

VicRoads

Annual Report

2014 / 15



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Chief Executive's message



This year VicRoads began a major reform of the way we work with and support the Victorian community. We have drawn our staff and stakeholders together as part of a conversation about how we make a difference to the lives of Victorians.

From their feedback and ideas we developed our Strategic Commitment which was launched in May. This centres on our promise to make lives better through journeys that are safe, reliable, efficient and sustainable, and by judging our performance by our customers' experience.

This is an exciting time for VicRoads as we work towards bringing the three themes of our Strategic Commitment to life; *caring* about people and communities, *sharing* with each other to have greater impact through our collective effort, and *daring* to seize opportunities and take on tough challenges. These themes will shape the way we plan, consult and deliver with Victorians every day.

As one of the lead agencies responsible for road safety in Victoria, we've spent the year on a new education program for our staff and leaders and worked with our road safety partners to think differently about how we will reduce the number of fatalities and serious injuries on our roads. We must continue to reduce Victoria's road toll and challenge any preconceived ideas that this is a challenge we cannot meet.

Australian Bureau of Statistics data released in May tells us Melbourne's population grew by over 97,000 people in 2014. Today we're at 5.8 million and growing. With a longstanding reputation as one of the most liveable cities in the world, we expect Melbourne and Victoria to continue to grow. Seven of the country's top ten growth areas were in Melbourne's outer suburbs and by 2053 we're expected to overtake Sydney as the nation's biggest city.

An efficient, sustainable transport system is central to maintaining our liveability. This year we have also forged greater collaboration with the Department of Economic Development, Jobs, Transport and Resources and Public Transport Victoria to ensure that we are collectively planning the right transport system for our future.

While we work to deliver a range of large and small projects that will support people to travel around Melbourne and our regional centres, we know that no single road project can be the answer to congestion. Our challenge is to make the roads we have work as hard as they can, and to do our part to make a range of transport options safe and attractive to Victorians – driving, cycling, motorcycling, walking and public transport.

Finally, I am also heartened by the progress we have made to focus more on occupational health and safety at VicRoads. We can only deliver high quality services if our staff and contractors are safe and physically and emotionally healthy on work sites and in workplaces around Victoria. We have made some tough decisions in this area and we will continue to look at how we can improve and keep health and safety front of mind.

Accountable officer's declaration

In accordance with the *Financial Management Act 1994*, I am pleased to present the Roads Corporation (VicRoads) Annual Report for the year ending 30 June 2015.

A handwritten signature in black ink, appearing to read 'John Merritt', with a large, stylized initial 'J'.

John Merritt
Chief Executive

28 August 2015

Section 1: Report of operations

Year in review

About VicRoads

Vision, Mission and Values

Vision

The road system helps make Victoria a terrific place to live and run a business. It keeps people connected to each other and businesses connected to their customers. Our actions now must contribute to a vibrant and prosperous future for Victoria.

Values

Our values identify the behaviours that are important to us as we go about our business.

They underpin our ability to effectively serve the community and meet our challenges. Our words, actions and decisions will reflect these values.

Integrity

- be honest, open and transparent
- use our powers responsibly
- report improper conduct
- avoid real or apparent conflicts of interest
- strive to earn and sustain a high level of public trust

Responsiveness

- provide frank, impartial and timely advice to government
- provide high-quality services to the Victorian community
- identify and promote best practice
- impartiality
- make decisions and provide advice on merit and without bias, inconsistency, favouritism or self interest
- act fairly by objectively considering all relevant facts and fair criteria
- implement government policies and programs equitably

Accountability

- work to achieve clear objectives in a transparent manner
- accept responsibility for our decisions and actions
- seek to achieve the best use of resources
- submit ourselves to appropriate scrutiny

Respect

- treat colleagues, other public officials and members of the Victorian community fairly and objectively
- ensure freedom from discrimination, harassment and bullying
- use the views of others to improve outcomes

Leadership

- demonstrate and promote the organisation's values
- communicate clear directions for the future
- provide an environment that allows staff to do their best work
- recognise and value staff for their contributions and accomplishments
- help staff to identify and fulfil their professional potential

Human rights

- make decisions and provide advice consistent with human rights
- actively implement, promote and support human rights

Nature and range of services provided

VicRoads' core services are to plan, develop and manage the arterial road network; deliver road safety initiatives; and provide customer-focused registration and licensing services.

In addition, VicRoads administers several Acts and their related regulations and develops policy relating to road management functions.

Purpose and functions

VicRoads' purpose is to support economic prosperity and liveability by shaping the development and use of Victoria's road system as an integral part of the overall transport system. VicRoads' primary objectives are outlined in section 86 of the *Transport Integration Act 2010*. They include:

- working with others to ensure that the road system operates as part of an integrated transport system that seeks to meet the needs of all transport system users
- managing the road system in a way that supports a sustainable Victoria by encouraging sustainable transport modes and seeking to improve environmental performance while minimising adverse environmental impacts from the road system
- contributing to social wellbeing by providing access to opportunities and supporting liveable communities
- promoting economic prosperity through efficient and reliable movement of persons and goods
- working with others to reduce deaths and injuries arising from road crashes.

VicRoads' functions are outlined in section 87 of the *Transport Integration Act 2010*. They include:

- planning for the road system as part of an integrated transport system
- constructing and maintaining roads and roadsides
- operating the road system by managing access and controlling use
- leading the development and implementation of strategic and operational policies as well as plans to improve the safety of the road system for all users
- providing registration, licensing and accreditation services for the transport system
- developing and implementing effective environmental policies, strategies and management systems
- providing technical, project management, consultancy and information services relating to the transport system
- providing and disseminating information to Victorians about the road system.

Departmental objectives, indicators and progress

The 2014-15 Budget Paper No. 3 Service Delivery outlines objectives and indicators of the Department of Economic Development, Jobs, Transport and Resources (DEJTR) in relation to the roads network. VicRoads' progress on those indicators is illustrated in Table 1 below.

Table 1: Departmental objectives, indicators and progress

Departmental Objectives	Indicators	2015–16 Target	2014–15 Actual	2013–14 Actual	2012–13 Actual
Safer transport services and infrastructure Make safety improvements to transport infrastructure and systems, improve security management, and implement programs to promote safer transport user behaviour	Fatalities and serious injuries on the road network	Fewer than 200 fatalities by 2020	Fatalities: 254 Serious injuries: 5109 (2014 calendar year)	Fatalities: 242 Serious injuries: 5285	Fatalities: 282 Serious injuries: 5124
Well-targeted improvements and maintenance of transport system assets	Distressed freeway and arterial road surfaces	Metropolitan: 7.5% Regional: 8.3%	Metropolitan: 7.52% Regional: 7.46%	Metropolitan: 7.4% Regional: 8.0%	Metropolitan: 7.6% Regional: 7.4%

Initiatives and key achievements

A key initiative for VicRoads in 2014–15 was the development of a new vision for our organisation – our Strategic Commitment. Over the past year there has been significant input from staff, leadership and external stakeholders into the development of a new strategy and a vision for the type of organisation we want to be.

Our Strategic Commitment provides guidance for:

- what we need to focus on and our key objectives
- our behaviours to achieve these objectives
- ensuring we have the right people and systems to reach our goals.

A major priority for VicRoads is to ensure the safety of road users and our staff.

VicRoads has achieved its lowest number of WorkCover claims this financial year.

In February this year the Premier wrote to the Roads Minister requesting that VicRoads and DEJTR undertake an analysis of the potential options for relocating the VicRoads head office. In response to the Premier's request, VicRoads engaged KPMG to undertake the analysis.

The proposed VicRoads office relocation has undergone an Investment Logic Map (ILM) process. This process identified the reasons why we would need to relocate and determined the expected benefits from relocating. The end result of the ILM process identified the options for investigation which include: staying in Kew; moving within metropolitan Melbourne; moving to Regional Victoria and a hybrid option. Any future decision to relocate VicRoads from Kew will be one that is made by the State Government.

VicRoads' key operational initiatives and achievements are outlined on the following pages.

Operational and budgetary objectives and performance against those objectives

VicRoads' corporate plan sets out ongoing initiatives that support the objectives outlined in the *Transport Integration Act 2010* and align with key government strategies for the transport sector. A new corporate plan outlining the strategic direction for 2015-19 has been developed. The current annual report focuses on key objectives outlined in the 2014-18 corporate plan. They are to:

- operate and maintain the road system to help our customers to travel easily and reliably
- develop the road system to improve connections between places that are important to our customers
- improve road safety
- make the road system more environmentally sustainable

Operate and maintain the road system to help our customers to travel easily and reliably

As Victoria's population grows and pressure on our roads network and other modes of transport increases, VicRoads is challenged to extract the best possible performance from the road system. This includes supporting improved integration between roads and public transport and boosting infrastructure for cycling and walking.

Better allocate road space and manage it efficiently and reliably

The Victorian Government is committed to the removal of 50 of the most dangerous and congested level crossings on the metropolitan rail network over the next eight years.

A dedicated Level Crossing Removal Authority has been established to deliver the program. The Authority will oversee construction of each level crossing removal to ensure they are delivered in a coordinated and efficient way. Planning and early consultation has started across Melbourne on the delivery of the full program of 50 level crossing removals.

A strategic plan is being developed for the efficient removal of the 50 level crossings, including the best way to deliver this massive project across the road and rail network. Designs for each level crossing site will be developed and progressively released for community consultation.

There are three packages of works currently underway for the Level Crossing Removal Project

Table 2 - Level Crossing Removal Project: Packages of work and location of crossing removal

Burke, North, McKinnon, Centre Package	Main, Furlong, Blackburn, Heatherdale Package	Caulfield to Dandenong Package	
Burke Road Glen Iris	Blackburn Road Blackburn	Grange Road Carnegie	Centre Road Clayton
Centre Road Bentleigh	Main Road St Albans	Koornang Road Carnegie	Corrigan Road Noble Park
McKinnon Road McKinnon	Furlong Road St Albans	Murrumbeena Road Murrumbeena	Heatherton Road Noble Park
North Road Ormond	Heatherdale Road Mitcham	Poath Road Murrumbeena	Chandler Road Noble Park
		Clayton Road Clayton	

A \$71 million transport improvement project commenced in East Werribee. The project includes the construction of a diamond interchange at the Princes Freeway and Sneydes Road, installing traffic lights at Sneydes Road and Hoppers Lane, upgrades on the Princes Highway at the corners of Sneydes Road, Hoppers Lane and Old Geelong Road, and widening and realignment of Sneydes Road.

The 6.4km Dingley Bypass will link Warrigal Road at Moorabbin and Westall Road at Dingley Village. The \$156 million road will be three lanes each way with an adjacent shared cycle and pedestrian path. The project is due for completion in late 2016.

Work began in September 2014 on the \$66 million Ringwood Station precinct upgrade. The upgrade will deliver modern, integrated transport facilities to Ringwood and will create a safer, more accessible and attractive place for people to live, work and visit.

Encourage changes to travel behaviour that support an efficient transport system

In 2014–15, the State Budget provided \$23.3 million in funding towards the Relieving Congestion on Suburban Roads Program. This program commenced in 2014–15 and will be delivered over three years. It consists of a package of smaller road works and operational improvements to relieve traffic congestion at the following locations:

- Dandenong-Frankston Road, Wedge Road and Boundary Road (currently underway)
- Para Road and Rattray Road
- Sladen Street from Codrington Street to Narre Warren Cranbourne Road (currently underway)
- Princes Highway East (Dandenong Road).

The Victorian Government and VicRoads share a commitment to making cycling and walking safer for all Victorians. The government's \$100 million Safer Cyclists and Pedestrians Fund will invest in new, dedicated paths and routes across Victoria, keeping bicycles and pedestrians away from traffic. The fund focuses on improving routes to train stations and the CBD, creating new routes in regional areas, filling the missing links in the existing bicycle network, and pedestrian crossings, markings and signs.

Cycling as a mode of transportation is growing. Cycling trips to work in metropolitan Melbourne increased by 45% from 2006 to 2011. To support the growing number of cyclists, strategic cycling corridors will be developed to enable cyclists to access important destinations such as the major employment, education and health centres, major sports and entertainment precincts and major public transport interchanges. Projects will also be developed at locations where there are gaps in the existing bicycle network to improve safety and encourage greater participation among cyclists.

The investment will encourage more people to ride bicycles by improving existing bicycle routes and providing continuous and connected bicycle lanes and paths that separate cyclists from motor vehicles.

During 2014–15 bicycle improvement works were delivered at the following locations under the VicRoads Bicycle Infrastructure Program:

- Whitehall Street and Parker Street intersection, Footscray
- Footscray Road West and Pearl River Road intersection, Footscray
- Footscray Road West and Waterfront Way intersection, Footscray
- Victoria Parade and Lansdowne Street, East Melbourne
- Wellington Street and Glenferrie Road intersection, Kew
- Bendigo-Eaglehawk Road and Fenton Street, Long Gully
- Ewing Blyth Drive (Thirteenth Beach Road to Bridge Road), Barwon Heads
- Benetook Avenue, Mildura
- Belmore Road between Buchanan Avenue and Hilda Street, Balwyn
- High Street between St Kilda Road to Maitland Street, Armadale/Prahran
- Barkly Street (Hoddle Main Road) between Carlisle Street and Inkerman Street, St Kilda
- High St at Barkers Road, Hawthorn
- Murrumbeena Road between North Road and Crosbie Road, Murrumbeena
- Beach Road between Balcombe Road and Bluff Road, Black Rock
- Mountain Highway at Miller Road/Liverpool Road, The Basin
- Sydney Road between Albion Street and Barkly Street, Moreland.

Other bicycle works that were funded and delivered include:

- Green bicycle lanes on Chapel Street, South Yarra
- Part of the Hallam Road Upgrade, Hampton Park where a shared pedestrian and bicycle path on the east side between Pound Road and Ormond Road was installed
- Part of the Stud Road Upgrade, Wantirna where bicycle and pedestrian paths were upgraded and extended to separate cyclists from the main traffic
- Part of the Cardinia Road, Officer where a new shared path for cyclists and pedestrians along the west side of Cardinia Road was installed
- Part of the Warragul Rail Precinct Upgrade where a shared-use path was installed on the west side of the new underpass.

Box Hill section of the Box Hill to Ringwood Bike Path – The Box Hill to Ringwood Bike Path is a 10 kilometre walking and cycling connection, including a combination of off-road shared use paths for cyclists and pedestrians, as well as on-road bike facilities. The project is expected to be completed in mid 2017.

Maintain assets to service levels that meet customer needs

VicRoads manages Victoria's arterial roads and freeways. This includes maintaining 55,000 lane kilometres of road pavement, 80,000 hectares of road reservation, 7,000 structures, 3,500 traffic lights and 13,500 freeway street lights, as well as many other road assets. VicRoads also contributes 60% of the cost to maintain 80,000 arterial road street lights that provide the community with improved safety and amenity.

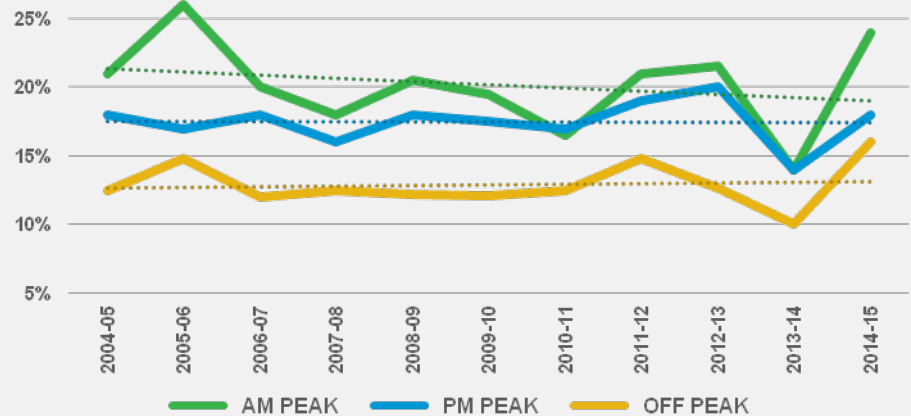
In 2014–15, VicRoads spent \$468.5 million maintaining these assets to ensure that the road network remained safe and accessible for all members of the community. As part of its maintenance works, VicRoads delivered \$157.5 million in pavement resurfacing to add a new waterproof layer on top of the road pavement. This protects the structure underneath the pavement preventing deterioration and delaying the need for expensive road rebuilding. In 2015–16, VicRoads will continue to maintain the road network within its current funding allocation, which will include the commencement of a two-year program to strengthen the highest priority bridges to enable them to cater for heavier freight vehicles.

Key performance indicators

Travel time variability

Travel time variability is an indication of the difference in travel times on different days on the monitored network. The trend over the last 10 years shows that travel time variability has been decreasing during the morning peak period and has stayed relatively stable during the afternoon peak and off-peak periods.

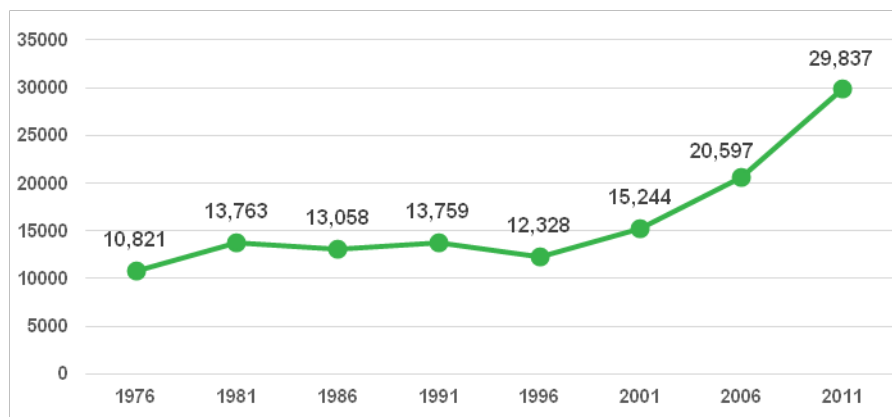
Figure 1 - Travel time variability



Number of cycling trips to work in Metropolitan Melbourne

From 2001 to 2011, the number of trips to work by bicycle has increased by approximately 95% (based on data from the 2011 Census).

Figure 2 - Number of cycling trips to work in Metropolitan Melbourne

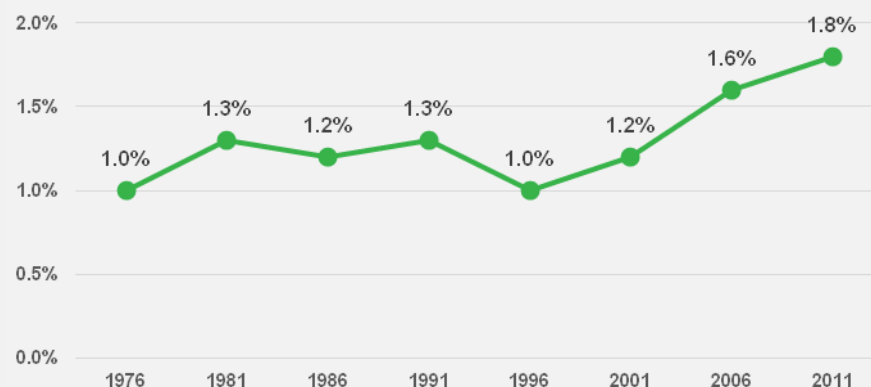


Percentage mode share by bicycle in Metropolitan Melbourne

Over a 10-year period there has been continued growth in the proportion of bicycle trips to work in Melbourne.

According to the 2011 Census, bicycle trips represent 1.8% of all work-based trips in metropolitan Melbourne.

Figure 3 - Percentage mode share by bicycle in Metropolitan Melbourne



Develop the road system to improve connections between places that are important to our customers

Upgrade roads to tackle congestion

Melbourne's strong population growth is predicted to continue, bringing with it increased congestion on the arterial road network. Increased traffic congestion has the potential to cause delays and frustration for commuters and limit accessibility for all road users. Works are underway to tackle the issue of traffic congestion.

Projects commenced in 2014–2015 include:

- Koo Wee Rup Bypass (\$66 million) .
- An intersection upgrade at Palmers and Leakes Roads Truganina. The \$2.9 million project will add an additional turning lane in both directions on Leakes Road, a second turning lane from Palmers Road into Leakes Road and upgraded traffic signals. The work is expected to be completed by November 2015.
- Works began in January 2015 on a \$16.2 million project to widen High Street Road between Stud Road and Burwood Highway in Wantirna South to two lanes in each direction, including a new shared use path south of High Street Road. The work is due to be completed in mid 2016.
- Planning commenced in February 2015 for the upgrade of Thompsons Road, Cranbourne. Preliminary activities have included design, surveys, environmental studies, traffic modelling and stakeholder consultation.

Projects completed in 2014–15 include:

- Airport Drive extension (Tullamarine) – the \$100 million project to extend Airport Drive from the Western Ring Road to Melbourne Airport was opened in June 2015.
- A \$13.9 million project which widened and upgraded Stud Road at Wantirna, providing two lanes in each direction between Boronia Road and Mountain Highway, was completed in October 2014.
- A \$26 million upgrade of the Warragul Rail precinct was completed in March 2015. The work included a new rail underpass, new signalised intersection at Normanby Place and Queen Street, new signals at the Howitt Street and Alfred Street intersection plus a 200 space car park and bus interchange.
- A new interchange project on the Western Highway at Ballarat was completed in April 2015. The project, part of the wider Western Highway duplication project, reconnected a section of the Avenue of Honour that had been severed in 1983.
- Geelong Ring Road Section 4C - a \$90.4 million project to provide a more effective route for freight and tourist traffic heading to the Surf Coast at Baanip Boulevard, Geelong was completed in June 2015.

Projects ongoing in 2014–15

- A \$260 million project to upgrade the Princes Highway from Traralgon to Sale continued during 2014–15. Significant milestones in the past year were the opening of the Stammers Road to Minniedale Road section in Traralgon East, opening of the Nambrok section and commencement of the Fulham section.
- A \$533 million project to duplicate the Princes Highway from Waurn Ponds to Winchelsea and Winchelsea to Colac achieved a major milestone with the majority opening of the Waurn Ponds to Winchelsea section in May 2015.

Upgrade the road system to support freight productivity

The Australian Government committed \$229 million nationwide under the new National Highway Upgrade Programme (NHUP).

As part of this program, Victoria received \$35.07 million in funding in the 2014-15 Federal Budget, with \$28 million going towards bridge strengthening on the Hume Freeway, Monash Freeway, Western Highway and Goulburn Valley Highway to cater for High Productivity Vehicles. The Victorian Government contributed \$8.73 million to the program.

The federally-funded Heavy Vehicle Safety and Productivity Programme (HVSP) aimed to improve productivity by enhancing the capacity of existing roads and improving connection to freight networks as well as safety of heavy vehicle operations.

The Australian Government has committed \$200 million in new funding for HVSP nationwide over five years from 2014-15. On 3 March 2015, Deputy Prime Minister and Minister for Infrastructure and Regional Development Warren Truss announced \$3.6 million federal funding towards the program in Victoria. This saw five projects funded, four of which are on arterial roads the other on a local road.

Projects funded in 2014-15 (Round 4) were:

- Road Upgrade - Truck Turnarounds - Princes Highway East, Mount Drummer 95km east of Orbost. Total Project Cost: \$1,628,000.
- Upgrade Rest Area - Flat Rock - Hume Freeway - 8km south west of Euroa. Total Project Cost: \$1,920,000.
- New Rest Area - South Road - Moorabbin. Total Project Cost: \$1,240,000.
- New and Upgraded Rest Areas - Princes Highway East - Bruthen 115km east of Sale. Total Project Cost: \$1,638,000.
- Hume City Council Road Upgrade - Potter Street, Craigieburn, 24km north of Melbourne. Total Project Cost: \$896,000.

Round 3 of the program in 2012-13 saw seven road projects being funded, the majority of these projects reached completion over 2014-15.

The Princes Highway East Duplication between Traralgon and Sale is being progressively upgraded as a safer and more efficient four-lane divided highway. The \$175 million project, jointly funded by the Victorian Government and the Australian Government, is a key project identified in the Australian Government's Infrastructure Investment Programme.

The 1.7km section between Stammers Road to Minniedale was opened to traffic in January 2015, with works commencing in July 2013, while the 2.8km section at Namrok was completed in April 2015. The duplication is aimed at improving safety for all road users and providing freight efficiency between Melbourne and Sale.

Ongoing sections include:

- Duplication of an 8.3km section from Flynn to Rosedale (construction commenced in May 2014, expected to be completed in mid 2016)
- Duplication of a 2.9km section from Fulham to Wurruk (Construction commenced in April 2015, with an expected completion in late 2016).

