ANNUAL REPORT

2013>14

PUBLIC TRANSPORT VICTORIA

The Public Transport Development Authority (PTDA) 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).

Throughout the remainder of this report, the PTDA will be referred to as Public Transport Victoria.

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

2013–2014 Annual Report transmittal letter

11 September 2014

The Hon. Terry Mulder MP
Minister for Public Transport

1 Spring Street
Melbourne VIC 3000

Dear Minister

Annual Report 2013–2014

In accordance with provisions of the *Financial Management Act 1994*, I am pleased to present the Public Transport Development Authority's Annual Report for the year ended 30 June 2014.

Yours sincerely

IAN DOBBS
Chairman
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
DSAPT	Disability Standards for Accessible Public Transport
DOJ	Department of Justice
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
N/A	not applicable
NPV	Net Present Value
NTGRP	New Ticketing Revenue Guarantee Payments
OHS	Occupational Health and Safety
PIN	provisional improvement notice
PPP	Public Private Partnership
PSO	Protective Services Officer
PTAC	Public Transport Access Committee
PTDA	Public Transport Development Authority
PTO	Public Transport Ombudsman
PTOC	Public Transport Operators' Committee
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

Chief Executive's foreword

I'm pleased to present Public Transport Victoria's (PTV) Annual Report for 2013–2014.

The last 12 months have been successful for PTV as we continue to define our role as the leader of public transport in Victoria, and look for opportunities to add value to the services we provide to our customers.

A renewed focus on our customers is the driving force behind everything we do – PTV is here to provide the best possible transport experience, and in doing so, create a public transport system that our customers value and choose to use. In everything we do, PTV is committed to the highest standards of ethical behaviour, based on the values we believe in as members of the public service.

The 2013–2014 year has seen a number of key projects come to completion, or reach significant milestones:

- The rollout of myki on V/Line commuter services was completed and commuters now have a single, integrated system across the metropolitan network, and much of the regional network
- The first benefits of the Regional Rail Link project were realised, as Geelong line trains began using new dedicated V/Line tracks
- Our first premium tram route began taking shape, with new low-floor, high-capacity E-Class trams now operating on Route 96
- Grade separations in Springvale and Mitcham delivered a new premium station at Mitcham and have improved traffic flow and safety for road users and pedestrians around these stations
- A suite of revenue protection initiatives has seen a significant reduction in fare evasion to 8.7 per cent across the network – the lowest figure in five years
- Enhancements to the customer travel experience have resulted in our customers being more satisfied with their experiences on the network.

Earlier this year, we also awarded a new five-year contract for management of PTV's call centre operations to Salmat Australia.

In August 2013, we welcomed another major franchise partner into Victorian public transport operations, with Transdev awarded the contract to operate 30 per cent of Melbourne's bus network. Our agreement with Transdev marks the start of a new metropolitan bus contract model, bringing operational performance measures and accountabilities – including regular improvements to reliability, punctuality, safety and service – into line with similar existing contracts held between PTV and Metro Trains, Yarra Trams and V/Line.

The introduction of these contract models have resulted in consistently strong performance from our operators the last 12 months, with Metro Trains reporting above target reliability and punctuality results for the entire year, and Yarra Trams recording its best punctuality result in over a decade. We will continue to work with operators in the coming years to build on the performance and reliability gains achieved, giving particular focus to making the network more accessible for our customers.

Looking ahead, the Melbourne Rail Link (including the Airport Rail Link) and the Cranbourne-Pakenham Rail Corridor projects will help reshape and enhance the network. As architects of the public transport network, PTV will work alongside multiple agencies and partners to deliver significant improvements across the rail network.

Our achievements in 2013–2014 have placed us in a fantastic position for the next 12 months, as we continue working to deliver great things in public transport – for our customers, our employees, our partners and the State of Victoria.

MARK WILD
Chief Executive Officer

Chairman's foreword

PTV was established in 2012 to lead the Victorian public transport network and significantly enhance the performance of the system, contributing to the economic and social development of all Victorians.

I am very proud of the achievements that we have made in the two years since PTV was established, with thousands of additional train, tram and bus services added; new train stations have been opened; train lines extended and new trains, trams and buses purchased to meet the demands of increasing public transport system patronage across the State.

More importantly, PTV is now well positioned to continue delivering improved public transport services for all Victorians over the next decade.

Our focus is on improving and growing our public transport network to support Victoria's economic and population growth. I see a high performing transport system as a key contributor to enhancing the State's prosperity and liveability – not just for today's Victorians but for generations to come.

IAN DOBBS
Chairman

We will concentrate on improving the customer experience across all our services. The whole organisation has a focus on this task and we are confident we have the right plans, the know-how and the commitment to achieve the outcomes that Victorian's rightly expect.

