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Chief Executive’s message

I took up this role in May 2014 and would like to acknowledge the work of outgoing Chief Executive, Gary Liddle who gave over 42 years of outstanding service to VicRoads and the Victorian community.

Since joining I have had the wonderful opportunity to meet many of our talented and committed staff across the length and breadth of Victoria. It is clear that we have a great deal to offer the community, and it will be my challenge and privilege to support our staff to be our very best in the interests of all Victorians.

This year has been one of consolidation following the completion of the ‘Planning for our Future’ restructure in July 2013. Like any major change to an organisation, there is a period of settling in and we continue to work hard to realise the benefits of that change.

This is particularly important in our service to our customers. Every day, more than 10,000 Victorians visit one of our Customer Service Centres, and a similar number contact us by phone. Over the past 12 months we managed more than 22 million registration and licensing transactions, which included more than 182,000 Victorians becoming licensed drivers. We also processed over 112,000 learner permits. These are our younger people, passing an important milestone in their adult life, and new residents to Australia, beginning a new life in our country.

Our major construction achievements this year included the completion of level crossing removal projects at Mitcham and Springvale. We are already seeing the congestion and road safety benefits of these projects, and we are working on another four grade separations which will be completed by mid 2017. We also completed the Edgars Road to Plenty Road section of the M80 Ring Road Upgrade and commenced work on a further three stages of the Princes Highway East Duplication from Traralgon to Sale.

The past year also saw VicRoads celebrate its centenary. Highlights included photographic exhibitions at 13 museums and historical societies across Victoria, the installation of the '100 years' sign at the Tullamarine Freeway/ M80 Ring Road junction, installation of a panel recognising the engineering heritage of the Great Ocean Road, and presentations at Rotary and Lions Clubs. All of this was done with the help of generous industry partners and the voluntary efforts of our staff and retirees.

For the fourth consecutive year Melbourne was again voted the world’s most liveable city in 2014. We are acutely aware of the impact our work has on the liveability of our State, and the enormous responsibility we carry for our community.

Effective traffic management with an integrated public transport network is part of our remit under the 2010 Transport Integration Act. Getting this balance right is integral for Victoria. One way we can do this is through the critical role we play in the implementation of Plan Melbourne. VicRoads will be instrumental in influencing transport and land use outcomes through our involvement in over 150 actions and industry partnerships contained throughout the Plan.
In addition to starting work on level-crossing removal projects at Main Road, St Albans, Burke Road, Glen Iris, Blackburn Road in Blackburn, and North Road, Ormond - the next 12 months will see VicRoads lay the foundations for life beyond our current head office site in Kew and offices in Camberwell and Hawthorn.

I’d like to thank our staff for their hard work and obvious commitment throughout this year. I would also like to thank our partners across the transport portfolio and our stakeholders in industry and the community, who have worked together during 2013/14 to help us deliver a more efficient, connected and sustainable road system. I look forward to the year ahead with VicRoads committed to make better connections with our customers and stakeholders, make it easier for them to do business with us, and to make a positive difference in everything we do.

As a relative newcomer to the organisation, I find it staggering the number of lives VicRoads’ touches through the services we provide, the policies we set, and the infrastructure we build.

Accountable Officer’s declaration

In accordance with the Financial Management Act 1994, I am pleased to present the Roads Corporations’ (VicRoads) Annual Report for the year ending 30 June 2014.

John Merritt
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. With an annual expenditure of approximately $1.66 billion, VicRoads is subject to the general direction and control of the Minister for Roads.

Purpose

VicRoads’ purpose is to support economic prosperity and liveability by shaping the development and use of Victoria’s road system as an integral part of the overall transport system.

Transport Integration Act 2010

VicRoads’ primary objectives are outlined in section 86 of the Transport Integration Act 2010, which 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 while minimising adverse environmental impacts from the road system
- contributing to social wellbeing by providing access to opportunities and supporting liveable communities
- promoting economic prosperity through efficient and reliable movement of persons and goods
- working with others to reduce deaths and injuries arising from road crashes.

Functions

VicRoads’ functions are outlined in section 87 of the Transport Integration Act 2010, which includes:

- planning for the road system as part of an integrated transport system
- constructing and maintaining roads and roadsides
- operating the road system by managing access and controlling use
- leading the development and implementation of strategic and operational policies as well as plans to improve the safety of the road system for all users
- providing registration, licensing and accreditation services for the transport system
- developing and implementing effective environmental policies, strategies and management systems
- providing technical, project management, consultancy and information services relating to the transport system
- providing and disseminating information to Victorians about the road system.
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 objects and functions. VicRoads also has powers under a number of other acts and their associated regulations including:

- *Accident Towing Services Act 2007*
- *EastLink Project Act 2004*
- *Melbourne CityLink Act 1995*
- *Road Management Act 2004*
- *Road Safety Act 1986*.

Government priorities

Government strategies and priorities that have particular impact on VicRoads include:

- The Victorian Government has a strong economic and fiscal strategy based on strengthening the State’s finances, improving productivity growth, targeting spending to improve service delivery and investing in high quality infrastructure.
- *Plan Melbourne*: Victorian Government’s metropolitan planning strategy was released in October 2013. The strategy guides the way the city will grow and change over the next 40 years. VicRoads will lead, and contribute to, a number of infrastructure projects outlined in the plan.
- *Victoria - The Freight State*: The long term strategy to improve freight efficiency, grow productivity and better connect Victorian businesses was released August 2013.
- Regional growth plans: Updated every four to six years, the plans provide broad direction for land use and development across regional Victoria.
- *Road Safety Strategy 2013-2022*: Developed by the road safety partners of VicRoads, the Transport Accident Commission, Victoria Police and the Department of Justice. The strategy sets a target to reduce fatalities and serious injuries by more than 30 per cent.
- *Cycling into the Future 2013-2023*: Victoria’s Cycling Challenge: Six directions have been developed to build Victoria’s understanding of cycling and the kind of trips Victorian cyclists take, with the aim of increasing these trips and encouraging more people to consider bike riding as an option.
- National transport investment: *The Infrastructure Investment Programme* provides funding to Victoria for a number of infrastructure improvement projects across the Victorian transport system on a funding share basis. VicRoads delivers major road projects in Victoria under this program.
- Victorian Government policy: The *Sustainable Government Initiative* and the *Better Services Implementation Taskforce* are reforming the public sector and aim to provide services that work best for all Victorians.
- Reducing red-tape for business and making regulations that are efficient, effective and transparent are also government priorities. VicRoads administers a wide range of these regulations and contributes to regulatory reviews and reforms. These initiatives are outlined in Part One: Report on Operations.
In delivering the Government’s transport priorities, VicRoads’ staff work in partnership with federal, state and local government agencies, businesses, their associations and communities. By working together we enhance Victoria’s liveability and increase opportunities for growth and prosperity.

**Departmental objectives, indicators and progress**

As outlined in the 2013-14 Budget Paper No. 3 Service Delivery, the VicRoads’ contribution to the Department of Transport, Planning and Local Infrastructure’s objectives, indicators, together with the progress on those indicators, are outlined below:

**Table 1: Departmental objectives, indicators and progress**

<table>
<thead>
<tr>
<th>Departmental objectives</th>
<th>Indicators</th>
<th>2014-15 Target</th>
<th>2013-14 Actual</th>
<th>2012-13 Actual</th>
</tr>
</thead>
<tbody>
<tr>
<td>Safer transport services and infrastructure</td>
<td>Fatalities and serious injuries on the road network</td>
<td>30% reduction of fatalities and serious injuries by 2022</td>
<td>Fatalities: 242</td>
<td>Serious Injuries: 5285</td>
</tr>
<tr>
<td>Make safety improvements to transport infrastructure and systems, improve security management and implement programs to promote safer transport user behaviour</td>
<td></td>
<td></td>
<td>Fatalities: 282</td>
<td>Serious Injuries: 5124</td>
</tr>
<tr>
<td>Well-targeted improvements and maintenance to transport system assets</td>
<td>Distressed freeway and arterial road surfaces</td>
<td>Metropolitan: 8.4%</td>
<td>Metropolitan*: 7.4%</td>
<td>Metropolitan: 7.6%</td>
</tr>
<tr>
<td></td>
<td>Regional: 8.3%</td>
<td></td>
<td>Regional: 8.0%</td>
<td>Regional: 7.4%</td>
</tr>
<tr>
<td>Undertake strategic planning and project development for transport system investments, build and procure new transport assets, and upgrade and maintain existing transport assets</td>
<td>Road travel delay on metropolitan freeways and arterials</td>
<td>Increase in travel delay &lt; increase in vehicles kilometres travelled</td>
<td>Per cent trend change between 2002-03 and 2012-13</td>
<td>Per cent trend change between 2001-02 and 2011-12</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Travel delay growth: 25.7%</td>
<td>Travel delay growth: 18.7%</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Per cent trend change between 2002-2012: Vehicle kilometres travelled: 16%</td>
<td>Per cent trend change between 2001-2011: Vehicle kilometres travelled: 15.4%</td>
</tr>
</tbody>
</table>

* The 2013-14 actual outcome is lower than the 2013-14 target due to a change in the methodology of calculating the proportion of distressed road pavements.

**VicRoads’ Strategic Directions**

VicRoads develops three-year strategic directions that describe the vision, purpose and objectives of our organisation and identifies what we focus on over a three-year period to achieve them. Initiatives to support the strategic directions are considered during VicRoads’ annual business planning process, which is reflected in our annual Corporate Plan.
VicRoads principal objectives are to:

- operate and maintain the road system to help our customers travel easily and reliably
- develop the road system to improve connections between places that are important to our customers
- improve road safety
- make the road system more environmentally sustainable.
PART ONE: Report on operations

This section provides information about VicRoads’ Performance against VicRoads Strategic Directions and the delivery of services to our customers.
**Objective:** Operate and maintain the road system to help our customers travel easily and reliably

VicRoads is committed to providing a road system that allows our customers to travel easily and reliably. We have placed an emphasis on understanding our customers’ needs and their expectations, to better allocate road space and encourage travel behaviour that supports an efficient transport system. Our priorities in 2013-14 have been to:

**Better allocate road space and manage it efficiently and reliably**

Victoria’s roads are vital to our social and economic prosperity as well as the liveability of our state. Allocating adequate space on roads to transport people, move goods efficiently, deliver services, support utilities, host shopping precincts and interact with community activities, requires trade-offs and balancing of objectives.

The VicRoads SmartRoads approach assigns clear operational priority to different road users at different times of the day. This award-winning approach has been acknowledged in the Victorian Auditor - General’s report *Managing Traffic Congestion*.

More than 428 project and site proposals have been evaluated using the SmartRoads approach including freeway upgrades, road duplication, tram and bus route upgrades, and pedestrian and bicycle improvement projects.

The SmartRoads approach was used in the development of rail grade separation projects, aimed at fixing congestion problems and improving safety for vehicles and pedestrians at level crossings across Melbourne.

Two major grade separations were completed in 2013-14. The $197 million Mitcham Level Crossing Removal Project, that lowered the rail lines under the roads at Mitcham Road and Rooks Road, was opened by Premier Denis Napthine on 25 January 2014. The project also included a new rail station, bus interchange and taxi facilities, car parking, a pedestrian access way and a bicycle and pedestrian path.

On 22 April, Premier Denis Napthine, joined the Minister for Roads Terry Mulder, to officially open the $159 million Springvale Level Crossing Removal Project. The level crossing was removed on Springvale Road, lowering the rail line below the road. The construction of a new rail station, improved bus, taxi and parking facilities and improved bicycle and pedestrian amenities was completed in July 2014.

The level crossing removal projects at Burke Road, Glen Iris; Blackburn Road, Blackburn; Main Road, St Albans; and North Road, Ormond have been fully funded as part of the 2014-15 budget.

The continued implementation of the SmartRoads approach will mean changes in the nature of travel for road users – with walking, cycling and public transport being considered as increasingly important transport modes.

**Encourage changes to travel behaviour that support an efficient transport system**

An integrated transport system supports practical choices in travel modes to suit the travel needs of individuals and companies. VicRoads has an important role to support road-based transport including trams, buses, cycling and walking.

Our planning policies are geared to encourage non-motorised methods of travelling as they are the most environmentally sustainable, support liveability, and are the least expensive to use and maintain.
The objectives of the Victorian Government's cycling strategy, *Cycling Into The Future 2013-2023* are to reduce safety risks, encourage more people to take up cycling and better-targeted investments in the cycling network.

In 2013-14, VicRoads delivered on this strategy by implementing new and improved traffic signals at Parker Street, Pearl River Road, and Waterfront Way on Footscray Road. Other projects included in the strategy include:

- Chapel Street, from Windsor to South Yarra
- Mount Alexander Road, Travancore
- Racecourse Road, Flemington
- Glenferrie Road, Hawthorn
- Stud Road, Bayswater
- Narre Warren-Cranbourne Road, Narre Warren
- High Street Road, Wantirna South
- Clyde Road, Berwick.

VicRoads continues to promote alternative modes of transport in the inner city through the Melbourne Bike Share scheme. In 2013, after the success of the courtesy helmet trial in increasing casual usage, the Hon. Terry Mulder MP, Minister for Roads, announced that the courtesy helmet on bicycles will be a permanent feature.

The total usage for the 2013-14 financial year was 169,693 bike rentals. This is approximately a 10 per cent increase over the previous year (153,876). Melbourne Bike Share supplied 12,726 helmets (which includes sales at commercial outlets, vending machines and courtesy helmets provided on bicycles). This was a 79 per cent reduction over the previous year of 22,861 as a result of the courtesy helmets being used multiple times by users.

Maintain assets to service levels that meet customer needs

VicRoads’ maintenance activities aim to minimise transport costs, improve road safety and ensure that we can secure maximum benefit for our community from road system investments.

Weather conditions in the last few years have caused increases in potholes and degradation of pavements, beyond the levels experienced during the prolonged drought. The response has been to prioritise resources to address critical safety maintenance, ensuring safe and reliable travel.

Improve emergency response and recovery

VicRoads plays a vital role in the response to, and recovery from, large-scale emergencies.

Roadside management includes bushfire prevention measures, with VicRoads working alongside other agencies and emergency services to support effective responses for protecting life and property.
In February 2014, VicRoads responded to a number of fires that affected many areas of the state, providing road closure information and undertaking recovery works. As a direct result of the fires, over 80 roads were closed or had restricted access arrangements in place. The on-going fire in the Hazelwood coal mine saw the Princes Freeway closed, or at reduced speed limits, for several weeks.

In 2013-14, VicRoads actively participated in a range of multi-agency workshops on reforms to the state's crisis and emergency management arrangements, leading to the appointment of an Emergency Services Commissioner for Victoria.

**Key performance indicators**

**Figure 1. Travel time variability**

Travel time variability is an indication of the difference in travel times on different days on the monitored network. A consistent travel time (i.e. low travel time variability) is considered desirable. In 2012-13, the travel time variability decreased to its lowest recording for all time periods in the last 10 years.
Figure 2. Journey to work

The number of journeys to work via public transport, bicycle and walking has been steadily increasing over the past decade, while car journeys are steadily decreasing.
Objective: Develop the road system to improve connections between places that are important to our customers

VicRoads plays a crucial role in shaping the future of the Victorian economy and society through developing a road system that allows businesses and people to connect with each other in a reliable way. Our priorities in 2013-14 have been to:

Plan effective transport solutions for future residential and commercial developments in metropolitan Melbourne and regional Victoria

In order to meet the challenges of future transport demand with both an increasing population and greater variability in how our road system is used, we need to plan for accessible and effective road links.

The VicRoads planning study on the northern section of the Western Port Highway (South Gippsland Freeway to Cranbourne-Frankston Road) to cater for long term population growth and planned urban development is nearing completion. The study is considering transport, land use, social, environmental, cultural heritage and economic issues, including the commercial development of the Port of Hastings.

In May 2014, the 2014-15 State Budget committed $21 million to new planning projects, including the Drysdale Bypass, Westall Road Extension, a Mordialloc Bypass and an upgrade to Edgars Road.

VicRoads continues to work with other agencies such as the Metropolitan Planning Authority, Public Transport Victoria, and Places Victoria to prepare infrastructure plans which support growing suburbs and the needs of new businesses in new developments.

Upgrade roads to tackle congestion

As Victoria’s population continues to grow, some level of road congestion is inevitable. Managed motorway technologies are being included as part of any major development to maximise capacity and traffic flow, and improve reliability and safety.

In April 2014, the $25 million West Gate Freeway Managed Motorway Project, funded by the Federal ($12.5 million) and Victorian ($12.5 million) Governments under the National Managed Motorways Program, was completed.

The project upgraded the electronic freeway management system along the West Gate Freeway (M1) between Williamstown Road and the M80 Ring Road, implementing:

- overhead lane use signs to advise drivers of which lanes to use and allow for speeds to be adjusted to suit conditions
- closed circuit television cameras
- an upgrade of supporting telecommunications networks.

The West Gate Freeway Managed Motorway Project has delivered a smarter road with improved reliability and safety. The full integration with the Intelligent Transport System (ITS) on the M80 Ring Road and M1 east of Williamstown Road has resulted in improved connectivity between these networks by providing a continuous managed freeway. The new efficient freeway management process enables faster clearance of accidents and broken down vehicles.

The Managed Motorways Project on M80 was part of the M80 Ring Road Upgrade, which also included construction of the 10.7 kilometre section between the Calder Freeway and Sydney Road, the Western Highway to Sunshine Avenue, and the Edgars Road to Plenty Road section completed in 2013-14.
Two other Managed Motorway Projects on the Monash Freeway are in the planning and pre-construction stages.

While much of our effort to manage congestion involves improving how existing roads operate, we also continue to upgrade roads to increase capacity. In 2013-14, a number of road duplication projects were commenced to improve congestion, including:

- Stud Road, from Boronia Road to Mountain Highway
- Hallam Road, from Pound Road to Ormond Road.

In 2013-14, the road was duplicated on Clyde Road, between High Street and Kangan Drive. The project included signals at intersections and the construction of two additional lanes to provide a four-lane divided carriageway to separate turning vehicles from through traffic, dramatically easing congestion. The upgrade now safely caters for the 30,000 vehicles between the Princes Freeway and Berwick each day.

Significant investment went into tackling congestion in Victoria’s regional areas in 2013-14. The Bass Highway carriageway was duplicated from Woolmer Road to Coast Road in January 2014, creating a new link road to connect the Bass Highway and Phillip Island Road, and separate the Phillip Island and Wonthaggi-bound traffic.

In 2013-14, VicRoads commenced work on the Ballarat Western Link Road Project to prepare Ballarat for future residential and commercial growth. The City of Ballarat is undertaking the planning and pre-construction for this $38 million Victorian Government project to improve access and connectivity to the Ballarat West employment zone and growth area, and reduce congestion on existing roads. VicRoads will manage the construction contract due to commence late 2014.

In February 2014, the $26 million upgrades to the Warragul Rail Precinct commenced. The upgrades include a new rail underpass and a new car park and bus interchange at the Warragul rail station. VicRoads will also relocate and restore the heritage goods shed.

Upgrade the road system to support freight productivity

VicRoads is heavily involved in the national heavy vehicle reforms, which aim to improve productivity within the heavy vehicle industry. The Heavy Vehicle Safety and Productivity Programme, is part of the Australian Government’s Infrastructure Investment Programme to improve safety and productivity for heavy vehicle operations across Australia.
In 2013-14, VicRoads upgraded and constructed the following safe and modern rest stops along Victoria’s highways to improve safety and help reduce driver fatigue:

- Princes Highway East, McKenzie River: $1.25m project, completed in March 2014
- Calder Highway, Dumosa: $160,000 project, completed in February 2014
- Sturt Highway, Cullulleraine: The $130,000 project, completed in February 2014
- Hume Highway, Dominance Rest Area: $970,000 project, completed in June 2014
- Hume Highway, Reef Hills: $1.7m project, completed in June 2014.

The Western Highway, between Ballarat and Stawell, is currently being upgraded to a four-lane divided highway in order to improve freight efficiency and safety. Duplication between Burrumbeet and Beaufort commenced in June 2012 and is expected to be completed in 2015. In April 2014, a contract was awarded for the section between Beaufort and Buangor, and expressions of interest have been called for the construction of the Buangor Bypass. This section will commence in late 2014. Upgrades to the highway between Stawell and the South Australian border to further enhance freight efficiency are on schedule and due to be completed by June 2015.

The $175 million Princes Highway East Upgrade between Traralgon and Sale is continuing with another three stages commenced in 2013-14:

- Stammers Road and Minniedale Road, Traralgon East
- Nambrok section
- Flynn to Byes Lane, Rosedale.

The upgraded highway will improve road safety and will assist road freight efficiency for goods and produce transported to and from Gippsland and eastern Victoria.

VicRoads has commenced the Princes Highway West duplication. Jointly funded by the Victorian and Australian Governments, the road duplication will improve safety, travel times and reliability. Planning and pre-construction activities to widen and upgrade the highway to a four-lane divided road between Winchelsea and Colac has commenced. The construction between Waurn Ponds and Winchelsea is currently in progress.

The government’s *Moving More with Less* policy, launched in April 2013, will improve the efficiency of freight movement by developing freeways and highways across metropolitan Melbourne and regional Victoria. Transport Solutions is the Government’s regional freight initiative that provides a targeted suite of projects to reduce bottlenecks and improve transport flows in key regional areas. It was developed in collaboration with local government and industry.

In 2013-14, VicRoads completed a number of projects designed to support freight productivity. Bayside Road, Geelong, was upgraded to enhance manoeuvrability for heavy vehicles. The road was widened, lanes were reconfigured and the intersection was modified to provide safer access for large vehicles turning from Melbourne Road onto Bayside Road. These improvements have also improved traffic flow through the intersection, creating better efficiency for trucks travelling to the Port of Geelong.

Work to seal the unsealed sections of the Omeo Highway, a key route for the timber industry, was completed in May 2014. This project has created a safer and more convenient route for road users.

In October 2013, construction commenced on the $66 million Koo Wee Rup Bypass to provide a new 3.4 kilometre two-lane arterial road link between Healesville-Koo Wee Rup Road and the South Gippsland Highway.
The Koo Wee Rup Bypass will remove through traffic, particularly heavy vehicles from the town centre. Once completed, road users and residents will benefit from improved traffic flow, safer road conditions and a reduction in traffic noise in the vicinity of Koo Wee Rup.