The \$171 million Princes Highway West Duplication project between Waurn Ponds and Winchelsea reached a major milestone on 28 October 2014, with the first 3.5km section between Waurn Ponds and Winchelsea open to traffic. The remaining sections are expected to be fully open to traffic towards the end of 2015.

Works also commenced in late 2014-15 for the Princes Highway West duplication between Winchelsea to Colac. The \$363 million project is expected to be completed in mid 2019. Concept designs and preliminary works for all sections progressed throughout 2014-15. Over half a billion dollars have been contributed to upgrading the Western Highway, to support the key transport corridor between Melbourne and Adelaide. Traffic volumes on this corridor are expected to increase from the current 6,500 vehicles per day west of Ballarat and 23,000 per day between Melbourne and Ballarat. The upgrades include:

- Duplication of the Western Highway (\$662.3 million) between Ballarat and Stawell, with Section 1 (Ballarat to Beaufort) opening to traffic in February 2015. By the end of 2014-15, 34km of highway had been duplicated. Part of Section 2 (Beaufort to Buangor and the Buangor Bypass) commenced in 2014 and is expected to be completed in March 2016.
- Upgrades between Stawell and the South Australian border (\$50 million) including new overtaking lanes, rest area improvements, bridge upgrades and planning for a Horsham bypass. Works completed in 2014-15 include the completion of the Golton rest area, the Lochiel Bridge barrier upgrade and the installation of an Intelligent Transport System sign west of Kaniva.
- Planning for bypasses of Beaufort and Ararat (\$4 million).

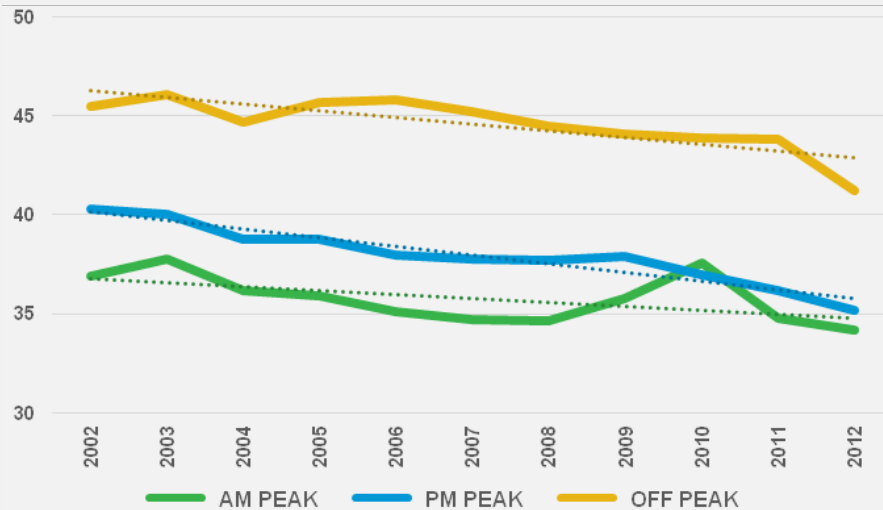
Key performance indicators

Based on VicRoads' annual Traffic Monitor report, between 2002 and 2014:

Average travel speed

Average travel speed has been decreasing over the last 10 years in both peak and off-peak periods.

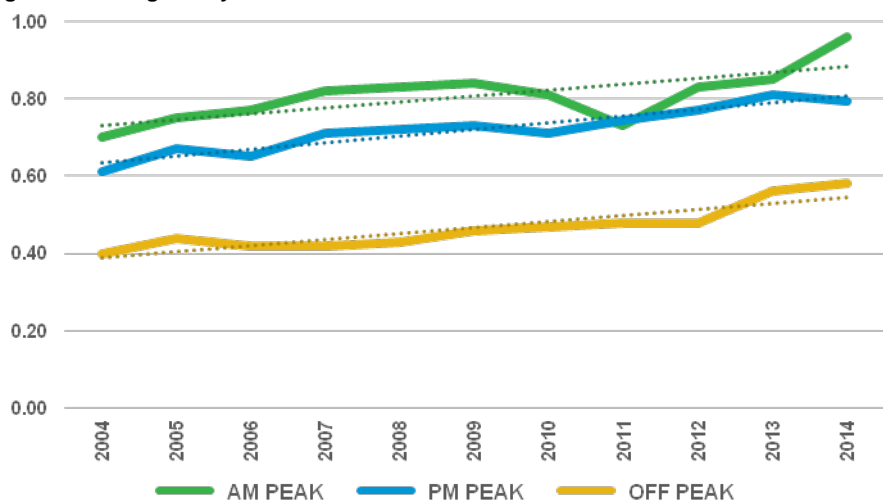
Figure 4 - Average travel speed



Average delay

Over the 10-year period from 2003–2013, the trend shows that average delay on the monitored network has increased during both peak and off-peak periods. Average delay has been increasing at the greatest rate during the afternoon peak period and least during the morning peak period.

Figure 5 - Average delay



Total vehicle kilometres travelled in Melbourne

Road use in Melbourne experienced fairly consistent growth from 2003 with the trend showing growth of approximately 17% over the 10 years from 2003 to 2013. Growth has been particularly strong since 2006.

Improve road safety

A key purpose for VicRoads under the *Transport Integration Act* is to improve the safety of the road system for all users and reduce deaths and injuries. Over the past financial year VicRoads has undertaken a broad range of activities aimed at ensuring all users on Victoria's roads arrive at their destination safely.

Improve when and how people and vehicles are granted access to the road network

Strengthening VicRoads' capacity to deliver Road Safety

Over late 2014 and early 2015, VicRoads embarked on a major initiative to build a broad-based approach to road safety. *Step Up* is a VicRoads-wide program that introduces staff to the Safe System approach, which has been effective in reducing fatalities and serious injuries in leading countries with low trauma rates. All staff are encouraged to complete a short e-learning module that provides an outline of Safe System ideas and practical Safe System examples. For senior VicRoads staff, a 20-hour workshop details current ideas in road safety and highlights the ways Safe System thinking differs from traditional approaches to making road use safer.

Young and novice drivers

P Drivers Project

The P Drivers Project is one of the largest and most comprehensive projects of its type. The Project involves the development and evaluation of a behavioural change program for completion by young drivers in their first months of licensing, which is when young driver crash risk is at its highest. The program is designed to increase awareness among young drivers of the factors which contribute to their elevated crash risk, and to improve safe driving behaviour among novice drivers. The program includes two facilitated peer group discussions and an in-vehicle, on-road coaching session.

Newly-licensed drivers aged 18 to 22-years living in Melbourne, Geelong, Bendigo, Ballarat and the surrounding areas were recruited to take part in the project. Participants were allocated randomly to either the "Program group" (complete the Program and a series of surveys) or the "Survey group" (complete surveys only). The surveys collect self-report data on variables including crashes and driving behaviour, and are administered to project participants at several time points: pre-program, 1 and 12 months post-program. Data collection on the project is due for completion in mid-2016, with almost 5,000 participants in total expected to complete the study.

L2P program

L2P is a learner driver mentor program that assists learners under 21 years of age to gain the 120 hours driving experience required to apply for a probationary licence to reduce the crash risk of newly licensed drivers. Under the program, young people who do not have access to a supervising driver or vehicle are matched with a fully-licensed volunteer mentor, who is trained and screened, and given access to a sponsored vehicle in which to gain supervised driving experience.

There are currently 63 local government and community based organisations across Victoria running L2P programs.

Participants have collectively accrued on average around 90,000 driving hours and 850 probationary licences per year. Since the program's inception, L2P has helped ensure that close to 6,000 young people have received supervised driving practice. The L2P Program is funded by TAC and managed by VicRoads.

Keys Please program

The Keys Please program is a free, 45-minute information session for Year 10 students about how to use the learning to drive period, get 120 hours of practice and become safe drivers. The sessions are delivered by a trained facilitator at school.

A total of 585 Keys Please sessions were delivered to Year 10 students, covering more than 80 per cent of Victorian schools and colleges during the 2014–15 financial year.

Access to safer vehicles for young drivers

In order to provide young drivers with access to a wider range of modern cars with advanced safety features, the probationary prohibited vehicle restrictions have been amended to permit young drivers to use modestly-powered turbocharged vehicles. This change has also substantially reduced the administrative burden associated with processing exemptions for lower performance turbocharged vehicles.

Novice Motorcyclists

Motorcycle Graduated Licensing System

While the road toll among car drivers, including novice drivers, has decreased over recent years, the fatalities among motorcyclists have not decreased by the same extent. Research indicates that inexperience is a major contributor to Victorian motorcycle crashes, with learner and first-year licensed riders comprising almost one-third of all motorcycle fatalities and serious injuries.

In 2014, Victoria introduced the first phase of the motorcycle graduated licensing system. From 1 October 2014, new motorcycle learner permit holders became subject to additional conditions including the requirement to ride with the headlight on at all times, to carry their permit or licence, to not tow a trailer and to only use a learner approved motorcycle. Riders who completed their test on a scooter will only be permitted to ride an automatic motorcycle on the road. Learners are now required to wear a high visibility vest or jacket. The period for which novice riders are subject to restrictions has increased from one year to three years.

Assisted Rides Research

While rider training is often proposed as a solution to the high numbers of novice motorcyclists killed or injured in road crashes, there is little research that supports this approach. In a world-first, VicRoads conducted a trial to evaluate the safety effects of on-road coaching for newly-licensed motorcyclists.

The trial tracked the offence and crash histories of 2,400 riders over a 12-month period. Half of the sample group took part in a half-day, on-road ride, assisted by a trained coach with extensive riding experience. The other half were offered the opportunity to take the same program, but were asked to wait until a year later. This allowed the researchers to compare the two groups to see whether, in the intervening year, differences arose between the safety histories of those who did the program immediately and those who waited.

Build safety into road design, road operations and vehicles with a focus on integrating these elements

Vehicles

Through VicRoads, Victoria continues to participate in the Australasian New Car Assessment Program, Vehicle Safety Research Group and Safe Wheels Save Lives simulator programs. These public education programs drive consumer preferences for safer vehicles, and in turn increase market demand for vehicle manufacturers to deliver safer vehicles to Victorians.

In partnership with the Commonwealth Department of Infrastructure and Regional Development, VicRoads has prepared a research report that will underpin a proposed regulatory requirement for mandatory motorcycle Anti-lock Braking System (ABS) on new motorcycles. A draft report has been received with the final report to be released in the third quarter of 2015.

Road design and operations

Since August 2014 a total of 208 projects valued at approximately \$234.67 million have been approved under the \$1 billion Safe System Road Infrastructure Program (SSRIP) that was announced in March 2013.

These road projects will significantly improve the safety of all road users in both Melbourne Metropolitan and regional Victoria. The projects have been developed to maximise return on investment by having the greatest impact on reducing serious casualties.

Projects completed under the SSRIP during 2014–15 include:

- A \$1 million project to improve street lighting and install new signage, right-turn signals and skid resistant road surfacing on the Melton Highway at the McCubbin Drive, Overton Lea Boulevard and Sydenham Road intersections in Taylors Lakes.
- A \$250,000 SSRIP project, co-funded by the Victorian Government and Moonee Valley City Council, to reduce the speed limit from 60km/h to 40km/h between Elstone Court and Prince Street from 8am to 10pm, seven days a week.
- A \$393,000 safety upgrade to Frankston–Flinders Road/Deanswood Drive and Peter Kent Drive intersection in Somerville.
- A \$681,000 safety upgrade of Murrumbeena Road between North Road and the Crosbie Road/Leila Road intersection.
- A \$756,000 safety upgrade at Princes Highway/Potter Street in Dandenong.
- A \$2.75 million project to improve safety at the interchange of Benalla–Winton Road/Hume Freeway interchange at Winton was completed in May 2015.

The following SSRIP projects commenced during 2014–15:

- A \$2.3 million project to improve safety on an 8km section of Sunbury–Riddells Creek Road between Phillip Drive/Canterbury Avenue in Sunbury to Jacksons Creek bridge. The works are expected to be completed by the end of 2015.
- A \$140,000 SSRIP project to reduce the speed limit from 60km/h to 40km/h on The Broadway between High Street and Whitelaw Street in Reservoir. The new speed limit will apply between 8am and midnight.
- A \$1.65 million project which included traffic lights being installed at the intersection of Waverley Road, Glenwood Avenue and Aristoc Road in Glen Waverley. The work is due to be completed in September 2015.
- A \$789,000 safety upgrade to the intersection of Forster Road and Monash Freeway.

In 2014 a total number of 138 road improvement projects, valued at \$39.15 million, were submitted to the Australian Government under the Federal Black Spot Programme. These projects will be delivered in 2015–16 following an announcement by the Federal Government on 23 July 2015. These projects target safety improvements for the local road network.

The upgrade of the Calder Highway/Calder Alternative Highway intersection in Ravenswood will increase the effectiveness of one of the state's busiest freight corridors, helping to boost the local and regional economy, while significantly improving safety for all motorists. The distinctive design incorporates a large circulating road (a bit larger than the MCG), as well as two bridges to safely carry traffic over two new Calder freeway carriageways for both Bendigo and Melbourne bound traffic.

Assist people to take responsibility for making safe choices

Implementation of the expanded Victorian Alcohol Interlock Program

On 1 October 2014, new laws came into effect that extends the requirement to fit an alcohol interlock as the result of a drink-driving offence. From this date, any drink-driver whose driver licence or permit is cancelled must fit an alcohol interlock to any vehicle they drive as a condition of regaining a licence. The new laws mean that all drink-drivers, other than first time drink-drivers who hold a full licence and have a BAC reading below 0.07 and some commercial drivers with low BAC readings, will be required to use an alcohol interlock. This initiative is expected to result in more than 5,000 additional alcohol interlock conditions each year, with an estimated road safety benefit of up to 87 serious casualties prevented annually.

Travel Happy campaign

Travel Happy is a new road safety campaign with a positive message targeting behaviour change. Launched in April 2015, Travel Happy urges Victorians to respect other road users as part of an awareness campaign aimed at improving behaviour on the roads.

The program includes messages helping road users to better understand how pedestrians, cyclists, motorcyclists, car and truck drivers can take account of one another's needs.

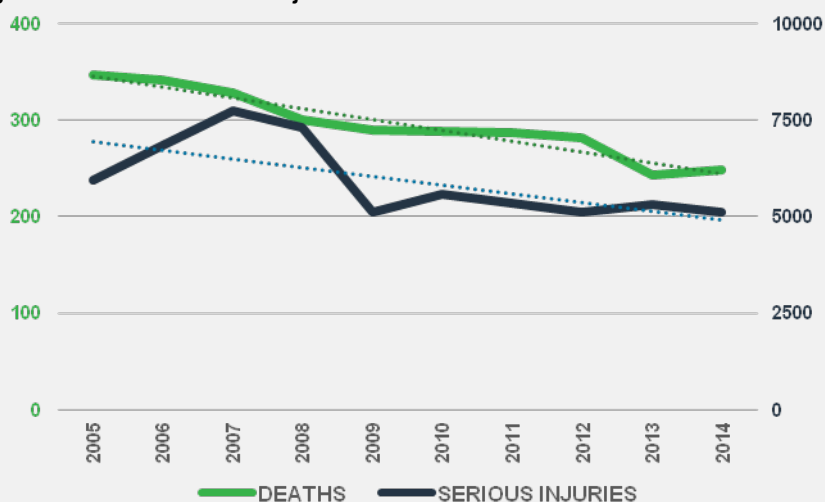
Key performance indicators

Deaths and serious injuries

It should be noted that there is a discontinuity of and variability in the serious injury data as a result of the implementation of the new Police Traffic Incident System (TIS) in December 2005. With the new data collection process, the serious injury definition is dependent on the ability to determine whether a person has been admitted to hospital.

Significant improvements in processes have been made and this is reflected in the serious injury number reduction.

Figure 6: Deaths and Serious Injuries in Victoria from 2005



Make the road system more environmentally sustainable

Road transport is a major contributor to greenhouse gas emissions and consumer of natural resources. We need to develop innovative ways to improve resource efficiency and promote low carbon transport operations to modify effects of:

- increased land consumptions
- noise and air pollution.

More extreme weather and natural disasters are testing our emergency response and making it harder to predict and adapt asset maintenance regimes to maintain smooth and safe roads. We need to adapt the road system to minimise the impact of a changing climate and our emergency response to extreme weather and individual disasters.

VicRoads takes its environmental responsibility very seriously and is committed to ensuring it minimises its impact on the environment. By making the road system more environmentally sustainable VicRoads will contribute to addressing the challenges of climate change and ensure our road system is equipped to face these challenges into the future.

Manage the road system to help reduce Victoria's carbon emissions

Over the past financial year VicRoads has continued to plan, manage and develop the road system to help reduce Victoria's carbon emissions and minimise the impact on the environment of our transport system.

In supporting a reduction of transport related carbon emissions, VicRoads initiated a number of projects in 2014–15 including:

- commencing the implementation of a freeway management system on the Monash Freeway, between High Street and Warrigal Road, which is expected to be completed in late 2015
- releasing the specification TCS 065-2014 LED Road Lighting Luminaires, which covers the requirements of LED lighting Luminaires in Category V3 lighting schemes
- replacing existing street lighting with LEDs on regional roads in 16 local government areas across north, west and central Victoria as the first stage of this joint council initiative
- participating in a joint project led by Sustainability Victoria to encourage the uptake of sustainable materials in pavement construction, particularly within councils. A new specification for lightly trafficked pavement has been developed, which is being finalised following industry consultation and supports the joint project.
- VicRoads is continuing a long-term low noise pavement trial on the Mornington Peninsula Freeway. The fourth and fifth rounds of noise testing were conducted in 2014–15, confirming that the pavements continue to achieve significantly reduced noise levels.

Adapt the management of the road network to a changing climate

More extreme environmental conditions and increased frequency of extreme weather events, such as severe flooding and intense bushfires, have impacted on Victoria's road infrastructure. In response, VicRoads has completed a comprehensive assessment of the risks associated with climate change and released the VicRoads Climate Change Risk Assessment. This outlines VicRoads' approach to climate adaptation and provides an indication of the risks and areas for further investigation. This document has been released publically and brought to the attention of likely interested parties. VicRoads also recently undertook a climate change workshop with Kingston City Council and Melbourne Water in order to inform how it approaches adaptation with stakeholders.

Protect and enhance the natural environment and cultural heritage

Protecting the biodiversity of Victoria's native plants and animals is a high priority, as is finding ways to conserve our natural resources. Protecting places of cultural importance through working with our Indigenous stakeholders also continues to be a key priority.

In 2014–15, VicRoads completed a number of interpretive and recognition projects including:

- Ballarat Avenue of Honour overpass and landscaping
- naming of the Portland Pedestrian Overpass after Captain Reg Saunders, the first Aboriginal Australian commissioned as an officer in the Australian Armed Forces
- working with the Wadawurrung Aboriginal Corporation and the Department of Economic Development, Jobs, Transport and Resources to install 22 Welcome to Country signs across Wadawurrung traditional lands in western Victoria
- erecting interpretive signage at Princes Highway Traralgon East, St Kilda Street Bridge at Elwood, and the Great Ocean Road gateway at Eastern View
- re-stumping and construction of new decking on a heritage-listed goods shed following its relocation as part of the Warragul Rail Precinct Upgrade
- visual lighting tributes at the Tullamarine Freeway and M80 Ring Road interchange to commemorate the centenary of ANZAC Day
- VicRoads is also undertaking a camera monitoring program of the multi-cell culverts installed in the Koo Wee Rup Bypass, in order to further our understanding of the effectiveness of such fauna sensitive installations for species including the Southern Brown Bandicoot

Environmental incidents

There have been no significant (i.e. Level 4 or Level 5) environmental incidents during the 2014–15 reporting period. VicRoads continues to work towards best practice principles to ensure ongoing protection of environmental and cultural values.

Customer service performance measures

Quality standards in VicRoads customer service continue to be met. We now include results from the post-call surveys into the quality measures to feed back to the agent the voice of the customer.

The 2014–15 result in call waiting time is comparable to the previous year (202 seconds) and is a six second improvement over the first six months of the financial year. Customer calls were answered in 3 minutes 28 seconds on average against the four minute target. Enhanced staff skills in operating new systems, improved call handling and sophisticated forecasting and rostering across centres, including the Customer Service Centres (One Workforce) that provided telephone services all contributed to this outcome.

Counter Wait time in Customer Service Centres improved by 0.7%, despite a 1.3% increase in transaction volume compared to the previous year. Drive test appointments are being delivered within the four week target. Drive Test Wait Time has improved by 0.5 week, exceeded the target by 1.5 weeks when compared to the previous year. Sophisticated forecasting and rostering across centres has enabled this achievement.

Table 3: Customer service performance

Indicator	Target	Measure	2011–12	2012–13	2013–14	2014–15
Overall satisfaction	85% of customers satisfied with registration and licensing services	Customer satisfaction survey	89%	90%	91%	89%
Professional approach	85% of required customer service standards met by Staff		69%	73%	82%	77%
Efficient services	80% of customers served within 10 minutes	Internal systems	71%	77%	80%	81%
	240 seconds - average time to answer a call*	Internal systems			202	208

**Replaced previous measure; 80% calls answered within 30 seconds*

Key financial results

Financial Management

Table 4 Key Financial Results

YEAR ENDED 30 JUNE	2015 \$'million	2014 \$'million	\$'million change inc/(dec)
FINANCIAL PERFORMANCE			
Income from Transactions	1,398.7	1,550.1	(151.4)
Expenses from Transactions	1,589.1	1,489.0	100.1
NET RESULT FROM TRANSACTIONS	(190.4)	61.1	(251.5)
Other Economic Flows included in Net Result	(78.0)	7.5	(85.5)
NET RESULT	(268.4)	68.6	(337.0)
Expenses from Transactions			
Road Operations and Network Improvements	826.3	772.2	54.1
Road Asset Management	493.6	452.2	41.4
Transport Safety, Security and Emergency Management	234.6	232.3	2.3
Ports and Freight Network Improvements and Maintenance	34.6	32.3	2.3
	1,589.1	1,489.0	100.1
CAPITAL WORKS EXPENDITURE			
Infrastructure assets	673.4	687.8	(14.4)
Other assets	29.8	67.6	(37.8)
	703.2	755.4	(52.2)
TOTAL EXPENDITURE	2,292.3	2,244.4	47.9
INCOME COLLECTED ON BEHALF OF THE VICTORIAN GOVERNMENT AND OTHER GOVERNMENT AGENCIES	4,320.0	3,990.9	329.1
INCOME ADMINISTERED ON BEHALF OF THE VICTORIAN GOVERNMENT	31.6	30.3	1.3

AS AT 30 JUNE	2015 \$'million	2014 \$'million	\$'million change inc/(dec)
FINANCIAL POSITION			
Total assets	47,732.8	45,579.0	2,153.8
Total liabilities	1,201.4	370.7	830.7
NET ASSETS	46,531.4	45,208.3	1,323.1
LIABILITIES ADMINISTERED ON BEHALF OF THE VICTORIAN GOVERNMENT	352.0	351.4	0.6

Financial Overview

VicRoads' total expenditure was \$2.3 billion in 2014–15, \$47.9 million higher than the previous year. This expenditure comprised \$1.6 billion in expenses from transactions and \$0.7 billion in capital works expenditure.

The total expenditure for 2014–15 comprised \$1.6 billion in delivering outputs and \$0.7 billion relating to the expensing of assets recognised as outputs in previous years.

The value of road infrastructure and other assets managed by VicRoads increased by \$2.2 billion to \$47.7 billion during 2014–15, and total liabilities increased by \$0.8 billion to \$1.2 billion. These movements in assets and liabilities resulted in a growth in net assets of \$1.3 billion to \$46.5 billion as at 30 June 2015.

Financial Performance

VicRoads recorded a net result deficit of \$268.4 million in 2014–15 compared with a net surplus of \$68.6 million in the previous year.

The deficit in 2014–15 has occurred due to the recognition of expenses totalling \$753.4 million (principally depreciation and de-recognition of assets) for which the funding of this expenditure was recognised as income in previous years or funded by way of shareholder equity contributions. This expenditure is partly offset by income funding totalling \$485.0 million received for capital works expenditure and finance lease payments, and assets received free of charge.

The movement from a surplus net result in 2013–14 to a deficit net result in 2014–15 is principally due to decreased funding from Victorian Government program grants for capital works, the recognition of expenses resulting from the de-recognition of assets and a decrease in working capital.

