



# 2010 - 2011

**KEEPING VICTORIANS CONNECTED**  
**VICROADS ANNUAL REPORT**

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## LETTER TO THE MINISTER

The Hon Terry Mulder MP  
Minister for Roads  
Level 16  
121 Exhibition Street  
MELBOURNE VIC 3000

Dear Minister

### **VicRoads 2010–11 Annual Report**

I have much pleasure in submitting to you, for your presentation to Parliament, the annual report of the Roads Corporation (VicRoads) for the period 1 July 2010 to 30 June 2011.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Gary Liddle', with a long horizontal line extending to the right.

**Gary Liddle**  
**Chief Executive**

## CHIEF EXECUTIVE'S MESSAGE

Reflecting on the past year, VicRoads has supported communities and businesses to connect and work together in ways that enhance the liveability of our State.

The resilience of our state infrastructure, including roads, has been severely tested in recent years with damaging rains after a long drought and devastating floods and fires. Our road network and the services it supports have stood up under these pressures and demand from a growing population thanks in part to the know-how and dedication of VicRoads' staff, our contractors and partners. This performance did not come at the expense of safety as we saw our lowest ever road toll in 2010 at a rate which compares among the best in the world. We are especially proud to play an important role in improving road safety as we enter the United Nation's Decade of Action for Road Safety.

### **Flood recovery**

The destructive floods Victoria experienced in September 2010 were the worst in at least 15 years and were amplified further by flooding events in December, January and again in February 2011. These events created widespread damage across the state involving hundreds of road closures, major landslips and bridge washaways.

The floods greatly impacted the ability of Victorians to move about our state and to start the clean-up. I commend all the staff involved in recovery efforts over the past 10 months – it has been a super effort that helped the community regain its vital connections. Since the peak of the flood event, 56 arterial roads and 256 local Council roads have reopened. At the time of writing, only 10 arterial roads remained closed.

The consequential longer term impact on the arterial road network will not be known for some time, however significant renewal work will be required over the next two years to ensure that roads are kept in a safe and maintainable condition.

### **Innovation in congestion and network management**

Melbourne drivers can look forward to quicker, safer and less frustrating driving. In June 2011, a fifth lane opened across the West Gate Bridge in each direction to address congestion. The Freeway Management System, including overhead Lane Use Management System, which ensures safe and effective traffic management in the event of an incident, extends across the Bridge to help manage traffic flow for the 75km M1 corridor between Werribee and Narre Warren.

We have already observed improvements in traffic flow as a result of the new lanes with substantial reductions in delays and reduced travel times along this corridor during morning and afternoon peaks.

Motorists travelling between Melbourne, Ballarat and beyond are now able to avoid the tight curves of Anthonys Cutting thanks to the new Western Freeway alignment. The project team completed the freeway section of this Nation Building Program initiative between Melton and Bacchus Marsh nine months ahead of schedule. The new freeway provides safer road conditions plus reduced travel times and transport costs.

### **Road Safety**

Victoria saw its lowest road toll on record in 2010 with 288 fatalities, two fewer than in 2009. The number of serious injuries recorded in 2010 was 4,946, which was 1,305 fewer than 2009. This was the best road safety record of all Australian states in 2010.

New anti-hoon laws were introduced to target dangerous drivers. The Road Safety Amendment (Hoon Driving and Other Matters) Bill was effective from 1 July 2011. Our challenge over the next four years is to reduce the number of young drivers who engage in hoon behaviour. Vehicle impoundment legislation saves lives on Victorian roads by removing dangerous drivers from the roads.

### **Customer Service – smarter, better, together**

VicRoads customer service satisfaction research reveals 90 per cent of customers were satisfied with registration and licensing services.

While we are proud of our efforts in maintaining strong customer service levels, despite an increase in transaction volume, further improvements are still needed. The past year has had its challenges in terms of service delivery and VicRoads' staff have worked together effectively to manage the challenges on a journey towards providing exceptional registration and licensing services to customers.

Several business initiatives have been identified and work has already commenced on some in support of our plan to deliver quality registration and licensing services in a challenging and fast moving environment.

### **Contributing to Australia's road reform**

VicRoads continued to play a major role in supporting strategic national reforms to realise productivity and efficiency gains, particularly in relation to heavy vehicles. This past year, I've been privileged to chair the COAG Road Reform Plan (CRRP) Project Board, which is undertaking a feasibility study of mass-distance-location based pricing of heavy vehicles. The objective of the study is to promote more efficient, productive and sustainable provision and use of national freight infrastructure. VicRoads also worked with the National Heavy Vehicle Regulator Project Office and the National Transport Commission to progress the establishment of a National Heavy Vehicle Regulator by the end of next year.

### **Appreciation to our stakeholders and partners**

Over the past 12 months, VicRoads' staff have demonstrated skill and expertise in delivering our diverse range of services, especially during the Victorian flood response, and projects and programs worth in excess of \$2 billion. We haven't done this alone as our partners in many public and private sector organisations have made a considerable contribution in the past year and I'd like to extend my sincere thanks. I also thank members of the various advisory councils and committees for their valued contribution to the safe and reliable operation and development of our transport system.

We have capable and proven partnerships, which equip us well to deliver the Government's road transport priorities in the future. I look forward to the challenges and opportunities of the year ahead.



**Gary Liddle**  
**Chief Executive**



## ABOUT VICROADS

VicRoads is a Victorian statutory authority that was established under the *Transport Act 1983* and continued under the *Transport Integration Act 2010*. It employs more than 3,100 people and its annual expenditure is over \$2 billion.

VicRoads' purpose is to deliver social, economic and environmental benefits to communities throughout Victoria by managing the state's arterial road network and its use as an integral part of the overall transport system.

### OBJECT

VicRoads' primary object is outlined in section 86 of the *Transport Integration Act 2010* and includes:

- 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 the environmental performance and minimise 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.

### FUNCTIONS

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

### POWERS

VicRoads' powers are outlined in sections 88 and 89 of the *Transport Integration Act 2010*. In general, VicRoads has the power to act as necessary or convenient to achieve its object and functions.

VicRoads also has powers under the following acts and their associated regulations:

- *Accident Towing Services Act 2007*
- *Chattel Securities Act 1987*
- *EastLink Project Act 2004*
- *Melbourne City Link Act 1995*
- *Road Management Act 2004*
- *Road Safety Act 1986*.

## GOVERNMENT PRIORITIES

VicRoads has developed its program of works to be consistent with the policies outlined by the new Victorian Government.

### **Regional Growth Fund:**

This \$1 billion program supports projects in regional Victoria that provide better infrastructure, facilities and services with the view to strengthening the economic base of regional communities by creating jobs and improving career opportunities.

### **Country Roads and Bridges Fund:**

Funding of \$160 million will be provided over four years for roads and bridges to assist regional councils servicing large areas with declining populations. Forty rural councils will be eligible to receive up to \$1 million per annum for maintenance and improvements to local roads and bridges.

### **Improve Safety at Metro Level Crossings:**

This \$379 million program is allocated to removing ten of Melbourne's worst level crossings to improve traffic flows and reduce travel time.

### **Improve Safety at Country Level Crossings:**

This \$33 million program supports the installation of boom barriers and flashing lights at up to 75 country level crossings across Victoria over a four year period.

### **Metropolitan Planning Strategy:**

The Government has identified the need for a strategy that supports future transport and road network infrastructure and working with key stakeholders such as the Department of Transport and the Department of Planning and Community Development to develop and implement transport plans to support the Metropolitan Planning Strategy for Melbourne in early 2013.

### **Transport Solutions:**

VicRoads is also working with the Department of Transport on the development of Transport Solutions for regional Victoria. Transport Solutions will focus on increasing the competitiveness of the supply chain for Victorian business and industry by removing bottlenecks in the port, road and rail network.

### **Clearway Blitz:**

This initiative enabled the reversal of clearway timings within a 10 kilometre radius of the Melbourne Central District.

## DELIVERING THE PRIORITIES

VicRoads plays an important role in delivering the government's transport priorities.

In doing so, it draws on a capable and experienced workforce located right across our State performing many varied functions that are fundamental to our social cohesion and economic opportunities. These functions cannot be delivered without strong and respectful partnerships with federal, state and local government agencies, businesses and their associations and communities. By working together we enhance Victoria's liveability and opportunities for growth and prosperity.

Over the past two years, VicRoads projects and programs have been developed and delivered against the *VicRoads Strategic Directions 2010-2012* which aim to:

- provide reliable access and minimise congestion
- improve road safety
- make the transport system more sustainable
- improve asset management
- collect, manage and use information to better support decision-making
- improve customer service and community engagement
- develop organisation capability and culture.

VicRoads is re-examining its corporate directions in 2011-12 to meet current and future transport challenges in accordance with the government's transport priorities.

In delivering the government's priorities, VicRoads supports a high performing culture that contributes to high level of customer service.

The VicRoads Ways of Being, our culture program, describes the key elements of the culture that we would like to continually build.

The Ways of Being focus on behaviours that support us in:

- being customer focussed
- being accountable
- being innovative
- being a team that works together.

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## REPORT ON OPERATIONS

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## CONNECTION

PART ONE REPORT ON OPERATIONS CONNECTION

The road network is crucial to the economic prosperity and wellbeing of the Victorian community. VicRoads' role is to maintain, develop and operate the major road network to meet the needs of a growing population. This includes the day-to-day transport requirements of individuals and the growing freight task.

In keeping Victorians connected, VicRoads builds and maintains transport links in the arterial road network to better enable people to access social and economic opportunities. It connects people with activities and workplaces as well as enhancing opportunities for growth in both metropolitan and regional Victoria.

This chapter focuses on construction and maintenance programs and activities throughout Victoria, including road system development and initiatives to help keep traffic moving in metropolitan areas.

Programs that focus specifically on the VicRoads contribution to a more sustainable transport system are outlined in the 'Integration and Sustainability' chapter.

### ACHIEVEMENTS

#### Road system development

In meeting the government's transport and planning objectives, VicRoads develops the road system to meet the challenges of changing transport demands and responds to growth by planning accessible and effective road links.

#### Freeways and highways

A key VicRoads role is the development of our freeways and highways. These transport links improve accessibility to social and economic opportunities for the Victorian community. They provide essential links to friends and social activities as well as supporting business with efficient connections between the source of their goods and market places.

Significant work on our major road network in 2010–11 includes:

- **M1 Upgrade**  
**Monash Freeway – West Gate Freeway – West Gate Bridge:** The Monash – West Gate corridor is one of Victoria's most important road connections. The route provides access to Melbourne's Central Business District (CBD) from the south-east and the west as well as being a vital link between the east and west of the city. This \$1.39 billion project has delivered freeway widening and the introduction of a world class Freeway Management System to improve safety, assist traffic flow and ease congestion. It included strengthening the West Gate Bridge to carry five lanes of traffic in each direction and installation of new public safety barriers. The M1 Upgrade is funded by the Victorian Government and Transurban, and the West Gate Bridge strengthening works are jointly funded by the Victorian and Commonwealth Governments.
- **M80 Ring Road Upgrade**  
**Western and Metropolitan Ring Roads:** The M80 Ring Road carries up to 142,000 vehicles per day, including more than 22,000 trucks. This \$2.25 billion project involves freeway widening and improvements to enhance safety and ease congestion between Laverton North and Greensborough. The Ring Road improvements will also support industry in Melbourne's west and north, making it far easier for businesses to move freight to and from destinations including ports and airports. The project is funded by the Victorian and Commonwealth Governments under the Nation Building Program.

- **Geelong Ring Road**  
**Anglesea Road connection (Section 4A):** The \$125 million project is funded by the Victorian and Commonwealth Governments under the Nation Building Program. The 2.5 kilometre extension of the Geelong Ring Road provides a direct connection from the Geelong Ring Road to the gateway of the Great Ocean Road and includes an overpass of the Princes Highway. It is due to be completed in late 2011.
- **Geelong Ring Road**  
**Princes Highway connection (Section 4B):** This \$110 million project has a \$65 million contribution from the Victorian Government and \$45 million of funding from the Commonwealth Government. It includes a five kilometre road with a bridge over the Geelong–Warrnambool railway line, two environmentally sustainable rest areas and a pedestrian underpass connecting the east and west sides of Anglesea Road. It is due to be completed in mid 2014.
- **Western Highway realignment**  
**Melton to Bacchus Marsh (Anthonys Cutting):** The \$200 million project is a new five kilometre freeway alignment to the south of the existing highway. The new alignment avoids the steep hills and tight curves through Anthonys Cutting, improves safety and reduces travel times and transport costs. The project is funded by the Victorian and Commonwealth Governments. Most of the project was opened to traffic in June 2011.
- **Western Highway**  
**Ballarat to Stawell duplication:** This project involves highway duplication and improvements to progressively upgrade the Western Highway to a four-lane divided route. It is funded by the Victorian and Commonwealth Governments with \$505 million committed to date. It is due to be completed by mid 2016.
- **Goulburn Valley Highway**  
**Nagambie Bypass:** The \$222 million project is jointly funded by the Victorian Government and the Commonwealth Government's Nation Building Program. This is a 17 kilometre freeway bypass that takes trucks and through traffic away from the town centre of Nagambie. It supports industry and improves safety and enjoyment for people living in and visiting the region. The bypass provides the missing link that will allow drivers to travel on a safer, freeway-standard road from Melbourne to south of Shepparton. It is due to be completed in mid 2012.
- **Princes Highway duplication**  
**Waurin Ponds to Winchelsea:** The \$220 million project is jointly funded by the Victorian Government and the Commonwealth Government's Nation Building Program. It involves widening and reconstructing the existing highway for 23 kilometres to provide a safer, four lane divided road. The project will extend from the Geelong Ring Road at Waurin Ponds through to Winchelsea. Construction started in March 2011 and the duplication is anticipated to be completed in 2014.
- **Princes Highway**  
**Traralgon to Sale Upgrade:** This \$175 million project is jointly funded by the Victorian Government and the Commonwealth Government's Nation Building Program. It involves improvements to progressively upgrade the Princes Highway between Traralgon and Sale to a four-lane divided route. The first section of the highway duplication is now complete and the highway upgrade at Traralgon East was opened to traffic in January 2011. Major construction at the Wurruk to Sale section commenced in January 2011 and the anticipated completion date for this section of the project is late 2012.
- **Bass Highway duplication**  
**Lang Lang to Anderson:** The \$131.4 million Victorian Government funded project involves upgrading the Bass Highway to a four lane duplicated road between the South Gippsland Highway at Lang Lang and Phillip Island Road at Anderson. The final stage, Stage 7, commenced construction in January 2011 and is due to be completed by early 2013.
- **Dingley Arterial**  
**Springvale Road to Perry Road**  
**Keysborough:** This \$55 million project is underway. It is a 9.4 kilometre arterial road providing a direct route from Moorabbin to Dandenong South, relieving traffic pressure on local arterial roads.

## Metropolitan roads

Victoria's metropolitan roads are important connections that require ongoing improvements in order to maintain accessibility and reliability on the overall arterial road network across the state.

### Outer Suburban Arterial Roads Program:

In 2010–11, VicRoads completed the Cranbourne–Frankston Road Carriageway Duplication between Hall Road and Western Port Highway, as part of the Victorian Government's Outer Suburban Arterial Roads Program. This program is designed to improve connections for people in Victoria's fast-growing outer suburbs by boosting capacity, improving safety and reducing congestion. There are currently six projects underway:

- Pound Road, South Gippsland Freeway – South Gippsland Highway Intersection Upgrade, Dandenong South
- Hallam Road Duplication – Pound Road to Ormond Road, Hampton Park
- Plenty Road Duplication – Gordons Road to Hawkestone Parade, South Morang
- Kororoit Creek Road Duplication – Grieve Parade to Millers Road, Altona North
- Kings Road Duplication – Melton Highway to Palmerston Crescent, Taylors Lakes
- Palmers Road – Princes Freeway West to north of the rail line, Laverton.

## Regional roads

The construction and development of regional roads support the liveability of regional communities and provide access to jobs and services. Rural arterial road improvements help to create better links between regional centres and help boost economic activity in regional Victoria.

In 2010–11, VicRoads progressed 22 and completed six regional road projects:

- Stage 6 of the Bass Highway Duplication – King Road to Woolmar Road, Bass
- Eaglehawk Road Duplication – Don Street to Marong Road, Bendigo
- Melba Highway New Road – Yarra Glen Truck Bypass, Yarra Glen
- Barwon Heads Road Bridge Replacement – Barwon Heads
- Northern Highway New Intersection Signals – William Street, Wallan
- Princes Highway West Overtaking Lanes – Illowa.

## Nation Building Program

The aim of the Nation Building Program is to improve the economic, safety and social effectiveness of the National Network and other Victorian roads. This aim is realised through the availability of Commonwealth funding for projects that share these objectives. There are currently 10 projects underway:

- Calder Highway Grade Separation – Kings Road Interchange, Taylors Lakes
- M80 Ring Road Upgrade
- Geelong Ring Road 4A, Geelong
- Geelong Ring Road 4B, Geelong
- Nagambie Bypass, Nagambie
- Nhill Trailer Exchange, Nhill
- Princes Highway East – Traralgon to Sale
- Princes Highway West Duplication – Waurin Ponds to Winchelsea
- Western Highway Duplication – Ballarat to Stawell
- Western Highway Upgrade – Stawell to South Australian Border.

In 2010–11, VicRoads completed the West Gate Bridge Strengthening and opened the main alignment of the Western Highway Realignment – Melton to Bacchus Marsh (Anthonys Cutting) to traffic, as part of the Nation Building Program. The Clyde Road Carriageway Duplication between High Street and Kangan Drive in Berwick is expected to commence shortly.

## Road system operation

As Victoria's population grows and the demand for travel increases, some level of road congestion is inevitable. Congestion minimisation measures help to improve the liveability of a city, efficiency of the delivery of goods and services and ultimately improve connectivity of people using the arterial road network across the state.

### Congestion improvements

VicRoads is implementing the \$30 million Congestion Improvements Program. The program delivers a package of projects to reduce congestion and ensure smoother flows at critical locations on the metropolitan arterial and freeway road system. During 2010–11, VicRoads completed the following projects:

- Ballarat Road Intersection Improvements – Ballarat Road/Gordon Street, Footscray
- Main Road Intersection Improvements, Werribee
- Hoddle Highway Traffic Signal Improvements – Truro Street, Abbotsford
- Clyde Road Intersection Improvements – Centre Road, Berwick
- Mornington Peninsula Right Turn Lanes – Cranbourne–Frankston Road, Frankston
- Wellington Road New Intersection Signals, Lysterfield
- Princes Highway East, New Intersection Signals, Beaconsfield.

## Improving freight efficiency

The previous section included some of the road and bridge improvement projects completed or progressed in 2010–2011 that will contribute to the efficient movement of freight. Some other initiatives that are underway include:

- **National Heavy Vehicle Regulation:** VicRoads is working with the National Transport Commission, the Commonwealth, and all other states and territories to implement a body of national heavy vehicle law and a national heavy vehicle regulator that will be based in Queensland. The objective of this reform is to improve national road freight productivity and safety and reduce costs by removing inconsistent regulatory arrangements between jurisdictions.
- **COAG Road Reform Plan:** VicRoads is also contributing to the implementation of the Council of Australian Governments (COAG) Road Reform Plan (CRRP) to consider alternative models of heavy vehicle road pricing and funding. The objective of the CRRP is to promote more efficient, productive and sustainable provision and use of freight infrastructure. It is a national project, funded by the Commonwealth, states and territories. VicRoads' Chief Executive is the Chair of the CRRP Project Board.
- **Performance Based Standards (PBS) for heavy vehicles:** PBS evaluates vehicles against a comprehensive suite of road safety and road infrastructure protection standards. It encourages vehicle design innovation, resulting in improved productivity. Victoria's introduction of PBS has seen a surge in applications, particularly for the movement of quarry products. As a result of this initiative, Victoria has processed and provided permits for more than 90 percent of all PBS applications reviewed through the national process.
- **High Productivity Freight Vehicles (HPFV) trial:** Victoria issued its first HPFV permit to operate in the Green Triangle region in the south west of the state in August 2010. With the intention of significantly improving the way goods are moved on suitable routes around the state, and following on from the successful introduction of HPFVs in Melbourne's inner west in June 2010, combinations of up to 30 metres long are now being used to transport mineral sands and wood chips for export. With the expected increase in the export of both these commodities, HPFVs will play a major role in the Green Triangle region in ensuring this demand is met.

## Road system maintenance

### Maintenance activities

Maintenance activities aim to minimise transport operating costs, improve road safety and ensure the community receives maximum benefit from investment in road infrastructure. In 2010–11, VicRoads maintained 52,871 lane kilometres of pavement and 3,133 bridges. Activities included:

- maintenance on pavements and surfaces including inspections, day-to-day repairs and the resurfacing, rehabilitation or patching of approximately 12 million square metres of pavements and surfaces at a cost of \$231 million
- maintenance of all bridge structures and repairs at a cost of \$41 million
- maintenance of road reserves at a cost of \$60 million, including day-to-day tasks, such as grass cutting, litter collection, maintenance of toilet blocks, weed and vegetation management, as well as 13 geotechnical hazard projects to prevent land slips on the arterial road network
- maintenance of road services including on-road electrical assets, traffic signals, street lighting, and electrical and other signage, road markings and snow clearing at a cost of \$77 million.



## Key Performance Indicators

### Road system development

VicRoads delivered 10 arterial road improvement projects in 2010–11, three over the original target. Two of these projects were carried over from last year, and another was delivered earlier than expected. This was also the case with bridge strengthening projects whereby two additional projects were delivered earlier than expected, resulting in 27 bridge strengthening projects being completed. Twelve local road projects were completed, six less than the target. The six projects will be delivered in 2011–12.

### Road system operation

VicRoads monitors all urban freeways and nearly a quarter of Melbourne's metropolitan arterial road network to determine the amount of travel, travel delay and travel time variability. Travel delays in the morning peak period reduced by 11.2 per cent in 2010–11, with improvement experienced on freeways and arterial roads. In the afternoon peak, delays increased 3.5 per cent, reflecting increasing pressure on arterial roads in outer areas at this time. Across the whole day, the extent of delay reduced slightly from that experienced in 2009–10. These results were achieved despite a 1.6 per cent increase in road travel, measured by vehicle kilometres travelled on the monitored network.

Melbourne's travel time variability increased slightly in the morning and afternoon peaks. Preliminary analysis indicates that the variability of travel time on freeways has decreased, while it has increased for arterial road travel.

**Table 1. Number of road and bridge projects completed**

	2008-2009		2009-2010		2010-2011	
	Target / Limit	Actual	Target / Limit	Actual	Target / Limit	Actual
Number of arterial road improvement projects completed	16	17	13	11	7	10
Number of local road projects completed	18	22	10	15	18	12
Number of bridge strengthening and replacement projects completed	15	11	13	13	25	27

**Table 2. Travel delay and variability of travel time.  
Monitored arterial metropolitan roads and freeways**

		2008-09	2009-10	2010-11
Travel delay (metropolitan) (min/km)	am peak	0.84	0.81	0.72
	pm peak	0.72	0.71	0.74
Variability of travel time (metropolitan) (% extra time required to arrive on time)	am peak	19.7	17.2	20.4
	pm peak	18.1	17.8	19.3

**Table 3. Road and bridge maintenance**

	2008-2009		2009-2010		2010-2011	
	Target / Limit	Actual	Target / Limit	Actual	Target / Limit	Actual
Road pavement maintained (lane kilometres)	53,117	52,537	52,871	52,871	52,871	52,871
Number of bridges maintained	3,060	3,060	3,091	3,140	3,133	3,133
Pavement treatments, including resurfacing and strengthening ('000 square metres)	12,542	12,953	11,157	10,952	12,207	12,253
Proportion of travel on smooth arterial roads (%)						
Regional	92	93	92	93	93	93 <sup>1</sup>
Metropolitan	90	91	90	91	91	91
Structures with Level 4 defects (%)						
Regional	3.2	3.2	3.2	3.0	3.2	3.1 <sup>2</sup>
Metropolitan	1.2	1.2	1.2	1.0	1.2	1.0

<sup>1</sup> This performance measure is being discontinued.

The 2010–11 actual values shown above are estimates. A new performance indicator better reflecting the condition of the network is being developed for application in future reports.

<sup>2</sup> While the number of structures with Level 4 defects is constant, the number of structures with Level 2 and 3 defects (less critical than Level 4) is increasing.

## SAFETY

VicRoads works in partnership with the Transport Accident Commission (TAC), Victoria Police, the Department of Justice, local communities and other key stakeholders to deliver Victoria's road safety strategy.

The strategy adopts the Safe System approach, which places human tolerance to injury at the core of safe road system design. A Safe System supports alert and safe driving behaviour, but recognises that crashes will still occur and the impact energy must be managed to prevent serious injuries and fatalities. VicRoads' management of a Safe System focuses on:

- improving the safety of Victoria's roads and roadsides
- increasing the safety of vehicles on Victoria's roads
- improving the safe behaviour of Victorian road users.

During 2010-11, VicRoads provided substantial input into the development of the National Road Safety Strategy 2011-20. Launched on 20 May 2011, the strategy sets a national target to reduce death and serious injuries on Australia's roads by at least 30 per cent.

VicRoads has commenced a process with its road safety partners to refresh Victoria's road safety strategy.