The Murray Valley Highway intersection is being reconfigured to improve road safety and efficiency, particularly for freight. This project involves construction of a double overtaking lane at Sandy Creek, Huon.

**Key performance indicators**

**Figure 3. Travel time delay**

*Average delay indicates the level of stoppage and congestion on the road network. Delay includes all time spent stopped at traffic lights and other intersections, as well the impacts of congestion.

Overall, average delay in travel time across the road system has increased across all travel time periods. Average delay has been increasing at the greatest rate during the afternoon peak period.

Multiple factors are influencing the increase of travel time delay. Victoria’s population has grown 20 per cent in the past ten years. In addition, people are travelling further, with 16 per cent or 3.7 billion kilometre increase in vehicle kilometres travelled (VKT) over the same time period. Also, VKT is increasing at a much higher rate than roads are being supplied. This means there are a larger number of motorists driving more kilometres every year on a road network increasing at a much slower rate. This trend is common to jurisdictions around Australia.
The lane occupancy rates for freight on freeways have generally increased over time due to increases in truck volumes. The lane occupancy rates for freight on arterials have been decreasing over time. This is likely due to freight vehicles increasingly choosing to travel on new or upgraded freeway links.
**Objective:** Improve road safety

VicRoads is committed to ensuring all users on Victoria’s roads arrive at their destination safely. VicRoads has partnered with the Transport Accident Commission (TAC), Victoria Police, the Department of Justice and other stakeholder groups to achieve this vision. Our priorities in 2013-14 have been to:

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

VicRoads manages a number of programs to improve the community’s understanding of their responsibilities, with a particular emphasis on novice drivers and vulnerable road users.

In March 2013, the Victorian Government released Victoria’s Road Safety Strategy 2013-22 and Victoria’s Road Safety Action Plan 2013-16, which aim to reduce fatalities and serious injuries by more than 30 per cent by 2022.

Road Safety Act amendments that were passed on 26 June 2014 to introduce significant commitments contained in Victoria’s Road Safety Action Plan 2013 – 2016 which include:

- expanding alcohol interlocks to all convicted drink-drivers who are subject to licence cancellation
- extending immediate 30 day vehicle impoundment (at Police discretion) to first-time drink-drivers with a blood alcohol content (BAC) of 0.1 or more
- introducing new offences with tough penalties for drivers with both alcohol and illicit drugs present in their body, and
- extending zero BAC limits from one year to three and introducing a mandatory carriage of licence for novice motorcycle riders.

Of these initiatives, the expansion of alcohol interlocks is projected to have the greatest safety benefit. Initial estimates suggest the total interlock expansion initiative will prevent 87 serious casualties annually.

In 2013-14, VicRoads continued Victoria’s Graduated Licensing System (GLS), introduced in 2007. The GLS helps new drivers to be safer by preparing them for solo driving through an extended learning period; testing learner readiness to drive independently; protecting probationary drivers from high-risk situations; and motivating probationary drivers to drive more safely. Preliminary evaluation of the GLS to date indicates a 23 per cent reduction in young driver casualty crashes and 31 per cent reduction in young driver fatal and serious injury crashes. On 25 November 2013, the mobile phone ban was extended to include all probationary drivers to further strengthen the GLS.

The VicRoads registration and licensing system continues to serve as an important entry point, in permitting both vehicles and people access to the road system, by ensuring that they maintain vehicle safety standards and are equipped with the necessary driving skills.

In 2013-14, the VicRoads Registration and Licensing System (RandL) project to design a new registration and licensing database was paused for 12 months. This will allow time to review customer needs and future system capabilities. The review will look at a range of options including flexible registration payments. During the pause the existing systems will continue to be used.
Build safety into road design, road operations and vehicles with a focus on integrating these elements

VicRoads delivers a number of road safety programs aimed at improving road safety in Victoria by implementing infrastructure treatments at sites that reduce the impact and likelihood of crashes. These programs include:

- the TAC funded $1 billion *Safer Road Infrastructure Program (SRIP)* which was announced in 2013 as part of the Victorian ten year Road Safety Strategy
- the *National Black Spot Programme* primarily used to improve road safety on local roads
- the federally funded *Heavy Vehicle Safety and Productivity Program* aimed at improving safety and productivity for heavy vehicle operations.

VicRoads is also a leader in road safety engineering with a particular emphasis on building safety into the design of our roads including speed limits, signage and road condition.

Following the launch of the Victorian Speed Limit Review in 2012-13, VicRoads has developed the 40km/h Speed Zone guidelines, aimed at improving safety for pedestrians, commencement of a program to reduce road sign clutter, and commencement of a program to remove 70km/h and 90km/h zones. To date, 64 70km/h zones and 39 90 km/h zones have been removed.

**Assist people to take responsibility for making safe choices**

Taking responsibility for making safe choices is an on-going commitment that all road users must share. VicRoads manages specific programs around road user behaviour that aim to educate the population of the importance of making safe choices, including:

- **P Drivers Project**: One of the largest and most complex scientific research studies undertaken into young driver behaviour change. The project seeks to reduce the number of crashes through promoting safe driver behaviour for newly licensed P drivers aged between 18-21 in Victoria and 17-22 in New South Wales. A total of 30,818 newly licensed P drivers were recruited for the project to the end of the 2013-14 financial year.

- **L2P – learner driver mentor program**: Funded by the Transport Accident Commission, VicRoads has supported 63 local government and community based organisations across Victoria to provide supervised on-road driving experience to learner drivers who have difficulty accessing a car and/or a supervising driver. Participants are now collectively accruing over 15,000 driving hours per quarter, and L2P has helped ensure that close to 1,900 young people received supervised driving practice.

- **Keys Please**: An in-school session for Year 10 students teaching practical ideas about how to use the learner driver period effectively in order to become safer drivers. 528 Keys Please sessions were delivered to Year 10 students in 400 schools during the 2013-14 financial year.
• Starting Out Safely: Funded by VicRoads, Starting Out Safely enables early childhood educators and families to work together to guide children’s learning on road safety. In the 2013-2014 financial year, early childhood leaders delivered road safety education professional development to 2700 early childhood educators and 500 tertiary students. Additionally, over 500 education sessions featuring ThingleToodle (the program’s road safety character) were delivered to kindergarten children throughout Victoria.

Since 20 February 2013, drivers and riders found guilty by a court of certain high-risk driving offences, where their vehicles have been impounded or immobilised, can be court-ordered to attend the VicRoads Safe Driving Program. Applicable offences fall into three categories: high-range speeding, street-racing and loss of traction.

VicRoads Safe Driving Program was designed with substantial input from forensic psychologists and experts in offender behaviour change. It is run by providers who are qualified and experienced in conducting successful group offender behaviour change programs. Initial feedback from participants and facilitators is highly positive. Participants suggest the material is useful and effective, building on the intention to change triggered by penalties attached to their offending.

VicRoads also manages the Victorian Community Road Safety Partnership Program which supports community involvement in addressing priority local road safety issues within the framework of Victoria’s Road Safety Strategy. The Victorian Community Road Safety Partnership seeks to foster ongoing relationships between all stakeholders and the community to assist in the development and implementation of effective community road safety programs.

Key performance indicators

Figure 5. Deaths and serious injuries

In 2013, Victoria recorded its lowest road toll on record since 1924 with 242 fatalities, 40 less than in 2012. Victoria recorded 4.22 deaths per 100,000 population compared to 5.16 for the rest of Australia in 2013.¹

¹ From Road Deaths Australia—Annual Summaries BITRE (Released June 2014)
Objective: Make the road system more environmentally sustainable

VicRoads takes its environmental responsibility very seriously and is committed to ensuring it minimises its impact on the environment. VicRoads understands that by making the road system more environmentally sustainable it will contribute to dealing with the challenges of climate change globally and ensure our road system is equipped to deal with these challenges into the future. Our priorities in 2013-14 have been to:

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

The transport system has a large environmental footprint, therefore sustainability is a core consideration of all our activities – from constructing and operating roads, to the way we deliver our services. VicRoads has continued to plan, manage and develop the road system to help reduce Victoria's carbon emissions and minimise the impact on the environment.

In 2013-14, VicRoads constructed two architecturally designed rest areas on the Waurn Ponds section of the Geelong Ring Road. Power for lighting and pumps at the rest areas is provided renewably, using a 4.2 kilowatt solar energy system. The system also includes rain water harvesting and onsite septic treatment which provides treated water for landscape irrigation, making the rest areas totally self-contained.

As part of the M80 Ring Road Upgrade, geopolymer concrete, which uses lower-emissions in manufacturing, was used to create a 450 metre chevron wall. Geopolymer concrete was also used to create a precast pedestrian bridge deck in Longford. VicRoads specifications have now been updated to permit the use of geopolymer concrete.

VicRoads has successfully trialled LED street lights at Sunshine Avenue in Keilor Downs and at an intersection at Nagambie Bypass. It is now in the process of standardising LED lights for future installations, expected to reduce electricity consumption and greenhouse gas emissions by approximately 40 per cent.

VicRoads is continuing a long term low noise pavement trial on the Mornington Peninsula Freeway. The second and third rounds of noise testing were conducted in 2013-14, confirming that the pavements continue to achieve significantly reduced noise levels.

Protect and enhance the natural environment and cultural heritage

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

In 2013-14, several projects have incorporated fauna sensitive road design into the project design. The Koo Wee Rup Bypass project has installed two fauna-friendly culverts to maximise the potential for movement of the threatened Southern Brown Bandicoot and Growling Grass Frog, as well as other native species.
On the Koo Wee Rup project, a plan for enhancing the quality of vegetation for the Southern Brown Bandicoot involved cultivating Sword Sedge. This complicated process involved a micro-propagation system developed in conjunction with Melbourne University and Melbourne Water. Three thousand Sword Sedge plants have now been successfully propagated from plant tissue culture. This process also has the benefit of preserving plant culture for further habitat revegetation projects.

Mt Emu Creek Bridge crossing at Trawalla on the Western Highway Project incorporated an additional span to retain vegetation on the river bank as a wildlife corridor. A fish passage was constructed as part of the upgrade to Dartmoor-Hamilton Road crossing over Muddy Creek near Yulecart, to facilitate the migration of threatened aquatic species.

VicRoads has developed an interactive mapping tool, EnviroMapper, which brings together information from various government departments to display state-wide environmental and heritage data on a single platform. This tool will assist VicRoads’ staff in the early identification of potential environmental constraints for road projects.

**Adapt the management of the road network to a changing climate**

More extreme environmental conditions and increased frequency of extreme weather events, such as severe flooding and intense bushfires, have impacted on Victoria's road infrastructure. In response, VicRoads has completed a comprehensive assessment of the risks associated with climate change and will utilise this information to develop a climate change adaptation strategy.

**Key performance indicators**

**Figure 6. CO2 emission (gram) per vehicle kilometre travelled**

![CO2 emission (gram) per vehicle kilometre travelled](image)

Last year saw a continually slight increase in grams of CO2 per VKT, indicating that vehicle emissions continue to be an issue. VicRoads continues to work on network efficiencies to improve emissions.
Customer service performance measures

Staff productivity and quality of service in Customer Services under VicRoads Registration and Licensing division (R&L) has continued to improve in 2013-14. A drive test appointment is now provided on average in less than three weeks against a four week target. Customers now wait less than ten minutes on average for counter service, and telephone calls are being answered in three and a half minutes on average, well below the four minute target.

The improved time to action a medical case file, where a person's fitness to drive is assessed by the VicRoads Medical Review portfolio, has now been consolidated to 72 hours reduced from 15 days previously, leading to enhanced road safety outcomes and customer experience. Customers rated their satisfaction with their overall customer experience provided by VicRoads Customer Services at 91 per cent in 2013-14 against an 85 per cent target. Importantly the improvements across multiple fronts were delivered under budget.

During the year, R&L introduced a 'One Workforce' initiative which designed, built and delivered a productivity improvement system to maximise on-line services and combine the 40 geographically dispersed R&L service delivery locations into one flexible workforce. The new system is supported by smart technology unlocking a multi-channel demand management system that distributes work irrespective of geographic location or service channel. This has improved the efficiency and quality of service delivery for customers by smoothing demand efficiently across channels and getting it right the first time.

Table 2: Customer service performance measures

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Target</th>
<th>Measure</th>
<th>2010-11</th>
<th>2011-12</th>
<th>2012-13</th>
<th>2013-14</th>
</tr>
</thead>
<tbody>
<tr>
<td>Overall satisfaction</td>
<td>85% of customers satisfied with registration and licensing services</td>
<td>Customer satisfaction survey</td>
<td>90%</td>
<td>89%</td>
<td>90%</td>
<td>91%</td>
</tr>
<tr>
<td>Efficient services</td>
<td>80% of customers served within 10 minutes</td>
<td>Internal systems</td>
<td>69%</td>
<td>71%</td>
<td>77%</td>
<td>80%</td>
</tr>
<tr>
<td></td>
<td>Average time taken to answer a telephone call – target 240 seconds.</td>
<td>Internal systems</td>
<td>NM*</td>
<td>NM*</td>
<td>NM*</td>
<td>202 secs</td>
</tr>
<tr>
<td></td>
<td>(Replaces previous measure of 80% calls answered in 30 seconds)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

* New Measure (NM)
Red Tape reduction

The Red Tape Reduction Program (RTRP) is designed to deliver on the Victorian Government’s commitment to reduce red tape by 25 per cent (or $715 million) per annum by July 2014. The Treasurer is responsible for delivering the RTRP, administered by the Department of Treasury and Finance (DTF).

In July 2013, VicRoads received a Statement of Expectations (SOE) from the Minister for Roads. In response the SOE, VicRoads implemented four main initiatives to generate approximately $50 million in red tape savings:

- **Removal of registration labels from light vehicles:** This was completed by January 2014, with estimated benefits of $19 million. A Regulatory Change Measurement (RCM) report by the Department of Transport, Planning and Local Infrastructure on this initiative was submitted to DTF in June 2014.

- **Implementing National Heavy Vehicle Regulator (NHVR):** The Heavy Vehicle National Law in Victoria, Queensland, New South Wales, Australian Capital Territory, South Australia and Tasmania came into effect on 10 February 2014. Although NHVR commenced all regulatory functions, excluding heavy vehicle registration, it experienced difficulties as it ramped up its operations, particularly in addressing industry’s need for timely issuance of heavy vehicle access permits. On behalf of the NHVR, VicRoads took over the processing of over-size and over-mass, and special purpose vehicle permits for travel within Victoria. This included obtaining consents when journeys involved travel on roads for which local councils and other road managers were responsible. Work on heavy vehicle access management and other matters requiring harmonisation will continue in association with industry, the NHVR and other jurisdictions in 2014-15.

- **Improvements to roadworthiness processes:** VicRoads has released a discussion paper to canvas options with stakeholders and the public on the appropriate requirements for roadworthy inspections. Estimated savings ranged between $21 million and $70 million. By 30 June 2014, no decision had been made.

- **Streamlining of business rules in Registration and Licensing by 30 per cent (target 25 per cent)** – VicRoads has exceeded the target.
PART TWO: Organisational capability and culture
Our Workforce

Sustainable Government Initiative (SGI)

By December 2013, the Victorian Government Sustainable Government Initiative (SGI) reductions had been achieved as required of VicRoads. The full time equivalent (FTE) number of staff reductions over the period (December 2011 to December 2013) was 550.9 FTE. To maintain the efficiency gains achieved through the SGI, a Labour Sustainability Cap (LSC) was introduced, which provides a focus on total labour expenditure, while providing flexibility to align staff resourcing with work demands.

Plan for our future

In 2013-14, VicRoads implemented a new structure for VicRoads which involved consideration of all positions as part of the Plan For Our Future. Staff were directly matched to new positions that were substantially unchanged. Where new or substantially changed positions were required, they were filled by Expression Of Interest, placement of redeployees or by selection on merit.

The restructure resulted in centralisation of the recruitment function and this greatly assisted in the implementation of smooth processes to select to roles.

Diversity

VicRoads has a workforce that reflects the cultural diversity within the Victorian community. Indigenous employment forms part of VicRoads workforce diversity. VicRoads Indigenous staff currently comprise 0.6 per cent of the total workforce and enjoy a strong retention rate.

VicRoads helps improve the Year 12 completion rate for Indigenous students in Victoria through the VicRoads Indigenous Secondary School Scholarship Program. Scholarship recipients have increased this year to 31, which is an increase of five on last year.

VicRoads was announced winner of the Age Diversity in the Workplace Award (AHRI) 2013 Diversity Awards for excellence. The programs effectively cater for entry level employees through to those considering flexible options to ease into retirement.

Graduate program

Recruitment to VicRoads' Graduate Program continued, maintaining a reduced graduate intake of five civil engineering graduates from over 1900 applications.

VicRoads was voted seventh out of the top 100 graduate employers in 2013, as voted by graduates across all Australian Universities and the Australian Association of Graduate Employers.

Secondary schools

During 2013-14 VicRoads hosted 14 secondary school students for work experience from one to two weeks at work locations across Victoria.

VicRoads partners with school principals and teachers in delivering special programs, involving VicRoads graduates to assist school students in making the connection between subject choice and career options with the possibility of considering a university or TAFE education.
New model of service delivery

As a result of Plan for Our Future, People Services successfully implemented an account management model focussed on actively partnering with VicRoads Business Areas to understand their unique requirements in relation to our people and provide tailored human resource solutions. A People Services Charter was adopted, which demonstrates our commitment to supporting and building the capability of our people.

In support of the Charter, we have centralised all business and human resource information using a new online staff self service tool. This innovative approach has increased staff access to relevant information and empowered staff to manage their own information needs, supporting a highly informed workplace.

Building capability

Leadership and management capability

VicRoads aims to develop effective leaders, with the following five programs offering a range of pathways:

- Senior Leadership Program: aimed at identifying and building the skills of potential executive talent. The intake for 2013-14 was 12 participants.
- Middle Managers Program: operated in partnership with Mt Eliza Business School. It provides intensive and challenging development for senior managers responsible for complex and critical functions and workgroups. Forty-four leaders completed this program in 2013-14.
- Team Leader Program: for experienced leaders in operational roles, increasing their effectiveness and influence. 40 leaders completed the program in 2013-14.
- New Leader Program: support for new leaders in their first six months. A total of 28 leaders participated in this program in 2013-14.
- Leading Self: 40 staff developed their understanding of leadership, completing a one-day program covering leadership concepts, as part of their career development in 2013-14.

This year VicRoads has extended the leadership training reach, by complementing the above programs with 2-3 hour workshops that are readily accessible and focused on leadership skill priorities at all people management levels. These include Building Effective Relationships, Working Strategically and Sustainably, Situational Leadership, Coaching, Emotionally Intelligent Leadership, and Resilient Leadership. These programs provide ‘top up’ opportunities for leaders at all levels.

Technical capability

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

- Technical Capability Assessment Program (TeCaP): Provides VicRoads with vital information on the technical capability profile of over 1800 employees against 83 capability areas. This information allows managers and employees to ensure that their technical development is targeting the current and future needs of the organisation. The system has been improved to enable easy local comprehension and accuracy in interpretation. 4587 assessments have been completed by staff.
• Chartered Program: Enables recently graduated engineers or those with only a few years of work experience to be awarded chartered status. It also supports relevant staff in the CPA program.
• Roads Academy Program development: The 190 self-paced learning modules have been reviewed and some have been redeveloped. These modules aim to address skills development and the understanding of technical and non-technical expertise required.
• Cadetship Accelerated Skills Development Program: The program continues to successfully provide us with a talent pool for surveillance officer roles.

Change capability programs

A change framework has been developed and broad support for the utilisation of consistent methodology, tools and templates has been established. These resources have been utilised by business areas implementing significant change, particularly the One Work Force Program in Registration and Licensing.

Training and workshops have been conducted to facilitate the application of a framework to build capability around sponsoring, leading and adapting to change in order to refocus on team performance, effectiveness and the desired culture.

Strengthening our culture

A Culture Plan for 2014 was endorsed by the Strategic Leadership Team. The plan reinforces VicRoads’ commitment to empower the workforce through accountability, transparency and collaboration. The Culture Program outlines the activities, tools, and capabilities that have been developed across the organisation to support leaders and teams to deliver cultural change. The program also:

• provides a context for understanding the disparity and consistency of our existing culture with the changes required
• provides a summary of the major activities that will be undertaken across VicRoads to build on our cultural strengths
• supports Executive Directors in providing leadership to deliver cultural change in their divisions and coordination at the senior management level
• provides for specific outcomes/measures to inform how we are travelling.

Safe and Healthy Workplaces 2013-14

Providing safe workplaces

VicRoads’ Work Health Safety and Welfare (WHSW) policies and practices ensure that all staff remain safe and healthy at work.

Safety management

Over 200 safety audits were conducted over the past 12 months, on high risk construction work, on both major construction projects and regional works.
Analysis of reported incident investigations and site practices identified that a major safety focus needed to be made on mobile plant operations. Mobile plant risks included the need to seek contractor improvements to work practices to increase awareness of plant 'blind spots' and a change in the industry culture to improve separation of mobile plant and people. Guidelines were developed for managing plant near pedestrians on roadwork sites. These will be shared across industry to encourage industry-wide culture change.

Extensive work was undertaken on the Safety Management System including realigning the databases to the new VicRoads structure, archiving over 10,000 obsolete records, and upgrading the Safety Management Plan template.

**VicRoads standard WorkCover performance**

**Table 3: WorkCover claims**

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</thead>
<tbody>
<tr>
<td>No. of standard claims</td>
<td>35</td>
<td>52</td>
<td>47</td>
<td>33</td>
<td>34</td>
</tr>
<tr>
<td>No. of lost time claims</td>
<td>26</td>
<td>46</td>
<td>41</td>
<td>24</td>
<td>28</td>
</tr>
</tbody>
</table>

Source – CGU Workers Compensation (Vic) Ltd. Data as at 5/7/2014.

**Annual Workplace Safety Award**

VicRoads' Annual Workplace Safety Award in 2013 was awarded to South Western Road Services Construction Team of Jarryd Addlem, Doug Angus (posthumous), Barry Dunn and John Rynkiewicz from VicRoads Road Services; they developed and implemented a fall-arrest system and temporary protection wall for the construction of a Gabion retaining wall at Olivers Hill, Frankston which significantly improved safety.