In doing so, particular emphasis will be given to providing value for money in everything we do. We understand the need to act commercially and in the best interests of the Victorian taxpayer. As such we will make sure that services entrusted to our private sector partners are delivered efficiently and with increasing quality. Indeed everything we do will be underpinned by six strategic themes that will guide our business over the coming years:

- We will strive to continually enhance service delivery and customer experience
- We will plan for growth whilst applying best practice financial management
- We will assume a strong leadership role across the network
- We will promote a safe network and reduce its environmental impact
- We will work hard to provide better and more timely information, systems and processes
- We will encourage engaged and capable people in our organisation.

Over the past year we have delivered some great results. Customers have reported record levels of satisfaction with public transport services during that time and the punctuality and reliability of our network has improved markedly.

As an organisation we are delighted that the Victorian Government has, during 2014, committed to a significant program of integrated transport projects that will cater for system growth for many years to come. PTV is determined to seize this opportunity and deliver transformational change to the public transport system moving forward, bolstering Victoria's economic growth and liveability.

Finally I would like to thank our Board, our people and our partners for all of their efforts and support over the past 12 months.

SECTION 1:

STRUCTURE AND GOVERNANCE

Establishment and functions

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

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.

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.

Organisation structure

PTV's organisational structure as at 30 June 2014 is below:

MARK WILD
CHIEF EXECUTIVE OFFICER

- **GRAHAM FRYER**
  EXECUTIVE DIRECTOR
  CORPORATE SERVICES
  - **BRODIE WOODLAND**
    DIRECTOR GOVERNANCE AND LEGAL
  - **MELISSA WEBB**
    DIRECTOR STRATEGY
    AND TRANSFORMATION
  - **FRED CILIA**
    DIRECTOR FINANCE
  - **CAROLYN DE GOIS**
    CHIEF INFORMATION OFFICER
- **ALAN FEDDA**
  DIRECTOR CUSTOMER SERVICES
- **MELANIE NANSCAWEN**
  DIRECTOR MARKETING AND
  PRODUCT DEVELOPMENT
- **ROB ROBSON**
  DIRECTOR ASSET AND PROGRAM MANAGEMENT
- **RAY KINNEAR**
  DIRECTOR NETWORK PLANNING
- **VACANT**
  DIRECTOR NETWORK OPERATIONS
- **CELIA POLLARD**
  DIRECTOR HUMAN RESOURCES
- **VACANT**
  DIRECTOR COMMUNICATIONS

Public Transport Victoria Board

PTV'S BOARD OF DIRECTORS

PTV is governed by a Board of Directors. The Directors of PTV in office during the financial year were:

IAN DOBBS
Chairman

DOUGLAS BARTLEY
Deputy Chairman

MICHAEL TAYLOR AO
Director

VIRGINIA HICKEY
Director

CRAIG OPIE
Director

Particulars of the PTV Board members' qualifications, experience and special responsibilities are provided below.

Chairman

IAN DOBBS has worked in the public transport industry for over 37 years in Australia and the UK. After a career in the UK rail industry, Ian served as Chief Executive for the Public Transport Corporation in Victoria. He was previously Chief Executive of Stagecoach Group's rail division – one of the largest rail operators in the UK. Ian served as inaugural Chair and CEO of PTV from April 2012 until January 2014, before concentrating solely on the Chairman's role. Ian was appointed to the Board on 12 December 2011.

Deputy Chairman

DOUGLAS BARTLEY has extensive business experience in human resources, financial management and governance across the transport, financial services and trading industries. His expertise in these fields is highlighted by his most recent previous role as Chair of KPMG in Victoria. He was also the Partner in Charge of KPMG's Global Japanese Practice in Australia. Doug was appointed to the Board on 12 December 2011.

Director

MICHAEL TAYLOR AO has worked in senior public sector roles during a career that spans over 15 years. His most recent roles include Secretary to the Commonwealth Department of Infrastructure, Transport, Regional Development and Local Government, and Chair of the Murray Darling Basin Authority. He has been the Chair or a member of a large number of boards, including Melbourne Business School. Michael was appointed to the Board on 12 December 2011.

Director

VIRGINIA HICKEY is an experienced lawyer and also an expert in corporate strategy and governance. Ms Hickey has served on a large number of boards, including as former Chair of TransAdelaide, Adelaide's metropolitan passenger rail operator, and Commissioner at the National Transport Commission. Virginia was appointed to the Board on 1 July 2012.

Director

CRAIG OPIE has been the managing director of many iconic Melbourne tourist attractions, including the Colonial Tramcar Restaurant and Eureka Skydeck. He has owned and operated several other tourism and non-tourism businesses. He is currently Managing Director of Paperworld Pty Ltd and Greenheart Australia Pty Ltd, and a director of Tourism Victoria. In 2013 he received an award for outstanding individual contribution to tourism in Victoria. Craig was appointed to the Board on 1 November 2012.

