

VICTORIA

---

*Report*

of the

**STATE TRANSPORT AUTHORITY**

for the

Year ended 30 June 1989

---

*Ordered by the Legislative Assembly to be printed*

---

MELBOURNE  
JEAN GORDON GOVERNMENT PRINTER  
1988-89



31 October, 1989

The Hon. Jim Kennan QC MP  
Minister for Transport  
Parliament House  
Melbourne

**PUBLIC  
TRANSPORT  
CORPORATION**

Dear Minister

In accordance with Section 234 of the Transport Act 1983, I am pleased to present the report of the operations of the State Transport Authority for the year ended 30 June, 1989 together with the audited financial statements for that year.

K.M. Fitzmaurice  
Chief Executive  
Public Transport Corporation

# CONTENTS

|   |    |
|---|----|
| Board Members                                 | 4  |
| Corporate Management Group                    | 4  |
| Corporate Address                             | 4  |
| The Year in Review                            | 5  |
| Financial Aspects                             | 5  |
| Freight Business Performance                  | 6  |
| Passenger Business Performance                | 10 |
| Infrastructure                                | 12 |
| Human Resources                               | 13 |
| Statutory Information                         | 15 |
| Financial Statements                          | 17 |
| Statutory Statement                           | 18 |
| Revenue and Expense Statement                 | 19 |
| Balance Sheet                                 | 20 |
| Statement of Sources and Application of Funds | 21 |
| Consolidated Statement of Changes in Equity   | 22 |

|   |    |
|---|----|
| Note 1 — Form and content of financial statements                                 | 23 |
| Note 2 — Funding of Community Service Obligation                                  | 23 |
| Note 3 — Centralisation of debts  | 23 |
| Note 4 — Significant accounting policies  | 24 |
| (1) Basis of accounting   | 24 |
| (2) Fixed assets  | 24 |
| (3) Leasehold Improvements  | 24 |
| (4) Depreciation  | 24 |
| (a) Fixed assets (other than track)   | 24 |
| (b) Track   | 24 |
| (5) Stores  | 24 |
| (6) Employee leave entitlements   | 25 |
| (7) Superannuation liability  | 25 |
| (8) Self insurance  | 25 |
| (9) Revenue recognition   | 25 |
| (10) Rounding   | 25 |
| (11) Comparative figures  | 25 |
| Note 5 — Revenue  | 26 |
| Note 6 — Operating expenses   | 27 |
| Note 7 — Abnormal items   | 28 |
| Note 8 — Extraordinary items  | 29 |
| Note 9 — Creditors, accruals and provisions                                       | 30 |
| Note 10 — Employee entitlements   | 30 |
| 1. Employee leave entitlements  | 30 |
| 2. Provision for superannuation pensions  | 31 |
| 3. Current liability  | 32 |
| Note 11 — Deferred revenue  | 32 |
| Note 12 — Stores  | 32 |
| Note 13 — Debtors   | 32 |
| Note 14 — Investments   | 32 |
| Note 15 — Fixed Assets  | 33 |
| Note 16 — Leased Assets   | 34 |
| 1. Lease assets   | 34 |
| 2. Deferred profit/loss on sale of assets   | 34 |
| (a) Profit  | 34 |
| (b) Loss  | 35 |
| Note 17 — Inter-authority account - MTA   | 35 |
| Note 18 — Capital Commitments   | 35 |
| Note 19 — Contribution from Victorian Government                                  | 36 |
| Note 20 — Operating leases  | 37 |
| Note 21 — Event subsequent to Balance Date  | 37 |
| Note 22 — Reconciliation of net deficit for the year with the net inflow of funds | 37 |
| Note 23 — Crown Land  | 38 |
| <hr/>   |    |
| Auditor-General's Report  | 39 |
| <hr/>   |    |
| Supplementary Information   | 40 |
| <hr/>   |    |

## Notes to and forming part of the accounts

## THE BOARD

|                  |                   |
|------------------|-------------------|
| J.B. KING        | Chairman          |
| K.M. FITZMAURICE | Managing Director |
| L. DEAN          | Member            |
| J.A. HEARSCH     | Member            |
| K. IRVIN         | Member            |
| C.J. JORDAN      | Member            |
| L.T. MILES       | Member            |
| S.J. PICKERING   | Member            |
| G. WEAVEN        | Member            |
| T.P. BOURKE      | Member            |

## CORPORATE MANAGEMENT GROUP

|                  |   |
|------------------|---|
| K.M. FITZMAURICE | Managing Director                                   |
| J.A. HEARSCH     | Chief General Manager,<br>Transport Operations      |
| R.D. TERRELL     | Chief General Manager, Workshops                    |
| E.A. ATKINSON    | General Manager,<br>Management Information Services |
| P.H. WADE        | General Manager, Finance                            |
| C.J. MALAN       | General Manager, Corporate Strategy                 |
| T.R. MULLIGAN    | General Manager, Freight Services                   |
| G.V. SMITHWICK   | General Manager, Passenger Services                 |
| R. WIGGINS       | General Manager, Corporate Resources                |
| B.G. SHAW        | General Manager, Industrial Relations               |
| G.P. DEUTSCH     | Group Manager,<br>Engineering and Development       |
| A.M. HURSE       | Group Manager,<br>Operations and Maintenance        |
| D.H. JONES       | Group Manager,<br>Corporate Communications          |

## CORPORATE ADDRESS

589 Collins Street  
Melbourne, Vic. 3000  
Telephone: (03) 619 1111  
Fax: (03) 619 4143  
Telex: V/Line AA33801

## PUBLIC TRANSPORT CORPORATION

With the enactment of the Transport (Amendment) Act 1989, the Metropolitan Transit Authority and the State Transport Authority were abolished on 30 June, 1989 and the Public Transport Corporation became successor in law to those authorities from 1 July, 1989.

Mr K.M. Fitzmaurice was appointed Chief Executive of the Corporation and is responsible for the management of the affairs of the Corporation pursuant to the Act.

# THE YEAR IN REVIEW

- Fast Track Courier was launched and grew 33 per cent in the year making the Fast Track Sector a major growth area for the Freight Services Division.
- The Heavy Industries Sector grew 16 per cent on last year reflecting increasing customer confidence in the product.
- Containers moving on Superfreighters between capital cities from much improved container terminal facilities recorded an increase of 28 per cent on last year's business.
- Passenger patronage grew for the seventh year in succession recording a 6.3 per cent increase on last year and revenue increased 11 per cent, while associated trading and catering activities grew by nine per cent.
- Major improvements at Spencer Street Station included a state-of-the-art passenger information and communication system.
- Registrations of interest were called for the new Light Diesel Rail Passenger Vehicles.
- Major regional stations were upgraded and restored with facilities for the disabled, while nine new regional coach services were introduced.
- Another travel agency was opened in Bentleigh to continue the success of the city agency.
- The award-winning Echuca Bridge was opened by the Minister for Transport leaving the old bridge for road traffic only and enabling fully loaded bogie wagons and more modern locomotives to be used on the Deniliquin and Moulamein lines.
- Ten new G Class locomotives joined the upgraded fleet and the new Dudley Street Carriage Maintenance Depot was nearing completion.
- The Freight Business System was integrated with the Accounts Receivable System for more efficient debt collection, and a new inventory system increased the timeliness of reporting inventory levels and movements.

The Authority's operating revenue for the year was \$294.2 million, and compared with last year's \$296.9 million, represents a reduction of \$2.7 million or 0.9 per cent. Although passenger patronage revenue increased by 6.3 per cent to \$46.1 million, a poor grain harvest and a down-turn in consumer demand contributed to a 5.6 per cent reduction in freight revenue.

The revenues generated by the Authority are supplemented by grants from the Victorian Government. These grants were increased by \$19.4 million or 6.5 per cent to \$318.9 million for the year.

Operating expenses, including abnormal items, increased by \$153.6 million to \$828.6 million during the year. Major contributing factors were increases in superannuation pensions paid and in pension liabilities at year end. These increases totalled \$128.4 million or 83.5 per cent of the total increase in operating expenses.

Capital expenditure for the year totalled \$96.9 million, a reduction of \$2.3 million. Investment in locomotives and wagons

## Financial Aspects

## Freight Business Performance

was \$29 million and in infrastructure \$27 million. \$12 million was expended on plant and equipment acquisition while buildings accounted for \$18 million.

The 1988/89 freight business results were a mixture of positive growth and lower-than-budgeted results.

Total revenue for the year was \$161.2 million - 6.4 per cent below the budget target of \$172.3 million. The main reason for the shortfall was the grains sector which was \$7.3 million below budget.

Other areas which brought significant gains over the previous year's results were the Intermodal Sector with a gain of 17 per cent, the Heavy Industries Sector with a gain of 16 per cent and the Fast Track Sector with a gain of nine per cent.

Continual monitoring of service levels and rationalisation of under-utilised resources enabled V/Line to improve cost recovery and customer service.

**Grain.** Grain is a major freight traffic representing 24 per cent of V/Line Freight revenue. The below average harvest meant revenue was 15 per cent under budget. However, block trains continued to contribute significantly to operating efficiencies and reduced costs for grain transport.

**Bulk Products.** Fertiliser traffic was 13 per cent under-budget for the year. Inclement weather in most states affected demand, and interstate movements were reduced by concerns over Victorian product quality. Further rationalisation can be expected in this commodity in future years. Minerals and quarry revenue of \$5.5 million was up 21 per cent on last year, and the additional service of a 10-12 wagon block train was introduced for the Pioneer Quarry traffic from Kilmore to cope with the higher demand for quarry products. The growth of the short-haul quarry service and the continued success of the short haul sand service is proof that rail can provide successful cross-metropolitan bulk-haul services. More opportunities will be explored in this direction.

Aggressive road competition forced a downward trend in freight rates and consequently lower volumes on rail, particularly, petroleum. Revenue of \$9.0 million in this segment was 10 per cent below the budget estimate.

In January, the Minister for Transport advised oil companies that the spirit of the 1983 regulations of petrol to rail would be enforced. Negotiations in progress with the oil companies will bring a return to the orderly and practical shipping of petroleum by rail.

Lower export sales of briquettes also meant lower volumes on rail - another contributing factor to the 17 per cent below budget result for this segment in 1988/89.

**Heavy Industries.** The Heavy Industries Sector achieved its budgeted target of \$32.7 million - a 16 per cent increase on last year. Strong performance in slab steel traffic resulted in a 14 per cent over-budget result for the iron and steel segment. Cement revenue of \$7.5 million was up 16 per cent on last year and a second block train was introduced for the Australian Cement



Limited Arden Street facility. Wagons were also modified to allow more full block train operations to further increase revenue through greater operating efficiencies.

The buoyancy of the vehicle industry was reflected in increased motor vehicle revenue which was 27 per cent increase on 1987/88 result.