**Supporting health and wellbeing**

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

- Influenza vaccinations
- Subsidised opportunities to participate in community health activities
- Skin checks
- Health and wellbeing 'sponsorships' for team initiatives
- Executive health checks
- Safe Spine: a musculoskeletal health education program, and Health Road Warrior: a holistic healthy lifestyle program for road workers
- School holiday program, providing subsidised child care for two weeks during each school holiday period at the Kew office.

**Employee Assistance Program**

VicRoads Employee Assistance Program (EAP) continued to provide employees and their immediate family members access to free, confidential counselling to help address work and personal issues. The EAP also provided critical incident debriefing, training and outplacement support throughout the year.
PART THREE: Corporate structure and governance
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 objective in the Transport Integration Act 2010.

**Governance structure**

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

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

**Strategic Leadership Team**

The Strategic Leadership Team comprises the Chief Executive, Chief Operating Officer, Chief Financial Officer, Executive Director Policy and Programs, Executive Director Commercial Enterprises and Business Development, Executive Director Strategy and Planning and the Executive Director Corporate Services.

The Strategic Leadership Team is responsible for setting and adapting the organisation’s vision, strategic objectives and priorities (the Strategic Directions) to meet the Minister’s expectations of the road system.

**Management Committee**

This comprises the Chief Operating Officer, the Chief Financial Officer, and the Executive Directors of Policy and Programs, Regional Operations, Metropolitan Operations, Registration and Licensing and Commercial Enterprises, and Business Development. The Management Committee oversees development and resource allocation, and monitors the delivery progress of the annual VicRoads Program. It also monitors the delivery progress and financial performance of VicRoads.

**People Services Committee**

This committee comprises the Chief Operating Officer, the Chief Financial Officer, the Executive Directors of Corporate Services, Registration and Licensing, Strategy and Planning and Regional Operations, and the Executive General Manager, People Services. It reviews, monitors and supports corporate culture, ensures the wellbeing and ongoing capability of VicRoads’ people and the effectiveness of people related corporate services.
VicRoads upholds 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 every two years. VicRoads has policies and procedures on its intranet, which 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; gifts, benefits and hospitality; and responsible use of the registration and licensing system.

Project Review Committee
This committee comprises the Executive Directors of Policy and Programs, Strategy and Planning, Commercial Enterprises and Business Development, Regional Operations, Metropolitan Operations and the Director, Technical Services. It oversees VicRoads’ input to internal and external proposals, including 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.

Risk Committee
The Risk Committee comprises the Chief Financial Officer, the Chief Operating Officer, Director Legal Services, and the Executive General Managers of Information Management and Technology, People Services and Communications, and Stakeholder Engagement. It assists the Strategic Leadership Team to identify and manage strategic risks, implementing and monitoring risk management processes and frameworks that anticipate and mitigate risks to VicRoads ability to meet Government priorities, VicRoads objectives and community expectations.

VicRoads maintains a risk management system 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.

Information Access and Technology Committee
This committee comprises the Executive Directors of Corporate Services, Strategy and Planning and Policy and Programs, Registration and Licensing Services, Chief Financial Officer, Director Road Operations, Executive General Manager Information Management and Technology and external representative. It provides strategic leadership to the organisation in its use and management of information and investment and management of information technology.

Audit Committee
The Audit Committee comprises five independent members (Tony Darvall – Chair, Gregory Larsen, Dennis Cavagna, Carol Pagnon and Robert McDonald) and one member from VicRoads (Peter Todd). It assists the Chief Executive to fulfil his responsibilities for financial reporting, internal control, risk management and compliance with laws, regulations and ethics.
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.

Corporate structure

VicRoads has six divisions as shown on the organisation chart on page 38. The functions of each division are summarised below.

John Merritt, Chief Executive of VicRoads, was appointed in May 2014 and oversees all functions and operations for VicRoads. His role also entails national representation in his participation as board member of Austroads and Chairman of the Australian Chapter of the Road Engineering Association of Asia and Australasia (REAAA).

VicRoads’ divisions

**Strategy and Planning** is responsible for:

- supporting the Strategic Leadership Team to establish and realise the corporate vision and strategic directions as well as adapt it in response to changes in our ‘operating environment’
- identifying and coordinating the functional strategies (i.e. road safety, network and assets and environmental) required to achieve objectives
- monitoring organisational achievement and performance against the objectives and strategies to inform strategic decision making
- leading development and implementation of initiatives, promoting innovation and strong customer focus.

**Policy and Programs** is responsible for:

- the translation of the broad strategic directions into priority based investment programs and projects
- developing and implementing effective policies to improve the safe operation of the road network and delivery of services
- facilitating consistency, capability development and knowledge sharing in the design, construction and maintenance of road infrastructure
- encouraging the use of sustainable transport modes and assisting customers to take responsibility for making safe choices in all aspects of using the road network.
Commercial Enterprises and Business Development is responsible for:

- identifying commercial and business opportunities which can be embedded across the organisation
- seeking international business opportunities, assessing their benefits, risks and commercial viability for VicRoads
- providing specialist expertise to the Operations division and competing on the open market for asset improvement, surfacing and line marking services on the arterial road network
- assessing all property holdings for commercial use or disposal
- rationalising the property portfolio to ensure efficient management and reducing costs associated with holding properties for future road construction
- providing end to end concept development, design, manufacturing, marketing and sales for the custom plates business.

Corporate Services is responsible for providing core support functions to our business in order to ensure we effectively deliver for our customers.

It is divided into three sub divisions, as follows:

People Services is responsible for:

- recruitment of our people through a variety of channels including merit-based selection, the graduate program, indigenous and diversity programs and human resource policy development
- workplace occupational health and safety including compliance, preventive measures and post-incident support services
- promoting organisational development and learning
- workplace relations, including compliance and enterprise agreements.

Information Management and Technology is responsible for:

- providing support services including the provision of infrastructure devices and provision of maintenance and support services for key business applications
- delivering Information Management and Technology (IM&T) change projects and managing VicRoads IM&T assets
- developing IM&T strategies to improve business outcomes and IM&T governance and security.

Communications and Stakeholder Engagement is responsible for:

- providing a statewide communications function supporting the consistent delivery of communications, stakeholder engagement and community consultation activities around VicRoads activities
- providing strategic communications advice managing media and stakeholder relations
- developing marketing and communication campaigns supporting road safety, projects, policy and registration and licensing needs
- working closely with ministerial, government and agency partners in the development of digital customer solutions, customer insight and communications strategies.
Finance and Risk is responsible for:

- payroll services including processing and reporting, time and attendance records, termination calculations and the management of executive officer contracts
- developing financial accounting policies and procedures and a financial management framework in line with the Financial Management Act and applicable Australian Accounting Standards
- financial processing services including accounts payable, accounts receivable, debtor management, purchasing card transactions, asset valuation, depreciation and physical asset stocktakes
- managing business operations including facilities, fleet management, purchasing and supply
- delivering internal and external financial reporting, budget management and forecast management
- management of VicRoads’ banking and cash flow
- managing business planning, providing specialised advice to clients relating to policy interpretation and financial management
- audit and compliance monitoring, conducted internally and managed through external audit providers
- management of the organisation’s Risk and Assurance program
- legal services including strategic and operational advice and managing FOI and information privacy
- procurement and contract management services including specifications and contract documentation.

Operations brings together those parts of the business that are interacting with our customers in maintaining and operating the road network and managing access to, and the use of, the road network. Peter Todd was appointed as the Chief Operating Officer in May 2013.

The division is divided into a number of sub divisions:

**Metropolitan and Rural Operations is responsible for:**

- planning, developing, delivering and maintaining road, roadside and bridge infrastructure
- monitoring the condition of the network, identifying gaps and deficiencies
- heavy vehicle enforcement
- planning, developing and delivering major transport-related infrastructure.

**Operation Services is responsible for:**

- coordinating the delivery of asset and improvement works as defined by the Policy and Programs division, including prioritising works within the specified program as well as monitoring and reporting
- managing and coordinating the delivery of state-wide projects
- actively working with delivery areas to identify the best mechanisms for implementing improvements to processes and practices.
**Technical Services is responsible for:**

- providing service support to delivery areas on technical aspects of asset condition, project development and verification during implementation
- maintaining technical standards and the technical capability of the organisation
- acquiring land reserved for new or upgraded road and bridge projects.

**Registration and Licensing is responsible for:**

- providing frontline services to our customers to enable access to and use of the road network within the regulatory framework.

**Commercial Roads is responsible for:**

- managing Victoria’s privately operated road contracts
- undertaking the administration of relevant Public Private Partnerships (PPP)
- the relationship with private road operators and, to some extent, their financiers and contractors.
PART FOUR: Mandatory disclosures
Responsiveness to community areas

VicRoads contributes to the promotion of improved outcomes for cultural diversity, women, young people and indigenous affairs. A more comprehensive outline of VicRoads’ involvement with the following groups is outlined in organisational capability and culture section of the report on page 26.

In 2013-14, initiatives to support customers from culturally and linguistically diverse (CALD) communities included:

- providing the learner permit knowledge test in 13 languages other than English
- providing computer licence test and licence (drive test) applicants with interpreters upon request, with approximately 23,000 interpreter assisted tests undertaken in 91 languages
- recognising 27 countries that have similar driver licence and testing standards for the purpose of gaining a Victorian driver licence
- offering telephone interpreting services through the VicRoads Contact Centre, in excess of 100 languages other than English, through the Translating and Interpreting Service National and Victorian Interpreter and Translating Service.

VicRoads carried out a number of marketing activities to support CALD communities:

- VicRoads conducted an advertising campaign promoting seven ‘Common Road Rules’ educational videos. The videos inform new drivers of commonly misunderstood Victorian road rules. Each video has been translated into five languages (Chinese, Vietnamese, Punjabi, Dari and Arabic) and is available on VicRoads’ YouTube channel and promoted on key CALD sites including AMNET and LEBA online.

- In March 2014, VicRoads partnered with the Victorian Multicultural Commission (VMC) to support two key events associated with Cultural Diversity Week: the Premier’s Gala Dinner and the Viva Victoria Festival. Cultural Diversity Week provided a fantastic opportunity to promote our suite of CALD resources available.

- VicRoads launched a CALD ‘Driving in Victoria’ press and radio advertising campaign, drawing people to a suite of factsheets translated into 16 different languages on the VicRoads website.

Disability services

In 2013-14, VicRoads undertook the following activities that supported people with a disability:

- upgraded eight sites with various treatments including, audio-tactile pedestrian push buttons, tactile ground surface indicators (providing safer walking surfaces) and kerb ramps to assist people with impaired mobility to access the road system and public transport services

- ensured that new works undertaken by VicRoads affecting tram or bus stops and pedestrian crossings result in Disability Discrimination Act compliant facilities.
Compliance with the Carers Recognition Act 2012

VicRoads policies support carers to balance work and their role of carer. Carers leave is specifically included in our Enterprise Agreement, as are a number of flexible working conditions to support those staff with carer’s responsibilities. Managers are encouraged to support staff in accessing these flexible working policies where possible which may include such arrangements as scheduling regular meetings at a time a carer can attend.

Clause 76 of our Enterprise Agreement is devoted to the management of carers leave and the policy regarding the right to request flexible work is available on our intranet.

Freedom of Information (FOI)

FOI decisions

In 2013-14, VicRoads received 572 FOI requests. Decisions were made as follows:

<table>
<thead>
<tr>
<th>FOI outcomes</th>
<th>Number of requests</th>
</tr>
</thead>
<tbody>
<tr>
<td>Access granted in full</td>
<td>180</td>
</tr>
<tr>
<td>Access granted in part</td>
<td>273</td>
</tr>
<tr>
<td>Access denied</td>
<td>33</td>
</tr>
<tr>
<td>In process</td>
<td>52</td>
</tr>
<tr>
<td>Transferred to another agency</td>
<td>0</td>
</tr>
<tr>
<td>Request withdrawn by applicant</td>
<td>3</td>
</tr>
<tr>
<td>No document exists/ No document located</td>
<td>28</td>
</tr>
<tr>
<td>Dealt with outside FOI</td>
<td>3</td>
</tr>
<tr>
<td>Other/ No response from applicant</td>
<td>0</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>572</strong></td>
</tr>
</tbody>
</table>

VicRoads Officers

Principal Officer:
John Merritt, Chief Executive

How to access documents

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

- be in writing
- be accompanied by a $26.50 (as at 1 July 2014) application fee or evidence of hardship (for example, copy of a social security card, evidence of unemployment, or evidence of receipt of social security payments)
- provide such information as is reasonably necessary to enable the documents to be identified.

Freedom of Information requests should be sent to:

Ms Franca Chick
Manager Freedom of Information and Information Privacy
VicRoads
Level 5, 60 Denmark Street
KEW VIC 3101
Published information

Section 71(a) of the Freedom of Information Act requires certain information to be published:

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

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

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

   VicRoads maintains an extensive filing system based on the following categories:
   - commercial operations
   - 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.

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

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

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

5. A statement of the procedure to be followed by a person when a request for access to a document is made to the agency. This information is provided on page 41.
6. A statement designating by name the officer or officers responsible within each agency for the initial receipt of, and action upon, requests for access to a document. This information is provided on 41.

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

There are a number of councils, committees and groups that provide advice and stakeholder and community input to VicRoads and/or the Minister for Roads. In 2013–14, these included the Motorcycle Advisory Group and Victorian Road Freight 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 does not maintain a library or reading room.

Protected Disclosure Act 2012

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

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

Compliance with the Building Act 1993

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

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

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

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

Implementation of the Victorian Industry Participation Policy (VIPP)

Contracts commenced

During 2013-14, VicRoads commenced 52 VIPP applicable procurements totalling $433 million. Of those projects, 42 were located in regional Victoria and 10 in metropolitan Melbourne.

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

- an average of 95 per cent of local content commitment was made
- a total of 645 jobs (Annualised Employee Equivalent) were committed, including the creation of 128 new jobs and the retention of 517 existing jobs (AEE)
- a total of 68 positions for apprentices/trainees were committed, including the creation of 30 new apprenticeships/traineeships, and the retention of the remaining 38 existing apprenticeships/ traineeships.

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

Contracts completed

During 2013-14, VicRoads completed 35 VIPP applicable projects, collectively valued at about $170 million. The outcomes reported from the implementation of the VIPP where information was provided, were as follows:

- an average of 97 per cent of local content outcome was recorded;
- a total of 55 (AEE) positions were created; and
- nine new apprenticeships/traineeships were created and 17 existing apprenticeships/ traineeships retained.

The benefits to the Victorian economy in terms of retention of skills from the completed projects included improved traffic management practices, greater awareness of occupational health and safety, personnel trained in specialist areas such as concrete mix design, prestressing and laboratory testing.

During 2013-14, 90 small to medium sized businesses prepared a VIPP Plan, with the remaining prepared by large businesses.

During 2013-14, nil interaction reference numbers were undertaken with the Industry Capability Network for grants provided and design contracts by VicRoads.
Disclosure of major contracts

VicRoads has disclosed, in accordance with the requirements of government policy and accompanying guidelines, all contracts greater than $10 million in value which it entered into during the year ended 30 June 2014. Details of contracts that have been disclosed can be viewed on the VicRoads website.

Advertising expenditure

There were no advertising campaign contracts over $150K in 2013-14.

Consultancies

In 2013-14, there were 34 consultancies where the total fees payable to the consultants were $10,000 or greater. The total expenditure incurred during 2013-14 in relation to these consultancies is $1,300,772 (excl. GST). Details of individual consultancies can be viewed at vicroads.vic.gov.au.

In 2013-14, there were 2 consultancies where the total fees payable to the consultants were less than $10,000. The total expenditure incurred during 2013-14 in relation to these consultancies is $9,725 (excl. GST).

Comparison of expenditure with previous years cannot be made as a revised definition of consultancies was issued and became effective from the 1 July 2013.

Compliance with s22 of the Road Management Act 2004

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

Table 5 shows the Ministerial Directions that were in effect during 2013-14. VicRoads was directed to perform the functions and exercise the powers of the coordinating road authority and the responsible road authority for specified sections of roads and periods of time. For further information about these Ministerial Directions, including references to the notices published in the Victoria Government Gazette, refer to the VicRoads’ Register of Public Roads, which is available on the VicRoads website.

Table 5: Ministerial directions

<table>
<thead>
<tr>
<th>Minister</th>
<th>Start</th>
<th>End</th>
<th>Designated Road Project (Location)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Minister for Roads</td>
<td>14 October 2013</td>
<td>30 June 2014</td>
<td>Mitcham Road and Rooks Road Rail Separation Project</td>
</tr>
<tr>
<td>Minister for Roads</td>
<td>14 March 2013</td>
<td>30 June 2016</td>
<td>Baanip Boulevard Project</td>
</tr>
<tr>
<td>Minister for Roads</td>
<td>Not yet gazetted (Minister signed on 22 September 2013)</td>
<td>31 December 2015</td>
<td>East Werribee Employment Precinct Enabling Works Project</td>
</tr>
<tr>
<td>Minister for Roads</td>
<td>Not yet gazetted (Minister signed on 25 November 2013)</td>
<td>31 December 2016</td>
<td>Sneydes Road Interchange Project</td>
</tr>
</tbody>
</table>
Workforce data

Table 6(a).

<table>
<thead>
<tr>
<th>EMPLOYEE NUMBER BY YEAR (HEAD COUNT)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013-14</td>
</tr>
<tr>
<td>2516</td>
</tr>
</tbody>
</table>

Table 6(b)

<table>
<thead>
<tr>
<th>JULY 2013 - JUNE 2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>ALL EMPLOYEES</td>
</tr>
<tr>
<td>NUMBER (HEAD COUNT)</td>
</tr>
<tr>
<td>---------------------</td>
</tr>
<tr>
<td>30-Jun-14</td>
</tr>
</tbody>
</table>

Table 6(c).

<table>
<thead>
<tr>
<th>EMPLOYEE BY GENDER, AGE &amp; CLASSIFICATION</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jun-14</td>
</tr>
<tr>
<td>ALL EMPLOYEES</td>
</tr>
<tr>
<td>NUMBER (HEAD COUNT)</td>
</tr>
<tr>
<td>---------------------</td>
</tr>
<tr>
<td>GENDER</td>
</tr>
<tr>
<td>Female</td>
</tr>
<tr>
<td>Male</td>
</tr>
<tr>
<td>Total</td>
</tr>
<tr>
<td>AGE</td>
</tr>
<tr>
<td>UNDER 25</td>
</tr>
<tr>
<td>25-34</td>
</tr>
<tr>
<td>35-44</td>
</tr>
<tr>
<td>45-54</td>
</tr>
<tr>
<td>55-64</td>
</tr>
<tr>
<td>OVER 64</td>
</tr>
<tr>
<td>Total</td>
</tr>
<tr>
<td>CLASSIFICATION</td>
</tr>
<tr>
<td>VR01</td>
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<tr>
<td>VR02</td>
</tr>
<tr>
<td>VR03</td>
</tr>
<tr>
<td>VR04</td>
</tr>
<tr>
<td>VR05</td>
</tr>
<tr>
<td>VR06</td>
</tr>
<tr>
<td>STS</td>
</tr>
<tr>
<td>Executives</td>
</tr>
<tr>
<td>Total</td>
</tr>
</tbody>
</table>

Notes: All figures reflect employment levels as at 30 June of each year.
1. On-going employees means people engaged on an open ended contract of employment and executives engaged on a standard executive contract who were active in the last full pay period of June.
2. FTE means full-time staff equivalent. Excluded are those on leave without pay, external contractors/consultants, temporary staff employed by employment agencies.
3. Limited Tenure is included in the "All Employees Number (Head Count)" in above tables.
Environmental incidents

There have been no significant (i.e. Level 4 or Level 5) environmental incidents during the 2013-14 reporting period. VicRoads continues to work towards best practice principles to ensure ongoing protection of environmental and cultural values.

Compliance with DataVic Access Policy

DataVic is the Victorian Government data directory, which provides public access to Victorian government data under the State’s DataVic Access Policy. The directory contains increasing numbers of datasets from Victorian government departments and agencies. It is released in machine readable formats to enable maximum reuse for research purposes, policy review, government agency exchange, and use in third party applications.

To date, VicRoads has met its commitments under the policy and has submitted 23 data sets, with approximately another 40 due to be released in 2014. These datasets include both tabular and spatial data. The released datasets include traffic volumes, crash statistics, bicycle routes, speed sign and speed zone locations, bridge, road surface information and VicRoads’ office locations.

VicRoads has four data sets in the top 25 most downloaded items and three in the 25 most visited datasets.

Attestations

VicRoads Risk Management Attestation 2013-14

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

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

VicRoads’ Audit Committee has confirmed this assurance.