PTV BOARD SUB-COMMITTEES

PTV Board Audit and Risk Committee

The 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 review of and recommendation to the Board on accounting policies, the operation and implementation of the risk management framework, and compliance with the various directions and procedures contained in the Standing Directions of the Minister for Finance.

PTV Board Remuneration Committee

The Committee ensures that PTV has coherent remuneration policies and practices which enable it to attract and retain staffing resources. It also ensures that PTV fairly and responsibly rewards executives, staff and contractors/contract employees, considering their responsibilities and performance, the performance of PTV and prevailing engagement and remuneration policies and conditions applied to employment by the Victorian Government.

PTV Board Health, Safety and Environment Sub-Committee

The 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, which then may provide appropriate recommendations to the Board.

ATTENDANCE AT MEETINGS OF THE BOARD AND ITS COMMITTEES

	Board		Audit and Risk		Remuneration		Health, Safety and Environment	
	Attended	Maximum Possible	Attended	Maximum Possible	Attended	Maximum Possible	Attended	Maximum Possible
Ian Dobbs	13	13	6	6	4	4	3	3
Douglas Bartley	13	13	6	6	4	4	–	–
Michael Taylor AO	13	13	6	6	3	4	3	3
Virginia Hickey	13	13	5	6	–	–	3	3
Craig Opie	13	13	–	–	4	4	–	–

Chief Finance Officer's Statement

As a government agency PTV is fully funded for its operating and capital expenditure. Therefore operating deficits reflect non-cash unfunded items such as depreciation and other accounting transactions.

The 2013–2014 Annual Report includes PTV's second full year financial statements. This year's statements include Franchise Asset Holdings Pty Ltd (AssetCo), an entity established as a result of the new bus franchise arrangements with Transdev. As a controlled entity, AssetCo financial information has been consolidated with PTV's and is represented in the consolidated column of the financial statements.

Financial Result

As a government agency PTV is fully funded for its operating and capital expenditure, therefore the operating result will reflect accounting transactions that do not require government funding and where revenue has been received but has been used for capital purposes. For 2013–2014, the net result was a deficit of $31.5 million which reflects depreciation that is not funded by government ($47.1 million), offset by revenue received for capital purposes ($16.4 million).

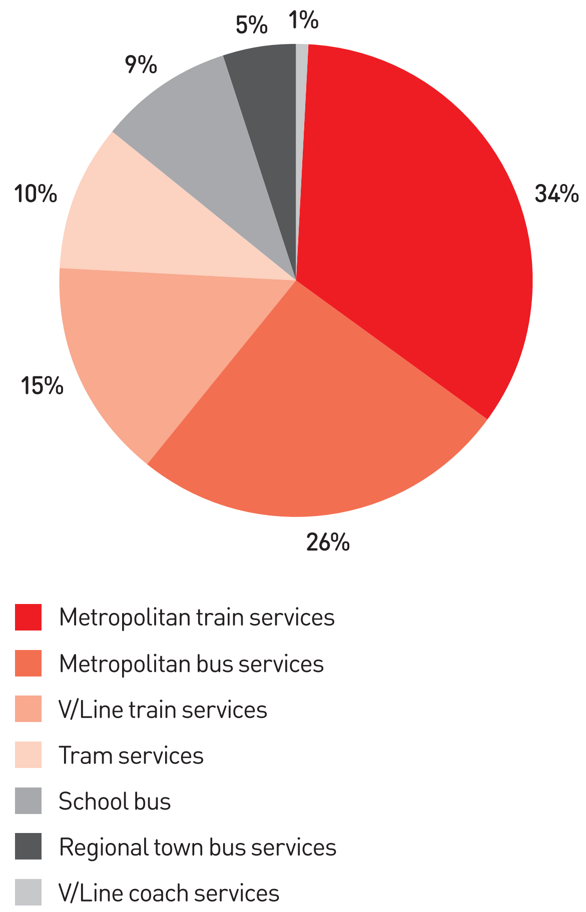
Income

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

Expenses

PTV's total operating expenses in 2013–2014 were $4.2 billion. The majority of PTV's expenditure was for payments to the transport service providers including $1.2 billion for metropolitan and regional train services, $0.2 billion for metropolitan tram services, $1.5 billion for the Government's capital assets charge for rail infrastructure, and $0.9 billion for bus services.

PAYMENTS TO TRANSPORT SERVICE PROVIDERS



Capital Expenditure

PTV's capital expenditure for 2013–2014 was approximately $693 million on major projects such as South Morang rail extension, the construction of growth area stations, Bayside rail improvement project, Balaclava and Grovedale station upgrades, Ringwood Station precinct upgrade, myki ticketing and transport integration projects, digital train radio system project, network renewal and franchisee projects, and the construction of facilities to support the deployment of Protective Services Officers at railway stations.

It also included expenditure on the procurement of new rolling stock with five E-Class trams on the network by June 2014. On order are 50 low-floor high-capacity trams, 43 regional railcars and eight X'Trapolis trains.