The Ford contract to transport vehicles to Sydney and Brisbane was won, reflecting the improvement in service levels. Specifically, more point-to-point and high speed services are being introduced to improve reliability and security during transit.

**Intermodal.** This sector represents 27 per cent of V/Line's freight revenue and it has recorded real growth for the last five years.

The introduction of Superfreighters operating between each capital city improved container terminal operations and shipping container services. The Superfreighter business continued to grow during the year and will record further growth with the development of the South Dynon Container Terminal. The improved container terminal operations offer a competitive intermodal service which continues to increase rail's market share.

The containers segment showed the largest growth with revenue of \$13.2 million - three per cent over the budget estimate and 28 per cent over last year.

**Fast Track.** The Fast Track Sector showed an increase of nine per cent this year. Fast Track Less-than-Car-Load (LCL) recorded excellent growth of 33 per cent reversing the declining trend of the past decade. It is envisaged that Fast Track Courier with its door-to-door service will grow significantly in 1989/90 as the market comes to accept that V/Line can supply a competitive, reliable and efficient service which compares favorably to road competition.

**Train Performance.** Freight train performance standards recording transit arrivals within 30 minutes of scheduled time are as follows:

|   |     |
|---|-----|
| * Superfreighter/Express liner services | 90% |
| * Other interstate express services     | 80% |
| * Freightgate trains (Intrastate)       | 85% |
| * Block trains (Intrastate)             | 80% |

The Melbourne-Sydney corridor generally performed to the agreed standard, but the Melbourne-Adelaide performance declined in mid-year due to long-standing speed restrictions in South Australia. Freightgate and block train performance was consistently maintained throughout the year.

Further development of the Operations Co-ordination System (OCS) was undertaken with monitoring systems implemented in Train Control in October 1988. By March 1989, all trains in the State were being monitored at departure, arrival and at 65 intermediate monitoring locations across the State. Significant train operating and management statistical data was gathered from the monitoring system.

Loads increased in all monitored sectors of train operations. Freight train loads averaged 1,120 tonnes during the year, almost

12 per cent above last year. The largest increases were in grain services - 15 per cent in Geelong services and 13.5 per cent in Portland services. The increases were due to the continued implementation of the infrastructure and operational changes of the CANAC program.

Average train loads on services to and from South Australia grew by 13 per cent, reflecting the reorganisation undertaken to meet market growth. Many other services were also consolidated to achieve a 10 per cent increase in general freight train loads.

Equipment maintenance resulted in similar economies to 1987/88. Wagon availability increased marginally from 87 per cent last year to 88.7 per cent in 1988/89. Carriage availability remained at about 87.5 per cent for intrastate carriages and 91.4 per cent for interstate carriages.

Locomotive availability fell from 84.2 to 82.3 per cent, but is expected to improve in the next few years as cab improvement programs are completed and as new locomotives settle into the fleet with older units retiring. Kilometres travelled by locomotives between failures (units replaced) and between casualties (units repaired before continuing) both showed improvements of 31 per cent over 1986/87, although slightly below last year.

Although the average size of grain trains increased, the number of trains was substantially less than last year due to the smaller harvest. This made it more difficult to maintain good utilisation of equipment. Nevertheless, substantial reductions in the four-wheel wagon fleet saw wagon utilisation increase by 9.6 per cent. Locomotive utilisation, when measured against Victorian traffic, fell by 3.5 per cent due to the reduced grain haulage so the additional motive power available was leased to other states.

**Train Planning - Freight.** The operation of train locomotives through the Geelong grain loop commenced in January following the completion of the harvest overflow. This resulted in the release of all five H Class locomotives for use in other areas. "Critical path" schedules for block grain trains to and from Central Receiving Points and fill-and-close locations were included in the 1988/89 grain plan to connect with core grain schedules from Maryborough and Seymour to the Geelong grain terminal.

An upgraded operations plan was prepared to develop a commitment to customer satisfaction in the face of the pending deregulation of fertiliser transport.

The number of receiving stations was further reduced from 55 to 45 and there was substantial interstate movement of fertiliser between Portland and Geelong to various NSW locations. A superphosphate co-ordinator was appointed to supervise wagon supply and provide a liaison role between contractors, suppliers and V/Line. All four-wheel vehicles were removed from fertiliser traffic and the introduction of new lightweight tarpaulins for bogie vehicles was largely completed.

Further improvements to block oil train operations from Corio were achieved following the completion of the new Shell train loading facility. This meant the transfer of the Ampol Paisley operation to Corio, and the subsequent scaling down of Paisley.

Oil trains from Corio increased in size and schedule improvements brought better on-time train running.

There was a substantial increase in Apex quarry traffic since the introduction of an additional twice-daily service from Kilmore East to Brooklyn. The original block train consisting of 21 VHQY wagons is now operating twice-daily between Kilmore East and Westall as a result of improved scheduling.

Two daily block cement trains now operate from ACL Fyansford to Arden Street as a result of a plan implemented in May of this year to improve wagon availability and increased tonnage capacity.

A second Superfreighter operating from Melbourne to Sydney three days a week for the period from November to February was introduced in November of last year. A second daily Superfreighter operating from Melbourne to Adelaide commenced in December 1988. Static tests establishing the feasibility of running longer trains were completed and led to 65 bogie vehicle trains running between Melbourne and Adelaide via Cressy.

**Locomotive Fleet.** Ten G Class locomotives were delivered during the year and as a result, four S Class and 13 T Class locomotives were withdrawn from service. Due to the progressive implementation of the Shunting Operations Review, 14 Y Class locomotives were also withdrawn during the year.

**Wagon Fleet.** Fifty VQFX container wagons were converted to VQFY for high speed operation on Superfreighter trains. The VQFYs have a more efficient load ratio of 57 tonnes to 19 tonnes tare. Twelve surplus VHCX wagons were converted to operate a mini quarry block train between Kilmore East and Brooklyn to handle 300,000 tonnes of additional quarry traffic. Most of the old, inefficient four-wheel wagons were removed for scrapping this year, and only 68 wagons essential to operations remained in service.

The design and construction of a new fleet of articulated 3-Pack container wagons commenced. The four prototypes are a modern and efficient design and will form the basis of an efficient new fleet of container wagons. The design was carried out on the new computer-aided design and drafting (CADD) system - a very effective tool for this type of work.

**Locomotive Crews.** Train crew numbers have decreased by 127 during the year as a result of a number of initiatives including the rationalisation of train services, roster reviews, and more effective management of train crew functions.

A Locomotive Crew Rostering System was developed by the Microcentre and is being installed on personal computers at South Dynon to replace the manual system. The system holds master profiles of each train and will rotate them over any nominated period while also considering crews rostered on or off or any number of complexities unique to the established train rostering procedure at South Dynon.

New driving techniques were developed to improve overall performance skills and the quality of driving operations.

The new driving procedures have improved passenger comfort on long distance trains and brought greater efficiency to interstate freight services.

Particular initiatives included the introduction of stretch braking techniques on passenger trains of more than seven carriages and instructions on how to handle freight trains of more than 50 vehicles.

## Passenger Business Performance

Growth in passenger patronage was sustained and increased for the seventh successive year.

V/Line has evolved from an operations-based organisation to one that is customer-based. The introduction of services in line with market demand, a flexibility to respond to marketplace changes, and improvements in service quality brought this growth. Regular reviews are also conducted to check on the customers requirements and marketplace conditions.

During 1988/89, V/line carried 5.8 million passengers, an increase of 6.3 per cent on the previous year bringing the total increase in patronage of the last seven years to 65 per cent. Total revenue from rail and road services grew 11 per cent to \$46.1 million without increases in country fares. Associated catering and retail activities also recorded major growth with revenue improving by nine per cent.

There were major improvements at Spencer Street Station. A state-of-the-art passenger information display system with visual display units and a new digitised public address system were installed to improve train and coach information for passengers and staff. New air-conditioned passenger waiting rooms were constructed and public telephones were installed on a number of platforms, the passenger lift was upgraded and additional handrails fitted.

V/Line also increased facilities for the disabled by providing wheelchairs and special ramps at strategic country locations as well as telephones for those with speech or hearing-impairments.

A number of fare initiatives were introduced to fill unused seating capacity on off-peak country services such as the special Day Return fares on selected services and the Sixty Plus fares offering discount off-peak travel for persons over 60 years of age and not in paid employment. A Saturday Family Ticket was also introduced to encourage families to travel on V/Line services.

**Commuter Trains and Coaches.** Patronage on commuter services increased to 3.2 million, an increase of 5.8 per cent above previous year levels and associated revenue grew by 7.2 per cent to \$11.5 million. This segment has recorded a patronage increase of an outstanding 78 per cent for the past seven years.

Additional passenger carriages were constructed and entered service in July and August, 1989. V/Line also called for registration of interest for the construction of 24 new Light Diesel Rail Passenger Vehicles which are planned to enter service in 1992/93.

In addition, an ongoing program of passenger facilities upgrades at Geelong Station were completed at a cost of \$1.3 million. In addition to normal station maintenance, upgraded station facilities at Bendigo were opened.

**Regional Trains and Coaches.** Patronage continued to grow on regional services recording numbers well in excess of two million, an increase of 8.1 per cent above the previous year levels.

An ongoing program of improved carriage utilisation increased seating capacity on specific services with increased demand. In February 1989, Dyson's private road coach services in northern Victoria were brought into the V/Line network to operate to and from Spencer Street Station to Echuca, Deniliquin, Nathalia, and Barham to complement V/Line's existing northern services. All Dyson coaches appear in V/Line livery and are fitted with video and toilet facilities.

A luxury air-conditioned coach now also links Bright, Myrtleford and Beechworth with Wangaratta and Melbourne. Improved timetables were also introduced.

Other new and improved coach services administered by V/Line include:

- \* Corowa/Rutherglen-Wangaratta connecting with trains to/from Melbourne.
- \* Bairnsdale/Sale-Traralgon connecting with trains to/from Melbourne.
- \* Apollo Bay-Warrnambool connecting with trains to/from Melbourne.
- \* Shepparton/Seymour/Puckapunyal-Melbourne.
- \* Ultima/Lake Boga-Swan Hill shopper service.
- \* Rochester Town service.
- \* Rainbow-Horsham.
- \* Lakes Entrance/Orbost-Bairnsdale connecting with trains to/from Melbourne.

**Interstate Trains and Coaches.** V/Line sustained growth in this highly competitive market. Patronage grew 3.2 per cent to 572,000 and there was a revenue increase of 24 per cent to \$15.7 million.

Significant additional business came from an aggressive marketing campaign based on coach class competitive fares for both Sydney and Adelaide corridors during September - October 1988 and February 1989.

The Silver City Link, a new combined rail/road coach service operating between Melbourne and Broken Hill, was introduced in April 1989. It consists of the Vineland between Melbourne and Mildura and an existing coach service between Mildura and Broken Hill. In February 1989, Dyson's private Eastern road services were brought into the V/Line network to operate the Sapphire Coast Link (Melbourne-Bega) and the Capital Link (Melbourne-Canberra). In both these services, road coaches connect with trains at Bairnsdale.