John Merritt
Chief Executive
Roads Corporation

VicRoads Insurance Attestation 2013-2014

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

John Merritt
Chief Executive
Roads Corporation
Key financial results

<table>
<thead>
<tr>
<th></th>
<th>2014 $m</th>
<th>2013 $m</th>
<th>$m change inc/(dec)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>FINANCIAL PERFORMANCE</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Income from Transactions</td>
<td>1,550.1</td>
<td>1,504.9</td>
<td>45.2</td>
</tr>
<tr>
<td>Expenses from Transactions</td>
<td>1,489.0</td>
<td>1,499.0</td>
<td>(10.0)</td>
</tr>
<tr>
<td>NET RESULT FROM TRANSACTIONS</td>
<td>61.1</td>
<td>5.9</td>
<td>55.2</td>
</tr>
<tr>
<td>Other Economic Flows included in Net Result</td>
<td>7.5</td>
<td>7.5</td>
<td>0.0</td>
</tr>
<tr>
<td>NET RESULT</td>
<td>68.6</td>
<td>13.4</td>
<td>55.2</td>
</tr>
<tr>
<td><strong>Expenses from Transactions</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Road Network Improvements</td>
<td>772.2</td>
<td>772.1</td>
<td>0.1</td>
</tr>
<tr>
<td>Road Asset Management</td>
<td>452.2</td>
<td>481.9</td>
<td>(29.7)</td>
</tr>
<tr>
<td>Transport Safety and Security Management</td>
<td>74.4</td>
<td>84.3</td>
<td>(9.9)</td>
</tr>
<tr>
<td>Transport Safety Regulation and Investigations</td>
<td>157.9</td>
<td>148.9</td>
<td>9.0</td>
</tr>
<tr>
<td>Ports and Freight Network Improvements and Maintenance</td>
<td>32.3</td>
<td>11.8</td>
<td>20.5</td>
</tr>
<tr>
<td></td>
<td>1,489.0</td>
<td>1,499.0</td>
<td>(10.0)</td>
</tr>
<tr>
<td><strong>CAPITAL WORKS EXPENDITURE</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Infrastructure assets</td>
<td>687.8</td>
<td>853.4</td>
<td>(165.6)</td>
</tr>
<tr>
<td>Other assets</td>
<td>67.6</td>
<td>23.2</td>
<td>44.4</td>
</tr>
<tr>
<td></td>
<td>755.4</td>
<td>876.6</td>
<td>(121.2)</td>
</tr>
<tr>
<td><strong>TOTAL EXPENDITURE</strong></td>
<td>2,244.4</td>
<td>2,375.6</td>
<td>(131.2)</td>
</tr>
<tr>
<td><strong>INCOME COLLECTED ON BEHALF OF THE VICTORIAN GOVERNMENT AND OTHER GOVERNMENT AGENCIES</strong></td>
<td>3,990.9</td>
<td>3,785.5</td>
<td>205.4</td>
</tr>
<tr>
<td><strong>INCOME ADMINISTERED ON BEHALF OF THE VICTORIAN GOVERNMENT</strong></td>
<td>30.3</td>
<td>29.0</td>
<td>1.3</td>
</tr>
</tbody>
</table>

**Financial overview**

VicRoads’ total expenditure was $2.2 billion in 2013-14, $131.2 million less than the previous year. This expenditure comprised $1.5 billion in expenses from transactions and $0.7 billion in capital works expenditure.

The total expenditure for 2013-14 comprised $1.6 billion in delivering outputs and $0.6 billion relating to the expensing of assets recognised as outputs in previous years.

The value of road infrastructure and other assets managed by VicRoads increased by $0.2 billion to $45.6 billion during 2013-14, while total liabilities decreased by $41.2 million to $370.7 million. These movements in assets and liabilities resulted in a growth in net assets of $0.2 billion to $45.2 billion as at 30 June 2014.
Financial performance

VicRoads recorded a net result surplus of $68.6 million in 2013-14 compared with a net surplus of $13.4 million in the previous year. The increase in surplus was principally due to a reduction in the value of assets transferred to other entities and increased funding from Victorian Government program grants.

The 2013-14 net result surplus was achieved after recognising as revenue $586.7 million to fund capital works expenditure, $8.9 million as assets received free of charge, and an increase in working capital of $54.6 million. These revenue items were partly offset by the expensing of assets which were funded by revenue from Governments Grants in previous years, through depreciation, disposal or divestment, totalling $581.0 million, and $0.6 million as asset register adjustments.

Funding sources

VicRoads’ funding is derived from the Victorian Government annual budget, program funding from the Transport Accident Commission, revenue from regulatory fees and fee-for-service charges. Funding for operating outputs and capital works from all sources totalled $1.7 billion during 2013-14, an increase of $18.8 million on the previous year.

The Victorian Government receives funding for improvements to and maintenance of the National Land Transport Network under the Federal Nation Building Program (National Land Transport) Act 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 2013-14 totalled $202.6 million, a decrease of $169.2 million compared to the previous year. The reduction in funding was principally due to the completion of major components of joint Federal/State funded construction projects under the Nation Building Program 2010 to 2014.

In 2013-14, VicRoads was provided with Victorian Government output and asset appropriation grants of $323.9 million, a decrease of $1.0 million on the previous year.

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, 2,118 road infrastructure projects (comprising 472 projects in the metropolitan area and 1,646 in regional Victoria) valued at more than $5.4 billion have been approved. The Better Roads Victoria Trust Account provided funding for road construction and maintenance projects of $481.2 million in 2013-14, an increase of $170.5 million on the previous year. The increase is primarily due to funding of new rail grade separation projects including Mitcham Road, Rooks Road and Springvale Road.

From 1 July 2005, revenue raised from traffic cameras and on the spot speeding fines has also been paid into the Better Roads Victoria Trust Account and utilised to fund road construction and maintenance, road safety, and traffic and transport integration programs. VicRoads received traffic camera and speeding fine funding of $341.7 million during 2013-14.

VicRoads generated revenue from regulatory fees, fee for service charges, and other revenue totalling $275.0 million in 2013-14, an increase of $17.5 million on the previous year. This increase is primarily due to an increase in the value of works undertaken on a fee for service basis.

The Transport Accident Commission provides funding for a range of road safety infrastructure projects and motorcycle safety initiatives. During 2013-14 this funding amounted to $85.4 million, an increase of $2.6 million on the previous year.

**Capital works expenditure**

VicRoads undertook asset construction works and acquisitions totalling $755.4 million during 2013-14, a decrease of $121.2 million from the previous year. Details of significant capital works projects undertaken during 2013-14 are outlined in the section in this report which refers to the VicRoads’ strategic objective to develop the road system to improve connections between places that are important to our customers.

**Cash flows**

During 2013-14 VicRoads utilised cash funds received from the Victorian Government, collections of revenue and proceeds from asset disposals totalling $1.9 billion to fund operating activities totalling $1.1 billion and capital works activities totalling $0.8 billion.

**Financial position**

VicRoads’ non-financial assets increased by $0.2 billion to $45.2 billion during 2013-14. This increase resulted from asset construction and acquisitions of $0.8 billion, partially offset by the depreciation of assets amounting to $0.6 billion.

VicRoads’ financial assets increased by $25.3 million to $417.3 million during 2013-14 and total liabilities decreased by $41.2 million to $370.7 million during the year.

As a result of the above changes, VicRoads’ net assets increased by $0.2 billion to $45.2 billion as at 30 June 2014.
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 Regional Development. These amounts are not recognised as VicRoads’ income but are paid to the Victorian Government’s Consolidated Fund or other government agencies. During 2013-14, collections on behalf of the Victorian Government and other government agencies totalled $4.0 billion compared with $3.8 billion the previous year.

Melbourne CityLink

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

Details of the concession notes and related revenues are disclosed in Note 1(s)(ii) – ‘Private Provision of Public Infrastructure’ and Note 22 – ‘Transactions administered on behalf of the State of Victoria’.

Five year financial summary

<table>
<thead>
<tr>
<th>YEAR ENDED 30 JUNE</th>
<th>2014 $m</th>
<th>2013 $m</th>
<th>2012 $m</th>
<th>2011 $m</th>
<th>2010 $m</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>FINANCIAL PERFORMANCE</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Income from transactions</td>
<td>1,550.1</td>
<td>1,504.9</td>
<td>2,013.3</td>
<td>1,709.2</td>
<td>1,694.8</td>
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<tr>
<td>Expenses from transactions</td>
<td>1,489.0</td>
<td>1,499.0</td>
<td>1,521.6</td>
<td>1,496.2</td>
<td>1,420.3</td>
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<tr>
<td>NET RESULT FROM TRANSACTIONS</td>
<td>61.1</td>
<td>5.9</td>
<td>491.7</td>
<td>213.0</td>
<td>274.5</td>
</tr>
<tr>
<td>Other Economic Flows Included in Net Result</td>
<td>7.5</td>
<td>7.5</td>
<td>7.8</td>
<td>11.9</td>
<td>(3.1)</td>
</tr>
<tr>
<td>NET RESULT</td>
<td>68.6</td>
<td>13.4</td>
<td>499.5</td>
<td>224.9</td>
<td>271.4</td>
</tr>
<tr>
<td>Net change in asset revaluation reserve</td>
<td>10.2</td>
<td>(28.3)</td>
<td>2,282.5</td>
<td>(49.5)</td>
<td>3,472.7</td>
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<tr>
<td>COMPREHENSIVE RESULT</td>
<td>78.8</td>
<td>(14.9)</td>
<td>2,782.0</td>
<td>175.4</td>
<td>3,744.1</td>
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<td><strong>CASH FLOWS</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash flows from operating activities</td>
<td>616.1</td>
<td>641.9</td>
<td>801.4</td>
<td>706.9</td>
<td>637.9</td>
</tr>
<tr>
<td>Cash flows used in investing activities</td>
<td>(762.9)</td>
<td>(838.4)</td>
<td>(884.2)</td>
<td>(1,023.2)</td>
<td>(1,086.3)</td>
</tr>
<tr>
<td>Cash flows from financing activities</td>
<td>146.9</td>
<td>198.9</td>
<td>82.0</td>
<td>318.0</td>
<td>448.4</td>
</tr>
<tr>
<td>NET INCREASE/(DECREASE) IN CASH HELD</td>
<td>0.1</td>
<td>2.4</td>
<td>(0.8)</td>
<td>1.7</td>
<td>-</td>
</tr>
<tr>
<td><strong>CAPITAL WORKS</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>TOTAL EXPENDITURE</td>
<td>755.4</td>
<td>876.7</td>
<td>918.5</td>
<td>1,045.4</td>
<td>1,099.0</td>
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</tbody>
</table>
### YEAR ENDED 30 JUNE

<table>
<thead>
<tr>
<th>Source</th>
<th>2014</th>
<th>2013</th>
<th>2012</th>
<th>2011</th>
<th>2010</th>
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<tbody>
<tr>
<td><strong>FUNDING SOURCES</strong></td>
<td></td>
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</tr>
<tr>
<td>State Government Funding derived from the Federal Government</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Construction</td>
<td>115.8</td>
<td>283.4</td>
<td>627.1</td>
<td>400.2</td>
<td>426.4</td>
</tr>
<tr>
<td>Asset Maintenance and minor works</td>
<td>51.3</td>
<td>49.9</td>
<td>51.0</td>
<td>50.7</td>
<td>48.4</td>
</tr>
<tr>
<td>Federal Interstate Road Transport Scheme</td>
<td>20.1</td>
<td>21.0</td>
<td>21.6</td>
<td>19.7</td>
<td>16.3</td>
</tr>
<tr>
<td>National Blackspot program</td>
<td>13.3</td>
<td>17.0</td>
<td>11.7</td>
<td>13.6</td>
<td>44.5</td>
</tr>
<tr>
<td>Other</td>
<td>2.1</td>
<td>0.5</td>
<td>0.9</td>
<td>2.0</td>
<td>1.0</td>
</tr>
<tr>
<td><strong>TOTAL FEDERAL GOVERNMENT FUNDING</strong></td>
<td>202.6</td>
<td>371.8</td>
<td>712.3</td>
<td>486.2</td>
<td>536.6</td>
</tr>
<tr>
<td>State Government</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Outputs appropriations</td>
<td>155.2</td>
<td>126.0</td>
<td>255.7</td>
<td>251.8</td>
<td>236.6</td>
</tr>
<tr>
<td>Contributed capital appropriations</td>
<td>168.7</td>
<td>198.9</td>
<td>82.0</td>
<td>307.7</td>
<td>433.9</td>
</tr>
<tr>
<td>Better Roads Victoria Trust Account</td>
<td>822.9</td>
<td>654.0</td>
<td>553.4</td>
<td>610.7</td>
<td>571.9</td>
</tr>
<tr>
<td><strong>TOTAL STATE GOVERNMENT FUNDING</strong></td>
<td>1,146.8</td>
<td>978.9</td>
<td>891.1</td>
<td>1,170.2</td>
<td>1,242.4</td>
</tr>
<tr>
<td>Transport Accident Commission Program</td>
<td>85.4</td>
<td>82.8</td>
<td>101.8</td>
<td>112.9</td>
<td>104.6</td>
</tr>
<tr>
<td>VicRoads generated revenue</td>
<td>275.0</td>
<td>257.5</td>
<td>272.1</td>
<td>247.4</td>
<td>233.7</td>
</tr>
<tr>
<td><strong>TOTAL FUNDING</strong></td>
<td>1,709.8</td>
<td>1,691.0</td>
<td>1,977.3</td>
<td>2,016.7</td>
<td>2,117.3</td>
</tr>
<tr>
<td><strong>INCOME COLLECTED ON BEHALF OF THE VICTORIAN GOVERNMENT AND OTHER GOVERNMENT AGENCIES</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Transport Accident Commission fees</td>
<td>1,873.1</td>
<td>1,797.1</td>
<td>1,705.9</td>
<td>1,628.9</td>
<td>1,559.7</td>
</tr>
<tr>
<td>Motor vehicle registration</td>
<td>1,215.2</td>
<td>1,160.9</td>
<td>994.7</td>
<td>912.9</td>
<td>853.6</td>
</tr>
<tr>
<td>Stamp Duty</td>
<td>660.7</td>
<td>633.8</td>
<td>581.2</td>
<td>576.0</td>
<td>568.8</td>
</tr>
<tr>
<td>Driver licences</td>
<td>126.5</td>
<td>78.1</td>
<td>67.9</td>
<td>52.5</td>
<td>34.9</td>
</tr>
<tr>
<td>Federal Interstate Road Transport Scheme registrations</td>
<td>42.1</td>
<td>42.8</td>
<td>42.6</td>
<td>41.9</td>
<td>33.1</td>
</tr>
<tr>
<td>Other</td>
<td>73.3</td>
<td>72.8</td>
<td>65.7</td>
<td>71.2</td>
<td>58.5</td>
</tr>
<tr>
<td><strong>TOTAL INCOME</strong></td>
<td>3,990.9</td>
<td>3,785.5</td>
<td>3,458.0</td>
<td>3,283.4</td>
<td>3,108.6</td>
</tr>
<tr>
<td><strong>INCOME ADMINISTERED ON BEHALF OF THE VICTORIAN GOVERNMENT</strong></td>
<td>30.3</td>
<td>29.0</td>
<td>27.9</td>
<td>27.4</td>
<td>27.8</td>
</tr>
<tr>
<td><strong>FINANCIAL POSITION AS AT 30 JUNE</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total assets</td>
<td>45,579.0</td>
<td>45,372.8</td>
<td>45,136.6</td>
<td>42,393.6</td>
<td>41,906.7</td>
</tr>
<tr>
<td>Total liabilities</td>
<td>370.7</td>
<td>411.9</td>
<td>426.4</td>
<td>437.1</td>
<td>422.2</td>
</tr>
<tr>
<td><strong>NET ASSETS</strong></td>
<td>45,208.3</td>
<td>44,960.9</td>
<td>44,717.3</td>
<td>41,956.5</td>
<td>41,484.5</td>
</tr>
<tr>
<td>Contributed capital</td>
<td>15,728.1</td>
<td>15,559.5</td>
<td>15,301.0</td>
<td>15,322.1</td>
<td>15,025.6</td>
</tr>
<tr>
<td>Asset revaluation reserve</td>
<td>13,282.1</td>
<td>13,271.9</td>
<td>13,300.2</td>
<td>11,017.6</td>
<td>11,067.1</td>
</tr>
<tr>
<td>Accumulated surplus</td>
<td>16,198.1</td>
<td>16,129.5</td>
<td>16,116.1</td>
<td>15,616.8</td>
<td>15,391.8</td>
</tr>
<tr>
<td><strong>NET WORTH</strong></td>
<td>45,208.3</td>
<td>44,960.9</td>
<td>44,717.3</td>
<td>41,956.5</td>
<td>41,484.5</td>
</tr>
<tr>
<td><strong>LIABILITIES ADMINISTERED ON BEHALF OF THE VICTORIAN GOVERNMENT</strong></td>
<td>351.4</td>
<td>348.6</td>
<td>346.4</td>
<td>341.2</td>
<td>336.9</td>
</tr>
</tbody>
</table>
Composition of funding sources ($ million)

- **State Government Funding #**
- **Federal Government Funding**
- **Other Revenue**

# includes funding from Better Roads Victoria Trust Account and Transport Accident Commission.

Operating output expenditure 2013-14

- **Road Network Improvements**
- **Road Asset Management**
- **Transport Safety and Security Management**
- **Transport Safety Regulation and Investigations**
- **Ports and Freight Network Improvements and Maintenance**

Funding Sources 2013-14

- **Victorian Government**
- **Federal Government**
- **Regulatory and Other Revenue**
- **Transport Accident Commission**
- **Better Roads Victoria Trust**
PART SIX: Financial statements
### Comprehensive operating statement

**For the year ended 30 June 2014**

<table>
<thead>
<tr>
<th>Notes</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$'000</td>
<td>$'000</td>
</tr>
<tr>
<td><strong>Continuing operations</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Income from transactions</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Victorian Government grants</td>
<td>1,181,063</td>
<td>1,152,659</td>
</tr>
<tr>
<td>Transport Accident Commission grants</td>
<td>85,434</td>
<td>82,778</td>
</tr>
<tr>
<td>Regulatory revenue</td>
<td>111,260</td>
<td>106,566</td>
</tr>
<tr>
<td>Fair value of assets received free of charge</td>
<td>8,891</td>
<td>12,873</td>
</tr>
<tr>
<td>Other revenue</td>
<td>2</td>
<td>163,426</td>
</tr>
<tr>
<td><strong>Total income from transactions</strong></td>
<td><strong>1,550,074</strong></td>
<td><strong>1,504,928</strong></td>
</tr>
<tr>
<td><strong>Expenses from transactions</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Employee benefits</td>
<td>(225,315)</td>
<td>(251,507)</td>
</tr>
<tr>
<td>Supplies and services</td>
<td>(560,417)</td>
<td>(509,931)</td>
</tr>
<tr>
<td>Depreciation</td>
<td>(562,832)</td>
<td>(545,356)</td>
</tr>
<tr>
<td>Grants and other transfers</td>
<td>(88,990)</td>
<td>(69,347)</td>
</tr>
<tr>
<td>Capital asset charge</td>
<td>(49,800)</td>
<td>(49,800)</td>
</tr>
<tr>
<td>Fair value of assets transferred to other entities</td>
<td>(1,681)</td>
<td>(73,071)</td>
</tr>
<tr>
<td><strong>Total expenses from transactions</strong></td>
<td><strong>(1,489,035)</strong></td>
<td><strong>(1,499,012)</strong></td>
</tr>
<tr>
<td><strong>NET RESULT FROM TRANSACTIONS (NET OPERATING BALANCE)</strong></td>
<td>61,039</td>
<td>5,916</td>
</tr>
<tr>
<td><strong>Other economic flows included in net result</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net gain/(loss) on non-financial assets</td>
<td>8,161</td>
<td>4,579</td>
</tr>
<tr>
<td>Other gains/(losses) from other economic flows</td>
<td>(625)</td>
<td>2,916</td>
</tr>
<tr>
<td><strong>Total other economic flows included in net result</strong></td>
<td><strong>7,536</strong></td>
<td><strong>7,495</strong></td>
</tr>
<tr>
<td><strong>NET RESULT</strong></td>
<td><strong>68,575</strong></td>
<td><strong>13,411</strong></td>
</tr>
<tr>
<td><strong>Other economic flows - Other comprehensive income</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Revaluation gain/(loss) to asset revaluation reserve</td>
<td>10,227</td>
<td>-</td>
</tr>
<tr>
<td>Impairment loss to asset revaluation reserve</td>
<td>(28,350)</td>
<td></td>
</tr>
<tr>
<td><strong>Total other economic flows - Other comprehensive income</strong></td>
<td><strong>10,227</strong></td>
<td><strong>(28,350)</strong></td>
</tr>
<tr>
<td><strong>COMPREHENSIVE RESULT</strong></td>
<td><strong>78,802</strong></td>
<td><strong>(14,939)</strong></td>
</tr>
</tbody>
</table>

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

**As at 30 June 2014**

<table>
<thead>
<tr>
<th>Notes</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$'000</td>
<td>$'000</td>
</tr>
<tr>
<td><strong>Assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Financial assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>5</td>
<td>45,203</td>
</tr>
<tr>
<td>Receivables</td>
<td>6</td>
<td>372,052</td>
</tr>
<tr>
<td><strong>Total financial assets</strong></td>
<td></td>
<td>417,255</td>
</tr>
<tr>
<td><strong>Non-financial assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Prepayments</td>
<td>11</td>
<td>5,003</td>
</tr>
<tr>
<td>Inventories</td>
<td>7</td>
<td>1,482</td>
</tr>
<tr>
<td>Non-financial physical assets held for sale</td>
<td>8</td>
<td>16,813</td>
</tr>
<tr>
<td>Property, plant and equipment</td>
<td>9</td>
<td>45,017,651</td>
</tr>
<tr>
<td>Intangible assets</td>
<td>10</td>
<td>120,845</td>
</tr>
<tr>
<td><strong>Total non-financial assets</strong></td>
<td></td>
<td>45,161,794</td>
</tr>
<tr>
<td><strong>TOTAL ASSETS</strong></td>
<td></td>
<td>45,579,049</td>
</tr>
<tr>
<td><strong>Liabilities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Payables</td>
<td>11</td>
<td>178,085</td>
</tr>
<tr>
<td>Provisions</td>
<td>12</td>
<td>162,784</td>
</tr>
<tr>
<td>Prepaid revenue</td>
<td></td>
<td>29,841</td>
</tr>
<tr>
<td><strong>TOTAL LIABILITIES</strong></td>
<td></td>
<td>370,710</td>
</tr>
<tr>
<td><strong>NET ASSETS</strong></td>
<td></td>
<td>45,208,339</td>
</tr>
<tr>
<td><strong>Equity</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Contributed capital</td>
<td></td>
<td>15,728,130</td>
</tr>
<tr>
<td>Asset revaluation reserve</td>
<td></td>
<td>13,282,097</td>
</tr>
<tr>
<td>Accumulated surplus</td>
<td></td>
<td>16,198,112</td>
</tr>
<tr>
<td><strong>NET WORTH</strong></td>
<td></td>
<td>45,208,339</td>
</tr>
</tbody>
</table>