Rail assets created by PTV's capital expenditure are transferred by way of equity (refer to note 2(a) 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 asset 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 years 2013–2014 and 2012–2013 and the period from 15 December 2011 (date of establishment) to 30 June 2012.

FINANCIAL RESULTS

	2014 Group* $M	2013 $M	2012 Group** $M
Grant from Government	4,048.0	4,178.8	999.0
Total income from transactions	4,134.9	4,240.0	1,111.3
Total expense from transactions	(4,166.1)	(4,240.0)	(996.0)
Net result from transactions	(31.2)	0.1	115.3
Total other economic flows included in net results	(0.3)	(1.1)	0.0
Net results	(31.5)	(1.0)	115.3
Net cash flows from (used in) operating activities	29.9	84.6	16.9
Total assets	1,757.3	1,876.9	1,615.4
Total liabilities	(1,330.3)	(1,248.4)	(1,116.5)
Net assets	427.0	628.5	498.9

* For 2014, the Group result relates to the financial information of PTV and Franchise Asset Holdings.

** For 2012, the reporting period covered from 15 December 2011 to 30 June 2012. PTV was established as a legal entity on 15 December 2011 and commenced operation on 2 April 2012.

SECTION 2:

REPORT ON OPERATIONS

Achievements for the year

AN ACCESSIBLE, INTEGRATED PUBLIC TRANSPORT NETWORK

The Accessible Public Transport in Victoria Action Plan 2013–2017

An accessible public transport system is a major goal of PTV and vital to improving liveability and community participation. The Accessible Action Plan was released by the Victorian Government in December 2013. This five-year plan is designed to enable whole-of-journey accessibility. It is based on compliance with the Commonwealth Disability Standards for Accessible Public Transport 2002 (DSAPT) and the goals of the Victorian State Disability Plan 2013–2016. PTV has developed an implementation plan for the Accessible Action Plan.

Public Transport Access Committee and Public Transport Operators Committee

The Public Transport Access Committee (PTAC) provides independent strategic advice to the Minister for Public Transport, with the aim of improving public transport access for people with a disability or mobility issues. The Public Transport Operators' Committee (PTOC) brings together public transport operators and contributors to improve accessibility to public transport. These committees have made a major contribution, raising awareness and advising on public transport accessibility issues, transport strategies and proposals, research projects, and the development of the Accessible Action Plan.

Disability Discrimination Act (DDA) 1992 compliance

PTV manages the DDA Program, prioritising upgrades for train and bus infrastructure to maximise accessibility for customers with a disability or mobility restriction. In 2011–2012, the Government provided additional funding of $20 million over four years to continue to upgrade train and bus infrastructure in line with the DSAPT. This program has delivered improvements at 77 metro and 10 regional railway stations, including raised platforms installed at Box Hill, Mooroolbark and Boronia. It has also provided 446 bus stop upgrades in metro and regional locations, including Melton, Portland, Shepparton and Swan Hill.

Special events

PTV provided over 29,400 additional public transport services to carry 6.6 million passengers to more than 750 special events, contributing to Melbourne's reputation for liveability and excellence in the hosting of major events.

Close to 1,700 additional bus and tram trips were provided to transport more than 33,500 cruise ship patrons from Port Melbourne to the city.

SERVICE DELIVERY

Improved public transport performance

Victoria's public transport network delivered record performance results in 2013–2014, following the extensive rebuilding of timetables, the arrival of new trains and trams, and improvements to maintenance programs.

Metro delivered 98.9% of the timetabled service in 2013–2014, with 93.1% of services on time. In June 2014, Metro achieved its 26th consecutive month of punctuality above 90%.

Metro met its customer compensation thresholds for every month of 2013–2014, with consistently more than 98% of timetabled services delivered and more than 88% of services on time.

Yarra Trams delivered 98.9% of the timetabled service in 2013–2014, with 82.9% of services on time. Yarra Trams ended the year with its best punctuality performance result in more than a decade, with 86.4% of services on time in June 2014.

V/Line delivered 98.2% of services in 2013–2014, with 87.5% of services on time. This continued an upward trend, with a 3.7 percentage point improvement on the previous year. Services on several V/Line corridors are expected to experience reliability benefits when Regional Rail Link provides dedicated V/Line tracks for trains on the Geelong, Ballarat and Bendigo lines.

Improved summer performance

In November 2013 Yarra Trams began implementing a plan to manage demand for tram services in the lead up to Christmas, as well as the holiday season. Historically, this busy time has seen the performance of the system drop. It includes events such as the Australian Open, the St Kilda Festival and intense summer weather. The plan had a very positive effect with record punctuality results, which have been sustained.

Metropolitan Bus Services project

PTV created a new contract model with financial incentives for bus services to improve punctuality, reliability, safety, customer service and information. On 4 August 2013, 30 per cent of the Melbourne bus system transitioned to the new model. This included 50 bus routes, 100 school trips, 504 buses, and around 1,000 bus drivers operating from seven bus depots across Melbourne.

