PUBLIC TRANSPORT VICTORIA

ANNUAL REPORT 2012-13

Leading our public transport network – for all Victorians today and tomorrow.

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2012-13 Annual Report Transmittal Letter

17 September 2013

The Hon. Terry Mulder MP

Minister for Public Transport

121 Exhibition Street

Melbourne VIC 3000

Dear Minister

**Annual Report 2012-13**

In accordance with provisions of the Financial Management Act 1994, I am pleased to present the Public Transport Victoria Annual Report for the year ended 30 June 2013.

Yours sincerely

[signature]

Ian Dobbs

Chair and Chief Executive

Public Transport Victoria

Abbreviations

AAS Australian Accounting Standards

AASB Australian Accounting Standards Board

AO Order of Australia

ATO Australian Taxation Office

CEO Chief Executive Officer

CNPL Civic Nexus Pty Ltd

DDA Disability Discrimination Act 1992

DMS Drawing Management System

DTF Department of Treasury and Finance

DTPLI Department of Transport, Planning and Local Infrastructure

DWG designated working group

FOI Freedom of Information

FRD Finance Reporting Direction

FTE full time equivalent

GFS Government Finance Statistics

GST Goods and Services Tax

HCS High Capacity Signalling

HSRs Health and Safety Representatives

IAS International Accounting Standards

IASB International Accounting Standards Board

IBAC Independent Broad-Based Anti-Corruption Commission

IRP issue resolution procedure

km kilometre

LSL Long Service Leave

m metre

Metlink Metlink Victoria Pty Ltd

MP Member of Parliament

MTM Metro Trains Melbourne

na not applicable

NPV Net Present Value

OHS Occupational Health and Safety

PIN provisional improvement notice

PPP Public Private Partnership

PSO Protective Services Officer

PTO Public Transport Ombudsman

PTV Public Transport Victoria

RDR Reduced Disclosure Requirement

RRL Regional Rail Link

RRLA Regional Rail Link Authority

RTW return to work

SCOTI Standing Council on Transport and Infrastructure

SDA Services and Development Agreement

sqm square metre

TIA Transport Integration Act 2010

TSV Transport Safety Victoria

TTA Transport Ticketing Authority

VicFleet Victorian State Government vehicle pool

VicRoads Roads Corporation of Victoria

VicTrack Victorian Rail Track Corporation

VIPP Victorian Industry Participation Policy

V/Line V/Line Corporation

VMIA Victorian Managed Insurance Authority

VPS Victorian Public Service

VWA Victorian WorkCover Authority

Chair and Chief Executive’s foreword

I am pleased to present Public Transport Victoria’s 2012-13 Annual Report

For Public Transport Victoria (PTV) the year has seen us go through many changes. We have restructured our organisation internally, reached a new enterprise agreement with staff, and relocated from four different sites to bring all staff together under one roof at 750 Collins Street.

On 1 January 2013, responsibility for the rollout of myki was assumed by PTV.

While consolidation and development have been taking place at an organisational level, our work to maintain, operate and develop the public transport network has not slowed, in fact we’ve done the opposite.

PTV completed the delivery of major pieces of infrastructure this year, such as the Sunbury Electrification Project and Williams Landing Station.

We restructured bus networks to better connect with trains, and coordinated orders for metropolitan trains and trams as well as regional carriages.

Our focus has been broad, taking into account how the entire metropolitan and regional networks operate, and precise, looking at how the smallest improvement can benefit the individual passenger.

We have worked hard to improve customer service, opening the new PTV Hub at Southern Cross Station which attracts around 1400 public transport users a day, as well as establishing pop up hubs to cater for the huge travel demand around major events such as the Australian Open and Grand Prix.

A key achievement this year was the PTV Network Development Plan for Metropolitan Rail. This 30 year vision for our metropolitan rail system will form the basis for our advice to government moving forward. This piece of work represents the best of PTV.

The public transport network also saw significant changes and some notable improvements. The average annual on-time running of metropolitan train services improved dramatically and is now at its highest level in nine years, and the myki ticketing system has been successfully implemented throughout metropolitan Melbourne.

Looking ahead, the number of people using metropolitan public transport alone is forecast to grow from almost 524 million passengers in 2012-13 to more than one billion passengers in 2031.

PTV’s task for 2013-14, and beyond, will be to build upon the public transport improvements achieved to date and ensure we are ready to meet the travel needs of a growing, vibrant State.

Ian Dobbs

Chair and Chief Executive

PTV Structure and Governance

PTV establishment and functions

High quality transport options are of vital importance for improving liveability, encouraging economic activity and catering for population growth.

The Public Transport Development Authority was established in late 2011 as a single coordinating statutory authority to be responsible and accountable for the public transport system in Victoria.

The authority commenced operations on 2 April 2012 operating as Public Transport Victoria (PTV).

The primary object of PTV under the *Transport Integration Act 2010* is:

*To plan, coordinate, provide, operate and maintain a safe, punctual, reliable and clean public transport system consistent with the vision statement and transport system objectives contained in the Transport Integration Act.*

In seeking to meet its legislative object, PTV's core functions include:

* managing the public transport network in a way which strives to achieve the highest levels of safety and service delivery
* acting as the public face of the public transport network and an advocate for public transport users
* interacting directly with customers through the PTV call centre, PTV Hubs and information technology platforms
* managing ongoing improvements to the network, for example through new rolling stock procurement and infrastructure delivery
* planning for the public transport needs of future generations
* ensuring that valuable public funds are spent prudently and efficiently.

PTV supports the Minister for Public Transport, Hon. Terry Mulder MP.

It also supports the Parliamentary Secretary for Transport, Mr Gary Blackwood MP.

PTV Statement of Expectations

PTV has been provided with a direction from the Minister for Public Transport under section 79O(1)(a) of the *Transport Integration Act 2010* which constitutes a binding Statement of Expectations.

In addition to assisting to define how PTV will intersect with other areas of government, the Statement of Expectations requires PTV to have a strong focus on:

* excellence in the delivery of public transport services to the Victorian public
* building constructive partnerships with transport operators in which those operators are appropriately held to account for the quality of service and value for money they provide to the Victorian public
* delivering innovation and continuous improvement in public transport planning and service delivery
* ensuring that public transport services are properly coordinated
* providing a “one stop shop” for the users of public transport and for key stakeholders who wish to access information about public transport in Victoria
* ensuring accuracy and transparency in public reporting about the performance of Victoria’s public transport system
* providing high levels of safety and personal security for public transport users
* securing good value for money in the use of public funds
* collaboration and partnership with other government agencies, particularly the Department of Transport, Planning and Local Infrastructure and VicRoads, to deliver integrated and coordinated transport outcomes
* supporting the needs of freight users of the transport network.

Organisational structure

The functions of the Transport Ticketing Authority (TTA) were incorporated into PTV’s operations on 1 January 2013.

PTV's organisational structure as at 30 June 2013 is below:

Chair and Chief Executive – Ian Dobbs

Director Customer Services – Alan Fedda

Director Finance – Fred Cilia

Director Governance and Legal – Josh Miller

Director Marketing and Product Development – Melanie Nanscawen

Director HR – Celia Pollard

Director Network Operations – Norman Gray

Director Network Planning – Ray Kinnear

Director Projects – Mark Wild

Director Technical Services – Tom Sargant

Director Communications – Matt Phelan

Director Ticketing Projects – Bernie Carolan

PTV Board

PTV’s Board of Directors

Chair and CEO

Ian Dobbs’ career in private and public sector transport organisations spans over 36 years in both Australia and the UK and includes a number of senior leadership positions. He is the former chief executive of the Public Transport Corporation in Victoria and Stagecoach Group plc in the UK, where he was accountable for the activities of several operational railway organisations employing over 10,000 people. Ian was appointed to the Board on 12 December 2011.

Deputy Chair

Douglas Bartley has extensive business experience in the areas of human resources, financial management and governance. His expertise in these fields is highlighted by his most recent previous role as Chair of KPMG in Victoria, as well as the Partner in Charge of KPMG’s Global Japanese Practice within Australia. Douglas was appointed to the Board on 12 December 2011.

Director

Michael Taylor AO’s career in senior public sector roles spans over 15 years, including most recently as Secretary to the Commonwealth Department of Infrastructure, Transport, Regional Development and Local Government, and Chair of the Murray Darling Basin Authority. He has also been the Chair or member of a large number of Boards, including the Melbourne Business School.

Michael was appointed to the Board on 12 December 2011.

Director

Virginia Hickey is an experienced lawyer by background, and has since established herself as an expert in the fields of corporate strategy and governance. Virginia has been on a large number of Boards, including as former Chair of TransAdelaide, Adelaide’s metropolitan passenger rail operator. Virginia was appointed to the Board on 1 July 2012.

Director

Craig Opie has been Managing Director of many of Melbourne's iconic tourist attractions including the Colonial Tramcar Restaurant and Eureka Skydeck, and has owned and operated several other tourism and non-tourism related businesses. He is a current committee member of Moonee Valley Racing Club and Board member of Tourism Victoria and is a current Australia Day ambassador. Craig was appointed to the Board on 1 November 2012.

PTV Board Subcommittees

PTV Board Audit and Risk Committee

The Audit and Risk Committee consists of the following members:

* Chair: Douglas Bartley
* Michael Taylor AO
* Virginia Hickey

This Committee assists the PTV Board in fulfilling its responsibilities related to PTV’s financial performance and the financial reporting process.

The Committee is also responsible for the sign-off of accounting policies, the operation and implementation of PTV’s risk management framework, and compliance with the various directions and procedures contained in the Standing Directions of the Minister for Finance.

PTV Board Health, Safety and Environment Committee

The Health, Safety and Environment Committee consists of the following members:

* Chair: Ian Dobbs
* Michael Taylor AO
* Virginia Hickey

This Committee assists the PTV Board to promote a strong and proactive culture within PTV which values health, safety and the environment. It reviews health, safety and environment compliance, including compliance standards, and recommends to the Board appropriate measures and responses. Developments in relevant health, safety and environment legislation and regulations are also considered by the Committee.

PTV Board Remuneration Committee

The Remuneration Committee consists of the following members:

* Chair: Craig Opie
* Michael Taylor AO
* Douglas Bartley

This Committee ensures that PTV has coherent remuneration policies and practices which are observed and enable it to attract and retain appropriate staffing resources. It also ensures that PTV fairly and responsibly rewards executives, staff and contractors in light of their responsibilities and performance, the performance of PTV and prevailing engagement and remuneration policies and conditions applied by the Victorian Government.

Attendance at meetings of the Board and its committees

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | **Board** | | **Audit & Risk** | | **Remuneration** | | **Health, Safety and Environment** | |
|  | **Attended** | **Maximum**  **Possible** | **Attended** | **Maximum**  **Possible** | **Attended** | **Maximum**  **Possible** | **Attended** | **Maximum**  **Possible** |
| Ian Dobbs | 13 | 13 | 6 | 6 | 6 | 6 | 4 | 4 |
| Douglas Bartley | 11 | 13 | 6 | 6 | 6 | 6 |  |  |
| Michael Taylor AO | 11 | 13 | 6 | 6 | 6 | 6 | 4 | 4 |
| Virginia Hickey + | 10 | 13 | 6 | 6 |  |  | 4 | 4 |
| Craig Opie ++ | 9 | 9 | 1 | 4 | 4 | 6 |  |  |

+ Appointed to Board 1 July 2012

++ Appointed to Board 1 November 2012

Chief Finance Officer’s Statement

The 2012-13 Annual report includes PTV’s first full year financial statements.

Financial statements from the date of establishment of 15 December 2011 to 30 June 2012 for PTV and its controlled entity Metlink Victoria Pty Ltd (Metlink) were included in the former Department of Transport’s composite report for 2011-12. Metlink was subsequently deregistered on 26 August 2012.

Financial Result

The 2012 – 13 net result was a deficit of $1.0 million compared with a surplus of $115.3 million in 2011 – 12. The surplus in 2011 – 12 was due primarily to income of $107.9 million for the accounting treatment of transfers of assets from the department treated as revenue that would normally have been recognised as contributed capital.

In 2012 – 13, the net result of $1.0 million represents the deficit due to unfunded non-cash items such as depreciation and asset disposals

($30.3 million) offset by income for assets received free of charge to PTV ($28.4 million). This is due primarily to recognition as income of $26.9 million of bus shelters which had not been included in the asset transfer from the

Department of Transport to PTV on 2 April 2012 (refer to note 3(b) to the financial statements).

Machinery of Government changes

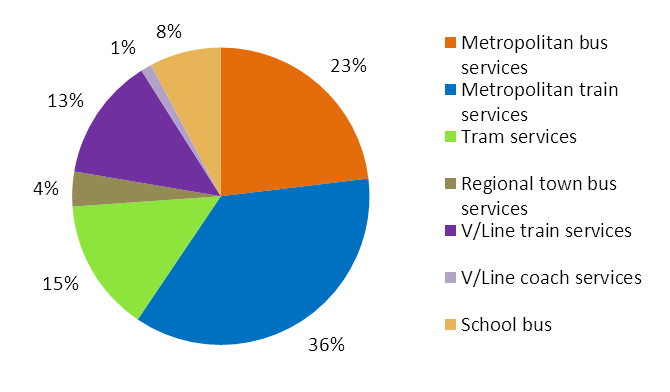
On 1 January 2013 responsibility for the ticketing services contract was transferred from the Transport Ticketing Authority. Certain work in progress assets were also transferred on that date. These assets will be transferred on completion to VicTrack as the State’s owner of rail infrastructure assets.

Income

PTV’s income is primarily sourced from government grants with minor revenue items, myki card sales and contributions from the operators for marketing and communications.

Expenses

PTV’s total operating expenses in 2012-13 were $4.2 billion. The majority of PTV’s expenditure was for payments to transport service providers including $1.6 billion for rail system operations and services, $1.4 billion for the Government’s capital assets charge for rail infrastructure, and $0.9 billion for bus services. Additionally, costs of ticketing services of $0.05 billion were included since the transfer of the ticketing service contract from Transport Ticketing Authority to PTV on 1 January 2013.



Capital expenditure

PTV’s capital expenditure for 2012-13 was approximately $0.5 billion on major projects such as completion of the Hurstbridge Line Upgrade and Sunbury Electrification Project, growth area stations at Cardinia, Lynbrook and Williams Landing, facilities for Protective Services Officers at train stations, and a significant investment in renewing the State’s rail infrastructure. It also included the procurement of new train and tram rolling stock such as the seven new X’Trapolis trains, the 50 new low floor, high capacity trams and the purchase of the Citadis C2 trams.

Rail assets created by PTV’s capital expenditure are transferred by way of equity (refer to note 2(b) to the financial statements) to VicTrack as the entity responsible for reporting the State’s transport infrastructure network. As such these assets are not included in the assets figure in the table below.

Financial Summary

The financial statements presented later in this report are prepared in accordance with the *Financial Management Act 1994* and applicable Australian accounting standards.

The table below shows the financial results for the financial year 2012-13 and the period from 15 December 2011(date of establishment) to 30 June 2012.

|  | 2013  $M | 2012  Group\* $M |
| --- | --- | --- |
| Grant from Government | 4,177.8 | 999.0 |
| Total income from transactions | 4,227.0 | 1,111.3 |
| Total expenses from transactions | (4,228.0) | (996.0) |
| Net result from transactions | (0.9) | 115.3 |
| Total other economic flows included in net results | (1.1) | - |
| Net results | (2.0) | 115.3 |
| Net cash flows from/(used in) operating activities | 86.9 | 16.9 |
| Total assets | 1,883.7 | 1,615.4 |
| Total liabilities | (1,233.8) | (1,116.5) |
| Net assets | 650.0 | 498.9 |

\* For 2012, the reporting period covered from 15 December 2011 (date of establishment) to 30 June 2012. PTV commenced operation on 2 April 2012. The ‘Group’ figures relate to the financial information of PTV and Metlink.

The table below shows the financial results for the last two financial years.

|  |  |  |
| --- | --- | --- |
|  | 2013  $M | 2012  Group\* $M |
| Grant from Government |  | 999.0 |
| Total income from transactions |  | 1,111.3 |
| Total expenses from transactions |  | (996.0) |
| Net result from transactions |  | 115.3 |
| Total other economic flows included in net results |  | - |
| Net results |  | 115.3 |
| Net cash flows from/(used in) operating activities |  | 16.9 |
| Total assets |  | 1,615.4 |
| Total liabilities |  | (1,116.5) |
| Net assets |  | 498.9 |

\* For 2012, the ‘Group’ figures relate to the financial information of PTV and Metlink.

Highlights and Performance Report

HIGHLIGHTS

AN INTEGRATED TRANSPORT SYSTEM FOR ALL VICTORIANS

Accessibility

PTV is finalising the *Accessible Public Transport in Victoria Action Plan 2013-2017,* followingconsultation with government agencies and community organisations.

Eighteen tram stops were upgraded to accessible stops, and a project is underway to reduce the gap between tram stops and Combino trams.

Special events

PTV provided additional public transport to carry more than 5 million passengers to over 600 special events, including the White Night Festival, the Australian Open and the Spring Racing Carnival.

More than 1350 additional bus and tram trips were provided to better connect cruise ship passengers from Port Melbourne to the city.

Parkiteer cages

Thirteen secure Parkiteer bike cages were delivered at train stations, bringing the total number of cages to 67.

SERVICE DELIVERY

Service performance

Many improvements in service performance were realised, as described in the PTV Performance Report, part of this Annual report.

Metropolitan bus franchise

In April 2013 Transdev Melbourne Pty Ltd was selected as the preferred tenderer to operate the Melbourne Metropolitan Bus Franchise.

The franchise provides for the operation of approximately 30 per cent of Melbourne’s public bus network and is the first time such a significant portion of the bus network has been publicly tendered.

The contract will commence in August 2013 and for the first time a performance regime will be used as an incentive to reach key targets, including service delivery and carrying more passengers.

New metropolitan trains

The $210.4 million order for seven new X’Trapolis trains was completed by Alstom in Ballarat.

A further $176 million has been allocated to purchase eight more X’Trapolis trains, as well as stabling and signalling, to be delivered in 2015.

$2 million has been allocated for further planning for the procurement of high capacity trains, able to carry more than 1100 passengers.

New regional carriages

Forty new VLocity carriages have been ordered for $210 million from Bombardier in Dandenong. The order is due to be completed in 2016.

The new carriages will support Regional Rail Link and enable an increase in services across the regional network.

New trams

$807.6 million is being invested in 50 new low-floor, high-capacity trams and supporting infrastructure. Assembly is underway at Bombardier’s Dandenong factory, with the first new trams expected on the network in late 2013.

An upgrade of Southbank Depot is complete, with improvements at Preston Depot, power upgrades across the tram network and establishment of a driver-training simulator to follow.

The project to upgrade Route 96 has commenced. Early designs for tram stop upgrades and route improvements are currently the subject of public consultation.

W-Class trams

The first two trams to result from the $8 million project to restore historic W-Class trams have been completed and are undergoing testing.

SAFETY AND SECURITY

Protective Service Officer facilities

PTV delivered facilities at 64 train stations to support the rollout of Protective Service Officers **(**PSOs).

PTV will continue to work closely with the Department of Justice and Victoria Police to coordinate the PSO program, with the 2013-14 State Budget providing $67.8 million over the next two years for construction of PSO facilities.

Crisis and emergency management

PTV has redefined the processes and procedures for responding to and managing incidents to ensure our ability to maintain a safe and secure public transport network.

City Loop – Ombudsman Report

The Victorian Ombudsman’s report into the Melbourne Underground Rail Loop was tabled in Parliament on 25 October 2012.

PTV has accepted in full or in principle all of the recommendations directed to it.

THE PUBLIC FACE OF THE PUBLIC TRANSPORT SYSTEM

Call centre, website and app

The PTV call centre successfully integrated the myki call centre in February 2013 and answered more than 1.5 million calls this year.

A new PTV website was launched in April 2013, featuring improved journey planning and customer information. The PTV website had 161 million views in 2012-13.

The latest update of PTV’s iPhone app was released in April 2013. More than 130,000 people installed the app in 2012-13 (excluding updates).

Customer relations

PTV is working with operators and the Public Transport Ombudsman to improve customer service by monitoring complaint trends and improving complaint handling procedures.

The PTV Customer Relations team engaged with community groups and provided educational presentations to over 1000 people across Victoria including seniors, students, carers and disability support pensioners.

ThePTV Hub at Southern Cross Station opened on 12 November 2012 and is receiving around 1400 visitors a day. Pop up hubs have supported public transport users at special events, at Station Pier and to inform passengers about the introduction of myki.

Fare evasion

There was a reduction in fare evasion across the metropolitan network from 13.5 per cent in May 2011 to 9.4 per cent in October 2012, and then an increase to 11.9 per cent in May 2013.

The 2013 Network Revenue Protection Plan, developed with operators, supported the activities of Authorised Officers.

A marketing campaign targeting fare evaders has made an important contribution to revenue protection strategy, as has the latest research aimed at better understanding the psychology of fare evaders.

myki

myki became the only ticket for public transport in Melbourne on 29 December 2012.

Marketing campaigns supported the withdrawal of Metcard and highlighted the benefits of myki auto top up. The donation of unused Metcards raised funds for Melbourne charities.

In regional Victoria, short term tickets were phased out on regional town buses in April 2013. The conversion of V/Line inter urban corridors to myki began on the Seymour line in June 2013 and will continue line by line.

More than 5.7 million myki cards have now been issued to customers. The system is processing more than 6 million touch ons each week, with more than 1.1 million individual cards being used for travel each week.

myki is now available at over 800 retail channels including all 7-Eleven stores. Staffed train stations now have myki ticket office terminals, and there are card vending machines at all train stations and at selected tram and bus stops.

The installation of additional myki top up/purchase locations on the tram network has commenced.

The pre-loaded myki Visitor Pack became available in July 2012 through major hotels, tourist attractions and tourist information centres.

Market and commercial analysis

Publishing our research increases PTV’s transparency, helps us better meet passenger needs and delivers a comprehensive view of the transport network to the public.

New pieces of research published this year include a ranking of all Melbourne stations by the number of entries, and research into crowd distribution on train carriages.

PTV supports the open data government policy by publishing datasets for train loads, origin/destination and station patronage on its website and the online Victorian Government Data Directory.

CONSTRUCT AND MAINTAIN PUBLIC TRANSPORT INFRASTRUCTURE

Network maintenance

$100 million has been funded over four years for metropolitan and regional rail asset renewal and maintenance, in addition to Metro and V/Line’s annual works plans.

Works across the train and tram networks included new concrete sleepers, new overhead wires, new and upgraded sub-stations to power more train services, and track upgrades.

A blitz of rail maintenance works on the Dandenong, Ringwood and Racecourse corridors included placement of 104,000 concrete sleepers and renewal of five pedestrian crossings to DDA Standards, as well as works on level crossings, station platform resurfacing, reconstruction of station pits, new trackside fencing and signal upgrades.

Maintenance and renewal activities completed and underway in the City Loop this year include repairing and renewing base plates, sleepers, emergency walkways and track structures, upgrading drainage and ventilation systems and improving emergency access.

Sunbury electrification

The $270 million extension of metropolitan services from Watergardens to Diggers Rest and Sunbury was completed in November 2012, delivering a 64 per cent increase in services for Sunbury and Diggers Rest passengers.

The project significantly upgraded stations at Sunbury and Diggers Rest, added 550 car parks at Diggers Rest and more train stabling, as well as 90 extra Metro trips a week.

Williams Landing Station

Services commenced on 28 April 2013 at the new Williams Landing Station on the Werribee line. The premium station provides access to train services for the rapidly growing suburbs of Point Cook and Williams Landing in Melbourne’s west.

A bus interchange, bike cage and 500 car parking spaces were created and a new bus network in the surrounding area has tripled the number of bus services and improved access to the rail network .

Hurstbridge line upgrade

Signalling and traction power were upgraded over 15 kilometres from Greensborough to Hurstbridge to improve the reliability and efficiency of the line.