### Contingent assets and contingent liabilities

17

### Commitments for expenditure

18

*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 2014

<table>
<thead>
<tr>
<th></th>
<th>Asset revaluation surplus</th>
<th>Accumulated surplus</th>
<th>Contributions by owner</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2014 $'000</td>
<td>2014 $'000</td>
<td>2014 $'000</td>
<td>2014 $'000</td>
</tr>
<tr>
<td><strong>2014</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Balance at 1 July 2013</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net result from transactions for the year</td>
<td>- 13,271,870</td>
<td>16,129,537</td>
<td>15,559,492</td>
<td>44,960,899</td>
</tr>
<tr>
<td>Other comprehensive income for the year</td>
<td>- 61,039</td>
<td>-</td>
<td>-</td>
<td>61,039</td>
</tr>
<tr>
<td>Fair value of State assets sold and proceeds returned to the Victorian Government</td>
<td>- 10,227</td>
<td>7,536</td>
<td>-</td>
<td>17,763</td>
</tr>
<tr>
<td>Capital appropriations</td>
<td>-</td>
<td>-</td>
<td>- 168,737</td>
<td>168,737</td>
</tr>
<tr>
<td><strong>Balance at 30 June 2014</strong></td>
<td>13,282,097</td>
<td>16,198,112</td>
<td>15,728,130</td>
<td>45,208,339</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>Asset revaluation surplus</th>
<th>Accumulated surplus</th>
<th>Contributions by owner</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2013 $'000</td>
<td>2013 $'000</td>
<td>2013 $'000</td>
<td>2013 $'000</td>
</tr>
<tr>
<td><strong>2013</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Balance at 1 July 2012</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net result from transactions for the year</td>
<td>- 13,300,220</td>
<td>16,116,126</td>
<td>15,300,967</td>
<td>44,717,313</td>
</tr>
<tr>
<td>Other comprehensive income for the year</td>
<td>- 5,916</td>
<td>-</td>
<td>-</td>
<td>5,916</td>
</tr>
<tr>
<td>Fair value of State assets sold and proceeds returned to the Victorian Government</td>
<td>(28,350)</td>
<td>7,495</td>
<td>-</td>
<td>(20,855)</td>
</tr>
<tr>
<td>Capital appropriations</td>
<td>-</td>
<td>-</td>
<td>- 198,934</td>
<td>198,934</td>
</tr>
<tr>
<td>Assets transferred from other Victorian Government agencies</td>
<td>-</td>
<td>-</td>
<td>60,021</td>
<td>60,021</td>
</tr>
<tr>
<td><strong>Balance at 30 June 2013</strong></td>
<td>13,271,870</td>
<td>16,129,537</td>
<td>15,559,492</td>
<td>44,960,899</td>
</tr>
</tbody>
</table>

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 2014**

<table>
<thead>
<tr>
<th>Notes</th>
<th>2014 $’000</th>
<th>2013 $’000</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Cash flows from operating activities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Receipts</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Receipts from government grants</td>
<td>1,195,705</td>
<td>1,195,757</td>
</tr>
<tr>
<td>Receipts from other sources</td>
<td>345,093</td>
<td>344,021</td>
</tr>
<tr>
<td>Goods and Services Tax collected</td>
<td>41,499</td>
<td>38,277</td>
</tr>
<tr>
<td>Goods and Services Tax recovered from the Australian Taxation Office</td>
<td>100,614</td>
<td>113,427</td>
</tr>
<tr>
<td>Interest received</td>
<td>1,128</td>
<td>1,387</td>
</tr>
<tr>
<td><strong>Total receipts</strong></td>
<td><strong>1,684,039</strong></td>
<td><strong>1,692,869</strong></td>
</tr>
<tr>
<td><strong>Payments</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Payments to suppliers and employees</td>
<td>(787,082)</td>
<td>(780,084)</td>
</tr>
<tr>
<td>Payments of grants and other transfers</td>
<td>(88,990)</td>
<td>(69,347)</td>
</tr>
<tr>
<td>Goods and Services Tax paid on purchases</td>
<td>(142,113)</td>
<td>(151,704)</td>
</tr>
<tr>
<td>Payments of capital asset charge</td>
<td>(49,800)</td>
<td>(49,800)</td>
</tr>
<tr>
<td><strong>Total payments</strong></td>
<td><strong>(1,067,985)</strong></td>
<td><strong>(1,050,935)</strong></td>
</tr>
<tr>
<td><strong>NET CASH FLOWS FROM OPERATING ACTIVITIES</strong></td>
<td><strong>21 616,054</strong></td>
<td><strong>641,934</strong></td>
</tr>
<tr>
<td><strong>Cash flows from investing activities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Payments for purchase of non-financial assets</td>
<td>(780,474)</td>
<td>(859,875)</td>
</tr>
<tr>
<td>Proceeds from sale of non-financial assets</td>
<td>25,097</td>
<td>23,114</td>
</tr>
<tr>
<td>Loans granted to other parties</td>
<td>(7,515)</td>
<td>(1,612)</td>
</tr>
<tr>
<td><strong>NET CASH FLOWS USED IN INVESTING ACTIVITIES</strong></td>
<td><strong>(762,892)</strong></td>
<td><strong>(838,373)</strong></td>
</tr>
<tr>
<td><strong>Cash flows from financing activities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Proceeds from capital contributions by the Victorian Government</td>
<td>146,890</td>
<td>198,934</td>
</tr>
<tr>
<td><strong>NET CASH FLOWS FROM FINANCING ACTIVITIES</strong></td>
<td><strong>146,890</strong></td>
<td><strong>198,934</strong></td>
</tr>
<tr>
<td><strong>NET INCREASE / (DECREASE) IN CASH HELD</strong></td>
<td><strong>52 2,495</strong></td>
<td></td>
</tr>
<tr>
<td>Cash at the beginning of the financial year</td>
<td>6,183</td>
<td>3,688</td>
</tr>
<tr>
<td><strong>CASH HELD AT THE END OF THE FINANCIAL YEAR</strong></td>
<td><strong>5 6,235</strong></td>
<td><strong>6,183</strong></td>
</tr>
</tbody>
</table>

*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 2014

Note 1

Summary of Significant Accounting Policies

The financial statements represent the audited general purpose financial statements for the Roads Corporation (the Corporation) for the period ending 30 June 2014. The purpose of the financial statements is to provide users with information about the Corporation’s stewardship and resources entrusted to it.

(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 2014 and the comparative information presented for the year ended 30 June 2013.
(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’ 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 twelve 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) Changes in accounting policies

Subsequent to the 2012-13 reporting period, the following new and revised Standards have been adopted in the current period with their financial impact detailed as below.

(i) AASB 13 Fair Value Measurement

AASB 13 establishes a single source of guidance for all fair value measurements. AASB 13 does not change when the Corporation is required to use fair value, but rather provides guidance on how to measure fair value under Australian Accounting Standards when fair value is required or permitted. The Corporation has considered the specific requirements relating to highest and best use, valuation premise, and principal (or most advantageous) market. The methods, assumptions, processes and procedures for determining fair value have been revisited and adjusted where applicable. In light of AASB 13, the Corporation has reviewed the fair value principles as well as its current valuation methodologies in assessing the fair value, and the assessment has not materially changed the fair values recognised.

AASB 13 has predominantly impacted the disclosures of the Corporation as it requires specific disclosures relating to fair value measurements and disclosures of fair values. The disclosure requirements of AASB 13 apply prospectively and need not be applied in comparative information before first application. Consequently, the 2012-13 comparatives of these disclosures have not been provided.

(ii) AASB 119 Employee benefits

In 2013-14, the Corporation has applied AASB 119 Employee Benefits (September 2011, as amended) and the related consequential amendments for the first time.

The revised AASB 119 changes the definition of short-term employee benefits. These benefits were previously expected to be settled within twelve months after the end of the reporting period in which employees render the related services. The revised AASB 119 defines short-term employee benefits as benefits expected to be settled wholly within twelve months after the end of the reporting period in which employees render the related services. Annual leave entitlements expected to be settled beyond twelve months after the end of a reporting period which was previously classified by the Corporation as short-term employee benefits no longer meet this definition and are now classified as long-term employee benefits. This has resulted in a change of measurement for these employee benefits from an undiscounted to discounted basis. The Corporation considers that the change in classification has not materially altered the measurement of the annual leave provision.

Comparative amounts for 2012-13 have been restated in accordance with the relevant transitional provisions set out in AASB 119.

(e) 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.

(f) **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 20 – ‘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:

<table>
<thead>
<tr>
<th>Asset Class</th>
<th>Useful Life</th>
</tr>
</thead>
<tbody>
<tr>
<td>Infrastructure Assets</td>
<td></td>
</tr>
<tr>
<td>Road pavement</td>
<td>60 years</td>
</tr>
<tr>
<td>Sound barriers</td>
<td>20 and 50 years</td>
</tr>
<tr>
<td>Bridges</td>
<td>90 years</td>
</tr>
<tr>
<td>Traffic control systems</td>
<td>7 to 25 years</td>
</tr>
<tr>
<td>Buildings</td>
<td></td>
</tr>
<tr>
<td>Operational</td>
<td>40 years</td>
</tr>
<tr>
<td>Improvements on land acquired for roads</td>
<td>40 years</td>
</tr>
<tr>
<td>Plant and Equipment</td>
<td></td>
</tr>
<tr>
<td>Computers and computer systems</td>
<td>4 to 10 years</td>
</tr>
<tr>
<td>Plant and Technical equipment</td>
<td>5 to 13 years</td>
</tr>
<tr>
<td>Office machines and equipment</td>
<td>5 years</td>
</tr>
<tr>
<td>Audio visual and photographic</td>
<td>4 to 5 years</td>
</tr>
<tr>
<td>Furniture, fittings and fit outs</td>
<td>10 years</td>
</tr>
<tr>
<td>Weighbridges</td>
<td>40 years</td>
</tr>
<tr>
<td>Intangible Assets</td>
<td></td>
</tr>
<tr>
<td>Software</td>
<td>3 to 14 years</td>
</tr>
</tbody>
</table>

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 budgeted 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.

(g) **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(m) Provisions (i) Employee Benefits), and foreign currency translation differences (Refer to Note 1(v) Foreign Currency).

(h) **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(k) Non-Financial Assets (v) Valuations).

(i) **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.
(j) Receivables

Receivables consist of:

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

Amounts owing from the Victorian Government 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.

(k) Non-Financial Assets

(i) Declared Road Network

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

(ii) Asset Classifications

Non-financial assets are classified in the following categories:

- Infrastructure assets which encompass Victoria’s declared road network and include road pavements, sound barriers, earthworks, bridges and traffic control systems.
- Land assets which comprise land used for operations, land acquired for future public roads, land under declared roads and land in commercial use.
- Buildings and leasehold improvements which comprise offices, residential properties, storage depots and patrol garages on freehold land, buildings on land acquired for future public roads, and leasehold buildings and improvements on Crown and leased land.
- Plant and equipment which comprise office fit outs, furnishings and fittings, computers and other technical equipment.
- Intangible assets which comprise purchased and developed computer software and water rights.
- Inventories which comprise stockpiles of construction and maintenance materials, saleable items and consumable stores held for either distribution in the ordinary course of business operations or for sale.
- Non-financial physical assets held for sale, which comprise properties identified as surplus to the Corporation’s requirements. These properties are in a state ready for sale, are being actively marketed for sale, the sale is highly probable and the sale is expected to be completed within twelve months.
(iii) **Acquisition of Assets**

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

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

(iv) **Constructed Assets**

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

(v) **Valuations**

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

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

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

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

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

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

Infrastructure assets are valued based on the current replacement cost of equivalent assets that are capable of providing the same level of service as the existing assets and written-down to take account of expired service life.
Land, other than land under declared roads is 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 metropolitan residential land under main roads.

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

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

Infrastructure works in progress are valued at construction cost.

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

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

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

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

Infrastructure assets were 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.

(l) Payables

Payables consist of:

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

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

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

(m) Provisions

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

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

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

**Annual leave, performance and other entitlements**

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

**Long service leave**

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

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

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

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

**On costs**

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

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

(ii) **Contractor Retentions and Provisions**

Contractor retentions represent contractor payments withheld as securities by the Corporation and contractor provisions represent claims made by contractors, pursuant to contractual arrangements entered into by the Corporation.
(iii) **Property Acquisition Liabilities**

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

(iv) **Compensation Payable to Property Owners**

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

(n) **Leases**

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

Leases are classified at their inception as either operating or finance leases based on the economic substance of the agreement so as to reflect the risks and reward incidental to ownership.

(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.

(o) **Contributed Capital**

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

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

(p) **Financial Instruments**

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

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

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

(r) **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.

(s) **Transactions Administered on Behalf of the State of Victoria**

(i) **Income Collections**

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

Income collected, but not remitted to the State of Victoria and government agencies at balance date are recognised as an asset and a corresponding liability in the Balance Sheet. Cash flows relating to the income collected are not recognised in the Cash Flow Statement.

Transactions relating to the income collections are disclosed in Note 22 - ‘Transactions administered on behalf of the State of Victoria’ and Note 23 - ‘Collections on behalf of Government agencies’.

(ii) **Private Provision of Public Infrastructure**

*Melbourne CityLink*

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

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

The Concession Deed requires CML to pay to the State of Victoria specified concession fees at specified intervals during the concession period. In accordance with the Concession Deed, CML has exercised an option to meet its obligations to pay concession fees by way of issuing concession notes. These notes are non-interest bearing promissory notes payable by CML at the end of the concession period or earlier in the event of CML achieving certain financial profitability levels and cash flows.
The State of Victoria, CML and Transurban Infrastructure Management Limited (TIML) entered into the M1 Corridor Deed of Assignment (Deed of Assignment) on 25 July 2006. Under the terms of the Deed of Assignment, all concession notes held by, and due to be issued to the State of Victoria in accordance with the Concession Deed, have been assigned to TIML for a defined payment stream over a four year period ending 30 June 2010.

The concession notes and related revenues are not recognised as the Corporation’s revenue, assets and liabilities. Details of the concession notes and related revenues are disclosed in Note 22 – ‘Transactions administered on behalf of the State of Victoria’.

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

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

**EastLink**

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

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

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

(u) **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.

(v) **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.

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

As at 30 June 2014, the following new accounting standards and interpretations have been issued however, their adoption was not mandatory for the financial year ending 30 June 2014. The Corporation has not, and does not intend to adopt these standards early.

<table>
<thead>
<tr>
<th>Standard/Interpretation</th>
<th>Summary</th>
<th>Applicable for annual reporting periods beginning on</th>
<th>Impact on public sector entity financial statements</th>
</tr>
</thead>
<tbody>
<tr>
<td>AASB 9 Financial Instruments</td>
<td>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).</td>
<td>1 Jan 2017</td>
<td>No material impact on the Corporation’s reporting</td>
</tr>
</tbody>
</table>
## Note 2

### Income from transactions

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$'000</td>
<td>$'000</td>
</tr>
<tr>
<td><strong>Other revenue</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>External works</td>
<td>60,859</td>
<td>51,416</td>
</tr>
<tr>
<td>Grants</td>
<td>16,391</td>
<td>4,833</td>
</tr>
<tr>
<td>Transport Accident Commission premium collection commission</td>
<td>38,027</td>
<td>36,228</td>
</tr>
<tr>
<td>Victorian Government agency commission</td>
<td>4,838</td>
<td>4,950</td>
</tr>
<tr>
<td>Rental revenue</td>
<td>13,228</td>
<td>13,473</td>
</tr>
<tr>
<td>Recoveries</td>
<td>28,650</td>
<td>37,765</td>
</tr>
<tr>
<td>Interest</td>
<td>1,433</td>
<td>1,387</td>
</tr>
<tr>
<td><strong>Total other revenue</strong></td>
<td>163,426</td>
<td>150,052</td>
</tr>
</tbody>
</table>
### Note 3

Expenses from transactions

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$'000</td>
<td>$'000</td>
</tr>
<tr>
<td><strong>Employee benefits</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Salaries and related on-costs</td>
<td>198,709</td>
<td>208,236</td>
</tr>
<tr>
<td>Leave entitlements</td>
<td>24,594</td>
<td>26,758</td>
</tr>
<tr>
<td>Termination benefits</td>
<td>2,012</td>
<td>16,513</td>
</tr>
<tr>
<td><strong>Total employee benefits</strong></td>
<td>225,315</td>
<td>251,507</td>
</tr>
<tr>
<td><strong>Supplies and services</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Payment to contractors</td>
<td>419,760</td>
<td>368,705</td>
</tr>
<tr>
<td>Management and operating</td>
<td>103,738</td>
<td>97,867</td>
</tr>
<tr>
<td>Plant hire</td>
<td>19,065</td>
<td>21,560</td>
</tr>
<tr>
<td>Bad and doubtful debts</td>
<td>291</td>
<td>206</td>
</tr>
<tr>
<td>Services alterations</td>
<td>17,563</td>
<td>21,593</td>
</tr>
<tr>
<td><strong>Total supplies and services</strong></td>
<td>560,417</td>
<td>509,931</td>
</tr>
<tr>
<td><strong>Depreciation</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Road pavements</td>
<td>416,550</td>
<td>407,528</td>
</tr>
<tr>
<td>Bridges</td>
<td>90,704</td>
<td>86,160</td>
</tr>
<tr>
<td>Traffic signal control systems</td>
<td>28,901</td>
<td>26,954</td>
</tr>
<tr>
<td>Plant and equipment</td>
<td>4,391</td>
<td>4,584</td>
</tr>
<tr>
<td>Intangible assets</td>
<td>5,621</td>
<td>5,325</td>
</tr>
<tr>
<td>Sound barriers</td>
<td>15,242</td>
<td>13,430</td>
</tr>
<tr>
<td>Buildings and leasehold improvements</td>
<td>1,423</td>
<td>1,375</td>
</tr>
<tr>
<td><strong>Total depreciation</strong></td>
<td>562,832</td>
<td>545,356</td>
</tr>
</tbody>
</table>
Note 4

Other economic flows included in net result

<table>
<thead>
<tr>
<th></th>
<th>2014 $’000</th>
<th>2013 $’000</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Net gain/(loss) on non-financial assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Proceeds from disposal of surplus non-financial assets</td>
<td>25,097</td>
<td>23,114</td>
</tr>
<tr>
<td>Written-down value of disposed non-financial assets</td>
<td>(15,999)</td>
<td>(19,517)</td>
</tr>
<tr>
<td>Assets register adjustments</td>
<td>(608)</td>
<td>1,297</td>
</tr>
<tr>
<td>Impairment of assets</td>
<td>(329)</td>
<td>(315)</td>
</tr>
<tr>
<td><strong>Total net gain/(loss) on non-financial assets</strong></td>
<td>8,161</td>
<td>4,579</td>
</tr>
<tr>
<td><strong>Other gains/(losses) from other economic flows</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Gain/(loss) on revaluation of provision for employee benefits</td>
<td>(630)</td>
<td>2,903</td>
</tr>
<tr>
<td>Gain/(loss) on revaluation of foreign currency</td>
<td>5</td>
<td>13</td>
</tr>
<tr>
<td><strong>Total other gains/(losses) from other economic flows</strong></td>
<td>(625)</td>
<td>2,916</td>
</tr>
<tr>
<td><strong>TOTAL OTHER ECONOMIC FLOWS INCLUDED IN NET RESULT</strong></td>
<td>7,536</td>
<td>7,495</td>
</tr>
</tbody>
</table>
## Note 5

**Cash and cash equivalents**

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Cash relating to operating activities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash on hand</td>
<td>104</td>
<td>136</td>
</tr>
<tr>
<td>Cash at bank</td>
<td>6,131</td>
<td>6,047</td>
</tr>
<tr>
<td><strong>Total cash relating to operating activities</strong></td>
<td>6,235</td>
<td>6,183</td>
</tr>
<tr>
<td><strong>Cash and cash equivalent collections on behalf of the Victorian Government, government agencies and other entities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash at bank</td>
<td>35,968</td>
<td>34,613</td>
</tr>
<tr>
<td>Fixed deposits</td>
<td>3,000</td>
<td>4,500</td>
</tr>
<tr>
<td><strong>Total cash and cash equivalent collections on behalf of the Victorian Government, government agencies and other entities</strong></td>
<td>38,968</td>
<td>39,113</td>
</tr>
<tr>
<td><strong>TOTAL CASH AND CASH EQUIVALENTS</strong></td>
<td>45,203</td>
<td>45,296</td>
</tr>
</tbody>
</table>
Note 6
Receivables

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>$'000</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Current receivables</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Contractual</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Debtors</td>
<td>40,316</td>
<td>16,963</td>
</tr>
<tr>
<td>Loans to third parties</td>
<td>166</td>
<td>-</td>
</tr>
<tr>
<td>Other receivables</td>
<td>3,689</td>
<td>11,982</td>
</tr>
<tr>
<td>Allowance for doubtful debts</td>
<td>(814)</td>
<td>(543)</td>
</tr>
<tr>
<td><strong>Statutory</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Amounts owing from the Victorian Government</td>
<td>303,608</td>
<td>296,404</td>
</tr>
<tr>
<td>Goods and Services Tax input tax credit recoverable</td>
<td>3,022</td>
<td>7,467</td>
</tr>
<tr>
<td><strong>Total current receivables</strong></td>
<td>349,987</td>
<td>332,273</td>
</tr>
<tr>
<td><strong>Non-current receivables</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Contractual</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other receivables</td>
<td>12,637</td>
<td>12,637</td>
</tr>
<tr>
<td>Loans to third parties</td>
<td>9,266</td>
<td>1,612</td>
</tr>
<tr>
<td>Interest free loans</td>
<td>162</td>
<td>162</td>
</tr>
<tr>
<td><strong>Total non-current receivables</strong></td>
<td>22,065</td>
<td>14,411</td>
</tr>
<tr>
<td><strong>TOTAL RECEIVABLES</strong></td>
<td>372,052</td>
<td>346,684</td>
</tr>
</tbody>
</table>

**Movement in the allowance for doubtful debts**

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>$'000</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Balance at beginning of the year</td>
<td>(543)</td>
<td>(538)</td>
</tr>
<tr>
<td>Amounts written off during the year</td>
<td>20</td>
<td>201</td>
</tr>
<tr>
<td>Decrease/(increase) in allowance recognised in the net result</td>
<td>(291)</td>
<td>(206)</td>
</tr>
<tr>
<td><strong>Balance at the end of the year</strong></td>
<td>(814)</td>
<td>(543)</td>
</tr>
</tbody>
</table>

Refer to Note 13 – Financial Instruments’ for an ongoing analysis of contractual receivables
**Note 7**