**Holiday Travel.** The Holiday Travel package tour department achieved a record business turnover of \$8.7 million, with a nett return to V/Line of \$2.1 million. This success related to the

constant development of travel packages and tours which have been popular in the marketplace.

New holiday programs launched include the Romantic Weekends, the Tasmania program, Tourist Trails (Bed & Breakfast), Group and Bowls package programs and Day Tours for overseas visitors. A Training Club was designed to disseminate information and travel opportunities to its senior citizen members, and the Penguin Vic Club was developed to foster local travel habits among junior citizens.

**V/Line Travel Centres.** The V/Line Travel Centre at Transport House enjoyed another successful year with gross revenue exceeding \$3.2 million. A new Travel Centre was opened at Bentleigh in October 1988 and it generated business worth \$700,000 to June 1989.

**Passenger Train and Coach Performance.** Eighty-nine per cent of passenger trains ran on-time compared with 90 per cent the previous year. Target levels of performance are 90 per cent within five minutes of scheduled arrival time for inter-urban peak services and 90 per cent within 10 minutes of scheduled arrival times on all other services.

Ten new coach services came under V/Line control this year.

- \* Warrnambool - Apollo Bay
- \* Shepparton - Puckapunyal - Melbourne
- \* Melbourne - Moama - Deniliquin
- \* Melbourne - Cohuna - Barham
- \* Melbourne - Nathalia - Barham
- \* Bairnsdale - Canberra
- \* Bairnsdale - Bega
- \* Bairnsdale - Orbost
- \* Wangaratta - Corowa
- \* Wangaratta - Beechworth - Bright

The first of six new BIH cars entered service at the end of June providing additional accommodation on Geelong, Bacchus Marsh, Sunbury, Kyneton and Seymour line trains. Two sleeping cars now not required for the Mildura service are also being converted to sitting cars - one will provide extra capacity on the Geelong line.

The fitting of a Programmable Logic Control (PLC) system for more economical use of power in N carriages is continuing with four sets now completed. Fuel consumption of diesel alternators on each carriage is also being monitored to confirm greater fuel efficiencies.

## Infrastructure

Civil Engineering bridge work was also significant during the year. The new bridge at Echuca was opened and now, fully laden bogie wagons and modern locomotives are used on the Deniliquin and Moulamein lines.

Work also commenced on the replacement of the timber portion of the Yarrawonga weir bridge and it is expected to be complete later in 1989.

A major catch-up program of track upgrading which commenced in 1984/85 continued with some \$9.2 million invested this year making total expenditure \$50.7 million to date. The work involved crossing work renewal, siding rationalisation, tie renewal, ballast cleaning and continuous rail welding.

Construction work on the new carriage maintenance depot at Dudley Street was nearing completion at the end of the financial year.

The upgrading of Geelong Station was a milestone in the improvement of passenger facilities across the State. It was upgraded and restored in keeping with its original features. Bendigo Station was also upgraded leading to much improved facilities for customers and staff.

Several resignalling and yard rationalisation projects to improve operating efficiency were either carried out or in progress at year-end. Major rationalisation was carried out at Castlemaine and Moe and work is in progress at Seymour and Mangalore. Work is about to commence at Rockbank and Melton.

The Engineering Excellence Award, a major reward in recognition of the new Echuca bridge, was won jointly by the Authority and design consultants, Maunsell and Partners.

**Industrial Relations.** The Authority continued its program of pro-active industrial relations to ensure appropriate, consistent and regular advice is provided to operating areas with the objective of promoting management awareness of impending problems before they escalate into major disputes.

Considerable attention was also given to rationalisation of the personnel policies and awards as a result of the Second Tier Agreement in conjunction with the Structural Efficiency Principle in the recent National Wage Case decision.

Submissions to the Industrial Relations Commission during the year resulted in the approval of the restructuring of the Permanent Way Grades Classification. This meant a substantial reduction in the number of classifications and the introduction of multi-skilling and structured career paths for employees.

Assistance was also provided in the implementation of the Change Projects, in particular, in the completed Train Order and Guard/Conductor Projects which both introduced greater efficiencies. Victoria is the first state to operate country passenger train services without a guard. In conjunction with the Two Person Crewing Project, conductors have been introduced in place of guards to provide a more customer-oriented service.

V/Line remains strongly committed to the consultative process through all levels of employment and believes only the full involvement of all staff will assist in the achievement of the business goals of the Authority.

**Training and Development.** V/Line adopted a new Staff Development Strategy during the year which resulted from a major training and development needs analysis.

## Human Resources

The Strategy has five major components - productivity and commercial competitiveness, customer relations, working with people, attitude change, and skills enhancement.

The emphasis shifted from mandatory training to specific needs-based training. This meant a greater number of courses were offered to V/Line staff. New courses were developed and conducted alongside established training courses.

A revised management development program is also being formulated. The needs analysis indicated that certain development activities were urgently needed in addition to the existing Middle Management Development Program.

Attention was also given to assisting staff handle and manage dramatic change. Specific projects included team building with unions and management, job redesign, consultancy for the combined Met-V/Line Consultation Survey, the structural efficiency project, clerical keyboard integration and general consultancy advice.

**Equal Employment Opportunity.** The Public Authorities Bill 1987 has not yet been enacted. However, V/Line started to fulfil many of its obligations set out in the draft legislation.

An Equal Employment Opportunity Consultative Committee was formed with six members nominated and drawn by management and the Victorian Trades Hall Council. The committee deliberates on equal employment opportunity policies and harassment policies.

An additional EEO Officer has been employed. The new position entitled Equal Employment Opportunity Officer - Minority Groups will develop and implement programs for non-English speakers, the disabled, and Australian Aboriginals.

As part of the program for women, the V/Line Women's Network was established and they meet monthly to consider topics like sexual harassment, career planning, stress management, career and family, and investment/financial planning for women. Due to the success of the Transport House group, there are plans to extend the network to other V/Line locations.

The first multi-language brochure entitled "Harassment in the Workplace" was produced in addition to the brochure and poster education program on equal opportunity issues and rights and obligations.

**Occupational Health and Safety.** The Authority's health and safety program focused on training as a means of achieving its objectives. The Victorian Health and Safety Commission approved three courses submitted by the Authority for training health and safety representatives and supervisors.

A further training program which addressed the Victorian Manual Handling Regulations and Code of Practice 1988 was awarded the WorkCare Prevention Award. A training needs analysis was conducted to direct further efforts in 1989/90.

Negotiations with the Accident Compensation Commission (ACC) were successful in determining an aggregate levy of 3.0 per cent, taking into account the diverse activities and associated risks within workplaces registered with WorkCare. The levy, the



contribution to the bonus/penalty fund and the 10 per cent bonus allocated to the Authority on the basis of its performance in previous years, accounted for the \$10.5 million paid to the ACC in 1988/89.

**Interim Standing Committee on Consultation.** The committee is a statutory management/union committee reviewing 'all significant planning activities and changes with the Authority in order to determine appropriate and effective consultation procedures.'

The committee meets monthly and examines consultative procedures for a wide variety of projects. In June 1989, a random sample of 20 per cent of all employees was surveyed to measure the effectiveness of procedures.

The committee is chaired by Frank Hussey, and its members are: Bill Albon, Alan Cole, Allan Hurse, Bob Maczyszyn, Graeme Nicholson, Bruce Shaw, Geoff Smithwick, Dick Terrell and Frank Wagner. The committee also acts as the Joint Technological Change Standing Committee.

## Statutory Information

**Acts of Parliament.** The Transport (Amendment) Act 1989 was enacted by the Parliament of Victoria in June 1989. The Act amended the Transport Act 1983, and its principle effect was to incorporate the State Transport Authority and the Metropolitan Transit Authority into one Corporation (The Public Transport Corporation effective from 1 July, 1989).

The Wheat Marketing Act 1989 was enacted by the Parliament of Victoria in June, 1989 and the Act was proclaimed to operate from 1 July 1989. It repealed the Wheat Marketing Act 1984 and is complementary to the Wheat Marketing Act 1989 enacted by the Australian Parliament. The purpose of the State and Federal Acts will be to strengthen the commercial position of the Australian Wheat Board in the domestic market and to deregulate the marketing of domestic grain. The Acts should not affect the regulation of grain transport in Victoria.

**Declaration of Pecuniary Interests.** All Board Members and Officers of the Authority required to complete a declaration of Pecuniary Interests did so for the year.

**Freedom of Information.** The authority received 86 requests for information under the Freedom of Information Act during the year. None resulted in internal or other reviews. The details of the requests are as follows:

|                                   |       |
|-----------------------------------|-------|
| Access Granted                    | 39    |
| Access Denied                     | 3     |
| Partial Access                    | 19    |
| Transferred                       | 6     |
| No Documents                      | 5     |
| Documents in discreet form        | 5     |
| Dealt with outside the Act        | 0     |
| Still being processed at year-end | 9     |
|                                   | <hr/> |
|                                   | 86    |
|                                   | <hr/> |

**Overseas Travel.** In accordance with the guidelines set down by the Department of Premier and Cabinet Circular for official overseas travel by State Government employees and other persons, approval was obtained for one overseas trip.

An officer of the Vehicles Engineering Department in his capacity as Deputy Chairman of the Railways of Australia Technology Development and Applications Committee attended the International Wheelset Congress in Montreal, Canada in September, 1988.

The purpose of the visit was to deliver a paper at the Congress and to invite delegates to the 10th International Congress in Australia in 1992.

STATE TRANSPORT AUTHORITY

FINANCIAL  
STATEMENTS

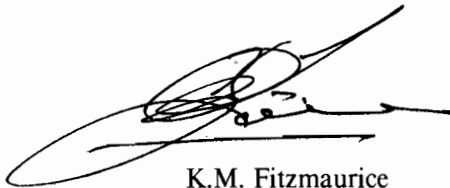
FINANCIAL STATEMENTS  
FOR  
YEAR ENDED 30 JUNE 1989

# STATUTORY STATEMENT

In our opinion,

- (a) the accompanying financial statements of the State Transport Authority present fairly the financial transactions of the Authority for the year ended 30 June 1989 and the financial position of the Authority as at that date, and
- (b) the financial statements of the Authority have been prepared in accordance with the Transport Act 1983 and comply in all material respects with the requirements of the Annual Reporting Act 1983 and the Annual Reporting (Contributed Income Sector) Regulations 1988.

At the date of signing this Statement, we are not aware of any circumstances which would render any particulars included in the financial statements to be misleading or inaccurate.



