

Comprehensive operating statement

For the year ended 30 June 2013

	2013	2012
NOTES	\$'000	\$'000
Continuing operations		
Income from transactions		
Victorian Government grants	1,152,659	1,522,273
Transport Accident Commission grants	82,778	101,788
Regulatory revenue	106,566	107,848
Assets received free of charge	12,873	118,000
Other revenue 2	150,052	163,354
Total income from transactions	1,504,928	2,013,263
Expenses from transactions		
Employee benefits 3	(251,507)	(250,808)
Supplies and services 3	(509,931)	(632,027)
Depreciation 3	(545,356)	(489,688)
Grants and other transfers	(69,347)	(71,804)
Capital asset charge	(49,800)	(49,800)
Assets transferred to other entities	(73,071)	(27,513)
Total expenses from transactions	(1,499,012)	(1,521,640)
NET RESULT FROM TRANSACTIONS (NET OPERATING BALANCE)	5,916	491,623
Other economic flows included in net result		
Net gain/(loss) on non-financial assets 4	4,579	16,576
Other gain/(loss) from other economic flows 4	2,916	(8,735)
Total other economic flows included in net result	7,495	7,841
NET RESULT	13,411	499,464
Other economic flows - Other comprehensive income		
Items that will not be reclassified to net result		
Revaluation gain to asset revaluation reserve	-	2,355,711
Impairment loss to asset revaluation reserve	(28,350)	(73,178)
Total other economic flows - Other comprehensive income	(28,350)	2,282,533
COMPREHENSIVE RESULT	(14,939)	2,781,997

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

Balance sheet

As at 30 June 2013

		2013	2012
	NOTES	\$'000	\$'000
Assets			
Financial assets			
Cash and cash equivalents	5	45,296	43,400
Receivables	6	346,684	392,325
Total financial assets		391,980	435,725
Non-financial assets			
Prepayments		4,182	7,646
Inventories	7	1,397	1,465
Properties held for sale	8	16,211	14,922
Buildings and leasehold improvements	9	51,637	51,194
Plant and equipment	10	21,581	23,964
Land	11	17,108,158	17,134,380
Infrastructure assets	12	27,753,364	27,440,297
Intangible assets	13	24,325	27,033
Total non-financial assets		44,980,855	44,700,901
TOTAL ASSETS		45,372,835	45,136,626
Liabilities			
Payables	14	171,668	224,914
Provisions	15	207,447	158,812
Prepaid revenue		32,821	35,587
TOTAL LIABILITIES		411,936	419,313
NET ASSETS		44,960,899	44,717,313
Equity			
Contributed capital		15,559,492	15,300,967
Asset revaluation reserve		13,271,870	13,300,220
Accumulated surplus		16,129,537	16,116,126
NET WORTH		44,960,899	44,717,313

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

Statement of changes in equity

For the year ended 30 June 2013

	ASSET REVALUATION SURPLUS	ACCUMULATED SURPLUS	CONTRIBUTIONS BY OWNER	TOTAL
	2013	2013	2013	2013
2013	\$'000	\$′000	\$'000	\$'000
Balance at 1 July 2012	13,300,220	16,116,126	15,300,967	44,717,313
Net result from Transactions for the Year	-	5,916	-	5,916
Other comprehensive income for the year	(28,350)	7,495	-	(20,855)
Book value of State assets sold and proceeds returned to the Victorian Government	-	-	(430)	(430)
Capital appropriations	-	-	198,934	198,934
Assets transferred from other Victorian Government agencies	-	-	60,021	60,021
Assets transferred to other Victorian Government agencies	-	-	-	-
Balance at 30 June 2013	13,271,870	16,129,537	15,559,492	44,960,899

	ASSET REVALUATION SURPLUS	ACCUMULATED SURPLUS	CONTRIBUTIONS BY OWNER	TOTAL
	2012	2012	2012	2012
2012	\$'000	\$'000	\$'000	\$′000
Balance at 1 July 2011	11,017,687	15,616,662	15,322,097	41,956,446
Net result from Transactions for the Year	=	491,623	-	491,623
Other comprehensive income for the year	2,282,533	7,841	-	2,290,374
Book value of State assets sold and proceeds returned to the Victorian Government	-	-	(407)	(407)
Capital appropriations	=	-	82,001	82,001
Assets transferred from other Victorian Government agencies	-	-	1,514	1,514
Assets transferred to other Victorian Government agencies	-	-	(104,238)	(104,238)
Balance at 30 June 2012	13,300,220	16,116,126	15,300,967	44,717,313

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

Cash flow statement

For the year ended 30 June 2013

	2013	2012
NOTES	\$'000	\$'000
Cash flows from operating activities		
Receipts		
Receipts from government grants	1,195,757	1,467,823
Receipts from other sources	344,021	384,109
Goods and Services Tax collected	38,277	37,602
Goods and Services Tax recovered from the Australian Taxation Office	113,427	120,415
Interest received	1,387	1,457
Total receipts	1,692,869	2,011,406
Permanete		
Payments Company of the complete company of the com	(701.606)	(070 400)
Payments to suppliers and employees	(781,696)	(930,400)
Payments of grants and other transfers	(69,347)	(71,803)
Goods and Services Tax paid on purchases	(151,704)	(158,016)
Payments of capital asset charge	(49,800)	(49,800)
Total payments	(1,052,547)	(1,210,019)
NET CASH FLOWS FROM OPERATING ACTIVITIES 24	640,322	801,387
Cash flows from investing activities		
Payments for purchase of non-financial assets	(859,875)	(891,031)
Proceeds from sale of non-financial assets	23,114	6,866
NET CASH FLOWS USED IN INVESTING ACTIVITIES	(836,761)	(884,165)
Cash flows from financing activities		
Proceeds from capital contributions by the Victorian Government	198,934	82,001
NET CASH FLOWS FROM FINANCING ACTIVITIES	198,934	82,001
NET INCREASE/ (DECREASE) IN CASH HELD	2,495	(777)
Cash at the beginning of the financial year	3,688	4,465
CASH HELD AT THE END OF THE FINANCIAL YEAR 5	6,183	3,688

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

Notes to the Financial Statements

For the Year Ended 30 June 2013

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.