Inventories

<table>
<thead>
<tr>
<th></th>
<th>2014 $’000</th>
<th>2013 $’000</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Current inventories</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Stockpile materials</td>
<td>1,071</td>
<td>1,092</td>
</tr>
<tr>
<td>Saleable items and consumable stores</td>
<td>411</td>
<td>305</td>
</tr>
<tr>
<td><strong>TOTAL INVENTORIES</strong></td>
<td>1,482</td>
<td>1,397</td>
</tr>
</tbody>
</table>
Note 8
Non-financial physical assets held for sale

<table>
<thead>
<tr>
<th>Carrying amount</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Properties held for sale at fair value</td>
<td>16,813</td>
<td>16,211</td>
</tr>
<tr>
<td>TOTAL PROPERTIES HELD FOR SALE</td>
<td>16,813</td>
<td>16,211</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Reconciliation</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Carrying amount at the beginning of the year</td>
<td>16,211</td>
<td>14,922</td>
</tr>
<tr>
<td>Transfers from/(to) land</td>
<td>16,133</td>
<td>20,796</td>
</tr>
<tr>
<td>Transfers from/(to) buildings</td>
<td>17</td>
<td>(29)</td>
</tr>
<tr>
<td>Disposals</td>
<td>(15,548)</td>
<td>(19,478)</td>
</tr>
<tr>
<td>Carrying amount at the end of the year</td>
<td>16,813</td>
<td>16,211</td>
</tr>
</tbody>
</table>

Fair value measurement hierarchy of non-financial physical assets held for sale as at 30 June 2014

<table>
<thead>
<tr>
<th>Carrying amount as at 30 June 2014</th>
<th>2014</th>
<th>Fair value measurement at end of reporting period using:</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>$'000</td>
<td>$'000</td>
<td>Level 1 *</td>
<td>$'000</td>
</tr>
<tr>
<td>Properties held for sale</td>
<td>16,813</td>
<td>-</td>
<td>16,813</td>
</tr>
<tr>
<td>TOTAL PROPERTIES HELD FOR SALE</td>
<td>16,813</td>
<td>-</td>
<td>16,813</td>
</tr>
</tbody>
</table>

* Refer to Note 1 - ‘Summary of Significant Accounting Policies’ - (Non-Financial Assets - Valuations) for details of the fair value measurement hierarchy levels
### Note 9

**Property, plant and equipment**

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$’000</td>
<td>$’000</td>
</tr>
<tr>
<td>Buildings and leasehold improvements at fair value</td>
<td>52,061</td>
<td>51,637</td>
</tr>
<tr>
<td>Plant and equipment at fair value</td>
<td>21,481</td>
<td>21,581</td>
</tr>
<tr>
<td>Land at fair value</td>
<td>17,113,836</td>
<td>17,108,158</td>
</tr>
<tr>
<td>Infrastructure assets at fair value</td>
<td>27,830,273</td>
<td>27,677,690</td>
</tr>
<tr>
<td><strong>TOTAL PROPERTY, PLANT AND EQUIPMENT</strong></td>
<td><strong>45,017,651</strong></td>
<td><strong>44,859,066</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$’000</td>
<td>$’000</td>
<td>$’000</td>
<td>$’000</td>
<td>$’000</td>
</tr>
<tr>
<td><strong>Buildings and leasehold improvements</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Carrying amount at the beginning of the year</td>
<td>51,637</td>
<td>21,581</td>
<td>17,108,158</td>
<td>27,677,690</td>
<td>44,859,066</td>
</tr>
<tr>
<td>Acquisitions</td>
<td>2,150</td>
<td>4,679</td>
<td>21,488</td>
<td>-</td>
<td>28,317</td>
</tr>
<tr>
<td>Assets transferred to other entities</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(1,681)</td>
<td>(1,681)</td>
</tr>
<tr>
<td>Assets transferred from other entities</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>8,891</td>
<td>8,891</td>
</tr>
<tr>
<td>Assets transferred from Victorian Government agencies as contributed capital</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Disposals</td>
<td>-</td>
<td>(59)</td>
<td>-</td>
<td>(392)</td>
<td>(451)</td>
</tr>
<tr>
<td>Fair value of State assets sold and proceeds returned to the Victorian Government</td>
<td>(43)</td>
<td>-</td>
<td>(56)</td>
<td>-</td>
<td>(99)</td>
</tr>
<tr>
<td>Properties incorporated into declared roads</td>
<td>(155)</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(155)</td>
</tr>
<tr>
<td>Asset register adjustments</td>
<td>(87)</td>
<td>-</td>
<td>379</td>
<td>(900)</td>
<td>(608)</td>
</tr>
<tr>
<td>Transfers to property held for sale</td>
<td>(17)</td>
<td>-</td>
<td>(16,133)</td>
<td>-</td>
<td>(16,150)</td>
</tr>
<tr>
<td>Construction expenditure</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>687,835</td>
<td>687,835</td>
</tr>
<tr>
<td>Depreciation expense</td>
<td>(1,424)</td>
<td>(4,391)</td>
<td>-</td>
<td>(551,397)</td>
<td>(557,212)</td>
</tr>
<tr>
<td>Impairment expense</td>
<td>-</td>
<td>(329)</td>
<td>-</td>
<td>-</td>
<td>(329)</td>
</tr>
<tr>
<td>Impairment loss to asset revaluation reserve</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Adjustment to asset revaluation reserve</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>10,227</td>
<td>10,227</td>
</tr>
<tr>
<td><strong>Carrying amount at the end of the year</strong></td>
<td><strong>52,061</strong></td>
<td><strong>21,481</strong></td>
<td><strong>17,113,836</strong></td>
<td><strong>27,830,273</strong></td>
<td><strong>45,017,651</strong></td>
</tr>
</tbody>
</table>
## Note 9

### Property, plant and equipment (continued)

<table>
<thead>
<tr>
<th></th>
<th>Buildings and leasehold improvements</th>
<th>Plant and Equipment</th>
<th>Land</th>
<th>Infrastructure assets</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2013 $'000</td>
<td>2013 $'000</td>
<td>2013 $'000</td>
<td>2013 $'000</td>
<td>2013 $'000</td>
</tr>
<tr>
<td><strong>Reconciliation</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Carrying amount at the beginning of the year</td>
<td>51,194</td>
<td>23,964</td>
<td>17,134,380</td>
<td>27,383,938</td>
<td>44,593,476</td>
</tr>
<tr>
<td>Acquisitions</td>
<td>2,209</td>
<td>2,525</td>
<td>15,896</td>
<td>-</td>
<td>20,630</td>
</tr>
<tr>
<td>Assets transferred to other entities</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(65,856)</td>
<td>(65,856)</td>
</tr>
<tr>
<td>Assets transferred from other entities</td>
<td>-</td>
<td>-</td>
<td>(4,751)</td>
<td>10,410</td>
<td>5,659</td>
</tr>
<tr>
<td>Assets transferred from Victorian Government agencies as contributed capital</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>60,021</td>
<td>60,021</td>
</tr>
<tr>
<td>Disposals</td>
<td>-</td>
<td>(9)</td>
<td>-</td>
<td>(29)</td>
<td>(38)</td>
</tr>
<tr>
<td>Fair value of State assets sold and proceeds returned to the Victorian Government</td>
<td>(156)</td>
<td>-</td>
<td>(274)</td>
<td>-</td>
<td>(430)</td>
</tr>
<tr>
<td>Properties incorporated into declared roads</td>
<td>(327)</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(327)</td>
</tr>
<tr>
<td>Asset register adjustments</td>
<td>62</td>
<td>-</td>
<td>(717)</td>
<td>-</td>
<td>(655)</td>
</tr>
<tr>
<td>Transfers from (to) property held for sale</td>
<td>29</td>
<td>-</td>
<td>(20,796)</td>
<td>1,952</td>
<td>(18,815)</td>
</tr>
<tr>
<td>Construction expenditure</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>834,097</td>
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<td><strong>Carrying amount at the end of the year</strong></td>
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### Note 9

Property, plant and equipment (continued)

#### Buildings and leasehold improvements

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## Note 9

Property, plant and equipment (continued)

### Buildings and leasehold improvements (continued)

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<td>(155)</td>
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### Buildings

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<td>-</td>
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<td>(156)</td>
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<td>-</td>
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<td>Transfers from/(to) property held for sale</td>
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Note 9
Property, plant and equipment (continued)

### Plant and equipment

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<td>22,910</td>
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<td>(11,540)</td>
<td>(12,396)</td>
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<td>Accumulated impairment</td>
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<td>(1,437)</td>
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<td><strong>Office furniture and fittings</strong></td>
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<td>34,754</td>
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### Land

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<td>At fair value</td>
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<td>25,892</td>
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<td><strong>Land in commercial use</strong></td>
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Note 9

Property, plant and equipment (continued)

Land (continued)

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<th>Land under declared roads</th>
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<td>Fair value of State assets sold and proceeds returned to the Victorian Government</td>
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<td>-</td>
<td>-</td>
<td>(56)</td>
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<td>Asset register adjustments</td>
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<td>-</td>
<td>-</td>
<td>379</td>
</tr>
<tr>
<td>Transfers from/(to) land under declared roads</td>
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<td>(437)</td>
<td>437</td>
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<td>-</td>
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<tr>
<td>Transfers to properties held for sale</td>
<td>-</td>
<td>(16,133)</td>
<td>-</td>
<td>-</td>
<td>(16,133)</td>
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<tr>
<td>Impairment loss to asset revaluation reserve</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
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<td>Carrying amount at the end of the year</td>
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<td>17,113,836</td>
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### Note 9

**Property, plant and equipment (continued)**

**Land (continued)**

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<th>Land for operations</th>
<th>Land acquired for future public roads</th>
<th>Land under declared roads</th>
<th>Land in commercial use</th>
<th>Total</th>
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<td>2013</td>
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<td>$'000</td>
<td>$'000</td>
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</table>

**Reconciliation**

- **Carrying amount at the beginning of the year:** 26,386
- **Acquisitions:** - 15,896
- **Assets transferred from/(to) other entities:** - (5,923)
- **Fair value of State assets sold and proceeds returned to the Victorian Government:** (274)
- **Asset register adjustments:** (220)
- **Transfers from/(to) land under declared roads:** - (33,372)
- **Transfers from/(to) properties held for sale:** - (20,796)
- **Impairment loss to asset revaluation reserve:** - (15,580)

**Carrying amount at the end of the year:** 25,892
### Infrastructure assets

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</tr>
<tr>
<td><strong>Carrying amount</strong></td>
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<td></td>
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<tr>
<td><strong>Road pavements</strong></td>
<td></td>
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<td>23,540,272</td>
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<td>At fair value</td>
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<td>7,046,454</td>
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<td><strong>Total</strong></td>
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<td>At fair value</td>
<td>280,338</td>
<td>280,338</td>
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Note 9

Property, plant and equipment (continued)

Infrastructure assets (continued)

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<th>Sound barriers</th>
<th>Bridges</th>
<th>Traffic signal control systems</th>
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<td>revaluation reserve</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Carrying amount at</td>
<td>12,743,741</td>
<td>7,685,167</td>
<td>424,385</td>
<td>5,447,624</td>
<td>405,495</td>
<td>1,123,861</td>
<td>27,830,273</td>
</tr>
<tr>
<td>the end of the year</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<td></td>
</tr>
</tbody>
</table>
Note 9

Property, plant and equipment (continued)

Infrastructure assets (continued)

<table>
<thead>
<tr>
<th></th>
<th>Road pavements</th>
<th>Earthworks</th>
<th>Sound barriers</th>
<th>Bridges</th>
<th>Traffic signal control systems</th>
<th>Work in progress</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2013 $'000</td>
<td>2013 $'000</td>
<td>2013 $'000</td>
<td>2013 $'000</td>
<td>2013 $'000</td>
<td>2013 $'000</td>
<td>2013 $'000</td>
</tr>
<tr>
<td>Reconciliation</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Carrying amount at</td>
<td>12,919,568</td>
<td>7,279,440</td>
<td>266,476</td>
<td>5,082,996</td>
<td>363,557</td>
<td>1,471,901</td>
<td>27,383,938</td>
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<tr>
<td>the beginning of the year</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Assets transferred to other entities</td>
<td>(34,275)</td>
<td>(30,962)</td>
<td>-</td>
<td>(397)</td>
<td>(222)</td>
<td>-</td>
<td>(65,856)</td>
</tr>
<tr>
<td>Assets transferred from other entities</td>
<td>6,870</td>
<td>3,540</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>10,410</td>
</tr>
<tr>
<td>Disposals</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(29)</td>
<td>(29)</td>
</tr>
<tr>
<td>Depreciation expense</td>
<td>(407,528)</td>
<td>-</td>
<td>(13,430)</td>
<td>(86,160)</td>
<td>(26,955)</td>
<td>-</td>
<td>(534,073)</td>
</tr>
<tr>
<td>Construction expenditure</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>252</td>
<td>4,622</td>
<td>829,223</td>
<td>834,097</td>
</tr>
<tr>
<td>Asset register adjustments</td>
<td>426</td>
<td>83</td>
<td>-</td>
<td>1,039</td>
<td>404</td>
<td>-</td>
<td>1,952</td>
</tr>
<tr>
<td>Capitalised work in progress</td>
<td>408,507</td>
<td>386,666</td>
<td>172,876</td>
<td>442,793</td>
<td>48,611</td>
<td>(1,459,473)</td>
<td>-</td>
</tr>
<tr>
<td>Assets transferred from Victorian Government agencies as contributed capital</td>
<td>52,680</td>
<td>-</td>
<td>-</td>
<td>7,341</td>
<td>-</td>
<td>-</td>
<td>60,021</td>
</tr>
<tr>
<td>Impairment loss to asset revaluation reserve</td>
<td>(11,181)</td>
<td>-</td>
<td>-</td>
<td>(1,589)</td>
<td>-</td>
<td>-</td>
<td>(12,770)</td>
</tr>
<tr>
<td>Carrying amount at the end of the year</td>
<td>12,935,067</td>
<td>7,638,767</td>
<td>425,922</td>
<td>5,446,275</td>
<td>390,008</td>
<td>841,651</td>
<td>27,677,690</td>
</tr>
</tbody>
</table>
### Note 9

Property, plant and equipment (continued)

**Fair value measurement hierarchy for asset as at 30 June 2014**

<table>
<thead>
<tr>
<th>Carrying amount as at 30 June 2014</th>
<th>Fair value measurement at end of reporting period using:</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Level 1 *</td>
<td>Level 2 *</td>
</tr>
<tr>
<td>$’000</td>
<td>$’000</td>
<td>$’000</td>
</tr>
<tr>
<td><strong>Land at fair value</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Land for operations</td>
<td>25,836</td>
<td>-</td>
</tr>
<tr>
<td>Land acquired for future public roads</td>
<td>1,167,728</td>
<td>-</td>
</tr>
<tr>
<td>Land under declared roads</td>
<td>15,892,816</td>
<td>-</td>
</tr>
<tr>
<td>Land in commercial use</td>
<td>27,456</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>17,113,836</strong></td>
<td>-</td>
</tr>
<tr>
<td><strong>Buildings at fair value</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Buildings operational</td>
<td>9,574</td>
<td>-</td>
</tr>
<tr>
<td>Buildings on land acquired for future public roads</td>
<td>24,110</td>
<td>-</td>
</tr>
<tr>
<td>Leasehold improvements</td>
<td>18,377</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>52,061</strong></td>
<td>-</td>
</tr>
<tr>
<td><strong>Plant and equipment at fair value</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Computers and other technical equipment</td>
<td>10,372</td>
<td>-</td>
</tr>
<tr>
<td>Other furniture and fittings</td>
<td>11,109</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>21,481</strong></td>
<td>-</td>
</tr>
<tr>
<td><strong>Infrastructure assets at fair value</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Road pavements</td>
<td>12,743,741</td>
<td>-</td>
</tr>
<tr>
<td>Earthworks</td>
<td>7,685,167</td>
<td>-</td>
</tr>
<tr>
<td>Sound barriers</td>
<td>424,385</td>
<td>-</td>
</tr>
<tr>
<td>Bridges</td>
<td>5,447,624</td>
<td>-</td>
</tr>
<tr>
<td>Traffic signal control systems</td>
<td>405,495</td>
<td>-</td>
</tr>
<tr>
<td>Work in progress</td>
<td>1,123,861</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>27,830,273</strong></td>
<td>-</td>
</tr>
<tr>
<td><strong>TOTAL PROPERTY, PLANT AND EQUIPMENT</strong></td>
<td><strong>45,017,651</strong></td>
<td>-</td>
</tr>
</tbody>
</table>

* Refer to Note 1 - 'Summary of Significant Accounting Policies' - (Non-Financial Assets - Valuations) for details of the fair value measurement hierarchy levels
Note 9

Property, plant and equipment (continued)

Reconciliation of level 3 fair value (Part 1)

<table>
<thead>
<tr>
<th></th>
<th>Land acquired for future public roads</th>
<th>Land under declared roads</th>
<th>Buildings operational</th>
<th>Buildings on land acquired for future public roads</th>
<th>Leasehold improvements</th>
<th>Plant and equipment</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2014 $'000</td>
<td>2014 $'000</td>
<td>2014 $'000</td>
<td>2014 $'000</td>
<td>2014 $'000</td>
<td>2014 $'000</td>
</tr>
<tr>
<td>Opening balance</td>
<td>1,162,431</td>
<td>15,892,379</td>
<td>9,882</td>
<td>22,868</td>
<td>18,887</td>
<td>19,056</td>
</tr>
<tr>
<td>Purchases (sales)</td>
<td>21,488</td>
<td>-</td>
<td>(43)</td>
<td>2,150</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Construction</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Disposals</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(59)</td>
</tr>
<tr>
<td>Assets transferred from/to other entities</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Transfers/incorporated from/to declared roads</td>
<td>(437)</td>
<td>437</td>
<td>-</td>
<td>(155)</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Transfer/movements in/out of Level 3</td>
<td>(16,133)</td>
<td>-</td>
<td>-</td>
<td>(17)</td>
<td>-</td>
<td>2,525</td>
</tr>
<tr>
<td>Asset register adjustments</td>
<td>379</td>
<td>-</td>
<td>-</td>
<td>(87)</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Depreciation expense</td>
<td>-</td>
<td>-</td>
<td>(265)</td>
<td>(649)</td>
<td>(510)</td>
<td>(4,391)</td>
</tr>
<tr>
<td>Impairment loss</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(329)</td>
</tr>
<tr>
<td>Revaluations</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Closing balance</td>
<td>1,167,728</td>
<td>15,892,816</td>
<td>9,574</td>
<td>24,110</td>
<td>18,377</td>
<td>16,802</td>
</tr>
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</table>

Reconciliation of level 3 fair value (Part 2)

<table>
<thead>
<tr>
<th>Road Pavements</th>
<th>Earthworks</th>
<th>Sound barriers</th>
<th>Bridges</th>
<th>Traffic signal control systems</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014 $'000</td>
<td>2014 $'000</td>
<td>2014 $'000</td>
<td>2014 $'000</td>
<td>2014 $'000</td>
</tr>
<tr>
<td>Opening balance</td>
<td>12,526,560</td>
<td>7,252,101</td>
<td>253,046</td>
<td>5,003,482</td>
</tr>
<tr>
<td>Purchases (sales)</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Construction</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Disposals</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Assets transferred from/to other entities</td>
<td>5,491</td>
<td>1,643</td>
<td>-</td>
<td>76</td>
</tr>
<tr>
<td>Transfers/incorporated from/to declared roads</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Transfer/movements in/out of Level 3</td>
<td>408,507</td>
<td>386,666</td>
<td>172,876</td>
<td>442,793</td>
</tr>
<tr>
<td>Asset register adjustments</td>
<td>(2,581)</td>
<td>474</td>
<td>-</td>
<td>(995)</td>
</tr>
<tr>
<td>Depreciation expense</td>
<td>(416,550)</td>
<td>-</td>
<td>(15,242)</td>
<td>(90,704)</td>
</tr>
<tr>
<td>Impairment loss</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Revaluations</td>
<td>10,227</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Closing balance</td>
<td>12,531,654</td>
<td>7,640,884</td>
<td>410,680</td>
<td>5,354,652</td>
</tr>
</tbody>
</table>
**Note 9**