K.M. Fitzmaurice  
Chief Executive



P.H. Wade  
General Manager Finance and Budgets

Melbourne  
31 October, 1989

## REVENUE AND EXPENSE STATEMENT

FOR THE YEAR ENDED 30 JUNE 1989

|   | Note | 1989<br>\$000 | 1988<br>\$000 |
|---|------|---------------|---------------|
| Revenue   | 5    | 613,160       | 596,531       |
| Operating expenses                              |      |               |               |
| Expenses  | 6    | (706,665)     | (699,389)     |
| Abnormal Items                                  | 7    | (122,010)     | 24,338        |
|   |      |               |               |
| Operating deficit before<br>extraordinary items |      | (215,515)     | (78,520)      |
| Extraordinary items                             | 8    | 3,887         | 32,881        |
|   |      |               |               |
| <b>NET DEFICIT FOR THE<br/>YEAR</b>             |      | (211,628)     | (45,639)      |
| Accumulated deficit at 1 July                   |      | (2,168,441)   | (2,092,982)   |
| Prior year adjustment                           |      | -             | (29,820)      |
|   |      |               |               |
| Accumulated deficit at 30 June                  |      | (2,380,069)   | (2,168,441)   |
|   |      |               |               |

These financial statements should be read in conjunction with the accompanying notes

# BALANCE SHEET

AS AT 30 JUNE 1989

|   | Note | 1989<br>\$000    | 1988<br>\$000    |
|---|------|------------------|------------------|
| <b>EQUITY</b>   |      |                  |                  |
| Contributed capital                                   |      | 1,650,302        | 1,525,148        |
| Asset revaluation reserve                             |      | 4,172            | 4,172            |
| Accumulated deficit                                   |      | (2,380,069)      | (2,168,441)      |
| <b>Total equity</b>                                   |      | <u>(725,595)</u> | <u>(639,121)</u> |
| <b>CURRENT LIABILITIES</b>                            |      |                  |                  |
| Bank overdraft  |      | 3,142            | 3,053            |
| Creditors, accruals and provisions                    | 9    | 83,210           | 86,798           |
| Employee entitlements                                 | 10   | 148,072          | 136,324          |
| Lease liabilities                                     | 3    | -                | 8,940            |
| <b>Total current liabilities</b>                      |      | <u>234,424</u>   | <u>235,115</u>   |
| <b>NON-CURRENT LIABILITIES</b>                        |      |                  |                  |
| Provision for claims                                  | 9    | 1,127            | 3,631            |
| Employee entitlements                                 | 10   | 1,743,938        | 1,552,748        |
| Lease liabilities                                     | 3    | -                | 147,405          |
| <b>Total non-current liabilities</b>                  |      | <u>1,745,065</u> | <u>1,703,784</u> |
| <b>DEFERRED REVENUE</b>                               | 11   | <u>8,200</u>     | <u>8,043</u>     |
| <b>TOTAL EQUITY, LIABILITIES AND DEFERRED REVENUE</b> |      |                  |                  |
|   |      | <u>1,262,094</u> | <u>1,307,821</u> |
| <b>CURRENT ASSETS</b>                                 |      |                  |                  |
| Cash at bank and in hand                              |      | 653              | 564              |
| Stores  | 12   | 26,891           | 29,977           |
| Debtors   | 13   | 41,153           | 36,387           |
| Prepayments and other current assets                  |      | 2,108            | 1,040            |
| Investments   | 14   | 11               | 2,876            |
| <b>Total current assets</b>                           |      | <u>70,816</u>    | <u>70,844</u>    |
| <b>NON-CURRENT ASSETS</b>                             |      |                  |                  |
| Fixed assets  | 15   | 884,725          | 854,747          |
| Leased assets   | 16   | 100,227          | 218,140          |
| Inter Authority account                               | 17   | 198,347          | 151,764          |
| Debtors   | 13   | 7,979            | 8,603            |
| <b>Total non-current assets</b>                       |      | <u>1,191,278</u> | <u>1,233,254</u> |
| <b>DEFERRED EXPENSES</b>                              | 16   | <u>-</u>         | <u>3,723</u>     |
| <b>TOTAL ASSETS AND DEFERRED EXPENSES</b>             |      |                  |                  |
|   |      | <u>1,262,094</u> | <u>1,307,821</u> |

These financial statements should be read in conjunction with the accompanying notes

FOR THE YEAR ENDED 30 JUNE 1989

|  | Note | 1989<br>\$000  | 1988<br>\$000  |
|--|------|----------------|----------------|
| <b>SOURCES OF FUNDS</b>                  |      |                |                |
| Funds from operation                     |      |                |                |
| Inflow of funds                          |      |                |                |
| — Operating Revenue                      |      | 273,345        | 276,126        |
| — Proceeds from disposal of fixed assets |      | 28,392         | 21,031         |
| — Government subsidies                   |      | 318,900        | 299,562        |
|  |      | <u>620,637</u> | <u>596,719</u> |
| Outflow of funds                         |      | (608,738)      | (589,486)      |
| Net funds from operations                | 22   | 11,899         | 7,233          |
| Contributed Capital                      |      | 125,154        | 209,017        |
| Reductions in assets                     |      |                |                |
| — Current assets                         |      | 28             | -              |
| — Non current assets                     |      |                |                |
| — Fixed assets                           |      | 21,248         | 15,342         |
| — Leased assets                          |      | 99,497         | -              |
| — Inter Authority account                |      | -              | 654            |
| — Deferred debtors                       |      | 623            | 1,759          |
| Increase in liabilities                  |      |                |                |
| — Current liabilities                    |      | -              | 3,841          |
| <b>TOTAL SOURCES OF FUNDS</b>            |      | <u>258,449</u> | <u>237,846</u> |
| <b>APPLICATIONS OF FUNDS</b>             |      |                |                |
| Increase in assets                       |      |                |                |
| — Current assets                         |      | -              | 2,954          |
| — Non current assets                     |      |                |                |
| — Fixed assets                           |      | 96,912         | 99,191         |
| — Inter Authority account                |      | 3,521          | -              |
| Decrease in liabilities                  |      |                |                |
| — Current liabilities                    |      | 1,671          | -              |
| — Non current liabilities                |      | 156,345        | 135,701        |
| <b>TOTAL APPLICATIONS OF FUNDS</b>       |      | <u>258,449</u> | <u>237,846</u> |

## STATEMENT OF SOURCES AND APPLICATIONS OF FUNDS

These financial statements should be read in conjunction with the accompanying notes

# CONSOLIDATED FOR YEAR ENDED 30 JUNE 1989

## STATEMENT OF CHANGES IN EQUITY

|   | Note | Contributed<br>Capital | Assets *<br>revaluation<br>Reserve | Accumul-<br>ated<br>Deficit | 1989<br>Total<br>\$000 | 1988<br>Total<br>\$000 |
|---|------|------------------------|------------------------------------|-----------------------------|------------------------|------------------------|
| BALANCE AT 1 JULY   |      | 1,751,265              | 4,172                              | (2,168,441)                 | (413,004)              | (546,562)              |
| Value of assets and liabilities<br>vested in the MTA            |      | (226,117)              |                                    |                             | (226,117)              | (226,117)              |
|   |      | <u>1,525,148</u>       | <u>4,172</u>                       | <u>(2,168,441)</u>          | <u>(639,121)</u>       | <u>(772,679)</u>       |
| Deficit for the year  |      |                        |                                    | (211,628)                   | (211,628)              | (75,459)               |
| Debt Centralisation   | 3    | 148,825                |                                    |                             | 148,825                | 120,592                |
| Assets assigned to VicFin                                       | 3    | (99,497)               |                                    |                             | (99,497)               |                        |
| Appropriations for Capital<br>Works and principal<br>repayments | 19   | 104,587                |                                    |                             | 104,587                | 108,182                |
| Other funds   |      | 461                    |                                    |                             | 461                    | 1,946                  |
| Payment into public account                                     | 19   | (29,222)               |                                    |                             | (29,222)               | (21,703)               |
| BALANCE AT 30 JUNE  |      | <u>1,650,302</u>       | <u>4,172</u>                       | <u>(2,380,069)</u>          | <u>(725,595)</u>       | <u>(639,121)</u>       |

Payment into the Public Account comprises

|                           | 1989<br>\$000 | 1988<br>\$000 |
|---------------------------|---------------|---------------|
| Sale of investments       | 7,938         | -             |
| Sale of land              | 6,110         | 10,800        |
| Sale of houses            | 12,502        | 8,000         |
| Loan principal repayments | 2,672         | 2,903         |
|                           | <u>29,222</u> | <u>21,703</u> |

\* This reserve was created in 1987 as a consequence of a revaluation of reclaimed assets.



## Notes to and forming part of the 1988/89 Financial Statements

### Note 1 - Form and content of financial statements

The financial statements of the State Transport Authority (The Authority) have been prepared under the Transport Act 1983 and in line with the requirements of the Annual Reporting Act 1983 and the Annual Reporting (Contributed Income Sector) Regulations 1988 and Australian Accounting Standards.

### Note 2 - Funding of Community Service Obligation

In accordance with its economic, conservation and social justice strategies, the Victorian Government provided funds to the Authority during the year to supplement its revenue and to fund its Capital Works program, thereby assisting the Authority to meet the community service obligations the Government has recognised as essential for the community.

The following benefits are provided to the community by the Authority:-

- affordable passenger and freight services
- price levels subject to increase below CPI
- concession fares in support of education and social welfare programs
- improved access to disadvantaged groups
- reduced road construction and maintenance costs
- less road congestion thereby reducing the accident rate and improving the traffic flow
- reduced air pollution from vehicle exhaust emissions
- less energy use

### Note 3 - Centralisation of debts

The Transport (Amendment) Act 1986 required all indebtedness of the Authority for money borrowed or financial accommodation obtained to be extinguished and deemed to represent equity in the Authority held by the Government of Victoria.

Under the Centralisation of Debts, all finance leases previously entered into by the Authority have been assigned to Victorian Public Authorities Finance Agency ("VicFin") and the lease liabilities have been transferred to Contributed Capital.

The Authority has subsequently entered into a sublease agreement with VicFin whereby the Authority utilises the leased assets free of charge.

The unamortised value of the leased assets subleased to the Authority by VicFin (excluding suburban carriages assigned by VicFin to MTA) is reflected in these accounts and will be amortised over their remaining useful life. During this year, the assets useful lives were reviewed and the lives of locomotives and freight wagons were reduced from 35 years to 25 years and 30 years respectively. The additional amortisation charge during the year was \$8.971 Million.

The unamortised profits realised or losses incurred on sale of assets associated with the original lease agreements (i.e.. prior to centralisation) have been written off during the year.

#### Note 4 - Significant accounting policies

(1) Basis of accounting

The financial statements have been prepared on an accrual basis under the historical cost convention except for certain fixed assets which are at Board Valuation.

(2) Fixed assets

Fixed assets (excluding land) acquired on or before 30 June 1985 are valued at a 1985 Board valuation. Work in progress and assets acquired and constructed since 30 June 1985 are valued at historical cost. Land acquired by the Authority is carried at cost. Crown land used by the Authority has not been valued and is not reflected in these financial statements.