## ACHIEVEMENTS

### Safer roads

Under the Safe System approach, roads and roadsides need to be designed and maintained to reduce the risk of crashes occurring and to lessen the severity of injury if a crash does occur. Through design and by supporting safe behaviour by users, roads can be designed to help drivers to travel safely preventing injury to themselves and others.

### Road infrastructure treatments

The TAC-funded Safer Road Infrastructure Program (SRIP) aims to reduce the incidence and severity of run-off-road and intersection crashes on arterial roads. In 2008-09, the Victorian Government allocated a further \$650 million over 10 years to fund the third stage of SRIP.

At 30 June 2011, projects totalling \$459 million under stage three of SRIP were approved, with 489 projects completed.

VicRoads also delivers blackspot projects that are funded under:

- the Victorian Government's annual Blackspot Program
- the Motorcycle Safety Levy's Blackspot Program
- the Commonwealth Government's Nation Building Black Spot Program.

Table 1 shows the expenditure and number of projects completed under these road safety treatment programs in 2010-11.

### Innovative road treatments

Several innovative road treatments were trialled during 2010-11 to support safe road use including:

- **Radio break-in:** The Radio break-in collision warning system broadcasts messages to local vehicles to warn them of hazards, such as approaching trains at railway level crossings, to prevent collisions between trains and road vehicles.
- **Centreline barriers:** VicRoads began a trial of centreline wire rope safety barriers along the South Gippsland Highway, near Koo Wee Rup, to separate traffic travelling in opposite directions to reduce the occurrence and severity of head-on and right-hand run-off road crashes. The installation of the barriers was completed in June 2011.

- **Visual cues:** In 2011, VicRoads commenced the trial of this road treatment to improve motorcycle safety. Where You Look Is Where You Go increases riders' safety on winding roads by improving the visual cues that lead the rider through the curve. The outcomes of the trial are currently being analysed.

### Lane restrictions for trucks

From 1 July 2010, restrictions commenced on the Princes Freeway, between Kororoit Creek Road, Altona and Avalon Road, Lara. From 19 October 2010 restrictions also commenced on the Eastern Freeway, between Springvale Road and Hoddle Street to encourage better road sharing. Trucks have been restricted from the right-hand lane on these freeways in Victoria.

## Safer vehicles

Safer vehicles lessen the likelihood of a crash, simplify the driving task and protect occupants and vulnerable users in the event of a crash. Increasingly, vehicles will communicate with roads and other vehicles to automatically engage systems that protect road users when the risk of a crash increases.

### Electronic stability control

Electronic Stability Control (ESC) is an active safety feature that helps prevent crashes by stabilising vehicles when they begin to skid. On 1 January 2011, Victoria became the first jurisdiction in Australia to mandate ESC. Victoria's road safety regulations make it a condition of first registration that new passenger vehicles manufactured after 31 December 2010 be fitted with ESC.

As at 30 June 2011, 253 models of vehicles have been certified as being compliant with ESC regulations and eight models have been exempted.

In 2010-11, 76 per cent of new vehicles sold in Victoria were fitted with ESC as standard, compared with 68 per cent in 2009-10. Outside Victoria, 68 per cent of new vehicles sold in Australia were fitted with ESC as standard, compared with 61 per cent during 2009-10.

**Table 1. Infrastructure treatment programs**

	2010-11 EXPENDITURE (M)	2010-11 NO. PROJECTS COMPLETED
Safer Road Infrastructure Program	\$85.0	103
Victorian Government Blackspot Program	\$3.3	6
Commonwealth Government's Nation Building Program Black Spot Program	\$13.0	59
Motorcycle Blackspot Program (funded by TAC's Motorcycle Safety Levy)	\$4.5	8

## Consumer awareness programs

During 2010-11, VicRoads supported or delivered a number of consumer awareness programs as outlined below.

- **Australasian New Car Assessment Program (ANCAP):** During 2010-11, advertising coincided with the Australian Tennis Open and end of financial year vehicle run-out sales. VicRoads' staff hold positions on the ANCAP Board and provide the Chairman of the ANCAP Council.
- **Used car safety ratings:** The majority of private vehicles purchased by Victorians each year are second-hand. The Monash University Accident Research Centre produces used car safety ratings, based on the world's largest study of real vehicle crashes. More than three million crashes in Australia and New Zealand from 1996 to 2008 were analysed and 199 vehicle models were rated. In 2010-11, VicRoads supported this program to assist car buyers to compare the relative safety of used cars.
- **Probationary prohibited vehicles website:** P plate drivers are banned from driving certain vehicles. In March 2011, VicRoads launched a new searchable website to make it easier for probationary drivers, their parents and those selling vehicles to establish whether P plate drivers are legally able to drive a particular vehicle make and model in Victoria.

## Monitoring Licensed Vehicle Testers

VicRoads also monitors Licensed Vehicle Testers on an ongoing basis, to ensure that Licensed Vehicle Testers, who operate a mechanical repair or inspection facility where vehicles are inspected for roadworthiness, are complying with Victorian guidelines and regulations. Schemes include:

- **Roadworthiness Scheme:** The scheme exists to provide a means for confirming that registered vehicles meet the standards for registration. The scheme also aims to improve road safety and to minimise the wear and damage caused by vehicles to roads and related structures.
- **Vehicle Assessment Signatory Scheme:** This scheme aims to ensure all modified, imported and individually constructed vehicles meet construction and safety standards.

## Safer road users

Encouraging the consistent and safe predictable behaviour of road users by ensuring they are well informed, educated and acting within the rules of the system is critical to road safety. Licensing, education, road rules, enforcement and sanctions all play a part in achieving this.

## Young driver programs

Programs to improve young and novice driver safety during 2010-11 included:

- **Learner Driver Mentor Program (L2P):** The program aims to help local government and community agencies in Victoria work with community groups to provide supervised on-road driving experience to learner drivers who have difficulty accessing a car and/ or supervising drivers. At 30 June 2011, 55 L2P programs had been funded, providing programs across 60 of the 79 Victorian municipalities.
- **Keys Please:** During 2010-11, more than 20,500 Year 10 students and 9,700 parents attended Keys Please sessions across Victoria. Keys Please is designed to assist learners to get the maximum benefit from the learner period and become responsible and safe drivers.
- **Drive iQ:** In July 2010, VicRoads launched a practice learner test called Drive iQ, which presents road rule questions in a visually exciting, 3D environment. The 32 practice test items not only reinforce the road rules, but also demonstrate the reasons why each rule is important for safe driving.

## Older driver programs

Programs to improve older driver safety during 2010-11 included:

- **SafeDrive Medical website:** In 2010-11, VicRoads upgraded its SafeDrive Medical website. SafeDrive Medical is a VicRoads' education program designed to assist health professionals to assess their patients' fitness to drive. While the onset of disease is not necessarily age-related, illnesses are often more prevalent in the aged. In an ageing society health professionals must appreciate that with advancing patient age comes a higher probability of diseases that may affect driving.



### Educating young school children

Initiatives during 2010-11 to help educate young school children and their parents about road safety included:

- **ThingleToodle visits:** ThingleToodle, a popular road safety character, visited 332 early childhood centers to reinforce road safety messages.
- **Early childhood traffic safety education program:** VicRoads has engaged an early childhood provider to deliver its early childhood traffic safety education program, which commenced 1 July 2011. This new model will provide statewide professional development, advocacy and education for the culturally and linguistically diverse community and ThingleToodle education sessions.
- **Child restraints for children with a disability:** VicRoads, with the Department of Human Services, reviewed child restraint systems supplied in Victoria for their suitability for use by children with a disability. VicRoads will undertake further work in 2011-12 to assess how well these restraints protect children in motor vehicles.

### Motorcycle and bicycle safety

VicRoads undertook a number of initiatives during 2010-11 aimed at improving rider safety, including:

- **Motorcycle graduated licensing system:** In September 2010, a motorcycle graduated licensing system discussion paper was released for public consultation to obtain community feedback about the best ways to improve safety and reduce the risks for riders.

- **VicRide:** The trial of VicRide, an on-road coaching program to improve the safety of inexperienced motorcyclists continued in 2010-11. Over 1,200 riders have been recruited to participate in the trial to determine the impact of a coaching program on novice rider safety.
- **Cyclist segmentation research:** Research carried out in late 2010 identified that there are three distinct categories of bicycle riders that differ in terms of their demographics, cycling habits, and their approach to cycling and attitude to safety. The results of this research are now being used to develop a cycling safety communications program, which is scheduled for release in late 2011.

### Legislation

VicRoads delivered several road safety legislation activities during 2010-11:

- In September 2010, VicRoads invited comment from Victorians regarding simplifying and clarifying the *Road Safety Act 1986* and improving the effectiveness of the current initiatives contained in the Act. Following a 10 week consultation period, 107 submissions were received ranging from detailed submissions from the Royal Automotive Club of Victoria (RACV), advocacy and interest groups through to individuals commenting on specific sections of the Act. These proposals are under consideration.
- On 26 May 2011, the Victorian Government announced that tougher hoon laws would be introduced. Broader impoundment and immobilisation laws will come into effect from 1 July 2011. Under the changes, the period of immediate impoundment or immobilisation of vehicles for hoon offences will be extended from 48 hours to 30 days. There are now four new offences which relate to unlicensed driving, drug and alcohol driving as well as the provision to impound the vehicles of those who drive with more passengers than the vehicle can legally carry.

## Compliance and enforcement activities for heavy vehicles

Compliance and enforcement activities are key factors in ensuring the safety of all road users and in the safe management of heavy vehicles on the road network. The VicRoads Transport Safety Services (TSS) area aims to improve heavy vehicle road safety and protect roads and bridges from damage by ensuring that heavy vehicles comply with heavy vehicle regulations. This is done by a range of activities including education sessions, industry liaison, facilitating operator accreditation in mass management and vehicle maintenance management, and is complemented by enforcement.

Table 2 shows the number of prosecutions handled by VicRoads and the number of infringement notices issued to overweight and over dimensional vehicles over the past five financial years.

## Key performance indicators

Victoria has made significant gains in road safety over the past 10 years.

In 2010, Victoria's road toll was 288, two fewer than in 2009 and the lowest road toll on record. Of the 288 deaths, 163 occurred in country Victoria (19 more than 2009) and 125 in metropolitan Melbourne (21 fewer than in 2009).

During 2010, Victoria delivered the best road safety record of all Australian states with 5.25 deaths per 100,000 population compared with 6.43 for the rest of Australia.

The rate of deaths per 10,000 vehicles in Victoria was 0.70 in 2010 compared with 0.90 for the rest of Australia. Victoria's rates are among the lowest in the world.

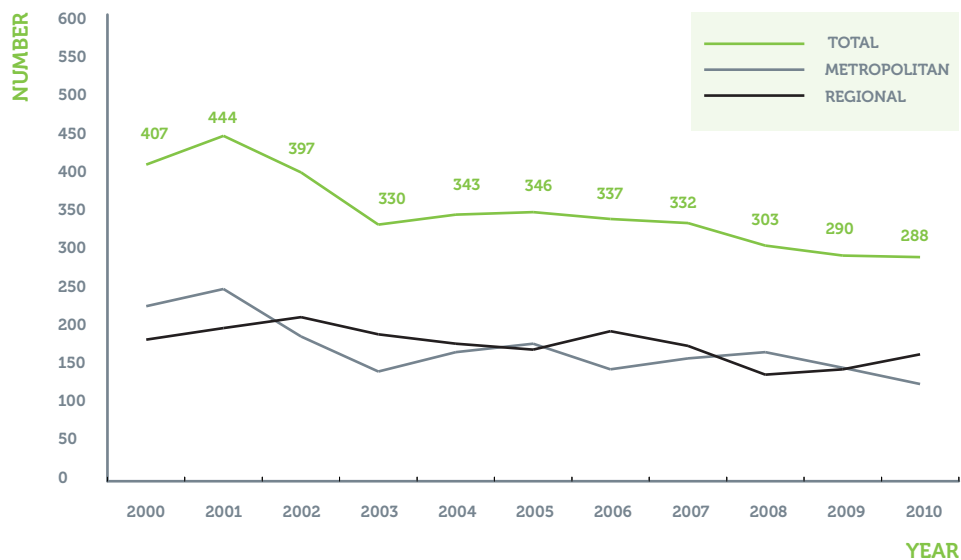
The number of serious injuries for 2010 was 4,946, which was 1,305 fewer than 2009. Of these, 1,633 occurred in country Victoria (358 fewer than for 2009) and 3,313 in metropolitan Melbourne (947 fewer than for 2009).

**Table 2. VicRoads' prosecutions and infringement notices**

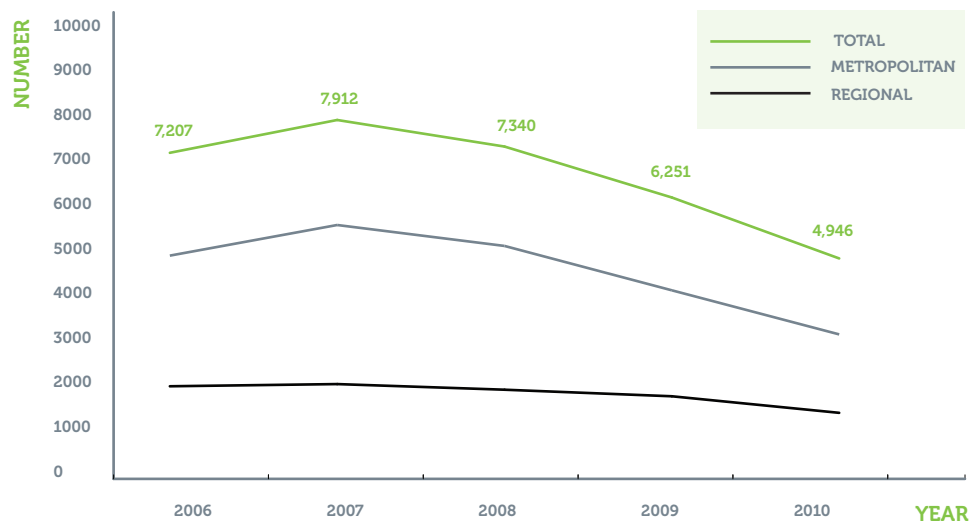
	2006-07	2007-08	2008-09	2009-10	2010-11
<b>PROSECUTIONS</b>					
Heard	739	449	709	367	806
Proven	738	448	708	363	494
Dismissed	1	1	1	4	312 <sup>1</sup>
<b>INFRINGEMENT NOTICES</b>					
Overweight vehicle	954	947	726	1,155	901
Over-dimensional vehicle	1,401	1,478	822	1,669	886

<sup>1</sup> 308 prosecutions relate to one business being prosecuted for numerous offences committed over a period of time.

### Victoria's annual fatalities 2000 - 2010



### Victoria's annual serious injuries 2006 - 2010



Serious injury data has been sourced from the Victoria Police Traffic Incident System (TIS). Pre- and post-2006 TIS data is not directly comparable.

## INTEGRATION AND SUSTAINABILITY

VicRoads is committed to a road network that supports an integrated and sustainable transport system. This involves working across government to promote the integration of transport and land use, as well as reducing the impact of transport on the natural environment. It also ensures that the public transport system supports accessibility and sustainable travel options.

This chapter focuses on:

- planning activities that contribute to an integrated and sustainable transport system
- programs that support accessibility and sustainable transport options for public transport, walking and cycling
- initiatives that achieve better climate change and sustainability outcomes, including minimising the adverse environmental impacts of the road network.

### ACHIEVEMENTS

#### Integrated transport planning

VicRoads delivered a range of projects, and provided inputs to planning by other agencies, that aim to develop and manage effective and sustainable transport that supports community and business needs.

#### Metropolitan Planning Strategy

VicRoads is working with other government agencies in developing a Metropolitan Planning Strategy for Melbourne, which is to be launched in early 2013.

The development of the strategy is being led by the Department of Planning and Community Development, and will outline the Government's priorities based on ten principles. This will include integration of land use, optimising existing and future infrastructure and service provision.

The development of the strategy will be based on the outcomes of significant consultation with key stakeholders such as the Department of Transport, and will play a pivotal role in the implementation of future transport and road network infrastructure.

#### Transport Solutions

VicRoads is also working with the Department of Transport on the development of Transport Solutions for regional Victoria. Transport Solutions will focus on increasing the competitiveness of the supply chain for Victorian business and industry by removing bottlenecks in the port, road and rail network. Transport Solutions will help identify initiatives for government funding as well as support partnerships between government and industry, to attract industrial growth and facilitate private sector investment in regional Victoria.

## Planning for Melbourne's growth areas

VicRoads is working on a range of planning projects that will contribute to an integrated and sustainable transport system.

In 2010–11, VicRoads worked with government agencies and local government to plan for new communities in Melbourne's western, northern and south-eastern growth areas. This included the following projects:

- **Growth Area Corridor Plans:** These are being prepared for each growth area and provide long term strategic planning directions to guide the creation of more sustainable communities in these areas. VicRoads has provided advice on the arterial road networks that will serve these new communities into the future.
- **Precinct Structure Plans:** These are more detailed plans that guide development in a neighbourhood or group of neighbourhoods. VicRoads assisted the Growth Areas Authority and local government in the detailed planning to identify the number and scale of arterial roads required to provide access within, to and from the precincts.
- **Arterial road corridor studies:** VicRoads is also undertaking a number of specific arterial road corridor studies to resolve complex issues and to inform precinct structure planning. Examples include: Westwood Drive study, Taylors Road study and a study into the location of crossings of Cardinia Creek.

VicRoads also led planning for a series of road projects that support the planning activities of other agencies. These projects are described below.

- **Outer Metropolitan Ring/E6 Transport Corridor:** This corridor reservation will enable the future delivery of a 100 kilometre high speed transport link for people and freight in Melbourne's west and north. A new link would serve key international transport hubs and better link residential and employment growth areas to the north and west of Melbourne.
- **North East Link:** VicRoads progressed preliminary planning to better define the scope of a future study of a connection between the Metropolitan Ring Road at Greensborough and the Eastern Freeway/ EastLink.

- **Murray River Bridges:** VicRoads progressed the planning of new or replacement Murray River crossings at Swan Hill, Echuca and Yarrawonga. The Swan Hill Bridge replacement study reached an important milestone with the formal exhibition of a Planning Scheme Amendment to reserve the Victorian component of the land for the replacement crossing.
- **Westernport Highway:** VicRoads worked with the Department of Transport and local councils to progress planning for a future upgrade of this corridor linked to urban growth in the Cranbourne area and the future development of the Port of Hastings.
- **Palmers Road Corridor (Dunnings to Calder Freeway):** VicRoads progressed the planning of this arterial road project, which aims to ultimately provide a 25km north south arterial road connecting the Princes Freeway to the Calder Freeway.



## Supporting sustainable transport options

VicRoads recognises that a safe and efficient transport system is vital to Victoria's future. An increase in population is challenging the transport system's capacity to provide access at the same level.

VicRoads delivers sustainable transport initiatives that meet the needs of Victoria's growing population and support long term planning of the transport system. These include walking, cycling and sustainable public transport solutions that are environmentally responsible and help reduce greenhouse gas emissions.

In 2010–11, VicRoads managed a range of sustainable transport modes that promoted efficient and accessible transport options.

### Think Tram

VicRoads delivers tram priority initiatives through its Think Tram program. Under this program, a range of operational, engineering and behavioural initiatives are implemented to improve tram travel times, reliability and safety along the busiest parts of Melbourne's tram network.

In 2010–11, VicRoads developed and delivered a range of tram priority projects in partnership with the Department of Transport, Yarra Trams and local councils. Some of the highlights include:

- installing four part-time tram lanes on High Street, Malvern
- constructing three pairs of level access tram stops along St Kilda Road
- installing traffic signal priority at 12 intersections along St Kilda Road
- finalising development and design of tram priority treatments and level access stops on High Street and Plenty Road, between Westgarth Street in Northcote and Albert Street in Reservoir
- developing and designing tram improvement works on Mt Alexander Road, Travancore
- developing a new form of level access tram stop for four-lane undivided roads.

### Bus priority

VicRoads delivers a range of operational, engineering and behavioural initiatives to provide travel time and reliability improvements on key bus routes on the Principal Public Transport Network. In 2010–11, VicRoads delivered bus priority projects at the following locations:

- new traffic signals at the intersection of Ringwood–Warrandyte Road and Milne Road, Ringwood North
- bus lane extension on Queens Bridge Street, Southbank
- signal priority and bus stop relocation on Princes Highway East at Clayton Road, Clayton
- bus detection loops on Nepean Highway and Karen Street, Cheltenham
- signal priority on Highett Road at Bluff Road, Hampton
- signal priority on Box Street and Paperbark Street, Doveton
- signal priority on Nepean Highway at Station Road, Cheltenham.

### SmartBus

VicRoads also works with the Department of Transport to deliver the SmartBus program. This includes the upgrade of bus stop facilities to allow easier access for people with a disability and the construction of bus priority treatments such as bus lanes. In 2010–11, VicRoads completed the following SmartBus activities:

- priority treatments and bus stop upgrades on Route 903 SmartBus services (Mordialloc to Altona)
- 680 bus stop upgrades on Route 901, Route 902 and Doncaster Area Rapid Transit (DART) SmartBus services
- priority treatments on Route 902 SmartBus services (Chelsea to Airport West).

## Bicycle program

In 2010–11, VicRoads completed 17 new bicycle projects at a cost of \$11.5 million. These projects were a mixture of new on-road and off-road bicycle lanes and paths, safety upgrades, and new crossings to help cyclists cross busy roads. Projects were implemented in inner Melbourne, outer suburbs and in cities and towns in regional Victoria. Highlights of the bicycle program include:

- construction of a bridge across two carriageways of the Maroondah Highway in Lilydale to connect the Lilydale–Warburton Trail with Lilydale High School and other destinations
- upgrading on-road bicycle lanes along St Kilda Road and Royal Parade using textured line marking and green surfacing to improve cyclist safety and provide greater separation for cyclists
- extending the fully separated, on-road bicycle lanes along Cecil Street from the South Melbourne Market to Whiteman Street in South Melbourne
- providing a fully separated two way, on-road bicycle lane on the north side of Fitzroy Street from Acland Street to Albert Park in St Kilda
- extending the on-road bicycle lanes along Bulleen Road from Golden Way to the Eastern Freeway in Bulleen
- completing the final missing link in the Phillip Island Road Off-Road Bicycle Path to connect San Remo with Cowes
- continuing with a major bicycle project to extend the existing Federation Trail off-road shared use path between Millers Road and Williamstown Road in Altona. This project includes the construction of a new bicycle and pedestrian bridge over the Newport Railway Line and is planned to be completed by the end of June 2012.

## Pedestrian program

VicRoads' pedestrian crossing program focuses on providing safe facilities for pedestrians to cross busy roads to access shopping centres, activity centres, schools, bus and tram stops. In 2010–11, VicRoads provided new pedestrian crossings at nine locations in Melbourne and regional Victoria at a cost of \$3.2 million. The projects were:

- Burke Road North Pedestrian Signals, Ivanhoe East
- Main Road Pedestrian Signals, St Albans
- Western Port Road Pedestrian Signals, Lang Lang
- Whitehorse Road Pedestrian Signals, Balwyn
- Kyneton Main Road Pedestrian Signals – Mollison Street, between Lauriston Street and Jennings Street, Kyneton
- Monash Way Pedestrian Crossing, Morwell
- Brown Street Pedestrian Crossing, Hamilton
- Curlewis Street Pedestrian Refuges, Swan Hill
- Point Nepean Road Pedestrian Refuges, Rye.

As part of VicRoads' pedestrian access program, approximately \$1.6 million was invested to upgrade facilities to assist people with impaired mobility to access the road system and public transport services. The funding was used to upgrade 51 sites with audio-tactile pedestrian push buttons and textured tiles to provide safer walking surfaces.

## Supporting sustainability and climate change initiatives

The way we plan, manage and develop our road network and its use has a significant impact on the environment. Greenhouse emissions, noise, biodiversity, cultural heritage and water quality are all affected by decisions that are made about the transport system.

### Environmental sustainability activities

VicRoads recognises the potential impacts of road transport operations and in 2010–11, implemented a broad range of activities that support a sustainable road network.

VicRoads also launched its *Sustainability and Climate Change Strategy 2010–2015*.

The five year strategy identifies the following priorities:

- reducing environmental and climate change impacts from the built environment
- protecting and enhancing the natural and cultural environment
- fostering a culture of leadership and best practice on sustainability and climate change.

Key actions implemented under this strategy are supported by a five year Action Plan and will be reported on an annual basis.

Other VicRoads activities included:

- releasing and trialling the Integrated VicRoads Environmental Sustainability Tool (INVEST), the sustainability rating tool for road projects. An international panel has been established to oversee the application of this tool. INVEST will award road projects from one to five stars, promoting best practice and innovation in sustainable design and construction
- continuing the implementation of Enviro Tracker, a web-based system that facilitates a more efficient tracking of VicRoads environmental incidents and performance indicators.

## Greenhouse emissions and sustainability

VicRoads is committed to reducing the environmental footprint of our operations by ensuring that roadwork specifications encourage the use of recycled materials and promote sustainable procurement. In doing this we can help to conserve natural resources as well as reduce the embodied energy content of road construction and consequently greenhouse gas emissions.