The project included a five-road stabling yard and landscaping at Eltham, and the historic signalling equipment has been preserved in a heritage display at Eltham Station.

Domain Interchange redevelopment

Domain Interchange, one of Melbourne’s busiest tram stops, was reconfigured and renewed in April 2013.

The project has resulted in larger tram stops with improved amenities, DDA compliant platforms and access ramps to improve passenger flow and tram performance.

Balaclava Station upgrade

The $13.3 million upgrade of Balaclava Station is underway following public consultation on the project design.

Drawing Management System

PTV administers Victoria's Drawing Management System (DMS), the central repository for State rail asset data, currently containing 350,000 rail engineering plans.

In 2012-13, DMS successfully ensured the submission of 20,000 engineering drawings, now available to State infrastructure projects.

DMS will be continuously improved to manage a substantial growth in data submission, from projects such as Regional Rail Link and myki.

Regional communication network

Work is progressing on the renewal of the regional train communication system and funding allocated in the State Budget will enable completion of this project by 2017.

The new facility will enhance communication between regional trains and the metropolitan network, and between regional trains and freight operations. It will improve reliability of regional train services and provide a platform to build additional capabilities in the future.

High Capacity Signalling

High Capacity Signalling (HCS) will increase reliability and frequency of train services and maximise benefits of existing and new infrastructure by decreasing the headway on rail corridors.

In 2012 PTV put out a Request for Information on proven HCS systems. The excellent industry response, and an allocation of $4.5 million in the 2013-14 State Budget, has supported preparations for a pilot on the Sandringham line as an initial stage of a network-wide rollout.

Overhead and traction power upgrades

As Melbourne’s train and tram fleets grow, and as new services are delivered on the network, substantial upgrades to power supply infrastructure are required to meet demand.

New electrical substations to boost traction power were opened this year at Pakenham, Lyndhurst and Eltham, enabling more reliable and frequent train services on sections of the Cranbourne, Pakenham and Hurstbridge lines.

Planning activities for new substations and power upgrades are underway with delivery to commence in 2013-14.

PLAN FOR THE DEVELOPMENT OF THE PUBLIC TRANSPORT NETWORK

Network Development Plan – Metropolitan Rail

PTV’s Network Development Plan – Metropolitan Rail details a series of initiatives to provide the capacity required to meet forecast patronage growth over the next three decades and convert the existing suburban network into a customer-focused, high performing, metro-style system.

The plan aims to expand the capacity of the existing network to meet the growing needs of the city, redesign train services to maximise opportunities for seamless coordination with buses and trams, and extend the network to areas currently not served by metropolitan rail.

Accompanied by concept timetables for each stage, the approach and initiatives in this plan will increase peak-hour capacity by 50 per cent within 10 years, and by more than 100 per cent within 20 years.

Melbourne Metro

Melbourne Metro is a critical city shaping project that will increase capacity on the lines serving Melbourne's growth areas in the north, west and south-east. It involves the construction of a nine kilometre rail tunnel through inner Melbourne that will link the Sunbury and Pakenham/Cranbourne rail lines, with five new underground stations.

The project lays the foundation for expanding the rail network over the next 20 years and beyond and is a necessary precursor to rail links to Melbourne Airport and Rowville as well as electrifications to Melton and Wallan.

In 2012 the project was declared under the Major Transport Projects Facilitation Act 2009 and the planning approvals process is now underway. This includes comprehensive assessment of the project, supported by environmental and technical investigations, including geotechnical drilling at key sites along the project alignment.

Dandenong corridor improvements

More than $6 million per annum was provided in the 2013-14 State Budget to improve service levels on the busy Dandenong rail corridor.

Planning is underway to provide additional services in both peak and off peak periods, with new timetables to commence in 2014.

PTV is part of the project team delivering the Springvale Road level crossing grade separation.

|  |
| --- |
| Bayside rail improvements |
| Funding of $100 million was announced in the 2013-14 State Budget to upgrade the Frankston, Werribee and Williamstown lines over the next three years.  Work will include upgrades to tracks, signalling, substations and maintenance facilities to improve service reliability and enable the introduction of X’Trapolis trains on the lines. |

Syndal Station multi-deck car park

Planning is underway and project funding of $10.2 million has been secured to deliver a multi-deck car park to provide an additional 250 spaces at Syndal Station.

The project is planned to be completed in 2014.

Epsom and Eaglehawk stations

Project funding of $7.8 million has been secured to construct a new station at Epsom and extend more Bendigo line services to Epsom and Eaglehawk stations. Planning for the station projects is underway.

Grovedale Station

Planning is underway for the new $25.9 million Grovedale Station project, which will construct a new premium station serving Armstrong Creek in Geelong.

Buses will connect the station to Waurn Ponds Shopping Centre and Deakin University. The project will also deliver track and signal upgrades to maximise the number of train services.

The station is expected to be completed by the end of 2014.

Rowville Rail Study

The Stage 1 Rowville Rail Study Final Report was released in March 2013.

The study concluded that the Rowville rail line is dependent on capacity improvements on the Dandenong line and the Melbourne Metro project, with interim action needed to continue the progress already made in improving public transport in the area.

Planning work is continuing on the interim actions recommended for the Rowville project.

Melbourne Airport Rail Link Study

The Melbourne Airport Rail Link Study was released in March 2013. The study recommends the ‘Albion East’ route, having considered more than 80 alternatives.

The proposed route runs from the Melbourne Airport boundary via new tracks through reserved land and a freight corridor, using the existing rail tracks from Sunbury and connecting with the Melbourne Metro rail tunnel.

Doncaster Rail Study

The Phase One Draft Recommendations Report, released in March 2013, detailed the findings of the independent study team’s investigations into the best route for a Doncaster rail line.

The report recommends an alignment from the Doncaster Park and Ride to the city, via the Eastern Freeway, connecting to the Hurstbridge line at around Victoria Park.

A number of rail network capacity challenges are identified in the study findings, which would need to be addressed before a rail line to Doncaster could be introduced.

Rail Revival Study

The feasibility study into returning passenger trains between Geelong, Ballarat and Bendigo via Meredith and Newstead was released in March 2013.

The study recommended that existing rail reservations be kept in place, and that improvements to V/Line coach schedules to better serve communities between Geelong, Ballarat and Castlemaine be considered as a first stage of public transport improvements in the region.

TOURIST AND HERITAGE RAILWAYS

In 2012-13, 17 Tourist and Heritage groups achieved voluntary accreditation under the Tourist and Heritage Railways Act 2010.

PTV identified and supplied key railway items, such as sleepers and signalling equipment, which were allocated following calls for expressions of interest. This provided the sector with necessary equipment while maximising the life of these assets.

PTV PERFORMANCE REPORT

17 September 2013

Hon Terry Mulder MP

Minister for Public Transport

Level 16

121 Exhibition Street

Melbourne VIC 3000

Dear Minister

**PUBLIC TRANSPORT SYSTEM PERFORMANCE REPORT**

On behalf of Public Transport Victoria I am pleased to submit PTV’s report under section 79W of the *Transport Integration Act 2010* on the performance of Victoria’s public transport system.

This report provides information on the performance of trains, trams and buses across Victoria for the period 1 July 2012 to 30 June 2013, through measurements in the key areas of customer satisfaction, service punctuality, service reliability and scheduled kilometres.

In addition, this report has been enlarged to include patronage, load standards and fare evasion statistics to provide a more comprehensive view of Victoria’s public transport.

[SIGNATURE]

Ian Dobbs

Chair and Chief Executive

Metropolitan Public Transport Performance

Metropolitan Train

Performance Summary – 12 months to 30 June 2013[[1]](#footnote-1)

|  |  |  |  |
| --- | --- | --- | --- |
| **Measure** | **Unit** | **Target** | **Actual** |
| Customer satisfaction index | Score (/100) | 68.0 | 67.0 |
| Service punctuality | per cent | 89.0 | 92.1 |
| Scheduled services delivered (reliability) | per cent | 98.7 | 98.4 |
| Total kilometres scheduled | km (million) | 21.7 | 21.9 |

Customer satisfaction

Overall customer satisfaction with metropolitan trains for the 12 months to 30 June 2013 was 67.0. The result is stable compared to the previous 12 month period (66.8) but is an increase on the 12 months to June 2011 (64.2).

The strongest driver of customer satisfaction for metropolitan trains was service delivery, which incorporates a number of operational elements including trains running on time, number of trains cancelled and travel time. Satisfaction with service delivery was 68.0 for the 12 months to 30 June 2013, which is an improvement on the result from the same period in 2012 (67.0). Over this same time period satisfaction with overall personal security also increased by 1.4 points to 66.1.

Punctuality, reliability and total kilometres scheduled

Metro exceeded the contractual thresholds for punctuality in each quarter of 2012-13 and for three out of four quarters for reliability in 2012-2013. Every month Metro exceeded its published punctuality target and customer compensation threshold of 88.0 per cent. Metro met its customer compensation reliability threshold of 98.0 per cent for timetabled services delivered for all but four months of 2012-2013.

There has been an increase in metropolitan train kilometres predominantly due to an additional 90 standard weekly services introduced on 18 November 2012 and service extensions on 28 April 2013.

Tram

Performance Summary – 12 months to 30 June 2013

|  |  |  |  |
| --- | --- | --- | --- |
| **Measure** | **Unit** | **Target** | **Actual** |
| Customer satisfaction index | Score (/100) | 72.0 | 73.1 |
| Service punctuality | per cent | 82.0 | 81.7 |
| Scheduled services delivered (reliability) | per cent | 99.2 | 99.0 |
| Total kilometres scheduled | km (million) | 23.6 | 23.6 |

Customer satisfaction

Overall customer satisfaction with trams for the 12 months to 30 June 2013 was 73.1. The result is stable compared to the same period last year (72.8) but is an increase on the 12 months to June 2011 (71.6).

The largest improvements in customer satisfaction for trams were with stops up 1.0 points in the 12 months to June 2013 to 73.4, information up from 70.1 to 70.8 and tram drivers up from 73.5 to 74.2.

Punctuality and reliability

Tram service performance remained consistent with recent years. Yarra Trams exceeded customer compensation thresholds for all 12 months of 2012-2013.

Metropolitan bus

Performance Summary – 12 months to 30 June 2013

|  |  |  |  |
| --- | --- | --- | --- |
| **Measure** | **Unit** | **Target** | **Actual** |
| Customer satisfaction index | Score (/100) | 77.0 | 75.5 |
| Service punctuality | per cent | 95.0 | 94.3\* |
| Scheduled services delivered (reliability) | per cent | 99.9 | >99.9\* |
| Total kilometres scheduled | km (million) | 114.4 | 113.6 |

Customer satisfaction

Overall customer satisfaction with metropolitan buses for the 12 months to June 2013 was 75.5. The result is stable compared to the 12 months to June 2012 (75.3), and has increased 1.3 points on the 12 months to June 2011.

The strongest driver of customer satisfaction on metropolitan buses was overall running of services, which incorporates a number of operational elements including buses running on time, number of buses cancelled, and service frequency. Satisfaction with service delivery was 72.9, for the 12 months to June 2013 and remains stable compared with the same period in 2011-12 (73.1).

Punctuality and reliability

Metropolitan bus punctuality for the 12 months to 30 June 2013 has been tracking consistently with around 94.3 per cent of services arriving on time. Reported reliability remains consistently above 99.9 per cent.[[2]](#footnote-2)

Regional Public Transport Performance

Regional (V/Line) Train and Coach[[3]](#footnote-3)

Performance Summary – 12 months to 30 June 2013

|  |  |  |  |
| --- | --- | --- | --- |
| **Measure** | **Unit** | **Target** | **Actual** |
| Customer satisfaction index: regional train | Score (/100) | 77.0 | 75.8 |
| Customer satisfaction index: regional coach | Score (/100) | 80.0 | 82.1 |
| Service punctuality: regional train | per cent | 92.0 | 83.8 |
| Scheduled services delivered: regional train (reliability) | per cent | 98.5 | 97.4 |
| Total kilometres scheduled: regional train and coach | km (million) | 21.8 | 22.1 |

Customer Satisfaction

Satisfaction with V/Line trains was lower (75.8) for the 12 months to June 2013 compared with the previous 12 month period (76.4). Small customer satisfaction improvements were made in the 12 months to June 2013 with stations at 76.6 up from 76.1 and conductors up by 0.8 points to 85.2.

Satisfaction with V/Line coach services was higher (82.1) for the 12 months to June 2013 compared with the previous 12 month period (81.6). The largest improvements in customer satisfaction for V/Line coach services in the 12 months to June 2013 were with information up from 78.8 to 80.0 and drivers up by 1.0 points from 87.4 to 88.4.

Punctuality, Reliability and Total Kilometres scheduled

For the 12 months to June 2013 punctuality of V/Line train services was 83.8 per cent. V/Line did not meet its contractual punctuality threshold of 92 per cent in any quarter during 2012-13. Punctuality was lowest in January, with only 78.3 per cent of services arriving on time. September was the best performing month, with 87.6 per cent of services arriving on time. Regional train punctuality is affected by a range of factors, and projects such as Regional Rail Link are crucial to relieving the infrastructure capacity issues impacting performance on the regional and metropolitan networks.

Regional train reliability was 97.4 per cent for the 12 months to June 2013, exceeding V/Line’s contractual threshold of 96 per cent in each quarter for the year. Cancellation levels were highest in August 2012, with 4.0 per cent of services cancelled. Regional train reliability has fallen, with a 12 month average of 97.4 per cent for 2013, compared to 97.8 per cent in 2012.

There has been a small decrease in regional train kilometres predominantly due to reductions associated with Sunbury electrification, although this has been offset by additional standard weekly services introduced on 18 November 2012.

Regional Bus (town bus services)

Performance Summary – 12 months to 30 June 2013

|  |  |  |  |
| --- | --- | --- | --- |
| **Measure** | **Unit** | **Target** | **Actual** |
| Customer satisfaction index | Score (/100) | N/A | 80.8[[4]](#footnote-4) |
| Service punctuality | per cent | 99.0 | 94.0 |
| Scheduled services delivered (reliability) | per cent | 99.0 | >99.9 |
| Total kilometres scheduled | km (million) | 20.9 | 22.3 |

Customer Satisfaction

Of the centres where data was available, customer satisfaction with town bus services in Ballarat, Geelong, Bendigo, Latrobe Valley, and Shepparton / Wangaratta / Wodonga had an average score for the 12 months to the end of June 2013 of 80.8.

Regular surveying of regional town bus customers in defined locations commenced in early 2012 to allow for reporting on a rolling basis.

Punctuality and reliability

For the 12 months to 30 June 2013 the percentage of regional bus services delivered and punctuality are estimated to be greater than 99.9 per cent and 94.0 per cent respectively.[[5]](#footnote-5)

Patronage

Metropolitan

Metropolitan public transport services carried 523.9 million passengers in the 12 months to 30 June 2013, a decrease of 2.0 per cent when compared with the previous year.

Metropolitan train services carried 225.5 million passengers for the 12 months to 30 June 2013, an increase of 2.0 per cent for the year. . The growth in train patronage can be attributed to improved performance and to investment such as the Sunbury Electrification Project.

Tram services carried 182.7 million passengers for the 12 months to 30 June 2013, a decrease of 4.2 per cent for the year. It is expected that the progressive roll out of additional rolling stock across 2013-14 and 2014-15 and improving economic indicators will see tram patronage return to growth.

Metropolitan bus services carried 115.7 million passengers for the 12 months to 30 June 2013, a decrease of 5.7 per cent for the year. Flat economic indicators and increasing congestion on some major roads may have been contributing factors.

It is expected that bus patronage growth will return to levels forecast for the long term.

Regional

Regional train services carried 13.2 million passengers for the 12 months to 30 June 2013, a decline of 5.1 per cent compared to the previous year.

Regional coach services carried 1.5 million passengers for the 12 months to 30 June 2013, a decline of 4.3 per cent compared to the previous year.

Regional bus services carried 14.7 million passengers for the 12 months to 30 June 2013, a growth of 3.4 per cent compared to the previous year.

Load standards

Due to seasonal variations, train and tram load standard surveys are compared over a full year.

Metropolitan train

The October 2012 Metropolitan Train Load Standard Survey recorded a total of seven peak period rolling hour breaches, where peak passenger loads exceeded the load standard benchmark. This is up from a total of six peak period rolling hour breaches recorded in October 2011.

|  |  |  |
| --- | --- | --- |
|  | **October 2011** | **October 2012** |
| AM | 4 | 4 |
| PM | 2 | 3 |
| Total | 6 | 7 |

The May 2013 Metropolitan Train Load Standard Survey recorded a total of 11 peak period rolling hour breaches, where peak passenger loads exceeded the load standard benchmark. This is up from a total of eight peak period rolling hour breaches recorded in May 2012.

|  |  |  |
| --- | --- | --- |
|  | **May 2012** | **May 2013** |
| AM | 3 | 5 |
| PM | 5 | 6 |
| Total | 8 | 11 |

In the 12 months to May 2013 an additional 20 weekday metropolitan train services were introduced in the peak periods. This represents a 3.8 per cent increase in services run in the peak periods.

Tram

There are 12 cordon locations that have been surveyed in each of the last four Tram Load Standard Surveys. Of these 12 locations, eight locations have recorded one or more rolling hour breaches, or average loads above desired standards, during one or more surveys.

There was a decrease from 16 to nine rolling hour breaches when comparing the cordon locations surveyed in October 2011 and October 2012.

|  |  |  |
| --- | --- | --- |
|  | **October 2011** | **October 2012** |
| AM | 9 | 8 |
| PM | 7 | 1 |
| Total | 16 | 9 |

When comparing cordon locations observed in May 2012 and May 2013, there was an increase from 19 to 22 rolling hour breaches.

|  |  |  |
| --- | --- | --- |
|  | **May 2012** | **May 2013** |
| AM | 13 | 14 |
| PM | 6 | 8 |
| Total | 19 | 22 |

Fare evasion

Fare evasion rates are measured through surveys taken in May and October each year. There was a reduction in fare evasion across the metropolitan network from 13.5 per cent in May 2011 to 9.4 per cent in October 2012, and then an increase to 11.9 per cent in May 2013.

The May 2013 survey showed that fare evasion rates increased slightly on trains and trams and increased significantly on buses. The rates for each mode are shown below:

* metropolitan trains: 9.9 per cent (up from 8.8 per cent in October 2012)
* metropolitan trams: 11.9 per cent (up from 10.5 per cent in October 2012)
* metropolitan buses: 16.0 per cent (up from 9.1 per cent in October 2012)

PTV has written to bus operators to remind them of their revenue protection responsibilities and will closely monitor performance in this area.

A Network Revenue Protection Plan has been developed by PTV in close consultation with the public transport operators. This plan includes a range of initiatives designed to minimise fare evasion during and after the full transition to the myki ticketing system. PTV works closely with operators to manage the plan’s implementation.

PTV is continuing to work with operators to ensure that passengers understand what they need to do to have a valid ticket, to make it as easy as possible to comply, and to apply the enforcement regime for travel without a valid myki.

Financial Statements

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These financial statements for the year ended 30 June 2013 are prepared for the Public Transport Development Authority (operating as Public Transport Victoria).

Public Transport Victoria is a statutory authority established on 15 December 2011 commencing full operations on 2 April 2012. Metlink Victoria Pty Ltd was acquired by Public Transport Victoria on 2 April 2012 and was subsequently deregistered on 26 August 2012.

A description of the nature of the PTV’s operations and its principal activities are included in the report of operations.

For queries in relation to these financial statements please visit [ptv.vic.gov.au](http://www.ptv.vic.gov.au)

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

The attached financial statements for the Public Transport Development Authority 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 2013 and financial position of the Public Transport Development Authority as at 30 June 2013.

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.

This declaration is made in accordance with a resolution of the directors.

Ian Dobbs Fred Cilia

Chair and Chief Executive Officer Director Finance

11 September 2013 11 September 2013

Melbourne Melbourne

Victorian Auditor-General’s Report



Comprehensive operating statement for the financial year ended 30 June 2013

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Note | | 2013  $’000 | Consolidated  15.12.2011  to 30.6.2012  $’000 | Parent  15.12.2011  to 30.6.2012  $’000 |
| **Income from transactions** |  |  |  |  |
| Grants |  | 4,178,806 | 998,999 | 998,999 |
| Fair value of assets and services received free of charge | 3(a) | 40,238 | 107,873 | 108,419 |
| Operators’ contribution for marketing and communications | 3(b) | 8,435 | 2,057 | 2,057 |
| Issuance fee of myki cards | 3(c) | 7,777 | - | - |
| Interest | 3(d) | 2,899 | 1,186 | 1,186 |
| Gain on acquisition of Metlink | 2(e) | - | 546 | - |
| Other income | 3(e) | 1,670 | 655 | 655 |
| **Total income from transactions** |  | **4,239,825** | **1,111,316** | **1,111,316** |
| **Expenses from transactions** |  |  |  |  |
| Payments to service providers and transport agencies | 4(a) | (4,062,343) | (946,928) | (946,928) |
| Supplies and services | 4(b) | (53,104) | (18,770) | (18,770) |
| Employee expenses | 4(c) | (50,533) | (12,803) | (12,803) |
| Depreciation and amortisation | 4(d) | (27,884) | (6,615) | (6,615) |
| Interest expense | 4(e) | (32,548) | (8,120) | (8,120) |
| Capital asset charge |  | (7,155) | (1,788) | (1,788) |
| Fair value of assets and services provided free of charge | 4(f) | (6,200) | (968) | (968) |
| **Total expenses from transactions** |  | **(4,239,767)** | **(995,992)** | **(995,992)** |
|  |  |  |  |  |
| **Net result from transactions (net operating balance)** |  | **58** | **115,324** | **115,324** |
| **Other economic flows included in net result** |  |  |  |  |
| Net gains/(losses) on non-financial assets | 5(a) | (1,315) | - | - |
| Other gains/(losses) from other economic flows | 5(b) | 239 | - | - |
| **Total other economic flows included in net result** |  | **(1,076)** | **-** | **-** |
|  |  |  |  |  |
| **Net result** |  | **(1,018)** | **115,324** | **115,324** |
|  |  |  |  |  |
| **Comprehensive result** |  | **(1,018)** | **115,324** | **115,324** |
| The comprehensive operating statement should be read in conjunction with the accompanying notes. | | | | |

Balance sheet as at 30 June 2013

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | Note | 2013  $’000 | Consolidated  2012  $’000 | Parent  2012  $’000 |
| **Assets** |  |  |  |  |
| **Financial assets** |  |  |  |  |
| Cash and deposits | 17(a) | 45,827 | 56,299 | 56,299 |
| Receivables | 6 | 484,819 | 393,130 | 393,130 |
| **Total financial assets** |  | **530,646** | **449,429** | **449,429** |
| **Non-financial assets** |  |  |  |  |
| Prepayments |  | 7,858 | 9,594 | 9,594 |
| Inventories | 7 | 3,786 | 162 | 162 |
| Property, plant and equipment | 8 | 1,262,796 | 1,144,018 | 1,144,018 |
| Intangible assets | 9 | 71,774 | 12,171 | 12,171 |
| **Total non-financial assets** |  | **1,346,214** | **1,165,945** | **1,165,945** |
|  |  |  |  |  |
| **Total assets** |  | **1,876,860** | **1,615,374** | **1,615,374** |
| **Liabilities** |  |  |  |  |
| Payables | 10 | 529,502 | 449,093 | 449,093 |
| Borrowings | 11 | 377,429 | 376,191 | 376,191 |
| Provisions | 12 | 341,448 | 291,166 | 291,166 |
| **Total liabilities** |  | **1,248,379** | **1,116,450** | **1,116,450** |
|  |  |  |  |  |
| **Net assets** |  | **628,481** | **498,924** | **498,924** |
| **Equity** |  |  |  |  |
| Contributed capital |  | 514,175 | 383,600 | 383,600 |
| Accumulated surplus/(deficit) |  | 114,306 | 115,324 | 115,324 |
|  |  |  |  |  |
| **Net worth** |  | **628,481** | **498,924** | **498,924** |
|  |  |  | | |
| Commitments for expenditure | 14 |
| Contingent assets and liabilities | 15 |
|  |  |
| The balance sheet should be read in conjunction with the accompanying notes. | | | | |