(3) Leasehold Improvements

Costs relating to leasehold improvements are capitalised and amortised over the period of the lease or the estimated useful life of the asset whichever is shorter.

(4) Depreciation

(a) Fixed assets (other than track)

The cost of fixed assets, plus subsequent expenditure of a capital nature on additions and improvements, is written off over the life of the assets on a straight-line basis. Residual values are recognised in assessing the annual charge for each asset. Depreciation commences in the month following acquisition or the asset being placed into service.

(b) Track

Depreciation is not charged on track the policy being to maintain track at a level required for operations. Where track is not maintained at that level due to reduction in traffic the book value of the track is written off progressively to date of closure. Track closed for traffic during the year is fully written off in that year.

(5) Stores

Stores consist of materials and supplies held for construction, maintenance and operations and are valued at the lower of average cost or net realisable value.

Work in progress for manufactured stores is valued at cost (including an element of fixed and variable overhead).

Catering stock is valued at cost.

(6) Employee leave entitlements

The Authority recognises and provides for:

- (a) Long service leave entitlements for employees with service of 3 years or more.
- (b) Accrued annual leave, annual leave loading and public holidays.
- (c) Accrued leave as a result of the 38 hour week agreement.

No accrual is made for sick leave it being treated as an expense when payment is made.

(7) Superannuation liability

The Authority maintains a provision for the employer portion of superannuation benefits payable to retired and existing employees who are members of the State Superannuation Scheme or the Transport Superannuation Scheme. This provision is based on an actuarial assessment of the liability.

(8) Self insurance

The Authority self insures up to \$2 Million for its legal liability to third party for bodily injury (except injury relating to Authority vehicles) or property damage caused by any one occurrence. Based on experience, it has raised a provision for all claims outstanding at balance date. Insurance policies for \$2 Million up to \$195 Million are in place in respect of public liabilities.

All claims for damages or pre-workcare workers compensation are included as a provision in the financial statements at an amount estimated by the Authority.

(9) Revenue recognition

Revenue is recognised when the service to which the revenue relates is provided.

In the interest of better reporting the Authority has adopted the policy of disclosing separately the revenue attributable to the supply of goods and services to outside organisations.

Previously this revenue was offset against the cost of goods and services provided. The effect of the change in Policy has been to increase revenue and operating expenses by \$28.172 Million (1988 - \$19.344 Million).

(10) Rounding

All figures in the financial statements have been rounded to the nearest thousand dollars.

(11) Comparative figures

Where the Authority has adopted a change of accounting policy or presentation in the financial statements, the comparative figures have been altered to provide comparison with the current year.

Note 5 - Revenue

|  | 1989           | 1988           |
|--|----------------|----------------|
|  | \$000          | \$000          |
| Operating grants from Victorian Government - (Note 19)                                 | 318,900        | 299,562        |
| Passenger services   | 46,132         | 41,542         |
| Contribution towards travel concessions from Victorian Government                      | 9,242          | 8,480          |
| Freight services including parcels and mails   | 161,236        | 170,891        |
| Trading and catering services  | 13,244         | 12,034         |
| Property rentals   | 7,090          | 5,829          |
| Interest   | 2,225          | 1,678          |
| Amortisation of deferred profit on sale of assets under leasing agreements - (Note 16) | 723            | 3,674          |
| Dividend received from V/Line Industries Pty. Ltd.                                     | -              | 248            |
| Other revenue  | 6,004          | 8,711          |
| Proceeds from sale of fixed assets   | 20,192         | 21,031         |
| Net gain on currency exchange variations   | -              | 3,507          |
| Supply of goods and services - (Note 4(9))   | 28,172         | 19,344         |
|  | <u>613,160</u> | <u>596,531</u> |

Note 6 - Operating expenses

|   | 1989        | 1988        |
|---|-------------|-------------|
|   | \$000       | \$000       |
| Labour  | 253,642     | 255,977     |
| Labour "on cost" (see Note below)   | 178,777     | 191,513     |
| Services and supplies   | 142,190     | 114,833     |
| Diesel oil  | 23,266      | 25,282      |
| Workcare, pre-Workcare Workers  |             |             |
| Compensation and claims   | 13,622      | 8,712       |
| Payments to private bus companies   | 12,590      | 12,296      |
| Package tours   | 6,245       | 4,759       |
| Written down value of fixed assets sold   | 9,586       | 15,342      |
| Amortisation of deferred loss on sale of assets under leasing agreement - (Note 16) | 290         | 348         |
| Depreciation of fixed assets  | 30,085      | 26,491      |
| Amortisation of leased assets   | 6,416       | 5,632       |
| Audit fees  | 140         | 162         |
| Fees paid to board members  | 61          | 61          |
| Bad debts   | 33          | 347         |
| Reduction in provision for doubtful debts   | (373)       | (42)        |
| Finance charges - Leasing   | 11,989      | 16,267      |
| - Borrowing   | -           | 4,287       |
|   | <hr/>       | <hr/>       |
| Total operating expenses  | 688,559     | 682,267     |
| Cost of goods and services (Note 4(9))  | 18,106      | 17,122      |
|   | <hr/>       | <hr/>       |
|   | 706,665     | 699,389     |
|   | <hr/> <hr/> | <hr/> <hr/> |

Note:- Labour "on cost"

|  |             |             |
|--|-------------|-------------|
| Transfer Redeployment and Redundancy         |             |             |
| Scheme expenditure                           | 12,736      | 15,964      |
| Payroll tax                                  | 16,716      | 16,755      |
| Superannuation pension paid                  | 82,340      | 70,841      |
| Increase in superannuation pension liability | 63,165      | 82,251      |
| Increase in employee leave entitlements      | 3,820       | 5,702       |
|  | <hr/>       | <hr/>       |
|  | 178,777     | 191,513     |
|  | <hr/> <hr/> | <hr/> <hr/> |

Note 7 - Abnormal items

|  | 1989           | 1988            |
|--|----------------|-----------------|
|  | \$000          | \$000           |
| Write off of railway lines closed in previous years                                    | 11,661         | 620             |
| Certain fixed assets written off to working expenses in previous years now capitalised | (10,163)       | -               |
| Catch up of leased asset amortisation due to reassessment of useful lives              | 8,971          | 1,338           |
| Under depreciation of fixed assets in previous years                                   | 3,607          | 5,083           |
| Expenditure incorrectly capitalised in previous years                                  | 11,519         | 3,621           |
| Amortisation of leased assets under charged to MTA in previous year                    | (4,585)        | -               |
| Under provision of superannuation benefit relating to previous year                    | 16,000         | -               |
| Change in actuarial valuation basis of total superannuation liability                  | 41,000         | -               |
| Change in the method of valuation of total superannuation basis                        | -              | (70,000)        |
| Increase in superannuation liability due to introduction of new scheme                 | 44,000         | 35,000          |
|  | <u>122,010</u> | <u>(24,338)</u> |

The current actuarial valuation of the superannuation liability at 30 June 1989 identified \$44 million which was caused by the effect of the introduction of a new scheme in 1988. \$16 million was also identified which should have been included as a liability in 1987/88. These items are therefore shown above. In addition the basis of the valuation has been changed in view of future economic predictions, and this has resulted in an increase in the assessed liability of \$41 million as shown above.

As a result of advice provided by the actuary in explanation of the increased charges occurring in 1988/89, he was requested to advise whether the calculation of the 1987/88 liability contained items of a similar nature. Information subsequently provided by the actuary revealed that the 1987/88 increase in liability included a number of abnormal items.

Accordingly, it has been considered proper to include these items as comparative figures for 1987/88, after obtaining the Auditor-General's agreement.

They show a reduction of \$70 million as the result of a change in the method of valuation by the use of US standards which are commonly used worldwide and an increase of \$35 million allowing for the effect of the introduction of the new scheme.

Note 8 - Extraordinary items

|   | 1989           | 1988            |
|---|----------------|-----------------|
|   | \$000          | \$000           |
| Losses incurred by Victour Properties Pty.<br>Ltd.  | -              | 413             |
| Deferred profit on sale of assets under<br>leasing agreements now assigned to<br>VicFin - (Note 16) | (7,320)        | (32,251)        |
| Deferred loss on sale of assets under<br>leasing agreement now assigned to<br>VicFin - (Note 16)    | 3,433          | -               |
| Write back of provision for diminution in<br>the value of investment.                               | -              | (1,043)         |
|   | <u>(3,887)</u> | <u>(32,881)</u> |

Note 9 - Creditors, accruals and provisions

|                                       | Current       | Non-current  | 1989<br>\$000 | 1988<br>\$000 |
|---------------------------------------|---------------|--------------|---------------|---------------|
| Trade creditors and accruals          | 77,352        | -            | 77,352        | 75,756        |
| Accrued finance charges               | -             | -            | -             | 3,356         |
| Provision for claims and compensation | 5,858         | 1,127        | 6,985         | 11,317        |
|                                       | <u>83,210</u> | <u>1,127</u> | <u>84,337</u> | <u>90,429</u> |

Note 10 - Employee entitlements

1. Employee leave entitlements

|   | Current       | Non-current    | 1989<br>Total<br>\$000 | 1988<br>Total<br>\$000 |
|---|---------------|----------------|------------------------|------------------------|
| V/Line employees  |               |                |                        |                        |
| Provision for long service leave                        | 6,807         | 69,244         | 76,051                 | 73,734                 |
| Accrued annual leave                                    | 27,267        | 13,035         | 40,302                 | 38,324                 |
| Accrued leave as a result of the 38 hour week agreement | 3,989         | -              | 3,989                  | 4,464                  |
|   | <u>38,063</u> | <u>82,279</u>  | <u>120,342</u>         | <u>116,522</u>         |
| MTA Rail employees                                      |               |                |                        |                        |
| Provision for long service leave                        | 447           | 46,185         | 46,632                 | 41,775                 |
| Accrued annual leave                                    | 14,282        | 20,074         | 34,356                 | 31,726                 |
| Accrued leave as a result of the 38 hour week agreement | 6,680         | -              | 6,680                  | 5,739                  |
|   | <u>21,409</u> | <u>66,259</u>  | <u>87,668</u>          | <u>79,240</u>          |
| Total employee leave entitlements                       | <u>59,472</u> | <u>148,538</u> | <u>208,010</u>         | <u>195,762</u>         |

The estimated legal liability of the Authority in respect of long service leave at balance date is \$106.341 Million (1988 - \$99.909 Million).

The increase in liability relating to employees assigned to the MTA Rail Division has been charged to the MTA.