Key activities undertaken during 2010–11 to help reduce our environmental footprint include:

- working with other road authorities to develop a consistent methodology to assess greenhouse gas emissions associated with road projects
- developing a new greenhouse calculator for road projects, based on the standardised methodology discussed above. The calculator is an important first step in measuring the carbon footprint of road construction. This cutting edge initiative will enable whole-of-life emissions for a single project to be calculated
- trialling changes to design and construct specification clauses to encourage and reward initiatives to reduce the greenhouse footprint of construction projects.

## Noise

VicRoads continued to deliver initiatives to help reduce traffic noise impacts, including:

- installing 2.4 kilometres of noise barrier at a cost of \$4.8 million at Monash Freeway in Dandenong North, the Princes Freeway in Berwick, and the Mornington Peninsula Freeway at Chelsea Heights
- video detection of excessively noisy trucks. This resulted in truck owners being required to present their vehicles for checking at an Environment Protection Authority noise testing station. Sites monitored included Beaufort, Buninyong, Nagambie, Geelong, Sunshine, Heathmont and Yarraville
- commissioning a comprehensive traffic noise map of the Melbourne Freeway Network. The map predicts noise levels out to the year 2036 and will allow VicRoads to more proactively manage the impact of noise from the freeway network.

## Biodiversity

VicRoads continues to work with key stakeholders to streamline native vegetation management processes, protect and enhance existing native vegetation values, and further develop a bank of native vegetation and threatened species offsets for road construction project works. Key activities during 2010–11 that contributed to the achievement of our biodiversity objectives include:

- negotiating a Memorandum of Understanding with the Department of Sustainability and Environment to facilitate the recognition of native vegetation within VicRoads managed road reserves as native vegetation offsets. It is expected that this additional source of native vegetation offsets will further assist VicRoads to meet offset requirements for current and future projects
- negotiating the security of one of the organisation's largest native vegetation offset sites to facilitate its ongoing protection into the future. The Warrambeen site, near Shelford in south-western Victoria, consists of over 27 Habitat hectares of very high quality habitat and contains regionally, state and nationally significant flora and fauna species and communities including Natural Temperate Grassland, Western (basalt) Plains Grassland and the critically endangered Golden Sun Moth. The site will be used to offset a number of VicRoads projects including the Western Highway Realignment (Anthonys Cutting), the Western Highway Duplication (Ballarat to Stawell) and Palmers Road
- undertaking field monitoring for the endangered Brush-Tailed Phascogale in the road reserve on Eltham – Yarra Glen Road in the northern metropolitan area, where three single-rope fauna overpasses were constructed over the road. This monitoring, which is part of a 10 year program being implemented by VicRoads, has enabled the collection of important information on the effectiveness of the existing fauna sensitive road design and on the movement of the species through the significant habitat corridors on either side of the road.

## Cultural heritage

Victoria's Aboriginal and non-Aboriginal cultural heritage is an important resource and provides a tangible link to the past which can enrich societies of the present and future. Improved recognition and management of this heritage is one of the objectives of VicRoads *Sustainability and Climate Change Strategy 2010–2015*.

During 2010–11, VicRoads continued to work with key stakeholders to foster positive working relationships to protect, manage and enhance recognition of roadside cultural heritage values. Key activities during 2010–11 that contributed to the achievement of our cultural heritage management objectives included:

- consulting with Registered Aboriginal Parties and Aboriginal Affairs Victoria to develop and implement 12 cultural heritage management plans for VicRoads projects including for the M80 Ring Road Upgrade, Western Highway Duplication (Ballarat to Burrumbeet), the Dingley Arterial (Springvale Road to Perry Road) and the Geelong Ring Road (Section 4C)
- developing a model for area-based agreements with Victoria's Registered Aboriginal Parties, which provides a consistent framework for all VicRoads key Indigenous engagement activities. These agreements include initiatives and commitments with respect to heritage protection and recognition, education, training and employment
- installing, in consultation with the Wurundjeri people, VicRoads first 'Welcome to Country' signs as part of the Western Highway Realignment Project at Anthonys Cutting. These signs have the dual benefit of meeting a key recognition aspiration for our Indigenous stakeholders, as well as providing information to the broader community on the identity of an area's local Indigenous people
- continuing to roll out VicRoads' Indigenous Cultural Awareness Program to staff. This program aims to give our staff a broad understanding of Indigenous issues and culture and to date has been attended by more than 1,000 VicRoads employees
- encouraging the employment of members from the local Indigenous community to plant approximately 12,000 plants to help with stabilisation as part of the revegetation program on the Goulburn Valley Highway north of Nagambie.

## Water

VicRoads recognises the need to protect natural water systems and integrate stormwater treatment into the landscape to protect water quality and preserve the natural hydrology of catchments.

During 2010–11, VicRoads worked to reduce its water consumption through the increased use of non-potable water in its construction activities, and to provide greater guidance to staff on key water use and water quality requirements. Key activities during 2010–11 that contributed to the achievement of our water objectives included:

- publishing new targets for non-potable water use for regional projects and maintenance. The revised organisational targets for non-potable water use are that by 2015, 80 per cent of all water used during road construction, and 40 per cent of all water used for regional projects and maintenance, is non-potable. In addition, no groundwater extraction or surface water will be used where a higher fit for purpose use can be identified (i.e. drinking water, stock watering or irrigation)
- developing new VicRoads Integrated Water Management Guidelines to assist staff and contractors to achieve sustainable and best practice environmental management during road activities when using water or working in the vicinity of Victorian waterways.

## Key performance indicators

Until recently, environmental key performance indicators have been largely focused on office activities and as such, do not reflect the full range of business activities, or those that have the most significant environmental impact. To align the organisation with commitments under the *VicRoads Sustainability and Climate Change Strategy 2010–2015*, new environmental metrics have been developed and are reported for the first time.

In circumstances where trend data is not available, this will be recorded in future years to enable new targets to be developed as appropriate.

**Table 1. Sustainability and climate change performance indicators**

ENVIRONMENTAL INDICATOR	UNIT	2008-09	2009-10	2010-11
<b>GENERAL</b>				
Progress on Sustainability and Climate Change Strategy implementation	% actions completed	N/A	N/A	4
<b>PROJECT ASSESSMENTS</b>				
Environment Effect Statements	No. of statements	0	8	6
Referrals under the <i>Environment Protection and Biodiversity Conservation Act 1999</i>	No. of referrals	8	9	8
Assessments under the <i>Major Transport Projects Facilitation Act 2009</i>	No. of assessments	N/A	N/A	0
<b>BIODIVERSITY</b>				
Native vegetation offsets secured for VicRoads projects	No. of Habitat hectares (Hha) and Large Old Trees (LOTs) secured	Not Available	Not Available	Not Available
Native vegetation removed by VicRoads	No. of Hha and LOTs removed	Not Available	Not Available	Not Available
Net effect on native vegetation from VicRoads operations	Hha and LOTs secured less Hha and LOTs removed	Not Available	Not Available	Not Available
Fauna sensitive road design installations	Total no. of installations	30	30	30
<b>CULTURAL HERITAGE</b>				
Area-based agreements with Indigenous stakeholders	Total no. of agreements	1	1	3
Coverage of area-based agreements with Indigenous stakeholders	% of Registered Aboriginal Parties (under the <i>Aboriginal Heritage Act 2006</i> ) covered by agreements	13	11	33
Cultural heritage management plans	No. of plans approved	7	22	12
Heritage recognition and interpretation installations	Total no. of installations	4	4	4
<b>NOISE</b>				
Noise barriers	Kilometres of barriers installed	Not Available	Not Available	Not Available
Expenditure on noise wall installation	\$ million	Not Available	Not Available	Not Available
<b>WATER</b>				
% of non-potable water used for road construction project	%	96 <sup>1</sup>	87 <sup>2</sup>	94

<sup>1</sup> Data only captured for quarter one of calendar year (January to March 2011).

<sup>2</sup> In 2009, only 50 per cent of road construction projects reported their non-potable water usage.



## Environmental incidents

With the introduction in July 2010 of the new system to record environmental data—Enviro Tracker—our definition and classification of environmental incidents has also been changed to reflect greater consistency with legislative requirements as well as community expectations. While the type of incidents will be comparable to previous years, this is not the case for comparing incident severity levels. Consequently, incident severity data from previous reporting periods have not been included.

The number of reported incidents increased slightly in this financial year. However, the magnitude of the increase is not seen as significant.

The increase in the number of water related incidents is primarily as a result of increased spring rains with parts of central and north western Victoria experiencing the heaviest rains in 15 years. While these flood events led to reported discharges from sites where sedimentation basins were installed, they still met EPA requirements to contain flows from a 1:2 year (6 hour duration) rainfall event.

**Table 2. Environmental incidents by level**

INCIDENT LEVEL	2008-09 <sup>1</sup>	2009-10 <sup>1</sup>	2010-11
Level 1 (least severe)	N/A	N/A	34
Level 2	N/A	N/A	32
Level 3	N/A	N/A	20
Level 4	N/A	N/A	1
Level 5	N/A	N/A	0
TOTAL	72	82	87
THIRD PARTY INCIDENTS <sup>2</sup>	16	16	18

**Table 3. Environmental incidents by type**

INCIDENT TYPE	2008-09	2009-10	2010-11
Water pollution	33	35	39
Flora and fauna	9	14	15
Soil contamination	22	28	28
Cultural heritage	1	1	4
Air pollution	7	2	1
Noise	0	2	0
TOTAL	72	82	87

<sup>1</sup> The incident severity level breakdown cannot be compared to previous years, as there are now five incident severity levels instead of four.

<sup>2</sup> Third Party Incidents occur in VicRoads road reserves but are caused by parties other than VicRoads or its contractors (e.g. illegal dumping and tanker spills). Prior to this reporting period they were known as Level 0 incidents.

## Office-based environmental performance

Victorian Government office-based environmental performance relates to reporting of office-based environmental data and applies to departments and environmental agencies. VicRoads voluntarily reports on six aspects of office-based environmental performance as defined in the Financial Reporting Direction (FRD) 24C, as shown in Table 4.

VicRoads continues to work closely with the Shared Services Provider to collate and deliver accurate office-based environmental data across all VicRoads' offices.

In 2010–11, VicRoads undertook a number of initiatives to help reduce its environmental impact. These activities include:

- developing a green travel plan for Camberwell and Kew offices that includes targets and activities to increase sustainable travel

- introducing secure printing as a pilot in the Camberwell office. Greenhouse savings in the order of 300kg, which equals to 6,000 black balloons, were achieved. As a result of these savings, the pilot will now be extended during 2011-12
- promoting the use of eco-mugs to help reduce the use of disposable cups. It has been estimated that each mug saves about 300 disposable paper cups in a year
- promoting World Environment Day and International Year of the Forests through VicRoads Customer Service Centre by giving away 3000 native plants to customers. This was undertaken to highlight the importance of vegetation in maintaining and preserving our natural biodiversity.

In 2010-11 VicRoads' fleet of 613 passenger vehicles generated around 4,616 tonnes of greenhouse gas emissions.

**Table 4. Office based environmental data**

INDICATOR					
	ENERGY	UNIT	2008-09 <sup>1</sup>	2009-10 <sup>2</sup>	2010-11 <sup>2</sup>
E1	Total energy usage (including GreenPower)	Gigajoules	44,374	25,112	27,098 <sup>3</sup>
E2	Greenhouse gas emissions associated with energy use	Tonnes CO <sub>2</sub> -e	13,026	7,034	6,944
E3	Percentage of electricity purchased as Green Power	% of total consumption	8	15	14
E4	Units of office energy used per FTE	Megajoules / FTE	15,002	15,502	17,238
E5	Units of office energy used per unit office space	Megajoules / m <sup>2</sup>	770	1,035	1,104
	WASTE <sup>4</sup>	UNIT	2008-09	2009-10 <sup>5</sup>	2010-11 <sup>6</sup>
Ws1	Total units of waste disposed of to:	Kilograms			
	Landfill		275,527	210,671	Not Available
	Recycling		204,770	181,479	
	Compost		12,798	10,675	
Ws2	Units of office waste disposed of per FTE by:	Kilograms / FTE			
	Landfill		169	130	Not Available
	Recycling		125	112	
	Compost		7.8	6.6	
Ws3	Recycling rate	% of total waste	44	48	Not Available
Ws4	Greenhouse gas emissions associated with waste disposal	Tonnes CO <sub>2</sub> -e	358	274	Not Available

INDICATOR					
	PAPER	UNIT	2008-09	2009-10	2010-11
P1	Total units of A4 equivalent copy paper used	Reams	36,716	37,336	37,971
P2	Units of A4 equivalent copy paper used per FTE	Reams / FTE	12.2	12.3	13 <sup>7</sup>
P3	Percentage of recycled content of copy paper purchased:				
	0-50% recycled content	% recycled content	7.3	8.4 <sup>8</sup>	25.2 <sup>9</sup>
	50-75% recycled content		85.4	78.4	70.5 <sup>9</sup>
	75-100% recycled content		7.3	13.2	4.3 <sup>9</sup>
	WATER <sup>10</sup>	UNIT	2008-09	2009-10	2010-11
W1	Total units of metered water consumption	Kilolitres	Not Available	Not Available <sup>A</sup>	Not Available
W2	Units of water consumed in offices per FTE	Litres / FTE	Not Available	Not Available	Not Available
W3	Units of metered water consumed in offices per unit of office space	Litres / m <sup>2</sup>	Not Available	Not Available	Not Available
	TRANSPORTATION	UNIT	2008-09	2009-10 <sup>11</sup>	2010-11 <sup>12</sup>
T1	Total energy consumption by fuel type	Megajoules			
	Unleaded		53,247,895	50,753,151	47,749,009
	E10		240,816	672,845	1,169,102
	LPG		3,421,117	3,012,055	393,157
	Diesel		5,495,636	8,547,189	13,045,333
	Total		62,405,465	62,985,240	61,756,602
T2	Total vehicle travel associated with VicRoads' vehicles (total)	Kilometres	19,524,535	19,985,108	20,034,288
T3	Total greenhouse gas emissions by fuel type	Tonnes CO <sub>2</sub> -e			
	Unleaded		3,892	3,801	3,531
	E10		17	46	79
	LPG		222	198	26
	Diesel		413	643	981
	Total		4,545	4,688	4,616
T4	Greenhouse gas emissions from vehicle fleet per 1,000km	Tonnes CO <sub>2</sub> -e / 1,000km	0.23	0.23	0.24
T5	Total distance travelled by air	Kilometres	3,460,821	2,693,348	2,881,905

INDICATOR					
T6	Employees regularly (>75% of work attendance days) using public transport, cycling, walking or car pooling to and from work or working from home by locality type <sup>13</sup> .	% of total employees	Not Available	Not Available	Not Available
	GREENHOUSE GAS EMISSIONS	UNIT	2008 -09	2009-10 <sup>14</sup>	2010-11 <sup>14</sup>
G1	Total greenhouse gas emissions associated with energy use	Tonnes CO2-e	13,026 <sup>1</sup>	7,034 <sup>2</sup>	6,944 <sup>2</sup>
G2	Total greenhouse gas emissions from vehicle fleet	Tonnes CO2-e	4,545	4,688 <sup>11</sup>	4616 <sup>12</sup>
G3	Total greenhouse gas emissions from air travel	Tonnes CO2-e	1,057	857	914
G4	Total greenhouse gas emissions associated with waste disposal	Tonnes CO2-e	358	274 <sup>5</sup>	Not Available <sup>6</sup>

<sup>1</sup> Energy consumption data in 2008-09 included all VicRoads' offices.

<sup>2</sup> Energy consumption data in 2009-10 and 2010-11 is restricted to VicRoads' four major offices (Kew, Sunshine, Burwood East and Camberwell).

<sup>3</sup> Data not verified.

<sup>4</sup> Waste data is restricted to VicRoads' four major offices (Kew, Sunshine, Burwood East and Camberwell).

<sup>5</sup> Waste data for 2009-10 was obtained for six months and this was extrapolated to an annual value.

<sup>6</sup> Data coordinated in 2010-11 by Victorian Government Shared Services Provider and was not available for this report.

<sup>7</sup> Reams per FTE have increased due to higher paper use and a lower FTE. However, VicRoads is working towards reducing the paper use per staff.

<sup>8</sup> Previously reported as 0.3, there was an error in the 2009-10 calculation and this has been rectified.

<sup>9</sup> The increase in variation between 2009-11 is due to individual business areas purchasing the type of paper, which has less recycled content.

<sup>10</sup> Due to errors in water metering, accurate data was not available.

<sup>11</sup> Data for T1, T2, T3, T4 and G2 is based on extrapolated data as only 95 per cent of data was available.

<sup>12</sup> Data for T1, T2, T3, T4 and G2 is based on extrapolated data as only 85 per cent of data was available.

<sup>13</sup> A Travel Smart survey was not conducted.

<sup>14</sup> Greenhouse gas emission factors are based on the Department of Climate Change and Energy Efficiency National Greenhouse Accounts Factors July 2010.

## SERVICE

VicRoads has a diverse range of functions and interacts with a variety of customers and stakeholders. It is responsible for the delivery of effective, equitable and efficient registration and licensing services to the Victorian community. One of our key priorities is to understand and meet the changing needs of customers.

VicRoads aims to deliver excellent customer service by:

- improving access to VicRoads registration and licensing, and information services
- improving our processes and systems to deliver efficient and cost effective services
- engaging with communities and stakeholders to understand their needs and involve them in the decisions that affect them.

Services delivered as part of the implementation of new road infrastructure are highlighted in the previous chapters. This chapter will focus on achievements in registration and licensing services, information provision and stakeholder and community engagement.

## ACHIEVEMENTS

### Improving services

VicRoads aims to provide customers with high quality, accessible services and products that are delivered securely in a competitive, cost effective manner. VicRoads is reshaping its registration and licensing business to deliver operational and service excellence, supported by a customer-centric focus for customers who need specialist advice and greater face-to-face contact. VicRoads has implemented additional services to meet the needs of its customers. Initiatives in 2010-11 included:

- **New Ballarat Call Centre:** Plans for the new call centre in Ballarat were announced in July 2010. The project is on track for completion by early 2012. The transition to the new call centre includes increasing the capacity from 60 seats to over 100 seats, thereby helping to raise our customer service levels and reducing call wait times.
- **Custom Plates:** In 2010-11, Custom Plates extended custom plate auctions to an online market after entering into a partnership with IMG Sports Technology Group to host an auction website. Customers now have the ability to log on and bid for custom plates from anywhere, with automated communications to keep them up to date with their bids.
- **Used Car Dealers Online:** This service provides used car dealers with the opportunity to transfer second hand vehicles online. The key benefits include time savings and not having to attend a VicRoads Customer Service Centre, an immediate vehicle transfer validation and payment processing system, reduction in errors and rework, and better control over the dealers' business financial transactions with VicRoads.
- **Hailstorm damage:** Following the severe hailstorms in March 2010, VicRoads experienced a surge in vehicles being recorded as repairable write-offs on the Victorian Written-off Vehicles Register. Where it was not reasonable to request superficial hailstone damage be repaired, an exemption from the normal repair requirements has been permitted. To date this has assisted approximately 10,000 affected vehicles to get back on the roads quicker with less inconvenience to VicRoads customers.

- **Providing interpreting services:** VicRoads implemented a language services panel to provide interpreting support to customers who speak English as a second language. This assists culturally and linguistically diverse customers when undertaking practical driving tests or computerised licence testing.
- **Getting on the Road DVD:** VicRoads, in conjunction with Consumer Affairs Victoria, produced the DVD *Getting on the road: a guide for new migrants*. The DVD is designed to help culturally and linguistically diverse community members learn about getting a Victorian licence, buying a motor vehicle, responsible car ownership and road use. Information on the DVD is delivered in 18 languages to spread a simple and understandable message throughout Victoria's migrant communities. Copies of the DVD have been distributed to settlement providers, community groups, government agencies and education providers.

## Improving information

### Website and mobile improvements

The VicRoads website plays an important role in making it easier for customers to find information. The website also facilitates online transactions, which has improved the accessibility of services to the Victorian community by offering customers an alternative to visiting customer service and call centres.

The role of VicRoads' website and supporting digital assets continued to grow in 2010-11. The VicRoads website remains the second most visited website within the Victorian Government with over eight million visits made. The website is increasingly being accessed from mobile devices with over 10 per cent of all visits to our website being from mobile or wireless devices. Smartphone applications were also released focusing on traffic and parking information.

The integrated use of popular social media platforms such as Twitter, YouTube and Facebook has enhanced our web communications and has proved to be useful when communicating with hard to reach sections of the community, such as new drivers.

Significant improvements were made to the website capacity to support rapid increases in usage, particularly relating to emergencies impacting the road network, such as floods. Improvements were also made to the delivery of key online applications such as Change of Address, and to website features to assist navigation to our VicRoads Customer Service Centres.



## Improving processes, systems and technology

In 2010–11, VicRoads streamlined a number of business processes, systems and technologies to simplify transactional processes and improve customer experience including:

- **Customer Services Quality Framework:** In February 2011, VicRoads launched the first phase of a new customer services quality framework. The framework is based around building trust with customers as well as delivering a consistent approach across all interactions to provide exceptional customer service. Since the introduction of the framework in the call centres, there have been noticeable improvements in overall customer satisfaction.
- **Club Permit Scheme:** In consultation with vehicle clubs, VicRoads introduced the new club permit scheme in February 2011. This scheme allows members of historic vehicle clubs to use their veteran, vintage, classic or street rod vehicles on the road for reduced fees.
- **New Dealer Certification Scheme Agreement:** The agreement applies to motor car traders using online systems to register and transfer vehicles. The new agreement, which was developed in consultation with the Victorian Automobile Chamber of Commerce, ensures that the registration services offered by dealers are clearly set out and that all necessary statutory delegations are in place.
- **Workforce and queue management system:** The new workforce and queue management system provides a more customer oriented experience and improves data collection about the purpose and timing of customer visits to Customer Service Centres.
- **Licence Image Capture System:** Significant efforts have been made to upgrade the licence photo capture facilities to ensure consistent, high-quality images of driver licence holders. The new Licence Image Capture System incorporates an assessment of the quality of each image against ISO standards.

This capability also supports facial recognition technology to tackle fraud and boost identity security in Victoria. VicRoads conducted a facial recognition matching and analysis exercise that involved the enrolment of approximately 710,000 images of driver licence holders into the facial recognition system to identify cases where people have fraudulently obtained multiple licences under different identities. The matching exercise discovered 600 potential fraudulent cases, which are currently being investigated.

## Community and stakeholder engagement

To ensure quality, well informed decisions in relation to the road system, VicRoads engages with a diverse range of stakeholders. Some of the mechanisms that are used are outlined below.

### Working across government

VicRoads works across a wide variety of inter-agency and inter-departmental forums to help deliver an integrated and sustainable transport system for the community. These include:

- **Department of Transport leadership group meetings:** VicRoads' Chief Executive attends weekly Executive Leadership Team meetings to help ensure an integrated approach to planning and delivering Victoria's transport system.
- **Commonwealth Department of Infrastructure and Transport:** VicRoads works with the Commonwealth Department of Infrastructure and Transport to coordinate delivery of the Nation Building Program. This program comprises projects being delivered in Victoria with federal funding to support interstate movements and nationally significant economic flows.
- **Regional Management Forums:** VicRoads' seven Regional Directors participate in Victorian Government Regional Management Forums comprising senior State government staff in each region and Chief Executive Officers from local municipalities.
- **Municipal Cluster Visits:** VicRoads has an annual program of official visits to municipalities where VicRoads' senior executives meet with regional clusters of municipalities to discuss strategic issues and council priorities.

- **Municipal Association of Victoria meetings:** VicRoads' Chief Executive and other senior managers meet quarterly with the Municipal Association of Victoria to identify and address issues of concern to local government.
- **Victorian Community Road Safety Partnership Program:** This is a new model for the delivery of community road safety programs in Victoria. There are 48 registered local and statewide community road safety groups comprising local government, RoadSafe Community Road Safety Councils and community organisations like Berry Street and migrant resource centres. Of the 48 registered groups, 37 have applied for—and been successful in receiving—program funding in 2011–12.
- **VicRoads Community and Stakeholder Engagement Framework:** VicRoads recognises that long-term results from decision-making, project implementation and general day to day duties can be improved greatly by including a diversity of views from a range of people. The VicRoads community and stakeholder engagement framework sets out the way in which we build, maintain and enhance the important relationship between the organisation and its community. The framework aims to give staff a clear guide as to how to plan and then implement their engagement activities to ensure the best outcome for all and to ensure a coordinated, consistent approach.

### Advisory councils

In 2010–11 VicRoads convened and provided administrative support to the following advisory councils:

- Victorian Bicycle Advisory Council (VBAC)
- Victorian Road-Based Public Transport Advisory Council (VRBPTAC)
- Victorian Road Freight Advisory Council (VRFAC)
- Victorian Motorcycle Advisory Council (VMAC).

The advisory councils provide strategic policy and program advice to VicRoads and comprise key stakeholders from government, industry and the community across Victoria.

### Community liaison

VicRoads recognises the need to work together with communities and stakeholders in order to deliver improved outcomes and to ensure that communities are well informed about different types of projects and issues. Some examples are outlined below.