The accounting policies disclosed in the notes have been applied in preparing the financial statements for the year ended 30 June 2013 and the comparative information presented for the year ended 30 June 2012.

(c) Scope and Presentation of Financial Statements

(i) Comprehensive Operating Statement

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

'Transactions' and 'other economic flows' are defined by the Australian System of Government Finance Statistics: Concepts, Sources and Methods 2005 and Amendments to Australian System of Government Finance Statistics, 2005.

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

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

- gains and losses from disposals
- revaluations and impairments of non-financial physical and intangible assets and
- fair value changes of financial instruments.

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

(ii) Balance sheet

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

Current and non current assets and liabilities (non current being those assets or liabilities expected to be recovered or settled more than 12 months) are disclosed in the notes, where relevant.

(iii) Cash flow statement

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

(iv) Statement of changes in equity

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

(v) Rounding of Amounts

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

(d) 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 Grants

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

(ii) Transport Accident Commission Grants

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

(iii) Regulatory Revenue

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

(iv) Assets received free of charge

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

(v) Other revenue

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

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

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

(e) Expenses From Transactions

(i) Employee Benefits

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

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

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

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

Contributions made by the Corporation to employee superannuation schemes are charged as an expense as the contributions are paid or become payable. Contributions made to employee superannuation schemes are detailed in Note 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 distribution are expensed when distributed.

(iii) Depreciation

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

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

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

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

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

(iv) 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.

(vi) Assets transferred to other entities

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

(f) Other Economic Flows Included in Net Result

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

(i) Net Gain/(Loss) on Non-Financial Assets

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

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

(ii) Other Gains/(Losses) from Other Economic Flows

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

(g) Other Economic Flows - Other Comprehensive Income

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

(h) Cash and Cash Equivalent Assets

Cash assets include cash in bank and on hand. Cash equivalents include short term deposits with an original maturity of three months or less held with Treasury Corporation Victoria. The Corporation holds cash and cash equivalent collections on behalf of the Victorian Government and Government agencies. The cash balances held by the Corporation on behalf of the Victorian Government and Government agencies are not available for use by the Corporation. The Corporation also holds cash funds on behalf of other Governments and public entities. The cash balances held by the Corporation are applied in accordance with the funding contracts.

(i) 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 improvements which comprise offices, residential properties, storage depots and patrol garages on freehold land, buildings on land acquired for future public roads, and leasehold buildings and improvements on Crown and leased land
- Plant and equipment which comprise office fit outs, furnishings and fittings, computers and other technical equipment
- Intangible assets which comprise purchased and developed computer software and water rights
- Inventories which comprise stockpiles of construction and maintenance materials, saleable items and consumable stores held for either distribution in the ordinary course of business operations or for sale

■ 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 average rateable value per hectare within each municipal site discounted to reflect the value prior to subdivision, the discount factors range from 15% for rural land under freeways to 80% for residential land under main roads.

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. A managerial revaluation of infrastructure assets, based on indexation, considering the present condition and reviewing the remaining useful lives was undertaken by the Corporation as at 30 June 2012 after the Corporation determined that a material movement in values had occurred since the last independent valuation.

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

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

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

(vi) Impairment of 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.

(k) 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.

(l) 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 other economic flows included in the net result

On costs

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

Employee benefits on-costs liability expected to settle within 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.

(iv) Compensation Payable to Property Owners

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

(m) 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.

(n) Contributed Capital

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

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

(o) Financial Instruments

Financial instruments consist of financial 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
- fair value of compensation payments recoverable is based on historic cost.

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

(p) 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.

(q) 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

(r) 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 are recognised as an asset and a corresponding liability in the Balance Sheet. Cash flows relating to the income collected are not recognised in the Cash Flow Statement.

Transactions relating to the income collections are disclosed in Note 25-'Transactions administered on behalf of the Victorian Government' and Note 26-'Collections on behalf of Government agencies'.

(ii) Private Provision of Public Infrastructure Melbourne CityLink

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

The State and CityLink Melbourne Limited (CML) amongst others, entered into the Melbourne CityLink Concession Deed on 30 October 1995. Under the terms of the Concession Deed, CML is responsible for the construction, financing and operation of the CityLink road network during the concession period that is currently expected to expire on 14 January 2034.

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

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

The concession notes and related revenues are not recognised as the Corporation's revenue, assets and liabilities. Details of the concession notes and related revenues are disclosed in Note 25-'Transactions administered on behalf of the Victorian Government'.

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

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

Fastl ink

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

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

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

(s) 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'.

(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) New Accounting Standards and Interpretations

As at 30 June 2013, the following new accounting standards and interpretations have been issued however, their adoption was not mandatory for the financial year ending 30 June 2013. 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 Financial instruments	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).	1 Jan 2015	No impact on the Corporation's reporting.
AASB 13 Fair Value Measurement	This Standard outlines the requirements for measuring the fair value of assets and liabilities and replaces the existing fair value definition and guidance in other Australian accounting standards. AASB 13 includes a 'fair value hierarchy' which ranks the valuation technique inputs into three levels using unadjusted quoted prices in active markets for identical assets or liabilities; other observable inputs; and unobservable inputs.	1 Jan 2013	Increased disclosure may be required in the Corporation's financial statements.
AASB 1053 Application of Tiers of Australian Accounting Standards	This Standard establishes a differential financial reporting framework consisting of two tiers of reporting requirements for preparing general purpose financial statements.	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 in the Victorian public sector.