Funding Sources

VicRoads' funding is derived from the Victorian Government annual budget, program funding from the Transport Accident Commission, revenue from regulatory fees and fee-for-service charges. Funding for operating outputs and capital works from all sources totalled \$1.6 billion during 2014–15, a decrease of \$101.5 million on the previous year.

The Victorian Government receives funding for improvements to and maintenance of the National Land Transport Network under the Federal *Nation Building Program (National Land Transport) Act 2014* and the Federal *Interstate Road Transport Act 1985*. This funding is forwarded to VicRoads as a grant to meet expenditure commitments.

Victorian Government grants of Federal funding to VicRoads in 2014–15 are \$248.1 million, an increase of \$45.5 million compared to the previous year. The increase in funding is principally due to the acceleration of the Western Highway – Ballarat to Stawell project.

In 2014–15, VicRoads was provided with Victorian Government output and asset appropriation grants of \$380.4 million, an increase of \$56.5 million on the previous year principally due to additional funding for the Targeted Road Restoration program (including Arterial Road Restoration).

The Victorian Government's Better Roads Victoria Trust Account was established under the *Business Franchise (Petroleum Products) Act 1979*. The Act originally required a State levy on petrol and diesel fuel sales to be utilised to fund construction and maintenance of roads. Following the abolition of this levy in August 1997, the Victorian Government has continued to make equivalent payments to the Trust Account, together with an indexed \$17 per motor vehicle registration applicable from 1 July 2003.

The funding of projects from the Better Roads Victoria Trust Account contributes to Victoria's economic development through reduced transport costs and increased efficiency of arterial roads. Two thirds of funding from the Trust Account is directed to metropolitan roads projects and one third to rural road projects. Since the Better Roads Victoria Trust Account was established in 1993, 2,207 road infrastructure projects (comprising 521 projects in the metropolitan area and 1,686 in regional Victoria) valued at more than \$5.5 billion have been approved. The Better Roads Victoria Trust Account provided funding for road construction and maintenance projects of \$193.9 million in 2014–15, a decrease of \$287.3 million on the previous year. The decrease is primarily due to the completion of rail grade separation projects including Mitcham Road, Rooks Road and Springvale Road.

From 1 July 2005, revenue raised from traffic cameras and on the spot speeding fines has also been paid into the Better Roads Victoria Trust Account and utilised to fund road construction and maintenance, road safety, and traffic and transport integration programs. VicRoads received traffic camera and speeding fine funding of \$377.2 million during 2014–15.

VicRoads generated revenue from regulatory fees, fee for service charges, and other revenue totalling \$303.2 million in 2014–15, an increase of \$28.2 million on the previous year. This increase is primarily due to an increase in the value of works undertaken on a fee-for-service basis.

The Transport Accident Commission provides funding for a range of road safety infrastructure projects and motorcycle safety initiatives. During 2014–15 this funding amounted to \$105.5 million, an increase of \$20.1 million on the previous year principally due to funding from Road Safety Strategy 2013–22.

Capital Works Expenditure

VicRoads undertook asset construction works and acquisitions totalling \$703.2 million during 2014–15, a decrease of \$52.2 million from the previous year. Details of significant capital works projects undertaken during 2014–15 are outlined in the section in this report which refers to the VicRoads strategic objective to develop the road system to improve connections between places that are important to our customers.

Cash Flows

During 2014–15 VicRoads utilised cash funds received from the Victorian Government, collections of revenue and proceeds from asset disposals totalling \$1.8 billion to fund operating activities totalling \$1.1 billion and capital works activities totalling \$0.7 billion.

Financial Position

During 2014–15 VicRoads' non-financial assets increased by \$2.14 billion to \$47.7 billion. This increase resulted primarily from a formal revaluation of non-financial physical assets as at 30 June 2015 of \$1.3 billion. The revaluation is in accordance with the Financial Reporting Direction FRD 103F "Non-Financial Physical Assets" which requires VicRoads to undertake a formal revaluation every five years.

In addition, there was an increase in assets of \$0.9 billion as a result of a transfer of responsibility for the administration of the State of Victoria's contractual arrangements relating to Peninsula Link. This transfer of responsibility to VicRoads occurred on 8 May 2015. Liabilities associated with this transfer total \$0.8 billion.

VicRoads' financial assets increased by \$7.1 million to \$410.1 million during 2014–15. Total liabilities increased by \$0.8 billion to \$1.2 billion during the year principally due to the transfer of a finance lease liability relating to Peninsula Link from the Linking Melbourne Authority.

As a result of the above changes, VicRoads' net assets increased by \$1.3 billion to \$46.5 billion as at 30 June 2015.

Income Collected on Behalf of the Victorian Government and Other Government Agencies

VicRoads administers the collection of certain fees, licences and duties on behalf of the Victorian Government, various State Government agencies, and the Commonwealth Department of Infrastructure and Transport. These amounts are not recognised as VicRoads' income but are paid to the Victorian Government's Consolidated Fund or other government agencies. During 2014–15, collections on behalf of the Victorian Government and other government agencies totalled \$4.3 billion compared with \$4.0 billion the previous year.

Melbourne CityLink

VicRoads manages the administration of revenue, expenditure, assets and liabilities arising from the *Melbourne City Link Act 1995* on behalf of the Victorian Government. These items are not recognised as VicRoads' revenue, expenditure, assets or liabilities.

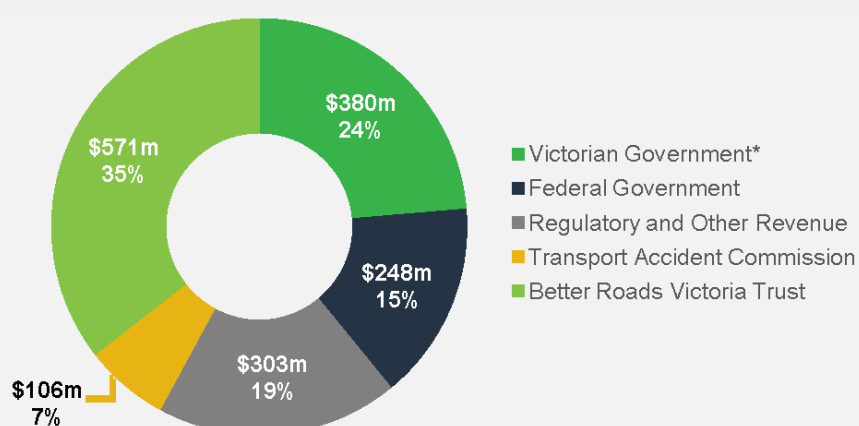
Details of the concession notes and related revenues are disclosed in Note 1(s)(ii) – 'Private Provision of Public Infrastructure' and Note 23(a)(b) – 'Transactions administered on behalf of the Victorian Government'.

FIVE YEAR FINANCIAL SUMMARY	2015	2014	2013	2012	2011
YEAR ENDED 30 JUNE	\$m	\$m	\$m	\$m	\$m
FINANCIAL PERFORMANCE					
Income from transactions	1,398.7	1,550.1	1,504.9	2,013.3	1,709.2
Expenses from transactions	1,589.1	1,489.0	1,499.0	1,521.6	1,496.2
NET RESULT FROM TRANSACTIONS	(190.4)	61.1	5.9	491.7	213.0
Other Economic Flows Included in Net Result	(78.0)	7.5	7.5	7.8	11.9
NET RESULT	(268.4)	68.6	13.4	499.5	224.9
Net change in asset revaluation reserve	1,276.7	10.2	(28.3)	2,282.5	(49.5)
COMPREHENSIVE RESULT	1,008.3	78.8	(14.9)	2,782.0	175.4
CASH FLOWS					
Cash flows from operating activities	445.5	616.1	641.9	801.4	706.9
Cash flows used in investing activities	(671.1)	(762.9)	(838.4)	(884.2)	(1,023.2)
Cash flows from financing activities	223.5	146.9	198.9	82.0	318.0
NET INCREASE/(DECREASE) IN CASH HELD	(2.1)	0.1	(2.4)	(0.8)	1.7
CAPITAL WORKS					
TOTAL EXPENDITURE	703.2	755.4	876.7	918.5	1,045.4
FUNDING SOURCES					
<u>State Government Funding derived from the Federal Government</u>					
Construction	156.3	115.8	283.4	627.1	400.2
Asset Maintenance and minor works	55.8	51.3	49.9	51.0	50.7
Federal Interstate Road Transport Scheme	19.7	20.1	21.0	21.6	19.7
National Black Spot programme	14.7	13.3	17.0	11.7	13.6
Other	1.6	2.1	0.5	0.9	2.0
TOTAL FEDERAL GOVERNMENT FUNDING	248.1	202.6	371.8	712.3	486.2
<u>State Government</u>					
Outputs appropriations	142.5	155.2	126.0	255.7	251.8
Contributed capital appropriations	237.9	168.7	198.9	82.0	307.7
Better Roads Victoria Trust Account	571.1	822.9	654.0	553.4	610.7
TOTAL STATE GOVERNMENT FUNDING	951.5	1,146.8	978.9	891.1	1,170.2
Transport Accident Commission Program Funding	105.5	85.4	82.8	101.8	112.9
VicRoads generated revenue	303.2	275.0	257.5	272.1	247.4
TOTAL FUNDING	1,608.3	1,709.8	1,691.0	1,977.3	2,016.7
INCOME COLLECTED ON BEHALF OF THE VICTORIAN GOVERNMENT AND OTHER GOVERNMENT AGENCIES					
Transport Accident Commission fees	1,972.6	1,873.1	1,797.1	1,705.9	1,628.9
Motor vehicle registration	1,381.0	1,215.2	1,160.9	994.7	912.9
Stamp Duty	717.8	660.7	633.8	581.2	576.0
Driver licences	132.2	126.5	78.1	67.9	52.5
Federal Interstate Road Transport Scheme registrations	41.3	42.1	42.8	42.9	41.9
Other	75.2	73.3	72.8	65.7	71.2
TOTAL INCOME	4,320.1	3,990.9	3,785.5	3,458.0	3,283.4
INCOME ADMINISTERED ON BEHALF OF THE VICTORIAN GOVERNMENT					
	31.6	30.3	29.0	27.9	27.4

AS AT 30 JUNE FINANCIAL POSITION	2015 \$m	2014 \$m	2013 \$m	2012 \$m	2011 \$m
Total assets	47,732.8	45,579.0	45,372.8	45,136.6	42,393.6
Total liabilities	1,201.4	370.7	411.9	419.3	437.1
NET ASSETS	46,531.4	45,208.3	44,960.9	44,717.3	41,956.5
Contributed capital	16,043.0	15,728.1	15,559.5	15,301.0	15,322.1
Asset revaluation reserve	14,558.7	13,282.0	13,271.8	13,300.2	11,017.6
Accumulated surplus	15,929.7	16,198.1	16,129.5	16,116.1	15,616.8
NET WORTH	44,531.4	45,208.2	44,960.8	44,717.3	41,956.5
LIABILITIES ADMINISTERED ON BEHALF OF THE VICTORIAN GOVERNMENT	352.0	351.4	348.6	346.4	341.2

Graphs

Figure 7 Funding sources 2014–15



*Victorian Government funding excludes *Better Roads Victoria Trust Account*

Figure 8 Operating output expenditure 2014–15

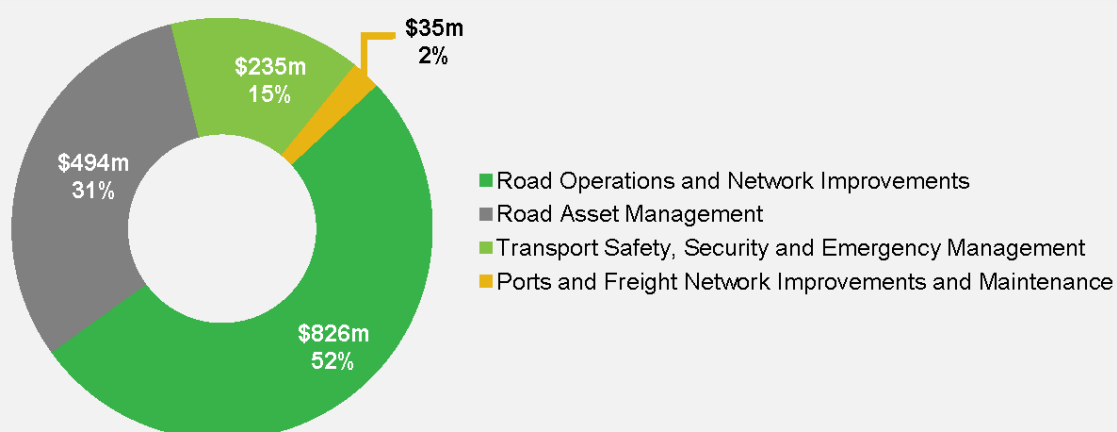
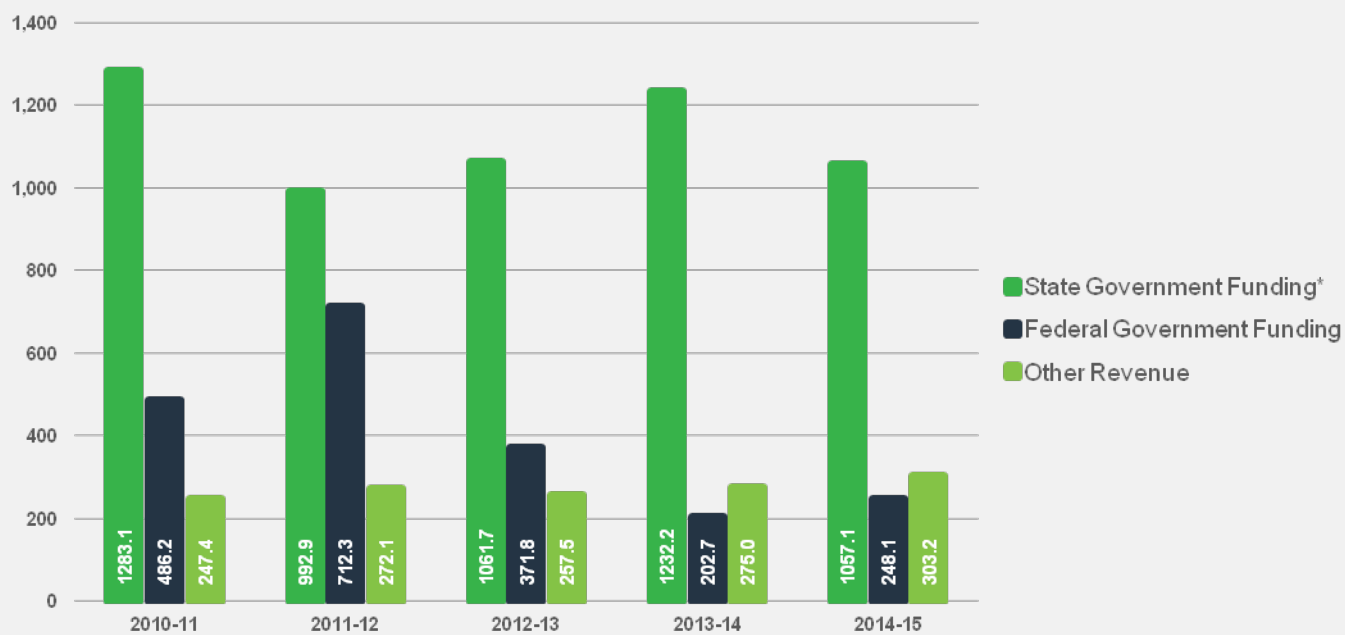


Figure 9 Composition of Funding Sources (\$ million)



*State Government funding includes funding from *Better Roads Victoria Trust Account* and Transport Accident Commission

Governance and organisational structure

Organisational chart

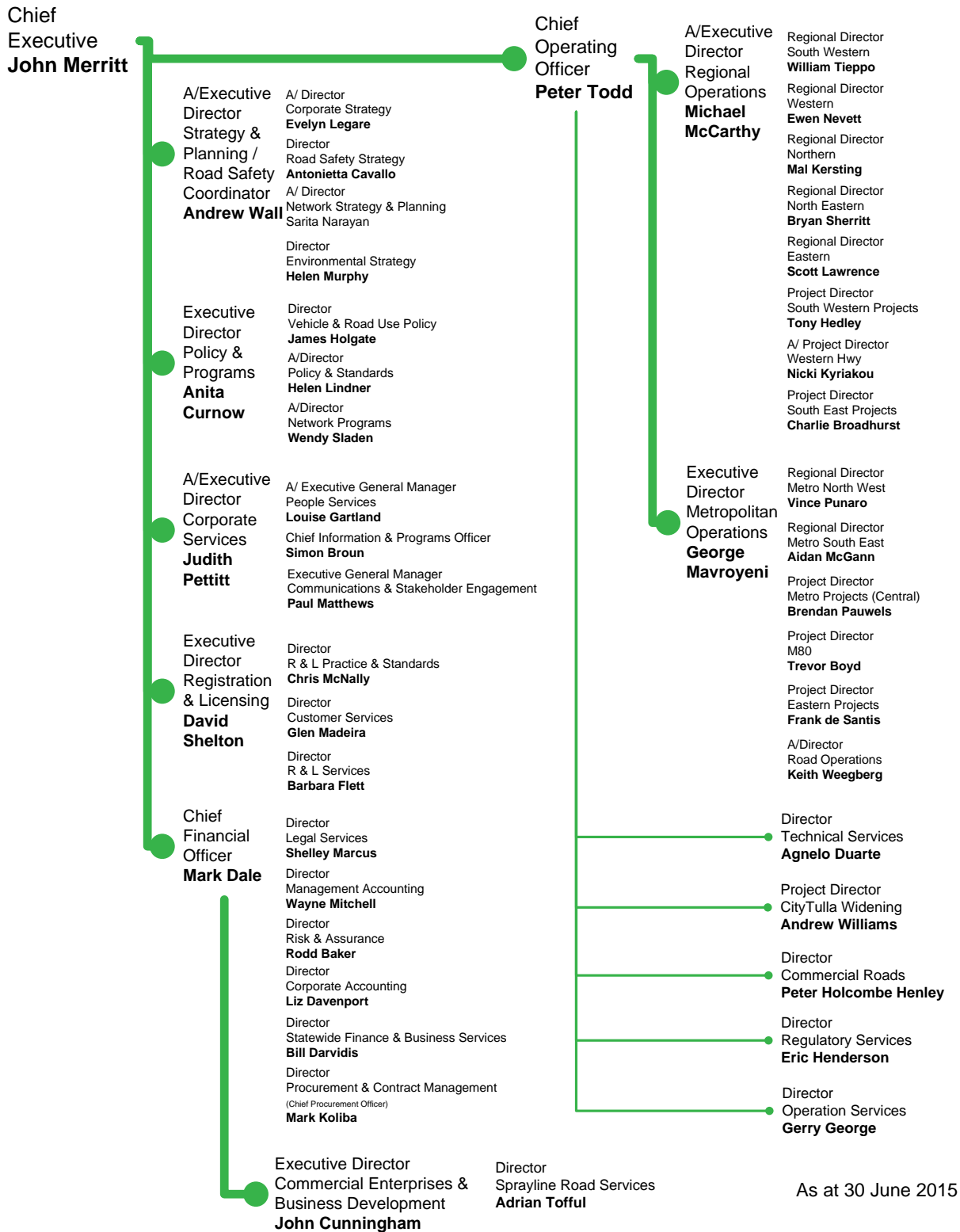


Figure 10 - VicRoads organisation chart

Manner of establishment and relevant ministers

VicRoads is the registered business name of the Roads Corporation. It is a Victorian statutory authority established under the *Transport Act 1983* and continued in the *Transport Integration Act 2010*.

The Chief Executive of VicRoads is accountable to the Minister for Roads and Road Safety, reporting through the secretary of the Department of Economic Development, Jobs, Transport and Resources. The Chief Executive is supported by the Strategic Leadership Team, which is responsible for setting and adapting VicRoads' vision, strategic objectives and priorities to meet the Minister's expectations of the roads system.

Responsible Ministers

- To November 2014 The Hon Terry Mulder, Minister for Roads
- From November 2014 The Hon Luke Donnellan Minister for Roads and Road Safety and Minister for Ports

Senior executives/officers (at 30 June 2015)

John Merritt, Chief Executive

John Merritt was appointed Chief Executive of VicRoads on 5 May 2014. He was previously the Chief Executive Officer of Environment Protection Authority, Victoria and Executive Director of Health and Safety at WorkSafe Victoria.

Peter Todd, Chief Operating Officer

Peter Todd was appointed Chief Operating Officer in May 2013. He is responsible for managing the operation of Victoria's road network, leading the delivery of projects through statewide regional and project offices, internal technical services to the organisation, management of concessions for private road operators in Victoria and management of on road regulatory services.

Mark Dale, Chief Financial Officer

Mark Dale was appointed as the Chief Financial Officer in September 2012. He is responsible for the provision of VicRoads' financial, accounting, risk management, and corporate business support services functions. Prior to joining VicRoads as the Director of Finance in March 2004, Mark held a variety of senior finance and corporate executive management positions in the public sector.

Anita Curnow, Executive Director, Policy and Programs

Anita Curnow is Executive Director, Policy and Programs. Her division is responsible for collaboratively developing policies and programs that meet the needs of the community and deliver great outcomes for Victoria.

David Shelton, Executive Director, Registration and Licensing

David Shelton is Executive Director, Registration and Licensing. He is responsible for delivery of customer and business services which enable road users to safely access the Victorian road network through a range of vehicle registration and driver licensing services.

Judith Pettitt, Executive Director, Corporate Services

Judith Pettitt is Acting Executive Director, Corporate Services with responsibility for providing core support functions to VicRoads staff across all business areas. This includes support for managers in leading their staff, learning and development, recruitment; diversity, workplace relations, occupational health and safety; information management and technology; communications and stakeholder engagement and the 21st century workplace project.

Andrew Wall, Executive Director Strategy and Planning

Andrew Wall is Executive Director, Strategy and Planning and Road Safety Coordinator. He is responsible for the development of strategies for the operation, maintenance and improvement of the road network. This includes strategies focused on road safety and the environment.

Audit committee membership and roles

VicRoads' audit committee consists of the following members:

Table 5: Audit committee

Audit Committee member	Role	Term
Tony Darvall	Independent Chair	Current
Greg Larsen	Independent Member	Current
Dennis Cavagna	Independent Member	Current
Robert (Bob) McDonald	Independent Member	Current
Carol Pagnon	Independent Member	Expired (31 December 2014)
Peter Todd	Chief Operating Officer (VicRoads)	Current

The Audit Committee, a requirement under the Standing Directions of the Minister for Finance under the *Financial Management Act 1994*, assists the Chief Executive to fulfil his responsibilities for financial reporting, internal control, risk management and compliance with laws, regulations and ethics. The audit function aims to provide an independent assurance, oversight and review role.

VicRoads outsources its internal audit function to PricewaterhouseCoopers. Internal audit assists management to control risks, monitor compliance with policies and procedures, and improve the efficiency and effectiveness of internal control systems. The results of audits are reported to the Audit Committee and VicRoads' senior management. The Victorian Auditor-General's Office inspects and audits the financial position of VicRoads and reports annually on the outcome of the audit.

Other committees

VicRoads operates a number of corporate committees to assist the Chief Executive with his duties. This committee arrangement provides the basis for the organisation's effective corporate governance. VicRoads major committees are:

Senior Leadership Team

The Senior Leadership Team (SLT) is made up of:

- Chief Executive (Chair)
- Chief Operating Officer (Deputy Chair)
- Chief Financial Officer
- Executive Director Policy and Programs
- Executive Director Registration and Licensing
- Executive Director Strategy and Planning
- Executive Director Corporate Services

The SLT sets the organisation's vision, strategic directions and priorities. It is responsible for:

- ensuring the organisation complies with laws and government directions and has robust and effective governance mechanisms in place
- setting annual priorities and approving the Corporate Plan outlining the forward program
- evaluating the organisation's performance and responding to strategic risks facing the organisation with impact beyond the immediate program
- ensuring the organisation's leaders are developed and supported to implement change consistent with its directions
- initiating and overseeing implementation of major corporate initiatives.

Management committee

The VicRoads management committee oversees and monitors the VicRoads program of work. It allocates and monitors resources needed to deliver programs to mitigate risk to program delivery and budget position.

The committee is made up of:

- Chief Operating Officer (Chair)
- Chief Financial Officer (Deputy Chair)
- Executive Director Policy and Programs
- Executive Director Registration and Licensing
- Executive Director Corporate Services
- Executive Director Commercial Enterprises and Business Development
- Executive Director Metropolitan Operations
- Executive Director Regional Operations

Project Review Committee

The Project Review Committee (PRC) is the principal decision-making body for ensuring major new and proposed project and program initiatives effectively and efficiently address the objectives of the Corporation, taking into account current and emerging risks.