Regional Rail Link – platforms 15 and 16

In December 2013 as part of the Regional Rail Link (RRL) program Geelong line services began using dedicated V/Line tracks between South Kensington and the new platforms 15 and 16 at Southern Cross Station. Separating the regional and metropolitan rail lines will mean more reliable train services and less waiting time for passengers accessing metropolitan services.

New bus tracking system

PTV has introduced a lower cost, lower maintenance bus tracking system for Melbourne's 1,187 metropolitan buses. The new system will deliver many benefits, such as monitoring adherence to bus schedules, real-time service information for passengers and lower maintenance costs.

New metropolitan trains

In April 2013 the Premier announced that eight more X'Trapolis trains would be purchased. This $176 million project will also deliver stabling and signalling improvements. Body shells for the first trains are now in Ballarat where they will be assembled. Works have started on a new stabling yard at Calder Park.

New regional railcars

Three additional VLocity railcars were ordered, adding to the 40 railcars already on order with Bombardier Australia. This new rolling stock is required to support the introduction of RRL. Manufacture of the trains started in late 2013 in Dandenong and the first railcars are due in late 2014. The order is scheduled to be completed in 2016.

New trams

The Victorian Government is investing almost $809 million in new trams and infrastructure to support their introduction to the network. Five new E-Class trams entered service in late 2013 on Route 96. In all, 50 trams are being manufactured in Dandenong by Bombardier. The new trams are low-floor, high-capacity and offer better accessibility and amenity to passengers. The historic Preston workshops are being upgraded to house and maintain the trams and power upgrades across the network are underway.

W-Class trams

The 2011–2012 budget allocated $8 million over four years to restore and trial the return to operation of some of the W-Class trams that have been in storage. Two fully restored W-Class trams are in operation on the City Circle line while a third is being restored at the Bendigo tram workshop.

Rollout of myki on V/Line

myki ticketing was progressively implemented across V/Line commuter services from June 2013. By February 2014, the transition to myki for V/Line trains was completed. This major task was well implemented with the support of stakeholders, particularly V/Line. The vast majority of Victorian public transport services are now covered by myki, creating a fully integrated ticketing system accessible with a single card.

SAFETY AND SECURITY

Supporting Protective Services Officers

PTV delivered facilities at 97 metropolitan railway stations to support the roll out of PSOs.

School bus safety

Victorian school bus services remain the safest form of travel for children to and from school. This year the way students get on and off buses was improved, as this is when they are at most risk. Infrastructure improvements were supported by a PTV education campaign – Stay Safe Around the Bus Stop. In addition, each year PTV is replacing around 90 dedicated free school buses and retro-fitting seatbelts to another 10 buses. Over the first five years of this program the school bus fleet will go from 43 to 70 per cent with seatbelts.

THE PUBLIC FACE OF THE PUBLIC TRANSPORT SYSTEM

PTV's role, as outlined in the enabling legislation that led to our creation, is to serve as a customer-friendly organisation; a one-stop shop driving continuous improvement in service delivery and modal coordination through expert knowledge and strong partnerships; with a focus on the right of every Victorian to a safe and secure public transport network.

PTV Customer Advocate

PTV wants to ensure that its customers are satisfied with the quality of customer service they receive. In December 2013, PTV created the role of the Customer Advocate to investigate and resolve escalated complaints from public transport customers. The Customer Advocate gives PTV greater oversight of the quality of customer services being provided across the industry. It also enables PTV to understand and address customer dissatisfaction, and improve services.

In 2013–2014, PTV and its operators received 60,413 complaints and feedback cases relating to public transport industry matters. Since its introduction, the Customer Advocate has received 621 escalated complaints. The Customer Advocate also engaged with diverse community groups, reaching over 1,000 people across Victoria.

Mobile phone apps

During the year, PTV launched an upgrade of its iPhone app and delivered its first official travel app for Android phones. There have been more than 950,000 downloads and 358,000 updates since the app was first released in 2009. PTV's apps are a vital channel to deliver up-to-date and relevant travel information to customers, anywhere and anytime they need it. Improvements to the latest app include fewer touches to complete key tasks, easier access to the PTV journey planner, a simplified process for saving and accessing favourites and more detailed information about disruptions.

PTV supports the DataVic Access Policy for the release of PTV owned data so it is accessible to the community. In March 2014, PTV released timetable data to the public in a reliable, continuous, authoritative and usable format.

This is the first step in a comprehensive plan to provide greater access to public transport data.

Improvements to disruption communications

The provision of accurate and timely information about disruptions to public transport services is a driver of customer satisfaction. During the year, PTV has worked with public transport operators to improve the quality and timeliness of disruption information for customers. Initiatives include:

- a pilot of network status boards at three train stations on the Frankston line
- improved information about disruptions on the PTV website and apps
- a new weekly email about planned disruptions.