Note 2
Income from transactions

	2013	2012
	\$'000	\$'000
Other revenue		
External works	56,249	60,984
Transport Accident Commission premium collection commission	36,228	34,893
Victorian Government agency commission	4,950	4,828
Rental revenue	13,473	11,263
Recoveries	37,765	49,929
Interest	1,387	1,457
Total other revenue	150,052	163,354

Note 3
Expenses from transactions

	2013	2012
	\$'000	\$'000
Employee benefits		
Salaries and related on-costs	208,236	223,453
Leave entitlements	26,758	27,030
Termination benefits	16,513	325
Total employee benefits	251,507	250,808
Supplies and services		
Payment to contractors	368,705	456,429
Management and operating	97,867	120,110
Plant hire	21,560	25,909
Bad and doubtful debts	206	(108)
Services alterations	21,593	29,687
Total supplies and services	509,931	632,027
Depreciation		
Road pavements	407,528	366,536
Bridges	86,160	76,193
Traffic signal control systems	26,954	24,016
Plant and equipment	4,584	4,540
Intangible assets	5,325	7,481
Sound barriers	13,430	9,589
Buildings and leasehold improvements	1,375	1,333
Total depreciation	545,356	489,688

Note 4
Other economic flows included in net result

	2013	2012
	\$'000	\$'000
Net gain/(loss) on non-financial assets		
Proceeds from disposal of surplus non-financial assets	23,114	34,028
Written-down value of disposed non-financial assets	(19,517)	(24,066)
Assets register adjustments	1,297	7,005
Impairment of assets	(315)	(391)
Total net gain/(loss) on non-financial assets	4,579	16,576
Other gains/(losses) from other economic flows		
Gain/(loss) on revaluation of provision for employee benefits	2,903	(8,731)
Gain/(loss) on revaluation of foreign currency	13	(4)
Total other gains/(losses) from other economic flows	2,916	(8,735)
TOTAL OTHER ECONOMIC FLOWS INCLUDED IN NET RESULT	7,495	7,841

Note 5

Cash and cash equivalents

	2013	2012
	\$'000	\$'000
Cash relating to operating activities		
Cash on hand	136	133
Cash at bank	6,047	3,555
Total cash relating to operating activities	6,183	3,688
Cash and cash equivalent collections on behalf of the Victorian Government, government agencies and other entities		
Cash at bank	34,613	33,712
Fixed deposits	4,500	6,000
Total cash and cash equivalent collections on behalf of the Victorian Government, government agencies and other entities	39,113	39,712
TOTAL CASH AND CASH EQUIVALENTS	45,296	43,400

Note 6 Receivables

	2013	2012
	\$'000	\$'000
Current receivables		
Contractual		
Debtors	16,963	16,790
Other receivables	11,982	17,296
Allowance for doubtful debts	(543)	(538)
	28,402	33,548
Statutory		
Amounts owing from the Victorian Government	296,404	339,294
Goods and Services Tax input tax credit recoverable	7,467	11,894
	303,871	351,188
Total current receivables	332,273	384,736
Non-current receivables		
Contractual		
Other receivables	12,637	7,427
Loans to third parties	1,612	-
Interest free loans	162	162
Total non-current receivables	14,411	7,589
TOTAL RECEIVABLES	346,684	392,325

	2013	2012
	\$'000	\$'000
Movement in the allowance for doubtful debts		
Balance at beginning of the year	(538)	(890)
Amounts written off during the year	201	244
Decrease/(increase) in allowance recognised in the net result	(206)	108
Balance at the end of the year	(543)	(538)

Note 7

Inventories

	2013	2012
	\$'000	\$'000
Current inventories		
Stockpile materials	1,092	1,009
Saleable items and consumable stores	305	456
TOTAL INVENTORIES	1,397	1,465

Note 8 Properties held for sale

	2013	2012
	\$'000	\$'000
Carrying amount		
At independent valuation	16,211	14,922
TOTAL PROPERTIES HELD FOR SALE	16,211	14,922

	2013	2012
	\$'000	\$'000
Reconciliation		
Carrying amount at the beginning of the year	14,922	23,473
Transfers from land	20,796	12,968
Transfers from/(to) buildings	(29)	401
Disposals	(19,478)	(21,920)
Carrying amount at the end of the year	16,211	14,922

Note 9
Buildings and leasehold improvements

	2013	2012
	\$'000	\$'000
Carrying amount		
Buildings operational		
At independent valuation	10,628	10,784
Accumulated depreciation	(746)	(539)
	9,882	10,245
Buildings on land acquired for future public roads		
At independent valuation	22,327	20,548
At cost	2,209	2,077
Accumulated depreciation	(1,668)	(1,072)
	22,868	21,553
Leasehold improvements		
At independent valuation	20,371	20,371
Accumulated depreciation	(1,484)	(975)
	18,887	19,396
TOTAL BUILDINGS AND LEASEHOLD IMPROVEMENTS	51,637	51,194

Note 9
Buildings and leasehold improvements (continued)

	BUILDINGS OPERATIONAL	BUILDINGS ON LAND ACQUIRED FOR FUTURE PUBLIC ROADS	LEASEHOLD IMPROVEMENTS	TOTAL
	2013	2013	2013	2013
	\$'000	\$'000	\$'000	\$'000
Reconciliation				
Carrying amount at the beginning of the year	10,245	21,553	19,396	51,194
Acquisitions	-	2,209	-	2,209
Disposals	-	-	-	-
Book value of State assets sold and proceeds returned to the Victorian Government	(156)	-	-	(156)
Buildings incorporated into declared roads	-	(327)	-	(327)
Asset register adjustments	62	-	-	62
Transfers from property held for sale	-	29	-	29
Depreciation expense	(269)	(596)	(509)	(1,374)
Carrying amount at the end of the year	9,882	22,868	18,887	51,637

	BUILDINGS OPERATIONAL	BUILDINGS ON LAND ACQUIRED FOR FUTURE PUBLIC ROADS	LEASEHOLD IMPROVEMENTS	TOTAL
	2012	2012	2012	2012
	\$'000	\$'000	\$'000	\$'000
Reconciliation				
Carrying amount at the beginning of the year	10,690	20,439	19,905	51,034
Acquisitions	-	2,077	-	2,077
Book value of State assets sold and proceeds returned to the Victorian Government	(182)	-	-	(182)
Transfers from/(to) property held for sale	10	(411)	-	(401)
Depreciation expense	(273)	(552)	(509)	(1,334)
Carrying amount at the end of the year	10,245	21,553	19,396	51,194