2. Provision for superannuation pensions

|   |                |                  | 1989             | 1988             |
|---|----------------|------------------|------------------|------------------|
|   | Current        | Non-Current      | Total \$000      | Total \$000      |
| V/Line                                      |                |                  |                  |                  |
| Liability relating to retired employees     | 78,000         | 887,000          | 965,000          | 809,000          |
| Provision relating to existing employees    | 3,000          | 398,000          | 401,000          | 392,835          |
|   | <u>81,000</u>  | <u>1,285,000</u> | <u>1,366,000</u> | <u>1,201,835</u> |
| MTA Rail Division                           |                |                  |                  |                  |
| Liability relating to retired employees     | 6,600          | 103,400          | 110,000          | 88,000           |
| Provision relating to existing employees    | 1,000          | 207,000          | 208,000          | 203,475          |
|   | <u>7,600</u>   | <u>310,400</u>   | <u>318,000</u>   | <u>291,475</u>   |
| Total provision for superannuation pensions | <u>88,600</u>  | <u>1,595,400</u> | <u>1,684,000</u> | <u>1,493,310</u> |
| Total employee benefits                     | <u>148,072</u> | <u>1,743,938</u> | <u>1,892,010</u> | <u>1,689,072</u> |

The provision for superannuation pensions is based on an actuarial assessment of the liability.

The liability for pensioners who retired prior to the formation of the Authority on 1 July 1983 has been treated as the liability of V/Line. The movement in liabilities relating to employees (and pensioners) assigned to the MTA Rail Division has been charged to the MTA.

Retiring gratuities formally classified as employee leave entitlements in previous years, are now included in the provision for superannuation.

3. Current liability  
This is the estimate of the payment which will be made within the next twelve months.

Note 11 - Deferred revenue

|   | 1989<br>\$000 | 1988<br>\$000 |
|---|---------------|---------------|
| Deferred profit on sale of V/Line Industries Pty. Ltd.              | 8,200         | -             |
| Deferred profit on sale of assets under leasing agreement (Note 16) | -             | 8,043         |
|   | <u>8,200</u>  | <u>8,043</u>  |

During the year, V/Line Industries Pty. Ltd. (The Company) was sold to The Colonial Mutual Life Assurance Society Ltd. (CML), and under the terms of the sale agreement, there is a contingent liability of \$11.9 Million for the Authority to repay to CML the sale proceeds should certain events occur within two years from the date of sale which would reduce the earning capacity of the company. Consequently the Authority considers that it would not be appropriate to recognise the profit on disposal of the shares in the company in the Revenue and Expense Statement until the period of warranty has expired.

Note 12 - Stores

|                                | 1989<br>\$000 | 1988<br>\$000 |
|--------------------------------|---------------|---------------|
| Stores and materials           | 23,250        | 23,938        |
| Manufacturing work in progress | 3,136         | 5,576         |
| Catering service stock         | 505           | 463           |
|                                | <u>26,891</u> | <u>29,977</u> |

Note 13 - Debtors

|                          | Current       | Non Current  | 1989<br>\$000 | 1988<br>\$000 |
|--------------------------|---------------|--------------|---------------|---------------|
| Trade debtors            | 25,569        | -            | 25,569        | 21,585        |
| Agency debtors           | 14,614        | -            | 14,614        | 15,005        |
| Employees Housing loans  | 1,433         | 7,979        | 9,412         | 9,236         |
|                          | <u>41,616</u> | <u>7,979</u> | <u>49,595</u> | <u>45,826</u> |
| Estimated doubtful debts | (463)         | -            | (463)         | (836)         |
|                          | <u>41,153</u> | <u>7,979</u> | <u>49,132</u> | <u>44,990</u> |

Note 14 - Investments

|   | 1989<br>\$000 | 1988<br>\$000 |
|---|---------------|---------------|
| Sundry investments not quoted on Stock Exchange | 11            | 2,876         |
|   | <u>11</u>     | <u>2,876</u>  |

Note 15 - Fixed assets

| Class of assets                             | Cost/<br>Valu-<br>ation<br>\$000 | Deprec-<br>iation<br>this<br>year<br>\$000 | Accum-<br>ulated<br>deprec-<br>iation<br>\$000 | 1989<br>Written<br>down<br>value<br>\$000 | 1988<br>Written<br>down<br>value<br>\$000 |
|---|----------------------------------|--|--|---|---|
| <b>Infrastructure<br/>(including track)</b> |                                  |  |  |   |   |
| At Board valuation                          | 186,396                          | 2,915                                      | 13,714   | 172,682                                   | 177,989                                   |
| At Cost                                     | 223,484                          | 2,233                                      | 3,698  | 219,786                                   | 178,392                                   |
| <b>Rolling stock</b>                        |                                  |  |  |   |   |
| At Board valuation                          | 66,289                           | 5,818                                      | 23,872   | 42,417                                    | 48,338                                    |
| At Cost                                     | 194,535                          | 9,483                                      | 23,867   | 170,668                                   | 141,702                                   |
| <b>Plant and machinery</b>                  |                                  |  |  |   |   |
| At Board valuation                          | 29,429                           | 2,533                                      | 14,950   | 14,479                                    | 17,193                                    |
| At Cost                                     | 21,295                           | 2,443                                      | 3,597  | 17,698                                    | 12,341                                    |
| <b>Land</b>                                 |                                  |  |  |   |   |
| At Cost                                     | 6,290                            | -  | -  | 6,290                                     | 6,290                                     |
| <b>Buildings</b>                            |                                  |  |  |   |   |
| At Board valuation                          | 62,794                           | 3,179                                      | 11,236   | 51,558                                    | 58,737                                    |
| At Cost                                     | 38,430                           | 1,568                                      | 2,681  | 35,749                                    | 26,298                                    |
| <b>Motor Vehicles</b>                       |                                  |  |  |   |   |
| At Board valuation                          | 1,582                            | 398  | 1,549  | 33  | 431                                       |
| At Cost                                     | 17,761                           | 1,273                                      | 2,360  | 15,401                                    | 6,109                                     |
| <b>Other</b>                                |                                  |  |  |   |   |
| At Board valuation                          | 1,453                            | 258  | 1,127  | 326                                       | 585                                       |
| At Cost                                     | 20,576                           | 4,446                                      | 7,300  | 13,276                                    | 7,906                                     |
| <b>Leasehold<br/>Improvement</b>            |                                  |  |  |   |   |
| At Cost                                     | 5,965                            | 332  | 976  | 4,989                                     | 5,245                                     |
| <b>Work in progress</b>                     |                                  |  |  |   |   |
| At Cost                                     | 119,373                          | -  | -  | 119,373                                   | 167,191                                   |
|   | <u>995,652</u>                   | <u>36,879</u>                              | <u>110,927</u>                                 | <u>884,725</u>                            | <u>854,747</u>                            |

The depreciation charge for the year is charged to the Revenue and Expense statement as follows.

|   | 1989<br>\$000 | 1988<br>\$000 |
|---|---------------|---------------|
| Charged to operating expenses under services and supplies     | 3,187         | 3,094         |
| Charged to operating expenses as depreciation of fixed assets | 30,085        | 26,491        |
| Charged to abnormal expenses                                  | 3,607         | 5,083         |
|   | <u>36,879</u> | <u>34,668</u> |

The depreciation charge for the year includes \$3.187 Million (1988 - \$3.094 Million) for mechanical plant. This amount is included in services and supplies in operating expenses as charges made for the use of this mechanical plant.

The Authority is committed to a complete revaluation of its land holdings. However, the scale of any overall exercise to revalue such assets would require extensive use of external resources and would incur considerable expenditure. The Authority is progressively selling surplus land and houses pursuant to the Government's asset disposal policies. As the stock of land and building declines, an overall revaluation exercise will become more feasible.

Note 16 - Leased assets

1. Leased assets (see note 3)

|                    | Capital-<br>ised<br>Cost<br>\$000 | Accum-<br>ulated<br>Amort-<br>isation<br>\$000 | 1989<br>Una-<br>mortised<br>Value<br>\$000 | 1988<br>Una-<br>mortised<br>Value<br>\$000 |
|--------------------|-----------------------------------|--|--|--|
| Suburban carriages | -                                 | -  | -  | 103,021                                    |
| Country carriages  | 33,176                            | 6,204  | 26,972                                     | 27,461                                     |
| Locomotives        | 34,028                            | 9,849  | 24,179                                     | 28,609                                     |
| Freight wagons     | 70,181                            | 21,105   | 49,076                                     | 59,049                                     |
|                    | <u>137,385</u>                    | <u>37,158</u>                                  | <u>100,227</u>                             | <u>218,140</u>                             |

2. Deferred profit/loss on sale of assets (see note 3)

(a) Profit

|   | 1989<br>\$000 | 1988<br>\$000 |
|---|---------------|---------------|
| Unamortised profit at 1 July  | 8,043         | 43,968        |
| Amortisation for year -<br>(Note 5)   | (723)         | (3,674)       |
|   | <u>7,320</u>  | <u>40,294</u> |
| Unamortised profit written<br>back on centralisation of<br>lease - (Note 8) | (7,320)       | (32,251)      |
| Unamortised profit at 30 June   | <u>-</u>      | <u>8,043</u>  |

|   |              |              |
|---|--------------|--------------|
| (b) Loss  | 1989         | 1988         |
|   | \$000        | \$000        |
| Unamortised loss at 1 July  | 3,723        | 4,071        |
| Amortisation for year -<br>(Note 6)                                       | (290)        | (348)        |
|   | <u>3,433</u> | <u>3,723</u> |
| Unamortised loss written back<br>on centralisation of lease -<br>(Note 8) | (3,433)      | -            |
|   | <u>-</u>     | <u>3,723</u> |

Note 17 - Inter-authority account - MTA

The Inter-Authority account is made up of various charges to the MTA as follows:-

|  |                |                |
|--|----------------|----------------|
|  | 1989           | 1988           |
|  | \$000          | \$000          |
| Employee benefits                                | 115,438        | 80,485         |
| Provision for claims and<br>workers compensation | 3,585          | 3,585          |
| Depreciation of fixed assets                     | 33,140         | 33,140         |
| Amortisation of leased assets                    | 24,147         | 16,038         |
| Other  | 22,037         | 18,516         |
|  | <u>198,347</u> | <u>151,764</u> |

Note 18 - Capital Commitments

As at 30 June 1989, the Authority has entered into contracts for the supply of components and capital equipment at an estimated value of \$16.673 Million (1988 \$35 Million).