Call centre contract transition

The PTV call centre has around 35,000 customer contacts per week. In February 2014, a new contract with a strong emphasis on quality customer service was awarded to Salmat Australia to manage the call centre. The Salmat contract will save about $12 million over five years. It includes a technology road map to enable PTV to expand the number of customer channels and provide more self-service options.

PTV hubs

During the year, PTV continued to provide high quality customer services through PTV hubs, located at places like Southern Cross Station and Federation Square. Over 500,000 customers were served by the hubs. In July 2013, PTV opened its second permanent PTV hub at 750 Collins Street Docklands. It provides face-to-face customer service, administering over 42,000 travel passes per year.

Improving the customer experience

A three-year strategic plan to improve the quality of customer service delivered across the industry was developed during the year. New initiatives include: establishing an industry-wide operational benchmark for best practice customer service, setting customer experience standards and introducing evaluation methods to measure the delivery of the new standards.

Yarra Trams customer information improvements

Public Transport Victoria and Yarra Trams are trialling a number of innovations to enhance the customer experience. There are three trials currently underway including, mini-passenger information displays at stops, tramTRACKER passenger information displays at train stations and remote public address announcements at stops. This is in addition to live on board announcements to all trams during a disruption, as well as automatic next stop announcements on board low floor trams.

Removal of myki registration forms

myki registration forms have been removed to streamline services for customers. These forms tended to result in delays associated with administration, whereas registration via the call centre or PTV website is immediate. All paper myki forms will be removed over time.

CONSTRUCT AND MAINTAIN PUBLIC TRANSPORT INFRASTRUCTURE

Network maintenance

In the last year, more than $430 million in funding was available for Metro, V/Line and Yarra Trams for maintenance and renewal works.

Works have been carried out across the train and tram networks including laying new concrete sleepers, new overhead wires, new and upgraded substations to power more train services, and track upgrades.

A blitz of rail maintenance works between Burnley and Camberwell stations and on the Frankston, Hurstbridge, Craigieburn and South Morang corridors saw the placement of 43,000 concrete sleepers, maintenance and renewal of level crossings, platform works, bridge renewals and a variety of other maintenance and renewal works.

Maintenance and renewal activities in the City Loop this year included renewing base plates, concrete sleeper renewals, cleansing of the fire hydrant system, water valve renewals, emergency walkways and track structures, upgrading drainage and ventilation systems and improving emergency access.

Regional Rail Link

Regional Rail Link is under budget and ahead of schedule, with more than a billion dollars worth of construction undertaken in the past financial year.

In December 2013, Geelong line services began running into new regional platforms at Southern Cross Station, along the first four kilometres of dedicated V/Line track built by the project. Just over six months later, Ballarat and Bendigo services also began using dedicated V/line tracks built by Regional Rail Link, from Sunshine into Southern Cross Station.

The project has now constructed or significantly upgraded five railway stations, installed 178,000 sleepers and laid 120 kilometres of track to separate metropolitan and regional services, improving reliability, and creating space to run more services in the future. In Sunshine, the project has removed two level crossings on Anderson Road, creating a smoother journey for the 25,000 cars that use Anderson Road every day, and completed 13 road-over-rail grade separations throughout Melbourne's west.

The project is now approaching completion, with major construction due to wrap up by the end of 2014. Passenger services on the Regional Rail Link line, including Wyndham Vale and Tarneit, will commence progressively in 2015, following commissioning works, driver training and the progressive delivery of regional rolling stock.

Bayside Rail Improvement Project

The Bayside Rail Project is investing $115 million in improvements and upgrades along the Frankston, Werribee and Williamstown lines to enable X'Trapolis trains to operate on these lines and provide safer, more comfortable stations. Improvements throughout the year include the painting of station buildings, installation of CCTV and safety zones, as well as Network Status Boards at stations along the line, providing real-time information about how the public transport network is performing.

New station at Waurn Ponds

A new V/Line station is under construction on the Geelong line at Waurn Ponds. The state government has committed $24.93 million to build the station. It will have a fully enclosed waiting room, V/Line booking office, bus bays, kiss and ride, and bicycle facilities, as well as parking for almost 300 cars, lighting and CCTV. The station is expected to be completed in October 2014.

Balaclava Station upgrade

The Balaclava Station is undergoing an $18.9 million upgrade to provide DDA compliant ramps, improved lighting and seating, CCTV, wider platforms and PSO facilities. The works are expected to be completed by late 2014.

New station at Caroline Springs

A new $32 million V/Line station on the Ballarat line at Caroline Springs has been committed to and is in the detailed design stage. It will feature a 350 space car park, bus bays, kiss and ride, bicycle and taxi facilities and CCTV. The station is expected to be completed in early 2016.

New station at Southland

Early pre-construction investigative works are now underway for the new, $21 million station at Southland. Major construction is due to commence in 2015, with the station expected to open in 2016.