Note 10
Plant and equipment

	2013	2012
	\$'000	\$'000
Carrying amount		
Computers and other technical equipment		
At fair value	22,910	23,879
Accumulated depreciation	(12,396)	(12,220)
Accumulated impairment	(1,437)	(1,339)
	9,077	10,320
Office furniture and fittings		
At fair value	34,754	33,749
Accumulated depreciation	(22,250)	(20,105)
	12,504	13,644
TOTAL PLANT AND EQUIPMENT	21,581	23,964
	2013	2012
	\$'000	\$'000
Reconciliation		
Carrying amount at the beginning of the year	23,964	18,918
Acquisitions	2,525	10,046
Disposals	(9)	(69)
Depreciation expense	(4,584)	(4,540)
Impairment expense	(315)	(391)
Carrying amount at the end of the year	21,581	23,964

Note 11 Land

	2013	2012
	\$'000	\$'000
Carrying amount		
Land for operations		
At independent valuation	25,892	26,386
	25,892	26,386
Land acquired for future public roads		
At independent valuation	1,146,535	1,194,415
At cost	15,896	28,288
	1,162,431	1,222,703
Land under declared roads		
At independent valuation	15,859,007	15,843,814
At fair value	33,372	14,021
	15,892,379	15,857,835
Land in commercial use		
At independent valuation	27,456	27,456
	27,456	27,456
TOTAL LAND	17,108,158	17,134,380

Note 11 Land (continued)

	LAND FOR OPERATIONS	LAND ACQUIRED FOR FUTURE PUBLIC ROADS	LAND UNDER DECLARED ROADS	LAND IN COMMERCIAL USE	TOTAL
	2013	2013	2013	2013	2013
	\$'000	\$'000	\$'000	\$'000	\$'000
Reconciliation					
Carrying amount at the beginning of the year	26,386	1,222,703	15,857,835	27,456	17,134,380
Acquisitions	-	15,896	-	-	15,896
Assets transferred from/(to) other entities	-	(5,923)	1,172	-	(4,751)
Book value of State assets sold and proceeds returned to the Victorian Government	(274)	-	-	-	(274)
Asset register adjustments	(220)	(497)	-	-	(717)
Transfers from/(to) land under declared roads	-	(33,372)	33,372	-	-
Transfers to properties held for sale	-	(20,796)	-	-	(20,796)
Impairment loss to asset revaluation reserve	-	(15,580)	-	-	(15,580)
Carrying amount at the end of the year	25,892	1,162,431	15,892,379	27,456	17,108,158
	LAND FOR OPERATIONS	LAND ACQUIRED FOR FUTURE PUBLIC ROADS	LAND UNDER DECLARED ROADS	LAND IN COMMERCIAL USE	TOTAL
	2012	2012	2012	2012	2012
	\$'000	\$'000	\$'000	\$'000	\$'000
Reconciliation					
Carrying amount at the beginning of the year	26,561	1,221,698	15,844,691	27,456	17,120,406
Acquisitions	-	28,288	-	-	28,288
Assets transferred from other entities	-	4	-	-	4
Book value of State assets sold and proceeds returned to the Victorian Government	(225)	-	-	-	(225)
Asset register adjustments	-	(248)	=	-	(248)
Transfers from/(to) land under declared roads					
	-	(14,021)	14,021		-
Transfers from/(to) properties held for sale	50	(14,021) (13,018)	14,021	-	(12,968)
	- 50 -		14,021 - (877)	-	(12,968) (877)

Note 12 Infrastructure assets

	2013	2012
	\$'000	\$'000
Carrying amount		
Road pavement		
At indexed valuation	23,535,387	23,569,375
At cost	1,281,817	828,002
Accumulated depreciation	(11,750,373)	(11,357,226)
Accumulated impairment	(131,764)	(120,583)
	12,935,067	12,919,568
Earthworks		
At indexed valuation	7,046,454	7,073,398
At cost	592,313	206,042
	7,638,767	7,279,440
Sound barriers		
At indexed valuation	280,338	280,338
At cost	251,150	78,274
Accumulated depreciation	(105,566)	(92,136)
	425,922	266,476
Bridges		
At indexed valuation	6,571,602	6,569,827
At cost	1,553,502	1,103,592
Accumulated depreciation	(2,675,537)	(2,588,720)
Accumulated impairment	(3,292)	(1,703)
	5,446,275	5,082,996
Traffic signal control systems		
At indexed valuation	617,328	627,271
At cost	290,608	242,199
Accumulated depreciation	(517,928)	(505,913)
	390,008	363,557
Work in progress		
At cost	917,325	1,528,260
	917,325	1,528,260
TOTAL INFRASTRUCTURE ASSETS	27,753,364	27,440,297

Note 12
Infrastructure assets (continued)

	ROAD PAVEMENTS	EARTHWORKS	SOUND BARRIERS	BRIDGES	TRAFFIC SIGNAL CONTROL SYSTEMS	WORK IN PROGRESS	TOTAL
	2013	2013	2013	2013	2013	2013	2013
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Reconciliation							
Carrying amount at the beginning of the year	12,919,568	7,279,440	266,476	5,082,996	363,557	1,528,260	27,440,297
Assets transferred to other entities	(34,275)	(30,962)	-	(397)	(222)	-	(65,856)
Assets transferred from other entities	6,870	3,540	-	-	-	-	10,410
Disposals	-	-	-	-	(29)	-	(29)
Depreciation expense	(407,528)	-	(13,430)	(86,160)	(26,955)	-	(534,073)
Construction expenditure	-	-	-	252	4,622	848,538	853,412
Asset register adjustments	426	83	-	1,039	404	-	1,952
Capitalised work in progress	408,507	386,666	172,876	442,793	48,631	(1,459,473)	-
Assets transferred from Victorian Government agencies as contributed capital	52,680	-	-	7,341	-	-	60,021
Impairment loss to asset revaluation reserve	(11,181)	-	-	(1,589)	-	-	(12,770)
Carrying amount at the end of the year	12,935,067	7,638,767	425,922	5,446,275	390,008	917,325	27,753,364

Note 12
Infrastructure assets (continued)