- **M1–West Gate Bridge Strengthening:** The 'West Gate Bridge, the Inside Story' exhibit was opened in August 2010 at ScienceWorks. The exhibit is an interactive display intended to engage and inform children and adults about the history of the Bridge.
- **M80 Upgrade:** The use of social media tools such as Twitter has enabled the M80 Upgrade to post weekly road works announcements and road safety messages that compliment with variable message signs. This has enabled the M80 Upgrade to build ongoing positive relationships with stakeholders to share information about the project.
- **VicRoads' Transport Safety Services (TSS) Community Liaison:** TSS staff have been actively engaging with the local community to reduce the high heavy vehicle crash rate in South Gippsland. Overwhelming support and participation has been received from drivers, managers and owners for the proactive strategy the team developed in conjunction with local police, council and industry.
- **Diggers Rest – Coimadai Road:** VicRoads has applied the combined approach of incorporating the three elements of 'Engineering, Education and Enforcement' (Triple 'E') to improve road safety on Diggers Rest – Coimadai Road. By working with key stakeholders such as local councils, Victoria Police, transport operators and the local community, there has been a significant decrease in crashes with no fatalities and only three minor injuries recorded at the end of 2010 at this location.

## Flood response and recovery

In August, September and December 2010, and January, February and March 2011, Victoria experienced some of the worst flood events in recorded history, causing significant infrastructure damage and impacting heavily on communities. These floods caused numerous road closures across the state, including over 56 arterial roads and 256 local roads, and over 190 landslips. It has caused more than \$100 million (estimated) in damages to the arterial road network.

Flood recovery teams were established and recovery works have been planned and progressively implemented. Natural Disaster Support to municipalities has also been established for the evaluation of road infrastructure damage in municipalities. The consequential longer term impact on the arterial road network will not be known for some time, however it is anticipated that significant renewal work in some locations will be required over the next two years to ensure that roads are kept in a suitable condition. VicRoads has an important role in communicating daily road closures and progressively opening roads.

VicRoads and its maintenance contractors are continuing the recovery effort, including:

- managing closed roads including the Princes Freeway (Morwell Bypass), Morwell due to the impact of recent rainfall and potential movement
- conducting inspections of pavements, bridges and other road features
- making temporary and permanent repairs.

## Bushfire Royal Commission

On 31 July 2010, the Victorian Bushfire Royal Commission (VBRC) released its final report and recommendations. The Commission recommended (recommendation 62) that VicRoads implement a systematic statewide program of bushfire risk assessment for all roads for which it is responsible to ensure that it is meeting its obligations under s.43 of the *Country Fire Authority Act 1958*.

As part of the Integrated Fire Management Planning process, VicRoads has led a multi agency project team (including the Country Fire Authority, Department of Sustainability and Environment, and the Municipal Association of Victoria), to develop road bushfire risk assessment guidelines and tools to assist VicRoads to implement a consistent bushfire risk assessment program for the arterial road network.

Although the guidelines will facilitate the integration of road bushfire safety within the broader fire management planning environment, they will also:

- confirm road bushfire management objectives
- outline processes for assessing risk in regards to each objective
- determine the priority for bushfire mitigation works on particular roads
- provide guidance on selecting appropriate fire risk reduction treatments.

In June 2011, the guidelines were successfully trialled in the Shires of East Gippsland and Yarra Ranges and are now scheduled to be fully implemented by the end of September 2011.

VicRoads has also amended existing policies and standards as well as developed new strategies to address the findings of the VBRC. VicRoads has been, and will continue to be, an active participant in the state, regional and municipal Integrated Fire Management Planning processes.

## National and international partnerships

VicRoads is an active participant in a number of national and international organisations concerned with all aspects of road transport. Partnerships include:

- **Austrroads:** Austrroads is the association of all Australasian Road Authorities that aims to contribute to improved transport related outcomes in Australia and New Zealand. There are seven Austrroads programs: Technology, Assets, Freight, Network, Registration and Licensing, Road Safety and Capability. The Network, Freight and Capability Programs are coordinated by senior VicRoads executives. Gary Liddle, VicRoads' Chief Executive, is the Chair of Austrroads.
- **REAAA:** The Road Engineering Association of Asia and Australasia promotes the science and practice of road engineering and related professions in the Asia Pacific region. Gary Liddle, VicRoads' Chief Executive, is the Chair of the Australian Chapter of the REAAA and a member of the REAAA Governing Council.
- **PIARC:** The World Road Association is the oldest international association concerned with road network engineering, policy and management. A number of VicRoads' executives are members of PIARC technical committees including, Safer Road Operation, Sustainable Environment, Freight Transport and Inter Modality, and Improved Mobility in Urban Areas.

## VicRoads Seminar Series

VicRoads is committed to sharing the findings of current research and development initiatives with employees, as well as exchanging information with its partners, stakeholders and other interested groups or individuals.

VicRoads has partnered with the Australian chapter of the REAAA to present the VicRoads and REAAA Technical Seminar Series. The seminars promote VicRoads expertise across a range of areas, in particular technical and engineering expertise. The seminars also provide opportunities for the professional and personal development of staff.

Topics presented in 2010-11 with REAAA included:

- benchmarking road safety
- 2009 Kerry Burke scholarship - sustainability and climate change
- heavy vehicles, road assets and efficiency issues
- West Gate Bridge strengthening project
- European tunnel conference
- monitoring and management of Melbourne's peak traffic periods.

## Key performance indicators

Registration and licensing staff completed an additional 807,000 transactions in 2010-11 representing an increase of 4.5 per cent year on year.

Licence renewals accounted for 2.8 per cent of total transactions, 36.8 per cent more than in 2009-10 due to the cyclical effect created by the change from six year to 10 year licences in January 1991.

Despite this, VicRoads' customer satisfaction research found that 90 per cent of customers were satisfied with VicRoads registration and licensing services, five per cent above the target.

While this represents a decrease of one per cent from the previous year, it indicates that customer satisfaction has not been significantly compromised despite increased transaction volume. Further, staff maintained a professional approach to customer service under increasing pressure, meeting 76 per cent of the required customer service standards.

This is in part, due to a commitment to deliver business improvement projects focussing on channel management (ensuring customers use the most appropriate contact method for conducting their transaction), process improvement and building capability and unlocking capacity. An example of smarter channel management includes shifting more licence test and pre-purchase inspection bookings online and encouraging registration renewals to be conducted at Australia Post.

This enabled Customer Service Centres to absorb continued transactional growth while improving wait times with 69 per cent of customers served in 10 minutes, up one per cent from 2009-10. A more progressive channel management strategy is being developed for 2011-12 to create frontline capacity, cost savings and increased customer satisfaction.

Customer Service Centres also benefited from the new Queue Management System introduced during 2010. The system provides invaluable information to assist with resource planning, which has resulted in progressive improvement of service levels with 75 per cent of customers served in 10 minutes by June 2011.

Operational challenges in the VicRoads Customer Service Centre affected wait times with 49 per cent of calls answered within 30 seconds. However, some changes such as the introduction of a new Quality Framework have been so successful at building rapport with customers and improving call control that delays in answering calls have not adversely affected overall customer satisfaction.

Eighty-four per cent of emails received were responded to within the target of seven days despite the volume of emails received rising 13.7 per cent to 32,150. This is four per cent above the target and due in part to employing opportunities identified in previous Mystery Shopping research to achieve greater efficiency in response management and handling.

Additionally, a year long internal campaign raised awareness of VicRoads' Customer Charter response times and staff made smarter use of VicRoads' email tracking system. A substantial review of this system occurred in 2010-11 with improvements planned for implementation in 2011-12 that should result in further improvements in the email service.


First contact resolution was comprehensively measured as part of VicRoads' Customer Satisfaction Survey for the first time this year, replacing the previous internal measurement tool. This removed any potential bias built into the previous survey tool and has greatly improved accuracy. As such, comparison with previous data is difficult, but the revised methodology will present greater opportunities for future process improvement.

**Table 1. Customer service indicators**

INDICATOR	TARGET	2008-09	2009-10	2010-11
Overall satisfaction	85% of customers satisfied with registration and licensing services	93%	91%	90%
	85% of customers satisfied with operation of Victoria's road network	92%	79%	73%
First contact resolution	A minimum of 85% of customer interactions completed the first time	79%	86%	70% <sup>1</sup>
Professional approach	Staff meet a minimum of 85% of the required customer service standards	80%	81%	76%
Efficient services	80% of customers served within 10 minutes	68%	68%	69%
	80% of telephone calls answered within 30 seconds	70%	65%	49%
	80% of email inquiries from the website responded to within 7 days	91%	84%	84%

<sup>1</sup> First contact resolution is now measured as part of the Customer Satisfaction Survey with a different methodology to previous years.





# 02

## DEVELOPING ORGANISATIONAL CAPABILITY AND CULTURE

VicRoads recognises that attracting and retaining the right people with the right skills is vital to delivering Victoria's safe and efficient transport connections. Developing our capabilities, strengthening our culture and providing our people with safe and healthy workplaces are also key aspects to the way we do business at VicRoads.



## Workforce planning

### Recruitment and retention

Changing demographic trends and continued strong demand for skilled employees influence VicRoads' recruitment and retention strategies. Integrated recruitment and workforce planning initiatives ensure a long term fit with our strategic directions. Our recruitment needs are met through external and internal appointments and merit based selection. In 2010-11, there have been 398 appointments comprising 304 internal and 94 external candidates.

Flexible Transition to Retirement (TTR) options have supported employees approaching retirement in a graduated way, enabling VicRoads to plan for knowledge transfer. There has been an increase in access to transitional work arrangements of which Purchased Annual Leave (up 11 per cent on average) and Reduced Working Hours (up 40 per cent on average) feature strongly.

VicRoads' overall retention rate in 2010-11 was 90 per cent compared with 91 per cent in 2009-10.

### Graduate program

VicRoads' Graduate Program remains a key element of our recruitment and retention strategy. VicRoads recruited 47 new graduates in 2011 from more than 2,900 applicants. The disciplines represented were:

- Engineering 37
- Business 5
- Accountancy 3
- Information technology 2

VicRoads continues to maintain strong graduate retention rates compared with the private sector, with 92 per cent of our graduates retained over the past three years and 82 per cent over the past five years.

### Working with students

VicRoads positions itself to attract future employees at key points in career planning through a variety of methods:

- **Gap Year program:** This offers full time employment for 12 months to VCE students who have been accepted into engineering at university and have decided to defer study, enabling work experience to be gained in their chosen field. One 'Gap Year' placement was made in regional Victoria.
- **Vacation employment program:** Undergraduate students are provided with an opportunity to experience paid work with VicRoads during university semester breaks. In 2010-11, 40 students were employed, 16 of whom were offered a place on VicRoads' 2012 graduate program.
- **Engineering student scholarships:** Five scholarships of \$12,000 each have been awarded to final year engineering students who participated in the vacation employment program.
- **Secondary school work experience program:** In 2010-11, 44 secondary school students participated in work experience at different work locations across Victoria.
- **Industry Based Learning (IBL):** This provides opportunities for tertiary students requiring work experience as part of their degree requirements. In 2010-11, four, six-month IBL engineering placements have been supported.

### Staff surveys

VicRoads conducts a number of surveys to inform and influence its efforts in attraction and retention, including:

- Surveying employees in the occupations that are subject to the greatest external demand to understand what keeps them at VicRoads and what would strengthen their ongoing retention
- Surveying employees within the first six months of employment to establish how closely their expectations of working at VicRoads match their actual experience, as well as to understand how the recruitment and induction processes can be improved
- Surveying employees leaving VicRoads, by an external provider, to discover why they are leaving.

## Community partnerships

VicRoads contributes to programs that support young people in their studies including:

- **Skyline Education Foundation:** which supports disadvantaged but talented students to participate in VCE studies
- **DOXA Youth Foundation:** which assists talented young people from disadvantaged backgrounds to complete university education.

In 2010-11 VicRoads supported five university students. VicRoads also supports the Victorian Government's Victoriaworks for Young People (formerly the Youth Employment Scheme) by placing early school leavers in part-funded 12 month development roles. There were 44 young people who participated in traineeships in 2010-11.

## Indigenous employment

Indigenous employment is a key element of VicRoads' workforce diversity and is underpinned by VicRoads' Indigenous Employment Strategy. VicRoads provided strategic advice in the development of *Karreeta Yirramboi - the Victorian Government Aboriginal Public Sector Employment and Career Development Action Plan 2010-15*.

VicRoads' existing commitment to Indigenous employment is a target of one per cent of VicRoads' workforce in line with the Karreeta Yirramboi target. Indigenous staff currently comprise 0.5 per cent of the total workforce, and enjoy a high retention rate, while new recruitment initiatives from 2011-12 onwards are expected to provide progress towards the one per cent target.

Under the Victorian Government's Victoriaworks for Young People program, two Indigenous trainees started working with VicRoads during 2010-11, primarily in Customer Services. Indigenous road workers are among the cohort of road workers completing a Certificate III in Civil Construction during their employment.

VicRoads' Indigenous Secondary School Scholarship program currently provides financial assistance to 20 Victorian secondary school students in years 10 to 12 with the aim of improving the Year 12 completion rate for Indigenous students. Fifteen new scholarships were awarded at the commencement of Semester One, 2011.

Two new VicRoads Indigenous Tertiary Scholarships will be available to outstanding Indigenous undergraduates completing summer 2010-11 vacation employment.

## Building capability

### Leadership and management capability

VicRoads aims to inspire and develop strong leaders and the following five programs offer a range of pathways:

- **VicRoads Leadership Program:** This program is targeted at retaining talent and developing our Executive Leaders of the future. The program is capped at 65 participants per year and program entrants are selected by the Corporate Management Group based on their demonstrated leadership and potential
- **The Middle Managers Program:** This program targets senior managers who are responsible for complex and critical functions and workgroups throughout the organisation. During 2010-11, 37 participants commenced the program
- **The Team Leader Program:** This program targets leaders in operational roles and introduces them to methods and tools that assist them to be more effective and influential. Participants experience both structured learning and group coaching programs over seven months. Each program has a maximum of 22 participants and four programs were run in 2010-11
- **The New Leaders Program:** This program aims to support new leaders in their first six months of leadership. The program introduces participants to the challenges and opportunities of leadership and provides them with coaching and self awareness exercises to enhance their ability to succeed. Thirty-two participants completed the program during 2010-11
- **Foundational Leadership Program:** A one day program open to all staff interested in developing their understanding of leadership. During 2010-11, three programs were conducted with a total of 60 participants.

## Technical capability

VicRoads has a range of initiatives to support and improve technical capability including the following:

- **Technical Capability Assessment Program:** Provides VicRoads with vital information on the technical capability profile of over 2600 employees. This information allows managers and employees to ensure that their technical development is targeting the current and future needs of the organisation.
- **Chartered Engineers Program:** Enables recently graduated engineers or those with only a few years of work experience to be awarded chartered status. Currently 32 entry level engineers have begun the program and are supported by 16 internal mentors.
- **Technical Training Program:** Addresses capability gaps within VicRoads, local government and consultants by providing technical knowledge and awareness of VicRoads' latest standards, policies and technical information. Due to its popularity, VicRoads Technical Consulting area has increased its course delivery from 24 courses in 2009-10 to 46 courses in 2010-11.
- **Kerry Burke Scholarship:** The scholarship provides up to \$20,000 to a VicRoads employee to undertake training or conduct research in a technical field that will bring a direct benefit to the organisation and enhance VicRoads' knowledge of the subject. The recipient of the 2011 scholarship was Yew-Chin Koay, who will be travelling internationally to investigate the use of geo-polymer technology for building, strengthening and rehabilitating bridges.

## International projects

VicRoads' International program provides both opportunities for the development of valuable government to government linkages, and for the professional development of VicRoads' staff. The program provides opportunities to work with local and international partners to promote VicRoads' expertise across a range of areas. During 2010-11, VicRoads' staff have been engaged in international development projects in Vietnam, Cambodia, Indonesia and Malaysia. VicRoads' International program has also hosted a number of fact finding visits from government representatives from the USA, Indonesia, Hong Kong and Iran.

## Strengthening our culture

The outcomes we achieve and how our customers experience us is reliant upon having a high-performing culture. The VicRoads Ways of Being describe the key elements of our culture that we continue to build.

### VicRoads Ways of Being

In April 2010, all VicRoads staff were invited to complete the Many Voices, One Culture survey, designed to help the organisation to understand its current culture and what VicRoads would like to experience in its desired culture. The survey results were discussed at a number of workshops with staff from all levels and areas of the organisation as a key input into defining the VicRoads Ways of Being and behaviours.

### Women Leading Transport

In order to raise awareness of the challenges that women face across the transport portfolio, a Women Leading Transport Strategy has been co-developed by a number of key industry-based organisations for the attraction, retention and advancement of women in transport. Drawing from this strategy, VicRoads has developed an action plan that helps to optimise female talent while educating staff and managers about the importance of flexibility within the workforce.

### Revised reward and recognition program

In 2011, a revised reward and recognition program was implemented across VicRoads. The program focuses on the demonstration of behaviours that support the VicRoads Ways of Being in the delivery of work achievements and business outcomes. The new program enables every VicRoads employee to acknowledge and encourage the valuable contribution of individuals and teams through many informal channels. It also provides the opportunity for all staff to nominate a colleague or team for the formal award; the Outstanding Performer Award. Nominations for these awards are called for bi-annually and recognise those who are outstanding in their demonstration of one of the Ways of Being and who produce exceptional standards of business results.

## Safe and healthy workplaces

### Providing safe workplaces

VicRoads OH&S policies and practices ensure that all staff remain safe and healthy at work. To build on this commitment, the OH&S team ensures the provision of training and expert advice to managers, team leaders and employees on all aspects of health and safety, wellbeing and injury management, both work and non-work related.

From a compliance perspective, 104 safety system audits were carried out across VicRoads and 74 safety audits were carried out in VicRoads Road Services and SprayLine businesses.

Other key initiatives included:

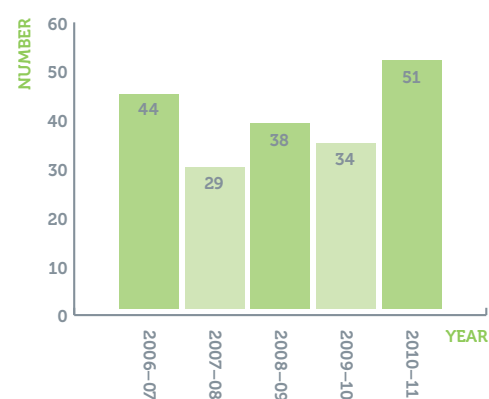
- conducting training on drug and alcohol impairment at a number of Road Services depots
- establishing a Transport Safety Services OH&S Committee comprising statewide representatives
- enhancing VicRoads Safety Management System (SMS) via a number of improvements including the management of Safe Work Method Statements (SWMS)
- VicRoads' School Holiday Programs at Kew and Sunshine receiving formal Department of Education and Early Childhood Development (DEECD) registration.

Injured workers and their managers continue to be provided with advice and support in achieving successful early intervention strategies and return to work after injury.

### WorkCover performance

VicRoads must provide safe and healthy environments for all employees, customers and visitors.

**Figure 1. VicRoads total standard WorkCover Claims 2006-07 to 2010-11**



VicRoads aims to achieve a 20 per cent reduction in standard WorkCover claims between 2006-07 and 2010-11. There were 51 standard WorkCover claims in 2010-11, compared with 34 in 2009-10, an increase of 50 per cent. The increase in the number of standard claims is largely in the Road Services and Registration and Licensing areas. Of the 51 recorded standard claims, 16 have been rejected by VicRoads' Insurer CGU. VicRoads in partnership with WorkSafe commenced an integrated approach project aimed at improving workplace health and safety with a focus in these two areas.

Continuous training is important to maintaining a strong safety culture for all employees. In 2010-11, the following OH&S training programs were delivered:

- **Employee safety awareness online training:** completed by 937 employees
- **OH&S for managers and supervisors online training:** completed by 164 managers and supervisors
- **Hierarchy of safety controls (including traffic management) training:** two sessions with 40 participants
- **Procurement management and contract management courses - OH&S Responsibilities:** eight courses with 160 participants
- **Worksite OH&S performance training:** 18 sessions with 372 participants.
- **Drug and alcohol impairment training:** four sessions with 55 participants.

**Table 2. VicRoads' standard WorkCover performance 2006-07 to 2010-11**

MEASURE	KPI	2006-07	2007-08	2008-09	2009-10	2010-11
Claims	No. of standard claims	44	29	38	34	51
	No. of lost time claims	37	23	29	26	43
	Average days lost	26	47	47	30	27
	Average Premium rate <sup>1</sup>	1.21%	1.21%	1.26%	1.20%	0.57%
	Average cost per standard claim <sup>2</sup>	\$53,232	\$50,833	\$25,359	\$29,901	\$28,697
	Fatality claims	-	1	-	-	-

Source: CGU Workers Compensation (Vic) Ltd.  
Data as at 11/6/2011.

<sup>2</sup> Average claim cost is the average total incurred per standard claim

<sup>1</sup> Average Premium Rate is the premium amount paid as a percentage of remuneration.

### Annual workplace safety award

The VicRoads annual workplace safety award recognises team and individual initiatives that improve or contribute to workplace health and safety. The award is open to all non-executive employees and groups within VicRoads who have made a significant contribution to improving health and safety within the workplace.

#### Individual Award Winner

Stephen Collins - SprayLine

In consultation with a number of SprayLine staff, Stephen developed and implemented the motorised buggy enabling an operator who is seated to automatically place retro-reflective pavement markers (RRPMs). Previously, the work was undertaken by having workers on foot manually operating a push trolley and physically bending down and placing the RRPMs. The potential for improved safety will have benefits for VicRoads workers as it reduces the potential of musculoskeletal disorders.

### Supporting health and wellbeing

Encouraging employees to adopt a healthier lifestyle to prevent illness and injury, and maximising their energy levels for work and personal life is the key focus of the VicRoads' health and wellbeing program.

In 2010-11, health and wellbeing programs offered to employees included:

- **Influenza vaccinations:** 510 vaccinations at Bairnsdale, Ballarat, Burwood, Camberwell, Geelong, Hawthorn, Horsham, Kew, St Kilda and Traralgon
- **Skin cancer checks:** 310 checks at Kew, Sunshine, Burwood, Ballarat, Geelong, Benalla, Bendigo and Traralgon
- **WorkSafe work health checks:** continue at Bendigo, Ballarat, Kew, Geelong, Broadmeadows, Burwood and Horsham
- **Subsidised weight management program:** 120 participants at Kew, Burwood, Shepparton, Traralgon and Ballarat.

Staff and their family members are also supported with the following VicRoads programs:

- school holiday program providing child care for two weeks during each school holiday period in the Kew and Sunshine offices
- employee and family member access to an Employee Assistance program that provides free, confidential counselling to help address work and family related issues.





03

**CORPORATE GOVERNANCE AND STRUCTURE**

## Corporate governance

### Statutory framework

VicRoads is the registered business name of the Roads Corporation, which was established in the *Transport Act 1983* and continued in the *Transport Integration Act 2010*. The Governor in Council appoints the Chief Executive who is responsible for managing the functions of the Roads Corporation consistent with its primary object.

### Governance structure

VicRoads' Chief Executive is accountable to the Minister for Roads, reporting through the Secretary of the Department of Transport. VicRoads works closely with the Department of Transport to ensure that its policy development and planning activities reflect a collaborative, portfolio-wide approach. VicRoads provides regular reports to the Department of Transport on its finances, capital expenditure and outputs and the Chief Executive attends the Department of Transport's weekly Executive Leadership Team meetings.

Some of the key structures and processes that contribute to the effective governance of VicRoads are outlined below.

- **Corporate Management Group:** It comprises the Chief Executive, Chief Operating Officer, Executive Director of each division and Directors of Corporate Policy and Planning and Corporate Communications. It assists the Chief Executive to develop and monitor strategic directions and business plans, provide effective leadership and ensure sound management.
- **Project Review Committee:** It comprises the Chief Executive, Chief Operating Officer, Executive Director Network and Asset Planning, Executive Director Road Safety and Network Access, Executive Director Technical and Information Services, Executive Director Commercial and Legal, Executive Director Corporate Services and the Directors of Corporate Policy and Planning and Corporate Communications. It oversees the assessment of options in the planning and development of road projects and road improvement programs with an estimated cost greater than \$10 million; planning studies with an estimated cost greater than \$3 million; and projects considered to involve contentious matters.
- **Information Management and Technology Board:** It comprises most Executive Directors and ensures the governance and strategic alignment of investment decisions regarding VicRoads' Information Management and Technology environment.
- **Audit Committee:** It comprises five independent members (Tony Darvall - Chair, Murray Jones, Gregory Larsen, Carol Pagnon and Bob McDonald) and one member from VicRoads (Peter Mitchem). It assists the Chief Executive to fulfil his responsibilities for financial reporting, internal control, risk management and compliance with laws, regulations and ethics.
- **Auditing:** 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.
- **Risk management:** VicRoads maintains a risk management system that enables it to systematically identify, manage and minimise risks that are inherent in its day-to-day business operations, the delivery of its programs and projects and its management of the road network.
- **Staff integrity:** VicRoads complies with the Code of Conduct for Victorian Public Sector Employees. The code is explained to new staff in the induction process and all new staff must complete an e-learning module on the code. All staff must also complete e-learning modules on the Victorian Charter of Human Rights, equal opportunity and information privacy. VicRoads has policies and procedures on its intranet that address employment and conduct principles. Topics include equal opportunity and anti-discrimination; merit based recruitment and selection; maintaining a harassment free work environment; managing poor behaviour; and responsible use of the registration and licensing system.