**Property, plant and equipment (continued)**

### Description of significant unobservable inputs to Level 3 valuations

<table>
<thead>
<tr>
<th>Description of significant unobservable inputs to Level 3 valuations</th>
<th>Valuation technique</th>
<th>Significant unobservable inputs</th>
<th>Range</th>
<th>Sensitivity of fair value measurement to changes in significant unobservable inputs</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Land acquired for future public roads</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Land acquired for future public roads</td>
<td>Market approach</td>
<td>Community Services Obligation (CSO) adjustment</td>
<td>0 - 25%</td>
<td>A significant increase or decrease in the CSO adjustment would result in a significantly lower (higher) fair value.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Direct cost per hectare</td>
<td>$918 - $34,350,000 per hectare</td>
<td>A significant increase or decrease in the direct cost per hectare adjustment would result in a significantly higher or lower fair value.</td>
</tr>
<tr>
<td><strong>Land under declared roads</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Land under declared roads</td>
<td>Market approach</td>
<td>CSO adjustment</td>
<td>15% - 80%</td>
<td>A significant increase or decrease in the CSO adjustment would result in a significantly lower (higher) fair value.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Direct cost per hectare</td>
<td>$918 - $34,350,000 per hectare</td>
<td>A significant increase or decrease in the direct cost per hectare adjustment would result in a significantly higher or lower fair value.</td>
</tr>
<tr>
<td><strong>Buildings operational</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Buildings operational</td>
<td>Depreciated replacement cost</td>
<td>Direct cost per square metre</td>
<td></td>
<td>A significant increase or decrease in the direct cost per square metre adjustment would result in a significantly higher or lower fair value.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Useful life of buildings</td>
<td>&lt; 40 years</td>
<td>A significant increase or decrease in the estimated life of the asset would result in a significantly higher or lower fair value.</td>
</tr>
<tr>
<td><strong>Buildings on land acquired for future public roads</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Buildings on land acquired for future public roads</td>
<td>Depreciated replacement cost</td>
<td>Direct cost per square metre</td>
<td></td>
<td>A significant increase or decrease in the direct cost per square metre adjustment would result in a significantly higher or lower fair value.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Useful life of buildings</td>
<td>&lt; 40 years</td>
<td>A significant increase or decrease in the estimated life of the asset would result in a significantly higher or lower fair value.</td>
</tr>
<tr>
<td><strong>Leasehold improvements</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Leasehold improvements</td>
<td>Depreciated replacement cost</td>
<td>Direct cost per square metre</td>
<td></td>
<td>A significant increase or decrease in the direct cost per square metre adjustment would result in a significantly higher or lower fair value.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Useful life of buildings</td>
<td>&lt; 40 years</td>
<td>A significant increase or decrease in the estimated life of the asset would result in a significantly higher or lower fair value.</td>
</tr>
<tr>
<td><strong>Plant and equipment</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Computers and other technical equipment</td>
<td>Depreciated replacement cost</td>
<td>Cost per unit</td>
<td>$1,000 - $244,645</td>
<td>A significant increase or decrease in cost per unit would result in significantly higher or lower fair value.</td>
</tr>
<tr>
<td>Furniture and fittings</td>
<td></td>
<td>Useful life of plant and equipment</td>
<td>&lt; 40 years</td>
<td>A significant increase or decrease in the estimated useful life of the asset would result in a significantly higher or lower valuation.</td>
</tr>
<tr>
<td><strong>Road pavements</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Road pavements</td>
<td>Depreciated replacement cost</td>
<td>Cost per km lane</td>
<td>$83,025 - $1,960,497</td>
<td>A significant increase or decrease in cost per km lane would result in significantly higher or lower fair value.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Useful life of roads</td>
<td>&lt; 60 years</td>
<td>A significant increase or decrease in the estimated useful life of the asset would result in a significantly higher or lower valuation.</td>
</tr>
<tr>
<td><strong>Earthworks</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Earthworks</td>
<td>Depreciated replacement cost</td>
<td>Cost per km of length</td>
<td>$119,556 - $2,536,137</td>
<td>A significant increase or decrease in cost per km of length would result in significantly higher or lower fair value.</td>
</tr>
<tr>
<td><strong>Sound barriers</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sound barriers</td>
<td>Depreciated replacement cost</td>
<td>Cost per square metre</td>
<td>$415 - $908</td>
<td>A significant increase or decrease in cost per square metre would result in significantly higher or lower fair value.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Useful life of sound barriers</td>
<td>&lt; 50 years</td>
<td>A significant increase or decrease in the estimated useful life of the asset would result in a significantly higher or lower valuation.</td>
</tr>
<tr>
<td><strong>Bridges</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bridges</td>
<td>Depreciated replacement cost</td>
<td>Cost per square metre</td>
<td>$1,328 - $11,070</td>
<td>A significant increase or decrease in cost per square metre would result in significantly higher or lower fair value.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Useful life of bridges</td>
<td>&lt; 90 years</td>
<td>A significant increase or decrease in the estimated useful life of the asset would result in a significantly higher or lower valuation.</td>
</tr>
<tr>
<td><strong>Traffic signal control systems</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Traffic signal control systems</td>
<td>Depreciated replacement cost</td>
<td>Cost per unit</td>
<td>$6,642 - $28,285</td>
<td>A significant increase or decrease in cost per unit would result in significantly higher or lower fair value.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Useful life of traffic control systems</td>
<td>&lt; 25 years</td>
<td>A significant increase or decrease in the estimated useful life of the asset would result in a significantly higher or lower valuation.</td>
</tr>
</tbody>
</table>
Note 10
Intangible assets

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$'000</td>
<td>$'000</td>
</tr>
<tr>
<td><strong>Carrying amount</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Software</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>At cost</td>
<td>88,490</td>
<td>86,636</td>
</tr>
<tr>
<td>Accumulated amortisation</td>
<td>(68,820)</td>
<td>(63,193)</td>
</tr>
<tr>
<td></td>
<td><strong>19,670</strong></td>
<td><strong>23,443</strong></td>
</tr>
<tr>
<td><strong>Work in progress</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>At cost</td>
<td>100,293</td>
<td>75,674</td>
</tr>
<tr>
<td></td>
<td><strong>100,293</strong></td>
<td><strong>75,674</strong></td>
</tr>
<tr>
<td><strong>Water rights</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>At fair value</td>
<td>882</td>
<td>882</td>
</tr>
<tr>
<td></td>
<td><strong>882</strong></td>
<td><strong>882</strong></td>
</tr>
<tr>
<td><strong>TOTAL INTANGIBLE ASSETS</strong></td>
<td><strong>120,845</strong></td>
<td><strong>99,999</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$'000</td>
<td>$'000</td>
</tr>
<tr>
<td><strong>Reconciliation</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Carrying amount at the beginning of the year</td>
<td>99,999</td>
<td>83,392</td>
</tr>
<tr>
<td>Acquisitions</td>
<td>1,848</td>
<td>2,617</td>
</tr>
<tr>
<td>Expenditure associated with work in progress</td>
<td>24,619</td>
<td>19,315</td>
</tr>
<tr>
<td>Amortisation expense</td>
<td>(5,621)</td>
<td>(5,325)</td>
</tr>
<tr>
<td><strong>Carrying amount at the end of the year</strong></td>
<td><strong>120,845</strong></td>
<td><strong>99,999</strong></td>
</tr>
</tbody>
</table>

**Significant intangible assets**

The Corporation has capitalised software development expenditure relating to a registration and licensing system. The carrying amount of this software development is $90.26 million as at 30 June 2014. The development of the system has been paused for one year to consider further options for the delivery of the system.
## Note 11

**Payables**

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$'000</td>
<td>$'000</td>
</tr>
<tr>
<td><strong>Current</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Contractual</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Creditors and accruals</td>
<td>138,862</td>
<td>131,940</td>
</tr>
<tr>
<td>Victorian Government, government agencies and other entities</td>
<td>21,166</td>
<td>22,932</td>
</tr>
<tr>
<td><strong>Total current payables</strong></td>
<td>160,028</td>
<td>154,872</td>
</tr>
<tr>
<td><strong>Statutory</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Victorian Government, government agencies and other entities</td>
<td>18,057</td>
<td>16,796</td>
</tr>
<tr>
<td><strong>Total current payables</strong></td>
<td>178,085</td>
<td>171,668</td>
</tr>
<tr>
<td><strong>Aggregate carrying amount of payables</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current</td>
<td>178,085</td>
<td>171,668</td>
</tr>
<tr>
<td><strong>TOTAL PAYABLES</strong></td>
<td>178,085</td>
<td>171,668</td>
</tr>
</tbody>
</table>

Refer to Note 13 - 'Financial Instruments' for a maturity analysis of contractual payables.
### Note 12

**Provisions**

<table>
<thead>
<tr>
<th>Current</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Employee benefits annual leave</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Unconditional and expected to be settled wholly within 12 months</td>
<td>13,560</td>
<td>13,338</td>
</tr>
<tr>
<td>Unconditional and expected to be settled after 12 months</td>
<td>3,745</td>
<td>4,197</td>
</tr>
<tr>
<td><strong>Employee benefits long service leave</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Unconditional and expected to be settled within 12 months</td>
<td>7,209</td>
<td>4,913</td>
</tr>
<tr>
<td>Unconditional and expected to be settled after 12 months</td>
<td>45,676</td>
<td>45,874</td>
</tr>
<tr>
<td><strong>Provisions related to employee benefit on-costs</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Unconditional and expected to be settled wholly within 12 months</td>
<td>3,309</td>
<td>3,640</td>
</tr>
<tr>
<td>Unconditional and expected to be settled after 12 months</td>
<td>8,036</td>
<td>7,662</td>
</tr>
<tr>
<td>Performance and other entitlements</td>
<td>4,771</td>
<td>3,674</td>
</tr>
<tr>
<td><strong>Contractor retentions and provisions</strong></td>
<td>14,198</td>
<td>18,146</td>
</tr>
<tr>
<td><strong>Property acquisition liabilities</strong></td>
<td>33,661</td>
<td>53,709</td>
</tr>
<tr>
<td><strong>Compensation payable to property owners</strong></td>
<td>16,585</td>
<td>41,148</td>
</tr>
<tr>
<td><strong>Total current provisions</strong></td>
<td>150,750</td>
<td>196,301</td>
</tr>
<tr>
<td><strong>Non-current</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Employee benefits long service leave</strong></td>
<td>6,522</td>
<td>6,758</td>
</tr>
<tr>
<td><strong>Provisions related to employee benefit on-costs</strong></td>
<td>1,064</td>
<td>1,129</td>
</tr>
<tr>
<td><strong>Contractor retentions and provisions</strong></td>
<td>2,461</td>
<td>2,695</td>
</tr>
<tr>
<td><strong>Property acquisition liabilities</strong></td>
<td>1,975</td>
<td>552</td>
</tr>
<tr>
<td><strong>Compensation payable to property owners</strong></td>
<td>12</td>
<td>12</td>
</tr>
<tr>
<td><strong>Total non-current provisions</strong></td>
<td>12,034</td>
<td>11,146</td>
</tr>
</tbody>
</table>

**Aggregate carrying amount of provisions**

<table>
<thead>
<tr>
<th>Current</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current</td>
<td>150,750</td>
<td>196,301</td>
</tr>
<tr>
<td>Non-current</td>
<td>12,034</td>
<td>11,146</td>
</tr>
<tr>
<td><strong>TOTAL PROVISIONS</strong></td>
<td>162,784</td>
<td>207,447</td>
</tr>
</tbody>
</table>

**Aggregate carrying amount of provisions**

<table>
<thead>
<tr>
<th>Current</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employee benefits and related on-costs</td>
<td>93,892</td>
<td>91,185</td>
</tr>
<tr>
<td>Contractor retentions and provisions</td>
<td>16,659</td>
<td>20,841</td>
</tr>
<tr>
<td>Property acquisition liabilities</td>
<td>35,636</td>
<td>54,261</td>
</tr>
<tr>
<td>Compensation payable to property owners</td>
<td>16,597</td>
<td>41,160</td>
</tr>
<tr>
<td><strong>TOTAL PROVISIONS</strong></td>
<td>162,784</td>
<td>207,447</td>
</tr>
</tbody>
</table>
Note 12
Provisions (continued)

Employee benefits and related on-costs

<table>
<thead>
<tr>
<th></th>
<th>2014 '000</th>
<th>2013 '000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current employee benefits</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Annual leave entitlements</td>
<td>17,305</td>
<td>17,535</td>
</tr>
<tr>
<td>Long service leave entitlements</td>
<td>52,885</td>
<td>50,787</td>
</tr>
<tr>
<td>Non-current employee benefits</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Long service leave entitlements</td>
<td>6,522</td>
<td>6,758</td>
</tr>
<tr>
<td>Total employee benefits</td>
<td>76,712</td>
<td>75,080</td>
</tr>
<tr>
<td>Current on-costs</td>
<td>11,345</td>
<td>11,302</td>
</tr>
<tr>
<td>Non-current on-costs</td>
<td>1,064</td>
<td>1,129</td>
</tr>
<tr>
<td>Performance and other entitlements</td>
<td>4,771</td>
<td>3,674</td>
</tr>
<tr>
<td>Total on-costs</td>
<td>17,180</td>
<td>16,105</td>
</tr>
<tr>
<td>TOTAL EMPLOYEE BENEFITS AND RELATED ON-COSTS</td>
<td>93,892</td>
<td>91,185</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>Employee benefits</th>
<th>Contractor retentions and provisions</th>
<th>Property acquisition provision</th>
<th>Compensation payable to property owners</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>$'000</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Carrying amount at the beginning of the year</td>
<td>91,185</td>
<td>20,841</td>
<td>54,261</td>
<td>41,160</td>
<td>207,447</td>
</tr>
<tr>
<td>Additional provisions recognised</td>
<td>30,628</td>
<td>17,849</td>
<td>28,003</td>
<td>13,624</td>
<td>90,104</td>
</tr>
<tr>
<td>Payments or other sacrifices of economic benefits</td>
<td>(27,153)</td>
<td>(17,729)</td>
<td>(46,342)</td>
<td>(38,187)</td>
<td>(129,411)</td>
</tr>
<tr>
<td>Additions/(reductions) from re-measurement or settlement without cost</td>
<td>(1,398)</td>
<td>(4,302)</td>
<td>-</td>
<td>-</td>
<td>(5,700)</td>
</tr>
<tr>
<td>Increases/(decreases) from economic flows</td>
<td>630</td>
<td>-</td>
<td>(286)</td>
<td>-</td>
<td>344</td>
</tr>
<tr>
<td>Carrying amount at the end of the year</td>
<td>93,892</td>
<td>16,659</td>
<td>35,636</td>
<td>16,597</td>
<td>162,784</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>Employee benefits</th>
<th>Contractor retentions and provisions</th>
<th>Property acquisition provision</th>
<th>Compensation payable to property owners</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>$'000</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Carrying amount at the beginning of the year</td>
<td>98,857</td>
<td>17,718</td>
<td>37,476</td>
<td>4,761</td>
<td>158,812</td>
</tr>
<tr>
<td>Additional provisions recognised</td>
<td>31,155</td>
<td>14,453</td>
<td>43,705</td>
<td>41,051</td>
<td>130,364</td>
</tr>
<tr>
<td>Payments or other sacrifices of economic benefits</td>
<td>(35,748)</td>
<td>(7,885)</td>
<td>(27,323)</td>
<td>(4,652)</td>
<td>(75,608)</td>
</tr>
<tr>
<td>Additions/(reductions) from re-measurement or settlement without cost</td>
<td>(176)</td>
<td>(3,445)</td>
<td>403</td>
<td>-</td>
<td>(3,218)</td>
</tr>
<tr>
<td>Increases/(decreases) from economic flows</td>
<td>(2,903)</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(2,903)</td>
</tr>
<tr>
<td>Carrying amount at the end of the year</td>
<td>91,185</td>
<td>20,841</td>
<td>54,261</td>
<td>41,160</td>
<td>207,447</td>
</tr>
</tbody>
</table>
### Note 13

**Financial instruments**

**Categorisation of financial instruments**

<table>
<thead>
<tr>
<th>Notes</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$'000</td>
<td>$'000</td>
</tr>
<tr>
<td><strong>Financial assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash assets</td>
<td>5</td>
<td>6,235</td>
</tr>
<tr>
<td>Loans and receivables (at amortised cost)</td>
<td>6</td>
<td>65,422</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td><strong>71,657</strong></td>
</tr>
<tr>
<td><strong>Financial liabilities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Payables</td>
<td>11</td>
<td><strong>160,028</strong></td>
</tr>
</tbody>
</table>
Note 13

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-rating 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.

Aging analysis of contractual receivables

<table>
<thead>
<tr>
<th>Carrying amount</th>
<th>Not due or impaired</th>
<th>Less than 1 month</th>
<th>1-3 months</th>
<th>3-12 months</th>
<th>1-5 years</th>
<th>Impaired financial assets</th>
</tr>
</thead>
<tbody>
<tr>
<td>$'000</td>
<td>$'000</td>
<td>$'000</td>
<td>$'000</td>
<td>$'000</td>
<td>$'000</td>
<td>$'000</td>
</tr>
<tr>
<td>Receivables</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Debtors</td>
<td>39,477</td>
<td>16,285</td>
<td>12,935</td>
<td>3,755</td>
<td>6,888</td>
<td>428</td>
</tr>
<tr>
<td>Accrued revenue</td>
<td>3,689</td>
<td>3,689</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Compensation payments recoverable</td>
<td>12,637</td>
<td>12,637</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Operating lease receivables</td>
<td>25</td>
<td>25</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Loans</td>
<td>9,432</td>
<td>9,432</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Interest free loans</td>
<td>162</td>
<td>162</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Total</td>
<td>65,422</td>
<td>42,230</td>
<td>12,935</td>
<td>3,755</td>
<td>6,888</td>
<td>428</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Carrying amount</th>
<th>Not due or impaired</th>
<th>Less than 1 month</th>
<th>1-3 months</th>
<th>3-12 months</th>
<th>1-5 years</th>
<th>Impaired financial assets</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>2013</td>
<td>2013</td>
<td>2013</td>
<td>2013</td>
<td>2013</td>
</tr>
<tr>
<td>$'000</td>
<td>$'000</td>
<td>$'000</td>
<td>$'000</td>
<td>$'000</td>
<td>$'000</td>
<td>$'000</td>
</tr>
<tr>
<td>Receivables</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Debtors</td>
<td>16,267</td>
<td>8,732</td>
<td>6,415</td>
<td>812</td>
<td>501</td>
<td>350</td>
</tr>
<tr>
<td>Accrued revenue</td>
<td>11,982</td>
<td>11,982</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Compensation payments recoverable</td>
<td>12,637</td>
<td>12,637</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Operating lease receivables</td>
<td>154</td>
<td>154</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Loans</td>
<td>1,612</td>
<td>1,612</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Interest free loans</td>
<td>162</td>
<td>162</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Total</td>
<td>42,814</td>
<td>35,279</td>
<td>6,415</td>
<td>812</td>
<td>501</td>
<td>350</td>
</tr>
</tbody>
</table>
Note 13
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 contractual payables

<table>
<thead>
<tr>
<th></th>
<th>Carrying amount</th>
<th>Nominal amount</th>
<th>Maturity dates</th>
</tr>
</thead>
<tbody>
<tr>
<td>Payables</td>
<td>$'000</td>
<td>$'000</td>
<td>$'000</td>
</tr>
<tr>
<td>Amounts payable to other government agencies</td>
<td>21,166</td>
<td>21,166</td>
<td>21,166</td>
</tr>
<tr>
<td>Creditors</td>
<td>138,862</td>
<td>138,862</td>
<td>96,272</td>
</tr>
<tr>
<td>Total</td>
<td>160,028</td>
<td>160,028</td>
<td>117,438</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>Carrying amount</th>
<th>Nominal amount</th>
<th>Maturity dates</th>
</tr>
</thead>
<tbody>
<tr>
<td>Payables</td>
<td>$'000</td>
<td>$'000</td>
<td>$'000</td>
</tr>
<tr>
<td>Amounts payable to other government agencies</td>
<td>22,932</td>
<td>22,932</td>
<td>22,932</td>
</tr>
<tr>
<td>Creditors</td>
<td>131,940</td>
<td>131,940</td>
<td>86,480</td>
</tr>
<tr>
<td>Total</td>
<td>154,872</td>
<td>154,872</td>
<td>109,412</td>
</tr>
</tbody>
</table>
Note 13

Financial instruments (continued)

Market risk
The Corporation’s exposure to market risks are primarily interest rate risk, with only minimal risk exposure to foreign currency. Objectives, policies and processes used to manage each of these risks are disclosed in the paragraphs below.

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

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

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

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

- a parallel shift of +2 per cent and -2 per cent in market interest rates (Australian Dollar) from year-end rates of 2.5 per cent.
- proportional exchange rate movement of -5 per cent (depreciation of the Australian Dollar) and +15 per cent (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.

<table>
<thead>
<tr>
<th>Carrying amount</th>
<th>Foreign exchange risk</th>
<th>Interest rate risk</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>-5%</td>
<td>15%</td>
</tr>
<tr>
<td>Notes</td>
<td>$'000</td>
<td>$'000</td>
</tr>
<tr>
<td>Financial assets</td>
<td>Cash</td>
<td>5</td>
</tr>
<tr>
<td>Receivables</td>
<td>6</td>
<td>65,422</td>
</tr>
<tr>
<td>Financial liabilities</td>
<td>Payables</td>
<td>11</td>
</tr>
<tr>
<td>Total increase/(decrease)</td>
<td>9</td>
<td>9</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Carrying amount</th>
<th>Foreign exchange risk</th>
<th>Interest rate risk</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>-5%</td>
<td>15%</td>
</tr>
<tr>
<td>Notes</td>
<td>$'000</td>
<td>$'000</td>
</tr>
<tr>
<td>Financial assets</td>
<td>Cash</td>
<td>5</td>
</tr>
<tr>
<td>Receivables</td>
<td>6</td>
<td>42,814</td>
</tr>
<tr>
<td>Financial liabilities</td>
<td>Payables</td>
<td>11</td>
</tr>
<tr>
<td>Total increase/(decrease)</td>
<td>10</td>
<td>10</td>
</tr>
</tbody>
</table>
## Note 13
### Financial instruments (continued)

### Interest rate exposure

<table>
<thead>
<tr>
<th>Weighted average effective interest rate</th>
<th>Interest rate exposure</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014 %</td>
<td>2014 $'000</td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td></td>
</tr>
<tr>
<td>Cash at bank</td>
<td>2.50</td>
</tr>
<tr>
<td>Cash on hand</td>
<td>-</td>
</tr>
<tr>
<td>Receivables</td>
<td>-</td>
</tr>
<tr>
<td>Debtors</td>
<td>-</td>
</tr>
<tr>
<td>Accrued revenue</td>
<td>-</td>
</tr>
<tr>
<td>Compensation payments recoverable</td>
<td>-</td>
</tr>
<tr>
<td>Operating lease receivables</td>
<td>-</td>
</tr>
<tr>
<td>Loans</td>
<td>3.00</td>
</tr>
<tr>
<td>Interest free loans</td>
<td>-</td>
</tr>
<tr>
<td>Total</td>
<td>71,657</td>
</tr>
<tr>
<td>Payables</td>
<td>-</td>
</tr>
<tr>
<td>Creditors &amp; accruals</td>
<td>-</td>
</tr>
<tr>
<td>Victorian Government and government agencies</td>
<td>-</td>
</tr>
<tr>
<td>Total</td>
<td>160,028</td>
</tr>
</tbody>
</table>

### (continued)

<table>
<thead>
<tr>
<th>Weighted average effective interest rate</th>
<th>Interest rate exposure</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013 %</td>
<td>2013 $'000</td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td></td>
</tr>
<tr>
<td>Cash at bank</td>
<td>2.75</td>
</tr>
<tr>
<td>Cash on hand</td>
<td>-</td>
</tr>
<tr>
<td>Receivables</td>
<td>-</td>
</tr>
<tr>
<td>Debtors</td>
<td>-</td>
</tr>
<tr>
<td>Accrued revenue</td>
<td>-</td>
</tr>
<tr>
<td>Compensation payments recoverable</td>
<td>-</td>
</tr>
<tr>
<td>Operating lease receivables</td>
<td>-</td>
</tr>
<tr>
<td>Loans</td>
<td>3.00</td>
</tr>
<tr>
<td>Interest free loans</td>
<td>-</td>
</tr>
<tr>
<td>Total</td>
<td>49,540</td>
</tr>
<tr>
<td>Payables</td>
<td>-</td>
</tr>
<tr>
<td>Creditors &amp; accruals</td>
<td>-</td>
</tr>
<tr>
<td>Victorian Government and government agencies</td>
<td>-</td>
</tr>
<tr>
<td>Total</td>
<td>154,872</td>
</tr>
</tbody>
</table>
Note 14

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 2013 to 30 June 2014
Amounts relating to Ministers are reported in the financial statements of the Department of Premier and Cabinet

Accountable Officers
Mr G Liddle, Chief Executive - 1 July 2013 to 13 October 2013
Mr P Todd, Acting Chief Executive - 14 October 2013 to 4 May 2014
Mr J Merritt, Chief Executive - 5 May 2014 to 30 June 2014
Mr G Liddle was on secondment to the Victorian Department of Transport, Planning and Local Infrastructure from 14 October 2013 to 31 January 2014 and resigned as the Corporation's Chief Executive on 31 January 2014.