	ROAD PAVEMENTS	EARTHWORKS	SOUND BARRIERS	BRIDGES	TRAFFIC SIGNAL CONTROL SYSTEMS	WORK IN PROGRESS	TOTAL
	2012	2012	2012	2012	2012	2012	2012
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Reconciliation							
Carrying amount at the beginning of the year	11,971,370	6,542,622	219,422	4,507,482	337,344	1,188,409	24,766,649
Assets transferred to other entities	(16,687)	(10,574)	-	(55)	(197)	-	(27,513)
Assets transferred from other entities	33,955	22,482	-	61,560	-	-	117,997
Disposals	-	-	-	(723)	(403)	(951)	(2,077)
Depreciation expense	(366,534)	-	(9,589)	(76,193)	(24,016)	-	(476,332)
Construction expenditure	-	-	-	6,763	2,405	864,466	873,634
Asset register adjustments	1,027	755	-	5,235	236	-	7,253
Capitalised work in progress	163,266	26,564	34,457	169,035	26,982	(420,304)	-
Assets transferred to Victorian Government agencies as contributed capital	-	-	-	-	-	(103,360)	(103,360)
Assets transferred from Victorian Government agencies as contributed capital	-	-	-	-	1,514	-	1,514
Impairment loss to asset revaluation reserve	(74,487)	1,687	-	(378)	-	-	(73,178)
Revaluation increment	1,207,658	695,904	22,186	410,270	19,692	-	2,355,710
Carrying amount at the end of the year	12,919,568	7,279,440	266,476	5,082,996	363,557	1,528,260	27,440,297

Note 13 Intangible assets

	2013	2012
	\$'000	\$'000
Carrying amount		
Software		
At cost	86,636	84,022
Accumulated amortisation	(63,193)	(57,868)
	23,443	26,154
Water rights		
At fair value	882	879
TOTAL INTANGIBLE ASSETS	24,325	27,033

	2013	2012
	\$'000	\$'000
Reconciliation		
Carrying amount at the beginning of the year	27,033	30,019
Acquisitions	2,617	4,495
Amortisation expense	(5,325)	(7,481)
Carrying amount at the end of the year	24,325	27,033

Note 14 Payables

	2013	2012
	\$'000	\$'000
Current		
Contractual		
Creditors and accruals	131,940	184,860
Victorian Government, government agencies and other entities	22,932	24,642
	154,872	209,502
Statutory		
Victorian Government, government agencies and other entities	16,796	15,412
	16,796	15,412
Total current payables	171,668	224,914
Aggregate carrying amount of payables		
Current	171,668	224,914
TOTAL PAYABLES	171,668	224,914

Note 15 Provisions

	2013	2012
	\$'000	\$'000
Current		
Employee benefits annual leave		
Unconditional and expected to be settled within 12 months	17,535	18,904
Employee benefits long service leave		
Unconditional and expected to be settled within 12 months	4,913	5,428
Unconditional and expected to be settled after 12 months	45,874	51,955
Provisions related to employee benefit on-costs		
Unconditional and expected to be settled within 12 months	3,640	3,678
Unconditional and expected to be settled after 12 months	7,662	8,065
Performance and other entitlements	3,674	2,489
Contractor retentions and provisions	18,146	15,569
Property acquisition liabilities	53,709	37,131
Compensation payable to property owners	41,148	4,761
Total current provisions	196,301	147,980
Non-current		
Employee benefits long service leave	6,758	7,218
Provisions related to employee benefit on-costs	1,129	1,120
Contractor retentions and provisions	2,695	2,149
Property acquisition liabilities	552	345
Compensation payable to property owners	12	-
Total non-current provisions	11,146	10,832
Aggregate carrying amount of provisions		
Current	196,301	147,980
Non-current	11,146	10,832
TOTAL PROVISIONS	207,447	158,812

	2013	2012
	\$'000	\$'000
Employee benefits and related on-costs	91,185	98,857
Contractor retentions and provisions	20,841	17,718
Property acquisition liabilities	54,261	37,476
Compensation payable to property owners	41,160	4,761
TOTAL PROVISIONS	207,447	158,812

Note 15 **Provisions (continued)**

Employee benefits and related on-costs

• •		
	2013	2012
	\$'000	\$'000
Current employee benefits		
Annual leave entitlements	17,535	18,904
Long service leave entitlements	50,787	57,383
Non-current employee benefits		
Long service leave entitlements	6,758	7,218
Total employee benefits	75,080	83,505
Current on-costs	11,302	11,743
Non-current on-costs	1,129	1,120
Performance and other entitlements	3,674	2,489
Total on-costs	16,105	15,352
TOTAL EMPLOYEE BENEFITS AND RELATED ON-COSTS	91,185	98,857

Note 15
Provisions (continued)

	EMPLOYEE BENEFITS	CONTRACTOR RETENTIONS AND PROVISIONS	PROPERTY ACQUISITION PROVISION	COMPENSATION PAYABLE TO PROPERTY OWNERS	TOTAL
	2013	2013	2013	2013	2013
	\$'000	\$'000	\$'000	\$'000	\$'000
Reconciliation					
Carrying amount at the beginning of the year	98,857	17,718	37,476	4,761	158,812
Additional provisions recognised	31,155	14,453	43,705	41,051	130,364
Payments or other sacrifices of economic benefits	(35,748)	(7,885)	(27,323)	(4,652)	(75,608)
Additions/(reductions) from re- measurement or settlement without cost	(176)	(3,445)	403	-	(3,218)
Decreases from economic flows	(2,903)	-	-		(2,903)
Carrying amount at the end of the year	91,185	20,841	54,261	41,160	207,447

	EMPLOYEE BENEFITS	CONTRACTOR RETENTIONS AND PROVISIONS	PROPERTY ACQUISITION PROVISION	COMPENSATION PAYABLE TO PROPERTY OWNERS	TOTAL
	2012	2012	2012	2012	2012
	\$'000	\$'000	\$'000	\$'000	\$'000
Reconciliation					
Carrying amount at the beginning of the year	87,182	21,100	46,601	4,472	159,355
Additional provisions recognised	30,362	12,790	11,888	4,744	59,784
Payments or other sacrifices of economic benefits	(27,112)	(16,739)	(37,489)	(4,455)	(85,795)
Additions/(reductions) from re-measurement or settlement without cost	(306)	567	16,476	-	16,737
Increases from economic flows	8,731	-	-	-	8,731
Carrying amount at the end of the year	98,857	17,718	37,476	4,761	158,812

Note 16 Financial instruments

Categorisation of financial instruments

		2013	2012
	NOTES	\$'000	\$'000
Financial assets			
Cash assets	5	6,183	3,688
Loans and receivables (at amortised cost)	6	42,814	41,137
		48,997	44,825
Financial liabilities			
Payables	14	154,872	209,502

Note 16

Financial instruments (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 property relating to interest free loans and encumbrances against properties relating to compensation payments recoverable but does not hold any collateral as security nor credit enhancements relating to any other financial assets.