## **VICROADS' RISK MANAGEMENT ATTESTATION 2010-11**

VicRoads has established risk management processes that are consistent with the Risk Management Standard AS/NZ ISO 31000:2009. The organisation engages its management and staff in the development and implementation of risk management controls and strategies which are reflected in the risk management plans and treatment actions that are in place.

The organisation's strategic, program delivery and operational risk profile has been critically reviewed during the last 12 months. Combined with its internal management control system, this enables management to reasonably understand and satisfactorily manage risk exposures and provides assurance that organisational goals and objectives are being effectively and efficiently achieved within an appropriate framework of control and risk management.

VicRoads will continue to review and maintain its risk management outcomes. Where risks are identified which may have an unacceptable impact on VicRoads, treatment actions will be developed for implementation within an appropriate timeframe.

VicRoads' Audit Committee's role includes reviewing the operation of VicRoads' risk management processes. The Committee has endorsed the statements made above.

A handwritten signature in white ink, appearing to read 'Gary Liddle', with a long horizontal line extending to the right.

**Gary Liddle**  
**Chief Executive**

## Corporate structure

VicRoads has nine divisions as shown on the organisation chart on page 53. The functions of each Corporate Management Group member and division are summarised below.

Gary Liddle, Chief Executive of VicRoads, was appointed in March 2007 and oversees all functions and operations for VicRoads. Gary's role also entails national representation in his participation as board member and Chairman of Austroads and Chairman of the Australian Chapter of the Road Engineering Association of Asia and Australasia (REAAA).

Bruce Gidley, Chief Operating Officer, was appointed in February 2010. He leads VicRoads' key operational areas of Major Projects, Regional Services and Registration and Licensing Services, with a core focus on customer service delivery and project management.

## VicRoads divisions

**Network and Asset Planning** develops policy recommendations, program strategies and an annual program of works to:

- improve Victoria's arterial road network to manage congestion, promote sustainable transport modes and maintain accessibility for all Victorians
- maintain an expanding and diverse range of road related assets.

Robert Freemantle, Executive Director Network and Asset Planning, was appointed in September 2007.

**Road Safety and Network Access** develops policy recommendations and program strategies to:

- reduce road trauma
- provide registration and licensing services to the Victorian community in an effective, efficient and secure manner
- manage regulatory reforms that facilitate on-road freight productivity.

David Shelton, Executive Director Road Safety and Network Access was appointed in April 2010.

**Major Projects** is responsible for:

- delivering major road projects
- securing planning approvals for current and future major projects
- developing effective environmental policies and strategies, and providing specialist advice on environmental issues and associated management systems.

George Mavroyeni, Executive Director Major Projects, was appointed to the role in February 2010.

**Regional Services** is responsible for:

- delivering VicRoads' annual program of work through seven regional offices (with the exception of major projects and registration and licensing customer services)
- delivering VicRoads' tram and bus priority programs
- managing the real-time operation of the road network including incident management, traffic management centre and implementing network operating plans.

Steve Brown, Executive Director Regional Services was appointed in April 2009.

**Registration and Licensing Services** is responsible for:

- delivering and managing registration and licensing customer services
- administering the demerit points scheme and medical review process
- managing major service contracts, agency services, confidentiality agreements and business client relationships
- developing and managing registration and licensing operational policies
- developing and delivering the VicRoads Customer Service and Channel Management Strategy.

Jaida Nicholson, joined VicRoads as Executive Director Registration and Licensing Services in June 2010.

**Technical and Information Services** provides a range of specialist technical, information and engineering services to VicRoads and other clients. These services include:

- information system management and service delivery
- management of IT-related change projects
- property and land acquisition management
- bitumen sealing, road maintenance and minor construction works
- technical consulting advice including road, bridge, landscape and urban design, and geotechnical and pavement services
- undertaking overseas consulting work in the road transport sector
- developing and managing VicRoads' Custom Plates business.

Peter Mitchem, Executive Director, Technical and Information Services joined VicRoads in 2002.

**Corporate Services** provides a range of services to support VicRoads' business including:

- developing and managing financial plans, strategies, policies and systems
- managing financial, budgeting, forecasting, treasury, reporting and payroll activities
- monitoring and analysing VicRoads' ongoing financial performance
- coordinating VicRoads' annual business planning
- coordinating VicRoads' corporate quality management
- developing and maintaining VicRoads' records management policies and procedures
- managing authorisations and delegations
- coordinating risk management and business continuity planning activities
- auditing external providers of registration and licensing services.

Mark Dale, Executive Director Corporate Services, was appointed in May 2007.

**Commercial and Legal** is responsible for:

- managing the commercial arrangements for the CityLink and EastLink toll roads
- developing and maintaining contract management policies and procedures and awarding of contracts
- managing contract disputes and the Contractor Pre-qualification Scheme
- providing legal services, including advisory and regulatory work, and responding to Freedom of Information requests.

John Rogan, Executive Director Commercial and Legal, joined VicRoads in 2008 and assumed responsibility for the legal function in February 2010.

**People Services and Internal Communications** is responsible for:

- workforce planning
- training and organisation development
- managing employee relations
- coordinating effective internal corporate communication, including managing VicRoads' intranet
- managing occupational health and safety
- undertaking investigations into allegations of improper conduct.

Judith Pettitt, Executive Director People Services and Internal Communications, joined VicRoads in October 2001.

**Corporate Communications** is responsible for:

- leading strategic communication and marketing
- media management
- driving innovative, consumer-focussed proactive and reactive digital communications
- managing VicRoads' reputation, brand and sponsorships
- web and online engagement.

Dionne Lew, Director Corporate Communications joined VicRoads in 2006.

**Corporate Policy and Planning** is responsible for:

- assisting the Chief Executive to shape national and local transport reforms that benefit Victorians
- supporting effective liaison with the Minister's Office and Department of Transport
- coordinating timely, accurate and objective correspondence and briefs
- identifying emerging trends and developments that affect VicRoads' capacity to serve Victorians
- coordinating the development of VicRoads' organisational strategies
- ensuring that VicRoads continues to comply with Government frameworks relating to governance
- providing secretariat support for the Corporate Management Group, Project Review Committee and Audit Committee.

Aidan McGann, Director Corporate Policy and Planning joined VicRoads in February 2008.

## Staff integrity

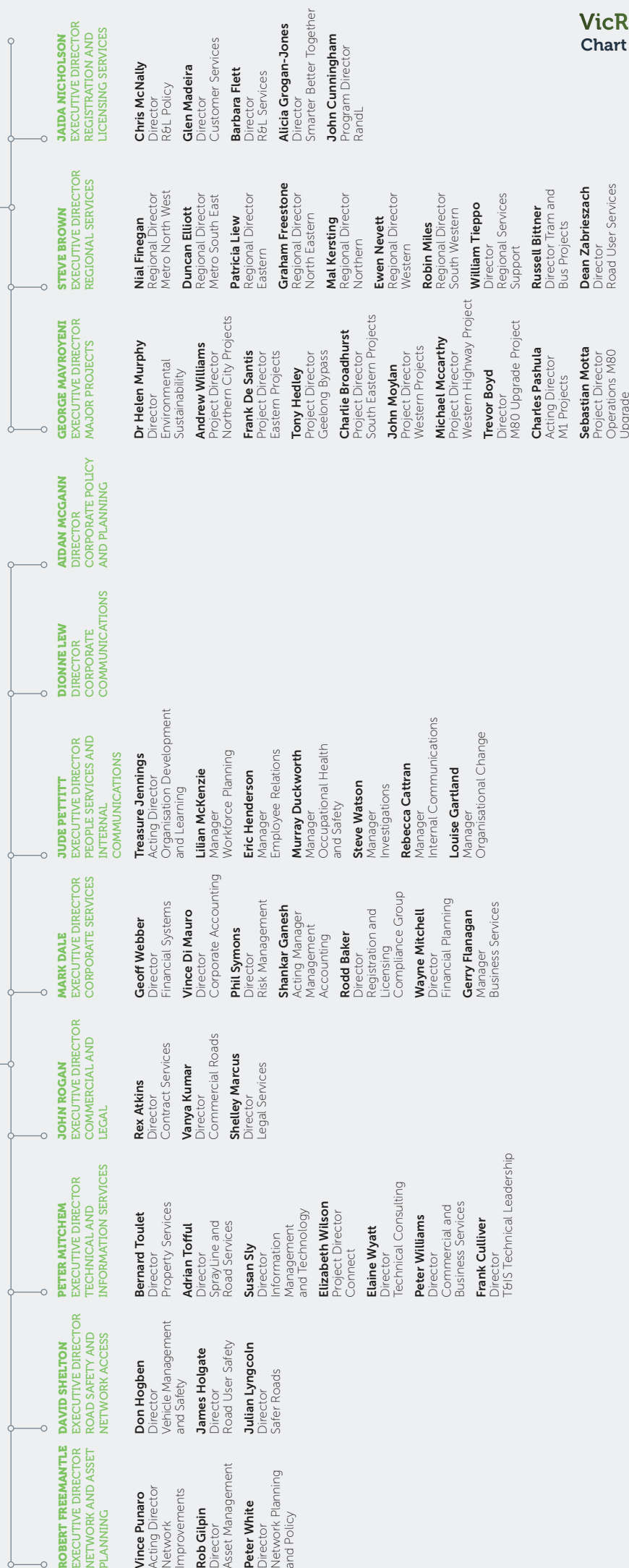
VicRoads complies with the *Code of Conduct for Victorian Public Sector Employees*, which reinforces behaviours that reflect the public sector values of responsiveness, integrity, impartiality, accountability, respect, leadership and human rights. The code is explained to new staff in the induction process and all new staff must complete e-learning modules on the Victorian Charter of Human Rights, equal opportunity and information privacy.

VicRoads has policies and procedures on its intranet that address employment and conduct principles. Topics include:

- equal opportunity and anti-discrimination
- maintaining a harassment-free work environment
- managing poor behaviour
- responsible use of the registration and licensing system.

**Gary Liddle**  
Chief Executive

**BRUCE GIDLEY**  
CHIEF OPERATING OFFICER



# VICTORIA

04

MANDATORY DISCLOSURES

### Responsiveness to community areas

VicRoads contributes to the promotion and involvement of improved outcomes for cultural diversity, women, young people and Indigenous affairs. A more comprehensive outline of VicRoads' involvement for the following groups is outlined in Part two of the annual report:

- women (page 45)
- young children (page 43)
- Indigenous affairs (page 44).

During 2010-11, initiatives to support customers from culturally and linguistically diverse communities included:

- providing 10 informational videos in five languages on VicRoads' YouTube site to assist customers to understand how to complete common registration and licensing transactions
- providing eight informational videos in nine languages on VicRoads' YouTube site to support child restraints
- translating fact sheets on the new road rules into eight languages and making them available on the road rules website
- providing the learner permit knowledge test in 19 languages other than English and the Boat Operator licence test in four languages other than English
- providing learner permit and licence applicants with interpreters upon request with more than 12,000 interpreter assisted tests undertaken in 2010-11
- recognising 26 countries that have similar licence testing requirements for the purposes of gaining a Victorian driver licence
- offering telephone services through VicRoads' call centres in 50 languages other than English through the Translating and Interpreting Service National.

### VicRoads Disability Action Plan 2009-11

Under the *Disability Act 2006*, statutory authorities and corporations are required to develop a disability action plan to help make public services more accessible and promote the full economic and social participation for people with a disability.

The *VicRoads Disability Action Plan 2009-11* builds on the *Disability Discrimination Act 1992* (DDA).

Actions that were implemented in 2010-11 included:

- ensuring that new works undertaken by VicRoads affecting tram and bus stops and pedestrian crossings result in DDA compliant facilities
- upgrading 51 sites with audio-tactile pedestrian push buttons and textured tiles to provide safer walking surfaces, assisting people with impaired mobility to access the road system and public transport services
- working with other Australian jurisdictions to develop the Australian Disability Parking Scheme and, with key stakeholders including the Municipal Association of Victoria, and the departments of Transport and Human Services, to identify options to improve Victoria's disability parking arrangements in line with the new scheme.



## Freedom of Information (FOI)

### FOI decisions

In 2010-11 VicRoads received 407 FOI requests. Decisions were made as follows:

Access granted in full	146
Access granted in part	152
Access denied	14
In process	59
Transferred to another agency	2
Request withdrawn by applicant	1
No document exists / no document located	25
Dealt with outside FOI	2
Other / no response from applicant	6
<b>TOTAL</b>	<b>407</b>

### VicRoads Officers

Principal Officer  
Gary Liddle, Chief Executive

### How to access documents

A request for access to documents under the *Freedom of Information Act 1982* must:

- be in writing
- be accompanied by a \$23.90 application fee (as at 1 July 2011 the application fee increased to \$24.40) 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, indicating, as far as practicable, the decision-making powers and other powers affecting members of the public that 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 'Corporate Governance' section on page 49.

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
- Committees
- Community and stakeholder relationships
- Contract management
- Corporate governance
- Emergency management
- Environmental management
- Equipment and plant
- Financial management
- Government relations
- Human resource management
- Information management and systems
- Legal
- Occupational health and safety
- Property and land management
- Registration and licensing
- Road asset maintenance
- Road network improvement
- Road safety management
- Statutory planning
- Strategic planning
- Technical information and services
- Traffic 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 the Manager, Publications, telephone (03) 9854 2049 or email [bookshop@roads.vic.gov.au](mailto:bookshop@roads.vic.gov.au)

4. A statement listing the literature available by way of subscription services or free mailing lists.

This information is provided on VicRoads' website. For advice on subscription services and free mailing lists, contact the Manager, Publications, telephone (03) 9854 2049 or email [bookshop@roads.vic.gov.au](mailto:bookshop@roads.vic.gov.au)

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 56.

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 page 56.

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. Notable among these are the Victorian Road Freight Advisory Council, Victorian Motorcycle Advisory Council, Victorian Bicycle Advisory Council and the Victorian Road Based Public Transport Advisory Council.

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 maintains a library that is available for public use by appointment. To make an appointment, contact Manager Library Services, telephone (03) 9854 2231 or email [library@roads.vic.gov.au](mailto:library@roads.vic.gov.au)

### ***Whistleblowers Protection Act 2001***

VicRoads' report pursuant to section 104 of the *Whistleblowers Protection Act* for the Year 1 July 2010 to 30 June 2011 is outlined below.

VicRoads' procedures for making disclosures pursuant to the *Whistleblowers Protection Act* are available on VicRoads website.

### **Disclosures under the *Whistleblowers Protection Act 2001***

	2009-10 NUMBER	2010-11 NUMBER
Disclosures made to VicRoads during the year	0	0
Disclosures referred during the year by VicRoads to the Ombudsman for determinations as to whether they are public interest disclosures	0	0
Disclosed matters referred to VicRoads during the year by the Ombudsman	0	1
Disclosed matters referred during the year by VicRoads to the Ombudsman to investigate	0	0
Investigations of disclosed matters taken over by the Ombudsman from VicRoads during the year	0	0
Requests made under section 74 during the year to the Ombudsman to investigate disclosed matters	0	0
Matters that VicRoads has declined to investigate during the year	0	0
Disclosed matters referred to VicRoads by the Ombudsman currently under investigation	0	1
Disclosed matters that were substantiated on investigation	0	0
Recommendations of the Ombudsman under this Act that relate to VicRoads	0	0

### Compliance with the *Building Act 1993*

VicRoads complies with the Minister for Finance Guidelines on the Standards for Publicly Owned Buildings and the building and maintenance provisions of the *Building Act 1993*.

All new work and redevelopment of existing properties is carried out in accordance with the *Building Act*, relevant building regulations and other statutory requirements.

For its properties that come under the whole of Victorian government Shared Services arrangement, VicRoads has mechanisms in place with the Shared Service Provider to ensure that those buildings are compliant with legislation and policy and that they are maintained in a safe and serviceable condition. For all other buildings, VicRoads has internal mechanisms and programs in place that include routine and ad hoc building inspections and annual maintenance programs based on various audits of:

- building standard and condition
- hazardous materials, including asbestos
- essential services
- storm water and trade waste systems.

### Compliance with s22 of *Road Management Act 2004*

#### Ministerial directions under *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*.

The following Ministerial Directions were in effect during 2010-11. 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.

### Ministerial Directions under the *Road Management Act 2004*

MINISTER	START DATE	END DATE	DESIGNATED ROAD PROJECT (LOCATION)
Minister for Roads and Ports	01/01/2009	31/03/2011	Geelong Ring Road – Section 4A (Geelong)
Minister for Roads and Ports	23/01/2009	31/08/2010	George Street Bridge Project (Dandenong)
Minister for Roads and Ports	16/12/2009	30/11/2010	Manks Road Bridges Replacement Project (Dalmore)
Minister for Roads and Ports	19/02/2010	31/12/2010	Springvale Road Rail Separation Project (Nunawading)
Minister for Roads and Ports	17/09/2010	01/02/2013	Dingley Arterial (Springvale Road to Perry Road) Project
Minister for Roads	08/12/2010	31/05/2011	Issuing direction to rollback the extended clearways

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 the VicRoads website [vicroads.vic.gov.au](http://vicroads.vic.gov.au)

### Compliance with competitive neutrality

VicRoads' commercial business activities comply with the requirements of the policy statements Competitive Neutrality: A Statement of Victorian Government Policy, Victorian Government Timetable for the Review of Legislative Restrictions on Competition and any subsequent reforms.

### Implementation of the Victorian Industry Participation Policy (VIPP)

#### Contracts commenced

During 2010-11, VicRoads commenced 64 contracts with a total value of \$684.8 million to which the VIPP applied. There were 17 metropolitan contracts valued at \$275.1 million and 47 regional contracts valued at \$409.7 million.

The commitments by contractors under VIPP included an overall level of local content of 96 per cent of the total value of the contracts. Approximately 1000 full time equivalent jobs were involved in these works, of which over 220 were newly created. The works also involved 100 apprentices/traineeships, of which over 40 were created as a direct result of the award of these contracts. Benefits to the Victorian economy in terms of increases in skills and technology transfer include:

- training and skill enhancements, including in specialist areas such as road maintenance management systems, slurry surfacing, dangerous goods handling, minimising carbon footprint for construction and first aid
- development of new systems and processes to ensure more efficient and safer work practices.

#### Contracts completed

During 2010-11 VicRoads completed 37 contracts with a total value of \$168.8 million to which the VIPP applied. There were 13 metropolitan contracts valued at \$97.4 million and 24 regional contracts valued at \$71.4 million.

The outcomes reported by contractors under VIPP included an overall level of local content of 97 per cent of the total value of the contracts and the creation of more than 105 full time equivalent jobs and seven apprenticeships/traineeships. Benefits to the Victorian economy in terms of increases in skills and technology transfer included:

- training in specialist areas such as environmental management, traffic control, road and bridge construction and the operation of major items of plant
- improved and safer construction techniques.

#### Disclosure of major contracts

Details of all VicRoads contracts are provided at [vicroads.vic.gov.au](http://vicroads.vic.gov.au)

These details include full disclosure of contracts valued at more than \$10 million.

### Consultancies

There was one consultancy valued in excess of \$100,000 as follows:

CONSULTANT	PROJECT	TOTAL PROJECT FEES APPROVED	EXPENDITURE 2009-10	EXPENDITURE 2010-11
Deloitte Touche Tohmatsu	VicRoads Kew site feasibility study	\$206,962	\$140,698	\$66,264

There were two consultancies valued at less than \$100,000, with a combined value of \$13,430 (exclusive of GST).

## Workforce data

### Workforce staffing trends

EMPLOYEE NUMBERS BY YEAR (HEAD COUNT)				
2006-07	2007-08	2008-09	2009-10	2010-11
2,737	2,831	3,171	3,212	3,184

### June 2010 - June 2011

ALL EMPLOYEES				ONGOING	FIXED TERM
	NUMBER (HEAD COUNT)	FULL TIME (HEAD COUNT)	PART TIME (HEAD COUNT)	FTE	FTE
30 June 2011	3,184	2,877	307	2,892.8	114.6
30 June 2010	3,212	2,850	362	2,924.9	116.5

JUNE 2010				JUNE 2011			
EMPLOYEES BY SEX, AGE & CLASSIFICATION				EMPLOYEES BY SEX, AGE & CLASSIFICATION			
	ALL EMPLOYEES NUMBER (HEAD COUNT)	ONGOING FTE	FIXED TERM FTE		ALL EMPLOYEES NUMBER (HEAD COUNT)	ONGOING FTE	FIXED TERM FTE
<b>GENDER</b>				<b>GENDER</b>			
Female	1,191	999.6	44.9	Female	1,179	998.5	42.2
Male	2,021	1,925.3	71.6	Male	2,005	1,894.3	72.4
<b>TOTAL</b>	<b>3,212</b>	<b>2,924.9</b>	<b>116.5</b>	<b>TOTAL</b>	<b>3,184</b>	<b>2,892.8</b>	<b>114.6</b>
<b>AGE</b>				<b>AGE</b>			
Under 25	191	178.1	3.4	Under 25	163	150.8	6.0
25-34	837	760.2	21.3	25-34	813	731.4	15.6
35-44	697	602.3	36.8	35-44	708	613.4	34.9
45-54	869	811.5	27.0	45-54	819	764.3	271.1
55-64	551	511.2	27.0	55-64	598	556.9	29.0
Over 64	67	61.6	1.0	Over 64	83	76.0	2.0
<b>TOTAL</b>	<b>3,212</b>	<b>2,924.9</b>	<b>116.5</b>	<b>TOTAL</b>	<b>3,184</b>	<b>2,892.8</b>	<b>114.6</b>
<b>CLASSIFICATION</b>				<b>CLASSIFICATION</b>			
VR01	40	35.6	1.0	VR01	30	24.8	1.0
VR02	784	701.5	10.0	VR02	771	676.8	14.0
VR03	789	746.1	10.7	VR03	776	737.7	6.6
VR04	887	840.3	13.0	VR04	865	823.6	8.4
VR05	452	426.6	7.0	VR05	473	445.1	7.6
VR06	175	164.8	4.8	VR06	183	172.8	3.0
STS	10	10.0	0.0	STS	13	12.0	1.0
Executives	70	0.0	70.0	Executives	73	0.0	73.0
<b>TOTAL</b>	<b>3,207</b>	<b>2,924.9</b>	<b>116.5</b>	<b>TOTAL</b>	<b>3,184</b>	<b>2,892.8</b>	<b>114.6</b>



5

FINANCIAL MANAGEMENT



## Financial Management

**Table 1. Key financial results**

	2011	2010	\$M CHANGE
YEAR ENDED 30 JUNE	\$M	\$M	INC/(DEC)
<b>FINANCIAL PERFORMANCE</b>			
Income from Transactions	1,709.1	1,683.4	25.7
Expenses from Transactions	1,484.0	1,415.3	68.7
NET RESULT FROM TRANSACTIONS	225.1	268.1	(43.0)
Other Economic Flows included in Net Result	(0.2)	3.3	(3.5)
OPERATING RESULT	224.9	271.4	(46.5)
<b>Expenses from Transactions</b>			
Network and Asset Planning	1,050.9	1,015.6	35.2
Road Safety	187.1	174.4	12.7
Registration and Licensing	164.1	145.5	18.6
Other Services	81.9	79.8	2.1
TOTAL	1,484.0	1,415.3	68.6
<b>CAPITAL WORKS EXPENDITURE</b>			
Infrastructure assets	976.8	1,045.0	(68.2)
Other assets	68.6	54.0	14.7
TOTAL	1,045.4	1,099.0	(53.6)
<b>INCOME COLLECTED ON BEHALF OF THE VICTORIAN GOVERNMENT AND OTHER GOVERNMENT AGENCIES</b>	3,283.3	3,108.7	162
<b>INCOME ADMINISTERED ON BEHALF OF THE VICTORIAN GOVERNMENT</b>	27.4	27.8	(0.4)
	2011	2010	\$M CHANGE
AS AT 30 JUNE	\$M	\$M	INC/(DEC)
<b>FINANCIAL POSITION</b>			
Total assets	42,393.6	41,906.7	486.9
Total liabilities	437.1	422.2	14.9
NET ASSETS	41,956.5	41,484.5	472.0
<b>ASSETS AND LIABILITIES ADMINISTERED ON BEHALF OF THE VICTORIAN GOVERNMENT</b>			
Total assets	0.0	0.0	0.0
Total liabilities	341.1	336.9	4.2
NET ASSETS	(341.1)	(336.9)	(4.2)



## Financial overview

VicRoads' total expenditure was \$2.5 billion in 2010-11, consistent with the previous year. This expenditure comprised \$1.5 billion in expenses from transactions and \$1.0 billion in capital works expenditure.

The total expenditure for 2010-11 comprised \$2.0 billion in delivering outputs and \$474 million relating to the depreciation of assets recognised as outputs in previous years.

The value of road infrastructure and other assets managed by VicRoads, increased by \$487 million to \$42.4 billion during 2010-11. Total liabilities increased by \$15 million to \$437 million during the year. These movements in assets and liabilities resulted in a growth in net assets of \$472 million to \$42.0 billion as at 30 June 2011.

## Financial performance

VicRoads recorded a net result surplus of \$224.9 million in 2010-11 compared with a net surplus of \$271.4 million in the previous year. The reduced surplus was due principally to an increase in depreciation following the revaluation of assets as at 30 June 2010.