Statement of changes in equity for the financial year ended 30 June 2013

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  |  | Contributions by Owner | Accumulated Surplus | Total |
| **Consolidated** | **Note** | **$’000** | **$’000** | **$’000** |
| **Balance at 15 December 2011** |  | **-** | **-** | **-** |
| Net result for the period |  | - | 115,324 | 115,324 |
| Administrative restructure – net assets received from DTPLI | 2(c) | 398,888 | - | 398,888 |
| Capital contributions funding from DTPLI during the period |  | 225,905 | - | 225,905 |
| Capital transfer to VicTrack | 2(b) | (241,193) | - | (241,193) |
| **Balance at 30 June 2012** |  | **383,600** | **115,324** | **498,924** |
|  |  |  |  |  |
| **Parent** |  |  |  |  |
| Net result for the period |  | - | 115,324 | 115,324 |
| Administrative restructure – net assets received from DTPLI | 2(c) | 398,888 | - | 398,888 |
| Capital contributions funding from DTPLI during the period |  | 225,905 | - | 225,905 |
| Capital transfer to VicTrack | 2(b) | (241,193) | - | (241,193) |
| **Balance at 30 June 2012** |  | **383,600** | **115,324** | **498,924** |
| Net result for the year |  | - | (1,018) | (1,018) |
| Administrative restructure – net assets received | 2(a)(i) | 86,542 | - | 86,542 |
| Administrative restructure – residual net assets received from Transport Ticketing Authority | 2(a)(ii) | 422 | - | 422 |
| Capital contributions funding from DTPLI during the year |  | 566,806 | , | 566,806 |
| Capital transfer to VicTrack | 2(b) | (523,195) | - | (523,195) |
| **Balance at 30 June 2013** |  | **514,175** | **114,306** | **628,481** |
| The statement of changes in equity should be read in conjunction with the accompanying notes. | | | | |

Cash flow statement for the financial year ended 30 June 2013

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | Note | 2013  $’000 | Consolidated15.12.2011  to 30.6.2012  $’000 | Parent  15.12.2011  to 30.6.2012  $’000 |
| **Cash flows from operating activities** |  |  |  |  |
| **Receipts** |  |  |  |  |
| Receipts from DTPLI |  | 4,094,364 | 861,031 | 861,031 |
| Farebox revenue (received for passing onto DTPLI) |  | 603,867 | 150,463 | 150,463 |
| Goods and Services Tax recovered from the ATO |  | 257,360 | 54,632 | 54,632 |
| Receipts from operators |  | 8,435 | 2,056 | 2,056 |
| Interest received |  | 2,899 | 1,186 | 1,186 |
| Other receipts |  | 8,769 | 182 | 182 |
| **Total receipts** |  | **4,975,694** | **1,069,550** | **1,069,550** |
| **Payments** |  |  |  |  |
| Payments to service providers and transport agencies |  | (2,793,766) | (861,502) | (861,502) |
| Farebox revenue (remitted to DTPLI) |  | (600,308) | (150,463) | (150,463) |
| Payments to suppliers and employees |  | (37,591) | (30,709) | (30,709) |
| Interest and other costs of finance paid |  | (31,078) | (8,120) | (8,120) |
| Capital asset charge |  | (1,428,369) | (1,788) | (1,788) |
| **Total payments** |  | **(4,891,112)** | **(1,052,582)** | **(1,052,582)** |
|  |  |  |  |  |
| **Net cash flows from/(used in) operating activities** | 17(c) | **84,582** | **16,968** | **16,968** |
| **Cash flows from investing activities** |  |  |  |  |
| Payments for non-financial assets |  | (672,564) | (132,346) | (132,346) |
| Proceeds from insurance for train replacement |  | 10,173 | - | - |
| Proceeds from disposals of non-financial assets |  | 357 | - | - |
| Cash received from bank account/activity transferred in |  | 405 | 14,749 | 14,749 |
| **Net cash flows from/(used in) investing activities** |  | **(661,629)** | **(117,597)** | **(117,597)** |
| **Cash flows from financing activities** |  |  |  |  |
| Proceeds from capital contributions by DTPLI |  | 566,806 | 157,000 | 157,000 |
| Repayments of finance lease liabilities |  | (231) | (72) | (72) |
| **Net cash flows from/(used in) financing activities** |  | **566,575** | **156,928** | **156,928** |
|  |  |  |  |  |
| **Net increase/(decrease) in cash and cash equivalents** |  | **(10,472)** | **56,299** | **56,299** |
| Cash and cash equivalents at the beginning of the financial year |  | 56,299 | - | - |
| **Cash and cash equivalents at the end of the financial year** | 17(a) | **45,827** | **56,299** | **56,299** |
| The cash flow statement should be read in conjunction with the accompanying notes. | | | | |

Notes to the financial statements

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Note 1. Summary of significant accounting policies

These annual financial statements represent the audited general purpose financial statements for the Public Transport Development Authority, operating as Public Transport Victoria (PTV), for the financial year ended 30 June 2013. The purpose of the report is to provide users with information about PTV’s stewardship of resources entrusted to it.

PTV was established on 15 December 2011 by amendments to the *Transport Integration Act 2010*. These annual financial statements are the first separate annual financial statements prepared by PTV. Comparative figures for 2012 represented the period from 15 December 2011 to 30 June 2012 and were included in the Department of Transport, Planning and Local Infrastructure's 2011-12 annual report.

(a) Statement of compliance

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

Where appropriate, those AAS paragraphs applicable to not-for-profit entities have been applied.

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.

To gain a better understanding of the terminology used in this report, a glossary of terms can be found in Note 24.

The annual financial statements were authorised for issue by the PTV Board on 6 September 2013.

(b) Basis of accounting preparation and measurement

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

The financial statements have been prepared on a going concern basis, despite the negative working capital. The going concern assumption has been made as PTV continues to be fully funded by government grant and capital contribution in accordance with the approved budget.

Judgements, estimates and assumptions are required to be made about the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on professional judgements derived from historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

The estimates and associated assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and also future periods that are affected by the revision. Judgements and assumptions made by management in the application of AASs that have significant effects on the financial statements and estimates relate to:

* the fair value of land, buildings, infrastructure, plant and equipment (refer to Note 1(k)); and
* superannuation expense (refer to Note 1(g)).

These financial statements are presented in Australian dollars, and prepared in accordance with the historical cost convention except for:

* non-current physical assets which, subsequent to acquisition, are measured at a revalued amount being their fair value at the date of the revaluation less any subsequent accumulated depreciation and subsequent impairment losses. Revaluations are made with sufficient regularity to ensure that the carrying amounts do not materially differ from their fair value;
* the fair value of an asset other than land is generally based on its depreciated replacement value; and
* certain liabilities that are calculated with regard to actuarial assessments.

The accounting policies set out below have been applied in preparing the financial statements for the year ended 30 June 2013 and the comparative information presented for the period ended 30 June 2012.

(c) Reporting entity

The financial statements cover the Public Transport Development Authority, operating as Public Transport Victoria (PTV). PTV is a statutory authority of the State of Victoria, established under the *Transport Integration Act 2010.*

The legislation to establish the Public Transport Development Authority was passed by the Parliament on 8 November 2011 and received Royal Assent on 15 December 2011. Operations for PTV commenced on 2 April 2012.

Its principal address is 750 Collins Street, Docklands, Victoria 3008.

The financial statements include all the controlled activities of PTV.

A description of the nature of PTV's operations and its principal activities is included in the report of operations on page 13, which does not form part of the financial statements.

Objectives and funding

PTV leads Victoria's public transport system, including by managing train, tram and bus services. It provides a single contact point for customers seeking information on public transport services, fares, tickets and initiatives.

PTV is predominantly funded by grants from Department of Transport, Planning and Local Infrastructure (DTPLI).

(d) Basis of consolidation

In accordance with AASB 127 Consolidated and Separate Financial Statements:

* The consolidated financial statements of PTV incorporate assets and liabilities of all reporting entities controlled by PTV as at 30 June 2012, and their income and expenses for that part of the reporting period in which control existed.

The only reporting entity controlled by PTV as at 30 June 2012 was Metlink Victoria Pty Ltd ("Metlink"). Metlink was subsequently deregistered on 26 August 2012.

(e) Scope and presentation of financial statements

Comprehensive operating statement

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

‘Transactions’ and ‘other economic flows’ are defined by the *Australian System of Government Finance Statistics: Concepts, Sources and Methods 2005 and Amendments to Australian System of Government Finance Statistics, 2005* (ABS Catalogue No. 5514.0) (the GFS manual) (refer to Note 24).

‘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. Taxation is regarded as mutually agreed interactions between the Government and taxpayers. Transactions can be in kind (e.g. assets provided/given free of charge or for nominal consideration) or where the final consideration is cash (refer to Note 24).

‘Other economic flows’ are changes in volume or changes arising from market re-measurements. 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 AASs (refer to Note 24).

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

Cash flow statements

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

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 movements in equity’ related to ‘Transactions with owner in its capacity as owner’.

Rounding

Amounts in the financial statements have been rounded to the nearest $1,000, unless otherwise stated. Figures in the financial statements may not equate due to rounding. Please refer to Note 24 for a style convention for explanations of minor discrepancies resulting from rounding.

(f) Income from transactions

Income is recognised to the extent that it is probable that the economic benefits will flow to the entity and the income can be reliably measured at fair value.

Interest

Interest income includes interest received on bank term deposits and other investments and the unwinding over time of the discount on financial assets. Interest income is recognised using the effective interest method which allocates the interest over the relevant period.

Sale of services

Income from the supply of services

Income from the supply of services is recognised by reference to the stage of completion of services being performed. The income is recognised when:

* the amount of income, stage of completion and transaction costs incurred can be reliably measured; and
* it is probable that the economic benefits associated with the transaction will flow to PTV.

Grants from State Government

Income from grants from State Government is recognised when PTV obtains control over the contribution.

Fair value of assets and services received free of charge or for nominal consideration

Contributions of resources received free of charge or for nominal consideration are recognised at fair value when control is obtained over them, irrespective of whether these contributions are subject to restrictions or conditions over their use. Contributions in the form of services are only recognised when a fair value can be reliably determined and the services would have been purchased if not received as a donation.

Operators’ contribution for marketing and communications

Under the franchise agreements in relation to provision for transport services, transport service operators have to make a contribution towards the costs of marketing and communications. The contribution is recognised as revenue when deduction for the contribution is made from payments to the transport service operators.

Issuance fee of myki cards

Issuance fee of myki cards is recognised at the time of sale of myki cards.

Other income

Other income includes rental income and other miscellaneous items which are one-off items.

(g) Expenses from transactions

Expenses are recognised as they are incurred and reported in the financial year to which they relate.

Employee expenses

Refer to the section in Note 1(l) regarding employee benefits.

These expenses include all costs related to employment (other than superannuation which is accounted for separately) including wages and salaries, payroll tax, fringe benefits tax, leave entitlements, redundancy payments and WorkCover premiums.

Superannuation

The amount recognised in the comprehensive operating statement is the employer contributions for members of both defined benefit and defined contribution superannuation plans that are paid or payable during the reporting period.

The Department of Treasury and Finance (DTF) in their Annual Financial Statements, disclose on behalf of the State as the sponsoring employer, the net defined benefit cost related to the members of these plans as an administered liability. Refer to DTF’s Annual Financial Statements for more detailed disclosures in relation to these plans.

Depreciation and amortisation

All infrastructure assets, buildings, plant and equipment and other non-current physical assets (excluding items under operating leases, land and investment properties) that have a finite useful life are depreciated. Depreciation is generally calculated on a straight-line basis, at rates that allocate the asset’s value, less any estimated residual value, over its estimated useful life.

The estimated useful lives, residual values and depreciation methods are reviewed at the end of each annual reporting period and adjustments made where appropriate.

The following are typical estimated useful lives for the different asset classes for current year and prior period.

|  |  |
| --- | --- |
| Asset category | Expected useful life (years) |
| **Buildings** | **22–80** |
| **Infrastructure** | **20–185** |
| **Plant and equipment** |  |
| - Furniture and fittings | 10 |
| - Computer equipment | 3–4 |
| - Field plant and scientific equipment | 10–30 |
| - Office machines and equipment | 5 |
| IT infrastructure | 4 |
| **Leasehold improvements** | **5–15** |
| **Leased vehicles\*** | **3\*** |
| **Cultural assets** | **20–100** |
| \* Leased vehicles are depreciated on a straight-line basis to their residual value (cost less estimated projected market value) over the period of the lease – three years. | |

Land which is considered to have an indefinite life, is not depreciated. Depreciation is not recognised in respect of this asset because its service potential has not, in any material sense, been consumed during the reporting period.

Intangible produced assets with finite useful lives are amortised as an expense from transactions on a systematic (typically straight-line) basis over the asset's useful life. Amortisation begins when the asset is available for use, that is, when it is in the location and condition necessary for it to be capable of operating in the manner intended by management.

Intangible assets with indefinite useful lives are not depreciated or amortised but are tested annually for impairment. (Refer Note 1(k)).

Interest expense

Interest expense is recognised as expenses in the period in which it is incurred. Refer to the Glossary of terms and style convention in Note 24 for an explanation of interest expense items.

Grants and other transfers

Grants and other transfers to third parties (other than contribution to owners) are recognised as an expense in the reporting period in which they are paid or payable. They include transactions such as grants and subsidies made to State owned agencies. Refer to Glossary of terms and style conventions in Note 24 for an explanation of grants and other transfers.

Capital asset charge

The capital asset charge is calculated on the budgeted carrying amount of applicable non-financial physical assets.

Payments to service providers and transport agencies

Payments to service providers and transport agencies are recognised as an expense in the reporting period in which they are paid or payable. They include transactions such as grants, subsidies and other transfer payments to other agencies, such as V/Line Pty Ltd (V/Line).

Supplies and services

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

Bad and doubtful debts

Refer to Impairment of financial assets in Note 1(j).

Fair value of assets and services provided free of charge

Contributions of resources provided free of charge or for nominal consideration are recognised at their fair value when the transferee obtains control over them, irrespective of whether restrictions or conditions are imposed over the use of the contributions, unless received from a government department or another agency as a consequence of a restructuring of administrative arrangements. In the latter case, such a transfer will be recognised at its carrying value.

Contributions in the form of services are only recognised when a fair value can be reliably determined and the services would have been purchased if not donated.

(h) Other economic flows included in net result

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

Net gain/(loss) on non-financial assets

Net gain/(loss) on non-financial assets and liabilities includes realised and unrealised gains and losses as follows:

Revaluation gains/(losses) of non-financial physical assets

Refer to accounting policy provided in Note 1(k) – Property, plant and equipment.

Disposal of non-financial assets

Any gain or loss on the disposal of non-financial assets is recognised at the date of disposal and is determined after deducting from the proceeds the carrying value of the asset at that time.

Impairment of non-financial assets

Intangible assets with indefinite useful lives including those that are not yet available for use, are tested annually for impairment and whenever there is an indication that the asset may be impaired.

All other assets are assessed annually for indications of impairment, except for assets arising from construction contracts (refer Note 1(k)).

If there is an indication of impairment, the assets concerned are tested as to whether their carrying value exceeds their recoverable amount. Where an asset’s carrying value exceeds its recoverable amount, the difference is written off as another economic flow, except to the extent that the write down can be debited to an asset revaluation surplus amount applicable to that class of asset.

If there is indication that there has been a change in the estimate of an asset’s recoverable amount since the last impairment loss was recognised, the carrying amount shall be increased to its recoverable amount. This reversal of the impairment loss occurs only to the extent that the asset’s carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised in prior years.

It is deemed that, in the event of the loss or destruction of an asset, the future economic benefits arising from the use of the asset will be replaced unless a specific decision to the contrary has been made. The recoverable amount for most assets is measured at the higher of depreciated replacement cost and fair value less costs to sell. Recoverable amount for assets held primarily to generate net cash inflows is measured at the higher of the present value of future cash flows expected to be obtained from the asset and fair value less costs to sell.

Refer to Note 1(k) in relation to the recognition and measurement of non-financial assets.

Other gains/(losses) from other economic flows

Other gains/(losses) from other economic flows include the gains or losses from:

* the revaluation of the present value of the long service leave liability due to changes in the bond interest rates; and
* transfer of amounts from the reserves to accumulated surplus or net result due to disposal or derecognition or reclassification.

(i) Financial Instruments

Financial instruments arise out of contractual agreements that give rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Due to the nature of the PTV’s activities, certain financial assets and financial liabilities arise under statute rather than a contract. Such financial assets and financial liabilities do not meet the definition of financial instruments in AASB 132 *Financial Instruments: Presentation*. For example, statutory receivable arising from taxes, fines and penalties do not meet the definition of financial instruments as they do not arise under contract.

Where relevant, for note disclosure purposes, a distinction is made between those financial assets and financial liabilities that meet the definition of financial instruments in accordance with AASB 132 and those that do not.

The following refers to financial instruments unless otherwise stated.

Categories of non-derivative financial instruments

Loans and receivables

Loans and receivables are financial instrument assets with fixed and determinable payments that are not quoted on an active market. These assets are initially recognised at fair value plus any directly attributable transaction costs. Subsequent to initial measurement, loans and receivables are measured at amortised cost using the effective interest method, less any impairment.

Loans and receivables category includes cash and deposits (refer to Note 1(j)), trade receivables, other receivables, but not statutory receivables.

Financial liabilities at amortised cost

Financial instrument liabilities are initially recognised on the date they are originated. They are initially measured at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial instruments are measured at amortised cost with any difference between the initial recognised amount and the redemption value being recognised in profit and loss over the period of the interest-bearing liability, using the effective interest rate method.

Financial instrument liabilities measured at amortised cost include all of PTV’s contractual payables, deposits held and advances received, and interest-bearing arrangements.

(j) Financial assets

Cash and deposits

Cash and deposits, including cash equivalents, comprise cash on hand and cash at bank, deposits at call and those highly liquid investments with an original maturity of three months or less, which are held for the purpose of meeting short term cash commitments rather than for investment purposes, and which are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value.

Receivables

Receivables consist of:

* contractual receivables, such as debtors in relation to goods and services and accrued investment income; and
* statutory receivables, such as amounts owing from the Victorian Government and Goods and Services Tax (“GST”) input tax credits recoverable.

Contractual receivables are classified as financial instruments and categorised as loans and receivables. Statutory receivables, are recognised and measured similarly to contractual receivables (except for impairment), but are not classified as financial instruments because they do not arise from a contract.

Receivables are subject to impairment testing as described below. A provision for doubtful receivables is made when there is objective evidence that the debts may not be collected and bad debts are written off when identified.

For the measurement principle of receivables, refer to Note 1(i).

Impairment of financial assets

At the end of each reporting period, PTV assesses whether there is objective evidence that a financial asset or group of financial assets is impaired. All financial instrument assets are subject to annual review for impairment.

Receivables are assessed for bad and doubtful debts on a regular basis. Those bad debts considered as written off by mutual consent are classified as a transaction expense. Bad debts not written off by mutual consent and the allowance for doubtful receivables are classified as other economic flows in the net result.

In assessing impairment of statutory (non-contractual) financial assets which are not financial instruments, PTV applies professional judgement in assessing materiality and using estimates, averages and computational shortcuts in accordance with AASB 136 *Impairment of assets*.

(k) Non-financial assets

Inventories

Inventories include goods and other property held either for sale or for consumption in the ordinary course of business. Depreciable assets are excluded. Inventories are measured at the lower of cost and net realisable value.

Property, plant and equipment

All non-financial physical assets are measured initially at cost and subsequently revalued at fair value less accumulated depreciation and impairment. Where an asset is acquired for no or nominal cost, the cost is its fair value at the date of acquisition. Assets transferred as part of a machinery of government change are transferred at their carrying value.

The initial cost for non-financial physical assets under a finance lease (refer to Note 1(m)) is measured at amounts equal to the fair value of the leased asset or, if lower, the present value of the minimum lease payments, each determined at the inception of the lease. Where an asset is received for no or nominal consideration, the cost is the asset’s fair value at the date of acquisition.

Non-current physical assets are measured at fair value with regard to the property’s highest and best use after due consideration is made for any legal or constructive restrictions imposed on the asset, public announcements or commitments made in relation to the intended use of the asset. Theoretical opportunities that may be available in relation to the asset are not taken into account until it is virtually certain that the restrictions will no longer apply.

The fair value of cultural assets and collections and other non-financial physical assets that the State intends to preserve because of their unique historical, cultural or environmental attributes are measured at the replacement cost of the asset less, where applicable, accumulated depreciation (calculated on the basis of such cost to reflect the already consumed or expired future economic benefits of the asset) and any accumulated impairment. These policies and any legislative limitations and restrictions imposed on their use and/or disposal may impact their fair value.

The fair value of infrastructure systems and plant, equipment and vehicles, is normally determined by reference to the asset’s depreciated replacement cost. For plant, equipment and vehicles, existing depreciated historical cost is generally a reasonable proxy for depreciated replacement cost because of the short lives of the assets concerned.

The cost of constructed non-financial physical assets includes the cost of all materials used in construction, direct labour on the project, and an appropriate proportion of variable and fixed overheads.

For the accounting policy on impairment of non-financial physical assets, refer to impairment of non-financial assets under Note 1(h).

Leasehold improvements

The cost of leasehold improvements is capitalised as an asset and depreciated over the shorter of remaining term of the lease or the estimated useful life of the improvements.

Non-financial physical assets constructed

The cost of non-current physical assets constructed by PTV includes the cost of all materials used in construction, direct labour on the project and an appropriate proportion of variable and fixed overheads.

Revaluations of non-financial physical assets

Non-financial physical assets are measured at fair value on a cyclical basis in accordance with Financial Reporting Directions (FRDs) issued by the Minister for Finance. A full revaluation normally occurs every five years, based on the asset’s government purpose classification, but may occur more frequently if fair value assessments indicate material changes in values. Independent valuers are generally used to conduct these scheduled revaluations. Certain infrastructure assets are revalued using specialised advisors. Any interim revaluations are determined in accordance with the requirements of the FRDs.

Revaluation increases or decreases arise from differences between an asset’s carrying value and fair value.

Net revaluation increases (where the carrying amount of a class of assets is increased as a result of a revaluation) are recognised in ‘Other economic flows – other movements in equity’ and accumulated in equity under the revaluation surplus. However, the net revaluation increase is recognised in the net result to the extent that it reverses a net revaluation decrease in respect of the same class of property, plant and equipment previously recognised as an expense (other economic flows) in the net result.

Net revaluation decreases are recognised ‘Other economic flows – other movements in equity’ to the extent that a credit balance exists in the asset revaluation surplus in respect of the same class of property, plant and equipment. Otherwise, the net revaluation decreases are recognised immediately as other economic flows in the net result. The net revaluation decrease recognised in ‘Other economic flows – other economic movements in equity’ reduces the amount accumulated in equity under the asset revaluation surplus.

Revaluation increases and decreases relating to individual assets within a class of property, plant and equipment, are offset against one another within that class but are not offset in respect of assets in different classes. Any asset revaluation surplus is not normally transferred to accumulated funds on derecognition of the relevant asset.

Intangible assets

Intangible assets are initially measured at cost. Subsequently, intangible assets with finite useful lives are carried at cost less accumulated depreciation/amortisation and accumulated impairment losses. Costs incurred subsequent to initial acquisition are capitalised when it is expected that additional future economic benefits will flow to PTV.

When the recognition criteria in AASB 138 *Intangible Assets* are met, internally generated intangible assets are recognised and measured at cost less accumulated depreciation/amortisation and impairment.

Refer to Depreciation in Note 1(g), Amortisation of non-produced intangible assets in Note 1(h) and Impairment for non-financial assets in Note 1(h).