PRC has delegation to approve project and program scope and in doing so must ensure decisions have regard to the transport system objectives and decision making principles of the *Transport Integration Act 2010*.

The Project Review Committee is made up of:

- Executive Director Policy and Programs (Chair)
- Executive Director Strategy and Planning (Deputy Chair)
- Executive Director Metropolitan Operations
- Executive Director Regional Operations
- Executive Director Commercial Enterprises and Business Development
- Director Technical Services

Information Access and Technology (IA&T) Committee

The IA&T Committee is the governance body providing strategic leadership to the organisation in its use and management of information and investment and management of information technology.

The committee ensures that significant operational activities and requirements are managed across business areas and domains to ensure appropriate integration and interoperability. Members of the IA&T Committee are:

- Executive Director Corporate Services (Chair)
- Executive Director Policy and Programs (Deputy Chair)
- Chief Information Officer
- Chief Financial Officer
- Executive Director Registration and Licensing
- Executive Director Strategy and Planning
- Director Road Operations
- External Representative

People Services Committee

The People Services Committee (PSC) is the governance body responsible for reviewing, monitoring and supporting the VicRoads corporate culture and ensuring the wellbeing and ongoing capability of VicRoads' people and the effectiveness of people related to corporate services. The committee is made up of:

- Executive Director Corporate Services (Chair)
- Chief Financial Officer (Deputy Chair)
- Chief Operating Officer
- Executive Director Registration and Licensing
- Executive Director Strategy and Planning
- Executive Director Metropolitan Operations
- Executive Director Regional Operations
- Executive General Manager People Services
- Executive General Manager Communications and Stakeholder Engagement

Risk Committee

The Risk Committee assists SLT to identify and manage strategic risks. It puts in place and monitors VicRoads' risk management processes and frameworks that anticipate and mitigate risks to VicRoads' ability to meet government priorities, VicRoads objectives and the community's expectation of VicRoads. The Risk Committee is made up of:

- Chief Financial Officer (Chair)
- Chief Operating Officer (Deputy Chair)
- Chief Information Officer
- Executive General Manager People Services
- Executive General Manager Communications and Stakeholder Engagement
- Director Legal Services

Strategy and Policy Review and Endorsement Committee (SPREC)

The Strategy and Policy Review and Endorsement Committee (SPREC) is the governance body providing strategic leadership to the organisation on strategy, planning, program priorities and policies for the arterial road network. Members of SPREC are:

- Executive Director Strategy and Planning (Chair) - providing strategic oversight
- Executive Director Policy and Programs (Deputy Chair) – providing policy oversight
- Chief Operating Officer – providing operational insight
- Executive Director Metropolitan Operations – providing local planning perspective
- Executive Director Regional Operations – providing local planning perspective
- Director Technical Services – providing technical insight

In addition, core contributors with standing attendance are:

- Director Operation Services
- Director Network Strategy and Planning
- Director Network Programs
- Director Network Policy and Standards

Occupational Health and Safety

Providing Safe Workplaces

In delivering VicRoads' commitment to safety, the Work Health Safety and Welfare (WHS&W) Group continued to provide expert advice and training to managers, team leaders and employees on all aspects of health and safety. Working in collaboration with Operations Division, an emphasis was also made on further improving the safety culture and performance of both VicRoads and its contractors, particularly in high-risk construction work.

VicRoads Chief Executive's Safety Directive was issued to staff on 28 July 2014 and sent to all pre-qualified contractors. VicRoads held a contractors' safety forum for around 400 of its pre-qualified contractors in November 2014 where VicRoads' safety direction and safety requirements were outlined. Subsequent regional safety forums were held for many of its smaller contractors. The aim of this Safety Directive and forums was to engage VicRoads stakeholders in a collaborative manner to increase safety behaviour and performance. The forums were extremely well attended and around 40 unsafe work practices were stopped and safety non-compliances issued to contractors.

In the interest of promoting a unified approach to safety and sharing of information, VicRoads and the Victorian WorkCover Authority entered into a Memorandum of Understanding.

VicRoads completed a successful trial of a new radar-based, automatic emergency braking system for reversing mobile plant. This engineering control is to be fitted to 38 patrol and aggregate trucks to improve safety to pedestrians and road workers.

Table 6 VicRoads' Work Cover performance

	2010–11	2011–12	2012–13	2013–14	2014–15
No. of hazards per 100 full-time equivalent staff	4.73	5.61	5.34	5.12	6.03
Claims per 100 employees	1.71	1.51	1.03	0.78	0.54
No. of standard claims	53	47	33	37	27
No. of lost time claims	47	41	24	29	20
Claims exceeding 13 weeks	9	14	6	6	6
Average cost per claim	\$41,493	\$49,218	\$28,481	\$25,168	\$10,908
Premium rate (Prem/Rem*100)	0.50	0.63	0.80	0.84	0.80

Source – CGU Workers Compensation (Vic) Ltd. Data as at 18/7/2015. Note Average cost per claim not fully developed for 2014–15.

The number of standard claims received in the 2014–15 financial year, 27 represents the lowest number received by VicRoads.

Supporting health and wellbeing

VicRoads' health and wellbeing program aims to encourage employees to adopt a healthier lifestyle, to prevent illness and injury and to maximise their energy levels for work and personal life. Programs offered to employees included:

- influenza vaccinations
- subsidised opportunities to participate in community health activities
- health and wellbeing sponsorships for team initiatives
- executive health checks
- school holiday program, providing subsidised child care for two weeks during each school holiday period at the Kew office.

Employee Assistance Program

VicRoads Employee Assistance Program (EAP) continued to provide employees and their immediate family members with access to free, confidential counselling to help address work and personal issues. The EAP also provided critical incident debriefing, training and outplacement support throughout the year.

Workforce data

Employment and conduct principles

VicRoads is committed to applying merit and equity principles in its recruitment process and appointment. The selection processes ensure that applicants are assessed and evaluated fairly and equitably on the basis of the key selection criteria and other accountabilities without discrimination. VicRoads is committed to diversity and EEO and has developed a strategy and action plan to foster and support these principles. Employees have been correctly classified in workforce data collections.

Public administration values and employment principles

VicRoads issues all staff with Public Sector codes of conduct to promote adherence to public sector values on commencement of employment. This is further enforced through mandatory 'Public Sector codes of conduct' e-learning compliance modules are completed by all employees every two years. Completion compliance is reviewed and audited regularly.

Comparative workforce data

Table 7 Workforce data (a)

	Ongoing employees				Fixed term and casual
	Number (Headcount)	Full time (Headcount)	Part time (Headcount)	FTE	FTE
June 2014	2449	2185	264	2358	30
June 2015	2490	2229	261	2399	24

Notes: All figures reflect active employees in the last full pay period of June of each year.

Ongoing employees means people engaged on an open-ended contract of employment and executives engaged on a standard executive contract who were active in the last full pay period of June.

FTE means full time staff equivalent. FTE figures rounded to the nearest whole number.

The headcounts exclude those persons on leave without pay or absent on secondment, external contractors/consultants, temporary staff employed by employment agencies.

Table 8 Workforce data (b)

	June 2015			June 2014		
	Ongoing		Fixed term and casual	Ongoing		Fixed term and casual
	Number (Headcount)	FTE	FTE	Number (Headcount)	FTE	FTE
Gender						
Male	1563	1556	21	1586	1579	15
Female	886	802	9	904	820	9
Age						
Under 25	33	33	4	46	46	4
25–34	538	521	10	574	558	8
35–44	652	612	6	637	598	7
45–54	616	595	9	665	642	3
55–64	539	529	1	508	499	2
Over 64	71	69	1	60	57	0
Classification						
VRO 1	18	17	5	22	20	2
VRO 2	571	530	9	600	555*	8
VRO 3	574	562	5	584	572	5
VRO 4	696	675	4	688	670*	4
VRO 5	367	354	7	365	354	4
VRO 6	158	155	1	156	153*	1
STS	17	17	0	19	19	0
Executives	48	48	0	56	56	0

**minor corrections to figures previously reported*

Other disclosures

Consultancy expenditure

In 2014–15, there were 34 consultancies where the total fees payable to the consultants were \$10,000 or greater. The total expenditure incurred during 2014–15 in relation to these consultancies is \$5,467,867 (excl. GST). Details of individual consultancies can be viewed at vicroads.vic.gov.au.

In 2014–15, there were 2 consultancies where the total fees payable to the consultants were less than \$10,000. The total expenditure incurred during 2014–15 in relation to these consultancies is \$14,280 (excl. GST).

Disclosure of major contracts

VicRoads has disclosed, in accordance with the requirements of government policy and accompanying guidelines, all contracts greater than \$10 million in value which it entered into during the year ended 30 June 2015. Details of contracts that have been disclosed can be viewed on the VicRoads website at www.vicroads.vic.gov.au

Disclosure of government advertising expenditure

VicRoads has undertaken one advertising campaign with a media spend of greater than \$150,000 during 2014–15. The three-year campaign is funded by Victoria's Road Safety Strategy and Action Plan and the Motorcycle safety levy. Expenditure during 2014–15 is outlined in the table below.

Table 9 Advertising expenditure

Name of campaign	Travel Happy Share the Road
Campaign summary	<p>'Travel Happy, Share the Road' is a long-term awareness and behaviour change campaign aimed at getting all Victorian road users (including pedestrians, cyclists, motorcyclists and trucks) to share the road courteously to ensure all road users arrive safely at their destination.</p> <p>The campaign is being rolled out in four phases over three years from 2015–2017. It aims to create long-lasting behaviour change in road users.</p>
Start/end date	April 2015–2017
Advertising (media) Expenditure (excl. GST)	200,000
Creative and campaign development expenditure (excl. GST)	450,000
Research and Evaluation expenditure (excl. GST)	20,000
Print and Collateral Expenditure (excl. GST)	n/a
Other campaign Expenditure (Excl. GST)	n/a
Total	670,000

Freedom of information (FOI)

FOI decisions

In 2014–15, VicRoads received 690 FOI requests. Decisions were made as follows:

Table 10 FOI decisions

FOI decisions/outcomes	Number of requests
Access granted in full	256
Access granted in part	295
Access denied	27
In process	68
Transferred to another agency	1
Request withdrawn by applicant	4
No document exists/no document located	36
Dealt with outside FOI	0
Other/no response from applicant	3
Total	690

VicRoads Officers

Principal Officer: John Merritt, Chief Executive

How to access documents

A request for access to documents under the Freedom of Information Act must:

- be in writing
- be accompanied by a \$27.20 (as at 1 July 2015) application fee or evidence of hardship (for example, copy of a social security card, evidence of unemployment, or evidence of receipt of social security payments)
- provide such information as is reasonably necessary to enable the documents to be identified

Freedom of Information requests should be sent to:

Ms Franca Chick

Manager Freedom of Information and Information Privacy
VicRoads
Level 5, 60 Denmark Street, KEW VIC 3101

Published information

Section 7 1(a) of the *Freedom of Information Act* requires certain information to be published:

1. **A statement setting out particulars of the organisation and functions of the agency**

It must indicate, as far as practicable, the decision-making powers and other powers affecting members of the public who are involved in those functions – and particulars of any arrangement that exists for consultation with, or representation by, bodies and persons outside the government administration in relation to the formulation of policy in, or the administration of, the agency.

This information is located throughout this document and in particular in the 'About VicRoads' section on pages 5 to 7 and 'Corporate Governance' section on pages 32 to 34.

2. A statement of the categories of documents that are maintained in the possession of the agency.

VicRoads maintains an extensive filing system based on the following categories:

- | | | |
|---|--------------------------------------|--------------------------------------|
| ■ commercial operations | ■ government relations | ■ registration and licensing |
| ■ committees | ■ human resource management | ■ road asset maintenance |
| ■ community and stakeholder relationships | ■ information management and systems | ■ road network improvement |
| ■ contract management | ■ legal | ■ road safety management |
| ■ corporate governance | ■ occupational health and safety | ■ statutory planning |
| ■ emergency management | ■ property and land management | ■ strategic planning |
| ■ environmental management | | ■ technical information and services |
| ■ equipment and plant | | ■ traffic management |
| ■ financial management | | |

3. A statement of the material that has been prepared by the agency under this Part for publication or for inspection by members of the public, and the places at which a person may inspect or obtain that material.

VicRoads publishes a range of information on its website. For advice and access to the information contact VicRoads, telephone 8391 3255.

4. A statement listing the literature available by way of subscription services or free mailing lists. This information is provided on VicRoads' website.

5. A statement of the procedure to be followed by a person when a request for access to a document is made to the agency. This information is provided on page 41.

6. A statement designating by name the officer or officers responsible within each agency for the initial receipt of, and action upon, requests for access to a document. This information is provided on 41.

7. A statement listing all boards, councils, committees and other bodies constituted by two or more persons, that are a part of, or that have been established for the purpose of advising the agency, and whose meetings are open to the public, or the minutes of whose meetings are available for public inspection.

There are a number of councils, committees and groups that provide advice and stakeholder and community input to VicRoads and/or the Minister for Roads and Road Safety. In 2014–15, these included the Motorcycle Advisory Group, Victorian Road Freight Advisory Council Victorian Community Road Safety Alliance.

8. If the agency maintains a library or reading room that is available for public use, a statement of that fact including details of the address and hours of opening of the library or reading room. VicRoads does not maintain a library or reading room.

Other information available on request

In compliance with the requirements of the Standing Directions of the Minister for Finance, details in respect of the items listed below have been retained by VicRoads and are available on request, subject to the provisions of the *Freedom of Information Act 1982*.

- A statement that declarations of pecuniary interests have been duly completed by all relevant officers
- Details of shares held by a senior officer as nominee or held beneficially in a statutory authority or subsidiary
- Details of publications produced by VicRoads about VicRoads and how these can be obtained
- Details of changes in prices, fees, charges rates and levies charged by VicRoads
- Details of any major external reviews carried out on VicRoads
- Details of major research and development activities undertaken by VicRoads
- Details of overseas visits undertaken including a summary of the objectives and outcomes of each visit
- Details of major promotional, public relations and marketing activities undertaken by VicRoads to develop community awareness of VicRoads and its services
- Details of assessments and measures undertaken to improve occupational health and safety of employees
- General statement on industrial relations within VicRoads and time lost through industrial accidents and disputes
- List of major committees sponsored by VicRoads, the purposes of each committee and the extent to which the purposes have been achieved.

Compliance with Building Act 1993

VicRoads engages the Department of Treasury and Finance's Shared Service Provider to ensure that buildings under VicRoads' management are compliant with the *Building Act 1993* and are maintained in a safe and serviceable condition. The Shared Service Provider has identified certain compliance issues under the *Building Act 1993* at a number of properties, which are currently being rectified. The Shared Service Provider is currently reviewing their processes and programs to ensure ongoing compliance.

For all other buildings, VicRoads has internal mechanisms and programs in place which include routine and ad hoc building inspections and annual maintenance programs to ensure compliance with the building and maintenance provisions of the *Building Act 1993*.

All new work and redevelopment of existing properties are carried out in accordance with the *Building Act 1993*, relevant building regulations and other statutory requirements, either under the direction of VicRoads or the management of the Department of Treasury and Finance's Shared Service Provider.

National competition policy

VicRoads commercial business activities comply with National Competition Policy (NCP), including compliance with the requirements of the policy statement *Competitive Neutrality Policy Victoria*, the Victorian Government Timetable for the Review of Legislative Restrictions on Competition and any subsequent reforms.

Implementation of the Victorian Industry Participation Policy (VIPP)

The *Victorian Industry Participation Policy Act 2003* requires departments and public sector bodies to report on the implementation of the Victorian Industry Participation Policy (VIPP). Departments and public sector bodies are required to apply VIPP in all procurement activities valued at \$3 million or more in metropolitan Melbourne and for statewide projects, or \$1 million or more for procurement activities in regional Victoria.

During 2014–15, VicRoads commenced 71 VIPP applicable procurements totalling \$1,021.5 million. Of those projects, 53 were located in regional Victoria, 14 in metropolitan Melbourne and four involved statewide works.

The outcomes expected from the implementation of the VIPP to these projects where information was provided are as follows:

- an average of 96% of local content commitment was made
- a total of 1,209 jobs (Annualised Employee Equivalent) were committed, including the creation of 227 new jobs and the retention of 982 existing jobs (AEE)
- a total of 49 positions for apprentices/trainees were committed, including the creation of 25 new apprenticeships/traineeships, and the retention of the remaining 24 existing apprenticeships/traineeships.

The commitments to the Victorian economy in terms of skills and technology transfer include the development of new systems and processes to ensure safer and more efficient work practices, and the heightened awareness around environmental and cultural issues.

During 2014–15, VicRoads completed 46 VIPP applicable projects, collectively valued at about \$348.8 million. The outcomes reported from the implementation of the VIPP where information was provided, were as follows:

- an average of 96% of local content outcome was recorded
- a total of 93 (AEE) positions were created
- 23 new apprenticeships/traineeships were created and 29 existing apprenticeships/traineeships retained.

The benefits to the Victorian economy in terms of retention of skills from the completed projects included improved traffic management practices, greater awareness of occupational health and safety, and personnel trained in specialist areas such as the operation of construction machinery.

During 2014–15, 98 small to medium sized businesses prepared a VIPP Plan, with the remaining prepared by large businesses.

During 2014–15, no interaction reference numbers were undertaken with the Industry Capability Network for grants provided and design contracts by VicRoads.

Compliance with protected disclosure act

Pursuant to the *Protected Disclosure Act 2012*, VicRoads is not an entity that can either receive or notify protected disclosures. Disclosures of improper conduct or detrimental action by VicRoads or its employees must be made directly to the Independent Broad-based Anti-corruption Commission Victoria (IBAC).

VicRoads' procedures for making disclosures pursuant to the *Protected Disclosure Act 2012* are available on the VicRoads website.

Compliance with S22 of the Road Management Act 2004

VicRoads must publish in its annual report a summary of Ministerial Directions given under section 22 of the *Road Management Act 2004*.

Table 10 shows the Ministerial Directions that were in effect during 2014–15. VicRoads was directed to perform the functions and exercise the powers of the coordinating road authority and the responsible road authority for specified sections of roads and periods of time. For further information about these Ministerial Directions, including references to the notices published in the *Victoria Government Gazette*, refer to the VicRoads' Register of Public Roads which is available on VicRoads' website.

Table 11 Ministerial Directions

Minister	Start	End	Designated Road Project (Location)
Minister for Roads	14 March 2014	30 June 2016	Baanip Boulevard Project
Minister for Roads	30 July 2014	31 December 2016	Dingley Bypass Project
Minister for Roads	29 August 2014	31 December 2016	East Werribee Sneydes Road Interchange Project
Minister for Roads and Road Safety	10 June 2015	31 December 2016	Burke Road Level Crossing Removal Project

Compliance with Data Vic Access Policy

The Data Vic Access Policy is a commitment by the Victorian Government to promote the release of data by departments and agencies to the community. The expected benefits include supporting research and education, promoting innovation, supporting improvements in productivity and stimulating growth in the Victorian economy.

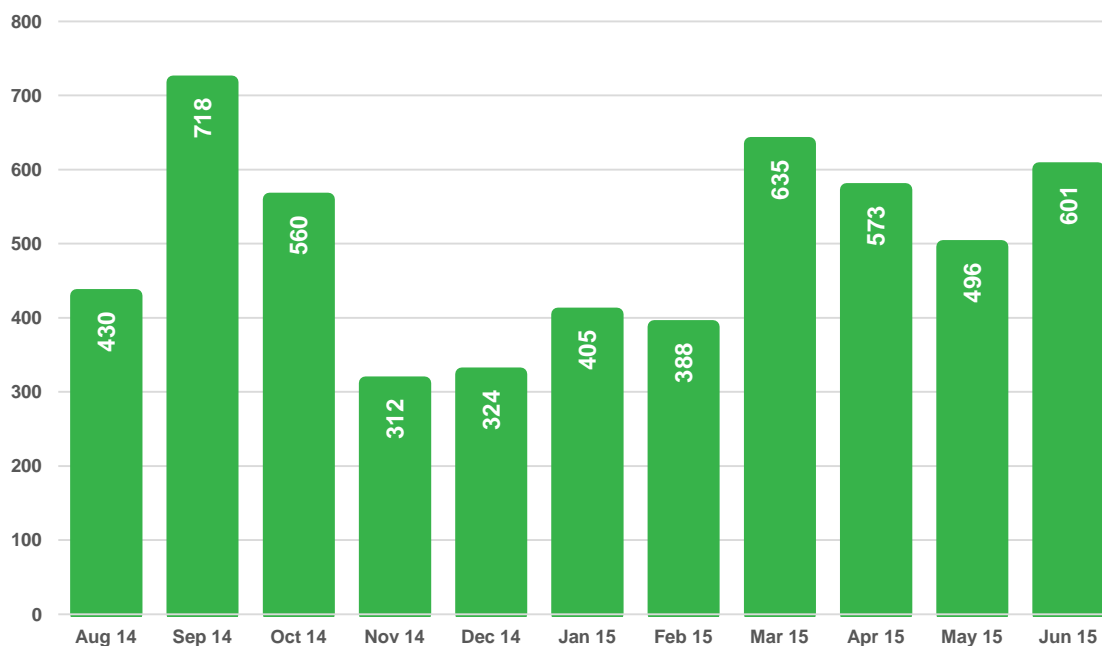
VicRoads has continued to meet its commitment under this policy by increasing the number of datasets available from 23 to 54 in 2014–2015. The datasets cover a broad range of information in tabular and spatial formats including traffic

statistics, crash statistics, bicycle routes, speed sign and zone locations, heavy vehicle routes, bridge information, road geometry and VicRoads' office locations.

VicRoads is also one of the most engaged Victorian public agencies and is actively involved in a range of initiatives, including Meetup events, Hack events, including GovHack, competitions and challenges organised by groups such as the Open Knowledge Foundation.

VicRoads datasets are among the most downloaded items from the Victorian Data Directory, at www.data.vic.gov.au

Figure 11 VicRoads Datasets download



Compliance with other legislation

Disability Discrimination Act

VicRoads is currently updating its *Disability Action Plan* with a revised set of actions to be implemented over the five-year period from 2015–20. These actions will focus on providing accessible facilities, ensuring that information about VicRoads is available in accessible formats and that VicRoads staff are appropriately trained and supported in working with people with a disability.

Some of the key results of VicRoads' previous *Disability Action Plan* include:

- Auslan interpreters are available for deaf licence applicants through our panel of interpreter service providers and deaf customers using the VicRoads call centre can use the National Relay Service to communicate with VicRoads.
- VicRoads' website and intranet comply with Web Content Accessibility Guidelines (WCAG) Level AA and appropriate procedures are in place to ensure content compliance.
- All VicRoads evacuation procedures have been reviewed and independently evaluated as effective for the needs of people with disability.
- All new works undertaken by VicRoads affecting tram and bus stops are subject to a Disability Discrimination Act (DDA) audit.
- Making pedestrian facilities fully accessible as part of other road improvement projects is now an embedded practice. Measures taken include audio push buttons, tactile ground surface indicators and smooth ramp access.
- VicRoads' recruitment policies do not discriminate against those with disability. Ongoing reviews of the policies ensure inclusion and diversity of staff is recognised.
- Disability awareness training forms part of induction and training for staff in recruitment and selection.
- VicRoads launched a Diverse and Inclusive commitment in November 2014.

Attestation for compliance with A/NZ Risk Management Standard

I, John Merritt certify that VicRoads has risk management processes in place consistent with the Risk Management Standard AS/NZ ISO 31000:2009, and an internal control system is in place that enables the executive to satisfactorily understand, manage and control risk exposures.

VicRoads' risk profile has been critically reviewed within the last 12 months. The effectiveness of VicRoads' risk management practices will continue to be reviewed and enhanced.

VicRoads' Audit Committee has confirmed this assurance.



VicRoads Chief Executive

Attestation for compliance with Ministerial Standing Direction

4.5.5.1 – Insurance

I, John Merritt, certify that VicRoads has complied with Ministerial Standing Direction 4.5.5.1 – Insurance.