The 2010-11 net result surplus was achieved after recognising revenue of \$738 million to fund capital works expenditure and \$15 million arising from asset register adjustments. These revenue items were partly offset by the expensing of assets, which were funded by revenue from Governments Grants in previous years, via depreciation, disposal or divestment, totalling \$504 million, and a reduction in working capital of \$24 million.

## 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 \$2.0 billion during 2010-11, a decrease of \$101 million on the previous year as a result of reduced output expenditure.

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 2009*) 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 2010-11 totalled \$484 million, a decrease of \$51 million over the previous year. The decrease in funding was principally a result of the completion of additional black spot projects in the previous year under the economic stimulus program, and lower expenditure on approved construction projects. Major construction projects funded during the year included the M80 Ring Road upgrade, the Western Highway realignment at Anthony's Cutting and the Nagambie bypass.

In 2010-11, VicRoads earned Victorian Government Grants comprising General Appropriations and Better Roads Victoria Trust Account funding totalling \$1.2 billion, a decrease of \$71 million on the previous year. This decrease was principally due to a reduction in capital appropriations as related capital projects reached completion.

The Victorian Government's Better Roads Victoria Trust Account was established under the *Business Franchise (Protection 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, 2,072 road infrastructure projects (comprising 448 projects in the metropolitan area and 1,624 in regional Victoria) valued at more than \$4.7 billion have been approved. The Better Roads Victoria Trust Account provided funding for road construction and maintenance projects of \$321 million in 2010-11, an increase of \$26 million on the previous year.

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 \$289 million during 2010-11.

VicRoads generated revenue from regulatory fees, fee for service charges, and other revenue totalling \$239 million in 2010-11, an increase of \$13 million on the previous year.

The Transport Accident Commission provides funding for a range of road safety infrastructure projects and motorcycle safety initiatives. During 2010-11 this funding amounted to \$113 million, an increase of \$8 million on the previous year.

### Capital works expenditure

VicRoads undertook asset construction works and acquisitions totalling \$1.0 billion during 2010-11, a decrease of \$54 million over the previous year. Details of significant capital works projects undertaken during 2010-11 are outlined in the 'Connection' section of this report.

### Cash flows

During 2010-11 VicRoads utilised cash funds received from the Victorian Government, collections of revenue and proceeds from asset disposals totalling \$2.2 billion to fund operating activities totalling \$1.2 billion, and capital works activities totalling \$1.0 billion.

### Financial position

VicRoads' non-financial assets increased by \$493 million to \$42.0 billion during 2010-11. This increase resulted from asset construction and acquisitions of \$1,045 million, and asset register adjustments of \$14 million. These increases were partially offset by the depreciation of assets amounting to \$474 million, impairment of assets amounting to \$49 million, asset transfers to other government entities amounting to \$11 million, asset disposals of \$17 million, the divestment of assets to other Authorities amounting to \$12 million, and a decrease in prepayments of \$3 million. The impairment write down of assets was due to damage being caused to infrastructure assets (primarily pavements) resulting from flooding during the year.

VicRoads financial assets decreased by \$6 million to \$377 million during 2010-11 and total liabilities increased by \$15 million to \$437 million during the year.

VicRoads net assets increased by \$472 million to \$42.0 billion as at 30 June 2011. This increase resulted principally from equity contributions from the Victorian Government of \$307 million, and the net result for the year of \$225 million, partially offset by assets transferred to other Victorian Government agencies of \$11 million, and a downward revaluation of assets due to flood related impairments of \$49 million.

### 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 2010-11, collections on behalf of the Victorian Government and other government agencies totalled \$3.3 billion compared with \$3.1 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(q) (ii) - 'Melbourne City Link' and Note 25 - 'Transactions administered on behalf of the Victorian Government'.

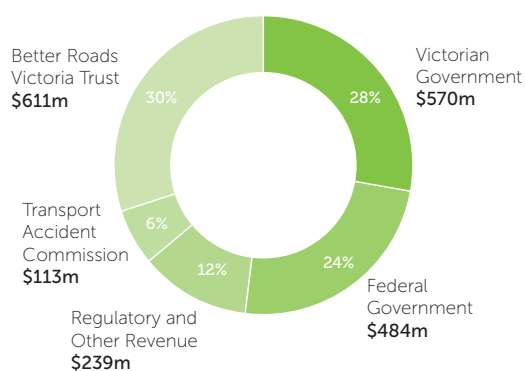
**Table 2. Five year financial summary**

	2011	2010	2009	2008	2007
YEAR ENDED 30 JUNE	\$M	\$M	\$M	\$M	\$M
<b>FINANCIAL PERFORMANCE</b>					
Income from transactions	1,709.1	1,683.4	1,414.2	1,544.5	1,624.8
Expenses from transactions	1,484.0	1,415.3	1,357.9	1,294.0	1,255.5
NET RESULT FROM TRANSACTIONS	225.1	268.1	56.3	250.5	369.3
Other Economic Flows Included in Net Result	(0.2)	3.3	(22.1)	59.9	(15.5)
NET RESULT	224.9	271.4	34.2	310.4	353.8
Net change in asset revaluation reserve	(49.5)	3,472.7	-	2,567.4	17.4
COMPREHENSIVE RESULT	175.4	3,744.1	34.2	2,877.8	371.2
<b>CASH FLOWS</b>					
Cash flows from operating activities	706.8	637.9	486.3	647.8	880.8
Cash flows used in investing activities	(1,023.2)	(1,086.3)	(924.1)	(809.1)	(959.6)
Cash flows from financing activities	318.0	448.4	422.0	178.4	82.0
NET INCREASE/(DECREASE) IN CASH HELD	1.6	-	(15.8)	17.1	3.2
<b>CAPITAL WORKS</b>					
TOTAL EXPENDITURE	1,045.4	1,099.0	908.5	795.7	887.1
<b>FUNDING SOURCES</b>					
<b>State Government Funding derived from the Federal Government</b>					
Construction	400.3	426.4	215.9	262.4	259.5
Asset Maintenance and minor works	50.7	48.4	58.7	55.4	43.9
Federal Interstate Road Transport Scheme	19.7	16.3	13.4	14.5	13.8
National Blackspot program	13.6	44.5	11.4	10.2	11.8
TOTAL FEDERAL GOVERNMENT FUNDING	484.3	535.6	299.4	342.5	329.0
<b>State Government</b>					
Outputs appropriations	261.9	245.6	193.3	224.3	151.3
Contributed capital appropriations	307.7	433.9	439.5	182.4	88.1
Better Roads Victoria Trust Account	610.7	571.9	569.6	631.5	863.0
TOTAL STATE GOVERNMENT FUNDING	1,180.3	1,251.4	1,202.4	1,038.2	1,102.4
Transport Accident Commission Program Funding	112.9	104.6	126.7	100.1	102.1
VicRoads generated revenue	239.3	225.8	225.2	246.0	179.3
TOTAL FUNDING	2,016.8	2,117.4	1,853.7	1,726.8	1,712.8
<b>INCOME COLLECTED ON BEHALF OF THE VICTORIAN GOVERNMENT AND OTHER GOVERNMENT AGENCIES</b>					
Transport Accident Commission fees	1,628.9	1,559.7	1,466.7	1,408.0	1,300.8
Motor vehicle registration	912.9	853.6	801.9	759.6	710.0
Stamp Duty	576.1	568.9	512.5	568.5	546.5
Driver licences	52.5	34.9	34.1	29.4	40.9
Federal Interstate Road Transport Scheme registrations	41.9	33.1	27.4	30.7	26.9
Other	71.1	58.5	53.8	53.2	40.9
TOTAL INCOME	3,283.4	3,108.7	2,896.4	2,849.4	2,666.0
<b>INCOME ADMINISTERED ON BEHALF OF THE VICTORIAN GOVERNMENT</b>	27.4	27.8	39.1	51.4	50.9

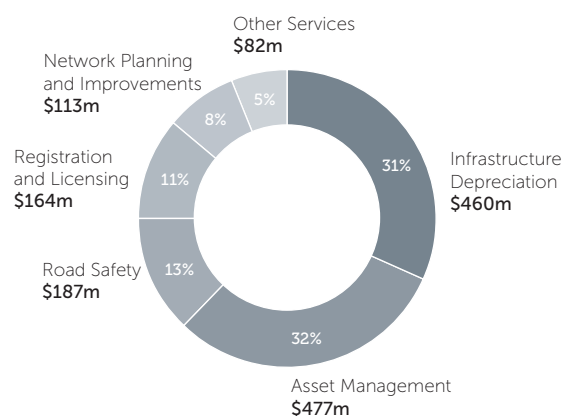
	2011	2010	2009	2008	2007
AS AT 30 JUNE	\$M	\$M	\$M	\$M	\$M
<b>FINANCIAL POSITION</b>					
Total assets	42,393.6	41,906.7	37,715.9*	22,594.8	19,583.4
Total liabilities	437.1	422.2	373.3	388.2	393.0
NET ASSETS	41,956.5	41,484.5	37,342.5	22,206.6	19,190.4
Contributed capital	15,322.1	15,025.6	14,627.7	14,198.6	14,060.2
Asset revaluation reserve	11,017.7	11,067.1	7,594.5	7,594.5	5,027.1
Accumulated surplus/(deficit)	15,616.7	15,391.8	15,120.4*	413.5	103.1
NET WORTH	41,956.5	41,484.5	37,342.5	22,206.6	19,190.4
<b>ASSETS AND LIABILITIES ADMINISTERED ON BEHALF OF THE VICTORIAN GOVERNMENT</b>					
Total assets	0.0	0.0	59.7	193.9	572.7
Total liabilities	341.2	336.9	331.2	325.0	321.0
NET ASSETS	(341.2)	(336.9)	(271.5)	(131.1)	251.7

\* Includes recognition of land under declared roads valued at \$14.7 billion from 1 July 2008

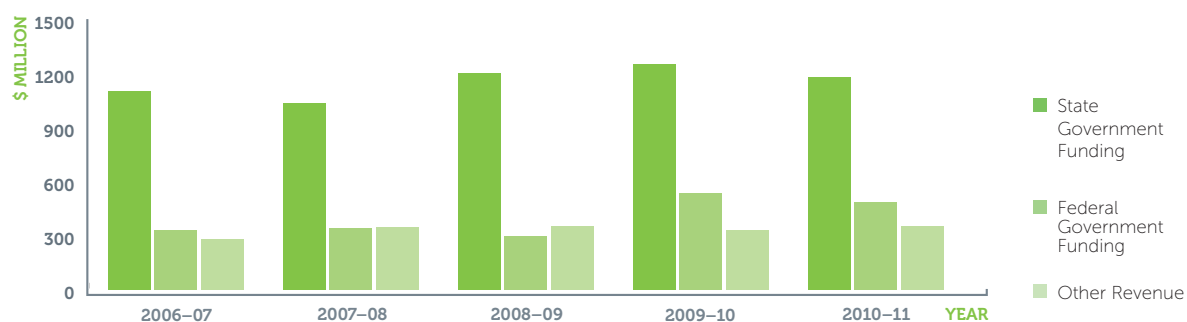
**Figure 1. Funding sources 2010-11**



**Figure 2. Operating output expenditure 2010-11**



**Figure 3. Composition of funding sources (\$ million)**



Includes Better Roads Victoria and Transport Accident Funding



06

FINANCIAL STATEMENTS





## Comprehensive Operating Statement

For the Year Ended 30 June 2011

		2011	2010
	NOTES	\$'000	\$'000
<b>Continuing Operations</b>			
<b>Income from Transactions</b>			
Victorian Government Appropriations		1,356,844	1,353,132
Transport Accident Commission Grants		112,921	104,552
Regulatory revenue		111,069	103,980
Other revenue	2	128,255	121,771
<b>Total Income from Transactions</b>		<b>1,709,089</b>	<b>1,683,435</b>
<b>Expenses from Transactions</b>			
Employee benefits	3	(247,757)	(232,466)
Supplies and services	3	(651,217)	(626,473)
Depreciation	3	(473,758)	(415,503)
Grants and other transfers		(61,434)	(91,037)
Capital asset charge		(49,800)	(49,800)
<b>Total Expenses from Transactions</b>		<b>(1,483,966)</b>	<b>(1,415,279)</b>
<b>NET RESULT FROM TRANSACTIONS (NET OPERATING BALANCE)</b>		<b>225,123</b>	<b>268,156</b>
<b>Other Economic Flows Included in Net Result</b>			
Net gain/(loss) on non-financial assets	4	(574)	4,437
Other gain/(loss) from other economic flows	4	338	(1,198)
<b>Total Other Economic Flows Included in Net Result</b>		<b>(236)</b>	<b>3,239</b>
<b>NET RESULT</b>		<b>224,887</b>	<b>271,395</b>
<b>Other Economic Flows - Other Non-Owner Changes in Equity</b>			
Changes in asset revaluation reserve		(49,470)	3,472,672
<b>Total Other Economic Flows - Other Non-Owner Changes in Equity</b>		<b>(49,470)</b>	<b>3,472,672</b>
<b>COMPREHENSIVE RESULT</b>		<b>175,417</b>	<b>3,744,067</b>

The Comprehensive Operating Statement should be read in conjunction with the accompanying notes

## Balance Sheet

As at 30 June 2011

		2011	2010
	NOTES	\$'000	\$'000
<b>Assets</b>			
<b>Financial Assets</b>			
Cash and cash equivalents	5	40,949	39,186
Receivables	6	336,255	343,894
<b>Total Financial Assets</b>		<b>377,204</b>	<b>383,080</b>
<b>Non-Financial Assets</b>			
Prepayments		4,556	7,734
Inventories	7	1,299	1,191
Properties held for sale	8	23,473	7,750
Buildings and Leasehold Improvements	9	51,034	50,571
Plant and equipment	10	18,918	21,325
Land	11	17,120,406	17,103,543
Infrastructure assets	12	24,766,649	24,305,368
Intangible assets	13	30,019	26,160
<b>Total Non-Financial Assets</b>		<b>42,016,354</b>	<b>41,523,642</b>
<b>TOTAL ASSETS</b>		<b>42,393,558</b>	<b>41,906,722</b>
<b>Liabilities</b>			
Payables	14	252,373	237,106
Provisions	15	159,355	159,827
Prepaid revenue		25,384	25,303
<b>TOTAL LIABILITIES</b>		<b>437,112</b>	<b>422,236</b>
<b>NET ASSETS</b>		<b>41,956,446</b>	<b>41,484,486</b>
<b>Equity</b>			
Contributed capital		15,322,097	15,025,554
Asset Revaluation Reserve		11,017,687	11,067,157
Accumulated surplus		15,616,662	15,391,775
<b>NET WORTH</b>		<b>41,956,446</b>	<b>41,484,486</b>

Contingent Liabilities and Contingent Assets

20

Commitments for Expenditure

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The Balance Sheet should be read in conjunction with the accompanying notes



## Statement of Changes in Equity

For the Year Ended 30 June 2011

	ASSET REVALUATION SURPLUS	ACCUMULATED SURPLUS	CONTRIBUTIONS BY OWNER	TOTAL
	2011	2011	2011	2011
2011	\$'000	\$'000	\$'000	\$'000
<b>Balance at 1 July 2010</b>	11,067,157	15,391,775	15,025,554	41,484,486
Net Result for the year	–	224,887	–	224,887
Other Comprehensive Income for the Year	(49,470)	–	–	(49,470)
Book value of State assets sold and proceeds returned to the Victorian Government	–	–	(9,591)	(9,591)
Capital Appropriations	–	–	307,734	307,734
Assets transferred to other Victorian Government agencies	–	–	(1,600)	(1,600)
<b>Balance at 30 June 2011</b>	<b>11,017,687</b>	<b>15,616,662</b>	<b>15,322,097</b>	<b>41,956,446</b>

	ASSET REVALUATION SURPLUS	ACCUMULATED SURPLUS	CONTRIBUTIONS BY OWNER	TOTAL
	2010	2010	2010	2010
2010	\$'000	\$'000	\$'000	\$'000
<b>Balance at 1 July 2009</b>	7,594,485	15,120,380	14,627,682	37,342,547
Net Result for the year	–	271,395	–	271,395
Other Comprehensive Income for the Year	3,472,672	–	–	3,472,672
Capital Appropriations	–	–	433,910	433,910
Assets received from other Victorian Government agencies	–	–	3,729	3,729
Assets transferred to other Victorian Government agencies	–	–	(39,767)	(39,767)
<b>Balance at 30 June 2010</b>	<b>11,067,157</b>	<b>15,391,775</b>	<b>15,025,554</b>	<b>41,484,486</b>

The Statement of Changes in Equity should be read in conjunction with the accompanying notes

## Cash Flow Statement

For the Year Ended 30 June 2011

		2011	2010
	NOTES	\$'000	\$'000
<b>Cash Flows From Operating Activities</b>			
<b>Receipts</b>			
Receipts from Government grants and appropriations		1,348,596	1,249,694
Receipts from other sources		356,774	344,951
Goods and Services Tax collected		40,677	40,317
Goods and Services Tax recovered from the Australian Taxation Office		120,968	123,435
Interest received		1,713	1,673
<b>Total Receipts</b>		<b>1,868,728</b>	<b>1,760,070</b>
<b>Payments</b>			
Payments to suppliers and employees		(888,997)	(817,575)
Payments of grants and other transfers		(61,434)	(91,037)
Goods and Services Tax paid on purchases		(161,645)	(163,752)
Payments of Capital asset charge		(49,800)	(49,800)
<b>Total Payments</b>		<b>(1,161,876)</b>	<b>(1,122,164)</b>
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>24</b>	<b>706,852</b>	<b>637,906</b>
<b>Cash Flows from Investing Activities</b>			
Payments for purchase of non-financial assets		(1,037,881)	(1,102,649)
Proceeds from sale of non-financial assets		14,665	16,351
<b>NET CASH FLOWS USED IN INVESTING ACTIVITIES</b>		<b>(1,023,216)</b>	<b>(1,086,298)</b>
<b>Cash Flows from Financing Activities</b>			
Proceeds from capital contributions by the Victorian Government		318,000	448,419
<b>NET CASH FLOWS FROM FINANCING ACTIVITIES</b>		<b>318,000</b>	<b>448,419</b>
<b>NET INCREASE/ (DECREASE) IN CASH HELD</b>		<b>1,636</b>	<b>27</b>
Cash at the beginning of the financial year		2,829	2,802
<b>CASH HELD AT THE END OF THE FINANCIAL YEAR</b>	<b>5</b>	<b>4,465</b>	<b>2,829</b>

The Cash Flow Statement should be read in conjunction with the accompanying notes

## Notes to the Financial Statements

### For the Year Ended 30 June 2011

#### Note 1

#### Summary of Significant Accounting Policies

##### (a) Statement of Compliance

The financial statements are general purpose financial statements, which have been prepared on an accrual basis in accordance with the *Financial Management Act 1994* and applicable Australian Accounting Standards and Interpretations. The financial statements comply with relevant Financial Reporting Directions issued by the Victorian Department of Treasury and Finance, and relevant Standing Directions authorised by the Minister for Finance. In particular, they are presented in a manner consistent with the requirements of AASB 1049 *Whole of Government and General Government Sector Financial Reporting*.

##### (b) Basis of Preparation

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.

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.

In the application of Accounting Standards, Financial Reporting Directions, and Standing Directions, 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 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 made by management in the application of accounting policies that have significant effects on the financial statements and estimates with a significant risk of material adjustments in the next year are disclosed in the notes to the financial statements.

The accounting policies disclosed in the notes have been applied in preparing the financial statements for the year ended 30 June 2011 and the comparative information presented for the year ended 30 June 2010.

##### (c) 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) Government Appropriations

Government appropriations 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) 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.

**(d) Expenses From Transactions**

**(i) Employee Benefits**

Employee benefits include salaries, wages, accrued leave entitlements, 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 23 - '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 distributions 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 are as follows:

ASSET CLASS	USEFUL LIFE
<b>Infrastructure Assets</b>	
Road pavement	60 years
Sound barriers	20 and 50 years
Bridges	90 years
Traffic control systems	7 to 25 years
<b>Buildings</b>	
Operational	40 years
Improvements on land acquired for roads	40 years
<b>Plant and Equipment</b>	
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 fitouts	10 years
Weighbridges	40 years
<b>Intangible Assets</b>	
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.

The useful lives of all depreciable assets were reviewed during 2010-11 and the following revisions were made:

- sound barriers were revised from 90 years to 50 years
- traffic control systems were revised from 10 and 20 years to 7 to 25 years
- software was revised from 5 to 10 years to 3 to 14 years.

#### (iv) 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.

#### (v) 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 carrying amount of non-current physical assets other than infrastructure assets.

### (e) 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, assets received and transferred free of charge, 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.

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

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

#### (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(k) Provisions (i) Employee Benefits), and foreign currency translation differences (Refer to Note 1(u) Foreign Currency).

### (f) Other Economic Flows - Other Non-Owner Changes in Equity

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(i) Non-Financial Assets (v) Valuations).

### (g) Cash and Cash Equivalent Assets

Cash assets include cash in bank and on hand.

Cash equivalents include short term deposits 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.

### (h) Receivables

Receivables consist predominantly of revenue from Governments and Government agencies. This revenue will be realised when required to fund related expenditure commitments.

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.

### (i) 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 improvement, which comprise offices, regional residential properties, storage depots and patrol garages on freehold land, building 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.
- 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.
- Properties 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 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 and inventories are valued on a fair value basis in accordance with Financial Reporting Direction 103D – 'Non-current Physical Assets'. Fair value is determined as the market value, or in the absence of a market value, depreciated replacement cost.

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, other than land under declared roads, and buildings are valued 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.

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

Land under declared roads acquired prior to 1 July 2008, is measured at fair value. Land under declared roads acquired on or after 1 July 2008, is measured initially at cost of acquisition and subsequently at fair value.

The fair value of land under declared roads is based on municipal site values discounted to reflect the value prior to subdivision.

Plant and equipment is disclosed at fair value. Fair value is determined as the original acquisition costs less any accumulated depreciation and impairment losses. Intangible assets are valued on a cost basis. Cost is determined as the original acquisition cost less any accumulated amortisation and impairment losses.

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.

Properties held for sale are measured at the lower of carrying amount or fair value less costs to sell.

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 independently valued by external engineers as at 30 June 2010. Land, buildings, leasehold improvements and assets in commercial use were independently valued by the Valuer-General Victoria as at 30 June 2010.



For assets that 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 Assets

All 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.

#### (j) 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.

#### (k) Provisions

##### (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 expected to be settled within 12 months of the reporting period and are disclosed as a current liability and measured at their nominal values.

##### Long service leave

The liability for unconditional long service leave is disclosed as a current liability on the basis that employees have the unconditional right to the entitlement within 12 months.

The liability for conditional long service leave is disclosed 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 12 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 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 12 months is measured at nominal value and the liability expected to settle after 12 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.

Where a notice of compulsory acquisition or formal possession has not occurred at balance date, appropriate contingencies have been disclosed.

### (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 on the Valuer-General Victoria's valuation or if not valued at balance date, the owner's claim for financial loss.

## (l) 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.

## (m) Contributed Capital

Appropriations from the Victorian Government for additions to net assets and other transfers that are in the nature of contribution 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 book value of such properties is recognised as a reduction in contributed capital.

## (n) Financial Instruments

Financial instruments consist of cash assets, 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.

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

## (o) 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.

## (p) 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.

## (q) Transactions Administered on Behalf of the Victorian Government

### (i) Income Collections

The Corporation administers the collection of certain fees, licences and duties on behalf of the Victorian Government in accordance with the *Road Safety Act 1986*, the *Motor Vehicles Duties Act 2000*, and on behalf of certain government agencies. These income 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 Victorian Government and government agencies at balance date is 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 25 – 'Transactions administered on behalf of the Victorian Government' and Note 26 – 'Collections on behalf of Government agencies'.

## (ii) Melbourne City Link

The Corporation manages the statutory functions and powers of the *Melbourne City Link Act 1995* on behalf of the Victorian Government in accordance with the *Transport Legislation (Miscellaneous Amendment) Act 2004*. These functions and powers include the administration of revenue and assets arising from the *Melbourne City Link Act 1995*.

In accordance with the *Melbourne City Link Act 1995*, the Victorian Government and City Link Melbourne Limited (CML) entered into the Melbourne City Link Concession Deed on 30 October 1995. Under the terms of the Concession Deed, CML is responsible for the construction, financing and operation of the City Link road network. CML has a right to operate the road network for 33.5 years after completion of construction (up until 14 January 2034).

The Concession Deed requires CML to pay to the Victorian Government 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 (14 January 2034) or earlier in the event of CML achieving certain financial profitability levels and cash flows.

The Victorian Government, CML and Transurban Infrastructure Management Limited (TIML) entered into the M1 Corridor 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 Victorian Government in accordance with the Concession Deed have been assigned to TIML for a defined payment stream totalling \$614.254 million in nominal terms, 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 25 – 'Transactions administered on behalf of the Victorian Government'.

The value of concession notes due to be received by the Victorian Government 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 M1 Corridor Deed of Assignment. The present value of the concession notes is disclosed as deferred City Link revenue.