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

An internally generated intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if, all of the following are demonstrated:

1. the technical feasibility of completing the intangible asset so that it will be available for use or sale
2. an intention to complete the intangible asset and use or sell it
3. the ability to use or sell the intangible asset
4. the intangible asset will generate probable future economic benefits
5. the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset
6. the ability to measure reliably the expenditure attributable to the intangible asset during its development.

Intangible assets are measured at cost less accumulated amortisation and impairment, and are amortised on a straight line basis over their useful lives as follows: Capitalised software development costs three to five years.

Other non-financial assets

Prepayments

Other non-financial assets include prepayments which represent payments in advance of receipt of goods or services or that part of expenditure made in one accounting period covering a term extending beyond that period.

(l) Liabilities

Payables

Payables consist of:

* contractual payables such as accounts payable and unearned income. Accounts payable represent liabilities for goods and services provided to PTV prior to the end of the financial year that are unpaid and arise when PTV becomes obliged to make future payments in respect of the purchase of those goods and services; and
* statutory payables, such as goods and services tax and fringe benefits tax payables.

Contractual payables are classified as financial instruments and categorised as financial liabilities at amortised cost (refer to Note 1(i)). Statutory payables are recognised and measured similarly to contractual payables, but are not classified as financial instruments and not included in the category of financial liability at amortised cost, because they do not arise from a contract.

Borrowings

Borrowings are initially measured at fair value, being the cost of the interest bearing liabilities, net of transaction costs. (Refer to Note 1(m) Leases).

Subsequent to initial recognition, borrowings are measured at amortised cost with any difference between the initial recognised amount and the redemption borrowing being recognised in the net result over the period of the borrowing using the effective interest method.

Provisions

Provisions are recognised when PTV 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 liability is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cashflows estimated to settle the present obligation, its carrying amount is the present value of those cashflows, using a discount rate that reflects the time value of money and risks specific to the provision.

When some or all economic benefits required to settle a provision are expected to be received from a third party, the receivable is recognised as an asset if it is virtually certain that recovery will be received and the amount of receivable can be measured reliably.

Employee benefits

Provision is made for benefits accruing to employees in respect of wages and salaries, annual leave and long service leave for services rendered to the reporting date.

Wages and salaries and annual leave

Liabilities for wages and salaries and annual leave are recognised in the provision for employee benefits, classified as current liabilities. Those liabilities which are expected to be settled within 12 months of the reporting period, are measured at their nominal values.

Those liabilities that are not expected to be settled within 12 months are recognised in the provision for employee benefits as current liabilities, measured at present value of the amounts expected to be paid when the liabilities are settled using the remuneration rate expected to apply at the time of settlement.

Long service leave

Liability for long service leave (LSL) is recognised in the provision for employee benefits.

Unconditional LSL is disclosed in the financial statements as a current liability even where the PTV does not expect to settle the liability within 12 months because it does not have an unconditional right to defer the settlement of the entitlement should an employee take leave within 12 months.

The components of this current LSL liability are measured at:

* nominal value – component that PTV expects to settle within 12 months; and
* present value – component that PTV does not expect to settle within 12 months.

Conditional LSL is disclosed in the financial statements as a non-current liability. There is an unconditional right to defer the settlement of the entitlement until the employee has completed the requisite years of service. This non-current LSL liability is measured at present value using the official published discount rate by DTF.

Any gain or loss following revaluation of the present value of non-current LSL liability is recognised as a transaction, except to the extent that a gain or loss arises due to changes in bond interest rates for which it is then recognised as an other economic flow (refer to Note 1(h). Other economic flows include in net result).

Termination benefits

Termination benefits are payable when employment is terminated before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. PTV recognises termination benefits when it is demonstrably committed to either terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after the end of the reporting period are discounted to present value.

Employee benefits on-costs

Employee benefits on-costs such as payroll tax, workers compensation and superannuation are recognised separately from the provision for employee benefits.

(m) 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 rewards incidental to ownership. Leases of property, plant and equipment are classified as finance infrastructure leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership from the lessor to the lessee. All other leases are classified as operating leases.

Finance leases

PTV as lessee

At the commencement of the lease term, finance leases are initially recognised as assets and liabilities at amounts equal to the fair value of the lease property or, if lower, the present value of the minimum lease payment, each determined at the inception of the lease. The lease asset is depreciated over the shorter of the estimated useful life of the asset or the term of the lease.

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

Operating leases

PTV as lessee

Operating lease payments, including any contingent rentals, are recognised as an expense in the comprehensive operating statement on a straight line basis over the lease term, except where another systematic basis is more representative of the time pattern of the benefits derived from the use of the leased asset. The leased asset is not recognised in the balance sheet.

(n) Equity

Contributions by owners

Additions to net assets which have been designated as contributions by owners are recognised as contributed capital. Other transfers that are in the nature of contributions or distributions have also been designated as contributions by owners.

Transfers of net assets arising from administrative restructurings are treated as distributions to or contributions by owners.

(o) Commitments

Commitments for future expenditure include operating and capital commitments arising from contracts. These commitments are disclosed by way of a note (refer to Note 14 Commitments for expenditure) at their nominal value and inclusive of the goods and services tax (GST) payable. In addition, where it is considered appropriate and provides additional relevant information to users, the net present values of significant individual projects are stated. These future expenditure ceases to be disclosed as commitments once the related liabilities are recognised in the balance sheet.

(p) Contingent assets and contingent liabilities

Contingent assets and contingent liabilities are not recognised in the balance sheet, but are disclosed by way of a note (refer to Note 15 Contingent assets and liabilities) and, if quantifiable, are measured at nominal value. Contingent assets and liabilities are presented inclusive of GST receivable or payable respectively.

(q) Accounting for the Goods and Services Tax (GST)

Income, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from or payable to the taxation authority is included with other receivables or payables in the balance sheet.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from or payable to the taxation authority are presented as operating cash flow.

Commitments, contingent assets and liabilities are also stated inclusive of GST (refer to Note 1(o) and Note 1(p)).

(r) Foreign currency transactions

All foreign currency transactions during the financial year are brought to account using the exchange rate in effect at the date of the transaction.

(s) Events after the reporting period

Assets, liabilities, income or expenses arise from past transactions or other past events. Where the transactions result from an agreement between PTV and other parties, the transactions are only recognised when the agreement is irrevocable at or before the end of the reporting period.

Adjustments are made to amounts recognised in the financial statements for events which occur after the reporting period and before the date the financial statements are authorised for issue, where those events provide information about conditions which existed in the reporting period. Note disclosure is made about events between the end of the reporting period and the date the financial statements are authorised for issue where the events relate to conditions which arose after the end of the reporting period and which may have a material impact on the results of subsequent years.

(t) New accounting standards and interpretations

Certain new AASs have been published that are not mandatory for the 30 June 2013 reporting period. DTF assesses the impact of these new standards and advises PTV of their applicability and early adoption where applicable.

As at 30 June 2013, the following standards and interpretations (applicable to PTV) had been issued but were not mandatory for the financial year ending 30 June 2013. PTV has not early adopted these standards.

| Standard/Interpretation | Summary | Applicable for annual reporting periods beginning on | Impact on public sector entity financial statements |
| --- | --- | --- | --- |
| AASB 9 *Financial instruments* | This standard simplifies requirements for the classification and measurement of financial assets resulting from Phase 1 of the IASB’s project to replace IAS 39 *Financial Instruments: Recognition and Measurement* (AASB 139 *Financial Instruments: Recognition and Measurement*). | 1 January 2015 | |  | | --- | | Subject to AASB’s further modifications to AASB 9, together with the anticipated changes resulting from the staged projects on impairments and hedge accounting, details of impacts will be assessed. | |
| AASB 13 *Fair Value Measurement* | This Standard outlines the requirements for measuring the fair value of assets and liabilities and replaces the existing fair value definition and guidance in other Australian accounting standards. AASB 13 includes a ‘fair value hierarchy’ which ranks the valuation technique inputs into three levels using unadjusted quoted prices in active markets for identical assets or liabilities; other observable inputs; and unobservable inputs. | 1 January 2013 | Disclosure for fair value measurements using unobservable inputs are relatively detailed compared to disclosure for fair value measurements using observable inputs. Consequently, the standard may increase the disclosures for public sector entities that have assets measured using depreciated replacement cost. |
| AASB 119 *Employee Benefits* | In this revised Standard for defined benefit superannuation plans, there is a change to the methodology in the calculation of superannuation expenses, in particular there is now a change in the split between superannuation interest expense (classified as transactions) and actuarial gains and losses (classified as ‘Other economic flows – other movements in equity’) reported on the comprehensive operating statement. | 1 January 2013 | Not-for-profit entities are not permitted to apply this Standard prior to the mandatory application date.  While the total superannuation expense is unchanged, the revised methodology is expected to have a negative impact on the net result from transactions of a few Victorian public sector entities that report superannuation defined benefit plans. |
| AASB 1053 *Application of Tiers of Australian Accounting standards* | This Standard establishes a differential financial reporting framework consisting of two tiers of reporting requirements for preparing general purpose financial statements. | 1 July 2013 | The Victorian Government is currently considering the impacts of Reduced Disclosure Requirements (RDRs) for certain public sector entities, and has not decided if RDRs will be implemented in the Victorian public sector. |
| AASB 1055 *Budgetary Reporting* | AASB 1055 extends the scope of budgetary reporting that is currently applicable for the whole of government and general government sector (GGS) to NFP entities within the GGS, provided that these entities present separate budget to the parliament. | 1 January 2014 | This Standard is not applicable as no budget disclosure is required. |

In addition to the new standards above, the AASB has issued a list of amending standards that are not effective for the 2012-13 reporting period (as listed below). In general, these amending standards include editorial and references changes that are expected to have insignificant impacts on public sector reporting. The one AASB Interpretation in the list below is also not effective for the 2012-13 reporting period and considered to have insignificant impacts on public sector reporting.

* AASB 2009-11 *Amendments to Australian Accounting Standards arising from AASB 9.*
* AASB 2010-2 *Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements.*
* AASB 2010-7 *Amendments to Australian Accounting Standards arising from AASB 9* (December 2010).
* AASB 2010-10 *Further Amendments to Australian Accounting Standards – Removal of Fixed Dates for First-time Adopters.*
* AASB 2011-2 *Amendments to Australian Accounting Standards arising from the Trans-Tasman Convergence Project – Reduced Disclosure Requirements.*
* AASB 2011-4 *Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements.*
* AASB 2011-8 *Amendments to Australian Accounting Standards arising from AASB 13.*
* AASB 2011-10 *Amendments to Australian Accounting Standards arising from AASB 119* (September 2011).
* AASB 2011-11 *Amendments to AASB 119 (September 2011) arising from Reduced Disclosure Requirements.*
* 2012-1 *Amendments to Australian Accounting Standards - Fair Value Measurement - Reduced Disclosure Requirements.*
* 2012-2 *Amendments to Australian Accounting Standards – Disclosures – Offsetting Financial Assets and Financial Liabilities.*
* 2012-3 *Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities.*
* 2012-5 *Amendments to Australian Accounting Standards arising from Annual Improvements 2009–2011 Cycle.*
* 2012-7 *Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements.*
* 2012-9 *Amendment to AASB 1048 arising from the Withdrawal of Australian Interpretation 1039.*
* 2012-10 *Amendments to Australian Accounting Standards – Transition Guidance and Other Amendments.*
* 2012-11 *Amendments to Australian Accounting Standards – Reduced Disclosure Requirements and Other Amendments.*
* 2013-1 *Amendments to AASB 1049 – Relocation of Budgetary Reporting Requirements.*
* 2013-3 *Amendments to AASB 136* – *Recoverable Amount Disclosures for Non-Financial Assets.*
* AASB Interpretation 21 *Levies*.

Note 2. Restructuring of administrative arrangements and other asset transfers

PTV had the following restructuring of administrative arrangements and other asset transfers:

(a) Transfer from Transport Ticketing Authority (TTA) to PTV

(i) On 1 January 2013 as part of the machinery of government changes, the following net assets were transferred from TTA to PTV at carrying amount which approximates fair value.

|  |  |
| --- | --- |
|  | 2013 $’000 |
| **ASSETS** |  |
| GST recoverable from Australian Tax Office | 1,864 |
| Grant receivable | 30,462 |
| Receivables | 7,570 |
| Card inventory | 4,174 |
| Plant and equipment | 46 |
| Leasehold improvements | 292 |
| Work in progress | 111,175 |
| **Liabilities** |  |
| Payables | (45,695) |
| Receipt in advance | (1,049) |
| Provision for decommissioning of Metcard ticketing equipment | (21,507) |
| Provision for employee benefits (current) | (667) |
| Provision for employee benefits (non-current) | (123) |
| **Net assets transferred from TTA to PTV** | **86,542** |
|  |  |
| Amount transferred using contributed capital (equity transfer) | 86,542 |
| **Net assets transferred from TTA to PTV** | **86,542** |

(ii) On 30 June 2013 as part of the machinery of government changes, the following residual net assets in existence prior to dissolution of TTA were transferred to PTV at carrying amount which approximates fair value.

The transfer was designated as a capital contribution and included the following net assets.

|  |  |
| --- | --- |
|  | 2013 $’000 |
| **ASSETS** |  |
| Bank | 405 |
| GST recoverable from Australian Tax Office | 45 |
| Account with PTV | 304 |
| **Liabilities** |  |
| Payables | (298) |
| Provision for annual leave | (16) |
| Provision for retention incentive payments | (10) |
| Provision for long service leave | (8) |
| **Net assets transferred from TTA to PTV** | **422** |

(b) Transfer of rail infrastructure assets from PTV to VicTrack

On 30 June 2013 and 30 June 2012 rail infrastructure assets under construction were transferred from PTV to VicTrack as a capital contribution.

|  |  |  |
| --- | --- | --- |
|  | 2013 $’000 | 2012 Group $’000 |
| **Assets** |  |  |
| Infrastructure assets under construction | 523,195 | 241,193 |
| **Net assets transferred to VicTrack** | **523,195** | **241,193** |

(c) Transfer from DTPLI to PTV

On 2 April 2012 as part of the machinery of government changes, PTV commenced full operations with the following net assets being transferred from DTPLI to PTV at carrying amount which approximates fair value.

|  |  |
| --- | --- |
|  | 2012 Group  $’000 |
| ASSETS |  |
| Cash | 2,163 |
| Grant receivable from DPTLI\* | 231,301 |
| Receivables | 1,495 |
| Prepayments | 36,068 |
| Land | 333,771 |
| Buildings | 500,941 |
| Infrastructure | 140,528 |
| Plant and equipment | 498 |
| Leasehold improvements | 6,003 |
| Leased vehicles | 782 |
| Assets under construction | 154,110 |
| Cultural assets | 1,287 |
| Capitalised software development | 4,147 |
| Work in progress – software | 8,344 |
| LIABILITIES |  |
| Payables | (260,711) |
| Motor vehicle lease liability (current) | (430) |
| Provision for employee benefits (current) | (9,255) |
| Provision for employee benefits of rail operators (current) | (15,796) |
| Motor vehicle lease liability (non-current) | (362) |
| Provision for employee benefits (non-current) | (1,549) |
| Provision for employee benefits of rail operators (non-current) | (252,455) |
| Southern Cross Station transport interchange facility lease | (374,873) |
| **Net assets transferred from DTPLI to PTV** | **506,007** |

In relation to the above transfer, due to insufficient contributed capital of DTPLI, the transaction has taken place as follows:

|  |  |
| --- | --- |
| Amount transferred using contributed capital (equity transfer) | 398,888 |
| Amount transferred ‘free of charge’ (operating statement) | 107,119 |
| **Net assets transferred from DTPLI to PTV\*\*** | **506,007** |

\* This receivable is in lieu of cash to pay accruals – the cash will be paid on an as required basis.

\*\* For the 2011-12 reporting period, DTPLI had insufficient contributed capital to meet all the asset transfers that would have otherwise qualified for recognition as a contributed capital transaction. FRD 119 ‘Contributions by Owners’ permits the reclassification of accumulated funds to contributed capital where there is insufficient contributed capital for the asset transfers. The reclassification needs to be approved prior to or at the time of the asset transfers; this reclassification did not occur. Consequently, the asset transfers where there was insufficient contributed capital for distribution were recognised as an expense by DTPLI and income by the transferee entities (Refer Note 3(a)).

Commitments

PTV commitments as at 2 April 2012 for rail, bus and capital are estimated at $11.5 billion (excluding GST).

(d) Transfer of TTA staff to PTV

On 27 March 2012 a determination made under section 243 of the Transport Integration Act transferred nominated employees from the Transport Ticketing Authority (TTA) to PTV. The transfer of TTA employees to PTV was accompanied by the transfer of the current and non-current provisions for employee benefits and was transacted as resources provided free of charge.

|  |  |
| --- | --- |
|  | 2012 Group $’000 |
| **Liabilities** |  |
| Annual leave | (522) |
| Long service leave payable within 12 months | (214) |
| Long service leave payable after 12 months | (232) |
| **Net liabilities transferred to PTV** | **(968)** |

(e) Transfer of Metlink to PTV

The following net assets were transferred to PTV on acquisition of Metlink and was transacted as gain on acquisition.

|  |  |
| --- | --- |
|  | 2012 Group $’000 |
| **Assets** |  |
| Cash | 13,122 |
| Trade and other receivables | 2,463 |
| Prepayments | 186 |
| Inventories | 323 |
| Property, plant and equipment | 258 |
| **Liabilities** |  |
| Trade creditors and payables | (2,655) |
| Other payables | (1,351) |
| Deferred Income | (10,214) |
| Employee Provisions | (1,586) |
| **Net assets transferred to PTV** | **546** |

Note 3. Income from transactions

|  |  |  |  |
| --- | --- | --- | --- |
|  | 2013 $’000 | Consolidated 15.12.2011 to 30.6.2012  $’000 | Parent 15.12.2011  To 30.6.2012  $’000 |
| **(a) Fair value of assets and services received free of charge** |  |  |  |
| Fair value of assets received free of charge(i) | 26,884 | - | - |
| Fair value of resources received free of charge(ii) | 11,816 | - | - |
| Fair value of assets received free of charge from local councils and developers | 789 | - | - |
| Fair value of land received free of charge from DTPLI | 749 | - | - |
| Fair value of assets and services received free of charge as a result of machinery of government changes from DTPLI to PTV on 2 April 2012 | - | 107,873 | 108,419 |
| **Total fair value of assets and services received free of charge** | **40,238** | **107,873** | **108,419** |
| **(b) Operators' contribution for marketing and communications** |  |  |  |
| Operators' contribution for marketing and communications | 8,435 | 2,057 | 2,057 |
| **Total operators' contribution for marketing and communications** | **8,435** | **2,057** | **2,057** |
| **(c) Issuance fee of myki cards** |  |  |  |
| Issuance fee of myki cards | 7,777 | - | - |
| **Total issuance fee of myki cards** | **7,777** | **-** | **-** |
| **(d) Interest** |  |  |  |
| Interest on deposits | 2,899 | 1,186 | 1,186 |
| **Total interest** | **2,899** | **1,186** | **1,186** |
| **(e) Other income** |  |  |  |
| Sales of travel passes through PTV retail outlets | 986 | **-** | **-** |
| Cost recovery | 671 | 655 | 655 |
| Property rental | 13 | - | - |
| **Total other income** | **1,670** | **655** | **655** |
| (i) The Director of Public Transport entered into a Bus Shelter Agreement with Adshel Street Furniture Pty Limited to supply, install and maintain bus shelters in Metropolitan Melbourne for a term of 10 years from 4 July 2007 (“Bus Shelter Agreement”). Under the Bus Shelter Agreement, ownership of bus shelters built was transferred to the Director of Public Transport. As a result of machinery of government change on 2 April 2012, the Bus Shelter Agreement and the related bus shelters were transferred from the Director of Public Transport to PTV. A review of bus shelters constructed was conducted in 2012-13 which identified that bus shelters with a net book value of $26,884,000 were not transferred from DTPLI and are now recognised as assets provided free of charge.  (ii) From 1 January 2013, PTV has the use of assets of myki ticketing system (myki assets) owned by Transport Ticketing Authority. As a result, PTV has to recognise the fair value of the use of myki assets free of charge. Fair value of the use of myki assets from 1 January 2013 to 30 June 2013 is determined as the depreciation charge of myki assets of $11,816 thousand and is recognised as resources received free of charge. | | | |

Note 4. Expenses from transactions

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | Note | 2013 $’000 | Consolidated 15.12.2011 to 30.6.2012  $’000 | Parent 15.12.2011  To 30.6.2012  $’000 |
| **(a) Payments to service providers and transport agencies** |  |  |  |  |
| Rail system operation and related services |  | (1,632,027) | (383,016) | (383,016) |
| Grants for capital asset charge |  | (1,421,214) | (324,008) | (324,008) |
| **Total rail services** |  | **(3,053,241)** | **(707,024)** | **(707,024)** |
| Bus services |  | (949,237) | (239,823) | (239,823) |
| Ticketing services |  | (59,865) | - | - |
| Payments to other agencies |  | - | (81) | (81) |
| **Total payments to service providers and transport agencies** |  | **(4,062,343)** | **(946,928)** | **(946,928)** |
| **(b) Supplies and services** |  |  |  |  |
| Administration and information technology |  | (35,364) | (5,488) | (5,488) |
| Grants for community and social benefits |  | (739) | (104) | (104) |
| Accommodation |  | (4,538) | (1,656) | (1,656) |
| Insurance, legal and internal audit fees |  | (1,236) | (9) | (9) |
| Cost of goods sold/distributed |  | - | (348) | (348) |
| Contractors for services |  | (11,042) | (11,110) | (11,110) |
| Audit fee |  | (185) | (55) | (55) |
| **Total supplies and services** |  | **(53,104)** | **(18,770)** | **(18,770)** |
| **(c) Employee expenses** |  |  |  |  |
| Salaries and wages |  | (33,598) | (10,265) | (10,265) |
| Annual leave and long services leave expense |  | (5,005) | (740) | (740) |
| Superannuation (excluding salary sacrifice) |  | (3,507) | (901) | (901) |
| Workforce reduction payments |  | (4,904) | - | - |
| Other on-costs (fringe benefits tax, payroll tax and work cover levy) |  | (3,519) | (897) | (897) |
| **Total employee expenses** |  | **(50,533)** | **(12,803)** | **(12,803)** |
| **(d) Depreciation and amortisation** |  |  |  |  |
| **Depreciation and amortisation of property, plant and equipment** |  |  |  |  |
| Buildings |  | (11,900) | (2,980) | (2,980) |
| Infrastructure assets |  | (10,917) | (2,347) | (2,347) |
| Plant and equipment |  | (203) | (56) | (56) |
| Leasehold improvements |  | (1,819) | (504) | (504) |
| Leased vehicles |  | (248) | (74) | (74) |
| Cultural Assets |  | (77) | (19) | (19) |
| **Total for property, plant and equipment** | **8** | **(25,164)** | **(5,980)** | **(5,980)** |
|  |  |  |  |  |
| **Amortisation** |  |  |  |  |
| Intangible assets |  | (2,720) | (635) | (635) |
| **Total for intangibles** | **9** | **(2,720)** | **(635)** | **(635)** |
| **Total depreciation and amortisation** |  | **(27,884)** | **(6,615)** | **(6,615)** |
| **(e) Interest expenses** |  |  |  |  |
| Interest on finance leases |  | (32,548) | (8,120) | (8,120) |
| **Total interest expenses** |  | **(32,548)** | **(8,120)** | **(8,120)** |
| **(f) Assets and services provided free of charge** |  |  |  |  |
| Fair value of services provided free of charge(i) |  | (6,200) | - | - |
| Transport Ticketing Authority | **2(d)** | - | (968) | (968) |
| **Total assets and services provided free of charge** |  | **(6,200)** | **(968)** | **(968)** |
| (i) From 1 January 2013 to 30 June 2013, PTV provided the services of myki ticketing system maintenance free of charge to the Transport Ticketing Authority. Fair value of the asset maintenance services is determined at $6.2 million and is recognised as services provided free of charge. | | | | |