Note 19 - Contribution from Victorian Government

|  | Oper-<br>ating<br>Grants<br>\$000 | Contri-<br>buted<br>Capital<br>\$000 | 1989<br>Total<br>\$000 |
|--|-----------------------------------|--------------------------------------|------------------------|
| Recurrent appropriations   |                                   |                                      |                        |
| Contribution towards operation   | 195,335                           |                                      | 195,335                |
| Government grants for:   |                                   |                                      |                        |
| Superannuation   | 81,804                            |                                      | 81,804                 |
| Pre-Workcare Workers<br>Compensation                                       | 5,785                             |                                      | 5,785                  |
| Transfer Redeployment and<br>Redundancy scheme                             | 16,910                            |                                      | 16,910                 |
| Finance charges  | 15,349                            |                                      | 15,349                 |
| Appropriations for Works and<br>Services and lease principal<br>repayments | 3,717                             | 104,587                              | 108,304                |
| Payments into public account   |                                   | (29,222)                             | (29,222)               |
|  | <u>318,900</u>                    | <u>75,365</u>                        | <u>394,265</u>         |
|  |                                   |                                      |                        |
|  | Oper-<br>ating<br>Grants<br>\$000 | Contri-<br>buted<br>Capital<br>\$000 | 1988<br>Total<br>\$000 |
| Recurrent appropriations   |                                   |                                      |                        |
| Contribution towards operation   | 175,200                           |                                      | 175,200                |
| Government grants for:   |                                   |                                      |                        |
| Superannuation   | 70,841                            |                                      | 70,841                 |
| Pre-Workcare Workers<br>Compensation                                       | 7,300                             |                                      | 7,300                  |
| Transfer Redeployment and<br>Redundancy scheme                             | 21,731                            |                                      | 21,731                 |
| Finance charges  | 24,490                            |                                      | 24,490                 |
| Appropriations for Works and<br>Services and lease principal<br>repayments |                                   | 108,182                              | 108,182                |
| Payments into public account   |                                   | (21,703)                             | (21,703)               |
|  | <u>299,562</u>                    | <u>86,479</u>                        | <u>386,041</u>         |

#### Note 20 - Operating leases

As at 30 June 1989, the Authority has outstanding lease commitments not provided for in these financial statements totalling \$139.270 Million (1988 \$107.447 Million) payable as follows:-

|  | 1989           | 1988           |
|--|----------------|----------------|
|  | \$000          | \$000          |
| Payable within one year                  | 10,289         | 7,335          |
| Payable between one year and two years   | 10,161         | 7,268          |
| Payable between two years and five years | 30,292         | 21,263         |
| Payable after five years                 | 88,528         | 71,581         |
|  | <u>139,270</u> | <u>107,447</u> |

#### Note 21 - Event subsequent to Balance Date

With the enactment of the Transport (Amendment) Act 1989, the State Transport Authority and the Metropolitan Transit Authority were abolished and the Public Transport Corporation was established and became the successor in law to these Authorities as from 1 July 1989. This occurrence has had no impact on these financial statements.

#### Note 22 - Reconciliation of net deficit for the year with the net inflow of funds

|  | 1989          | 1988         |
|--|---------------|--------------|
|  | \$000         | \$000        |
| Net deficit for the year   | 211,628       | 45,639       |
| Less items not involving movement of cash                          |               |              |
| Depreciation of fixed assets                                       | (36,879)      | (34,668)     |
| Amortisation of leased assets                                      | (15,387)      | (6,970)      |
| Increase in employee benefits                                      | (167,985)     | (52,953)     |
| Amortisation of deferred profit on sale of assets                  | 8,043         | 35,925       |
| Amortisation of deferred loss on sale of assets                    | (3,723)       | (348)        |
| Deferred profit on sale of investments                             | (8,200)       | -            |
| Decrease in provision for claims                                   | 4,332         | 9,340        |
| Write back of provision for diminution in the value of investments | -             | 1,043        |
| Assets capitalised in previous year now written off                | (18,475)      | (4,241)      |
| Amortisation undercharged to MTA in previous years                 | 4,585         | -            |
| Fixed assets written off in previous years now capitalised         | 10,162        | -            |
| Net inflow of funds  | <u>11,899</u> | <u>7,233</u> |

Note 23 - Crown Land

Certain designated areas of Crown Land of which the Authority has exclusive use are not recorded in these financial statements. The Department of Management & Budget Working Party, which includes representatives of the Authority, is currently considering the recording of such land by the Authority as an asset.



# AUDITOR- GENERAL'S REPORT

The accompanying financial statements comprising revenue and expense statement, balance sheet, consolidated statement of changes in equity, statement of sources and applications of funds and notes to the financial statements of the State Transport Authority have been audited as required by the *Transport Act 1983* and in accordance with Australian Auditing Standards.

As indicated in note 4(4) to the accounts, track recorded at \$315.6 million and included as part of infrastructure in the balance sheet is not subject to depreciation. This practice is a departure from the Australian Accounting Standard AAS4 "*Depreciation of Non-Current Assets*" and, in my opinion, depreciation, which allocates the cost of an asset over its useful life, should have been provided on track and included as an expense in the revenue and expense statement.

As indicated in note 23 to the accounts, the Authority has the exclusive use of designated areas of crown land, the value of which has not been recorded as an asset in the balance sheet. As the Authority accepts substantially all the risks and benefits incidental to ownership of the land, it is my opinion that all crown land used exclusively by the Authority should have been valued and recorded as an asset in the balance sheet of the Authority.

In my opinion, except for the effect of the matters referred to above, the financial statements present fairly the state of the affairs of the State Transport Authority as at 30 June 1989 and the results of its operations for the year ended on that date in accordance with Australian Accounting Standards.

MELBOURNE  
31/10/1989

  
C.A. BARAGWANATH  
*Auditor-General*

SUPPLEMENTARY  
INFORMATION

STATE TRANSPORT AUTHORITY

SUPPLEMENTARY INFORMATION  
FOR THE  
PERIOD ENDED 30 JUNE 1989

AT 30th JUNE 1989

## Staff Employed

|                               | 1989         |            |               | 1988          |            |               |
|-------------------------------|--------------|------------|---------------|---------------|------------|---------------|
|                               | Male         | Female     | Total         | Male          | Female     | Total         |
| Management and Administration | 858          | 61         | 919           | 856           | 51         | 907           |
| Supervisors                   | 563          | 57         | 620           | 594           | 46         | 640           |
| Clerical                      | 1,049        | 328        | 1,377         | 1,108         | 352        | 1,460         |
| Tradesmen                     | 1,262        | 1          | 1,263         | 1,317         | 0          | 1,317         |
| Station                       | 434          | 21         | 455           | 449           | 14         | 463           |
| Signalmen                     | 224          | 2          | 226           | 254           | 2          | 256           |
| Apprentices                   | 291          | 11         | 302           | 346           | 13         | 359           |
| Enginemen                     | 814          | 0          | 814           | 907           | 0          | 907           |
| Driver (other)                | 488          | 0          | 488           | 510           | 0          | 510           |
| Guards and Conductors         | 350          | 12         | 362           | 408           | 4          | 412           |
| Skilled Labourers             | 2,219        | 12         | 2,231         | 2,376         | 12         | 2,388         |
| Unskilled Labourers           | 598          | 164        | 762           | 647           | 162        | 809           |
| Other                         | 210          | 54         | 264           | 253           | 69         | 322           |
|                               | <u>9,360</u> | <u>723</u> | <u>10,083</u> | <u>10,025</u> | <u>725</u> | <u>10,750</u> |

# Statement of Train Locomotive and Vehicle Kilometres

|  | Year Ending 30 June 1989 |                    |          |           |            | Year Ending 30 June 1988 |                    |          |           |            |
|--|--------------------------|--------------------|----------|-----------|------------|--------------------------|--------------------|----------|-----------|------------|
|  | Steam                    | Diesel<br>Electric | Electric | Railmotor | Total      | Steam                    | Diesel<br>Electric | Electric | Railmotor | Total      |
| <b>Traffic Train Distance</b>                        |                          |                    |          |           |            |                          |                    |          |           |            |
| Passenger  | 530                      | 6,899,523          | 0        | 325,168   | 7,225,221  | 14,268                   | 6,805,711          | 0        | 225,371   | 7,045,350  |
| Goods  | 0                        | 5,801,227          | 0        |           | 5,801,227  | 0                        | 6,590,121          | 0        | 0         | 6,590,121  |
| Total Train Kilometres                               | 530                      | 12,700,750         | 0        | 325,168   | 13,026,448 | 14,268                   | 13,395,832         | 0        | 225,371   | 13,635,471 |
| <b>Assistant Distance</b>                            |                          |                    |          |           |            |                          |                    |          |           |            |
| Passenger  | 0                        | 467,635            | 0        |           | 467,635    | 264                      | 523,309            | 0        | 0         | 523,573    |
| Goods  | 0                        | 3,609,757          | 0        |           | 3,609,757  | 0                        | 3,265,466          | 0        | 0         | 3,265,466  |
| Total Assistant Kilometres                           | 0                        | 4,077,392          | 0        |           | 4,077,392  | 264                      | 3,788,775          | 0        | 0         | 3,789,039  |
| <b>Light Distance</b>                                |                          |                    |          |           |            |                          |                    |          |           |            |
| Passenger  | 0                        | 493,947            | 0        |           | 493,947    | 415                      | 461,644            | 0        | 0         | 462,059    |
| Goods  | 0                        | 1,258,263          | 0        |           | 1,258,263  | 66                       | 1,801,616          | 0        | 0         | 1,801,682  |
| Total Light Kilometres                               | 0                        | 1,752,210          | 0        |           | 1,752,210  | 481                      | 2,263,260          | 0        | 0         | 2,263,741  |
| Total Traffic Kilometres<br>(Incl. Assist and Light) | 530                      | 18,530,352         | 0        | 325,168   | 18,856,050 | 15,013                   | 19,447,867         | 0        | 225,371   | 19,688,251 |
| <b>Departmental Distance</b>                         |                          |                    |          |           |            |                          |                    |          |           |            |
| Loco Light   | 0                        | 180,943            | 0        |           | 180,943    | 6                        | 175,026            | 0        | 0         | 175,032    |
| Ballast  | 0                        | 234,236            | 0        |           | 234,236    | 0                        | 398,962            | 0        | 0         | 398,962    |
| Instructional  | 0                        | 2,117              | 0        |           | 2,117      | 156                      | 3,852              | 0        | 0         | 4,008      |
| Inspection   | 0                        | 10,748             | 0        |           | 10,748     | 0                        | 3,926              | 0        | 0         | 3,926      |
| Casualty & Doubling                                  | 0                        | 76                 | 0        |           | 76         | 0                        | 55                 | 0        | 0         | 55         |
| Miscellaneous  | 0                        | 17,142             | 0        | 9,782     | 26,924     | 40                       | 21,179             | 0        | 13,747    | 34,966     |
| Total Departmental Kilometres                        | 0                        | 445,262            | 0        | 9,782     | 455,044    | 202                      | 603,000            | 0        | 13,747    | 616,949    |
| Shunting   | 0                        | 96,454             | 0        | 5,356     | 101,810    | 8                        | 130,864            | 0        | 3,920     | 134,792    |