Remuneration of Accountable Officers

<table>
<thead>
<tr>
<th>Accountable Officers</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total remuneration received or receivable during the year by the Corporation</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mr G Liddle</td>
<td>$510,000 to $520,000</td>
<td>$350,000 to $360,000</td>
</tr>
<tr>
<td>Mr P Todd</td>
<td>$180,000 to $190,000</td>
<td>-</td>
</tr>
<tr>
<td>Mr J Merritt</td>
<td>$60,000 to $70,000</td>
<td>-</td>
</tr>
</tbody>
</table>

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

Total remuneration for Mr G. Liddle in 2014 includes remuneration paid whilst he was the Corporation's Chief Executive ($101,500), on secondment to the Victorian Department of Transport, Planning and Local Infrastructure ($120,465) and paid out leave entitlements upon his resignation ($290,501).
**Note 15**

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**

<table>
<thead>
<tr>
<th>Range</th>
<th>Total 2014</th>
<th>Total 2013</th>
<th>Base 2014</th>
<th>Base 2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>$100,000 - $109,999</td>
<td>-</td>
<td>-</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>$110,000 - $119,999</td>
<td>1</td>
<td>-</td>
<td>2</td>
<td>-</td>
</tr>
<tr>
<td>$120,000 - $129,999</td>
<td>2</td>
<td>-</td>
<td>2</td>
<td>-</td>
</tr>
<tr>
<td>$130,000 - $139,999</td>
<td>1</td>
<td>-</td>
<td>1</td>
<td>-</td>
</tr>
<tr>
<td>$140,000 - $149,999</td>
<td>1</td>
<td>-</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>$150,000 - $159,999</td>
<td>1</td>
<td>-</td>
<td>1</td>
<td>4</td>
</tr>
<tr>
<td>$160,000 - $169,999</td>
<td>1</td>
<td>4</td>
<td>1</td>
<td>3</td>
</tr>
<tr>
<td>$170,000 - $179,999</td>
<td>3</td>
<td>5</td>
<td>1</td>
<td>10</td>
</tr>
<tr>
<td>$180,000 - $189,999</td>
<td>7</td>
<td>18</td>
<td>13</td>
<td>18</td>
</tr>
<tr>
<td>$190,000 - $199,999</td>
<td>10</td>
<td>18</td>
<td>8</td>
<td></td>
</tr>
<tr>
<td>$200,000 - $209,999</td>
<td>7</td>
<td>8</td>
<td>4</td>
<td>1</td>
</tr>
<tr>
<td>$210,000 - $219,999</td>
<td>11</td>
<td>3</td>
<td>1</td>
<td>3</td>
</tr>
<tr>
<td>$220,000 - $229,999</td>
<td>2</td>
<td>2</td>
<td>1</td>
<td>-</td>
</tr>
<tr>
<td>$230,000 - $239,999</td>
<td>2</td>
<td>2</td>
<td>3</td>
<td>1</td>
</tr>
<tr>
<td>$240,000 - $249,999</td>
<td>1</td>
<td>-</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>$250,000 - $259,999</td>
<td>1</td>
<td>1</td>
<td>2</td>
<td>3</td>
</tr>
<tr>
<td>$260,000 - $269,999</td>
<td>3</td>
<td>-</td>
<td>3</td>
<td>3</td>
</tr>
<tr>
<td>$270,000 - $279,999</td>
<td>-</td>
<td>4</td>
<td>-</td>
<td>1</td>
</tr>
<tr>
<td>$280,000 - $289,999</td>
<td>2</td>
<td>2</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>$290,000 - $299,999</td>
<td>2</td>
<td>1</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>$300,000 - $309,999</td>
<td>1</td>
<td>2</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

**Total number of executives** 59 59 59 59

**Total annualised employee equivalent** 58.7 58.7 58.7 58.7

**TOTAL** $12,212,303 $12,401,250 $11,420,317 $11,412,529
Note 15
Executive remuneration and other personnel (continued)

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

<table>
<thead>
<tr>
<th>Other Personnel Expense (Excluding GST)</th>
<th>Total 2014</th>
<th>Total 2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>$110,000 – $119,999</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>$130,000 – $139,999</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>$140,000 – $149,999</td>
<td>-</td>
<td>2</td>
</tr>
<tr>
<td>$150,000 – $159,999</td>
<td>1</td>
<td>-</td>
</tr>
<tr>
<td>$170,000 – $179,999</td>
<td>-</td>
<td>1</td>
</tr>
<tr>
<td>$180,000 – $189,999</td>
<td>1</td>
<td>-</td>
</tr>
<tr>
<td>$210,000 – $219,999</td>
<td>-</td>
<td>1</td>
</tr>
<tr>
<td>$220,000 – $229,999</td>
<td>1</td>
<td>-</td>
</tr>
<tr>
<td>$230,000 – $239,999</td>
<td>1</td>
<td>-</td>
</tr>
<tr>
<td>$240,000 – $249,999</td>
<td>1</td>
<td>-</td>
</tr>
<tr>
<td>$290,000 – $299,999</td>
<td>-</td>
<td>1</td>
</tr>
<tr>
<td>$330,000 – $339,999</td>
<td>-</td>
<td>1</td>
</tr>
<tr>
<td>Total number of other personnel</td>
<td>7</td>
<td>10</td>
</tr>
<tr>
<td>TOTAL</td>
<td>$1,277,527</td>
<td>$1,800,901</td>
</tr>
</tbody>
</table>
Note 16
Auditor’s remuneration

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

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$’000</td>
<td>$’000</td>
</tr>
<tr>
<td>Paid as at 30 June</td>
<td>139</td>
<td>229</td>
</tr>
<tr>
<td>Due and payable</td>
<td>261</td>
<td>159</td>
</tr>
<tr>
<td><strong>TOTAL AUDITOR'S REMUNERATION</strong></td>
<td><strong>400</strong></td>
<td><strong>388</strong></td>
</tr>
</tbody>
</table>
### Note 17

**Contingent assets and contingent liabilities**

<table>
<thead>
<tr>
<th></th>
<th>2014 $'000</th>
<th>2013 $'000</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Contingent assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Recovery of legal expenses</td>
<td>6,000</td>
<td>6,000</td>
</tr>
<tr>
<td>Insurance claims pending for damage caused to Corporation assets</td>
<td>6,000</td>
<td>18,280</td>
</tr>
<tr>
<td>Insurance claims include estimated insurance recoveries associated with completed restoration works to 30 June 2014.</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total contingent assets</strong></td>
<td>12,000</td>
<td>24,280</td>
</tr>
<tr>
<td><strong>Contingent liabilities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Contract claims against the Corporation for variations to contracts. In a number of cases, the Corporation is contesting the associated claims.</td>
<td>23,939</td>
<td>8,683</td>
</tr>
<tr>
<td>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.</td>
<td>143,795</td>
<td>133,517</td>
</tr>
<tr>
<td><strong>Total contingent liabilities</strong></td>
<td>167,734</td>
<td>142,200</td>
</tr>
<tr>
<td><strong>NET CONTINGENT LIABILITIES</strong></td>
<td>155,734</td>
<td>117,920</td>
</tr>
</tbody>
</table>
Note 18

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.

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$’000</td>
<td>$’000</td>
</tr>
<tr>
<td>Within one year</td>
<td>422,422</td>
<td>605,209</td>
</tr>
<tr>
<td>Later than one year but not later than five years</td>
<td>141,958</td>
<td>93,452</td>
</tr>
<tr>
<td>Later than five years</td>
<td>1,073</td>
<td>20,752</td>
</tr>
</tbody>
</table>

**TOTAL CAPITAL EXPENDITURE COMMITMENTS EXCLUSIVE OF GST**

<table>
<thead>
<tr>
<th></th>
<th>565,453</th>
<th>719,413</th>
</tr>
</thead>
<tbody>
<tr>
<td>GST Amount</td>
<td>56,545</td>
<td>71,941</td>
</tr>
</tbody>
</table>

**TOTAL CAPITAL EXPENDITURE COMMITMENTS INCLUSIVE OF GST**

|                          | 621,998 | 791,354 |

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.

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$’000</td>
<td>$’000</td>
</tr>
<tr>
<td>Within one year</td>
<td>53,284</td>
<td>75,489</td>
</tr>
<tr>
<td>Later than one year but not later than five years</td>
<td>22,276</td>
<td>95,760</td>
</tr>
<tr>
<td>Later than five years</td>
<td>-</td>
<td>14,551</td>
</tr>
</tbody>
</table>

**TOTAL OTHER EXPENDITURE COMMITMENTS EXCLUSIVE OF GST**

<table>
<thead>
<tr>
<th></th>
<th>75,560</th>
<th>185,800</th>
</tr>
</thead>
<tbody>
<tr>
<td>GST Amount</td>
<td>7,556</td>
<td>18,580</td>
</tr>
</tbody>
</table>

**TOTAL OTHER COMMITMENTS INCLUSIVE OF GST**

|                          | 83,116 | 204,380 |

**TOTAL EXPENDITURE COMMITMENTS INCLUSIVE OF GST**

|                          | 705,114 | 995,734 |
Note 19

Leases

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

<table>
<thead>
<tr>
<th></th>
<th>2014 $’000</th>
<th>2013 $’000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Non-cancellable operating leases</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Not later than one year</td>
<td>17,374</td>
<td>21,093</td>
</tr>
<tr>
<td>Later than one year but not later than five years</td>
<td>30,560</td>
<td>42,588</td>
</tr>
<tr>
<td>Later than five years</td>
<td>57,757</td>
<td>59,124</td>
</tr>
<tr>
<td>TOTAL LEASE COMMITMENTS EXCLUSIVE OF GST</td>
<td>105,691</td>
<td>122,805</td>
</tr>
<tr>
<td>GST Amount</td>
<td>10,569</td>
<td>12,281</td>
</tr>
<tr>
<td>TOTAL LEASE COMMITMENTS INCLUSIVE OF GST</td>
<td>116,260</td>
<td>135,086</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th></th>
<th>2014 $’000</th>
<th>2013 $’000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Non-cancellable operating lease receivables</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Not later than one year</td>
<td>8,699</td>
<td>8,293</td>
</tr>
<tr>
<td>Later than one year but not later than five years</td>
<td>23,674</td>
<td>22,989</td>
</tr>
<tr>
<td>Later than five years</td>
<td>67,927</td>
<td>67,773</td>
</tr>
<tr>
<td>TOTAL LEASE RECEIVABLES</td>
<td>100,300</td>
<td>99,055</td>
</tr>
</tbody>
</table>
**Note 20**  
Superannuation contributions

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

<table>
<thead>
<tr>
<th></th>
<th>Paid Contribution for the year</th>
<th>Paid Contribution for the year</th>
<th>Contribution outstanding at year end</th>
<th>Contribution outstanding at year end</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2014</td>
<td>2013</td>
<td>2014</td>
<td>2013</td>
</tr>
<tr>
<td></td>
<td>$'000</td>
<td>$'000</td>
<td>$'000</td>
<td>$'000</td>
</tr>
<tr>
<td>Defined benefit plans</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Revised and new schemes</td>
<td>5,835</td>
<td>6,461</td>
<td>7</td>
<td>-</td>
</tr>
<tr>
<td>Transport Superannuation Scheme</td>
<td>2,742</td>
<td>2,826</td>
<td>3</td>
<td>-</td>
</tr>
<tr>
<td>Defined contribution plans</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>VicSuper Scheme</td>
<td>14,532</td>
<td>14,545</td>
<td>57</td>
<td>-</td>
</tr>
<tr>
<td>Other</td>
<td>4,263</td>
<td>4,727</td>
<td>15</td>
<td>-</td>
</tr>
<tr>
<td><strong>TOTAL SUPERANUATION CONTRIBUTIONS</strong></td>
<td><strong>27,372</strong></td>
<td><strong>28,559</strong></td>
<td><strong>82</strong></td>
<td><strong>-</strong></td>
</tr>
</tbody>
</table>
### Note 21

Cash flow disclosures

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

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$'000</td>
<td>$'000</td>
</tr>
<tr>
<td><strong>Net result for the reporting period</strong></td>
<td>68,575</td>
<td>13,411</td>
</tr>
<tr>
<td><strong>Adjustments for non-cash revenue and expense items</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Non-cash movements</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Depreciation</td>
<td>562,832</td>
<td>545,356</td>
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<td>Impairment of non-current assets</td>
<td>329</td>
<td>315</td>
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<tr>
<td>Assets given/(received) free of charge</td>
<td>(7,210)</td>
<td>60,198</td>
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<tr>
<td>Net loss/(gain) on disposal of non-current assets</td>
<td>(9,098)</td>
<td>(3,597)</td>
</tr>
<tr>
<td>Properties incorporated into roadworks</td>
<td>155</td>
<td>327</td>
</tr>
<tr>
<td>Asset register adjustments</td>
<td>608</td>
<td>(1,297)</td>
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<tr>
<td><strong>Movements in assets and liabilities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(Increase) decrease in receivables</td>
<td>3,994</td>
<td>31,068</td>
</tr>
<tr>
<td>(Increase) decrease in prepayments</td>
<td>(821)</td>
<td>3,464</td>
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<tr>
<td>Decrease (increase) in inventories</td>
<td>(85)</td>
<td>68</td>
</tr>
<tr>
<td>Increase (decrease) in payables</td>
<td>1,230</td>
<td>(53,247)</td>
</tr>
<tr>
<td>Increase (decrease) in provisions</td>
<td>(1,475)</td>
<td>48,634</td>
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<tr>
<td>Increase (decrease) in prepaid revenue</td>
<td>(2,980)</td>
<td>(2,766)</td>
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<tr>
<td><strong>Net cash flows from operating activities</strong></td>
<td>616,054</td>
<td>641,934</td>
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### Note 22

Transactions administered on behalf of the State of Victoria

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<tr>
<th></th>
<th>2014</th>
<th>2013</th>
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<tr>
<td></td>
<td>$’000</td>
<td>$’000</td>
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<tr>
<td><strong>Administered income</strong></td>
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<tr>
<td>Collections on behalf of the State of Victoria</td>
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<tr>
<td>Registration fees</td>
<td>1,215,210</td>
<td>1,160,870</td>
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<td>Driver licences</td>
<td>126,442</td>
<td>78,103</td>
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<td>Other fees and permits</td>
<td>46,943</td>
<td>44,858</td>
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<td><strong>Total collections on behalf of the State of Victoria</strong></td>
<td>1,388,595</td>
<td>1,283,831</td>
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<td><strong>CityLink concession notes revenue</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Concession notes revenue</td>
<td>30,329</td>
<td>28,965</td>
</tr>
<tr>
<td><strong>Total CityLink concession notes revenue</strong></td>
<td>30,329</td>
<td>28,965</td>
</tr>
<tr>
<td><strong>TOTAL ADMINISTERED INCOME</strong></td>
<td>1,418,924</td>
<td>1,312,796</td>
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<td><strong>Administered expense</strong></td>
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<tr>
<td>CityLink concession notes deferred revenue revaluation increment</td>
<td>32,083</td>
<td>30,869</td>
</tr>
<tr>
<td><strong>TOTAL ADMINISTERED EXPENSE</strong></td>
<td>32,083</td>
<td>30,869</td>
</tr>
<tr>
<td><strong>Administered liabilities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Present value deferred CityLink revenue</td>
<td>341,857</td>
<td>340,103</td>
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<tr>
<td>Unclaimed monies administered on behalf of the State of Victoria</td>
<td>9,583</td>
<td>8,493</td>
</tr>
<tr>
<td><strong>TOTAL ADMINISTERED LIABILITIES</strong></td>
<td>351,440</td>
<td>348,596</td>
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<tr>
<td><strong>Cash flows relating to concession notes</strong></td>
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<tr>
<td>Goods and Services Tax collected</td>
<td>9,560</td>
<td>9,560</td>
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<tr>
<td>Goods and Services Tax paid to the Australian Taxation Office</td>
<td>(9,560)</td>
<td>(9,560)</td>
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<tr>
<td><strong>NET CASH FLOW</strong></td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>2014</td>
<td>2013</td>
</tr>
<tr>
<td>Reconciliation of the present value of deferred CityLink revenue</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Present value at beginning of the year</td>
<td>340,105</td>
<td>338,201</td>
</tr>
<tr>
<td>Concession notes revenue</td>
<td>(30,329)</td>
<td>(28,965)</td>
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<tr>
<td>Deferred revenue revaluation increment</td>
<td>32,083</td>
<td>30,869</td>
</tr>
<tr>
<td>Present value at the end of the year</td>
<td>341,859</td>
<td>340,105</td>
</tr>
</tbody>
</table>
Note 22

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

**CityLink contingent assets**

**CityLink compensable enhancement claims**

The Melbourne CityLink Concession Deed contains compensable enhancement provisions that enable the State of Victoria to claim 50 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 Monash / CityLink / West Gate Upgrade**

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

Under the terms of this Deed:

- The State of Victoria upgraded the Monash and West Gate Freeways, while CML upgraded the Southern Link section of CityLink; and
- CML agreed that the State of Victoria would be entitled to 50 per cent of the additional CityLink revenue generated by the Monash / CityLink / West Gate Upgrade, above the investment case for the project relating to works on the Southern Link section of CityLink.

The method used to calculate additional CityLink revenue generated from the upgrade involved a comparison of actual CityLink toll revenue (up to and including the financial year ending 30 June 2014) with agreed trends that were set out in the M1 Corridor Redevelopment Deed.

Based on the actual CityLink toll revenue reported by CML up to and including the financial year ending 30 June 2014:

- the additional CityLink revenue generated from the upgrade has not exceeded the investment case for the project relating to works on the Southern Link section of CityLink; and
- as a result, the State of Victoria is not entitled to any revenue sharing payment.

The State of Victoria is undertaking further due diligence to confirm the accuracy of the CityLink toll revenue data provided on which the initial calculation of the additional CityLink revenue has been based.

**Peninsula Link compensable enhancement claim**

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

On 2 January 2014, the State of Victoria lodged a compensable enhancement claim arising as a result of opening of Peninsula Link. The claim remains outstanding.
## Note 23

Collections on behalf of government agencies

<table>
<thead>
<tr>
<th>Collections on behalf of government agencies</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Transport Accident Charge and related stamp duty (Transport Accident Commission)</td>
<td>1,873,064</td>
<td>1,797,119</td>
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<tr>
<td>Stamp duty (State Revenue Office)</td>
<td>660,735</td>
<td>633,839</td>
</tr>
<tr>
<td>Motorboat registrations and licenses (Transport Safety Victoria)</td>
<td>26,390</td>
<td>27,973</td>
</tr>
<tr>
<td>Federal interstate registrations</td>
<td>42,138</td>
<td>42,769</td>
</tr>
<tr>
<td><strong>TOTAL COLLECTIONS ON BEHALF OF GOVERNMENT AGENCIES</strong></td>
<td><strong>2,602,327</strong></td>
<td><strong>2,501,700</strong></td>
</tr>
</tbody>
</table>
Accountable Officer’s and Chief Finance and Accounting Officer’s Declaration

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

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

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

We authorise the attached financial statements for issue on 22 August 2014.

John Merritt
Chief Executive
Roads Corporation
Melbourne, 22 August 2014

Mark Dale
Chief Financial Officer
Roads Corporation
Melbourne, 22 August 2014
INDEPENDENT AUDITOR’S REPORT

To the Chief Executive, Roads Corporation

The Financial Report
The accompanying financial report for the year ended 30 June 2014 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.

Auditing in the Public Interest
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 2014 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 2014 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 September 2014

Dr Peter Frost
Acting Auditor-General

Auditing in the Public Interest
## Disclosure index

VicRoads’ Annual Report is prepared in accordance with the 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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<td>26-30</td>
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<td>Summary of financial results for the year</td>
<td>48-54</td>
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<td>Operational and budgetary objectives and performance against objectives</td>
<td>9-25</td>
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<td>Application and operation of the <em>Protected Disclosure Act 2012</em></td>
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<td>Major changes affecting performance</td>
<td>9-25</td>
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<td>Application and operations of the <em>Carers Recognition Act 2012</em></td>
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</tr>
<tr>
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<td>Whole of Government reporting responsiveness to cultural diversity, women, young people and indigenous affairs</td>
<td>27, 40</td>
</tr>
<tr>
<td>Road Management Act 2004</td>
<td>Ministerial Directions given under section 22 of the <em>Road Management Act 2004</em></td>
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<tr>
<td>SD 4.5.5</td>
<td>Risk management compliance attestation</td>
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<td>Insurance compliance attestation</td>
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<td>Executives officer disclosure</td>
<td>104-107</td>
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<td>SD 4.2 (g)</td>
<td>Specific information requirements</td>
<td>9-25</td>
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<tr>
<td>SD 4.2 (j)</td>
<td>Sign-off requirements</td>
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<td>SD 4.2 (b)</td>
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</table>

<table>
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<th>Other requirements under standing directions 4.2</th>
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<td>SD 4.2 (f)</td>
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<table>
<thead>
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<th>Legislation</th>
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<td><em>Freedom of Information Act 1982</em></td>
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<td><em>Building Act 1983</em></td>
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<td><em>Carers Recognition Act 2012</em></td>
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<td><em>Audit Act 1994</em></td>
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<td><em>Victorian Industry Participation Policy Act 2003</em></td>
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<tr>
<td><em>Financial Management Act 1994</em></td>
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<td><em>Road Management Act 2004</em></td>
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