Note 5. Other economic flows included in net result

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | Note | 2013 $’000 | Consolidated 15.12.2011  to 30.6.2012  $’000 | Parent 15.12.2011 to 30.6.2012 $’000 |
| **(a) Net gain/(loss) on non financial assets** |  |  |  |  |
| **Gross proceeds from sale of property, plant and equipment** |  |  |  |  |
| Leased vehicles |  | 357 | - | - |
| **Total proceeds** |  | **357** | **-** | **-** |
| **Gross disposals of property, plant and equipment** |  |  |  |  |
| Infrastructure |  | (1,353) | - | - |
| Plant and equipment |  | (5) | - | - |
| Leasehold improvements |  | (10) | - | - |
| Leased vehicles |  | (304) | - | - |
| **Total disposals of property, plant and equipment** | **8** | **(1,672)** | **-** | **-** |
| **Total net gain/(loss) on non-financial assets** |  | **(1,315)** | **-** | **-** |
|  |  |  |  |  |
| (b) Other gains/(losses) from other economic flows |  |  |  |  |
| Net gain/(loss) arising from revaluation of long service leave liability (i) |  | 239 | - | - |
| **Total other gains/(losses) from other economic flows** |  | **239** | **-** | **-** |
| (i) Revaluation gain/(loss) due to changes in bond rates. | | | | |

Note 6. Receivables

|  |  |  |  |
| --- | --- | --- | --- |
|  | 2013 $’000 | Consolidated 2012 $’000 | Parent 2012 $’000 |
| **Current receivables** |  |  |  |
| **Contractual** |  |  |  |
| Amounts owing from government and agencies | 1,604 | 3,452 | 3,452 |
| Trade receivables (i) | 14,457 | 2,060 | 2,060 |
|  | **16,061** | **5,512** | **5,512** |
| **Statutory** |  |  |  |
| Amounts owing from DTPLI – Grant Receivable (ii) | 444,637 | 360,231 | 360,231 |
| GST input tax credit recoverable from the ATO | 23,121 | 27,387 | 27,387 |
|  | **467,758** | **387,618** | **387,618** |
|  |  |  |  |
| **Total current receivables** | **483,819** | **393,130** | **393,130** |
| **Non-current receivables** |  |  |  |
| **Contractual** |  |  |  |
| Amounts recoverable from service provider at the end of the term of the service contract | 1,000 | - | - |
| **Total non-current receivables** | **1,000** | **-** | **-** |
|  |  |  |  |
| **Total receivables** | **484,819** | **393,130** | **393,130** |
| (i) The average credit period on sales of goods is 30 days. No interest is charged on receivables.  (ii) The amounts recognised from DTPLI represent funding for all commitments incurred.  **Nature and extent of risk arising from receivables**  Please refer to Note 13 for the nature and extent of credit risk arising from contractual receivables.  **Ageing analysis of receivables**  Please refer to Note 13(b) for the ageing analysis of receivables. | | | |

Note 7. Inventories

|  |  |  |  |
| --- | --- | --- | --- |
|  | 2013 $’000 | Consolidated 2012 $’000 | Parent 2012 $’000 |
| **Current inventories** |  |  |  |
| Card inventories at cost | 3,786 | 85 | 85 |
| Signage at cost | - | 77 | 77 |
| **Total inventories** | **3,786** | **162** | **162** |

Note 8. Property, plant and equipment

Classification by ‘Transportation and Communications’ purpose group – Carrying amounts

|  | 2013 $’000 | Consolidated 2012  $’000 | Parent 2012  $’000 |
| --- | --- | --- | --- |
| **Land at fair value** |  |  |  |
| At cost of acquisition | 3,395 | 2,646 | 2,646 |
| At valuation 2010 | 331,125 | 331,125 | 331,125 |
| **Total land** | **334,520** | **333,771** | **333,771** |
| **Buildings at fair value** |  |  |  |
| At valuation 2010 | 500,941 | 500,941 | 500,941 |
| Less: accumulated depreciation | (14,880) | (2,980) | (2,980) |
| **Total buildings** | **486,061** | **497,961** | **497,961** |
| **Infrastructure at fair value** |  |  |  |
| At cost of acquisition | 125,931 | – | – |
| At valuation 2010 | 139,143 | 140,528 | 140,528 |
| Less: accumulated depreciation | (13,233) | (2,347) | (2,347) |
| **Total infrastructure** | **251,841** | **138,181** | **138,181** |
| **Plant and equipment at fair value** |  |  |  |
| At valuation 2010 | 5,508 | 1,292 | 1,292 |
| Less: accumulated depreciation | (249) | (608) | (608) |
| **Total plant and equipment** | **5,259** | **684** | **684** |
| **Leasehold improvement at fair value** |  |  |  |
| At cost of acquisition | 9,334 | 6,003 | 6,003 |
| Less: accumulated depreciation | (878) | (504) | (504) |
| **Total buildings leasehold** | **8,456** | **5,499** | **5,499** |
| **Leased vehicles at fair value** |  |  |  |
| At cost of acquisition | 934 | 1,270 | 1,270 |
| Less: accumulated depreciation | (331) | (428) | (428) |
| **Total leased vehicles** | **603** | **842** | **842** |
| **Cultural assets at fair value** |  |  |  |
| At valuation 2010 | 1,287 | 1,287 | 1,287 |
| Less: accumulated depreciation | (96) | (19) | (19) |
| **Total cultural assets** | **1,191** | **1,268** | **1,268** |
| **Assets under construction at cost** |  |  |  |
| Infrastructure | 174,312 | 160,812 | 160,812 |
| Leasehold improvements | 553 | 5,000 | 5,000 |
| **Total assets under construction** | **174,865** | **165,812** | **165,812** |
| **Net carrying amount of property, plant and equipment** | **1,262,796** | **1,144,018** | **1,144,018** |

|  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | Note | Land $’000 | Buildings $’000 | Infrastructure $’000 | Plant and equipment $’000 | Leasehold improvement $’000 | Leased vehicles $’000 | Cultural assets $’000 | Assets under construction $’000 | Total $’000 |
| **Consolidated** |  |  |  |  |  |  |  |  |  |  |
| **Carrying amount at 15 December 2011** |  | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** |
| Additions |  | - | - | - | - | - | 122 | - | 252,895 | 253,017 |
| Acquisitions through administrative restructures |  | 333,771 | 500,941 | 140,528 | 740 | 6,003 | 794 | 1,287 | 154,110 | 1,138,174 |
| Assets provided as contributed capital |  | - | - | - | - | - | - | - | (241,193) | (241,193) |
| Depreciation/amortisation expense | 4(d) | - | (2,980) | (2,347) | (56) | (504) | (74) | (19) | - | (5,980) |
| **Carrying amount at 30 June 2012** |  | **333,771** | **497,961** | **138,181** | **684** | **5,499** | **842** | **1,268** | **165,812** | **1,144,018** |
|  |  |  |  |  |  |  |  |  |  |  |
| **Parent** |  |  |  |  |  |  |  |  |  |  |
| **Carrying amount at 15 December 2011** |  | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** |
| Additions |  | - | - | - | - | - | 122 | - | 252,895 | 253,017 |
| Acquisitions through administrative restructures |  | 333,771 | 500,941 | 140,528 | 740 | 6,003 | 794 | 1,287 | 154,110 | 1,138,174 |
| Assets provided as contributed capital |  | - | - | - | - | - | - | - | (241,193) | (241,193) |
| Depreciation/amortisation expense | 4(d) | - | (2,980) | (2,347) | (56) | (504) | (74) | (19) | - | (5,980) |
| **Carrying amount at 30 June 2012** |  | **333,771** | **497,961** | **138,181** | **684** | **5,499** | **842** | **1,268** | **165,812** | **1,144,018** |
| Additions |  | - | - | 4,999 | 67 | - | 277 | - | 543,231 | 548,574 |
| Disposals/write-offs |  | - | - | (1,353) | (5) | (10) | (304) | - | - | (1,672) |
| Acquisitions through administrative restructures |  | - | - | - | 46 | 292 | - | - | 91,452 | 91,790 |
| Portable assets below capitalisation threshold |  | - | - | - | (13) | - | - | - | - | (13) |
| Depreciation/amortisation expense | 4(d) | - | (11,900) | (10,917) | (203) | (1,819) | (248) | (77) | - | (25,164) |
| Assets provided as contributed capital |  | - | - | - | - | - | - | - | (523,195) | (523,195) |
| Assets received free of charge |  | 749 | - | 27,673 | - | - | 36 | - | - | 28,458 |
| Transfers between classes |  | - | - | 93,258 | 4,683 | 4,494 | - | - | (102,435) | - |
| **Carrying amount at 30 June 2013** |  | **334,520** | **486,061** | **251,841** | **5,259** | **8,456** | **603** | **1,191** | **174,865** | **1,262,796** |

Classification by ‘Transportation and Communications’ purpose group – movements in carrying amounts

Note 9. Intangible assets

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  |  | Capitalised software development | | Work in progress (software) | | Total | |
|  | Note | 2013  $’000 | 2012  $’000 | 2013 $’000 | 2012 $’000 | 2013 $’000 | 2012 $’000 |
| **Consolidated** |  |  |  |  |  |  |  |
| **Gross carrying amount** |  |  |  |  |  |  |  |
| **Opening balance** |  |  | **-** |  | **-** |  | **-** |
| Additions |  |  | - |  | 315 |  | 315 |
| Acquisitions through administrative restructures |  |  | 4,147 |  | 8,344 |  | 12,491 |
| Transfers between classes |  |  | 1,767 |  | (1,767) |  | – |
| **Closing balance** |  |  | **5,914** |  | **6,892** |  | **12,806** |
| **Accumulated amortisation and impairment** |  |  |  |  |  |  |  |
| **Opening balance** |  |  | **-** |  | **-** |  | **-** |
| Amortisation expense | 4(d) |  | (635) |  | **-** |  | (635) |
| **Closing balance** |  |  | **(635)** |  | **-** |  | **(635)** |
| **Net book value at the end  of the financial year** |  |  | **5,279** |  | **6,892** |  | **12,171** |
|  |  |  |  |  |  |  |  |
| **Parent** |  |  |  |  |  |  |  |
| **Gross carrying amount** |  |  |  |  |  |  |  |
| **Opening balance** |  | **5,914** | **-** | **6,892** | **-** | **12,806** | **-** |
| Additions |  | - | - | 42,599 | 315 | 42,599 | 315 |
| Acquisitions through administrative restructures |  | - | 4,147 | 19,724 | 8,344 | 19,724 | 12,491 |
| Transfers between classes |  | 2,812 | 1,767 | (2,812) | (1,767) | – | – |
| **Closing balance** |  | **8,726** | **5,914** | **66,403** | **6,892** | **75,129** | **12,806** |
| **Accumulated amortisation and impairment** |  |  |  |  |  |  |  |
| **Opening balance** |  | **(635)** | **-** | **-** | **-** | **(635)** | **-** |
| Amortisation expense | 4(d) | (2,720) | (635) | **-** | **-** | (2,720) | (635) |
| **Closing balance** |  | **(3,355)** | **(635)** | **-** | **-** | **(3,355)** | **(635)** |
| **Net book value at the end  of the financial year** |  | **5,371** | **5,279** | **66,403** | **6,892** | **71,774** | **12,171** |

# 

Note 10. Payables

|  |  |  |  |
| --- | --- | --- | --- |
|  | 2013 $’000 | Consolidated 2012 $’000 | Parent 2012 $’000 |
| **Current payables** |  |  |  |
| **Contractual** |  |  |  |
| Supplies and services(i) | 404,422 | 340,636 | 340,636 |
| Amounts payable to government and agencies | 119,987 | 103,102 | 103,102 |
|  | **524,409** | **443,738** | **443,738** |
| **Statutory** |  |  |  |
| GST payable | 5,093 | 5,355 | 5,355 |
|  |  |  |  |
| **Total current payables** | **529,502** | **449,093** | **449,093** |
| (i) The average credit period for creditors is 30 days, a period in which no interest is charged. | | | |

(a) Maturity analysis of payables  
Please refer to Note 13(b) for the ageing analysis of contractual payables.

(b) Nature and extent of risk arising from payables  
Please refer to Note 13 for interest rate contractual exposure.

Note 11. Borrowings

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | Note | 2013 $’000 | Consolidated 2012 $’000 | Parent 2012 $’000 |
| **Current borrowings** |  |  |  |  |
| Motor vehicle lease liability (i) | 18 | 263 | 484 | 484 |
| **Total current borrowings** |  | **263** | **484** | **484** |
| **Non-current borrowings** |  |  |  |  |
| Motor vehicle lease liability (i) | 18 | 344 | 367 | 367 |
| Southern Cross Station Transport Interchange Facility liability | 18 | 376,822 | 375,340 | 375,340 |
| **Total non-current borrowings** |  | **377,166** | **375,707** | **375,707** |
| **Total borrowings** |  | **377,429** | **376,191** | **376,191** |
| (i) Secured by the assets leased. Finance leases are effectively secured as the rights to the leased assets revert to the lessor in the event of default. | | | | |

(a) Maturity analysis of borrowings  
Please refer to Note 13(c) for the maturity analysis of borrowings.

(b) Nature and extent of risk arising from borrowings  
Please refer to Note 13 for the nature and extent of risks arising from borrowings.

Note 12. Provisions

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | Note | 2013 $’000 | Consolidated 2012 $’000 | Parent 2012 $’000 |
| **Current provisions** |  |  |  |  |
| **Employee benefits – annual leave (i)** |  |  |  |  |
| Unconditional and expected to settle within 12 months (ii) |  | 2,219 | 2,390 | 2,390 |
| Unconditional and expected to settle after 12 months (iii) |  | 1,934 | 2,168 | 2,168 |
| **Employee benefits – long service leave (i)** |  |  |  |  |
| Unconditional and expected to settle within 12 months (ii) |  | 770 | 851 | 851 |
| Unconditional and expected to settle after 12 months (iii) |  | 3,417 | 3,812 | 3,812 |
| **Employee benefits – performance and retention incentive provision (i)** |  | 878 | 370 | 370 |
|  | 12(a) | **9,218** | **9,591** | **9,591** |
| **Provisions related to employee benefit on-costs** |  |  |  |  |
| Unconditional and expected to settle within 12 months (ii) |  | 469 | 518 | 518 |
| Unconditional and expected to settle after 12 months (iii) |  | 853 | 967 | 967 |
|  | 12(a) | **1,322** | **1,485** | **1,485** |
| **Other provisions** |  |  |  |  |
| Provision for the employee entitlements of rail operators (iv) | 12(b) | 6,417 | 2,398 | 2,398 |
| Provision for fringe benefits tax | 12(b) | 74 | 64 | 64 |
| Provision for dismantling, removal and restoration of Metcard ticketing system | 12(b) | 21,367 | - | - |
|  | 12(a) | **27,858** | **2,462** | **2,462** |
| **Total current provisions** |  | **38,398** | **13,538** | **13,538** |
| **Non-current provisions** |  |  |  |  |
| **Employee benefits and related on-costs** |  |  |  |  |
| Employee benefits (v) | 12(a) | 1,676 | 2,124 | 2,124 |
| Employee benefits on-costs | 12(a) | 258 | 329 | 329 |
|  |  | **1,934** | **2,453** | **2,453** |
| **Other provisions** |  |  |  |  |
| Provision for employee entitlements of rail operators (iv) | 12(b) | 290,943 | 275,175 | 275,175 |
| Provision for train replacement | 12(b) | 10,173 | - | - |
|  |  | **301,116** | **275,175** | **275,175** |
| **Total non-current provisions** |  | **303,050** | **277,628** | **277,628** |
| **Total provisions** |  | **341,448** | **291,166** | **291,166** |
| (i) Provisions for employee benefits consist of amounts for annual leave, long service leave, performance and retention incentive payments accrued by employees, not including on-costs.  (ii) The amounts disclosed are nominal amounts.  (iii) The amounts disclosed are discounted to present values.  (iv) The State provides a guarantee for the employee entitlements of the employees of the public transport operators.  (v) The amounts disclosed represents long service leave entitlements for employees with less than seven years of continuous service discounted to present value. | | | | |

(a) Employee benefits and related on-costs

|  |  |  |  |
| --- | --- | --- | --- |
|  | 2013 $’000 | Consolidated 2012 $’000 | Parent 2012 $’000 |
| **Current provisions for employee benefits** |  |  |  |
| Annual leave entitlements | 4,153 | 4,558 | 4,558 |
| Unconditional long service leave entitlements | 4,187 | 4,663 | 4,663 |
| Fringe benefits tax | 74 | 64 | 64 |
| Accrued performance and retention incentive | 878 | 370 | 370 |
| Provision for the employee entitlements of rail operators | 6,417 | 2,398 | 2,398 |
| **Total current provisions for employee benefits** | **15,709** | **12,053** | **12,053** |
| **Non-current provisions for employee benefits** |  |  |  |
| Conditional long service leave entitlements | 1,676 | 2,124 | 2,124 |
| Provision for the employee entitlements of rail operators | 290,943 | 275,175 | 275,175 |
| **Total non-current provisions for employee benefits** | **292,619** | **277,299** | **277,299** |
| **Total employee benefits** | **308,328** | **289,352** | **289,352** |
| **On-costs** |  |  |  |
| Current on-costs | 1,322 | 1,485 | 1,485 |
| Non-current on-costs | 258 | 329 | 329 |
| **Total on-costs** | **1,580** | **1,814** | **1,814** |
| **Total employee benefits provisions and related on-costs** | **309,908** | **291,166** | **291,166** |

(b) Movement in provisions

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | Employee benefits  $’000 | Performance and retention incentive provision  $’000 | Employee benefits on-costs  $’000 | Rail operators’ employee benefits  $’000 | Dismantling, removal and restoration of Metcard ticketing system  $’000 | Train replacement  $’000 | Fringe benefits tax  $’000 | Total  $’000 |
| **Consolidated** |  |  |  |  |  |  |  |  |
| **Opening balance at 15 December 2011** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** |
| Additional provisions recognised | 11,020 | 370 | 1,763 | 277,573 | - | - | 64 | 290,790 |
| Unwinding of discount and effect of changes in the discount rate | 325 | - | 51 | - | - | - | - | 376 |
| **Closing balance at  30 June 2012** | **11,345** | **370** | **1,814** | **277,573** | **-** | **-** | **64** | **291,166** |
| Current | 9,221 | 370 | 1,485 | 2,398 | - | - | 64 | 13,538 |
| Non-current | 2,124 | - | 329 | 275,175 | - | - | - | 277,628 |
|  | **11,345** | **370** | **1,814** | **277,573** | **-** | **-** | **64** | **291,166** |
|  |  |  |  |  |  |  |  |  |
| **Parent** |  |  |  |  |  |  |  |  |
| **Opening balance at 15 December 2011** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** |
| Additional provisions recognised | 11,020 | 370 | 1,763 | 277,573 | - | - | 64 | 290,790 |
| Unwinding of discount and effect of changes in the discount rate | 325 | - | 51 | - | - | - | - | 376 |
| **Closing balance at  30 June 2012** | **11,345** | **370** | **1,814** | **277,573** | **-** | **-** | **64** | **291,166** |
| Current | 9,221 | 370 | 1,485 | 2,398 | - | - | 64 | 13,538 |
| Non-current | 2,124 | - | 329 | 275,175 | - | - | - | 277,628 |
|  | **11,345** | **370** | **1,814** | **277,573** | **-** | **-** | **64** | **291,166** |
| **Parent** |  |  |  |  |  |  |  |  |
| **Opening balance at 30 June 2012** | **11,345** | **370** | **1,814** | **277,573** | **-** | **-** | **64** | **291,166** |
| (Write-back)/Additional provisions recognised | (1,939) | 91 | (269) | 22,101 | - | 10,173 | 10 | 30,167 |
| Additions due to transfer in (Note 2(a)(i) (ii)) | 406 | 417 | - | - | 21,507 | - | - | 22,330 |
| Reductions arising from payments/other sacrifices of future economic benefits | - | - | - | (2,314) | (140) |  |  | (2,454) |
| Unwinding of discount and effect of changes in the discount rate | 207 | - | 32 | - | - | - | - | 239 |
| **Closing balance at  30 June 2013** | **10,019** | **878** | **1,577** | **297,360** | **21,367** | **10,173** | **74** | **341,448** |
| Current | 8,343 | 878 | 1,319 | 6,417 | 21,367 | - | 74 | 38,398 |
| Non-current | 1,676 | - | 258 | 290,943 | - | 10,173 | - | 303,050 |
|  | **10,019** | **878** | **1,577** | **297,360** | **21,367** | **10,173** | **74** | **341,448** |

# 

Note 13. Financial instruments

(a) Financial risk management objectives and policies

PTV’s principal financial instruments comprise of:

* cash and term deposits
* receivables (excluding statutory receivables)
* payables (excluding statutory payables)
* borrowings.

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, with respect to each class of financial asset and financial liability above are disclosed in Note 1 to the financial statements.

The main purpose in holding financial instruments is to prudentially manage PTV’s financial risks within the Government’s policy parameters.

PTV’s main financial risks include credit risk, liquidity risk and interest rate risk. PTV manages these financial risks in accordance with its financial risk management policy.

PTV uses different methods to measure and manage the different risks to which it is exposed. Primary responsibility for the identification and management of financial risks rests with the Audit and Risk Committee of PTV.

## 

Categorisation of financial instruments (i)

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | Note | Contractual financial assets – loans and receivables  $’000 | Contractual financial liabilities at amortised cost  $’000 | Total  $’000 |
|  |  |  |  |  |
| **2013** |  |  |  |  |
| **Contractual financial assets** |  |  |  |  |
| **Cash and deposits** | 17(a) | 45,827 | - | 45,827 |
| **Receivables** | 6 |  |  |  |
| Amounts owing from government and agencies |  | 1,604 | - | 1,604 |
| Receivables - current |  | 14,457 | - | 14,457 |
| Receivables – non-current |  | 1,000 | - | 1,000 |
| **Total contractual financial assets (ii)** |  | **62,888** | **-** | **62,888** |
| **Contractual financial liabilities** |  |  |  |  |
| **Payables** | 10 |  |  |  |
| Supplies and services |  | - | 404,422 | 404,422 |
| Amounts payable to government and agencies |  | - | 119,987 | 119,987 |
| **Borrowings** | 11 |  |  |  |
| Finance lease liabilities – motor vehicle |  | - | 607 | 607 |
| Finance lease liabilities – Southern Cross Station Transport Interchange Facility |  | - | 376,822 | 376,822 |
| **Total contractual financial liabilities (iii)** |  | **-** | **901,838** | **901,838** |
|  |  |  |  |  |
| **Consolidated 2012** |  |  |  |  |
| **Contractual financial assets** |  |  |  |  |
| **Cash and deposits** | 17(a) | 56,299 | - | 56,299 |
| **Receivables** | 6 |  |  |  |
| Amounts owing from government and agencies |  | 3,452 | - | 3,452 |
| Receivables - current |  | 2,060 | - | 2,060 |
| **Total contractual financial assets (ii)** |  | **61,811** | **-** | **61,811** |
| **Contractual financial liabilities** |  |  |  |  |
| **Payables** | 10 |  |  |  |
| Supplies and services |  | - | 340,636 | 340,636 |
| Amounts payable to government and agencies |  | - | 103,102 | 103,102 |
| **Borrowings** | 11 |  |  |  |
| Finance lease liabilities – motor vehicle |  | - | 851 | 851 |
| Finance lease liabilities – Southern Cross Station Transport Interchange Facility |  | - | 375,340 | 375,340 |
| **Total contractual financial liabilities (iii)** |  | **-** | **819,929** | **819,929** |
|  |  |  |  |  |
| **Parent 2012** |  |  |  |  |
| **Contractual financial assets** |  |  |  |  |
| **Cash and deposits** | 17(a) | 56,299 | - | 56,299 |
| **Receivables** | 6 |  |  |  |
| Amounts owing from government and agencies |  | 3,452 | - | 3,452 |
| Receivables - current |  | 2,060 | - | 2,060 |
| **Total contractual financial assets (ii)** |  | **61,811** | **-** | **61,811** |
| **Contractual financial liabilities** |  |  |  |  |
| **Payables** | 10 |  |  |  |
| Supplies and services |  | - | 340,636 | 340,636 |
| Amounts payable to government and agencies |  | - | 103,102 | 103,102 |
| **Borrowings** | 11 |  |  |  |
| Finance lease liabilities – motor vehicle |  | - | 851 | 851 |
| Finance lease liabilities – Southern Cross Station Transport Interchange Facility |  | - | 375,340 | 375,340 |
| **Total contractual financial liabilities (iii)** |  | **-** | **819,929** | **819,929** |
| (i) The amount disclosed represents the carrying amount for the reporting period.  (ii) The amount of receivables disclosed excludes statutory receivables (i.e. amounts owing from Victorian Government and GST input tax credit recoverable).  (iii) The amount of payables disclosed excludes statutory payables (i.e. GST output tax payable). | | | | |

Net holding gain/(loss) on financial instruments by category

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  |  | Total interest income/(expense) | | | |
|  | Note | 2013 $’000 | Consolidated 2012 $’000 | Parent 2012 $’000 | |
| **Contractual financial liabilities** |  |  |  |  | |
| Financial liabilities at amortised cost (i) | 4(e) | (32,548) | (8,120) | (8,120) | |
| **Total contractual financial liabilities** |  | **(32,548)** | **(8,120)** | **(8,120)** | |
| (i) Includes interest for Southern Cross Station Transport Interchange Facility. | | | | |

(b) Credit risk exposures

Credit risk arises from the contractual financial assets of PTV, which comprise cash and cash deposits and non-statutory receivables. PTV’s exposure to credit risk arises from the potential default of counter party on their contractual obligations resulting in financial loss to PTV. Credit risk is measured at fair value and is monitored on a regular basis.