The Concession Deed provides for CML to lease certain land and road infrastructure from the Victorian Government during this concession period. At the end of this period, these assets are to be returned together with the transfer of the City Link road network, to the Government. The accounting treatment to recognise the right of the Victorian Government to receive the City Link road network is currently being considered by the accounting profession and across jurisdictional government working party. This right has not been recognised as an administered asset in the financial report.

## (r) 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.

## (s) Rounding of Amounts

All amounts disclosed in the financial statements have been rounded to the nearest thousand dollars, unless otherwise stated.

## (t) 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.

## (u) 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.

## (v) Comparatives

Where necessary, comparatives have been reclassified and repositioned for consistency with current year disclosures.

**(w) New Accounting Standards and Interpretations**

As at 30 June 2011, the following new accounting standards and interpretations have been issued however, their adoption was not mandatory for the financial year ending 30 June 2011. 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 Financial Instruments: Recognition and Measurement (AASB 139 Financial Instruments: Recognition and Measurement).	Beginning 1 Jan 2013	Detail of impact is still being assessed.
AASB 124 <i>Related Party Disclosures (Dec 2009)</i>	Government related entities have been granted partial exemption with certain disclosure requirements.	Beginning 1 Jan 2011	Preliminary assessment suggests the impact is insignificant. However, the Corporation is still assessing the detailed impact and whether to early adopt.
AASB 1053 <i>Application of Tiers of Australian Accounting Standards</i>	This Standard establishes a differential financial reporting framework consisting of two tiers of reporting requirements for preparing general purpose financial statements.	Beginning 1 July 2013	The Victorian Government is currently considering the impacts of Reduced Disclosure Requirements (RDRs) for certain public sector entities and has not decided if RDRs will be implemented to the Victorian Public Sector.
AASB 2009-11 <i>Amendments to Australian Accounting Standards arising from AASB 9 [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 121, 127, 128, 131, 132, 136, 139, 1023 and 1038 and Interpretations 10 and 12]</i>	This Standard gives effect to consequential changes arising from the issuance of AASB 9.	Beginning 1 Jan 2013	Detail of impact is still being assessed.
AASB 2009-14 <i>Amendments to Australian Interpretation - Prepayments of a Minimum Funding Requirement [AASB Interpretation 14]</i>	Amendments to Interpretation 14 arise from the issuance of prepayments of a minimum funding requirement.	Beginning 1 Jan 2011	Expected to have no significant impact.

STANDARD/ INTERPRETATION	SUMMARY	APPLICABLE FOR ANNUAL REPORTING PERIODS BEGINNING ON	IMPACT ON CORPORATION'S FINANCIAL STATEMENTS
AASB 2010-2 <i>Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements</i>	This Standard makes amendments to many Australian Accounting Standards, including Interpretations, to introduce reduced disclosure requirements to the pronouncements for application by certain types of entities.	Beginning 1 July 2013	Does not affect financial measurement or recognition, so is not expected to have any impact on financial result or position. May reduce some note disclosures in financial statements.
AASB 2010-4 <i>Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 1, AASB 7, AASB 101 &amp; AASB 134 and Interpretation 13]</i>	This Standard makes numerous improvements designed to enhance the clarity of standards.	Beginning 1 Jan 2011	No significant impact on the financial statements.
AASB 2010-5 <i>Amendments to Australian Accounting Standards [AASB 1, 3, 4, 5, 101, 107, 112, 118, 119, 121, 132, 133, 134, 137, 139, 140, 1023 &amp; 1038 and Interpretations 112, 115, 127, 132 &amp; 1042]</i>	This amendment contains editorial corrections to a range of Australian Accounting Standards and Interpretations, which includes amendments to reflect changes made to the text of IFRSs by the IASB.	Beginning 1 Jan 2011	No significant impact on the financial statements.
AASB 2010-6 <i>Amendments to Australian Accounting Standards – Disclosures on Transfers of Financial Assets [AASB 1 &amp; AASB 7]</i>	This amendment adds and changes disclosure requirements about the transfer of financial assets. This includes the nature and risk of the financial assets.	Beginning 1 July 2011	This may impact on departments and public sector entities as it creates additional disclosure for transfers of financial assets.  Detail of impact is still being assessed.
AASB 2010-7 <i>Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 120, 121, 127, 128, 131, 132, 136, 137, 139, 1023 &amp; 1038 and Interpretations 2, 5, 10, 12, 19 &amp; 127]</i>	These amendments are in relation to the introduction of AASB 9.	Beginning 1 Jan 2013	This amendment may have an impact on departments and public sector bodies as AASB 9 is a new standard and it changes the requirements of numerous standards.  Detail of impact is still being assessed.

STANDARD/ INTERPRETATION	SUMMARY	APPLICABLE FOR ANNUAL REPORTING PERIODS BEGINNING ON	IMPACT ON CORPORATION'S FINANCIAL STATEMENTS
AASB 2011-1 <i>Amendments to Australian Accounting Standards arising from the Trans-Tasman Convergence Project</i> [AASB 1, AASB 5, AASB 101, AASB 107, AASB 108, AASB 121, AASB 128, AASB 132 & AASB 134 and Interpretations 2, 112 & 113]	This amendment affects multiple Australian Accounting Standards and AASB Interpretations for the objective of increased alignment with IFRSs and achieving harmonisation between both Australian and New Zealand Standards. It achieves this by removing guidance and definitions from some Australian Accounting Standards, without changing their requirements.	Beginning 1 July 2011	This amendment will have no significant impact on the Corporation
AASB 2011-2 <i>Amendments to Australian Accounting Standards arising from the Trans-Tasman Convergence Project – Reduced Disclosure Requirements</i> [AASB 101 & AASB 1054]	The objective of this amendment is to include some additional disclosure from the Trans-Tasman Convergence Project and to reduce disclosure requirements for entities preparing general purpose financial statements under Australian Accounting Standards – Reduced Disclosure Requirements.	Beginning 1 July 2013	The Victorian Government is currently considering the impacts of Reduced Disclosure Requirements (RDRs) and has not decided if RDRs will be implemented to Victorian Public Sector.
AASB 2011-3 <i>Amendments to Australian Accounting Standards – Orderly Adoption of Changes to the ABS GFS Manual and Related Amendments</i> [AASB 1049]	This amends AASB 1049 to clarify the definition of the ABS GFS Manual, and to facilitate the adoption of changes to the ABS GFS Manual and related disclosures.	Beginning 1 July 2012	This amendment provides clarification to users on the version of the GFS Manual to be used and what to disclose if the latest GFS Manual is not used.  No impact on performance measurements will occur.



## Note 2

### Income from Transactions

	2011	2010
	\$'000	\$'000
<b>Other Revenue</b>		
External works	62,358	69,268
Transport Accident Commission premium collection commission	32,947	31,154
Victorian Government agency commission	4,114	3,786
Rental revenue	11,148	10,623
Recoveries	15,975	5,267
Interest	1,713	1,673
<b>Total Other Revenue</b>	<b>128,255</b>	<b>121,771</b>

## Note 3

### Expenses from Transactions

	2011	2010
	\$'000	\$'000
<b>Employee Benefits</b>		
Salaries and related on-costs	219,435	206,829
Leave entitlements	28,322	25,637
<b>Total Employee Benefits</b>	<b>247,757</b>	<b>232,466</b>
<b>Supplies and Services</b>		
Payment to contractors	500,959	463,197
Management and operating	94,705	103,284
Plant hire	29,748	31,523
Bad and doubtful debts	(259)	770
Services alterations	26,064	27,699
<b>Total Supplies and Services</b>	<b>651,217</b>	<b>626,473</b>
<b>Depreciation</b>		
Road pavements	362,009	314,533
Bridges	69,138	65,574
Traffic signal control systems	20,558	15,508
Plant and Equipment	4,192	4,338
Intangible assets	7,979	7,477
Sound barriers	8,617	6,633
Buildings and leasehold improvements	1,265	1,440
<b>Total Depreciation</b>	<b>473,758</b>	<b>415,503</b>

## Note 4

### Other Economic Flows Included in Net Result

	2011	2010
	\$'000	\$'000
<b>Net Gain/(Loss) on Non-Financial Assets</b>		
Proceeds from disposal of surplus non-financial assets	14,620	12,095
Written-down value of disposed non-financial assets	(17,222)	(13,474)
Assets received free of charge	105	11,344
Assets transferred to other entities	(12,242)	(5,055)
Assets register adjustments	14,516	(181)
Impairment of assets	(351)	(292)
<b>Total Net Gain/(Loss) on Non-Financial Assets</b>	<b>(574)</b>	<b>4,437</b>
<b>Other Gains/(Losses) from Other Economic Flows</b>		
Gain/(Loss) on revaluation of provision for employee benefits	436	(1,150)
Loss on revaluation of foreign currency	(98)	(48)
<b>Total Other Gains/(Losses) from Other Economic Flows</b>	<b>338</b>	<b>(1,198)</b>
<b>TOTAL OTHER ECONOMIC FLOWS INCLUDED IN NET RESULT</b>	<b>(236)</b>	<b>3,239</b>

## Note 5

### Cash and Cash Equivalents

	2011	2010
	\$'000	\$'000
<b>Cash Relating to Operating Activities</b>		
Cash on hand	130	192
Cash at bank	4,335	2,637
<b>Total Cash Relating to Operating Activities</b>	<b>4,465</b>	<b>2,829</b>
<b>Cash and Cash Equivalent Collections on Behalf of the Victorian Government, Government Agencies and Other Entities</b>		
Cash at bank	30,484	36,357
Fixed deposits	6,000	-
<b>Total Cash and Cash Equivalent Collections on Behalf of the Victorian Government, Government Agencies and Other Entities</b>	<b>36,484</b>	<b>36,357</b>
<b>TOTAL CASH AND CASH EQUIVALENTS</b>	<b>40,949</b>	<b>39,186</b>

## Note 6

### Receivables

	2011	2010
	\$'000	\$'000
<b>Current Receivables</b>		
<i>Contractual</i>		
Debtors	27,724	27,395
Other receivables	18,965	10,314
Allowance for doubtful debts	(890)	(1,430)
	<b>45,799</b>	<b>36,279</b>
<i>Statutory</i>		
Amounts owing from the Victorian Government	277,786	296,300
Goods and Services Tax input tax credit recoverable	12,497	11,130
	<b>290,283</b>	<b>307,430</b>
<b>Total Current Receivables</b>	<b>336,082</b>	<b>343,709</b>
<b>Non-Current Receivables</b>		
<i>Contractual</i>		
Property loans	173	185
<b>Total Non-Current Receivables</b>	<b>173</b>	<b>185</b>
<b>TOTAL RECEIVABLES</b>	<b>336,255</b>	<b>343,894</b>

	2011	2010
	\$'000	\$'000
<b>Movement in the Allowance for Doubtful Debts</b>		
Balance at beginning of the year	(1,430)	(787)
Amounts written off during the year	281	228
(Increase)/decrease in allowance recognised in profit or loss	259	(871)
<b>Balance at the End of the Year</b>	<b>(890)</b>	<b>(1,430)</b>

## Note 7

### Inventories

	2011	2010
	\$'000	\$'000
<b>Current Inventories</b>		
Stockpile materials	964	720
Saleable items and consumable stores	335	471
<b>TOTAL INVENTORIES</b>	<b>1,299</b>	<b>1,191</b>

## Note 8

### Properties held for Sale

	2011	2010
	\$'000	\$'000
<b>Carrying Amount</b>		
At independent valuation	23,473	7,750
<b>TOTAL PROPERTIES HELD FOR SALE</b>	<b>23,473</b>	<b>7,750</b>

	2011	2010
	\$'000	\$'000
<b>Reconciliation</b>		
Carrying amount at the beginning of the year	7,750	4,021
Transfers from Land	22,854	7,436
Transfers from Buildings	619	305
Revaluation increment	-	9
Disposals	(7,750)	(4,021)
<b>Carrying Amount at the End of the Year</b>	<b>23,473</b>	<b>7,750</b>

## Note 9

### Buildings and Leasehold Improvements

	2011	2010
	\$'000	\$'000
<b>Carrying Amount</b>		
<b>Buildings Operational</b>		
At independent valuation	10,964	12,140
Accumulated depreciation	(274)	-
	<b>10,690</b>	<b>12,140</b>
<b>Buildings on Land Acquired for Future Public Roads</b>		
At independent valuation	18,979	19,961
At cost	1,980	-
Accumulated depreciation	(520)	-
	<b>20,439</b>	<b>19,961</b>
<b>Leasehold Improvements</b>		
At independent valuation	20,371	18,470
Accumulated depreciation	(466)	-
	<b>19,905</b>	<b>18,470</b>
<b>TOTAL BUILDINGS AND LEASEHOLD IMPROVEMENTS</b>	<b>51,034</b>	<b>50,571</b>

## Note 9 (continued)

	BUILDINGS OPERATIONAL	BUILDINGS ON LAND ACQUIRED FOR FUTURE PUBLIC ROADS	LEASEHOLD IMPROVEMENTS	TOTAL
	2011	2011	2011	2011
	\$'000	\$'000	\$'000	\$'000
<b>Reconciliation</b>				
Carrying amount at the beginning of the year	12,140	19,961	18,470	50,571
Acquisitions	-	1,980	-	1,980
Disposals	-	(295)	-	(295)
Book value of State assets sold and proceeds returned to the Victorian Government	(1,161)	-	-	(1,161)
Buildings incorporated into declared roads	-	(41)	-	(41)
Transfers to property held for sale	(10)	(609)	-	(619)
Asset register adjustments	-	(37)	1,901	1,864
Depreciation expense	(279)	(520)	(466)	(1,265)
<b>Carrying Amount at the End of the Year</b>	<b>10,690</b>	<b>20,439</b>	<b>19,905</b>	<b>51,034</b>

	BUILDINGS OPERATIONAL	BUILDINGS ON LAND ACQUIRED FOR FUTURE PUBLIC ROADS	LEASEHOLD IMPROVEMENTS	TOTAL
	2010	2010	2010	2010
	\$'000	\$'000	\$'000	\$'000
<b>Reconciliation</b>				
Carrying amount at the beginning of the year	15,297	24,800	13,426	53,523
Acquisitions	-	2,587	-	2,587
Disposals	-	(785)	-	(785)
Assets transferred to Victorian Government Agencies as Contributed Capital	-	(223)	-	(223)
Buildings incorporated into declared roads	-	(247)	-	(247)
Transfers to property held for sale	-	(305)	-	(305)
Revaluation Increment/(decrement)	(2,754)	(5,192)	5,407	(2,539)
Depreciation expense	(403)	(674)	(363)	(1,440)
<b>Carrying Amount at the End of the Year</b>	<b>12,140</b>	<b>19,961</b>	<b>18,470</b>	<b>50,571</b>



## Note 10

### Plant and Equipment

	2011	2010
	\$'000	\$'000
<b>Carrying Amount</b>		
<b>Computers and Other Technical Equipment</b>		
At fair value	23,780	23,028
Accumulated depreciation	(13,271)	(11,950)
Accumulated impairment	(1,567)	(1,459)
	<b>8,942</b>	<b>9,619</b>
<b>Office Furniture and Fittings</b>		
At fair value	28,139	28,313
Accumulated depreciation	(18,163)	(16,607)
	<b>9,976</b>	<b>11,706</b>
<b>TOTAL PLANT AND EQUIPMENT</b>	<b>18,918</b>	<b>21,325</b>

	2011	2010
	\$'000	\$'000
<b>Reconciliation</b>		
Carrying amount at the beginning of the year	21,325	18,402
Acquisitions	2,614	6,147
Assets received from Victorian Government Agencies as Contributed Capital	-	1,953
Transfers to Intangible Assets	(417)	(429)
Disposals	(61)	(118)
Depreciation expense	(4,192)	(4,338)
Impairment expense	(351)	(292)
<b>Carrying Amount at the End of the Year</b>	<b>18,918</b>	<b>21,325</b>

## Note 11

### Land

	2011	2010
	\$'000	\$'000
<b>Carrying Amount</b>		
<b>Land for Operations</b>		
At independent valuation	26,561	35,473
	<b>26,561</b>	<b>35,473</b>
<b>Land Acquired for Future Public Roads</b>		
At independent valuation	1,169,037	1,201,308
At cost	52,661	-
	<b>1,221,698</b>	<b>1,201,308</b>
<b>Land Under Declared Roads</b>		
At independent valuation	15,839,306	15,839,306
At fair value	5,385	-
	<b>15,844,691</b>	<b>15,839,306</b>
<b>Land in Commercial Use</b>		
At independent valuation	27,456	27,456
	<b>27,456</b>	<b>27,456</b>
<b>TOTAL LAND</b>	<b>17,120,406</b>	<b>17,103,543</b>

**Note 11 (continued)**

	LAND FOR OPERATIONS	LAND ACQUIRED FOR FUTURE PUBLIC ROADS	LAND UNDER DECLARED ROADS	LAND IN COMMERCIAL USE	TOTAL
	2011	2011	2011	2011	2011
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Reconciliation</b>					
Carrying Amount at the Beginning of the Year	35,473	1,201,308	15,839,306	27,456	17,103,543
Acquisitions	-	52,661	-	-	52,661
Assets given free of charge	-	(804)	-	-	(804)
Book value of State assets sold and proceeds returned to the Victorian Government	(8,430)	-	-	-	(8,430)
Disposals	-	(1,650)	-	-	(1,650)
Asset register adjustments	-	(98)	-	-	(98)
Transfers from/(to) land under declared roads	-	(5,385)	5,385	-	-
Transfers to property held for sale	(50)	(22,804)	-	-	(22,854)
Assets transferred to Victorian Government agencies as Contributed Capital	-	(1,600)	-	-	(1,600)
Revaluation increment /(decrement)	(432)	70	-	-	(362)
<b>Carrying Amount at the End of the Year</b>	<b>26,561</b>	<b>1,221,698</b>	<b>15,844,691</b>	<b>27,456</b>	<b>17,120,406</b>

	LAND FOR OPERATIONS	LAND ACQUIRED FOR FUTURE PUBLIC ROADS	LAND UNDER DECLARED ROADS	LAND IN COMMERCIAL USE	TOTAL
	2010	2010	2010	2010	2010
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Reconciliation</b>					
Carrying Amount at the Beginning of the Year	39,160	873,600	14,677,134	49,484	15,639,378
Acquisitions	-	43,282	-	-	43,282
Assets received from Victorian Government Agencies as Contributed Capital	-	1,774	-	-	1,774
Disposals	-	(8,039)	-	-	(8,039)
Asset register adjustments	-	(162)	-	-	(162)
Transfers from/(to) land under declared roads	-	(4,380)	4,380	-	-
Transfers to property held for sale	-	(7,436)	-	-	(7,436)
Assets transferred to Victorian Government Agencies as Contributed Capital	-	(39,544)	-	-	(39,544)
Revaluation increment /(decrement)	(3,687)	342,213	1,157,792	(22,028)	1,474,290
<b>Carrying Amount at the End of the Year</b>	<b>35,473</b>	<b>1,201,308</b>	<b>15,839,306</b>	<b>27,456</b>	<b>17,103,543</b>

## Note 12

### Infrastructure Assets

	2011	2010
	\$'000	\$'000
<b>Carrying Amount</b>		
<b>Road Pavement</b>		
At independent valuation	21,263,170	21,259,395
At cost	646,480	174,029
Accumulated depreciation	(9,892,184)	(9,527,985)
Accumulated impairment	(46,096)	-
	<b>11,971,370</b>	<b>11,905,439</b>
<b>Earthworks</b>		
At independent valuation	6,374,664	6,374,868
At cost	169,645	104,319
Accumulated impairment	(1,687)	-
	<b>6,542,622</b>	<b>6,479,187</b>
<b>Sound Barriers</b>		
At independent valuation	253,241	253,241
At cost	39,936	35,621
Accumulated depreciation	(73,755)	(65,138)
	<b>219,422</b>	<b>223,724</b>
<b>Bridges</b>		
At independent valuation	5,925,781	5,946,658
At cost	842,642	121,120
Accumulated depreciation	(2,259,616)	(2,214,433)
Accumulated impairment	(1,325)	-
	<b>4,507,482</b>	<b>3,853,345</b>
<b>Traffic Signal Control Systems</b>		
At independent valuation	568,911	567,061
At cost	207,064	38,728
Accumulated depreciation	(438,631)	(420,300)
	<b>337,344</b>	<b>185,489</b>
<b>Work in Progress</b>		
At cost	1,188,409	1,658,184
	<b>1,188,409</b>	<b>1,658,184</b>
<b>TOTAL INFRASTRUCTURE ASSETS</b>	<b>24,766,649</b>	<b>24,305,368</b>

**Note 12 (continued)**

	ROAD PAVEMENTS	EARTH- WORKS	SOUND BARRIERS	BRIDGES	TRAFFIC SIGNAL CONTROL SYSTEMS	WORK IN PROGRESS	TOTAL
	2011	2011	2011	2011	2011	2011	2011
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Reconciliation</b>							
Carrying amount at the beginning of the year	11,905,439	6,479,187	223,724	3,853,345	185,489	1,658,184	24,305,368
Assets transferred to other entities	(8,111)	(2,630)	-	(13)	(685)	-	(11,439)
Assets received free of charge	-	-	-	-	105	-	105
Disposals	(765)	(960)	-	(5,260)	(449)	(35)	(7,469)
Depreciation expense	(362,009)	-	(8,617)	(69,138)	(20,558)	-	(460,322)
Construction expenditure	-	-	-	-	3,115	973,649	976,764
Asset register adjustments	2,351	756	-	8,337	1,306	-	12,750
Capitalised work in progress	480,561	67,956	4,315	721,536	169,021	(1,443,389)	-
Impairment	(46,096)	(1,687)	-	(1,325)	-	-	(49,108)
<b>Carrying Amount at the End of the Year</b>	<b>11,971,370</b>	<b>6,542,622</b>	<b>219,422</b>	<b>4,507,482</b>	<b>337,344</b>	<b>1,188,409</b>	<b>24,766,649</b>

	ROAD PAVEMENTS	EARTH- WORKS	SOUND BARRIERS	BRIDGES	TRAFFIC SIGNAL CONTROL SYSTEMS	WORK IN PROGRESS	TOTAL
	2010	2010	2010	2010	2010	2010	2010
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Reconciliation</b>							
Carrying amount at the beginning of the year	10,905,123	5,486,798	215,974	3,772,520	165,833	1,109,687	21,655,935
Assets transferred to other entities	(3,937)	-	-	-	(1,119)	-	(5,056)
Assets received free of charge	2,893	4,660	-	2,829	962	-	11,344
Disposals	-	-	-	(437)	(72)	-	(509)
Depreciation expense	(314,533)	-	(6,633)	(65,574)	(15,508)	-	(402,248)
Construction expenditure	-	-	-	414	7,308	1,037,267	1,044,989
Capitalised work in progress	182,122	106,848	36,257	123,268	40,275	(488,770)	-
Revaluation increment (decrement)	1,133,771	880,881	(21,874)	20,325	(12,190)	-	2,000,913
<b>Carrying Amount at the End of the Year</b>	<b>11,905,439</b>	<b>6,479,187</b>	<b>223,724</b>	<b>3,853,345</b>	<b>185,489</b>	<b>1,658,184</b>	<b>24,305,368</b>

## Note 13

### Intangible Assets

	2011	2010
	\$'000	\$'000
<b>Carrying Amount</b>		
<b>Software</b>		
At cost	79,527	67,626
Accumulated amortisation	(50,387)	(42,345)
	<b>29,140</b>	<b>25,281</b>
<b>Water Rights</b>		
At fair value	879	879
<b>TOTAL INTANGIBLE ASSETS</b>	<b>30,019</b>	<b>26,160</b>

	2011	2010
	\$'000	\$'000
<b>Reconciliation</b>		
Carrying amount at the beginning of the year	26,160	31,209
Acquisitions	11,421	1,999
Transfers from Tangible Assets	417	429
Amortisation expense	(7,979)	(7,477)
<b>Carrying Amount at the End of the Year</b>	<b>30,019</b>	<b>26,160</b>



## Note 14

### Payables

	2011	2010
	\$'000	\$'000
<b>Current</b>		
<i>Contractual</i>		
Creditors and accruals	222,090	204,854
Victorian Government, Government agencies and other entities	19,150	20,499
	<b>241,240</b>	<b>225,353</b>
<i>Statutory</i>		
Victorian Government, Government agencies and other entities	11,133	11,749
	<b>11,133</b>	<b>11,749</b>
<b>Total Current Payables</b>	<b>252,373</b>	<b>237,102</b>
<b>Non-current</b>		
<i>Contractual</i>		
Leased Assets	-	4
<b>Total Non-Current Payables</b>	<b>-</b>	<b>4</b>
<b>Aggregate Carrying Amount of Payables</b>		
Current	252,373	237,102
Non-current	-	4
<b>TOTAL PAYABLES</b>	<b>252,373</b>	<b>237,106</b>