JOHN MERRITT
VicRoads Chief Executive

Section 2: Financial statements

Comprehensive operating statement

For the year ended 30 June 2015

	Notes	2015 \$'000	2014 \$'000
Continuing operations			
Income from transactions			
Victorian Government grants		980,444	1,181,063
Transport Accident Commission grants		105,546	85,434
Regulatory revenue		122,493	111,260
Fair value of assets received free of charge		15,312	8,891
Other revenue	2	174,870	163,426
Total income from transactions		1,398,665	1,550,074
Expenses from transactions			
Employee benefits	3	(210,227)	(225,315)
Supplies and services	3	(632,455)	(560,417)
Depreciation	3	(576,660)	(562,832)
Interest expense	3	(14,876)	-
Grants and other transfers		(94,188)	(88,990)
Capital asset charge		(49,800)	(49,800)
Fair value of assets transferred to other entities		(10,887)	(1,681)
Total expenses from transactions		(1,589,093)	(1,489,035)
NET RESULT FROM TRANSACTIONS (NET OPERATING BALANCE)		(190,428)	61,039
Other economic flows included in net result			
Net gain/(loss) on non-financial assets	4	(76,377)	8,161
Other gains/(losses) from other economic flows	4	(1,634)	(625)
Total other economic flows included in net result		(78,011)	7,536
NET RESULT		(268,439)	68,575
Other economic flows - other comprehensive income			
Items that will not be reclassified to net result			
Revaluation gain/(loss) to asset revaluation reserve		1,276,671	-
Impairment gain/(loss) to asset revaluation reserve		-	10,227
Total other economic flows - other comprehensive income		1,276,671	10,227
COMPREHENSIVE RESULT		1,008,232	78,802

The comprehensive operating statement should be read in conjunction with the accompanying notes to the financial statements.

Balance sheet

As at 30 June 2015

	Notes	2015 \$'000	2014 \$'000
Assets			
Financial assets			
Cash and cash equivalents	5	34,930	45,203
Receivables	6	375,195	372,052
Total financial assets		410,125	417,255
Non-financial assets			
Prepayments		5,892	5,003
Inventories	7	1,710	1,482
Non-financial physical assets held for sale	8	10,811	16,813
Property, plant and equipment	9	47,243,611	45,017,651
Intangible assets	10	60,694	120,845
Total non-financial assets		47,322,718	45,161,794
TOTAL ASSETS		47,732,843	45,579,049
Liabilities			
Payables	11	226,555	178,085
Interest bearing liabilities	12	785,046	-
Provisions	13	163,980	162,784
Prepaid revenue		25,785	29,841
TOTAL LIABILITIES		1,201,366	370,710
NET ASSETS		46,531,477	45,208,339
Equity			
Contributed capital		16,043,036	15,728,130
Asset revaluation reserve		14,558,768	13,282,097
Accumulated surplus		15,929,673	16,198,112
NET WORTH		46,531,477	45,208,339
Contingent assets and contingent liabilities	18		
Commitments for expenditure	19		

The balance sheet should be read in conjunction with the accompanying notes to the financial statements.

Statement of changes in equity

For the year ended 30 June 2015

	Asset revaluation surplus	Accumulated surplus	Contributions by owner	Total
2015	2015 \$'000	2015 \$'000	2015 \$'000	2015 \$'000
Balance at 1 July 2014	13,282,097	16,198,112	15,728,130	45,208,339
Net result from transactions for the year	-	(190,428)	-	(190,428)
Other comprehensive income for the year	1,276,671	(78,011)	-	1,198,660
Disposal of operational land and buildings	-	-	(560)	(560)
Capital appropriations	-	-	237,868	237,868
Assets transferred from other Victorian Government agencies	-	-	77,598	77,598
Balance at 30 June 2015	14,558,768	15,929,673	16,043,036	46,531,477

	Asset revaluation surplus	Accumulated surplus	Contributions by owner	Total
2014	2014 \$'000	2014 \$'000	2014 \$'000	2014 \$'000
Balance at 1 July 2013	13,271,870	16,129,537	15,559,492	44,960,899
Net result from transactions for the year	-	61,039	-	61,039
Other comprehensive income for the year	10,227	7,536	-	17,763
Disposal of operational land and buildings	-	-	(99)	(99)
Capital appropriations	-	-	168,737	168,737
Balance at 30 June 2014	13,282,097	16,198,112	15,728,130	45,208,339

The statement of changes in equity should be read in conjunction with the accompanying notes to the financial statements.

Cash flow statement

For the year ended 30 June 2015

	Notes	2015 \$'000	2014 \$'000
Cash flows from operating activities			
Receipts			
Receipts from government grants		1,002,130	1,195,705
Receipts from other sources		396,555	345,093
Goods and Services Tax collected		50,085	41,499
Goods and Services Tax recovered from the Australian Taxation Office		88,731	100,614
Interest received		1,466	1,128
Total receipts		1,538,967	1,684,039
Payments			
Payments to suppliers and employees		(810,650)	(787,082)
Payments of grants and other transfers		(94,188)	(88,990)
Goods and Services Tax paid on purchases		(138,816)	(142,113)
Payments of capital asset charge		(49,800)	(49,800)
Total payments		(1,093,454)	(1,067,985)
NET CASH FLOWS FROM OPERATING ACTIVITIES	22	445,513	616,054
Cash flows from investing activities			
Payments for purchase of non-financial assets		(702,405)	(780,474)
Proceeds from sale of non-financial assets		30,969	25,097
Loans granted to other parties		349	(7,515)
NET CASH FLOWS USED IN INVESTING ACTIVITIES		(671,087)	(762,892)
Cash flows from financing activities			
Proceeds from capital contributions by the Victorian Government		223,501	146,890
NET CASH FLOWS FROM FINANCING ACTIVITIES		223,501	146,890
NET INCREASE/ (DECREASE) IN CASH HELD		(2,073)	52
Cash at the beginning of the financial year		6,235	6,183
CASH HELD AT THE END OF THE FINANCIAL YEAR	5	4,162	6,235

The cash flow statement should be read in conjunction with the accompanying notes to the financial statements.

Notes to the financial statements

For the financial year ended 30 June 2015

Note 1

Summary of significant accounting policies

The financial statements represent the audited general purpose financial statements for the Roads Corporation (the Corporation) for the year ended 30 June 2015. The purpose of the financial statements is to provide users with information about the Corporation's stewardship of resources entrusted to it.

(a) Statement of compliance

The financial statements are general purpose financial statements which have been prepared in accordance with the *Financial Management Act 1994* and applicable Australian Accounting Standards which include Interpretations, issued by the Australian Accounting Standards Board. In particular, the financial statements are presented in a manner consistent with the requirements of Australian Accounting Standard AASB 1049 *Whole of Government and General Government Sector Financial Reporting*.

(b) Accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events is reported.

(c) Early adoption of Australian Accounting Standards

In accordance with Financial Reporting Direction FRD 7A *Early Adoption of Authoritative Accounting Pronouncements*, the Minister for Finance has approved the option for Victorian not-for-profit public sector entities to early adopt the Australian Accounting Standard AASB 2015-7 *Amendments to the Australian Accounting Standards – Fair Value disclosures for Not-For-Profit Public Sector Entities*. The Corporation has elected the early adoption of AASB 2015-7 for the year ended 30 June 2015.

(d) Basis of preparation

The accrual basis of accounting has been applied in the preparation of these financial statements whereby assets, liabilities, equity, income and expenses are recognised in the reporting period in which they relate regardless of when cash is received or paid.

The financial statements have been prepared on a historical cost basis, except for the revaluation of certain non-financial assets and financial instruments. Cost is based on the fair values of the consideration given in exchange for assets.

In the application of the *Financial Management Act 1994* and applicable Australian Accounting Standards, management is required to make judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstance, the results of which form the basis of making the judgements. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision effects only that period or in the period of the revision and future periods if the revision effects both current and future periods.

Judgements and assumptions made by management in the application of Australian Accounting Standards that have significant effects on the financial statements and estimates relate to:

- the fair value of land, buildings, infrastructure, plant and equipment, (Refer to Note 1(m)-'Non-Financial Assets'); and
- actuarial assumptions for employee benefit provisions based on likely tenure of existing staff, patterns of leave claims, future salary movements and future discount rates (Refer to Note 1(o)- 'Provisions').

The accounting policies disclosed in the notes have been applied in preparing the financial statements for the year ended 30 June 2015 and the comparative information presented for the year ended 30 June 2014.

(e) Scope and presentation of financial statements

(i) Comprehensive operating statement

The comprehensive operating statement comprises three components, being 'net result from transactions' (termed as 'net operating balance'), 'other economic flows included in net result', and 'other economic flows – other comprehensive income'. The sum of the former two components represents the net result. The sum of the three components represents the comprehensive result.

Income and expenses in the comprehensive operating statement are classified according to whether or not they arise from transactions or other economic flows. This classification is consistent with the whole of government reporting format and is allowed under Australian Accounting Standard AASB 101 *Presentation of Financial Statements*.

Transactions are those economic flows that are considered to arise as a result of policy decisions, usually interactions between two entities by mutual agreement. Transactions also include flows within an entity, such as depreciation where the owner is simultaneously acting as the owner of the depreciating asset and as the consumer of the service provided by the asset. Transactions can be in kind or where the final consideration is cash.

The net result is equivalent to profit or loss derived in accordance with Australian Accounting Standards.

Other economic flows are changes arising from market remeasurements. They include:

- gains and losses from disposals; and
- revaluations and impairments of non-financial physical and intangible assets.

(ii) Balance sheet

Assets and liabilities are presented in liquidity order with assets aggregated into financial assets and non-financial assets.

Current and non-current assets and liabilities (non-current being those assets or liabilities expected to be recovered or settled more than twelve months after the reporting period) are disclosed in the notes to the financial statements, where relevant.

(iii) Cash flow statement

Cash flows are classified according to whether or not they arise from operating, investing, or financing activities. This classification is consistent with requirements under Australian Accounting Standard AASB 107 *Statement of Cash Flows*.

(iv) Statement of changes in equity

The statement of changes in equity presents reconciliations of non owner and owner changes in equity from opening balance at the beginning of the reporting period to the closing balance at the end of the reporting period. It also shows separately changes due to amounts recognised in the comprehensive result and amounts recognised in other economic flows – other comprehensive income related to transactions with owner in its capacity as owner.

(v) Rounding of amounts

All amounts disclosed in the financial statements have been rounded to the nearest thousand dollars, unless otherwise stated. Figures in the financial statements may not equate due to rounding.

(f) Changes in Australian Accounting Standards

The Corporation undertook an assessment of the impact of new and revised Australian Accounting Standards (AASB 10 *Consolidated Financial Statements*, AASB 11 *Joint Arrangements* and AASB 12 *Disclosure of Interest in Other Entities*) and concluded that these Standards are not applicable to the Corporation.

(g) Income from transactions

Income from transactions is recognised to the extent that it is probable that the economic benefits will flow to the Corporation and the income can be reliably measured. The Corporation's income is recognised as follows:

(i) Victorian Government grants

Government grants are recognised when the related outputs have been delivered and expenditure is incurred.

(ii) Transport Accident Commission grants

Transport Accident Commission grants are recognised when the related expenditure is incurred.

(iii) Regulatory revenue

Regulatory, licence fees, fines and penalties payable to the Corporation in accordance with the *Transport Integration Act 2010*, the *Road Safety Act 1986*, the *Chattel Securities Act 1987*, the *Road Management Act 2004* and related regulations are recognised when received by the Corporation.

(iv) Assets received free of charge

Assets received free of charge are recognised at their fair value at the time that the Corporation obtains control over the assets.

(v) Other revenue

Revenue in respect of services or works provided by the Corporation is recognised at the time the service to which the revenue relates is provided or work is undertaken and the revenue is receivable.

Rental revenue from the leasing of properties is recognised on a straight line basis over the term of the lease.

Interest revenue is recognised on a time proportionate basis that takes into account the effective yield of the financial asset.

(h) Expenses From transactions

(i) Employee benefits

Employee benefits include salaries, wages, accrued leave entitlements, termination benefits, superannuation entitlements and payroll tax. These benefits are recognised as an expense in the reporting period in which they are incurred.

The Corporation's employees are covered for superannuation benefits as members of defined benefit and accumulation superannuation schemes.

The Corporation makes contributions to defined benefit superannuation schemes based on a fixed percentage of current Corporation employee members' annual salary as actuarially determined by the scheme. The Victorian Government's Department of Treasury and Finance centrally recognises the defined benefit liability or surplus of the Corporation's employees in such schemes.

Contributions made by the Corporation to accumulation superannuation schemes are in accordance with the Commonwealth Superannuation Guarantee (Administration) Act 1992. Additional contributions are made by the Corporation when salary sacrifice arrangements are requested by employees.

Contributions made by the Corporation to employee superannuation schemes are charged as an expense as the contributions are paid or become payable. Contributions made to employee superannuation schemes are detailed in Note 21 – 'Superannuation Contributions'.

(ii) Supplies and services

Supplies and services expenses are recognised as an expense in the reporting period in which they are incurred. The carrying amounts of any inventories held for distribution are expensed when distributed.

(iii) Depreciation

Non-financial assets other than land, earthworks, earth mound barriers, inventories, water rights and properties held for resale are systematically depreciated in order to write-off the cost of these assets over their useful lives to the Corporation. Depreciable assets are depreciated from the date of acquisition or, in respect of constructed assets, from the time an asset is completed and held ready for use. These assets are depreciated using the straight-line method with due allowance for residual values. Estimated remaining useful lives of depreciable assets are reviewed on an annual basis to reflect wear and tear from physical use and technical and economic developments, and depreciation rates are adjusted accordingly.

It has been determined by experts in infrastructure valuations that earthworks and earth mound barriers do not have a limited useful life to the Corporation, and therefore these assets are not depreciated.

The expected useful lives of depreciable assets for the current and prior year are as follows:

Asset class	Useful life
Infrastructure assets	
Road pavement	60 years
Sound barriers	20 and 50 years
Bridges	90 years
Traffic control systems	7 to 25 years
Buildings	
Operational	40 years
Improvements on land acquired for roads	40 years
Plant and equipment	
Computers and computer systems	4 to 10 years
Plant and Technical equipment	5 to 13 years
Office machines and equipment	5 years
Audio visual and photographic	4 to 5 years
Furniture, fittings and fit outs	10 years
Weighbridges	40 years
Intangible assets	
Software	3 to 14 years

Leasehold property improvements are depreciated over the unexpired period of leases or the useful lives of the improvements, whichever is the shorter.

(iv) **Interest expense**

Interest expense represents costs incurred in connection with the interest component of finance lease repayments in relation to interest bearing liabilities.

(v) **Grants and other transfers**

Grants and other transfers to municipalities are recognised as an expense in the reporting period in which they are paid or payable.

(vi) **Capital asset charge**

A capital asset charge is imposed by the Victorian Government's Department of Treasury and Finance which represents the opportunity cost, as determined by the Department, of capital invested in the non-current physical assets used in the provision of the Corporation's services. The charge is calculated on the budgeted carrying amount of non-current physical assets other than infrastructure assets.

(vii) **Assets transferred to other entities**

Assets provided free of charge are recognised at their fair value at the time of transfer from the Corporation.

(i) Other economic flows included in net result

Other economic flows measure the change in volume of value of assets or liabilities that do not result from transactions.

(i) Net gain/(loss) on non-financial assets

Net gain/(loss) on non-financial assets includes realised gains and losses from the disposals of surplus assets, asset register adjustments and impairment of physical assets.

Any gain or loss from the disposal of surplus assets is recognised at the date that control of the asset is passed to the buyer and is determined after deducting from the proceeds the carrying value of the asset at that time.

(ii) Other gains/(losses) from other economic flows

Other gains/(losses) from other economic flows include the revaluation of the present value of the long service leave liability due to changes in the bond interest rates (Refer to Note 1(o) Provisions (i) Employee Benefits), and foreign currency translation differences (Refer to Note 1(y) Foreign Currency).

(j) Other economic flows - other comprehensive income

Other non-owner changes in equity include changes in the asset revaluation reserve resulting from the revaluation of non-current physical assets including impairment losses (Refer to Note 1(m) Non-Financial Assets (v) Valuations).

(k) Cash and cash equivalent assets

Cash assets include cash in bank and on hand. Cash equivalents include short term deposits with an original maturity of three months or less held with Treasury Corporation Victoria.

The Corporation holds cash and cash equivalent collections on behalf of the Victorian Government and Government agencies. The cash balances held by the Corporation on behalf of the Victorian Government and Government agencies are not available for use by the Corporation. The Corporation also holds cash funds on behalf of other Governments and public entities. The cash balances held by the Corporation are applied in accordance with the funding contracts.

(l) Receivables

Receivables consist of:

- contractual receivables, such as debtors and accruals in relation to goods and services, and loans to third parties; and
- statutory receivables, such as amounts owing from the Victorian Government and Goods and Services Tax input tax credit recoverable.

Debtors are recognised as amounts receivable as they are due for settlement within 30 days from the date of recognition. The collectability of debtors is reviewed on an ongoing basis. Debts which are known to be uncollectable are written off and an allowance for doubtful debts is raised where there is objective evidence that the debts may not be collected.

(m) Non-financial assets

(i) Declared road network

The Corporation is responsible in accordance with the *Transport Integration Act 2010* for the development and management of Victoria's declared road network. As the Corporation has control over the declared road network and accepts all risks associated with the network, the value of the network has been recognised in the balance sheet.

(ii) Asset classifications

Non-financial assets are classified in the following categories:

- Infrastructure assets which encompass Victoria's declared road network and include road pavements, sound barriers, earthworks, bridges and traffic control systems.
- Land assets which comprise land used for operations, land acquired for future public roads, land under declared roads and land in commercial use.
- Buildings and leasehold improvements which comprise offices, residential properties, storage depots and patrol garages on freehold land, buildings on land acquired for future public roads, and leasehold buildings and improvements on Crown and leased land.
- Plant and equipment which comprise office fit outs, furnishings and fittings, computers and other technical equipment.
- Intangible assets which comprise purchased and developed computer software and water rights.
- Inventories which comprise stockpiles of construction and maintenance materials, saleable items and consumable stores held for either distribution in the ordinary course of business operations or for sale.

- Non-financial physical assets held for sale, which comprise properties identified as surplus to the Corporation's requirements. These properties are in a state ready for sale, are being actively marketed for sale, the sale is highly probable and the sale is expected to be completed within twelve months.

(iii) **Acquisition of assets**

The cost method of accounting is used for all acquisitions of assets. Cost is measured as the fair value of the assets given up or liabilities undertaken at the date of acquisition, plus incidental costs directly attributable to the acquisition.

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

(iv) **Constructed assets**

The cost of non-financial assets constructed by the Corporation includes the cost of all materials, direct labour and other costs directly attributable to the construction of the asset.

(v) **Valuations**

Subsequent to the initial recognition of assets, all classes of non-financial assets, other than prepayments, inventories, and intangible assets, are valued on a fair value basis in accordance with Financial Reporting Direction FRD 103F – *Non-Financial Physical Assets*. Non-financial physical assets are measured at fair value with regard to an asset's highest and best use from the perspective of the market participants taking into account any legal, financial or physical restrictions imposed on the use or sale of the asset. Fair value is determined as the market value, or in the absence of a market value, depreciated replacement cost.

Consistent with Australian Accounting Standard AASB 13 *Fair Value Measurement*, assets for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, detailed as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets;
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; and
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For the purpose of fair value disclosures, classes of assets have been determined on the basis of the nature, characteristics and risks of the asset and the level of the fair value hierarchy as detailed above. Transfers between levels in the hierarchy are determined by re-assessing the categorisation at the end of each reporting period.

The Valuer-General Victoria is the Corporation's independent valuation agency.

The Corporation in conjunction with the Valuer-General Victoria, monitor changes in the fair value of each asset class through relevant data sources to determine whether revaluations are required.

Infrastructure assets are valued based on the current replacement cost of equivalent assets that are capable of providing the same level of service as the existing assets and written-down to take account of expired service life.

Land acquired in relation to the construction of future public roads is measured initially at cost and subsequently at fair value.

The fair value of land, other than land under declared roads, is based on amounts for which the assets could be exchanged between willing parties in an arms' length transaction. The valuation is based on current prices in an active market for similar properties in the same location and condition and with regard to any known restrictions in use.

The fair value of land under declared roads is based on average rateable value per hectare within each municipal site discounted to reflect the value prior to subdivision, the discount factors range from 40% for rural land under freeways to 80% for metropolitan residential land under main roads.

Buildings and other site improvements are valued by use of depreciated replacement cost approach.

Plant and equipment is disclosed at fair value. Fair value is determined as the original acquisition costs less any accumulated depreciation and impairment losses.

Infrastructure works in progress are valued at construction cost.

Inventories of stockpile materials, saleable items and consumable stores are valued on a cost basis. Cost is determined as the original acquisition cost.

Non-financial physical assets held for sale are measured at the lower of carrying amount or fair value less cost of disposal, and are not subject to depreciation.

Intangible assets are valued on a cost basis. Cost is determined as the original acquisition cost less any accumulated amortisation and impairment losses.

The Corporation undertakes formal revaluations of the fair value of infrastructure, land and buildings assets every five years or where exceptionally material movements are considered to have occurred. During the intervening years, the carrying values of these assets are assessed annually to determine if their carrying values remain consistent with their fair value. Should the carrying value of these assets differ from their fair value to the extent that it is material, a managerial revaluation will be undertaken.

Infrastructure assets were valued as at 30 June 2015 using replacement cost unit rates independently assessed by the Valuer-General Victoria.

Land, buildings, leasehold improvements and assets in commercial use were independently valued by the Valuer-General Victoria as at 30 June 2015.

For assets which are valued at their fair value, revaluation increments and decrements are accounted for as follows:

- revaluation increments are credited directly to the asset revaluation reserve, except that, to the extent that an increment reverses a revaluation decrement in respect of that class of asset previously recognised as an expense, the increment is recognised immediately as revenue.
- revaluation decrements are recognised immediately as an expense except that, to the extent that a credit balance exists in the asset revaluation reserve applicable to the same class of assets, a decrement is debited directly to the asset revaluation reserve.
- revaluation increments and decrements are offset against one another within a class of non-current physical assets.

(vi) **Impairment of non-financial assets**

All non-financial assets other than inventories and properties held for sale are assessed annually for any indications of impairment. Should there be an indication of impairment; the carrying value of an asset is tested to determine whether its carrying value exceeds its recoverable amount. The recoverable amount is measured as the higher of depreciated replacement cost and fair value less costs to sell.

For assets where their carrying value exceeds their recoverable amount, the carrying value is reduced to the recoverable amount and the impairment loss is written off as an expense, except that, to the extent that a credit balance exists in the asset revaluation reserve applicable to the same class of assets, the impairment loss is debited directly to the asset revaluation reserve.

(vii) **Prepayments**

Prepayments include payments made by the Corporation in advance of the receipt of goods or services or that part of expenditure made by the Corporation in one reporting period covering a term extending beyond that period.

(n) **Payables**

Payables consist of:

- contractual payables, such as creditors and accruals in relation to goods and services; and
- statutory payables, such as amounts payable to the Victorian Government, and Goods and Services Tax and Fringe Benefits Tax payables.

Creditors and accruals represent liabilities for goods and services provided to the Corporation prior to the end of the financial year and which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

Terms and conditions of amounts payable to the Victorian Government, Government agencies and other entities vary according to particular agreements.

(o) Provisions

Provisions are recognised when the Corporation has a present obligation, the future sacrifice of economic benefits is probable, and the amount of the provision can be measured reliably.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligations, its carrying amount is the present value of those cash flows, using a discount rate that reflects the time value of money and risks specific to the provision.

(i) Employee benefits

Provision has been made for the Corporation's obligations for employee annual leave, long service leave, performance and other entitlements arising from services rendered by employees to balance date. Provision has not been made for non-vesting sick leave as the anticipated pattern of future sick leave taken indicates that accumulated non-vesting leave will not be utilised.

Annual leave, performance and other entitlements

Liabilities for annual leave, performance and other entitlements are recognised as a current liability on the basis that the Corporation does not have an unconditional right to defer settlement of these entitlements. Liabilities expected to be wholly settled within twelve months of the reporting period are measured at nominal values. Liabilities not expected to be wholly settled within twelve months are measured on a present value basis.

Long service leave

The liability for unconditional long service leave is recognised as a current liability on the basis that employees have the unconditional right to the entitlement within twelve months.

The liability for conditional long service leave is recognised as a non-current liability on the basis that the entitlement is conditional upon employees completing additional years of service.

The liability for long service leave to be settled after twelve months has been calculated as the present value of estimated future cash payments to be made by the Corporation in respect of services provided by employees to balance date. In determining the liability, consideration has been given to estimated future salary levels, experience of employee departures and periods of service. Estimated future payments have been discounted using interest rates attached to Commonwealth Government guaranteed securities with terms to maturity that match, as closely as possible, the estimated future cash payments.