Credit risk associated with PTV’s contractual financial assets is minimal because the main debtor is the Victorian Government. For debtors other than government, PTV’s policy is to only deal with entities with high credit ratings, receivable amount from these debtors are immaterial.

In addition, PTV does not engage in hedging for its contractual financial assets and mainly obtains financial assets that are of fixed interest rate except for cash assets, which are mainly cash at bank

Provision of impairment for contractual financial assets is recognised when there is objective evidence that PTV will not be able to collect a receivable. Objective evidence includes financial difficulties of the debtor, default payments, debts which are more than 60 days overdue, and changes in debtor credit ratings.

Except as otherwise detailed in the following table, the carrying amount of contractual financial assets recorded in the financial statements, net of any allowances for losses, represents PTV’s maximum exposure to credit risk without taking account of the value of any collateral obtained.

Credit quality of contractual financial assets that are neither past due nor impaired

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | Government agencies (AAA credit rating)  $’000 | Other (AA credit rating)  $’000 | Other (not rated)  $’000 | Total  $’000 |
| **2013** |  |  |  |  |
| **Cash and deposits** | 30,063 | 15,764 | - | 45,827 |
| **Receivables** |  |  |  |  |
| Amounts owing from government and agencies | 1,604 | - | - | 1,604 |
| Receivables – current | - | - | 14,457 | 14,457 |
| Receivables – non-current | - | - | 1,000 | 1,000 |
| **Total contractual financial assets** | **31,667** | **15,764** | **15,457** | **62,888** |
|  |  |  |  |  |
| **Consolidated 2012** |  |  |  |  |
| **Cash and deposits** | 30,004 | 26,295 | - | 56,299 |
| **Receivables** |  |  |  |  |
| Amounts owing from government and agencies | 3,452 | - | - | 3,452 |
| Receivables – current | - | - | 2,060 | 2,060 |
| **Total contractual financial assets** | **33,456** | **26,295** | **2,060** | **61,811** |
|  |  |  |  |  |
| **Parent 2012** |  |  |  |  |
| **Cash and deposits** | 30,004 | 26,295 | - | 56,299 |
| **Receivables** |  |  |  |  |
| Amounts owing from government and agencies | 3,452 | - | - | 3,452 |
| Receivables – current | - | - | 2,060 | 2,060 |
| **Total contractual financial assets** | **33,456** | **26,295** | **2,060** | **61,811** |

Contractual financial assets that are either past due or impaired

There are no material financial assets which are individually determined to be impaired. Currently PTV does not hold any collateral as security nor credit enhancements relating to any of its financial assets.

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

The following table discloses the ageing only of contractual financial assets that are past due but not impaired.

Ageing analysis of contractual financial assets(i)

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | Carrying amount  $’000 | Not past due and not impaired  $’000 | Maturity dates | | | | Impaired financial assets  $’000 |
| Less than 1 month  $’000 | 1 – 3 months  $’000 | 3 months – 1 year  $’000 | 1 – 5 years  $’000 |
| **2013** |  |  |  |  |  |  |  |
| **Contractual financial assets** |  |  |  |  |  |  |  |
| **Cash and deposits** | 45,827 | 45,827 | - | - | - | - | - |
| **Receivables** |  |  |  |  |  |  |  |
| Amounts owing from government and agencies | 1,604 | 1,431 | 94 | 79 | - | - | - |
| Receivables - current | 14,457 | 12,933 | 6 | 1,189 | 329 | - | - |
| Receivables – non-current | 1,000 | 1,000 | - | - | - | - | - |
|  | **62,888** | **61,191** | **100** | **1,268** | **329** | **-** | **-** |
|  |  |  |  |  |  |  |  |
| **Consolidated 2012** |  |  |  |  |  |  |  |
| **Contractual financial assets** |  |  |  |  |  |  |  |
| **Cash and deposits** | 56,299 | 56,299 | - | - | - | - | - |
| **Receivables** |  |  |  |  |  |  |  |
| Amounts owing from government and agencies | 3,452 | 2,754 | 459 | 239 | - | - | - |
| Receivables - current | 2,060 | 1,459 | 26 | 575 | - | - | - |
|  | **61,811** | **60,512** | **485** | **814** | **-** | **-** | - |
|  |  |  |  |  |  |  |  |
| **Parent 2012** |  |  |  |  |  |  |  |
| **Contractual financial assets** |  |  |  |  |  |  |  |
| **Cash and deposits** | 56,299 | 56,299 | - | - | - | - | - |
| **Receivables** |  |  |  |  |  |  |  |
| Amounts owing from government and agencies | 3,452 | 2,754 | 459 | 239 | - | - | - |
| Receivables - current | 2,060 | 1,459 | 26 | 575 | - | - | - |
|  | **61,811** | **60,512** | **485** | **814** | **-** | **-** | - |
| (i) The carrying amounts disclosed here exclude statutory amounts (e.g. amount owing from Victorian Government and GST input tax credit recoverable). | | | | | | | |

(c) Liquidity risk

Liquidity risk is the risk that PTV would be unable to meet its financial obligations as and when they fall due. PTV operates under the Government fair payments policy of settling financial obligations within 30 days and in the event of a dispute, making payments within 30 days from the date of resolution.

PTV’s maximum exposure to liquidity risk is the carrying amount of financial liabilities as disclosed in the face of the balance sheet. PTV continuously manages its liquidity risk through monitoring future cash flows. PTV’s exposure to liquidity risk is deemed insignificant based on prior periods’ data and current assessment of risk. The following table discloses the contractual maturity analysis for PTV’s contractual financial liabilities.

Maturity analysis of contractual financial liabilities(i)

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  | Maturity dates | | | | |
|  | Carrying amount  $’000 | Nominal amount  $’000 | Less than 1 month  $’000 | 1 – 3 months  $’000 | 3 months – 1 year  $’000 | 1 – 5 years  $’000 | 5+ years $’000 |
| **2013** |  |  |  |  |  |  |  |
| **Contractual financial liabilities** |  |  |  |  |  |  |  |
| **Payables (ii)** |  |  |  |  |  |  |  |
| Supplies and services | 404,422 | 404,422 | 404,422 | - | - | - | - |
| Amounts payable to government and agencies | 119,987 | 119,987 | 119,987 | - | - | - | - |
| **Borrowings** |  |  |  |  |  |  |  |
| Finance lease liabilities – motor vehicle | 607 | 655 | 93 | 43 | 156 | 363 | - |
| Finance lease liabilities – Southern Cross Station Transport Interchange Facility | 376,822 | 918,210 | - | 7,880 | 23,933 | 135,407 | 750,990 |
|  | **901,838** | **1,443,274** | **524,502** | **7,923** | **24,089** | **135,770** | **750,990** |
|  |  |  |  |  |  |  |  |
| **Consolidated 2012** |  |  |  |  |  |  |  |
| **Contractual financial liabilities** |  |  |  |  |  |  |  |
| **Payables (ii)** |  |  |  |  |  |  |  |
| Supplies and services | 340,636 | 340,636 | 340,632 | 4 | - | - | - |
| Amounts payable to government and agencies | 103,102 | 103,102 | 102,726 | 44 | 22 | 310 | - |
| **Borrowings** |  |  |  |  |  |  |  |
| Finance lease liabilities – motor vehicle | 851 | 912 | 91 | 72 | 362 | 387 | - |
| Finance lease liabilities – Southern Cross Station Transport Interchange Facility | 375,340 | 949,247 | - | 7,687 | 23,350 | 132,105 | 786,105 |
|  | **819,929** | **1,393,897** | **443,449** | **7,807** | **23,734** | **132,802** | **786,105** |
|  |  |  |  |  |  |  |  |
| **Parent 2012** |  |  |  |  |  |  |  |
| **Contractual financial liabilities** |  |  |  |  |  |  |  |
| **Payables (ii)** |  |  |  |  |  |  |  |
| Supplies and services | 340,636 | 340,636 | 340,632 | 4 | - | - | - |
| Amounts payable to government and agencies | 103,102 | 103,102 | 102,726 | 44 | 22 | 310 | - |
| **Borrowings** |  |  |  |  |  |  |  |
| Finance lease liabilities – motor vehicle | 851 | 912 | 91 | 72 | 362 | 387 | - |
| Finance lease liabilities – Southern Cross Station Transport Interchange Facility | 375,340 | 949,247 | - | 7,687 | 23,350 | 132,105 | 786,105 |
|  | **819,929** | **1,393,897** | **443,449** | **7,807** | **23,734** | **132,802** | **786,105** |
| (i) Maturity analysis is presented using the contractual undiscounted cash flows.  (ii) The amount in payables disclosed excludes statutory payables (i.e. GST output tax payable). | | | | | | | |

## 

(d) Market risk

PTV’s exposures to market risk are primarily through interest rate risk. PTV has no exposure to foreign currency risk. Objectives, policies and processes used to manage each of these risks are disclosed in the paragraphs below.

Interest rate risk

Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate because of changes in market interest rates. PTV does not hold any interest bearing financial instruments that are measured at fair value, therefore has nil exposure to fair value interest rate risk.

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

PTV has minimal exposure to cash flow interest rate risks through its cash and deposits, term deposits and bank overdrafts that are at floating rate.

PTV manages this risk by mainly undertaking fixed rate or non-interest bearing financial instruments with relatively even maturity profiles, with only insignificant amounts of financial instruments at floating rate. Management has concluded for cash at bank and bank overdraft, as financial assets that can be left at floating rate without necessarily exposing PTV to significant bad risk, management monitors movement in interest rates on a daily basis.

The carrying amounts of financial assets and financial liabilities that are exposed to interest rates are set out in the following table.

Interest rate exposure of financial instruments

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | Weighted average effective interest rate % | Carrying amount  $’000 | Interest rate exposure | | |
| Fixed interest rate  $’000 | Variable interest rate  $’000 | Non-interest bearing  $’000 |
| **2013** |  |  |  |  |  |
| **Contractual financial assets** |  |  |  |  |  |
| **Cash and deposits** | 3.18% | 45,827 | 10,057 | 35,765 | 5 |
| **Receivable** |  |  |  |  |  |
| Amounts owing from government and agencies |  | 1,604 | - | - | 1,604 |
| Receivables - current |  | 14,457 | - | - | 14,457 |
| Receivables – non-current |  | 1,000 | - | - | 1,000 |
|  |  | **62,888** | **10,057** | **35,765** | **17,066** |
| **Contractual financial liabilities** |  |  |  |  |  |
| **Payables** |  |  |  |  |  |
| Supplies and services |  | 404,422 | - | - | 404,422 |
| Amounts payable to government and agencies |  | 119,987 | - | - | 119,987 |
| **Borrowings** |  |  |  |  |  |
| Finance lease liabilities – motor vehicle | 6.55% | 607 | 607 | - | - |
| Finance lease liabilities – Southern Cross Station Transport Interchange Facility | 8.65% | 376,822 | 376,822 | - | - |
|  |  | **901,838** | **377,429** | **-** | **524,409** |
|  |  |  |  |  |  |
| **Consolidated 2012** |  |  |  |  |  |
| **Contractual financial assets** |  |  |  |  |  |
| **Cash and deposits** | 3.98% | 56,299 | - | 56,295 | 4 |
| **Receivable** |  |  |  |  |  |
| Amounts owing from government and agencies |  | 3,452 | - | - | 3,452 |
| Receivables - current |  | 2,060 | - | - | 2,060 |
|  |  | **61,811** | **-** | **56,295** | **5,517** |
| **Contractual financial liabilities** |  |  |  |  |  |
| **Payables** |  |  |  |  |  |
| Supplies and services |  | 340,636 | - | - | 340,636 |
| Amounts payable to government and agencies |  | 103,102 | - | - | 103,102 |
| **Borrowings** |  |  |  |  |  |
| Finance lease liabilities – motor vehicle | 6.58% | 851 | 851 | - | - |
| Finance lease liabilities – Southern Cross Station Transport Interchange Facility | 8.65% | 375,340 | 375,340 | - | - |
|  |  | **819,929** | **376,191** | **-** | **443,738** |
|  |  |  |  |  |  |
| **Parent 2012** |  |  |  |  |  |
| **Contractual financial assets** |  |  |  |  |  |
| **Cash and deposits** | 3.98% | 56,299 | - | 56,295 | 4 |
| **Receivable** |  |  |  |  |  |
| Amounts owing from government and agencies |  | 3,452 | - | - | 3,452 |
| Receivables - current |  | 2,060 | - | - | 2,060 |
|  |  | **61,811** | **-** | **56,295** | **5,517** |
| **Contractual financial liabilities** |  |  |  |  |  |
| **Payables** |  |  |  |  |  |
| Supplies and services |  | 340,636 | - | - | 340,636 |
| Amounts payable to government and agencies |  | 103,102 | - | - | 103,102 |
| **Borrowings** |  |  |  |  |  |
| Finance lease liabilities – motor vehicle | 6.58% | 851 | 851 | - | - |
| Finance lease liabilities – Southern Cross Station Transport Interchange Facility | 8.65% | 375,340 | 375,340 | - | - |
|  |  | **819,929** | **376,191** | **-** | **443,738** |

Sensitivity disclosure analysis

Taking into account past performance, future expectations and economic forecasts, PTV believes that interest rate movements, a parallel shift of +2.0 per cent and -2.0 per cent in market interest rates from year-end rates, will not have a material impact on its financial position. PTV's management cannot be expected to predict movement in market rates and prices; sensitivity analysis shown is for illustrative purposes only.

The following table discloses the impact on PTV's net result and equity for each category of financial instrument held by PTV at year-end as presented to key management personnel, if the above movements were to occur.

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  |  | **Interest rate** | | | |
|  |  | **-200 basis points** | | **+200 basis points** | |
|  | **Carrying amount $’000** | **Net result $’000** | **Equity $’000** | **Net result $’000** | **Equity $’000** |
| **2013** |  |  |  |  |  |
| **Contractual financial assets** |  |  |  |  |  |
| Cash and deposits (i) | 45,822 | (916) | (916) | 916 | 916 |
| **Total impact** |  | **(916)** | **(916)** | **916** | **916** |
|  |  |  |  |  |  |
|  |  |  |  |  |  |
| **Parent 2012** |  |  |  |  |  |
| **Contractual financial assets** |  |  |  |  |  |
| Cash and deposits (i) | 56,295 | (1,126) | (1,126) | 1,126 | 1,126 |
| **Total impact** |  | **(1,126)** | **(1,126)** | **1,126** | **1,126** |
|  |  |  |  |  |  |
| **Consolidated 2012** |  |  |  |  |  |
| **Contractual financial assets** |  |  |  |  |  |
| Cash and deposits (i) | 56,295 | (1,126) | (1,126) | 1,126 | 1,126 |
| **Total impact** |  | **(1,126)** | **(1,126)** | **1,126** | **1,126** |
| (i) Cash and deposits include deposits of $ 45,822 thousand (2012: $56,295 thousand) that is exposed to floating rate movements. Sensitivities to these movements are calculated as follows: - 2013: $45,822 thousand x -0.02 = -$916 thousand; and $45,822 thousand x 0.02 = $916 thousand - 2012: $56,295 thousand x -0.02 = -$1,126 thousand; and $56,295 thousand x 0.02 = $1,126 thousand | | | | | |

(e) Fair value of financial assets and liabilities

PTV considers that the carrying amount of financial assets and financial liabilities recorded in the financial statements approximates their fair values.

On-statement of balance sheet

The net fair value of cash and cash equivalents and non-interest bearing monetary financial assets and financial liabilities of PTV equals their carrying amounts.

Off-statement of balance sheet

PTV has potential financial assets and liabilities which may arise from certain contingencies disclosed in Note 15. As explained in Note 15, contingent liabilities by definition are similar to a liability, the distinguishing feature being the uncertainty over the government agencies’ obligation.

# 

Note 14. Commitments for expenditure

(a) Commitments other than public private partnership (i)

|  |  |  |
| --- | --- | --- |
|  | 2013 $’000 | Parent 2012 $’000 |
| **Rail service commitments** |  |  |
| Transport service provided by rail operators | 5,288,110 | 6,380,626 |
| **Total rail service commitments** | **5,288,110** | **6,380,626** |
|  |  |  |
| **Bus service commitments** |  |  |
| Transport service provided by bus operators | 4,781,358 | 4,434,042 |
| **Total bus service commitments** | **4,781,358** | **4,434,042** |
|  |  |  |
| **Ticketing service commitments** |  |  |
| Ticketing service provided by ticketing operators | 222,429 | - |
| **Total ticketing service commitments** | **222,429** | **-** |
|  |  |  |
| **Operating lease commitments** |  |  |
| Office & Retail | 53,891 | - |
| **Total operating lease commitments** | **53,891** | **-** |
|  |  |  |
| **Capital expenditure commitments** |  |  |
| Plant, equipment and vehicles | 417,583 | 477,261 |
| **Total capital expenditure commitments** | **417,583** | **477,261** |
|  |  |  |
| **Total commitments other than public private partnerships** | **10,763,371** | **11,291,929** |
| (i) Figures presented are inclusive of GST. | | |

(b) Southern Cross Station public private partnership commitments (i)

On 2 July 2002 the Southern Cross Station Authority and Civic Nexus Pty Ltd (CNPL) entered into a Services and Development Agreement (SDA) for the redevelopment of Southern Cross Station (Station). Under the SDA, CNPL had to design, construct and commission the Station. Construction commenced in September 2002 and on 1 August 2006, CNPL was granted a 30 year lease over the Station and has an obligation to operate and maintain the Station, until the end of the 30 year period, of which time these rights and obligations will transfer back to the State.

Upon formation of PTV, the contract commitments to CNPL, as part of the Public Private Partnership (PPP) arrangement, were transferred from the Director of Public Transport to PTV. These commitments include operating and finance lease interest costs that extend until 30 June 2036.

PTV makes quarterly payments over a 30 year operating period which commenced on 27 April 2005. These future payments are subject to abatement in accordance with the terms and conditions of the SDA. The quarterly payments reimburse CNPL for the annual operating, maintenance and insurance costs. The Net Present Value (NPV) is calculated using a discount rate of 8.65 per cent (2012: 8.65 per cent) per annum and an inflation rate of 2.5 per cent per annum or actual inflation, whichever is higher.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| The nominal amounts for the operation and maintenance commitment below represents the charges payable under the SDA at the end of the reporting period. | 2013 | | Parent 2012 | |
| Commissioned public private partnership (ii) (iii) | Net Present Value $’000 | Nominal Value $’000 | Net Present Value $’000 | Nominal Value $’000 |
| Southern Cross Station operation and maintenance commitments | 231,708 | 596,293 | 195,890 | 515,463 |
| **Total PPP operation and maintenance commitment** | **231,708** | **596,293** | **195,890** | **515,463** |
| (i) The present values of the minimum lease payments for commissioned PPP are recognised on the balance sheet and are not disclosed as commitments. (ii) The year on year reduction in the nominal amounts of the commitments reflects the payments made. (iii) The year on year reduction in the present values of the commitments mainly reflects the payments made, offset by the impact of the discounting period being one reporting period shorter. | | | | |

(c) Commitments Payable(i)

|  |  |  |
| --- | --- | --- |
|  | 2013 $’000 | Parent 2012 $’000 |
| **Rail service commitments payable** |  |  |
| Less than 1 year | 1,545,903 | 2,074,587 |
| Longer than 1 year but not longer than 5 years | 3,485,497 | 3,680,763 |
| 5 years or more | 256,710 | 625,276 |
| **Total rail service commitments** | **5,288,110** | **6,380,626** |
|  |  |  |
| **Bus service commitments payable** |  |  |
| Less than 1 year | 1,061,544 | 1,017,145 |
| Longer than 1 year but not longer than 5 years | 2,879,866 | 2,568,728 |
| 5 years or more | 839,948 | 848,169 |
| **Total bus service commitments** | **4,781,358** | **4,434,042** |
|  |  |  |
| **Ticketing service commitments payable** |  |  |
| Less than 1 year | 79,673 | - |
| Longer than 1 year but not longer than 5 years | 142,756 | - |
| 5 years or more | - | - |
| **Total ticketing service commitments** | **222,429** | **-** |
|  |  |  |
| **Operating lease commitments payable(ii)** |  |  |
| Less than 1 year | 7,699 | - |
| Longer than 1 year but not longer than 5 years | 42,361 | - |
| 5 years or more | 3,831 | - |
| **Total operating lease commitments** | **53,891** | **-** |
|  |  |  |
| **Capital expenditure commitments payable** |  |  |
| Less than 1 year | 231,332 | 212,353 |
| Longer than 1 year but not longer than 5 years | 186,217 | 264,908 |
| 5 years or more | 34 | - |
| **Total capital expenditure commitments** | **417,583** | **477,261** |
|  |  |  |
| **PPP operation and maintenance commitments** |  |  |
| **Minimum lease payments for non-cancellable leases payable** |  |  |
| Less than 1 year | 16,847 | 16,035 |
| Longer than 1 year but not longer than 5 years | 80,159 | 68,249 |
| 5 years or more | 499,287 | 431,179 |
| **Total lease commitments** | **596,293** | **515,463** |
| Future minimum lease payments expected to be received in relation to non-cancellable sub-leases of operating leases | - | - |
|  |  |  |
| **Total commitments** |  |  |
| **Total commitments (inclusive of GST)** | **11,359,664** | **11,807,392** |
| Less: GST recoverable from the Australian Tax Office | (1,032,697) | (1,073,399) |
| **Total commitments (exclusive of GST)** | **10,326,967** | **10,733,993** |
| (i) For future finance lease and non-cancellable operating lease payments that are recognised on the balance sheet, refer to Note 18 Leases. (ii) Operating lease commitments relate to office and retail facilities with lease terms between three months and seven years. These contracts do not allow PTV to purchase the facilities after the lease ends. | | |

Rail and bus commitments

The Director of Public Transport and/or Secretary of DTPLI entered into a number of contracts with private operators to provide Victoria’s train, tram and bus services. The current contracts with Metro Trains Melbourne (MTM) and Yarra Trams commenced on 30 November 2009 and have an initial franchise period of eight years (with the possibility of a seven-year extension). Under the terms of these franchise contracts, the subsidies are provided for transport services and capital commitments. All of the contracts were transferred from the Director of Public Transport and/or Secretary to PTV on 2 April 2012.