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.

Ageing analysis of financial assets

	CARRYING AMOUNT	NOT DUE OR IMPAIRED	PAST DUE BUT NOT IMPAIRED				IMPAIRED FINANCIAL ASSETS
			LESS THAN 1 MONTH	1-3 MONTHS	3-12 MONTHS	1-5 YEARS	
	2013	2013	2013	2013	2013	2013	2013
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Receivables							
Debtors	16,810	8,732	6,415	812	501	350	543
Accrued revenue	11,982	11,982	-	-	-	-	-
Compensation payments recoverable	12,637	12,637	-	-	-	-	-
Operating lease receivables	154	154	-	-	-	-	-
Loans	1,612	1,612	-	-	-	-	-
Interest free loans	162	162	-	-	-	-	-
Total	43,357	35,279	6,415	812	501	350	543

	CARRYING AMOUNT	NOT DUE OR IMPAIRED	PAST DUE BUT NOT IMPAIRED				IMPAIRED FINANCIAL ASSETS
			LESS THAN 1 MONTH	1-3 MONTHS	3-12 MONTHS	1-5 YEARS	
	2012	2012	2012	2012	2012	2012	2012
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Receivables							
Debtors	16,738	12,112	1,878	1,749	398	601	538
Accrued revenue	17,296	17,296	-	=	-	=	-
Compensation payments recoverable	7,427	7,427	-	-	-	-	-
Operating lease receivables	53	53	-	-	=	-	-
Interest free loans	162	162	-	-	-	-	
Total	41,676	37,050	1,878	1,749	398	601	538

Note 16

Financial instruments (continued)

Liquidity risk

The Corporation operates under the Victorian Government fair payments policy of settling financial obligations within 30 days from the date of resolution. Liquidity risk is managed by monitoring future cash flows and planning to ensure adequate holding of cash assets to fund due and payable financial liabilities.

The 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
	2013	2013	2013	2013	2013	2013
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Payables						
Amounts payable to other government agencies	22,932	22,932	22,932	-	-	-
Creditors	131,940	131,940	130,962	126	852	-

	CARRYING AMOUNT	NOMINAL AMOUNT				1-5 YEARS
	2012	2012	2012	2012	2012	2012
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Payables						
Amounts payable to other government agencies	24,642	24,642	24,642	-	-	-
Creditors	184,860	184,860	184,729	86	44	1

Note 16
Financial instruments (continued)
Interest rate exposure

			INTEREST RATE EXPOSURE			
	WEIGHTED AVERAGE EFFECTIVE INTEREST RATE	CARRYING AMOUNT	FIXED INTEREST RATE	VARIABLE INTEREST RATE	NON-INTEREST BEARING	
	2013	2013	2013	2013	2013	
	%	\$'000	\$'000	\$'000	\$'000	
Cash and cash equivalents						
Cash at bank	2.75	6,047	-	6,047	-	
Cash on hand	-	136	-	-	136	
Receivables						
Debtors	-	16,810	-	-	16,810	
Accrued revenue	-	11,982	-	-	11,982	
Compensation payments recoverable	-	12,637	-	-	12,637	
Operating lease receivables	-	154	-	-	154	
Loans	3.00	1,612	1,612	-	-	
Interest free loans	-	162	-	-	162	
Total		49,540	1,612	6,047	41,881	
Payables						
Creditors	-	131,940	-	-	131,940	
Victorian Government and government agencies	-	22,932	-	-	22,932	
Total		154,872	-	-	154,872	

Note 16
Financial instruments (continued)

Interest rate exposure

			INTEREST RATE EXPOSURE			
	WEIGHTED AVERAGE EFFECTIVE INTEREST RATE	CARRYING AMOUNT	FIXED INTEREST RATE	VARIABLE INTEREST RATE	NON-INTEREST BEARING	
	2012	2012	2012	2012	2012	
	%	\$'000	\$'000	\$'000	\$'000	
Cash and cash equivalents						
Cash at bank	3.42	3,555	-	3,555	-	
Cash on hand	-	133	-	-	133	
Receivables						
Debtors	=	16,738	-	-	16,738	
Accrued revenue	-	17,296	-	-	17,296	
Compensation payments recoverable	-	7,427	-	-	7,427	
Operating lease receivables	-	53	-	-	53	
Interest free loans	-	162	-	-	162	
Total		45,364	-	3,555	41,809	
Payables						
Creditors & accruals	-	184,860	-	-	184,860	
Victorian Government and government agencies	-	24,642	_	-	17,057	
Total		209,502	-	-	209,502	

Financial instruments (continued)

Market risk

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

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

Interest rate risk

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

Foreign currency risk

The Corporation is exposed to minimal foreign currency risk relating to a foreign currency bank accounts. The Corporation manages its risk through continuous monitoring of movements in the relevant exchange rates and ensures availability of funds through rigorous cash flow planning and monitoring.

Based on past and current assessment of economic outlook, it is deemed unnecessary for the Corporation to enter into any hedging arrangements to manage the risk. The Corporation's exposure to foreign currency risk is disclosed in the table below.

Sensitivity disclosure analysis

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

- a parallel shift of +2% and -2% in market interest rates (Australian Dollar) from year-end rates of 2.75%
- 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.