Any gain or loss following revaluation of the present value of the long service leave liability arising due to changes in bond interest rates is recognised as a gain or loss from other economic flows included in the net result.

On costs

Employee benefits on-costs (payroll tax, workers compensation and superannuation) are recognised separately from the provisions for employee benefits.

Employee benefits on-costs liability expected to settle within twelve months is measured at nominal value and the liability expected to settle after twelve months is measured as the present value of estimated future cash payments to be made by the Corporation.

(ii) Contractor retentions and provisions

Contractor retentions represent contractor payments withheld as securities by the Corporation and contractor provisions represent claims made by contractors, pursuant to contractual arrangements entered into by the Corporation.

(iii) Property acquisition liabilities

In circumstances where the Corporation has issued a notice of compulsory acquisition or has taken possession of a property for the purpose of commencing roadworks and final settlement has not been achieved at balance date, the acquisition is recognised as a liability based, wherever practicable, on an independent valuation.

(iv) Compensation payable to property owners

In circumstances where the Corporation has caused financial loss to property owners due to overlays, developments or other works, the Corporation may compensate the property owner for any loss. Where agreement has not been reached at balance date, the compensation is recognised as a liability, based wherever practicable, on an independent valuation.

(p) Leases

A lease is a right to use an asset for an agreed period of time in exchange for payment.

Leases are classified as either finance or operating leases based on the economic substance of the agreement so as to reflect the risks and rewards incidental to ownership. Leases of non-financial physical assets are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership from the lessor to the lessee. All other leases are classified as operating leases.

Operating Leases

(i) Corporation as lessor

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

(ii) Corporation as lessee

Operating lease payments are recognised as an expense on a straight-line basis over the term of the relevant lease. The leased asset is not recognised in the balance sheet.

Finance Leases

(iii) Corporation as lessee

At the commencement of the lease term, finance leases are initially recognised as assets and liabilities at amounts equal to the fair value of the lease property, or, if lower, the present value of the minimum lease payment, each determined at the inception of the lease. The lease asset is accounted for as a non-financial physical asset. If there is certainty that the Corporation will obtain the ownership of the lease asset by the end of the lease term, the asset is depreciated over the useful life of the asset. If there is no reasonable certainty that the lessee will obtain ownership by the end of the lease term, the asset is fully depreciated over the shorter of the lease term and its useful life.

Minimum finance lease payments are apportioned between reduction of the outstanding lease liability and periodic finance expense which is calculated using the interest rate implicit in the lease and charged directly to the comprehensive operating statement. Contingent rentals associated with finance leases are recognised as an expense in the period in which they are incurred.

(q) Contributed capital

Appropriations from the Victorian Government for additions to net assets and other transfers that are in the nature of contributions have been designated as contributed capital.

Proceeds from the sale of surplus operational properties which were originally funded by the Victorian Government, are paid into the Government's Consolidated Fund. An amount equivalent to the fair value of such properties is recognised as a reduction in contributed capital.

(r) Financial instruments

Financial instruments consist of cash assets, loans and receivables, and payables, and are valued on a fair value basis. Fair value is determined as follows:

- fair value of financial instruments with standard terms and conditions, and traded in active liquid markets, is determined with reference to quoted market prices;
- fair value of other financial instruments is determined in accordance with generally accepted pricing models based on discounted cash flow analysis; and
- fair value of compensation payments recoverable is based on historic cost.

The carrying amount of financial instruments excludes statutory amounts owed by or to the Corporation.

(s) Contingent assets and contingent liabilities

Contingent assets and contingent liabilities are not recognised in the balance sheet, but are disclosed by way of a note to the financial statements and if quantifiable, are measured at nominal value.

(t) Commitments

Commitments for the construction of infrastructure assets, the acquisition of plant and equipment arising from non-cancellable contracts and non-cancellable lease contracts are not recognised in the balance sheet, but are disclosed by way of a note to the financial statements and are measured at their nominal value.

(u) Public private partnership

The State of Victoria entered into a Peninsula Link Project Deed with Southern Way Pty Ltd on 20 January 2010. Under the terms of the Deed, Southern Way Pty Ltd is responsible for the construction, financing and operation of the Peninsula Link road infrastructure for the duration of the project period which expires on 13 January 2038. Peninsula Link is a 27 kilometre freeway connection between the Eastlink Freeway and Mornington Peninsula Freeway in Currum Downs and the Mornington Peninsula Freeway in Mt Martha.

Effective 8 May 2015, the Minister for Roads and Road Safety delegated responsibility for administering the contractual arrangements for the Peninsula Link Project to the Corporation on behalf of the State of Victoria. Prior to this delegation, the Peninsula Link contractual arrangements were administered by the Linking Melbourne Authority.

During the project term, Southern Way Pty Ltd is required to operate the road infrastructure with the objective of making the road available for public use. The State of Victoria retains the residual interest in the road infrastructure at the end of the project term and will take ownership of Peninsula Link at that time.

Pursuant to the Project Deed, the State of Victoria is required to make service payments to Southern Way Pty Ltd during the project term. These payments comprise a capital component associated with the design, construction and financing of Peninsula Link, and components relating to the ongoing operation, maintenance and pavement intervention costs.

(v) Transactions administered on behalf of the State of Victoria

(i) Income collections

The Corporation administers the collection of certain fees, licences and duties on behalf of the State of Victoria in accordance with the *Road Safety Act 1986*, the *Duties Act 2000*, and on behalf of certain government agencies. The Corporation does not gain control over assets arising from the income collections and the collections are not recognised as the Corporation's income. Expenses incurred in the collection of this income are recognised as the Corporation's expense. Expenses are funded from Victorian Government grants and fees paid by the Transport Accident Commission which are recognised in the comprehensive operating statement.

Income collected, but not remitted to the State of Victoria and government agencies at balance date are recognised as an asset and a corresponding liability in the balance sheet. Cash flows relating to the income collected are not recognised in the cash flow statement.

Transactions relating to the income collections are disclosed in Note 23 - 'Transactions administered on behalf of the State of Victoria' and Note 24 - 'Collections on behalf of Government agencies'.

(ii) Private provision of public infrastructure

Melbourne CityLink

The Corporation manages the statutory functions and powers of the State of Victoria under the *Melbourne City Link Act 1995*. These functions and powers include the administration of the contractual arrangements, revenue and assets of the CityLink Project.

The State of Victoria and CityLink Melbourne Limited (CML) amongst others, entered into the Melbourne CityLink Concession Deed on 30 October 1995. Under the terms of the Concession Deed, CML is responsible for the construction, financing and operation of the CityLink road network during the concession period that is currently expected to expire on 14 January 2035.

The Concession Deed requires CML to pay to the State of Victoria specified concession fees at specified intervals during the concession period. In accordance with the Concession Deed, CML has exercised an option to meet its obligations to pay concession fees by way of issuing concession notes. These notes are non-interest bearing promissory notes payable by CML at the end of the concession period or earlier in the event of CML achieving certain financial profitability levels and cash flows.

The State of Victoria, CML and Transurban Infrastructure Management Limited (TIML) entered into the M1 Corridor Deed of Assignment (Deed of Assignment) on 25 July 2006. Under the terms of the Deed of Assignment, all concession notes held by, and due to be issued to the State of Victoria in accordance with the Concession Deed, have been assigned to TIML for a defined payment stream over a four year period ending 30 June 2010.

The concession notes and related revenues are not recognised as the Corporation's revenue, assets and liabilities. Details of the concession notes and related revenues are disclosed in Note 23 - 'Transactions administered on behalf of the State of Victoria'.

The value of concession notes due to be received by the State of Victoria in accordance with the Concession Deed, has been disclosed at the present value of concession notes to be issued in future periods by CML. The present value of the concession notes has been calculated based on an interest rate implied in the estimated concession note redemption profile included in the Deed of Assignment. The present value of the concession notes is disclosed as deferred CityLink revenue.

The Concession Deed provides for CML to lease certain land and road infrastructure from the State of Victoria during the concession period. At the end of this period, the assets are to be returned together with the transfer of

the CityLink road to the State of Victoria. There is, currently, no authoritative accounting guidance applicable to the recognition and measurement of the State of Victoria's right to receive the CityLink road from CML at the end of the concession period. In the absence of such guidance, there has been no change to the existing policy and the right has not been recognised as an administrative asset in the financial statements.

EastLink

The Corporation manages the statutory functions and powers of the State of Victoria under the *EastLink Project Act 2004*. These functions and powers include the management of agreements concerning the development, delivery and operation of the EastLink Project.

The State of Victoria and ConnectEast Pty Ltd (ConnectEast), amongst others, entered into the EastLink Concession Deed on 14 October 2004. Under the terms of the Concession Deed, ConnectEast is responsible for the construction, financing and operation of the EastLink Project. ConnectEast has a right to operate the EastLink road network for the duration of the concession period which is due to expire on 30 November 2043.

The Concession Deed provides for ConnectEast to lease certain land from the State of Victoria during the concession period. At the end of this period, the land is to be returned together with the transfer of the EastLink road network to the State of Victoria. There is, currently, no authoritative accounting guidance applicable to the recognition and measurement of the State of Victoria's right to receive the EastLink road network from ConnectEast at the end of the service concession period. In the absence of such guidance, there has been no change to the existing policy and the right has not been recognised as an administrative asset in the financial statements.

(w) Goods and Services Tax

Income, expenses and assets are recognised net of associated Goods and Services Tax, unless the tax incurred is not recoverable from the Australian Taxation Office. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense. The net amount of Goods and Services Tax recoverable from, or payable to, the Australian Taxation Office is included as part of receivables or payables in the balance sheet. The Goods and Services Tax component of a receipt or payment is recognised on a gross basis in the cash flow statement.

(x) Functional and presentation currency

The functional currency of the Corporation is the Australian Dollar, which has also been identified as the presentation currency of the Corporation.

(y) Foreign currency

All foreign currency transactions during the financial year are brought to account using the exchange rate in effect at the date of the transaction. Foreign monetary items existing at the end of the reporting period are translated at the closing rate at the date of the end of the reporting period.

(z) New Accounting Standards and Interpretations

As at 30 June 2015, the following new Australian Accounting Standards and Interpretations have been issued however, their adoption was not mandatory for the financial year ended 30 June 2015. The Corporation has not, and does not intend to adopt these standards early.

Standard/ Interpretation	Summary	Applicable for annual reporting periods beginning on	Impact on Corporation's financial statements
AASB 9 <i>Financial Instruments</i>	This Standard simplifies requirements for the classification and measurement of financial assets resulting from Phase 1 of the IASB's project to replace IAS 39 <i>Financial Instruments: Recognition and Measurement</i> (AASB 139 <i>Financial Instruments: Recognition and Measurement</i>).	1 Jan 2018	No material impact on the Corporation's financial statements.
AASB 15 <i>Revenue from Contracts with Customers</i>	The Standard requires an entity to recognise revenue when the entity satisfies a performance obligation by transferring a promised good or service to a customer.	1 Jan 2017 (Exposure Draft 263 – potential deferral to 1 Jan 2018)	Revenue recognition changes may result in changes to the timing and amount of revenue recorded in the Corporation's financial statements. Additional disclosures relating to service revenue and contract modifications will also be required.
AASB 2015-6 <i>Amendments to Australian Accounting Standards – Extending Related Party Disclosures to Not-for-Profit Public Sector Entities</i> [AASB 10, AASB 124 & AASB 1049]	The Standard extends the scope of AASB 124 <i>Related Party Disclosures to not-for-profit public sector entities</i> . A guidance has been included to assist the application of the Standard by not-for-profit public sector entities.	1 Jan 2016	Extended disclosures will be required in the Corporation's financial statements in regard to key management personnel and related party transactions.
AASB 2014-1 <i>Amendments to Australian Accounting Standards [Part E Financial Instruments]</i>	The Standard amends various Australian Accounting Standards to reflect the Standard's decision to defer the mandatory application date of AASB 9 to annual reporting periods beginning on or after 1 January 2018 as a consequence of Chapter 6 Hedge Accounting, and to amend reduced disclosure requirements.	1 Jan 2018	Application period of AASB 9 will be deferred to the year ended 30 June 2019 in accordance with the transition requirements.
AASB 2014-4 <i>Amendments to Australian Accounting Standards – Clarification of Acceptable Methods of Depreciation and Amortisation</i> [AASB 116 & AASB 138]	Amends AASB 116 <i>Property, Plant and Equipment</i> and AASB 138 <i>Intangible Assets</i> to: <ul style="list-style-type: none">• establish the principle for the basis of depreciation and amortisation as being the expected pattern of consumption of the future economic benefits of an asset;• prohibit the use of revenue-based methods to calculate the depreciation or amortisation of an asset, tangible or intangible, because revenue generally reflects the pattern of economic benefits that are generated from operating the business, rather than the consumption through the use of the asset.	1 Jan 2016	There is no expected impact on the Corporation's reporting as the revenue-based method is not used by the Corporation for depreciation and amortisation.

Note 2

Income from transactions

	2015 \$'000	2014 \$'000
Other revenue		
External works	49,373	60,859
Grants	46,173	16,391
Transport Accident Commission premium collection commission	40,139	38,027
Victorian Government agency commission	5,021	4,838
Rental revenue	14,603	13,228
Recoveries	18,095	28,650
Interest	1,466	1,433
Total other revenue	174,870	163,426

Note 3

Expenses from transactions

	2015 \$'000	2014 \$'000
Employee benefits		
Salaries and related on-costs	183,083	198,709
Leave entitlements	26,503	24,594
Termination benefits	641	2,012
Total employee benefits	210,227	225,315
Interest Expense		
Interest on finance leases	14,876	-
Total interest expense	14,876	-
Supplies and services		
Payment to contractors	508,306	419,760
Management and operating	104,036	103,738
Plant hire	18,684	19,065
Bad and doubtful debts	487	291
Services alterations	942	17,563
Total supplies and services	632,455	560,417
Depreciation		
Road pavements	419,303	416,550
Bridges	93,017	90,704
Traffic signal control systems	30,066	28,901
Plant and equipment	4,216	4,391
Intangible assets	7,052	5,621
Sound barriers	21,584	15,242
Buildings and leasehold improvements	1,422	1,423
Total depreciation	576,660	562,832

Note 4

Other economic flows included in net result

	2015 \$'000	2014 \$'000
Net gain/(loss) on non-financial assets		
Proceeds from disposal of surplus non-financial assets	30,969	25,097
Written-down value of disposed non-financial assets	(18,596)	(15,999)
De-recognised non-financial assets	(86,219)	-
Assets register adjustments	(2,346)	(608)
Impairment of assets	(185)	(329)
Total net gain/(loss) on non-financial assets	(76,377)	8,161
Other gains/(losses) from other economic flows		
Gain/(loss) on revaluation of provision for employee benefits	(1,643)	(630)
Gain/(loss) on revaluation of foreign currency	9	5
Total other gains/(losses) from other economic flows	(1,634)	(625)
TOTAL OTHER ECONOMIC FLOWS INCLUDED IN NET RESULT	(78,011)	7,536

Note 5

Cash and cash equivalents

	2015 \$'000	2014 \$'000
Cash relating to operating activities		
Cash on hand	104	104
Cash at bank	4,058	6,131
Total cash relating to operating activities	4,162	6,235
Cash and cash equivalent collections on behalf of the Victorian Government, government agencies and other entities		
Cash at bank	29,518	35,968
Fixed deposits	1,250	3,000
Total cash and cash equivalent collections on behalf of the Victorian Government, government agencies and other entities	30,768	38,968
TOTAL CASH AND CASH EQUIVALENTS	34,930	45,203

Note 6

Receivables

	2015 \$'000	2014 \$'000
Current receivables		
Contractual		
Debtors	27,026	40,316
Loans to third parties	526	166
Other receivables	21,672	3,689
Allowance for doubtful debts	(1,022)	(814)
	48,202	43,357
Statutory		
Amounts owing from the Victorian Government	296,290	303,608
Goods and Services Tax input tax credit recoverable	6,001	3,022
	302,291	306,630
Total current receivables	350,493	349,987
Non-current receivables		
Contractual		
Other receivables	16,191	12,637
Loans to third parties	8,323	9,266
Interest free loans	188	162
Total non-current receivables	24,702	22,065
TOTAL RECEIVABLES	375,195	372,052
	2015 \$'000	2014 \$'000
Movement in the allowance for doubtful debts		
Balance at beginning of the year	(814)	(543)
Amounts written off during the year	279	20
Decrease/(increase) in allowance recognised in the net result	(487)	(291)
Balance at the end of the year	(1,022)	(814)

Refer to Note 14 - 'Financial Instruments' for the ageing analysis, and the nature and extent of risks arising from contractual receivables.

Note 7

Inventories

	2015 \$'000	2014 \$'000
Current inventories		
Stockpile materials	1,192	1,071
Saleable items and consumable stores	518	411
TOTAL INVENTORIES	1,710	1,482

Note 8

Non-financial physical assets held for sale

	2015 \$'000	2014 \$'000
Carrying amount		
Properties held for sale at fair value	10,811	16,813
TOTAL PROPERTIES HELD FOR SALE	10,811	16,813

	2015 \$'000	2014 \$'000
Reconciliation		
Carrying amount at the beginning of the year	16,813	16,211
Transfers from land	10,631	16,133
Transfers from/(to) buildings	(254)	17
Disposals	(16,379)	(15,548)
Carrying amount at the end of the year	10,811	16,813

Fair value measurement hierarchy of non-financial physical assets held for sale as at 30 June 2015

	<i>Carrying amount as at 30 June 2015 \$'000</i>	Fair value measurement at end of reporting period using:		
		Level 1* \$'000	Level 2* \$'000	Level 3* \$'000
Properties held for sale	10,811	-	10,811	-
TOTAL PROPERTIES HELD FOR SALE	10,811	-	10,811	-

	<i>Carrying amount as at 30 June 2014 \$'000</i>	Fair value measurement at end of reporting period using:		
		Level 1* \$'000	Level 2* \$'000	Level 3* \$'000
Properties held for sale	16,813	-	16,813	-
TOTAL PROPERTIES HELD FOR SALE	16,813	-	16,813	-

*Refer to Note 1 - 'Summary of Significant Accounting Policies - (Non-Financial Assets - Valuations)' for details of the fair value measurement hierarchy levels

Note 9

Property, plant, and equipment

	2015 \$'000	2014 \$'000
Buildings and leasehold improvements at fair value	50,752	52,061
Plant and equipment at fair value	20,694	21,481
Land at fair value	19,108,936	17,113,836
Infrastructure assets at fair value	28,063,229	27,830,273
TOTAL PROPERTY, PLANT AND EQUIPMENT	47,243,611	45,017,651

	Buildings and leasehold improvements 2015 \$'000	Plant and Equipment 2015 \$'000	Land 2015 \$'000	Infrastructure assets 2015 \$'000	Total 2015 \$'000
Reconciliation					
Carrying amount at the beginning of the year	52,061	21,481	17,113,836	27,830,273	45,017,651
Acquisitions	855	4,025	12,506	-	17,386
Assets transferred to other entities	-	-	-	(10,887)	(10,887)
Assets transferred from other entities	-	-	-	15,313	15,313
Assets transferred from Victorian Government agencies as contributed capital	-	-	45,981	821,021	867,002
Disposals	(148)	(411)	-	(1,657)	(2,216)
Fair value of State assets sold and proceeds returned to the Victorian Government	(10)	-	(550)	-	(560)
Properties incorporated into declared roads	(3,713)	-	-	-	(3,713)
Asset register adjustments	(704)	-	(1,644)	-	(2,348)
Transfers to property held for sale	254	-	(10,631)	-	(10,377)
Construction expenditure	-	-	-	673,436	673,436
Depreciation expense	(1,422)	(4,216)	-	(563,970)	(569,608)
Impairment expense	-	(185)	-	-	(185)
Assets transferred to intangibles	-	-	-	(23,954)	(23,954)
Revaluation increment /(decrement)	3,579	-	1,949,438	(676,346)	1,276,671
Carrying amount at the end of the year	50,752	20,694	19,108,935	28,063,229	47,243,611

	Buildings and leasehold improvements 2014 \$'000	Plant and Equipment 2014 \$'000	Land 2014 \$'000	Infrastructure assets 2014 \$'000	Total 2014 \$'000
Reconciliation					
Carrying amount at the beginning of the year	51,637	21,581	17,108,158	27,677,690	44,859,066
Acquisitions	2,150	4,679	21,488	-	28,317
Assets transferred to other entities	-	-	-	(1,681)	(1,681)
Assets transferred from other entities	-	-	-	8,891	8,891
Disposals	-	(59)	-	(392)	(451)
Fair value of State assets sold and proceeds returned to the Victorian Government	(43)	-	(56)	-	(99)
Properties incorporated into declared roads	(155)	-	-	-	(155)
Asset register adjustments	(87)	-	379	(900)	(608)
Transfers to property held for sale	(17)	-	(16,133)	-	(16,150)
Construction expenditure	-	-	-	687,835	687,835
Depreciation expense	(1,424)	(4,391)	-	(551,397)	(557,212)
Impairment expense	-	(329)	-	-	(329)
Adjustment to asset revaluation reserve	-	-	-	10,227	10,227
Carrying amount at the end of the year	52,061	21,481	17,113,836	27,830,273	45,017,651

Note 9

Property, plant, and equipment (continued)

Buildings and leasehold improvements

	2015 \$'000	2014 \$'000
Carrying amount		
Buildings operational		
At independent valuation	11,039	-
At fair value	-	10,580
Accumulated depreciation	-	(1,006)
	11,039	9,574
Buildings on land acquired for future public roads		
At independent valuation	23,990	-
At fair value	-	24,277
At cost	855	2,150
Accumulated depreciation	-	(2,317)
	24,845	24,110
Leasehold improvements		
At independent valuation	14,868	-
At fair value	-	20,371
Accumulated depreciation	-	(1,994)
	14,868	18,377
TOTAL BUILDINGS AND LEASEHOLD IMPROVEMENTS	50,752	52,061

	Buildings operational	Buildings on land acquired for future public roads	Leasehold improvements	Total
	2015 \$'000	2015 \$'000	2015 \$'000	2015 \$'000
Reconciliation				
Carrying amount at the beginning of the year	9,574	24,110	18,377	52,061
Acquisitions	-	855	-	855
Disposals	-	(148)	-	(148)
Fair value of State assets sold and proceeds returned to the Victorian Government	(10)	-	-	(10)
Buildings incorporated into declared roads	-	(3,713)	-	(3,713)
Asset register adjustments	-	(172)	(532)	(704)
Revaluation Increment/(decrement)	1,739	4,310	(2,470)	3,579
Transfers from/(to) property held for sale	-	254	-	254
Depreciation expense	(264)	(651)	(507)	(1,422)
Carrying amount at the end of the year	11,039	24,845	14,868	50,752

	Buildings operational	Buildings on land acquired for future public roads	Leasehold improvements	Total
	2014 \$'000	2014 \$'000	2014 \$'000	2014 \$'000
Reconciliation				
Carrying amount at the beginning of the year	9,882	22,868	18,887	51,637
Acquisitions	-	2,150	-	2,150
Fair value of State assets sold and proceeds returned to the Victorian Government	(43)	-	-	(43)
Buildings incorporated into declared roads	-	(155)	-	(155)
Asset register adjustments	-	(87)	-	(87)
Transfers from/(to) property held for sale	-	(17)	-	(17)
Depreciation expense	(265)	(649)	(510)	(1,424)
Carrying amount at the end of the year	9,574	24,110	18,377	52,061

Note 9

Property, plant, and equipment (continued)

Plant and Equipment

	2015 \$'000	2014 \$'000
Carrying amount		
Computers and other technical equipment		
At fair value	24,970	23,189
Accumulated depreciation	(13,128)	(11,540)
Accumulated impairment	(1,382)	(1,277)
	10,460	10,372
Office furniture and fittings		
At fair value	35,998	35,493
Accumulated depreciation	(25,764)	(24,384)
	10,234	11,109
TOTAL PLANT AND EQUIPMENT	20,694	21,481

	2015 \$'000	2014 \$'000
Reconciliation		
Carrying amount at the beginning of the year	21,481	21,581
Acquisitions	4,025	4,679
Disposals	(411)	(59)
Depreciation expense	(4,216)	(4,391)
Impairment expense	(185)	(329)
Carrying amount at the end of the year	20,694	21,481

Note 9

Property, plant, and equipment (continued)