## Note 15

### Provisions

	2011	2010
	\$'000	\$'000
<b>Current</b>		
<b>Employee Benefits Annual Leave</b>		
Unconditional and expected to be settled within 12 months	18,415	17,394
<b>Employee Benefits Long Service Leave</b>		
Unconditional and expected to be settled within 12 months	4,908	4,380
Unconditional and expected to be settled after 12 months	44,527	42,445
<b>Provisions Related to Employee Benefit On Costs</b>		
Unconditional and expected to be settled within 12 months	3,506	3,400
Unconditional and expected to be settled after 12 months	6,862	6,821
Performance and other entitlements	2,205	2,357
<b>Contractor Retentions and Provisions</b>	<b>17,124</b>	<b>27,496</b>
<b>Property Acquisition Liabilities</b>	<b>45,723</b>	<b>32,562</b>
<b>Compensation Payable to Property Owners</b>	<b>4,466</b>	<b>9,239</b>
<b>Total Current Provisions</b>	<b>147,735</b>	<b>146,094</b>
<b>Non-Current</b>		
<b>Employee Benefits Long Service Leave</b>	<b>5,857</b>	<b>4,985</b>
<b>Provisions Related to Employee Benefit On Costs</b>	<b>903</b>	<b>801</b>
<b>Contractor Retentions and Provisions</b>	<b>3,976</b>	<b>1,977</b>
<b>Property Acquisition Liabilities</b>	<b>878</b>	<b>5,964</b>
<b>Compensation Payable to Property Owners</b>	<b>6</b>	<b>6</b>
<b>Total Non-Current Provisions</b>	<b>11,620</b>	<b>13,733</b>
<b>Aggregate Carrying Amount of Provisions</b>		
Current	147,735	146,094
Non-current	11,620	13,733
<b>TOTAL PROVISIONS</b>	<b>159,355</b>	<b>159,827</b>

	2011	2010
	\$'000	\$'000
Employee benefits and related on-costs	87,183	82,582
Contractor retentions and provisions	21,100	29,473
Property acquisition liabilities	46,601	38,527
Compensation payable to property owners	4,472	9,245
<b>TOTAL PROVISIONS</b>	<b>159,355</b>	<b>159,827</b>

**Note 15 (continued)****Employee Benefits and Related On-costs**

	<b>2011</b>	<b>2010</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Current employee benefits</b>		
Annual leave entitlements	18,415	17,394
Long service leave entitlements	49,435	46,825
<b>Non-current employee benefits</b>		
Long service leave entitlements	5,857	4,985
<b>Total employee benefits</b>	<b>73,707</b>	<b>69,204</b>
Current on-costs	10,368	10,220
Non-current on-costs	903	801
Performance and other entitlements	2,205	2,357
<b>Total on-costs</b>	<b>13,476</b>	<b>13,378</b>
<b>TOTAL EMPLOYEE BENEFITS AND RELATED ON-COSTS</b>	<b>87,183</b>	<b>82,582</b>

**Note 15 (continued)**

	EMPLOYEE BENEFITS	CONTRACTOR RETENTIONS AND PROVISIONS	PROPERTY ACQUISITION PROVISION	COMPENSATION PAYABLE TO PROPERTY OWNERS	TOTAL
	2011	2011	2011	2011	2011
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Reconciliation</b>					
Carrying amount at the beginning of the year	82,582	29,472	38,528	9,245	159,827
Additional provisions recognised	28,786	17,572	30,852	4,472	81,682
Provision Liability assumed from other Government Agencies	29	-	-	-	29
Payments or other sacrifices of economic benefits	(24,417)	(18,804)	(23,524)	(9,245)	(75,990)
Additions/(reductions) from re-measurement or settlement without cost	639	(7,140)	745	-	(5,756)
Decreases from economic flows	(437)	-	-	-	(437)
<b>Carrying Amount at the End of the Year</b>	<b>87,182</b>	<b>21,100</b>	<b>46,601</b>	<b>4,472</b>	<b>159,355</b>

	EMPLOYEE BENEFITS	CONTRACTOR RETENTIONS AND PROVISIONS	PROPERTY ACQUISITION PROVISION	COMPENSATION PAYABLE TO PROPERTY OWNERS	TOTAL
	2010	2010	2010	2010	2010
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Reconciliation</b>					
Carrying amount at the beginning of the year	78,823	24,583	46,424	4,514	154,344
Additional provisions recognised	27,251	25,067	24,593	9,231	83,146
Provision Liability assumed from other Government Agencies	66	-	-	-	66
Payments or other sacrifices of economic benefits	(24,708)	(19,533)	(32,489)	(4,500)	(78,234)
Reductions from re-measurement or settlement without cost	-	(645)	-	-	(645)
Increase from economic flows	1,150	-	-	-	1,150
<b>Carrying Amount at the End of the Year</b>	<b>82,582</b>	<b>29,472</b>	<b>38,528</b>	<b>9,245</b>	<b>159,827</b>

## Note 16

### Financial Instruments

#### Categorisation of Financial Instruments

		2011	2010
	NOTES	\$'000	\$'000
<b>Financial Assets</b>			
Cash assets	5	4,465	2,829
Loans and receivables (at amortised cost)	6	45,972	36,464
		<b>50,437</b>	<b>39,293</b>
<b>Financial Liabilities</b>			
<b>Payables</b>	<b>14</b>	<b>241,240</b>	<b>225,357</b>

## Note 16 (continued)

### Credit Risk

The credit risk relating to 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-ratings assigned by international credit-rating agencies.

*Financial assets that are either past due or impaired*

The Corporation holds mortgages over interest free loans but does not hold any collateral as security nor credit enhancements relating to any other financial assets.

As at the reporting date, other than receivables, there is no evidence to indicate that any other financial assets were impaired.

There are no 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.

### Aging Analysis of Financial Assets

	PAST DUE BUT NOT IMPAIRED						
	CARRYING AMOUNT	NOT DUE OR IMPAIRED	LESS THAN 1 MONTH	1-3 MONTHS	3-12 MONTHS	1-5 YEARS	IMPAIRED FINANCIAL ASSETS
	2011	2011	2011	2011	2011	2011	2011
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Receivables</b>							
Debtors	27,560	23,369	1,428	787	973	1,003	890
Accrued revenue	18,965	18,965	-	-	-	-	-
Operating lease receivables	164	164	-	-	-	-	-
Interest free loans	173	173	-	-	-	-	-
<b>Total</b>	<b>46,862</b>	<b>42,671</b>	<b>1,428</b>	<b>787</b>	<b>973</b>	<b>1,003</b>	<b>890</b>

	PAST DUE BUT NOT IMPAIRED						
	CARRYING AMOUNT	NOT DUE OR IMPAIRED	LESS THAN 1 MONTH	1-3 MONTHS	3-12 MONTHS	1-5 YEAR	IMPAIRED FINANCIAL ASSETS
	2010	2010	2010	2010	2010	2010	2010
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Receivables</b>							
Debtors	26,874	17,267	6,490	1,153	1,193	771	1,430
Accrued revenue	10,314	10,314	-	-	-	-	-
Operating lease receivables	521	521	-	-	-	-	-
Interest free loans	185	185	-	-	-	-	-
<b>Total</b>	<b>37,894</b>	<b>28,287</b>	<b>6,490</b>	<b>1,153</b>	<b>1,193</b>	<b>771</b>	<b>1,430</b>



**Note 16 (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 Corporation's exposure to liquidity risk is deemed insignificant based on prior periods data and current assessment of risk.

**Maturity Analysis of Financial Liabilities**

		MATURITY DATES				
	CARRYING AMOUNT	NOMINAL AMOUNT	LESS THAN 1 MONTH	1-3 MONTHS	3-12 MONTHS	1-5 YEARS
	2011	2011	2011	2011	2011	2011
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Payables</b>						
Amounts payable to other Government agencies	19,150	19,150	19,150	-	-	-
Creditors & accruals	222,090	222,090	221,811	229	46	4

		MATURITY DATES				
	CARRYING AMOUNT	NOMINAL AMOUNT	LESS THAN 1 MONTH	1-3 MONTHS	3-12 MONTHS	1-5 YEARS
	2010	2010	2010	2010	2010	2010
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Payables</b>						
Amounts payable to other Government agencies	20,499	20,499	20,499	-	-	-
Creditors & accruals	204,858	204,858	199,733	756	2,271	2,098

## Note 16 (continued)

### Interest Rate Exposure

	INTEREST RATE EXPOSURE				
	WEIGHTED AVERAGE EFFECTIVE INTEREST RATE	CARRYING AMOUNT	FIXED INTEREST RATE	VARIABLE INTEREST RATE	NON-INTEREST BEARING
	2011	2011	2011	2011	2011
	%	\$'000	\$'000	\$'000	\$'000
<b>Cash and Cash Equivalents</b>					
Cash at bank	4.65	4,335	-	4,335	-
Cash on hand	-	130	-	-	130
<b>Receivables</b>					
Debtors	-	27,560	-	-	27,560
Accrued revenue	-	18,965	-	-	18,965
Operating lease receivables	-	164	-	-	164
Interest Free Loans	-	173	-	-	173
<b>Total</b>		<b>51,327</b>	<b>-</b>	<b>4,335</b>	<b>46,992</b>
<b>Payables</b>					
Creditors and accruals	-	222,090	-	-	222,090
Leased assets	-	-	-	-	-
Victorian Government and Government agencies	-	19,150	-	-	19,150
<b>Total</b>		<b>241,240</b>	<b>-</b>	<b>-</b>	<b>241,240</b>

	INTEREST RATE EXPOSURE				
	WEIGHTED AVERAGE EFFECTIVE INTEREST RATE	CARRYING AMOUNT	FIXED INTEREST RATE	VARIABLE INTEREST RATE	NON-INTEREST BEARING
	2010	2010	2010	2010	2010
	%	\$'000	\$'000	\$'000	\$'000
<b>Cash and Cash Equivalents</b>					
Cash at bank	4.51	2,637	-	2,637	-
Cash on hand	-	192	-	-	192
<b>Receivables</b>					
Debtors	-	26,874	-	-	26,874
Accrued revenue	-	10,314	-	-	10,314
Operating lease receivables	-	521	-	-	521
Interest Free Loans	-	185	-	-	185
<b>Total</b>		<b>40,723</b>	<b>-</b>	<b>2,637</b>	<b>38,086</b>
<b>Payables</b>					
Creditors and accruals	-	204,854	-	-	204,854
Leased assets	-	4	-	-	4
Victorian Government and Government agencies	-	20,499	-	-	20,499
<b>Total</b>		<b>225,357</b>	<b>-</b>	<b>-</b>	<b>225,357</b>

**Note 16 (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 Whole of Government banking 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 through its 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 4.65%.
- 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 operating result and equity for each category of financial instrument held by the Corporation at year-end.

			FOREIGN EXCHANGE RISK				INTEREST RATE RISK			
			-5%		+15%		-2%		+2%	
	CARRYING AMOUNT		NET RESULT	EQUITY	NET RESULT	EQUITY	NET RESULT	EQUITY	NET RESULT	EQUITY
	2011		2011	2011	2011	2011	2011	2011	2011	2011
	NOTES	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Financial Assets</b>										
Cash	5	4,465	7	7	(22)	(22)	(3)	(3)	3	3
Receivables	6	45,972	-	-	-	-	-	-	-	-
<b>Financial Liabilities</b>										
Payables	14	241,240	-	-	-	-	-	-	-	-
<b>Total Increase/(Decrease)</b>			<b>7</b>	<b>7</b>	<b>(22)</b>	<b>(22)</b>	<b>(3)</b>	<b>(3)</b>	<b>3</b>	<b>3</b>

			FOREIGN EXCHANGE RISK				INTEREST RATE RISK			
			-5%		+15%		-2%		+2%	
	CARRYING AMOUNT		NET RESULT	EQUITY	NET RESULT	EQUITY	NET RESULT	EQUITY	NET RESULT	EQUITY
	2010		2010	2010	2010	2010	2010	2010	2010	2010
	NOTES	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Financial Assets</b>										
Cash	5	2,829	17	17	(52)	(52)	(53)	(53)	53	53
Receivables	6	36,464	-	-	-	-	-	-	-	-
<b>Financial Liabilities</b>										
Payables	14	225,357	-	-	-	-	-	-	-	-
<b>Total Increase/(Decrease)</b>			<b>17</b>	<b>17</b>	<b>(52)</b>	<b>(52)</b>	<b>(53)</b>	<b>(53)</b>	<b>53</b>	<b>53</b>

## Note 17

### 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 Terry Mulder, Minister for Roads  
- 1 December 2010 to 30 June 2011

The Hon Tim Pallas, Minister for Roads and Ports  
- 1 July 2010 to 30 November 2010

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

#### Accountable Officer

Mr Gary Liddle, Chief Executive -  
1 July 2010 to 30 June 2011

	2011	2010
<b>Remuneration of Accountable Officer</b>		
Total remuneration received or receivable during the year by the Accountable Officer from the Corporation		
Mr G Liddle	\$330,000 to \$340,000	\$330,000 to \$340,000

Total remuneration includes base remuneration, and bonus payments.

## Note 18

### Executive Remuneration

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 replacement executives, and the payment of lump sum leave entitlements.

	TOTAL	TOTAL	BASE	BASE
	2011	2010	2011	2010
\$100,000 - \$109,999	-	1	1	1
\$120,000 - \$129,999	1	1	2	2
\$130,000 - \$139,999	1	-	3	1
\$140,000 - \$149,999	2	1	5	9
\$150,000 - \$159,999	8	9	8	12
\$160,000 - \$169,999	9	10	16	14
\$170,000 - \$179,999	10	12	16	14
\$180,000 - \$189,999	17	9	10	3
\$190,000 - \$199,999	6	9	3	4
\$200,000 - \$209,999	5	4	-	-
\$210,000 - \$219,999	3	-	1	1
\$220,000 - \$229,999	1	1	2	1
\$230,000 - \$239,999	3	-	-	4
\$240,000 - \$249,999	1	3	7	1
\$250,000 - \$259,999	1	3	-	1
\$260,000 - \$269,999	4	2	1	1
\$270,000 - \$279,999	1	1	-	-
\$280,000 - \$289,999	2	1	1	-
\$290,000 - \$299,999	-	1	-	-
\$300,000 - \$309,999	1	-	-	-
\$360,000 - \$369,999	-	1	-	-
<b>Total number of executives</b>	<b>76</b>	<b>69</b>	<b>76</b>	<b>69</b>
<b>TOTAL</b>	<b>\$14,665,533</b>	<b>\$13,227,017</b>	<b>\$13,487,935</b>	<b>\$11,915,198</b>

Annual Remuneration	BASE	BASE
	2011	2010
Total number of executives with an annual base remuneration above \$100,000 at the end of the year	76	74

## Note 19

### Auditor's Remuneration

	2011	2010
	\$'000	\$'000
Paid as at 30 June	207	119
Due and payable	156	256
<b>TOTAL AUDITOR'S REMUNERATION</b>	<b>363</b>	<b>375</b>

## Note 20

### Contingent Assets and Contingent Liabilities

	2011	2010
	\$'000	\$'000
<b>Contingent Assets</b>		
Contract claims by the Corporation	-	355
Recovery of legal expenses	6,000	-
Insurance claims pending for damage caused to Corporation assets	13,401	-
Legal actions for damage caused to Corporation assets	-	29
<b>Total Contingent Assets</b>	<b>19,401</b>	<b>384</b>
<b>Contingent Liabilities</b>		
Contract claims against the Corporation for variations to contracts. In a number of cases, the Corporation is contesting the associated claims.	2,951	1,383
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.	196,914	155,532
<b>Total Contingent Liabilities</b>	<b>199,865</b>	<b>156,915</b>
<b>NET CONTINGENT LIABILITIES</b>	<b>180,464</b>	<b>156,531</b>

## Note 21

### 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.

	2011	2010
	\$'000	\$'000
Within one year	749,019	819,703
Later than one year but not later than five years	461,257	584,526
Later than five years	5,290	14,065
<b>TOTAL CAPITAL EXPENDITURE COMMITMENTS EXCLUSIVE OF GST</b>	<b>1,215,566</b>	<b>1,418,294</b>
GST Amount	121,557	141,829
<b>TOTAL CAPITAL EXPENDITURE COMMITMENTS INCLUSIVE OF GST</b>	<b>1,337,123</b>	<b>1,560,123</b>

#### 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.

	2011	2010
	\$'000	\$'000
Within one year	50,974	47,363
Later than one year but not later than five years	24,788	41,506
Later than five years	830	2,398
<b>TOTAL OTHER EXPENDITURE COMMITMENTS EXCLUSIVE OF GST</b>	<b>76,592</b>	<b>91,267</b>
GST Amount	7,659	9,127
<b>TOTAL OTHER COMMITMENTS INCLUSIVE OF GST</b>	<b>84,251</b>	<b>100,394</b>
<b>TOTAL EXPENDITURE COMMITMENTS INCLUSIVE OF GST</b>	<b>1,421,374</b>	<b>1,660,517</b>



## Note 22

### Leases

#### Corporation as Lessee - Operating Leases

Operating leases relate primarily to operational properties with lease terms of between 3 and 47 years. The Corporation does not have an option to purchase the leased asset at the expiry of the lease period.

	2011	2010
	\$'000	\$'000
<b>Non-Cancellable Operating Leases</b>		
Not later than one year	18,434	18,592
Later than one year but not later than five years	23,394	23,643
Later than five years	53,436	55,333
<b>TOTAL LEASE COMMITMENTS EXCLUSIVE OF GST</b>	<b>95,264</b>	<b>97,568</b>
GST Amount	9,526	9,757
<b>TOTAL LEASE COMMITMENTS INCLUSIVE OF GST</b>	<b>104,791</b>	<b>107,324</b>

#### Corporation as Lessor - Operating Leases

Operating leases relate primarily to properties acquired for roadworks with lease terms of between 1 and 35 years. The lessees do not have an option to purchase the leased assets at the expiry of the lease period.

	2011	2010
	\$'000	\$'000
<b>Non-Cancellable Operating Lease Receivables</b>		
Not later than one year	4,632	6,342
Later than one year but not later than five years	7,782	10,398
Later than five years	4,430	5,584
	<b>16,844</b>	<b>22,324</b>

## Note 23

### Superannuation Contributions

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

	*CONTRIBUTIONS FOR THE YEAR	*CONTRIBUTIONS FOR THE YEAR	CONTRIBUTIONS OWING/(PREPAID)	CONTRIBUTIONS OWING/(PREPAID)
	2011	2010	2011	2010
	\$'000	\$'000	\$'000	\$'000
<b>Defined Benefit Plans</b>				
Revised and New Schemes	7,902	7,920	(9)	-
Transport Superannuation Scheme	2,903	2,818	(2)	-
<b>Defined Contribution Plans</b>				
VicSuper Scheme	17,016	16,438	(66)	(78)
Other	4,497	4,206	(17)	14
<b>TOTAL</b>	<b>32,318</b>	<b>31,382</b>	<b>(94)</b>	<b>(92)</b>

\* Relates to contributions paid during the year.

## Note 24

### Cash Flow Disclosures

#### Reconciliation of Net Result for the Period to Net Cash Flows from Operations

	2011	2010
	\$'000	\$'000
<b>Net Result for the Reporting Period</b>	<b>224,887</b>	<b>271,395</b>
<b>Adjustments for Non-Cash Revenue and Expense Items</b>		
<b>Non-Cash Movements</b>		
Depreciation	473,758	415,503
Impairment of non-current assets	351	292
Assets given/(received) free of charge	12,137	(6,289)
Net loss/(gain) on disposal of non-current assets	2,560	1,379
Properties incorporated into roadworks	41	247
Asset adjustments	(14,516)	(13,833)
<b>Movements in Assets and Liabilities</b>		
(Increase) decrease in receivables	(2,626)	(80,994)
(Increase) decrease in prepayments	3,179	6,480
Decrease (increase) in inventories	(107)	125
Increase (decrease) in payables	10,879	36,130
Increase (decrease) in provisions	(3,772)	6,633
Increase (decrease) in prepaid revenue	81	838
<b>Net Cash Flows from Operating Activities</b>	<b>706,852</b>	<b>637,906</b>

## Note 25

### Transactions Administered on Behalf of the Victorian Government

	2011	2010
	\$'000	\$'000
<b>Administered Income</b>		
<b>Collections on Behalf of the Victorian Government</b>		
Registration fees	912,900	853,633
Driver licences	52,482	34,860
Other fees and permits	37,669	38,397
Sale of operational property	12,650	-
<b>Total Collections on Behalf of the Victorian Government</b>	<b>1,015,701</b>	<b>926,890</b>
<b>City Link Concession Notes Revenue</b>		
Concession notes revenue	27,366	25,777
Revaluation increment	-	2,072
<b>Total City Link Concession Notes Revenue</b>	<b>27,366</b>	<b>27,849</b>
<b>TOTAL ADMINISTERED INCOME</b>	<b>1,043,067</b>	<b>954,739</b>
<b>Administered Expense</b>		
CityLink concession notes deferred revenue revaluation increment	31,241	30,776
<b>TOTAL ADMINISTERED EXPENSE</b>	<b>31,241</b>	<b>30,776</b>
Present value deferred CityLink revenue	334,465	330,589
Unclaimed monies administered on behalf of the Victorian Government	6,705	6,297
<b>TOTAL ADMINISTERED LIABILITIES</b>	<b>341,170</b>	<b>336,886</b>
<b>Cash Flows Relating to Concession Notes</b>		
Goods and Services Tax collected	9,560	9,560
Goods and Services Tax paid to the Australian Taxation Office	(9,560)	(9,560)
<b>NET CASH FLOW</b>	<b>-</b>	<b>-</b>

## Note 25 (continued)

	2011	2010
	\$'000	\$'000
<b>Reconciliation of the Present Value of CityLink Receivables</b>		
Present value at beginning of the year	-	59,722
Payments received	-	(61,794)
Revaluation increment	-	2,072
<b>Present Value at the End of the Year</b>	<b>-</b>	<b>-</b>

	2011	2010
	\$'000	\$'000
<b>Reconciliation of the Present Value of Deferred City Link Revenue</b>		
Present value at beginning of the year	330,589	325,590
Concession notes revenue	(27,366)	(25,777)
Deferred revenue revaluation increment	31,241	30,776
<b>Present Value at the End of the Year</b>	<b>334,466</b>	<b>330,589</b>

## CityLink Contingent Assets

### CityLink Compensable Enhancement Claims

The Melbourne CityLink Concession Deed contains compensable enhancement provisions that enable the State to claim 50 per cent 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 Westgate 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.

### Revenue Sharing from the Monash City Link West Gate Upgrade

On 25 July 2006, CityLink Melbourne Limited (CML), Transurban Infrastructure Management Ltd (TIML) and the State entered into the M1 Corridor Redevelopment Deed.

Under the terms of this deed:

- The State agreed to upgrade the Monash and West Gate Freeways, while CML agreed to upgrade the Southern Link section of City Link.
- The State will become entitled to 50 per cent of the additional CityLink revenue created by the Monash CityLink West Gate upgrade after CML recovers its construction and additional operating costs relating to works on the Southern Link.
- The method used to calculate the additional CityLink revenue generated from the upgrade will be based on comparing actual CityLink revenue with agreed trends.
- The calculation of the additional CityLink revenue will take place on 30 June 2014.

## Note 26

### Collections on Behalf of Government Agencies

	2011	2010
	\$'000	\$'000
<b>Collections on Behalf of Government Agencies</b>		
Transport Accident Charge and related stamp duty (Transport Accident Commission)	1,628,875	1,559,685
Stamp duty (State Revenue Office)	576,059	568,884
Motorboat registrations and licenses (Marine Safety Victoria)	20,840	20,077
Federal interstate registrations	41,872	33,122
<b>TOTAL COLLECTIONS ON BEHALF OF GOVERNMENT AGENCIES</b>	<b>2,267,646</b>	<b>2,181,768</b>

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

We certify that 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 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 Notes to the financial statements, presents fairly the financial transactions during the year ended 30 June 2011 and financial position of the Corporation at 30 June 2011.

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

We authorise the attached financial statements for issue on 11<sup>th</sup> August 2011.



Gary Liddle  
Chief Executive  
Roads Corporation

Melbourne  
11 August 2011



Mark Dale  
Executive Director - Corporate Services  
Roads Corporation

Melbourne  
11 August 2011



# VAGO

Victorian Auditor-General's Office

## INDEPENDENT AUDITOR'S REPORT

### To the Chief Executive, Roads Corporation

#### *The Financial Report*

The accompanying financial report for the year ended 30 June 2011 of the Roads Corporation which comprises a 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 the Roads Corporation is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards, including the Australian Accounting Interpretations, 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 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.

#### *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.

# VAGO

Victorian Auditor-General's Office

## Independent Auditor's Report (continued)

### *Opinion*

In my opinion, the financial report presents fairly, in all material respects, the financial position of the Roads Corporation as at 30 June 2011 and of its financial performance and its cash flows for the year then ended in accordance with applicable Australian Accounting Standards, including the Australian Accounting Interpretations, and the financial reporting requirements of the *Financial Management Act 1994*.

### *Matters Relating to the Electronic Publication of the Audited Financial Report*

This auditor's report relates to the financial report of the Roads Corporation for the year ended 30 June 2011 included both in the Roads Corporation's annual report and on the website. The Chief Executive of the Roads Corporation is responsible for the integrity of the Roads Corporation's website. I have not been engaged to report on the integrity of the Roads Corporation's website. The auditor's report refers only to the subject matter described above. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements. If users of the financial report are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the audited financial report to confirm the information contained in the website version of the financial report.

MELBOURNE  
12 August 2011



D D R Pearson  
Auditor-General

## Disclosure Index

VicRoads' annual report is prepared in accordance with relevant Victorian legislation and ministerial directions. This index identifies VicRoads' compliance with statutory disclosure requirements in accordance with Financial Reporting Direction (FRD) 10.

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