The commitments with MTM and Yarra Trams have been calculated up to the end of the initial franchise period with the exception of the rolling stock lease payments for which PTV is legally committed beyond the initial franchise period.

As per the franchise contracts the train and tram franchisees are entitled to a New Ticketing Revenue Guarantee Payment (in lieu of farebox revenue) which will continue to be paid until approximately one year after the last Metcard ticket is sold. The farebox revenue is currently being received in its entirety by PTV and will be distributed to franchisees from the date after the New Ticketing Revenue Guarantee Payment ceases to be paid.

Bus services are covered by long term contracts established in recent years and this is reflected in the bus commitment calculation. The exception is the metropolitan bus service contracts for the orbital, National Bus Company and Melbourne Bus Link services which are contracted until the end of July 2013.

V/Line rail services

V/Line rail services reverted to government control with a partnership arrangement established from 1 October 2003. A new service agreement between PTV and V/Line will apply for the period from 1 July 2013 to 30 June 2016.

Capital expenditure commitments

Capital expenditure commitments include contracts for capital projects relating to infrastructure and transport related projects separate and in addition to the commitments entered into through the partnership agreements (which include rolling stock and branding projects). These commitments have been signed prior to 30 June 2013 and have established a legal and binding obligation on PTV to make future payments.

Lease commitments

Lease commitments include contracts for office and retail accommodation.

Note 15. Contingent assets and liabilities

1. Contingent assets

Contingent assets arise from guarantees, indemnities and other forms of support provided to PTV and from legal disputes and other claims by PTV arising from a past event. Contingent assets by definition are similar to an asset with the distinguishing feature being the uncertainty over PTV’s entitlement. PTV has no contingent assets.

1. Contingent liabilities

Contingent liabilities arise from guarantees, indemnities and other forms of support provided by PTV and from legal disputes and other claims against PTV arising from a past event. Contingent liabilities by definition are similar to a liability with the distinguishing feature being the uncertainty over PTV’s obligation.

Unquantifiable contingent liabilities

Public transport rail partnership agreements

PTV is party to partnership contractual arrangements with franchisees to operate metropolitan rail transport services in the State, operative from 30 November 2009 until 30 November 2017. The following summarises the major contingent liabilities arising from the contractual arrangements in the event of early termination or expiry of the partnership contractual agreement, which are:

>*Partnership assets*

To maintain continuity of services, at early termination or expiry of the franchise contract, assets will revert to PTV or a successor. In the case of some assets, a reversion back to PTV would entail those assets being purchased.

>Unfunded Superannuation

At the early termination or expiry of the contract, PTV will assume any unfunded superannuation amounts (apart from contributions the operator is required to pay over the contract term) to the extent that the State becomes the successor operator.

>Compulsory property acquisition to deliver transport projects

The State has compulsorily acquired a number of properties (residential and commercial) through the *Land Acquisition and Compensation Act 1986* to facilitate delivery of various transport projects, including the Regional Rail Link Project. Possible future claims for compensation arising from the compulsory acquisition of these properties cannot be quantified at this stage.

Melbourne Metropolitan Bus Franchise

PTV is a party to a franchise agreement with Veolia Transdev Melbourne Pty Ltd to operate metropolitan bus services for seven years from 4 August 2013. Commencement of the Melbourne Metropolitan Bus Franchise may entail bus assets of $110 million being acquired.

Quantifiable contingent liabilities

Details and estimates of other contingent liabilities are as follows:

|  |  |  |
| --- | --- | --- |
|  | 2013  $’000 | Parent 2012 $’000 |
| Legal claim | 3,000 | - |
| **Total** | **3,000** | **-** |

Note 16. Superannuation

Employees of PTV are entitled to receive superannuation benefits and PTV contributes to both defined benefit and defined contribution plans. The defined benefit plans provides benefits based on years of service and final average salary.

PTV does not recognise any defined benefit liability in respect of the plans because the entity has no legal or constructive obligation to pay future benefits relating to its employees; its only obligation is to pay superannuation contributions as they fall due. DTF recognises and discloses the State’s defined benefit liabilities in its financial statements.

However, superannuation contributions paid or payable for the reporting period are included as part of employee benefits in the comprehensive operating statement of PTV.

The name and details of the major employee superannuation funds and contributions (including salary sacrifice contributions) made by PTV are as follows:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | Paid contribution  for the year | | Contributions  outstanding at year end | |
| Fund | 2013 $’000 | 15.12.2011 to 30.6.2012 $’000 | 2013 $’000 | 15.12.2011 to 30.6.2012 $’000 |
| **Defined benefit plans (i)** |  |  |  |  |
| State Superannuation Fund – revised and new | 379 | 138 | - | - |
| Transport Superannuation Fund | 203 | 52 | - | - |
| **Total defined benefit plans** | **582** | **189** | - | - |
| **Defined contribution plans** |  |  |  |  |
| VicSuper | 2,751 | 855 | - | - |
| Various others | 2,001 | 547 | - | - |
| **Total defined contribution plans** | **4,752** | **1,402** | - | - |
| **Total superannuation plans** | **5,334** | **1,591** | - | - |
| (i) The basis for determining the level of contributions is determined by the various actuaries of the defined benefit superannuation plans. | | | | |

Note 17. Cash flow information

1. Reconciliation of cash and cash equivalents

|  |  |  |  |
| --- | --- | --- | --- |
|  | 2013 $’000 | Consolidated  15.12.2011 to 30.6.2012 $’000 | Parent  15.12.2011 to 30.6.2012 $’000 |
| Cash and bank deposits | 15,770 | 26,299 | 26,299 |
| Deposits with Treasury Corporation of Victoria | 30,057 | 30,000 | 30,000 |
| **Balance as per cash flow statement** | **45,827** | **56,299** | **56,299** |
|  | | | |

1. Non-cash financing and investing activities

Acquisition of property, plant and equipment by means of finance leases  
The acquisitions relate to motor vehicle purchases under finance leases which are not reflected in the cash flow statement.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | Note | 2013 $’000 | Consolidated  15.12.2011 to 30.6.2012 $’000 | Parent  15.12.2011 to 30.6.2012 $’000 |
| Acquisition of property, plant and equipment by means of finance leases | 8 | 277 | 121 | 121 |
| **Total non-cash financing and investing activities** |  | **277** | **121** | **121** |

1. Reconciliation of net result

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | Note | 2013 $’000 | Consolidated  15.12.2011 to 30.6.2012 $’000 | Parent  15.12.2011 to 30.6.2012 $’000 |
| **Net result for the reporting period** |  | **(1,018)** | **115,323** | **115,323** |
| **Non-cash movements** |  |  |  |  |
| Loss on disposal of non-financial assets | 5(a) | 1,315 | - | - |
| Depreciation and amortisation of non-financial assets | 4(d) | 27,884 | 6,615 | 6,615 |
| Fair value of assets and services received free of charge or for nominal consideration |  | (28,422) | (106,905) | (106,905) |
| **Movements in assets and liabilities (net of restructuring)** |  |  |  |  |
| (Increase)/decrease in receivables |  | (52,669) | - | - |
| (Increase)/decrease in prepayments |  | 1,736 | - | - |
| (Increase)/decrease in inventories |  | 551 |  |  |
| Increase/(decrease) in payables |  | 117,428 | - | - |
| Increase/(decrease) in provisions |  | 17,777 | - | - |
| Increase/(decrease) in net financial assets |  | **-** | **1,935** | **1,935** |
| **Net cash flows from/(used in) operating activities** |  | **84,582** | **16,968** | **16,968** |

# 

Note 18. Leases

(a) Leasing arrangements – Commissioned public private partnership

The Services and Development Agreement for the redevelopment of Southern Cross Station with CNPL as disclosed in Note 14(b) is deemed a finance lease as it effectively transfers the risks and benefits incidental to ownership of the leased assets to the State. Please refer to Note 14(b) for details.

It is important to note that currently the actual cash payments to CNPL are less than the deemed finance lease interest expense. In this instance the finance lease liability will continue to increase to approximately $378 million at the last quarter of 2014 when the cash payments overtake the value of the finance lease interest. Due to these increases in debt there is no requirement to recognise a current liability in this note.

(b) Other finance lease liabilities

The other finance lease entered into by PTV relates to motor vehicles with lease terms of three years or 60,000 kilometres, whichever occurs first.

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  |  | Minimum future  lease payments (i) | | Present value of minimum future lease payments | |
|  | Note | 2013 $’000 | 2012 $’000 | 2013 $’000 | 2012 $’000 |
| **Commissioned PPP related finance lease liabilities payable** |  |  |  |  |  |
| Not longer than one year |  | 31,813 | 31,037 | - | - |
| Longer than one year and not longer than five years |  | 135,407 | 132,105 | - | - |
| Longer than five years |  | 750,990 | 786,105 | 376,822 | 375,340 |
| **Other finance lease liabilities payable (ii)** |  |  |  |  |  |
| Not longer than one year |  | 292 | 525 | 263 | 484 |
| Longer than one year and not longer than five years |  | 363 | 387 | 344 | 367 |
| **Minimum lease payments\*** |  | **918,865** | **950,159** | **377,429** | **376,191** |
| Less future finance charges |  | (541,436) | (573,968) | - | - |
| **Present value of minimum lease payments** |  | **377,429** | **376,191** | **377,429** | **376,191** |
|  |  |  |  |  |  |
| **Included in the financial statements as:** |  |  |  |  |  |
| **Current borrowings** | 11 |  |  | **263** | **484** |
| **Non-current borrowings** | 11 |  |  | **377,166** | **375,707** |
| **Total interest bearing liabilities** |  |  |  | **377,429** | **376,191** |
| (i) Minimum future lease payments include the aggregate of all lease payments and any guaranteed residual. (ii) Other finance lease liabilities include obligations that are recognised on the balance sheet; the future payments related to operating lease commitments are disclosed in Note 14. | | | | | |

## 

Note 19. Responsible persons

In accordance with the Ministerial Directions issued by the Minister for Finance under the Financial Management Act, the following disclosures are made regarding responsible persons for the reporting period.

Names

The persons who held the positions of Ministers, Directors of the Board and accountable officer in PTV are as follows:

Responsible Minister:

Hon. Terry Mulder MP, Minister for Public Transport and Minister for Roads (1 July 2012 to 30 June 2013)

Directors of the Board:

Mr Ian Dobbs – Chair (1 July 2012 to 30 June 2013)

Mr Douglas Bartley (1 July 2012 to 30 June 2013)

Mr Michael Taylor AO (1 July 2012 to 30 June 2013)

Ms Virginia Hickey (1 July 2012 to 30 June 2013)

Mr Craig Opie (1 November 2012 to 30 June 2013)

Accountable Officer:

Mr Ian Dobbs – Chief Executive (1 July 2012 to 30 June 2013)

Remuneration

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

The number of responsible persons whose remuneration from PTV was within the specified bands were as follows:

|  |  |  |
| --- | --- | --- |
| Income band | Total Remuneration 2013 Number | Total Remuneration 2012\* Number |
| $20,000 – 29,999 | - | 2 |
| $30,000 – 39,999 | 1 | - |
| $40,000 – 49,999 | 3 | - |
| $230,000 – 239,999 | - | 1 |
| $440,000 – 449,999 | 1 | - |
| **Total numbers** | **5** | **3** |
| **Total amount** | **$628,205** | **$292,886** |
| \* Comparative period for 2012 was from 15 December 2011 to 30 June 2012. | | |

Other transactions

Other related transactions and loans requiring disclosure under the Directions of the Minister for Finance have been considered and there are no matters to report.

Note 20. Remuneration of executives and payments to other personnel (i.e. contractors with significant management responsibilities)

(a) Remuneration of executives

The numbers of executive officers (other than Minister, Directors of the Board and the accountable officer) and their total remuneration during the reporting period are shown in the first two columns in the table below in their relevant income bands. The base remuneration of executive officers is shown in the third and fourth columns. Base remuneration is exclusive of bonus payments, long service leave payments, redundancy payments and retirement benefits.

Several factors have affected total remuneration payable to executives over the year. A number of employment contracts were completed during the year and renegotiated and a number of executives received bonus payments during the year. These bonus payments depend on the terms of individual employment contracts.

The table below shows remuneration details for the executive officers of PTV:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | Total remuneration | | Base remuneration | |
| Income band | 2013 No. | 2012\* No. | 2013 No. | 2012\* No. |
| Less than $100,000 | 9 | 17 | 11 | 17 |
| $100,000–109,999 | 5 | - | 7 | - |
| $110,000–119,999 | 5 | - | 2 | - |
| $120,000–129,999 | 1 | - | - | - |
| $140,000–149,999 | - | - | 1 | - |
| $150,000–159,999 | 1 | - | 2 | - |
| $160,000–169,999 | 2 | - | 1 | - |
| $170,000–179,999 | 3 | - | 4 | - |
| $180,000–189,999 | 1 | - | 2 | - |
| $190,000–199,999 | 3 | - | 1 | - |
| $210,000–219,999 | 1 | - | 1 | - |
| $220,000–229,999 | 2 | - | 2 | - |
| $230,000–239,999 | 1 | - | - | - |
| $240,000–249,999 | 1 | - | 4 | - |
| $250,000–259,999 | 2 | - | - | - |
| $260,000–269,999 | 1 | - | - | - |
| $310,000–319,999 | 1 | - | 1 | - |
| **Total numbers\*** | **39** | **17** | **39** | **17** |
| **Total annualised employee equivalent\*\*** | **28.99** | **4.58** | **28.99** | **4.58** |
| **Total amount** | **$5,716,027** | **$788,630** | **$5,349,247** | **$788,630** |
| \* Comparative period for 2012 was from 15 December 2011 to 30 June 2012. \*\*The annualised employee equivalent of 2012 is based on 14 weeks PTV employment (2 April to 30 June 2012). | | | | |

The increase in numbers of executive officers since June 2012 is predominantly due to the conversion of previous 13 Principal Scientists and Engineers and Metlink executive positions into PTV's executive officer positions in alignment with the terms and conditions of the PTV Enterprise Agreement. Three executive officer positions have also been created in 2012-13 to address PTV's capability needs to deliver on Government objectives for public transport and four executive officer vacancies have been filled.

(b) Payments to other personnel (i.e. contractors with significant management responsibilities)

The following disclosures are made in relation to other personnel of PTV, i.e. contractors charged with significant responsibilities.

Payments have been made to a number of contractors with significant management responsibilities, which are disclosed in the relevant expense band. These contractors are responsible for planning, directing or controlling, directly or indirectly, PTV's activities.

The change in the total expenses from 2012 to 2013 was mainly driven by a shorter reporting period in 2012.

|  |  |  |
| --- | --- | --- |
| Expense Band | Total expense (exclusive of GST) | |
| 2013 No. | 2012\* No. |
| Less than $100,000 | - | 1 |
| $100,000 – 119,999 | 1 | - |
| $140,000 – 149,999 | 1 | - |
| $180,000 – 189,999 | 1 | - |
| $230,000 – 239,999 | 1 | - |
| **Total numbers** | **4** | **1** |
| **Total expenses (exclusive of GST)** | **$682,366** | **$75,960** |
| \* Comparative period for 2012 was from 15 December 2011 to 30 June 2012. | | |

Note 21. Remuneration of auditors

Audit fees paid or payable to the Victorian Auditor-General’s Office for audit of PTV’s financial statements:

|  |  |  |  |
| --- | --- | --- | --- |
|  | 2013 $’000 | Consolidated 15.12.2011 to 30.6.2012 $’000 | Parent 15.12.2011 to 30.6.2012 $’000 |
| Paid as at 30 June | 82 | - | - |
| Payable as at 30 June | 103 | 55 | 55 |
| **Total remuneration of auditors** | **185** | **55** | **55** |
| The Victorian Auditor-General’s Office has not provided PTV with any other paid services. | | | |

Note 22. Fare and cardholder funds administration

On 1 January 2013, the responsibility of administering the collection and distribution of fare receipts captured by both the Metcard and myki ticketing systems was transferred from the Transport Ticketing Authority to PTV. Under the Revenue Sharing and Transport Services Agreements with DTPLI, PTV is required to distribute fare receipts to DTPLI and the transport operators. PTV is not responsible for reporting the completeness of public transport revenues.

PTV receives fare receipts in its capacity as agent for DTPLI and the transport operators to be distributed in accordance with their respective entitlements under the Agreements referred to above. The cash flows, bank balances and payables associated with these activities are therefore excluded from PTV's accounts as they do not meet economic benefit or control criteria of AAS. Similarly, myki cardholders funds ('myki money') held in trust are not reported in PTV's financial statements.

For the six months to 30 June 2013, there was $ 826,158 distributed from the Metcard system and $ 345,304,107 distributed from the myki system to DTPLI and V/Line.

As at 30 June 2013, the following amounts were held in PTV managed bank accounts:

* for distribution to DTPLI and transport operators $8,431,077
* myki cardholder funds $46,877,739

PTV also receives and manages myki customer money balances. These balances come from various channels including ticketing machines, railway stations, retail outlets, the internet and the PTV Hub. PTV performs the accounts receivable function for the ticketing system and administers the agreement with the contractor Kamco to ensure cash collection services and payments via the banking system are managed effectively.

PTV manages the revenue audit function which focuses on reviewing and reporting on controls around farebox revenue collection and distribution processes within transport operators. Formal planned revenue audits are undertaken by PTV at metropolitan and V/Line train stations, as well as metropolitan and regional bus depots.

Note 23. Subsequent event

Melbourne Metropolitan Bus Franchise

On 15 May 2013 PTV signed a franchise agreement with Veolia Transdev Melbourne Pty Ltd (Transdev Melbourne) in relation to provision for bus services by Transdev Melbourne for approximately 30 per cent of Melbourne’s public bus network for a term of seven years with an option to extend its term for a further three years. Operation of the franchise commenced on 4 August 2013.

Note 24. Glossary of terms and style of conventions

Amortisation

Amortisation is the expense which results from the consumption, extraction or use over time of a non-produced physical or intangible asset. This expense is classified as an other economic flow.

Borrowings

Borrowings refers to interest bearing liabilities mainly raised from public borrowings raised through the Treasury Corporation of Victoria, finance leases and other interest bearing arrangements.

Comprehensive result

Total comprehensive result is the change in equity for the period other than changes arising from transactions with owners. It is the aggregate of net result and other non-owner changes in equity.

Capital Asset Charge

The capital asset charge represents the opportunity cost of capital invested in the non-current physical assets used in the provision of outputs.

Commitments

Commitments include those operating, capital and other outsourcing commitments arising from non-cancellable contractual or statutory sources.

Current Grants

Amounts payable or receivable for current purposes for which no economic benefits of equal value are receivable or payable in return.

Depreciation

Depreciation is an expense that arises from the consumption through wear or time of a produced physical or intangible asset. This expense is classified as a ‘transaction’ and so reduces the ‘net result from transaction’.

Employee benefits expenses

Employee benefits expenses include all costs related to employment including wages and salaries, leave entitlements, redundancy payments and superannuation contributions.

Financial asset

A financial asset is any asset that is:

(a) cash;

(b) an equity instrument of another entity;

(c) a contractual right or statutory right:

* to receive cash or another financial asset from another entity; or
* to exchange financial assets or financial liabilities with another entity under conditions that are potentially favourable to the entity; or

(d) a contract that will or may be settled in the entity’s own equity instruments and is:

* a non-derivative for which the entity is or may be obliged to receive a variable number of the entity’s own equity instruments; or
* a derivative that will or may be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the entity’s own equity instruments.

Financial instrument

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial assets or liabilities that are not contractual (such as statutory receivables or payables that arise as a result of statutory requirements imposed by governments) are not financial instruments.

Financial liability

A financial liability is any liability that is:

(a) A contractual or statutory obligation:

* to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the entity; or

(b) A contract that will or may be settled in the entity’s own equity instruments and is:

* a non-derivative for which the entity is or may be obliged to deliver a variable number of the entity’s own equity instruments; or
* a derivative that will or may be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the entity’s own equity instruments. For this purpose the entity’s own equity instruments do not include instruments that are themselves contracts for the future receipt or delivery of the entity’s own equity instruments.

Financial statements

Depending on the context of the sentence where the term ‘financial statements’ is used, it may include only the main financial statements (i.e. comprehensive operating statement, balance sheet, cash flow statements, and statement of changes in equity); or it may also be used to replace the old term ‘financial report’ under the revised AASB 101 (September 2007), which means it may include the main financial statements and the notes.

Grants and other transfers

Transactions in which one unit provides goods, services, assets (or extinguishes a liability) or labour to another unit without receiving approximately equal value in return. Grants can either be operating or capital in nature. While grants to governments may result in the provision of some goods or services to the transferor, they do not give the transferor a claim to receive directly benefits of approximately equal value. Receipt and sacrifice of approximately equal value may occur, but only by coincidence. For example, governments are not obliged to provide commensurate benefits in the form of goods or services to particular taxpayers in return for their taxes. For this reason grants are referred to by the AASB as involuntary transfers and are termed non-reciprocal transfers.

Grants can be paid as general purpose grants which refer to grants that are not subject to conditions regarding their use. Alternatively, they may be paid as specific purpose grants which are paid for a particular purpose and/or have conditions attached regarding their use.

Grants for on-passing

All grants paid to one institutional sector (e.g. a state general government) to be passed on to another institutional sector (e.g. local government or a private non-profit institution).

Intangible assets

Intangible assets represent identifiable non-monetary assets without physical substance.

Interest expense

Costs incurred in connection with the borrowing of funds. Interest expenses include interest on bank overdrafts and short-term and long-term borrowings, amortisation of discounts or premiums relating to borrowings, interest component of finance leases repayments, and the increase in financial liabilities and non-employee provisions due to the unwinding of discounts to reflect the passage of time.

Interest income

Interest income includes unwinding over time of discounts on financial assets and interest received on bank term deposits and other investments.

Net acquisition of non-financial assets (from transactions)

Purchases (and other acquisitions) of non-financial assets less sales (or disposals) of non-financial assets less depreciation plus changes in inventories and other movements in non-financial assets. Includes only those increases or decreases in non-financial assets resulting from transactions and therefore excludes write-offs, impairment write-downs and revaluations.

Net result

Net result is a measure of financial performance of the operations for the period. It is the net result of items of income, gains and expenses (including losses) recognised for the period, excluding those that are classified as ‘other non-owner changes in equity’.

Net result from transactions/net operating balance

Net result from transactions or net operating balance is a key fiscal aggregate and is revenue from transactions minus expenses from transactions. It is a summary measure of the ongoing sustainability of operations. It excludes gains and losses resulting from changes in price levels and other changes in the volume of assets. It is the component of the change in net worth that is due to transactions and can be attributed directly to government policies.

Non-financial assets

Non-financial assets are all assets that are not ‘financial assets’.

Other economic flows

Other economic flows are changes in the volume or value of an asset or liability that do not result from transactions. It includes gains and losses from disposals; revaluations and impairments of non-current physical and intangible assets; actuarial gains and losses arising from defined benefit superannuation plans; fair value changes of financial instruments and agricultural assets; and depletion of natural assets (non-produced) from their use or removal. In simple terms, other economic flows are changes arising from market re-measurements.

Payables

Includes short and long-term trade debt and accounts payable, grants, taxes and interest payable.

Receivables

Includes amounts owing from government through appropriation receivable, short and long term credit and accounts receivable, accrued investment income, grants, taxes and interest receivable.

Sales of goods and service

Refers to income from the direct provision of goods and services and includes fees and charges for services rendered, sales of goods and services, fees from regulatory services, work done as an agent for private enterprises. It also includes rental income under operating leases and on produced assets such as buildings and entertainment, but excludes rent income from the use of non-produced assets such as land. User charges includes sale of goods and services revenue.