Land

	2015 \$'000	2014 \$'000
Carrying amount		
Land for operations		
At independent valuation	36,741	-
At fair value	-	25,836
	36,741	25,836
Land acquired for future public roads		
At independent valuation	1,213,295	-
At fair value	-	1,146,241
At cost	12,506	21,487
	1,225,801	1,167,728
Land under declared roads		
At independent valuation	17,801,320	-
At fair value	-	15,892,816
	17,801,320	15,892,816
Land in commercial use		
At independent valuation	45,074	-
At fair value	-	27,456
	45,074	27,456
TOTAL LAND	19,108,936	17,113,836

Note 9

Property, plant, and equipment (continued)

Land (continued)

	Land for operations	Land acquired for future public roads	Land under declared roads	Land in commercial use	Total
	2015	2015	2015	2015	2015
	\$'000	\$'000	\$'000	\$'000	\$'000
Reconciliation					
Carrying amount at the beginning of the year	25,836	1,167,728	15,892,816	27,456	17,113,836
Acquisitions	-	12,506	-	-	12,506
Assets transferred from Victorian Government agencies as contributed capital	-	-	45,981	-	45,981
Fair value of State assets sold and proceeds returned to the Victorian Government	(550)	-	-	-	(550)
Asset register adjustments	-	(68)	(1,576)	-	(1,644)
Transfers from/(to) land under declared roads	-	(20,160)	20,160	-	-
Transfers to properties held for sale	-	(10,631)	-	-	(10,631)
Revaluation increment	11,455	76,426	1,843,939	17,618	1,949,438
Carrying amount at the end of the year	36,741	1,225,801	17,801,320	45,074	19,108,935

	Land for operations	Land acquired for future public roads	Land under declared roads	Land in commercial use	Total
	2014	2014	2014	2014	2014
	\$'000	\$'000	\$'000	\$'000	\$'000
Reconciliation					
Carrying amount at the beginning of the year	25,892	1,162,431	15,892,379	27,456	17,108,158
Acquisitions	-	21,488	-	-	21,488
Fair value of State assets sold and proceeds returned to the Victorian Government	(56)	-	-	-	(56)
Asset register adjustments	-	379	-	-	379
Transfers from/(to) land under declared roads	-	(437)	437	-	-
Transfers to properties held for sale	-	(16,133)	-	-	(16,133)
Carrying amount at the end of the year	25,836	1,167,728	15,892,816	27,456	17,113,836

Note 9

Property, plant, and equipment (continued)

Infrastructure Assets

	2015 \$'000	2014 \$'000
Carrying amount		
Road pavements		
At fair value	-	23,540,272
At independent valuation	26,574,391	-
At cost	204,963	1,493,394
Leased asset at independent valuation	242,320	-
Accumulated depreciation	(13,970,568)	(12,168,388)
Accumulated impairment	(45,014)	(121,537)
	13,006,092	12,743,741
Earthworks		
At fair value	-	7,048,572
At independent valuation	7,624,713	-
At cost	65,096	636,595
Leased asset at independent valuation	146,330	-
	7,836,139	7,685,167
Sound barriers		
At fair value	-	280,338
At independent valuation	517,762	-
At cost	1,138	264,855
Leased asset at independent valuation	69,600	-
Accumulated depreciation	(153,017)	(120,808)
	435,483	424,385
Bridges		
At fair value	-	6,570,773
At independent valuation	8,200,850	-
At cost	36,376	1,646,474
Leased asset at independent valuation	104,284	-
Accumulated depreciation	(3,260,351)	(2,766,331)
Accumulated impairment	(1,846)	(3,292)
	5,079,313	5,447,624
Traffic signal control systems		
At fair value	-	623,377
At independent valuation	833,012	-
At cost	13,930	327,923
Leased asset at independent valuation	21,810	-
Accumulated depreciation	(600,826)	(545,805)
	267,926	405,495
Work in progress		
At cost	1,438,276	1,123,861
	1,438,276	1,123,861
TOTAL INFRASTRUCTURE ASSETS	28,063,229	27,830,273

Note 9

Property, plant, and equipment (continued)

Infrastructure assets (continued)

	Road pavements	Earthworks	Sound barriers	Bridges	Traffic signal control systems	Work in progress	Total
	2015 \$'000	2015 \$'000	2015 \$'000	2015 \$'000	2015 \$'000	2015 \$'000	2015 \$'000
Reconciliation							
Carrying amount at the beginning of the year	12,743,741	7,685,167	424,385	5,447,624	405,495	1,123,861	27,830,273
Assets transferred to other entities	(9,208)	(137)	-	(1,292)	(250)	-	(10,887)
Assets transferred from other entities	11,735	3,578	-	-	-	-	15,313
Disposals	-	-	-	(1,571)	(86)	-	(1,657)
Depreciation expense	(419,303)	-	(21,584)	(93,017)	(30,066)	-	(563,970)
Construction expenditure	-	-	-	-	4,889	668,547	673,436
Capitalised work in progress	226,764	65,579	1,139	43,191	17,459	(354,131)	-
Assets transferred from Victorian Government agencies as contributed capital	340,466	205,598	97,791	146,522	30,644	-	821,021
Assets transferred to intangibles	-	-	-	-	(23,954)	-	(23,954)
Revaluation increment/(decrement)	111,897	(123,646)	(66,248)	(462,144)	(136,205)	-	(676,346)
Carrying amount at the end of the year	13,006,092	7,836,139	435,483	5,079,313	267,926	1,438,277	28,063,229

	Road pavements	Earthworks	Sound barriers	Bridges	Traffic signal control systems	Work in progress	Total
	2014 \$'000	2014 \$'000	2014 \$'000	2014 \$'000	2014 \$'000	2014 \$'000	2014 \$'000
Reconciliation							
Carrying amount at the beginning of the year	12,935,067	7,638,767	425,922	5,446,275	390,008	841,651	27,677,690
Assets transferred to other entities	(1,490)	(191)	-	-	-	-	(1,681)
Assets transferred from other entities	6,981	1,834	-	76	-	-	8,891
Disposals	-	-	-	-	(392)	-	(392)
Depreciation expense	(416,550)	-	(15,242)	(90,704)	(28,901)	-	(551,397)
Construction expenditure	-	-	-	-	5,264	682,571	687,835
Asset register adjustments	(2,581)	474	-	(995)	2,202	-	(900)
Capitalised work in progress	212,087	44,283	13,705	92,972	37,314	(400,361)	-
Adjustment to asset revaluation reserve	10,227	-	-	-	-	-	10,227
Carrying amount at the end of the year	12,743,741	7,685,167	424,385	5,447,624	405,495	1,123,861	27,830,273

Note 9

Property, plant, and equipment (continued)

Fair value measurement hierarchy for assets as at 30 June 2015

	Carrying amount as at 30 June 2015 \$'000	Fair value measurement at end of reporting period using:		
		Level 1 * \$'000	Level 2 * \$'000	Level 3 * \$'000
Land at fair value				
Land for operations	36,741	-	36,741	-
Land acquired for future public roads	1,225,801	-	-	1,225,801
Land under declared roads	17,801,320	-	-	17,801,320
Land in commercial use	45,074	-	45,074	-
	19,108,936	-	81,815	19,027,121
Buildings at fair value				
Buildings operational	11,039	-	11,039	-
Buildings on land acquired for future public roads	24,845	-	-	24,845
Leasehold improvements	14,868	-	14,868	-
	50,752	-	25,907	24,845
Plant and equipment at fair value				
Computers and other technical equipment	10,460	-	2,591	7,869
Other furniture and fittings	10,234	-	1,434	8,800
	20,694	-	4,025	16,669
Infrastructure assets at fair value				
Road pavements	13,006,092	-	226,764	12,779,328
Earthworks	7,836,139	-	65,579	7,770,561
Sound barriers	435,483	-	1,139	434,344
Bridges	5,079,313	-	43,191	5,036,121
Traffic signal control systems	267,926	-	17,459	250,468
	26,624,953	-	354,131	26,270,822
TOTAL PROPERTY, PLANT AND EQUIPMENT	45,805,335	-	465,878	45,339,457

	Carrying amount as at 30 June 2014 \$'000	Fair value measurement at end of reporting period using:		
		Level 1 * \$'000	Level 2 * \$'000	Level 3 * \$'000
Land at fair value				
Land for operations	25,836	-	25,836	-
Land acquired for future public roads	1,167,728	-	-	1,167,728
Land under declared roads	15,892,816	-	-	15,892,816
Land in commercial use	27,456	-	27,456	-
	17,113,836	-	53,292	17,060,544
Buildings at fair value				
Buildings operational	9,574	-	9,574	-
Buildings on land acquired for future public roads	24,110	-	-	24,110
Leasehold improvements	18,377	-	18,377	-
	52,061	-	27,951	24,110
Plant and equipment at fair value				
Computers and other technical equipment	10,372	-	3,940	6,432
Other furniture and fittings	11,109	-	739	10,370
	21,481	-	4,679	16,802
Infrastructure assets at fair value				
Road pavements	12,743,741	-	212,087	12,531,654
Earthworks	7,685,167	-	44,283	7,640,884
Sound barriers	424,385	-	13,705	410,680
Bridges	5,447,624	-	92,972	5,354,652
Traffic signal control systems	405,495	-	37,314	368,181
	26,706,412	-	400,361	26,306,051
TOTAL PROPERTY, PLANT AND EQUIPMENT	43,893,790	-	486,283	43,407,506

*Refer to Note 1 - 'Summary of Significant Accounting Policies' - (Non-Financial Assets - Valuations) for details of the fair value measurement hierarchy levels.

Note 9

Property, plant, and equipment (continued)

Reconciliation of level 3 fair value

	Land acquired for future public roads	Land under declared roads	Buildings on land acquired for future public roads	Plant and equipment	Road Pavements	Earthworks	Sound barriers	Bridges	Traffic signal control systems
	2015 \$'000	2015 \$'000	2015 \$'000	2015 \$'000	2015 \$'000	2015 \$'000	2015 \$'000	2015 \$'000	2015 \$'000
Opening balance	1,167,728	15,892,816	24,110	16,802	12,531,654	7,640,884	410,680	5,354,652	368,181
Purchases (sales)	12,506	-	855	-	-	-	-	-	-
Construction	-	-	-	-	-	-	-	-	4,890
Disposals	-	-	(148)	(411)	-	-	-	(1,572)	(86)
Assets transferred from/(to) other entities	-	-	-	-	2,527	3,442	-	(1,292)	(250)
Transfers/incorporated from/(to) declared roads	(20,160)	20,160	(3,713)	-	-	-	-	-	-
Transfer/movements in/(out) of Level 3	(10,631)	-	254	4,679	212,087	44,283	13,705	92,972	13,360
Asset register adjustments	(68)	(1,576)	(172)	-	-	-	-	-	-
Depreciation expense	-	-	(651)	(4,216)	(419,303)	-	(21,584)	(93,017)	(30,066)
Impairment loss	-	-	-	(185)	-	-	-	-	-
Assets transferred from Victorian Government agencies as contributed capital	-	45,981	-	-	340,466	205,598	97,791	146,522	30,644
Revaluation increment/(decrement)	76,426	1,843,939	4,310	-	111,897	(123,646)	(66,248)	(462,144)	(136,205)
Closing balance	1,225,801	17,801,320	24,845	16,669	12,779,328	7,770,561	434,344	5,036,121	250,468

	Land acquired for future public roads	Land under declared roads	Buildings on land acquired for future public roads	Plant and equipment	Road Pavements	Earthworks	Sound barriers	Bridges	Traffic signal control systems
	2014 \$'000	2014 \$'000	2014 \$'000	2014 \$'000	2014 \$'000	2014 \$'000	2014 \$'000	2014 \$'000	2014 \$'000
Opening balance	1,162,431	15,892,379	22,868	19,056	12,526,560	7,252,101	253,046	5,003,482	341,377
Purchases (sales)	21,488	-	2,150	-	-	-	-	-	-
Construction	-	-	-	-	-	-	-	-	5,264
Disposals	-	-	-	(59)	-	-	-	-	(392)
Assets transferred from/(to) other entities	-	-	-	-	5,491	1,643	-	76	-
Transfers/incorporated from/(to) declared roads	(437)	437	(155)	-	-	-	-	-	-
Transfer/movements in/(out) of Level 3	(16,133)	-	(17)	2,525	408,507	386,666	172,876	442,793	48,631
Asset register adjustments	379	-	(87)	-	(2,581)	474	-	(995)	2,202
Depreciation expense	-	-	(649)	(4,391)	(416,550)	-	(15,242)	(90,704)	(28,901)
Impairment loss	-	-	-	(329)	-	-	-	-	-
Adjustment to asset revaluation reserve	-	-	-	-	10,227	-	-	-	-
Closing balance	1,167,728	15,892,816	24,110	16,802	12,531,654	7,640,884	410,680	5,354,652	368,181

Note 10

Intangible assets

	2015 \$'000	2014 \$'000
Carrying amount		
Software		
At cost	147,690	88,490
Accumulated amortisation	(92,598)	(68,820)
	55,092	19,670
Work in progress		
At cost	4,670	100,293
	4,670	100,293
Water rights		
At fair value	932	882
	932	882
TOTAL INTANGIBLE ASSETS	60,694	120,845

	2015 \$'000	2014 \$'000
Reconciliation		
Carrying amount at the beginning of the year	120,845	99,999
Acquisitions	49	1,848
Transfers from infrastructure assets	23,954	-
Expenditure associated with work in progress	9,117	24,619
De-recognition of expenditure	(86,219)	-
Amortisation expense	(7,052)	(5,621)
Carrying amount at the end of the year	60,694	120,845

Intangible assets de-recognised

As at 30 June 2014, the Corporation had recognised as work in progress, intangible assets of \$90.3 million relating to a registration and licensing system development project. During the year ended 30 June 2015, a review of this system project was undertaken and it was decided to discontinue any further development. As a result of this decision, the Corporation has recognised \$4.1 million as software assets and de-recognised the remaining \$86.2 million of work in progress as it has no future economic value.

Note 11

Payables

	2015 \$'000	2014 \$'000
Current payables		
Contractual		
Creditors and accruals	195,349	138,862
Victorian Government, government agencies and other entities	16,051	21,166
	211,400	160,028
Statutory		
Victorian Government, government agencies and other entities	15,155	18,057
	15,155	18,057
Total current payables	226,555	178,085
Aggregate carrying amount of payables		
Current	226,555	178,085
TOTAL PAYABLES	226,555	178,085

Refer to Note 14 - 'Financial Instruments' for the maturity analysis, and the nature and extent of risks arising from contractual payables.

Note 12

Interest bearing liabilities

	Notes	2015 \$'000	2014 \$'000
Current interest bearing liabilities			
Public Private Partnership related lease liabilities	20	24,290	-
Total current interest bearing liabilities		24,290	-
Non-Current interest bearing liabilities			
Public Private Partnership related lease liabilities	20	760,756	-
Total non-current interest bearing liabilities		760,756	-
TOTAL INTEREST BEARING LIABILITIES		785,046	-

Refer to Note 14 - 'Financial Instruments' for the maturity analysis, and the nature and extent of risks arising from interest bearing liabilities.

Note 13

Provisions

	2015 \$'000	2014 \$'000
Current provisions		
Employee benefits annual leave		
Unconditional and expected to be settled wholly within 12 months	13,820	13,560
Unconditional and expected to be settled after 12 months	3,936	3,745
Employee benefits long service leave		
Unconditional and expected to be settled within 12 months	7,712	7,209
Unconditional and expected to be settled after 12 months	50,088	45,676
Provisions related to employee benefit on-costs		
Unconditional and expected to be settled wholly within 12 months	3,426	3,309
Unconditional and expected to be settled after 12 months	8,765	8,036
Performance and other entitlements	5,017	4,771
Contractor retentions and provisions	12,655	14,198
Property acquisition liabilities	11,631	33,661
Compensation payable to property owners	25,996	16,585
Total current provisions	143,046	150,750
Non-current provisions		
Employee benefits long service leave	5,798	6,522
Provisions related to employee benefit on-costs	944	1,064
Contractor retentions and provisions	3,432	2,461
Property acquisition liabilities	10,748	1,975
Compensation payable to property owners	12	12
Total non-current provisions	20,934	12,034
Aggregate carrying amount of provisions		
Current	143,046	150,750
Non-current	20,934	12,034
TOTAL PROVISIONS	163,980	162,784
Aggregate carrying amount of provisions		
Employee benefits and related on-costs	99,506	93,892
Contractor retentions and provisions	16,087	16,659
Property acquisition liabilities	22,379	35,636
Compensation payable to property owners	26,008	16,597
TOTAL PROVISIONS	163,980	162,784

Employee benefits and related on-costs

	2015 \$'000	2014 \$'000
Current employee benefits		
Annual leave entitlements	17,756	17,305
Long service leave entitlements	57,800	52,885
Non-current employee benefits		
Long service leave entitlements	5,798	6,522
Total employee benefits	81,354	76,712
Current on-costs	12,191	11,345
Non-current on-costs	944	1,064
Performance and other entitlements	5,017	4,771
Total on-costs	18,152	17,180
TOTAL EMPLOYEE BENEFITS AND RELATED ON-COSTS	99,506	93,892

Note 13

Provisions (continued)

	Employee benefits	Contractor retentions and provisions	Property acquisition provision	Compensation payable to property owners	Total
	2015	2015	2015	2015	2015
	\$'000	\$'000	\$'000	\$'000	\$'000
Reconciliation					
Carrying amount at the beginning of the year	93,892	16,659	35,636	16,597	162,784
Additional provisions recognised	30,964	10,082	6,332	16,065	63,444
Payments or other sacrifices of economic benefits	(26,836)	(9,827)	(26,461)	(6,654)	(69,778)
Additions/(reductions) from re-measurement or settlement without cost	(158)	(827)	6,872	-	5,887
Increases/(decreases) from economic flows	1,643	-	-	-	1,643
Carrying amount at the end of the year	99,506	16,087	22,379	26,008	163,980

	Employee benefits	Contractor retentions and provisions	Property acquisition provision	Compensation payable to property owners	Total
	2014	2014	2014	2014	2014
	\$'000	\$'000	\$'000	\$'000	\$'000
Reconciliation					
Carrying amount at the beginning of the year	91,185	20,841	54,261	41,160	207,447
Additional provisions recognised	30,628	17,849	28,003	13,624	90,104
Payments or other sacrifices of economic benefits	(27,153)	(17,729)	(46,342)	(38,187)	(129,411)
Additions/(reductions) from re-measurement or settlement without cost	(1,398)	(4,302)	(286)	-	(5,986)
Increases/(decreases) from economic flows	630	-	-	-	630
Carrying amount at the end of the year	93,892	16,659	35,636	16,597	162,784

Note 14

Financial instruments

Categorisation of financial instruments

	Notes	2015 \$'000	2014 \$'000
Contractual financial assets			
Cash assets	5	4,162	6,235
Loans and receivables (at amortised cost)	6	72,904	65,422
TOTAL CONTRACTUAL FINANCIAL ASSETS		77,066	71,657
Contractual financial liabilities			
Payables	11	211,400	160,028
Finance lease liabilities at amortised cost	12, 20	785,046	-
TOTAL CONTRACTUAL FINANCIAL LIABILITIES		996,446	160,028

Note 14

Financial instruments (continued)

Credit risk

The credit risk relating to the Corporation's contractual financial assets is the carrying amount of such assets, net of the allowance for doubtful debts.

The Corporation does not have any significant credit risk exposure to any single counter party or any groups of counter parties having similar characteristics. The credit risk relating to cash assets is limited as the counter party is a bank with high credit-rating assigned by international credit-rating agencies.

Contractual financial assets that are either past due or impaired

The Corporation holds mortgages over property relating to interest free loans and encumbrances against properties relating to compensation payments recoverable but does not hold any collateral as security nor credit enhancements relating to any other financial assets.

At balance date, other than receivables, there is no evidence to indicate that any other contractual financial assets were impaired.

There are no contractual financial assets that have had their terms renegotiated so as to prevent them from being past due or impaired, and these assets are stated at the carrying amounts as indicated.

Ageing Analysis of contractual financial assets

	Carrying amount	Not due or impaired	Past due but not impaired				Impaired financial assets
			Less than 1 month	1-3 months	3-12 months	1-5 years	
	2015 \$'000	2015 \$'000	2015 \$'000	2015 \$'000	2015 \$'000	2015 \$'000	2015 \$'000
Receivables							
Debtors	26,004	1,129	20,742	3,391	857	908	1,022
Accrued revenue	21,672	21,672	-	-	-	-	-
Compensation payments recoverable	16,191	16,191	-	-	-	-	-
Loans	8,849	8,849	-	-	-	-	-
Interest free loans	188	188	-	-	-	-	-
Total	72,904	48,029	20,742	3,391	857	908	1,022

	Carrying amount	Not due or impaired	Past due but not impaired				Impaired financial assets
			Less than 1 month	1-3 months	3-12 months	1-5 years	
	2014 \$'000	2014 \$'000	2014 \$'000	2014 \$'000	2014 \$'000	2014 \$'000	2014 \$'000
Receivables							
Debtors	39,477	16,285	12,935	3,755	6,888	428	814
Accrued revenue	3,689	3,689	-	-	-	-	-
Compensation payments recoverable	12,637	12,637	-	-	-	-	-
Operating lease receivables	25	25	-	-	-	-	-
Loans	9,432	9,432	-	-	-	-	-
Interest free loans	162	162	-	-	-	-	-
Total	65,422	42,230	12,935	3,755	6,888	428	814

Note 14

Financial instruments (continued)

Liquidity risk

The Corporation operates under the Victorian Government fair payments policy of settling financial obligations within 30 days from the date of resolution. Liquidity risk is managed by monitoring future cash flows and planning to ensure adequate holding of cash assets to fund due and payable financial liabilities. The Corporations' maximum exposure to liquidity risk is the carrying amount of financial liabilities as disclosed on the balance sheet.

The Corporation's exposure to liquidity risk is deemed insignificant based on prior periods data and current assessment of risk.

Maturity analysis of contractual financial liabilities

	Carrying amount 2015 \$'000	Nominal amount 2015 \$'000	Maturity dates				
			Less than 1 month	1-3 months	3-12 months	1-5 years	5+ years
			2015 \$'000	2015 \$'000	2015 \$'000	2015 \$'000	2015 \$'000
Payables							
Amounts payable to other government agencies	16,051	16,051	16,051	-	-	-	-
Creditors	195,349	195,348	108,861	85,926	561	-	-
Interest bearing liabilities	785,046	2,007,121	-	-	84,603	411,719	1,510,799
Total	996,446	2,218,520	124,912	85,926	85,164	411,719	1,510,799

	Carrying amount 2014 \$'000	Nominal amount 2014 \$'000	Maturity dates				
			Less than 1 month	1-3 months	3-12 months	1-5 years	5+ years
			2014 \$'000	2014 \$'000	2014 \$'000	2014 \$'000	2014 \$'000
Payables							
Amounts payable to other government agencies	21,166	21,166	21,166	-	-	-	-
Creditors	138,862	138,862	96,272	42,536	54	-	-
Total	160,028	160,028	117,438	42,536	54	-	-

Note 14

Financial instruments (continued)

Market risk

The Corporation's exposure to market risks are primarily interest rate risk, with only minimal risk exposure to foreign currency.

Objectives, policies and processes used to manage each of these risks are disclosed in the paragraphs below.

Interest rate risk

Exposure to interest rate risk is insignificant and may arise primarily through the Corporation's cash accounts. Minimisation of risk is achieved by the Corporation participating as a party to the State Purchasing Contract which is administered by the Victorian Department of Treasury and Finance. The Corporation's exposure to interest rate risk is disclosed in the table below.

Foreign currency risk

The Corporation is exposed to minimal foreign currency risk relating to a foreign currency bank accounts. The Corporation manages its risk through continuous monitoring of movements in the relevant exchange rates and ensures availability of funds through rigorous cash flow planning and monitoring. Based on past and current assessment of economic outlook, it is deemed unnecessary for the Corporation to enter into any hedging arrangements to manage the risk. The Corporation's exposure to foreign currency risk is disclosed in the table below.

Sensitivity disclosure analysis

Taking into account past performance, future expectations, economic forecasts and management's knowledge and experience of financial markets, the Corporation considers the following movements are 'reasonably possible' during the next 12 months:

- a parallel shift of +2% and -2% in market interest rates (Australian Dollar) from year-end rates of 2%.
- proportional exchange rate movement of -5% (depreciation of the Australian Dollar) and +15% (appreciation of the Australian Dollar) against the foreign currency rate.

The following table discloses the impact on net result and equity to market risk movements for each category of financial instruments held by the Corporation at balance date.