			FO	REIGN EXC	CHANGE RI	SK	INTEREST RATE RISK			
			-5	%	+1	5%	-2	2%	+2	%
		CARRYING AMOUNT	NET RESULT	EQUITY	NET RESULT	EQUITY	NET RESULT	EQUITY	NET RESULT	EQUITY
		2013	2013	2013	2013	2013	2013	2013	2013	2013
	NOTES	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Financial assets										
Cash	5	6,183	10	10	(30)	(30)	(124)	(124)	124	124
Receivables	6	42,814	-	-	-	-	-	-	-	-
Financial liabilities										
Payables	14	154,872	-	-	-	-	-	-	-	-
Total increase/ (decrease)			10	10	(30)	(30)	(124)	(124)	124	124

			FO	FOREIGN EXCHANGE RISK INTEREST RATE RIS			RATE RISK			
			-5	%	+1	5%	-2	2%	+2	%
		CARRYING AMOUNT	NET RESULT	EQUITY	NET RESULT	EQUITY	NET RESULT	EQUITY	NET RESULT	EQUITY
		2012	2012	2012	2012	2012	2012	2012	2012	2012
	NOTES	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Financial assets										
Cash	5	3,688	9	9	(28)	(28)	(74)	(74)	74	74
Receivables	6	41,137	-	-	-	-	-	-	-	-
Financial liabilities										
Payables	14	209,502	-	-	-	-	-	-	-	_
Total increase/ (decrease)			9	9	(28)	(28)	(74)	(74)	74	74

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 Minister

The Hon Terry Mulder, Minister for Roads - 1 July 2012 to 30 June 2013

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

Accountable Officer

Mr G Liddle, Chief Executive - 1 July 2012 to 30 June 2013

REMUNERATION OF ACCOUNTABLE OFFICER	2013	2012
Total remuneration received or receivable during the year by the Accountable Officer from the Corporation		
Mr G Liddle	\$350,000 to \$360,000	\$370,000 to \$380,000

Total remuneration includes base remuneration, and bonus payments.

Executive remuneration and other personnel

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

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

	EXECUTIVE REMUNERATION	TOTAL	TOTAL	BASE	BASE
		2013	2012	2013	2012
\$100,000 - \$109,999		-	-	1	1
\$110,000 - \$119,999		-	-	-	1
\$120,000 - \$129,999		-	-	-	1
\$130,000 - \$139,999		-	1	-	1
\$140,000 - \$149,999		-	1	1	4
\$150,000 - \$159,999		-	3	4	3
\$160,000 - \$169,999		4	5	3	9
\$170,000 - \$179,999		5	8	10	21
\$180,000 - \$189,999		7	18	18	8
\$190,000 - \$199,999		18	8	8	3
\$200,000 - \$209,999		8	3	1	2
\$210,000 - \$219,999		3	6	3	1
\$220,000 - \$229,999		2	-	-	-
\$230,000 - \$239,999		2	1	1	1
\$240,000 - \$249,999		-	2	1	3
\$250,000 - \$259,999		1	-	3	4
\$260,000 - \$269,999		-	3	3	-
\$270,000 - \$279,999		4	4	1	1
\$280,000 - \$289,999		2	-	1	1
\$290,000 - \$299,999		1	-	-	-
\$300,000 - \$309,999		2	2	-	_
Total number of execut	ives	59	65	59	65
Total annualised emplo	yee equivalent	58.7	64.6	58.7	64.6
TOTAL		\$12,401,250	\$12,984,872	\$11,412,529	\$11,902,153

Executive remuneration and other personnel (continued)

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

		TOTAL	TOTAL
	OTHER PERSONNEL EXPENSE (EXCLUDING GST)	2013	2012
\$100,000 - \$109,999		-	2
\$110,000 - \$119,999		2	1
\$120,000 - \$129,999		-	2
\$130,000 - \$139,999		2	-
\$140,000 - \$149,999		2	-
\$160,000 - \$169,999		-	1
\$170,000 - \$179,999		1	2
\$180,000 - \$189,999		-	1
\$210,000 - \$219,999		1	-
\$240,000 - \$249,999		-	1
\$250,000 - \$259,999		-	1
\$270,000 - \$279,999		-	1
\$290,000 - \$299,999		1	-
\$300,000 - \$309,999		-	1
\$310,000 - \$319,999		-	2
\$330,000 - \$339,999		1	-
Total number of other person	nel	10	15
TOTAL		\$1,800,901	\$2,992,601

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Auditor's remuneration

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

	2013	2012
	\$'000	\$'000
Paid as at 30 June	229	169
Due and payable	159	198
TOTAL AUDITOR'S REMUNERATION	388	367

Note 20 Contingent assets and contingent liabilities

	2013	2012
	\$'000	\$'000
Contingent assets		
Recovery of legal expenses	6,000	6,000
Insurance claims pending for damage caused to Corporation assets	18,280	13,653
Insurance claims include estimated insurance recoveries associated with completed restoration works to 30 June 2013. These restoration works are ongoing and further insurance claims will be made upon incurring related expenditure.		
Total contingent assets	24,280	19,653
Contingent liabilities		
Contract claims against the Corporation for variations to contracts. In a number of cases, the Corporation is contesting the associated claims.	8,683	5,081
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.	133,517	162,820
Total contingent liabilities	142,200	167,901
NET CONTINGENT LIABILITIES	117,920	148,248

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.

	2013	2012
	\$'000	\$'000
Within one year	605,209	663,675
Later than one year but not later than five years	93,452	327,399
Later than five years	20,752	-
TOTAL CAPITAL EXPENDITURE COMMITMENTS EXCLUSIVE OF GST	719,413	991,074
GST Amount	71,941	99,107
TOTAL CAPITAL EXPENDITURE COMMITMENTS INCLUSIVE OF GST	791,354	1,090,182

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.

	2013	2012
	\$'000	\$'000
Within one year	75,489	59,166
Later than one year but not later than five years	95,760	72,514
Later than five years	14,551	
TOTAL OTHER EXPENDITURE COMMITMENTS EXCLUSIVE OF GST	185,800	131,680
GST Amount	18,580	13,168
TOTAL OTHER COMMITMENTS INCLUSIVE OF GST	204,380	144,848
TOTAL EXPENDITURE COMMITMENTS INCLUSIVE OF GST	995,734	1,235,029

Leases

Corporation as lessee - Operating leases

Operating leases relate primarily to operational properties with lease terms of between 1 and 44 years. The Corporation does not have an option to purchase the leased asset at the expiry of the lease period.