Supplies and services

Supplies and services generally represent cost of goods sold and the day-to-day running costs, including maintenance costs incurred in the normal operations of PTV.

Transactions

Transactions are those economic flows that are considered to arise as a result of policy decisions, usually an interaction between two entities by mutual agreement. They 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. Taxation is regarded as mutually agreed interactions between the government and taxpayers. Transactions can be in kind (e.g. assets provided/given free of charge or for nominal consideration) or where the final consideration is cash. In simple terms, transactions arise from the policy decisions of the government.

Style conventions

Figures in the tables and in the text have been rounded. Discrepancies in tables between totals and sums of components reflect rounding. Percentage variations in all tables are based on the underlying unrounded amounts.

The notions used in the tables is as follows:

* zero, or rounded to zero

(xxx.x) negative numbers

200x year period

200x-0x year period

The financial statements and notes are presented based on the illustration for a government department in the 2012-13 Model Report for Victorian Government Departments.

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PTV People

Comparative workforce data

Table 1: Full time equivalents (FTE) staffing trends from 2012 to 2013(i)

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| 2013 | 2012 |  |  |  |
| 425(ii) | 508(ii) |  |  |  |

Table 2: Summary of employment levels in June of 2012 and 2013(i)

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | Ongoing employees | | | | Fixed term and casual employees |
|  | Employees (headcount)() | Full time (headcount) | Part time (headcount) | FTE(ii) | FTE(ii) |
| **June 2013** | 377 | 350 | 27 | 370 | 56 |
| **June 2012** | 467 | 433 | 34 | 456 | 52 |

Table 3: Details of employment levels in June of 2012 and 2013(i)

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | **2013** | | |  | **2012** | | |
|  | Ongoing | | Fixed term and casual employees |  | Ongoing | | Fixed term and casual employees |
|  | Employees (headcount) | FTE (ii) | FTE (ii) |  | Employees (headcount) | FTE (ii) | FTE (ii) |
| **Gender**: |  |  |  | **Gender**: |  |  |  |
| Male | 221 | 219 | 34 | Male | 239 | 238 | 45 |
| Female | 156 | 150 | 22 | Female | 210 | 200 | 25 |
| **Total** | **377** | **370** | **56** | **Total** | **449** (iv) | **438** (iv) | **70** |
| **Age** |  |  |  | **Age** |  |  |  |
| Under 25 | 6 | 6 | 2 | Under 25 | 11 | 10 | 4 |
| 25‑34 | 105 | 103 | 14 | 25‑34 | 141 | 139 | 14 |
| 35‑44 | 109 | 107 | 19 | 35‑44 | 114 | 109 | 20 |
| 45‑54 | 102 | 100 | 11 | 45‑54 | 105 | 103 | 15 |
| 55‑64 | 52 | 51 | 9 | 55‑64 | 66 | 66 | 13 |
| Over 64 | 3 | 3 | 1 | Over 64 | 12 | 11 | 5 |
| **Total** | **377** | **370** | **56** | **Total** | **449** (iv) | **438** (iv) | **70** |
| **Classification** |  |  |  | **Classification** |  |  |  |
| PTV 1 |  |  | 14 | VPS 1 |  |  |  |
| PTV 2 |  |  |  | VPS 2 | 1 | 1 | 1 |
| PTV 3 | 52 | 50 | 10 | VPS 3 | 52 | 51 | 6 |
| PTV 4 | 64 | 64 | 10 | VPS 4 | 58 | 55 | 3 |
| PTV 5 | 110 | 107 | 15 | VPS 5 | 90 | 88 | 9 |
| PTV 6 | 103 | 101 | 5 | VPS 6 | 110 | 106 | 4 |
| STS | 5 | 5 |  | STS |  |  |  |
| Executives  Other(iii) | 36  7 | 36  7 | 3 | Executives  Other(iii) | 18  138 | 18  136 | 30 |
| **Total** | **377** | **370** | **56** |  | **467** | **456** | **52** |

Notes:

1. Headcount and FTE figures reflect employment levels during the last full pay period in June of each year.
2. FTE numbers have been rounded to nearest whole number, therefore some variances between individual FTE’s and the FTE totals appear.
3. Classification 'Other' includes staff on agreements/contracts other than the PTV Agreement.
4. Excludes Executive staff.

Employment and conduct principles

PTV is committed to applying merit and equity principles when appointing staff. The selection processes ensure that applicants are assessed and evaluated fairly and equitably on the basis of the key selection criteria and other accountabilities without discrimination.

Public administration values and employment principles

PTV implements directions and policies with respect to upholding public sector conduct, managing and valuing diversity, managing underperformance, reviewing personal grievances, and selecting on merit.

PTV has introduced a suite of detailed employment policies, including policies with respect to grievance resolution, recruitment, and redeployment. Policies with respect to managing underperformance and discipline were produced and have been implemented across PTV.

Occupational health, safety and wellbeing

The goal of the PTV’s occupational health and safety (OHS) plan is to prevent harm to all staff, to achieve the highest standard of occupational health, safety and wellbeing, and to comply with relevant legislative requirements. Health and safety policies, procedures and guidance materials are in place to support PTV in achieving its goal. Performance measures are in place and performance trends are monitored and reported for effective issues management.

During the 2012‑13 financial year, PTV developed a number of initiatives to improve the health and safety of staff including ergonomic assessments, chair assessments, influenza vaccinations and workplace safety inspections to identify and address any workplace risks.

PTV’s consultative arrangements were strengthened by the appointment of divisional safety leaders by the PTV executive. The OHS Consultative Forum continued to meet every two months.

PTV’s first aid program was reviewed. An automated external defibrillator was installed for use in the case of suspected cardiac arrest and all first aid officers were trained in its use.

PTV’s performance against OHS management measures

|  |  |  |  |
| --- | --- | --- | --- |
| Measure | KPI | 2011‑12  (2 April to 30 June) | 2012‑13 |
| Incidents | No. of incidents | 2 | 9 |
|  | Rate per 100 FTE | .39 | 1.99 |
| Claims | No. of standard claims(i) | 0 | 1 |
|  | Rate per 100 FTE |  | 0.22 |
|  | No. of lost time claims(i) | 0 | 0 |
|  | Rate per 100 FTE |  |  |
|  | No. of claims exceeding 13 weeks (i) | 0 | 0 |
|  | Rate per 100 FTE |  |  |
| Fatalities | Fatality claims( | 0.. | 0 |
| Claim costs | Average cost per standard claim.(i) | 0 | $725 |
| Return to work | Percentage of claims with RTW plan <30 days. | N/A | N/A |
| Management commitment | Evidence of OHS policy statement, OHS objectives, regular reporting to senior management of OHS, and OHS plans (signed by CEO or equivalent). | completed | completed |
|  | Evidence of OHS criteria(s) in purchasing guidelines (including goods, services and personnel). | completed | completed |
| Consultation and participation | Evidence of agreed structure of designated workgroups (DWGs), health and safety representatives (HSRs), and issue resolution procedures (IRPs). | completed | completed |
| Compliance with agreed structure on DWGs, HSRs, and IRPs. | completed | completed |
| Risk management | Percentage of internal audits/inspections conducted as planned. | 100% | 100% |
|  | Percentage of issues identified actioned arising from: |  |  |
|  | – internal audits; | 100% | 100% |
|  | – HSR provisional improvement notices (PINs); and | N/A | N/A |
|  | – WorkSafe notices | N/A | N/A |
| Training *(ii)* | Percentage of managers and staff that have received OHS training: |  |  |
|  | – induction; | 0% | 0% |
|  | – management training; and | 0% | 0% |
|  | – contractors, temps, and visitors. | n/a | n/a |
|  | Percentage of HSRs trained: |  |  |
|  | – acceptance of role; | 100% | 100% |
|  | – re‑training (refresher); and | N/A | N/A |
|  | – reporting of incidents and injuries. | N/A | N/A |

Notes:

(i) Claims Data sourced from Victorian WorkCover Authority (VWA).

(ii) OHS training and induction for all PTV managers, staff, contractors and temporary staff has been developed for implementation in 2013- 2014

Environmental performance

Office-based environmental performance

In 2012-13 PTV relocated from tenancies at 121 Exhibition St, 575 Bourke St and 80 Collins St to one location at 750 Collins St in 2012 - 2013.

Actions have been undertaken at the new premises to minimise energy, paper and water consumption, as well as reduce waste. Office equipment and lighting are set to use minimal resources, and staff are encouraged to follow environmentally friendly practices. PTV has reduced its vehicle fleet and installed a bike cage for staff use.

Environmental improvements on the public transport network

Environmental improvements across the public transport network include:

* a public place recycling campaign
* water management action plans in depots
* “Green Depot” program
* a trial to identify optimal driving procedures on trains and buses that improve energy consumption
* environmental management plans implemented at fuel points resulting in improved infrastructure and no major spills for the year
* invasive weeds controlled and identification and mapping of protected vegetation on rail reserves.

Protected Disclosure Act 2012 and Whistleblowers Protection Act 2001

On 10 February 2013, the *Protected Disclosure Act 2012* came into effect. This Act repealed the *Whistleblowers Protection Act 2001* and created a new legislative framework for receiving protected disclosures and protecting those who make them. For the 2012-13 financial year, PTV is required to report on disclosures received under both Acts.

The Protected Disclosure Act encourages and assists people in making disclosures of improper and corrupt conduct by public officers and public bodies. The Act provides protection to people who make disclosures in accordance with the Act and establishes a new system for the matters disclosed to be investigated and rectifying action to be taken.

The Independent Broad-Based Anti-Corruption Commission (IBAC) now has a key role in receiving, assessing and investigating disclosures about corrupt or improper conduct and police personnel conduct as well as responsibility for preparing and publishing guidelines to assist public bodies to interpret and comply with the new protected disclosures regime.

PTV does not tolerate improper conduct by employees or the taking of reprisals against those who come forward to disclose such conduct. PTV is committed to ensuring transparency and accountability in its administrative and management practices and supports the making of disclosures that reveal corrupt conduct, conduct involving a substantial mismanagement of public resources, or conduct involving a substantial risk to public health and safety or the environment.

PTV will take all reasonable steps to protect people who make such disclosures from any detrimental action in reprisal for making the disclosure. It will also afford natural justice to the person who is the subject of the disclosure to the extent it is legally possible.

Reporting procedures

Disclosures of improper conduct or detrimental action by PTV or its employees may be made to:

Independent Broad-Based Anti-Corruption Commission

Level 1, North Tower, 459 Collins Street, Melbourne VIC 3000

Toll free: 1300 735 135

Internet: ibac.vic.gov.au/contact-us

Online complaints form: ibac.vic.gov.au/report-corruption-or-misconduct/online-form

Information about PTV’s policies and procedures in relation to protected disclosures is available from:

Guy Schuurman

Protected Disclosure Coordinator

Public Transport Victoria

Phone: (03) 9027 4206

Email: guy.schuurman@ptv.vic.gov.au

Further information

Written guidelines outlining the system for reporting disclosures of improper conduct or detrimental action by PTV or its employees will be available on PTV’s website in accordance with section 59 of the Protected Disclosure Act. The current procedures relating to the Whistleblowers Protection Act are available upon request.

Disclosures under the Whistleblowers Protection Act 2001 and Protected Disclosure Act 2012

|  |  |  |  |
| --- | --- | --- | --- |
| The number and types of disclosures made to public bodies during the year: | Protected Disclosure Act | Whistleblowers Protection Act | Whistleblowers Protection Act |
| **Reporting year:** | **2012-2013** | **2012-2013** | **2/4/2012-30/6/2012** |
| Public interest disclosures | NA | 0 | 0 |
| Protected disclosures | 0 | 0 | 0 |
| The number of disclosures referred during the year by PTV to the Ombudsman for determination as to whether they are public interest disclosures | NA | 0 | 0 |
| The number of disclosures PTV referred during the year to IBAC | 0 | NA | NA |
| The number and types of disclosed matters referred to PTV by the Ombudsman for investigation | NA | 0 | 0 |
| The number and types of investigations taken over from the public body by the  Ombudsman | 0 | 0 | 0 |
| The number of requests made by a whistleblower to the Ombudsman to take over an investigation by PTV | 0 | 0 | 0 |
| The number and types of disclosed matters that PTV has declined to investigate | 0 | 0 | 0 |
| The number and types of disclosed matters that were substantiated upon investigation  and action taken on completion of the investigation | 0 | Please see immediately below. | 0 |
| Any recommendations made by the Ombudsman that relate to PTV | NA | The Ombudsman made a number of recommendations in a report titled ‘Investigations into allegations concerning rail safety in the Melbourne Underground Loop’ in October 2012 that were directed to PTV. PTV has provided a response to the Ombudsman in respect of these recommendations as set out in the Ombudsman’s report. | NA |

Freedom of Information Summary

The *Freedom of Information Act 1982* allows the public a right of access to documents held by government departments and agencies.

There was one complaint made to the Freedom of Information Commissioner about processing FOI requests and this was resolved informally with the applicant.

Making a request

Access to documents may be obtained through written request to the Freedom of Information Manager, as detailed in section 17 of the *Freedom of Information Act 1982.* In summary, the requirements for making a request are:

* it should be in writing;
* it should identify as clearly as possible which document is being requested; and
* it should be accompanied by the appropriate application fee (the fee may be waived in certain circumstances).

Requests for documents in the possession of PTV should be addressed to:

Freedom of Information Manager  
Public Transport Victoria

PO Box 4724

Melbourne Victoria 3001

Email: ptvfoi@ptv.vic.gov.au

Requests can also be lodged online through Freedom of Information Online at foi.vic.gov.au.

Freedom of Information Activity during 2012-13

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **REQUEST RECEIVED** |  | **REQUEST DECIDED** |  | **PROCESSING TIME** |  |
| Member of Parliament | 22 | Full access | 10 | Average processing time | 39.2 days |
| Media | 39 | Part access | 50 |  |  |
| Others1 | 16 | Denied access | 2 | 45 days or less | 50 |
|  |  | No documents | 5 | 46 to 90 days | 25 |
|  |  | Transferred/withdrawn2 | 10 | Over 90 days | 2 |
|  |  |  |  |  |  |
| Total | 77 | Total | 77 | Total | 77 |
|  |  |  |  |  |  |
| **INTERNAL REVIEW RECEIVED** |  | **REVIEWS DECIDED** |  |  |  |
| Member of Parliament | 0 | Decision confirmed | 0 |  |  |
| Media | 0 | Decision varied | 1 |  |  |
| Others1 | 1 | Decision overturned | 0 |  |  |
|  |  |  |  |  |  |
| **Total** | 1 | **Total** | 1 |  |  |
|  |  |  |  |  |  |
| **FOIC REVIEW RECEIVED** |  | **REVIEWS DECIDED** |  |  |  |
| Member of Parliament | 4 | Decision confirmed | 0 |  |  |
| Media | 1 | Decision varied | 3 |  |  |
| Others1 | 1 | Decision overturned | 0 |  |  |
|  |  | Decision not finalised | 3 |  |  |
|  |  |  |  |  |  |
| Total | 6 | Total | 6 |  |  |
|  |  |  |  |  |  |
| **VCAT APPEALS RECEIVED** |  | **APPEALS DECIDED** |  |  |  |
| Member of Parliament | 1 | Withdrawn | 0 |  |  |
| Media | 0 | Struck out | 0 |  |  |
| Others1 | 0 | Decision not finalised | 1 |  |  |
|  |  |  |  |  |  |
| Total | 1 | Total | 1 |  |  |

Notes:

1. Includes solicitors, companies/organisations, private persons and lobby groups.

2. Includes requests transferred, withdrawn, not processed, not proceeded with and FOI Act does not apply.

Disclosure of government advertising expenditure

Details of PTV advertising expenditure (campaigns with a media spend of $150 000 or greater).

*Expenditure ($ thousand) excluding GST*

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| *Name of Campaign* | *Campaign summary* | *Start/End date* | *Advertising (Media)* | *Creative and campaign development* | *Research and evaluation* | *Print and collateral* | *Other Campaign* |
| Fare Evasion | Extension of the existing 'Scribble' fare evasion campaign. | Oct- Nov 2012  and  Apr – May 2013 | $856,548 | $78,032 |  | $67,963 |  |
| Myki is the only way to go (Jan- June PTV component only) | To mark the final transition to myki. | Nov 2012 – Mar 2013 | $577,257 | $1,509 |  | $2,041 |  |
| User behaviour | To positively influence customer behaviour on public transport. | Ongoing | $200,000 | $125,000 |  |  |  |
| Myki Visitor Pack (Jan- June PTV component only) | To educate tourists about myki. | Dec 2012 – Apr 2013 | $333,185 | $18,943 |  | $6,785 |  |
| Late Night Services | To increase awareness of late night services. | Dec 2012  and  Apr – May 2013 | $450,462 | $7,884 |  | $2,237 |  |
| Auto top up - stage 1 | To promote auto top up as a key benefit of myki. | Mar – Apr 2013 | $508,652 | $8,000 |  | $26,002 |  |
| Frequency (weekend focus + $3.50 daily fare) | To promote 10 minute frequencies and the $3.50 myki weekend cap. | July –Sep 2013 | $600,000 | $69,439 |  |  |  |
| Auto top up - stage 2 | To promote auto top up as a key benefit of myki. | Ongoing | $600,000 | $54,411 |  | $1,674 |  |

Victorian Industry Participation Policy

The *Victorian Industry Participation Policy Act 2003* requires public bodies and departments to report on the implementation of the Victorian Industry Participation Policy (VIPP). Departments and public bodies are required to apply VIPP in all tenders over $3 million in metropolitan Melbourne and $1 million in regional Victoria.

During 2012-13 PTV did not commence any contracts to which the VIPP applied.

Details of contracts **completed**, to which the VIPP applied are as follows:

* during 2012‑13, PTV completed one contract totalling $20.7 million in value in metropolitan Melbourne.

The outcomes reported by contractors under VIPP included:

* an overall level of local content of 90 per cent of the total value of the contracts
* 47 full time equivalent jobs.

The benefits to the Victorian economy in terms of skills and technology transfer include:

* engineers and rail operators (including maintenance staff) have been trained in the use and implementation of the latest systems technology

National Competition Policy Compliance

Under the National Competition Policy, the guiding legislative principle is that legislation, including future legislative proposals, should not restrict competition unless it can be demonstrated that:

* the benefits of the restriction to the community as a whole outweigh the costs
* the objectives of the legislation can only be achieved by restricting competition.

PTV continues to comply with the requirements of the National Competition Policy.

Competitive neutrality requires government businesses to ensure where services compete, or potentially compete with the private sector, any advantage arising solely from their government ownership be removed if they are not in the public interest. Government businesses are required to cost and price these services as if they were privately owned and thus be fully cost reflective. Competitive neutrality policy provides government businesses with a tool to enhance decisions on resource allocation. This policy does not override other policy objectives of government and focuses on efficiency in the provision of service.

Therefore PTV is working to ensure that Victoria fulfils its requirements on competitive neutrality reporting for technological based businesses against the enhanced principles as required under the National Reform Agenda.

Attestation of Risk Management

Attestation for compliance with the Australian/New Zealand Risk Management Standard

I, Ian Dobbs, Chair of the Board, certify that the Public Transport Development Authority operating as Public Transport Victoria (**PTV**) has risk management processes in place consistent with the Australian/New Zealand Risk Management Standard AS/NZS ISO 31000:2009 or its successor) and an internal control system is in place that enables the executive to understand, manage and satisfactorily control risk exposures. The PTV Board verifies this assurance and that the risk profile of PTV has been critically reviewed within the last 12 months.

Ian Dobbs  
Chair and Chief Executive  
Public Transport Victoria

17 September 2013

Insurance Attestation

Attestation for compliance with the Ministerial Standing Direction 4.5.5.1 – Insurance

I, Ian Dobbs, Chair of the Board, certify that the Public Transport Development Authority operating as Public Transport Victoria (**PTV**) has complied with Ministerial Direction 4.5.5.1 - Insurance except for Part (b) of the Direction.

Although PTV has mature document management systems, PTV is in the process of establishing a register of contractor indemnities at this point. PTV has discussed this with the Victorian Managed Insurance Authority (VMIA), and plans to work with the VMIA to seek to develop and implement suitable systems.

Ian Dobbs  
Chair and Chief Executive  
Public Transport Victoria

17 September 2013

Building Act Compliance

Directions of the Minister for Finance require this Annual Report to include a statement on the extent of compliance with the building and maintenance provisions of the *Building Act 1993*, for publicly-owned buildings controlled by PTV.

PTV complies with the building and maintenance provisions of the *Building Act 1993.*

Disclosure of major contracts compliance

PTV 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 2013. Details of contracts that have been disclosed in the Victorian Government contracts publishing system can be viewed online at [contracts.vic.gov.au](file:///C:\Documents%20and%20Settings\taylork\Trim\Offline%20Records%20(A1)\Annual%20Report%202012-2013%20~%20Communications%20-%20Media%20Relations\contracts.vic.gov.au).

Contractual details have not been disclosed for those contracts for which disclosure is exempted under the *Freedom of Information Act 1982* and/or government guidelines.

Consultancies

Details of consultancies over $10 000

In 2012‑13, no consultancies were engaged during the year where the total fees payable to the consultants was over $10 000.

Details of consultancies under $10 000

In 2012‑13, no consultancies were engaged during the year where the total fees payable to the consultants was less than $10 000.

A full list of PTV contractors engaged in 2012-13, as defined by FRD22C, can be found in the Additional Information to this Annual report, online at ptv.vic.gov.au.

Additional information available

The Directions of the Minister for Finance, pursuant to the *Financial Management Act 1994* require a range of information to be prepared in relation to the financial year.

This material is itemised below and, where not published in this report, is published on the PTV website alongside the Annual report.

* A statement that declarations of pecuniary interests have been duly completed by all relevant PTV officers.
* Details of shares held by senior PTV officers as nominees or held beneficially in a statutory authority or subsidiary.
* Details of publications produced by PTV about the activities of PTV and where the publications can be obtained.
* Details of changes in prices, fees, charges, rates and levies charged by PTV for its services, including services that are administered.
* Details of any major external reviews carried out in respect of the operation of PTV.
* Details of any other major research and development activities undertaken by PTV that are not otherwise covered either in the report of operations or in a document which contains the financial statement and report of operations.
* Details of overseas visits undertaken by PTV, including a summary of the objectives and outcomes of each visit.
* Details of major promotional, public relations and marketing activities undertaken by PTV to develop community awareness of the services provided by PTV.
* Details of assessments and measures undertaken to improve the occupational health and safety of PTV employees, not otherwise detailed in the report of operations.
* A general statement on industrial relations within PTV and details of time lost through industrial accidents and disputes, which are not otherwise detailed in the report of operations.
* A list of major committees sponsored by PTV, the purpose of each committee and the extent to which the purpose has been achieved.
* Details of all consultancies and contractors including:

-- consultants/contractors engaged

-- services provided

-- expenditure committed to for each engagement.

Contact information

Public Transport Victoria

Level 10, 750 Collins Street

Docklands Victoria 3008 Australia

Internet: ptv.vic.gov.au

Telephone: 1800 800 007

International: **+61 3 8608 5021**

Postal address:

PO Box 4724

Melbourne Victoria 3001

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1. Targets, as stated in this performance report, are set annually, are agreed with Department of Treasury and Finance and are published in Budget Paper No. 3 each year. [↑](#footnote-ref-1)
2. Bus punctuality and reliability results are operator self-assessed and based on small sampling rates. [↑](#footnote-ref-2)
3. Regional coach refers to long-haul coach services, not town bus services. [↑](#footnote-ref-3)
4. Regional bus customer satisfaction index data is from three months (one month at each quarter), no interviewing was carried out in the Oct-Dec12 quarter [↑](#footnote-ref-4)
5. Bus punctuality and reliability results are operator self-assessed and based on small sampling rates. [↑](#footnote-ref-5)