Notes	Carrying amount 2015 \$'000	Foreign exchange risk				Interest rate risk			
		-5%		+15%		-2%		+2%	
		Net result	Equity	Net result	Equity	Net result	Equity	Net result	Equity
		2015 \$'000	2015 \$'000	2015 \$'000	2015 \$'000	2015 \$'000	2015 \$'000	2015 \$'000	2015 \$'000
Financial assets									
Cash	5	4,162	13	13	(40)	(40)	(83)	(83)	83
Receivables	6	72,904	-	-	-	-	-	-	-
Financial liabilities									
Payables	11	211,400	-	-	-	-	-	-	-
Interest Bearing Liabilities	12,20	785,046	-	-	-	-	-	-	-
Total increase/(decrease)			13	13	(40)	(40)	(83)	(83)	83

Notes	Carrying amount 2014 \$'000	Foreign exchange risk				Interest rate risk			
		-5%		+15%		-2%		+2%	
		Net result	Equity	Net result	Equity	Net result	Equity	Net result	Equity
		2014 \$'000	2014 \$'000	2014 \$'000	2014 \$'000	2014 \$'000	2014 \$'000	2014 \$'000	2014 \$'000
Financial assets									
Cash	5	6,235	9	9	(28)	(28)	(125)	(125)	125
Receivables	6	65,422	-	-	-	-	-	-	-
Financial liabilities									
Payables	11	160,028	-	-	-	-	-	-	-
Total increase/(decrease)			9	9	(28)	(28)	(125)	(125)	125

Note 14

Financial instruments (continued)

Interest rate exposure

	Weighted average effective interest rate 2015 %	Carrying amount 2015 \$'000	Interest rate exposure		
			Fixed interest rate	Variable interest rate	Non-interest bearing
			2015 \$'000	2015 \$'000	2015 \$'000
Cash and cash equivalents					
Cash at bank	2.00	4,058	-	4,058	-
Cash on hand	-	104	-	-	104
Receivables					
Debtors	-	26,004	-	-	26,004
Accrued revenue	-	21,672	-	-	21,672
Compensation payments recoverable	-	16,191	-	-	16,191
Loans	3.00	8,849	8,849	-	-
Interest free loans	-	188	-	-	188
Total		77,066	8,849	4,058	64,159
Payables					
Creditors	-	195,349	-	-	195,349
Victorian Government and government agencies	-	16,051	-	-	16,051
Interest bearing liabilities					
Lease liability at amortised cost	11.31	785,046	785,046	-	-
Total		996,446	785,046	-	211,400

	Weighted average effective interest rate 2014 %	Carrying amount 2014 \$'000	Interest rate exposure		
			Fixed interest rate	Variable interest rate	Non-interest bearing
			2014 \$'000	2014 \$'000	2014 \$'000
Cash and cash equivalents					
Cash at bank	2.50	6,131	-	6,131	-
Cash on hand	-	104	-	-	104
Receivables					
Debtors	-	39,477	-	-	39,477
Accrued revenue	-	3,689	-	-	3,689
Compensation payments recoverable	-	12,637	-	-	12,637
Operating lease receivables	-	25	-	-	25
Loans	3.00	9,432	9,432	-	-
Interest free loans	-	162	-	-	162
Total		71,657	9,432	6,131	56,094
Payables					
Creditors & accruals	-	138,862	-	-	138,862
Victorian Government and government agencies	-	21,166	-	-	21,166
Total		160,028	-	-	160,028

Note 14

Financial instruments (continued)

The carrying amount and fair values of financial liabilities at balance date are:

Fair Value of financial instruments measured at amortised cost

	Notes	Carrying Amount 2015 \$'000	Fair Value 2015 \$'000	Carrying Amount 2014 \$'000	Fair Value 2014 \$'000
Financial liabilities					
Finance lease liabilities	11, 20	785,046	785,046	-	-
TOTAL FINANCIAL LIABILITIES		785,046	785,046	-	-

Note 15

Responsible person's disclosure and remuneration

Responsible persons

The names of persons who were responsible persons of the Corporation during the year are as follows:

Responsible Ministers

The Hon Luke Donnellan, Minister for Roads and Road Safety - 4 December 2014 to 30 June 2015

The Hon Terry Mulder, Minister for Roads - 1 July 2014 to 4 December 2014

Amounts relating to Ministers are reported in the financial statements of the Department of Premier and Cabinet

Accountable Officers

2015

Mr J Merritt, Chief Executive - 1 July 2014 to 30 June 2015

2014

Mr G Liddle, Chief Executive - 1 July 2013 to 13 October 2013

Mr P Todd, Acting Chief Executive - 14 October 2013 to 4 May 2014

Mr J Merritt, Chief Executive - 5 May 2014 to 30 June 2014

Remuneration of Accountable Officers	2015	2014
Total remuneration received or receivable during the year by the Accountable Officers from the Corporation		
Mr J Merritt	\$390,000 to \$400,000	\$60,000 to \$70,000
Mr P Todd	-	\$180,000 to \$190,000
Mr G Liddle	-	\$510,000 to \$520,000

Total remuneration includes base remuneration, performance bonus, leave entitlements, reportable fringe benefits and termination payments.

Total remuneration for Mr G. Liddle in the year ended 30 June 2014 includes remuneration whilst he was the Corporation's Chief Executive (\$102,000), on secondment to the Victorian Department of Transport, Planning and Infrastructure (\$120,000) and paid out leave entitlements upon his resignation (\$291,000).

Note 16

Executive remuneration and other personnel

Remuneration of executives

The number of executives (other than the Minister and the Accountable Officer) and their total remuneration received or receivable is detailed in the first two columns of the table below in relevant income bands. The base remuneration of executives is shown in the third and fourth columns. Base remuneration includes salary, superannuation, and reportable fringe benefits. Lump sum performance bonus, leave entitlements and termination payments are excluded from the base remuneration. Total remuneration includes all benefits.

The number of executives and the remuneration received or receivable during the reporting period is affected by the number and timing of executives retiring or resigning, the employment of executives, and the payment of lump sum leave entitlements.

Remuneration band	Total remuneration 2015	Total remuneration 2014	Base remuneration 2015	Base remuneration 2014
\$100,000 - \$109,999	-	-	2	1
\$110,000 - \$119,999	1	1	1	2
\$120,000 - \$129,999	-	2	1	2
\$130,000 - \$139,999	-	1	-	1
\$140,000 - \$149,999	-	1	-	1
\$150,000 - \$159,999	-	1	-	1
\$160,000 - \$169,999	-	1	4	1
\$170,000 - \$179,999	4	3	1	7
\$180,000 - \$189,999	2	7	8	13
\$190,000 - \$199,999	8	10	11	13
\$200,000 - \$209,999	7	7	9	4
\$210,000 - \$219,999	11	11	3	1
\$220,000 - \$229,999	4	2	3	1
\$230,000 - \$239,999	2	2	-	3
\$240,000 - \$249,999	2	1	-	1
\$250,000 - \$259,999	-	1	2	2
\$260,000 - \$269,999	1	3	-	3
\$270,000 - \$279,999	1	-	2	-
\$280,000 - \$289,999	2	2	2	2
\$290,000 - \$299,999	3	2	1	-
\$300,000 - \$309,999	1	1	-	-
\$310,000 - \$319,999	1	-	-	-
Total number of executives	50	59	50	59
Total annualised employee equivalent	49.7	58.7	49.7	58.7
TOTAL	\$11,030,522	\$12,212,303	\$9,993,529	\$11,420,317

Note 16

Executive remuneration and other personnel (continued)

Payments to other personnel (contractors with significant responsibilities)

The number of contractors charged with significant management responsibilities and their total expense is detailed in the table below in relevant expense bands. These contractors are responsible for planning, directing or controlling, directly or indirectly, the Corporation's activities.

The change in the total expenses from the 2014 to 2015 reporting period was mainly driven by new operational and technology driven projects.

Engagement band (excluding GST)	Total 2015	Total 2014
\$130,000 – \$139,999	-	1
\$210,000 – \$219,999	1	-
\$220,000 – \$229,999	-	1
\$310,000 – \$319,999	1	-
\$400,000 – \$409,999	1	-
Total number of other personnel	3	2
TOTAL	\$930,313	\$355,000

Note 17

Auditor's remuneration

Remuneration paid or payable to the Victorian Auditor-General's Office for audit of the Corporation's financial statements

	2015	2014
	\$'000	\$'000
Paid as at 30 June	144	139
Due and payable	216	261
TOTAL AUDITOR'S REMUNERATION	360	400

Note 18

Contingent assets and contingent liabilities

	2015 \$'000	2014 \$'000
Contingent assets		
Recovery of legal expenses	6,969	6,000
Insurance claims pending for damage caused to Corporation assets	500	6,000
Total contingent assets	7,469	12,000
Contingent liabilities		
Contract claims against the Corporation for variations to contracts. In a number of cases, the Corporation is contesting the associated claims.	25,535	23,939
Legal claims brought against the Corporation by persons and entities who assert that they are entitled to be compensated for a loss (includes property acquisition related claims). In a number of cases, the Corporation is contesting the associated claims.	35,187	143,795
Total contingent liabilities	60,722	167,734
NET CONTINGENT LIABILITIES	53,253	155,734

Note 19

Commitments for expenditure

Capital expenditure commitments

Commitments for the construction of infrastructure assets and the acquisition of plant and equipment contracted at balance date but not recognised as liabilities in the balance sheet are set out below.

	2015 \$'000	2014 \$'000
Within one year	528,365	422,422
Later than one year but not later than five years	482,889	141,958
Later than five years	281	1,073
TOTAL CAPITAL EXPENDITURE COMMITMENTS EXCLUSIVE OF GST	1,011,535	565,453
GST Amount	101,154	56,545
TOTAL CAPITAL EXPENDITURE COMMITMENTS INCLUSIVE OF GST	1,112,689	621,998

Other expenditure commitments

Other commitments for the acquisition of goods and services contracted at balance date but not recognised as liabilities in the balance sheet are set out below.

	2015 \$'000	2014 \$'000
Within one year	61,122	53,284
Later than one year but not later than five years	90,945	22,276
Later than five years	-	-
TOTAL OTHER EXPENDITURE COMMITMENTS EXCLUSIVE OF GST	152,067	75,560
GST Amount	15,207	7,556
TOTAL OTHER COMMITMENTS INCLUSIVE OF GST	167,274	83,116
TOTAL EXPENDITURE COMMITMENTS INCLUSIVE OF GST	1,279,963	705,114

Note 19

Commitments for expenditure (continued)

Public private partnership

Responsibility for the administration of the State of Victoria's contractual arrangements relating to Peninsula Link was delegated to the Corporation effective 8 May 2015. (Refer to Note 1 (u)-'Public private partnership')

The components of the contract with Southern Way Pty Ltd relating to the operation and maintenance and pavement intervention costs of Peninsula Link are accounted for as commitments for operating costs which are expensed as they are incurred.

Commitments under the contract at balance date which are not recognised as liabilities in the balance sheet are set out below.

	Nominal Value 2015 \$'000	Nominal Value 2014 \$'000
Pavement intervention commitments		
Within one year	-	-
Later than one year but not later than five years	231	-
Later than five years	90,462	-
TOTAL LIFECYCLE EXPENDITURE COMMITMENTS EXCLUSIVE OF GST	90,693	-
Add GST Amount	9,069	-
TOTAL LIFECYCLE COMMITMENTS INCLUSIVE OF GST	99,762	-
Operation and maintenance commitments		
Within one year	8,161	-
Later than one year but not later than five years	36,945	-
Later than five years	294,301	-
TOTAL OPERATION AND MAINTENANCE COMMITMENTS EXCLUSIVE OF GST	339,407	-
Add GST Amount	33,941	-
TOTAL OPERATION AND MAINTENANCE COMMITMENTS INCLUSIVE OF GST	373,348	-
TOTAL NOMINAL VALUE OF COMMITMENTS EXCLUSIVE OF GST	430,100	-
Add GST Amount	43,010	-
TOTAL NOMINAL VALUE OF COMMITMENTS INCLUSIVE OF GST	473,110	-
	Present Value 2015 \$'000	Present Value 2014 \$'000
Pavement intervention commitments		
Within one year	-	-
Later than one year but not later than five years	166	-
Later than five years	33,559	-
TOTAL LIFECYCLE EXPENDITURE COMMITMENTS EXCLUSIVE OF GST	33,725	-
Add GST Amount	3,373	-
TOTAL LIFECYCLE COMMITMENTS INCLUSIVE OF GST	37,098	-
Operation and maintenance commitments		
Within one year	7,623	-
Later than one year but not later than five years	29,167	-
Later than five years	111,776	-
TOTAL LIFECYCLE EXPENDITURE COMMITMENTS EXCLUSIVE OF GST	148,566	-
Add GST Amount	14,857	-
TOTAL LIFECYCLE COMMITMENTS INCLUSIVE OF GST	163,423	-
TOTAL PRESENT VALUE OF COMMITMENTS EXCLUSIVE OF GST	182,291	-
Add GST Amount	18,229	-
TOTAL PRESENT VALUE OF COMMITMENTS INCLUSIVE OF GST	200,520	-

Note 20

Leases

Finance lease

Responsibility for the administration of the State of Victoria's contractual arrangements relating to Peninsula Link was delegated to the Corporation effective 8 May 2015 (Refer Note 1(u)-'Public private partnership').

The component of the contract with Southern Way Pty Ltd relating to the design and construction of Peninsula Link is accounted for as a finance lease agreement with the State of Victoria being the lessee. This treatment is in accordance with the current Victorian Government accounting policy for availability based Private Provision for Public Infrastructure projects.

Under the contract with Southern Way Pty Ltd, service payments to be paid by the State of Victoria relating to the design and construction of Peninsula Link, represent the minimum lease payments over a 25 year period. These service payments were agreed at the inception of the contract and are not subject to variation during the project term. There is no contingent rent payable under the contract. The discount rate implicit in the contract is 11.31%.

Details of the finance lease liability and the leased asset are disclosed in Note 12 - 'Interest bearing liabilities' and Note 9 - 'Property, plant and equipment' respectively.

The total contracted minimum future lease payments and the present value of the minimum future lease payments relating to the Peninsula Link contract as at 30 June 2015 are as follows:

	2015 \$'000	2014 \$'000
Minimum future lease payments		
Not longer than 1 year	112,264	-
Longer than 1 year but not longer than 5 years	409,036	-
Longer than 5 years	1,485,821	-
MINIMUM FUTURE LEASE PAYMENTS (NOMINAL)	2,007,121	-
	2015 \$'000	2014 \$'000
Present value of minimum future lease payments		
Not longer than 1 year	24,290	-
Longer than 1 year but not longer than 5 years	81,703	-
Longer than 5 years	679,053	-
PRESENT VALUE OF MINIMUM FUTURE LEASE PAYMENTS	785,046	-

Note 20

Leases (continued)

Corporation as lessee - operating leases

Operating leases relate primarily to operational properties with lease terms of between 1 and 43 years. The Corporation does not have an option to purchase the leased asset at the expiry of the lease period.

	2015 \$'000	2014 \$'000
Non-cancellable operating leases		
Not later than one year	18,158	17,374
Later than one year but not later than five years	31,944	30,560
Later than five years	54,106	57,757
TOTAL LEASE COMMITMENTS EXCLUSIVE OF GST	104,208	105,691
GST Amount	10,421	10,569
TOTAL LEASE COMMITMENTS INCLUSIVE OF GST	114,629	116,260

Corporation as lessor - Operating leases

Operating leases relate primarily to properties acquired for road works with lease terms of between 1 and 39 years. The lessees do not have an option to purchase the leased assets at the expiry of the lease period.

	2015 \$'000	2014 \$'000
Non-cancellable operating lease receivables		
Not later than one year	7,708	8,699
Later than one year but not later than five years	23,616	23,674
Later than five years	69,146	67,927
TOTAL LEASE RECEIVABLES	100,470	100,300

Note 21

Superannuation contributions

Details of employee superannuation plans and contributions made by the Corporation are set out below.

	Paid Contribution for the year 2015 \$'000	Paid Contribution for the year 2014 \$'000	Contribution outstanding at year end 2015 \$'000	Contribution outstanding at year end 2014 \$'000
Defined benefit plans				
Revised and new schemes	5,806	5,835	45	7
Transport Superannuation Scheme	2,824	2,742	22	3
Defined contribution plans				
VicSuper Scheme	15,592	14,532	201	57
Other	5,149	4,263	66	15
TOTAL SUPERANUATION CONTRIBUTIONS	29,371	27,372	334	82

Note 22

Cash flow disclosures

Reconciliation of net result for the period to net cash flows from operations

	2015 \$'000	2014 \$'000
Net result for the reporting period	(268,439)	68,575
Adjustments for non-cash revenue and expense items		
Non-cash movements		
Depreciation	576,660	562,832
Impairment of non-current assets	185	329
Assets given/(received) free of charge	(4,425)	(7,210)
Net loss/(gain) on disposal of non-current assets	(12,373)	(9,098)
Loss on de-recognition of non-financial assets	86,219	-
Properties incorporated into roadworks	3,713	155
Asset register adjustments	2,346	608
Movements in assets and liabilities		
(Increase) decrease in receivables	21,061	3,994
(Increase) decrease in prepayments	(889)	(821)
Decrease (increase) in inventories	(228)	(85)
Increase (decrease) in payables	40,696	1,230
Increase (decrease) in provisions	5,043	(1,475)
Increase (decrease) in prepaid revenue	(4,056)	(2,980)
Net cash flows from operating activities	445,513	616,054

Non-cash investing and financing activities

On 29 June 2015, the Minister for Public Transport approved an Allocation Statement pursuant to Financial Reporting Direction FRD 119A - *Contributions by Owners* transferring the carrying values of assets and liabilities relating to the Peninsula Link project from the Linking Melbourne Authority to the Corporation.

The transfer was effected as a capital contribution by the State of Victoria and did not result in any income being recognised by the Corporation or cash being allocated.

	2015 \$'000	2014 \$'000
Fair value of net assets allocated		
Assets		
Receivables	10,187	-
Land	45,981	-
Infrastructure assets	821,021	-
Liabilities		
Payables	(10,187)	-
Lease Liability	(789,404)	-
Net assets recognised at the date of allocation	77,598	-

Note 23

Transactions administered on behalf of the State of Victoria

	2015 \$'000	2014 \$'000
Administered income		
Collections on behalf of the State of Victoria		
Registration fees	1,380,976	1,215,210
Driver licences	132,167	126,442
Other fees and permits	47,463	46,943
Total collections on behalf of the State of Victoria	1,560,606	1,388,595
City Link concession notes revenue		
Concession notes revenue	31,634	30,329
Total City Link concession notes revenue	31,634	30,329
TOTAL ADMINISTERED INCOME	1,592,240	1,418,924
Administered expense		
City Link concession notes deferred revenue revaluation increment	30,932	32,083
TOTAL ADMINISTERED EXPENSE	30,932	32,083
Administered liabilities		
Present value deferred City Link revenue	341,155	341,857
Unclaimed monies administered on behalf of the State of Victoria	10,865	9,583
TOTAL ADMINISTERED LIABILITIES	352,020	351,440
Cash flows relating to concession notes		
Goods and Services Tax collected	9,560	9,560
Goods and Services Tax paid to the Australian Taxation Office	(9,560)	(9,560)
NET CASH FLOW	-	-

	2015 \$'000	2014 \$'000
Reconciliation of the present value of deferred City Link revenue		
Present value at beginning of the year	341,859	340,105
Concession notes revenue	(31,634)	(30,329)
Deferred revenue revaluation increment	30,932	32,083
Present value at the end of the year	341,157	341,859

Note 23

Transactions administered on behalf of the State of Victoria (continued)

CityLink Contingent Assets

CityLink compensable enhancement claims

The Melbourne CityLink Concession Deed contains compensable enhancement provisions that enable the State of Victoria to claim 50% of additional revenue derived by CityLink Melbourne Limited (CML) as a result of certain events that particularly benefit CityLink, including changes to the adjoining road network.

Compensable enhancement claims have previously been lodged in respect of works for improving traffic flows on the West Gate Freeway (between Lorimer and Montague Streets), and in the vicinity of the intersection of the Bulla Road and the Tullamarine Freeway. The claims were lodged on 20 May 2005 and 29 September 2006 respectively, and are still outstanding.

Peninsula Link compensable enhancement claim

The EastLink Concession Deed contains compensable enhancement provisions that enable the State of Victoria to claim 50% of any additional revenue derived by ConnectEast Pty Ltd as a result of certain events that particularly benefit EastLink, including changes to the adjoining road network.

On 2 January 2014, the State of Victoria lodged a compensable enhancement claim arising as a result of opening of Peninsula Link road network. The claim remains outstanding.

Note 24

Collections on behalf of government agencies

	2015 \$'000	2014 \$'000
Collections on behalf of government agencies		
Transport Accident Charge and related stamp duty (Transport Accident Commission)	1,972,618	1,873,064
Stamp duty (State Revenue Office)	717,766	660,735
Motorboat registrations and licenses (Transport Safety Victoria)	27,780	26,390
Federal interstate registrations	41,260	42,138
TOTAL COLLECTIONS ON BEHALF OF GOVERNMENT AGENCIES	2,759,424	2,602,327

Accountable Officer's and Chief Finance and Accounting Officer's Declaration

The attached financial statements for the Roads Corporation have been prepared in accordance with Standing Direction 4.2 of the *Financial Management Act 1994*, applicable Financial Reporting Directions, Australian Accounting Standards including Interpretations, and other mandatory professional reporting requirements.

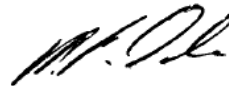
We further state that, in our opinion, the information set out in the Comprehensive operating statement, Balance sheet, Statement of changes in equity, Cash flow statement and accompanying Notes, presents fairly the financial transactions during the year ended 30 June 2014 and the financial position of the Corporation at 30 June 2015.

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

We authorise the attached financial statements for issue on 26 August 2015.



John Merritt
Chief Executive
Roads Corporation
Melbourne, 26 August 2015



Mark Dale
Chief Financial Officer
Roads Corporation
Melbourne, 26 August 2015

3 September 2015

File No: 30825/01

Mr J Merritt
Chief Executive
Roads Corporation
60 Denmark Street
KEW VIC 3101

Dear Mr Merritt

Audited financial report for the year ended 30 June 2015

I enclose for your information the audited financial report of Roads Corporation and the signed auditor's report for the year ended 30 June 2015.

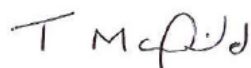
Copies of the audited financial report and the auditor's report have also been forwarded to the:

- Minister for Roads and Road Safety
- Secretary of the Department of Economic Development, Jobs, Transport and Resources
- Minister for Finance, Minister for Multicultural Affairs
- Secretary of the Department of Treasury and Finance.

No significant issues arose during the audit that need to be brought to your attention.

In closing, I record my appreciation for the courtesy and co-operation extended by your staff during the audit.

Yours sincerely



Timothy Maxfield CPA
Acting Sector Director, Financial Audit

INDEPENDENT AUDITOR'S REPORT

To the Chief Executive, Roads Corporation

The Financial Report

The accompanying financial report for the year ended 30 June 2015 of Roads Corporation which comprises the comprehensive operating statement, balance sheet, statement of changes in equity, cash flow statement, notes comprising a summary of significant accounting policies and other explanatory information, and the accountable officer's and chief finance and accounting officer's declaration has been audited.

The Chief Executive's Responsibility for the Financial Report

The Chief Executive of Roads Corporation is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards, and the financial reporting requirements of the *Financial Management Act 1994*, and for such internal control as the Chief Executive determines is necessary to enable the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

As required by the *Audit Act 1994*, my responsibility is to express an opinion on the financial report based on the audit, which has been conducted in accordance with Australian Auditing Standards. Those standards require compliance with relevant ethical requirements relating to audit engagements and that the audit be planned and performed to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The audit procedures selected depend on judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, consideration is given to the internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the Chief Executive, as well as evaluating the overall presentation of the financial report.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Independent Auditor's Report (continued)

Independence

The Auditor-General's independence is established by the *Constitution Act 1975*. The Auditor-General is not subject to direction by any person about the way in which his powers and responsibilities are to be exercised. In conducting the audit, the Auditor-General, his staff and delegates complied with all applicable independence requirements of the Australian accounting profession.

Opinion

In my opinion, the financial report presents fairly, in all material respects, the financial position of Roads Corporation as at 30 June 2015 and its financial performance and cash flows for the year then ended in accordance with applicable Australian Accounting Standards, and the financial reporting requirements of the *Financial Management Act 1994*.



MELBOURNE
3 September 2015

John Doyle
Auditor-General

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