Talbot Station upgrade

For the first time in 20 years, passenger rail services returned to Talbot on Sunday, 22 December 2013.

The $2.5 million upgrade delivered a new platform with a shelter, a car park with 21 spaces including drop-off zones, a bus and taxi bay, a bus stop on Railway Street, lighting and landscaping.

The Scandinavian Crescent level crossing was also upgraded to accommodate boom barriers, improving safety in the local area.

Ringwood Station and interchange upgrade

The $66 million upgrade of the Ringwood Station precinct will deliver modern, integrated transport facilities. It will create a safer, more accessible and attractive place for people to live, work and visit. Existing station buildings will be upgraded with more comfortable passenger facilities. The bus interchange will also be reconstructed and expanded, and the Maroondah Highway pedestrian crossing will be improved. The project is in the planning and pre-construction phase with works expected to be completed in late 2016.

Epsom and Eaglehawk rail improvements

The new Epsom Station will be located on the Echuca line and four trains will service the station each weekday. Eaglehawk Station on the Swan Hill line will be modified to accommodate longer trains and a weekday morning Bendigo to Melbourne service will commence at Eaglehawk. Construction of Epsom railway station commenced in June 2014 with the upgrade works expected to be completed in late 2014.

Syndal Station car park

A project to provide a multi-storey car park at Syndal will provide an additional 250 car parking spaces. The project is in the planning phase with early works to relocate fibre optic cables within the rail corridor carried out between May and June 2014. The car park is expected to be completed by the end of 2015.

Grade separation – Springvale Road

The Springvale Road grade separation has improved traffic flow and increased safety around the Springvale Station precinct. This $159 million project upgraded the station, which opened in 2014, and removed the level crossing.

Grade separations – Mitcham and Rooks Road

The level crossings at Rooks Road and Mitcham Road, Mitcham have been removed at a cost of $197 million. A new premium station was built at Mitcham and overall traffic flow and safety for road users and pedestrians has been improved.

Victoria Parade and Nicholson Street

Yarra Trams delivered a $3 million track and overhead renewal project at the junction of Nicholson Street and Victoria Parade, Collingwood. The junction is used by the busy Route 96 and is a crucial piece of infrastructure during disruptions on other parts of the local tram network. In addition, the upgrade provided smoother rides for passengers.

Next-generation myki gates

New myki gates have been installed and are in operation at Mitcham and Springvale stations. These next generation gates will be installed progressively across the public transport network as new stations are built or existing stations are upgraded.

The new myki gates are quicker, meaning more customers can pass through the barriers faster. The new look gates are also more robust and can be installed outside in the elements.

The information displayed on the readers has also been simplified for a better customer experience.

PLAN FOR THE DEVELOPMENT OF THE PUBLIC TRANSPORT NETWORK

Plan Melbourne

Plan Melbourne is the State Government's vision for Melbourne and it will guide housing, commercial and industrial development through to 2050. It seeks to integrate land use, infrastructure and transport planning to meet population, housing and employment needs in the short to long term. Public transport will need to play an even greater role to maintain Melbourne's liveability and PTV provided significant input during the development of the plan.

PTV will help develop and implement a number of initiatives in the plan, and work has already begun on some projects. This includes working closely with the Department of Transport, Planning and Local Infrastructure (DTPLI), VicRoads and the recently formed Metropolitan Planning Authority.

Regional growth plans

PTV contributes to the development of regional growth plans, which provide broad direction for land use and development across regional Victoria, as well as detailed planning frameworks for key regional centres. The development of regional growth plans was led by DTPLI in a partnership between local and state government. This included consultation with the community and stakeholders.

Planning referrals

PTV works closely with councils, DTPLI, the Metropolitan Planning Authority, VicRoads, VicTrack and other agencies to better integrate transport and land use planning. PTV is also a referral authority under Section 55 of the *Planning and Environment Act 1987*. PTV considers relevant planning applications to ensure that current or future public transport operations are taken into account. PTV considered approximately 300 referrals this year.

Timetable transformation

In June 2014, the Government announced a statewide public transport timetable change for July 2014 to deliver almost 4,000 extra train, tram and bus services every week, and continue to transform the Victorian public transport network. The changes include:

- commencement of 10 minute interpeak frequencies on the Dandenong corridor, following similar service changes on the Frankston line, in line with our vision to create a "turn up and go" network
- new timetables for over 130 bus routes across Victoria so buses better connect with trains, are more frequent and service new areas
- a new tram Route 12, a simplified network, and extra services to boost capacity in fast-growing areas of the inner city.

Melbourne Rail Link

Melbourne Rail Link will increase the capacity of Melbourne's rail network by 30 per cent. The project will also deliver a rail link to Melbourne Airport.

The project will separate our busiest rail lines to improve reliability and relieve congestion caused by bottlenecks and will also enable the delivery of 30 additional peak hour services across the network. In May 2014, the State Government committed $830 million over four years for the project, with planning and design work now underway.