|  | Year Ending 30 June 1989 |                    |          |           |             | Year Ending 30 June 1988 |                    |          |           |             |
|--|--------------------------|--------------------|----------|-----------|-------------|--------------------------|--------------------|----------|-----------|-------------|
|  | Steam                    | Diesel<br>Electric | Electric | Railmotor | Total       | Steam                    | Diesel<br>Electric | Electric | Railmotor | Total       |
| <b>Vehicle Distance</b>                          |                          |                    |          |           |             |                          |                    |          |           |             |
| Passenger  | 4,264                    | 31,220,602         | 0        | 531,315   | 31,756,181  | 85,664                   | 30,897,448         | 0        | 364,796   | 31,347,908  |
| <b>Goods</b>                                     |                          |                    |          |           |             |                          |                    |          |           |             |
| Loaded   | 0                        | 113,861,422        | 0        |           | 113,861,422 | 4,025                    | 115,867,945        | 0        | 0         | 115,871,970 |
| Empty  | 0                        | 35,670,645         | 0        |           | 35,670,645  | 0                        | 45,676,650         | 0        | 0         | 45,676,650  |
| Total Goods                                      | 0                        | 149,532,067        | 0        |           | 149,532,067 | 4,025                    | 161,544,595        | 0        | 0         | 161,548,620 |
| <b>Departmental</b>                              |                          |                    |          |           |             |                          |                    |          |           |             |
| Passenger  | 0                        | 37,578             | 0        | 19,576    | 57,154      | 0                        | 35,827             | 0        | 16,550    | 52,377      |
| Goods Loaded                                     | 0                        | 1,129,203          | 0        |           | 1,129,203   | 0                        | 1,459,961          | 0        | 0         | 1,459,961   |
| Goods Empty                                      | 0                        | 1,024,349          | 0        |           | 1,024,349   | 0                        | 1,358,011          | 0        | 0         | 1,358,011   |
| Total Departmental                               | 0                        | 2,191,130          | 0        | 19,576    | 2,210,706   | 0                        | 2,853,799          | 0        | 16,550    | 2,870,349   |
| Total Vehicle Distance                           | 4,264                    | 182,943,799        | 0        | 550,891   | 183,498,954 | 89,689                   | 195,295,842        | 0        | 381,346   | 195,766,877 |
| <b>Nett Tonne Kilometres</b><br>(000's omitted)  |                          |                    |          |           |             |                          |                    |          |           |             |
| Passenger  | 0                        | 93,708             | 0        |           | 93,708      | 44                       | 96,092             | 0        | 0         | 96,136      |
| Goods  | 0                        | 3,270,804          | 0        |           | 3,270,804   | 0                        | 3,378,108          | 0        | 0         | 3,378,108   |
| TOTAL NET TONNE N.T.K.                           | 0                        | 3,364,512          | 0        |           | 3,364,512   | 44                       | 3,474,200          | 0        | 0         | 3,474,244   |
| <b>Gross Tonne Kilometres</b><br>(000's omitted) |                          |                    |          |           |             |                          |                    |          |           |             |
| Passenger  | 197                      | 1,799,942          | 0        | 26,227    | 1,826,366   | 4,253                    | 1,786,243          | 0        | 18,795    | 1,809,291   |
| Goods  | 0                        | 6,513,748          | 0        |           | 6,513,748   | 0                        | 6,660,978          | 0        | 0         | 6,660,978   |
| Departmental                                     | 0                        | 69,984             | 0        | 806       | 70,790      | 0                        | 110,524            | 0        | 775       | 111,299     |
| Total Gross Tonne G.T.K.                         | 197                      | 8,383,674          | 0        | 27,033    | 8,410,904   | 4,253                    | 8,557,745          | 0        | 19,570    | 8,581,568   |

AS AT 30 JUNE 1989

Statement  
showing  
Locomotives,  
Rail Motor  
Passenger  
Vehicles,  
Coaching, Goods  
and Service  
Stock

|   |  |          |
|---|--|----------|
| ROLLING STOCK                                   |  | No.      |
| Diesel Electric Locomotives                     |  | 283      |
| Diesel Hydraulic Locomotives                    |  | 2        |
| Rail Tractors                                   |  | 49       |
|   | Total                                      | 334      |
| COACHING STOCK                                  |  |          |
| Passenger Carriages, Mail, Luggage & Power Vans |  |          |
| V/Line  |  | 274      |
| Joint Stock                                     |  | 83       |
|   | Total                                      | 357      |
| Brake Vans                                      |  | 98       |
| RAIL MOTOR PASSENGER VEHICLES                   |  |          |
| Bogies  |  | 14       |
| GOODS STOCK                                     |  |          |
| Bogies  |  | 4170     |
| Fixed Wheel                                     |  | 66 (a)   |
|   | Total                                      | 4236     |
| PRIVATELY OWNED TANK WAGONS                     |  | 296      |
| SERVICE STOCK                                   |  |          |
| Bogies  |  | 396      |
| Fixed Wheel                                     |  | 272      |
|   | Total                                      | 668      |
| CONTAINERS                                      |  | 265      |
| SUMMARY   |  |          |
| Locomotives                                     |  | 285 (b)  |
| Rail Tractors                                   |  | 49       |
| Coaching Stock                                  |  | 469 (c)  |
| Bogies  |  | 4566 (d) |
| Fixed Wheel                                     |  | 338      |
| Privately Owned Tank Wagons                     |  | 296      |
| Containers                                      |  | 265      |
| (a)   | Excludes additional 617 permanently stored |          |
| (b)   | Includes 17 1435 mm gauge                  |          |
| (c)   | Includes 58 1435 mm gauge                  |          |
| (d)   | Bogies exchanged as required               |          |

Analysis of  
Revenue,  
Passenger  
Journeys &  
Tonnes  
Carried

FOR YEAR ENDED 30 JUNE 1989

FREIGHT

|                       | 1989               |                         | 1988               |                         |
|-----------------------|--------------------|-------------------------|--------------------|-------------------------|
|                       | Revenue<br>(\$000) | Tonnes<br>Carried (000) | Revenue<br>(\$000) | Tonnes<br>Carried (000) |
| Grains                | 38,306             | 1,882                   | 60,429             | 3,267                   |
| *Grain-Non Cereal     | 1,032              | 68                      |                    |                         |
| Rice                  | 1,224              | 101                     | 1,001              | 89                      |
| Fertilizer Bulk       | 3,238              | 201                     | 3,748              | 245                     |
| Mining and Quarry     | 5,506              | 912                     | 4,589              | 854                     |
| Solid Fuel            | 5,842              | 302                     | 6,301              | 353                     |
| Petroleum Products    | 9,019              | 389                     | 10,370             | 473                     |
| Gypsum                | 2,049              | 91                      | 1,738              | 81                      |
| Other Rural           | 154                | 17                      | 1,187              | 45                      |
| Iron and Steel        | 14,185             | 963                     | 11,207             | 796                     |
| Cement Bulk           | 7,460              | 631                     | 6,432              | 579                     |
| Cement Bagged         | 15                 | 1                       | 193                | 14                      |
| Paper Products        | 4,509              | 160                     | 4,171              | 175                     |
| Motor Vehicles        | 2,749              | 63                      | 2,133              | 51                      |
| Motor Spares          | 864                | 19                      | 1,080              | 33                      |
| Manufactured Products | 1,063              | 65                      | 1,361              | 75                      |
| Containers Shipping   | 20,027             | 1,395                   | 18,209             | 1,269                   |
| Containers Others     | 13,250             | 1,142                   | 10,411             | 926                     |
| Forwarding Agents     | 11,437             | 1,072                   | 10,243             | 1,043                   |
| Processed Food        | 1,448              | 168                     | 1,723              | 216                     |
| Beer                  | 1,674              | 72                      | 1,488              | 71                      |
| Empty Returns         | 193                | 29                      | 285                | 49                      |
| Fast Track LCL        | 7,655              | 143                     | 5,865              | 104                     |
| Fast Track Wagonload  | 829                | 64                      | 1,105              | 93                      |
| Others                | 5,120              |                         | 3,215              |                         |
| †Freight Subsidy      | (5,290)            |                         | (5,270)            |                         |
|                       | 153,558            | 9,950                   | 163,214            | 10,901                  |

\* Included in figures for other rural in 1988.

† Included in above figures but shown as operating grants from Victorian Government in financial statements.

PASSENGER ANALYSIS

|               | Passenger          |                   | Passenger          |                   |
|---------------|--------------------|-------------------|--------------------|-------------------|
|               | Revenue<br>(\$000) | Journeys<br>(000) | Revenue<br>(\$000) | Journeys<br>(000) |
| Commuter      | 11,478             | 3,246             | 10,711             | 3,068             |
| Regional      | 22,035             | 2,007             | 21,972             | 1,856             |
| Intersystem   | 15,701             | 572               | 12,660             | 554               |
| #Concessions  | (9,327)            |                   | (8,560)            |                   |
| Package Tours | 6,245              |                   | 4,759              |                   |
|               | 46,132             | 5,825             | 41,542             | 5,478             |

# Included in above figures but shown separately in financial statements.

|  | 1989<br>Revenue<br>(\$000) | 1988<br>Revenue<br>(\$000) |
|--|----------------------------|----------------------------|
| PARCELS & MAILS  | 7,678                      | 7,677                      |
| TRADING & CATERING   |                            |                            |
| Passenger Services   | 12,089                     | 10,851                     |
| Staff Canteens   | 1,155                      | 1,183                      |
|  | <u>13,244</u>              | <u>12,034</u>              |
| Contributions towards travel concessions from<br>Victorian Government          | 9,242                      | 8,480                      |
| Operating grants from Victorian Government                                     | 318,900                    | 299,562                    |
| Property Rentals   | 7,090                      | 5,829                      |
| Interests received   | 2,225                      | 1,678                      |
| Amortisation of deferred profits on sale of<br>assets under leasing agreements | 723                        | 3,674                      |
| Dividend received from V/L Industries Pty.<br>Ltd.                             |                            | 248                        |
| Other Revenue  | 6,004                      | 8,711                      |
| Proceeds from sale of Fixed Assets   | 20,192                     | 21,031                     |
| Net gain on currency exchange variations                                       |                            | 3,507                      |
| Supply of goods and services   | 28,172                     | 19,344                     |
|  | <u>613,160</u>             | <u>596,531</u>             |

AT 30 JUNE 1989

|                           | Route km        | Track km        |
|---------------------------|-----------------|-----------------|
| Lines Trafficable (a)     | 4,807.73        | 5,179.54        |
| plus Met Lines shared (b) | 239.42          | 471.83          |
| Total                     | <u>5,047.15</u> | <u>5,651.37</u> |

## Length of Railways & Tracks

Note (a) Lines service suspended during year

| Station from | Station to   | Route km      | Track km      | Date<br>Booked<br>Out |
|--------------|--------------|---------------|---------------|-----------------------|
| Horsham      | East Natimuk | 21.30         | 21.30         | 19.10.88              |
| Redcliffs    | Meringur     | 81.56         | 81.56         | 9.12.88               |
|              |              | <u>102.86</u> | <u>102.86</u> |                       |

Note (b) The Met controlled lines for which V/Line pays a share of the costs.