) Regulations 1984 — No. 185 1985:

These regulations apply to ticket offences and conduct of the public on Authorities' premises and vehicles. They make regulations with relation to crossing places and goods in the custody of an Authority. Those regulations apply both to the Metropolitan Transit Authority and to the State Transport Authority.

2. Transport (Metropolitan Transit Authority) Regulations 1984 — No. 196 of 1984:

These regulations came into effect on 1st July 1984 and regulate offences and conditions of carriage of passengers on the Metropolitan Transit Authority's road vehicles or premises. It also makes regulations in relation to the conditions of carriage and storage of goods, cleaning of vehicles, lost property and in relation to Wattle Park.

There were a number of regulations that affect the

Metropolitan Transit Authority which came into effect under the Transport Act in the previous financial year. In addition, there were a large number of Transport Act regulations which came into force on 1st July 1984 but which do not directly relate to the Metropolitan Transit Authority.

There were no judicial decisions made during the year which have a direct impact on the Metropolitan Transit Authority or its operations.

Declaration of Pecuniary Interests

All Board members, General Managers and others required to complete a declaration of pecuniary interest did so for the year 1984/85.

Overseas Travel

In accordance with the guidelines set down in the Department of the Premier and Cabinet Circular No. 84/4 for official overseas travel by State Government employees and other persons, approval was obtained for six officers of the Authority to undertake trips associated with the following matters:

Negotiation of final design details for 200 new trams;
Discussion with overseas operators in respect of improvements in on-time running and decentralisation of the Jolimont Workshops and stabling tracks and the purchase of 20 new trains per year;

Extended visits to facilitate secondments into other rail systems;

Attendance at the International Union of Public Transport for presentation of paper;

Discussion for disposal of old trams; and,

Discussion of technical details of the contract for the supply of articulated light rail vehicles.

Freedom of Information

The Authority received 47 requests for information during the year under the Freedom of Information Act. Of these requests access was granted to 17 and partial access granted to a further 12.

Details are as follows:

Requests received	— 47
Access granted	— 17
Partial access granted	— 12
Request transferred	— 6
Document non-existent	— 4
Request denied	— 7
Clarification sought	— 1

Major Committees established by the Metropolitan Transit Authority

Committees established within the Authority continue to function and report on on-time running performance of the metropolitan train service, fares and ticketing, bus reviews, and corporate identification.