	2013	2012
	\$'000	\$'000
Non-cancellable operating leases		
Not later than one year	21,093	17,752
Later than one year but not later than five years	42,588	36,391
Later than five years	59,124	56,084
TOTAL LEASE COMMITMENTS EXCLUSIVE OF GST	122,805	110,227
GST Amount	12,281	11,023
TOTAL LEASE COMMITMENTS INCLUSIVE OF GST	135,086	121,250

Corporation as lessor - Operating leases

Operating leases relate primarily to properties acquired for roadworks with lease terms of between 1 and 40 years. The lessees do not have an option to purchase the leased assets at the expiry of the lease period.

	2013	2012
	\$'000	\$'000
Non-cancellable operating lease receivables		
Not later than one year	8,293	7,696
Later than one year but not later than five years	22,989	23,888
Later than five years	67,773	74,244
TOTAL LEASE RECEIVABLES	99,055	105,828

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
	2013	2012
	\$'000	\$'000
Defined benefit schemes		
Revised and new schemes	6,461	7,704
Transport Superannuation Scheme	2,826	3,055
Accumulation schemes		
VicSuper Scheme	14,545	17,734
Other	4,727	4,810
TOTAL SUPERANUATION CONTRIBUTIONS	28,559	33,303

^{*} Relates to contributions paid during the year.

There were no contributions outstanding as at 30 June 2013 and 30 June 2012.

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Note 24
Cash flow disclosures

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

	2013	2012
	\$'000	\$'000
Net result for the reporting period	13,411	499,464
Adjustments for non-cash revenue and expense items		
Non-cash movements		
Depreciation	545,356	489,688
Impairment of non-current assets	315	391
Assets given/(received) free of charge	60,198	(90,487)
Net loss/(gain) on disposal of non-current assets	(3,597)	(9,962)
Properties incorporated into roadworks	327	-
Asset adjustments	(1,297)	(7,005)
Movements in assets and liabilities		
(Increase) decrease in receivables	29,456	(59,646)
(Increase) decrease in prepayments	3,464	(3,090)
Decrease (increase) in inventories	68	(167)
Increase (decrease) in payables	(53,247)	(27,459)
Increase (decrease) in provisions	48,634	(543)
Increase (decrease) in prepaid revenue	(2,766)	10,203
Net cash flows from operating activities	640,322	801,387

Note 25 Transactions administered on behalf of the Victorian Government

	2013	2012
	\$'000	\$'000
Administered income		
Collections on behalf of the Victorian Government		
Registration fees	1,160,870	994,722
Driver licences	78,103	67,935
Other fees and permits	44,858	42,399
Total collections on behalf of the Victorian Government	1,283,831	1,105,056
CityLink concession notes revenue		
Concession notes revenue	28,965	27,942
Total CityLink concession notes revenue	28,965	27,942
TOTAL ADMINISTERED INCOME	1,312,796	1,132,998
Administered expense		
CityLink concession notes deferred revenue revaluation increment	30,869	31,677
TOTAL ADMINISTERED EXPENSE	30,869	31,677
Administered liabilities		
Present value deferred CityLink revenue	340,103	338,200
Unclaimed monies administered on behalf of the Victorian Government	8,493	8,205
TOTAL ADMINISTERED LIABILITIES	348,596	346,405
Cash flows relating to concession notes		
Goods and Services Tax collected	0.560	9.560
	9,560 (9,560)	(9,560)
Goods and Services Tax paid to the Australian Taxation Office NET CASH FLOW	(9,500)	(9,500)
NET CASH FLOW	-	
	2013	2012

	2013	2012
	\$'000	\$'000
Reconciliation of the present value of deferred CityLink revenue		
Present value at beginning of the year	338,201	334,466
Concession notes revenue	(28,965)	(27,942)
Deferred revenue revaluation increment	30,869	31,677
Present value at the end of the year	340,104	338,201

Transactions administered on behalf of the Victorian Government (continued)

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 West Gate Freeway (between Lorimer and Montague Streets), and in the vicinity of the intersection of the Bulla Road and the Tullamarine Freeway. The claims were lodged on 20 May 2005 and 29 September 2006 respectively, and are still outstanding.

Revenue sharing from the Monash CityLink West Gate Upgrade

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

Under the terms of this deed:

- The Victorian Government agreed to upgrade the Monash and West Gate Freeways, while CML agreed to upgrade the Southern Link section of CityLink
- The Victorian Government 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 is scheduled to take place on 30 June 2014.

Note 26 Collections on behalf of government agencies

	2013	2012
	\$'000	\$'000
Collections on behalf of government agencies		
Transport Accident Charge and related stamp duty (Transport Accident Commission)	1,797,119	1,705,893
Stamp duty (State Revenue Office)	633,839	581,265
Motorboat registrations and licences (Transport Safety Victoria)	27,973	23,349
Federal interstate registrations	42,769	42,553
TOTAL COLLECTIONS ON BEHALF OF GOVERNMENT AGENCIES	2,501,699	2,353,060

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

The attached financial statements for the Roads Corporation have been prepared in accordance with Standing Direction 4.2 of the *Financial Management Act* 1994, applicable Financial Reporting Directions, Australian Accounting Standards 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 2013 and financial position of the Corporation at 30 June 2013.

At the time 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 22 August 2013.

Gary Liddle Chief Executive

Roads Corporation

Melbourne 22 August 2013

Mark Dale

Chief Financial Officer Roads Corporation

Melbourne 22 August 2013



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INDEPENDENT AUDITOR'S REPORT

To the Chief Executive, Roads Corporation

The Financial Report

The accompanying financial report for the year ended 30 June 2013 of the Roads Corporation which comprises the comprehensive operating statement, balance sheet, statement of changes in equity, cash flow statement, notes comprising a summary of significant accounting policies and other explanatory information, and the accountable officer's and chief finance and accounting officer's declaration has been audited.

The Chief Executive's Responsibility for the Financial Report

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

Auditor's Responsibility

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

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

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

Independent Auditor's Report (continued)

Independence

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

Opinion

In my opinion, the financial report presents fairly, in all material respects, the financial position of the Roads Corporation as at 30 June 2013 and of its financial performance and its cash flows for the year then ended in accordance with applicable Australian Accounting Standards, and the financial reporting requirements of the *Financial Management Act* 1994.

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 2013 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 27 August 2013 John Doyle 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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