Cranbourne Pakenham Rail Corridor improvements

The proposed Cranbourne-Pakenham Rail Corridor Project aims deliver a 30 per cent capacity boost as well as improve reliability on one of Melbourne's busiest and most crowded rail corridors. The project aims to deliver 25 new next-generation, high-capacity metro trains, high-capacity signalling which would allow more trains to run more often and remove four level crossings, with newly rebuilt stations proposed at Clayton, Murrumbeena and Carnegie.

The project also aims to deliver a new train maintenance depot at Pakenham East which would improve the efficiency of train services and provide a designated maintenance facility for the corridor.

The Cranbourne-Pakenham Rail Corridor Project is in the exclusive negotiations phase of the Unsolicited Proposal assessment process, as set out in Stage 4 of the Victorian Government's Unsolicited Proposal Guideline (2014). The project is now being further developed by the Rail Transformation Consortium. At the end of this phase the State will conduct a further value for money assessment and determine whether it will enter into a final binding agreement for the project to be delivered.

Rowville rail study

The Stage 2 Final Report of the Rowville Rail Study was released in June 2014. This independent study reviewed bus services and infrastructure in the corridor. It also refined broad plans for the proposed rail line that were included in Stage 1, which will help guide future land use decisions in the area. Major new projects such as the Cranbourne-Pakenham Rail Corridor and Melbourne Rail Link, will increase capacity on the metropolitan rail network substantially, and allow rail services to Rowville to be introduced in the future.

Doncaster rail study

The independent Phase One Final Recommendations Report was submitted to PTV. Planning is being coordinated with the East West Road Link project. The recommended alignment would start at the Doncaster Park and Ride and generally follow the Eastern Freeway where it will connect into the Hurstbridge line near Collingwood Station and then continue into the city on existing tracks. There is insufficient capacity on the existing tracks between Clifton Hill and the City Loop for all South Morang, Hurstbridge and Doncaster trains. Further capacity works on the South Morang line between Clifton Hill and the City Loop would be required prior to the Doncaster rail project.

Tram Route 96

Route 96 is one of Melbourne's busiest tram routes operating along a 14 kilometre corridor from Blyth Street in East Brunswick, through the CBD to Acland Street, St Kilda. It has been selected as the first route to run the new low-floor E-Class trams. PTV, in partnership with Yarra Trams, VicRoads, local councils and the community, has been developing plans for infrastructure upgrades along Route 96 to improve access, safety, reliability and efficiency.

In mid-2013, PTV commenced a two month consultation on the proposed tram stop upgrades along the route. During this period, PTV conducted a series of 18 community and local business/trader drop in sessions, meetings with adjacent land users, and distributed a project information and a feedback form to more than 25,000 residents along the route.

The development of premium tram lines will enhance accessibility to the network for our customers and deliver an improved customer experience that is safer, more reliable, and gets people to where they are going faster.

Parkiteer cages

Six secure Parkiteer bike cages were added to the rail network in 2013–2014, bringing the total number of cages to 73. This includes cages delivered as part of the RRL and Mitcham grade separation projects.

TOURIST AND HERITAGE RAILWAYS

PTV continues to identify and supply equipment for reuse by the tourist and heritage groups. Key items supplied this year include surplus hi-rail vehicles and bridge beams. This is in addition to rail, sleepers and signalling equipment.

RESEARCH AND ANALYSIS

Station research

PTV has been involved in a research project led by Melbourne University about better stations and infrastructure. The project partners include PTV, VicRoads, DTPLI, VicTrack, MTM, five councils and five architecture firms. The project studied nine metropolitan train stations, examining station access, architectural design, land use integration, stations at level crossings and future development around station precincts. The study will be used as a reference point for future station infrastructure planning.

Brimbank bus route upgrade

Research and modelling evaluated how various factors influence customer decisions about bus travel, providing insights on how to align bus services to customer needs. The research enabled PTV to simulate how different service upgrades are likely to impact demand. This process will inform the upgrades to the Brimbank bus routes in April 2015.

Introduction of post-project evaluation

Analysis following the introduction of Williams Landing Station marked the first data-based evaluation as part of the project life cycle. It allowed PTV to evaluate how well the project delivered on its objectives and results will be used to inform investment and prioritisation of future projects.

Ensuring transparency

PTV publishes its research to increase its transparency, better meet customer needs and to provide a comprehensive view of the transport network to the public.

New research and analysis published this year included load survey results for trams and trains. It provided customers with information about services likely to have high capacity, enabling them to make more informed choices about which services to use and when.

PTV Performance Report

8 September 2014

The Hon. Terry Mulder MP
Minister for Public Transport

1 Spring Street
Melbourne VIC 3000

Dear Minister

PUBLIC TRANSPORT SYSTEM PERFORMANCE REPORT

On behalf of the Public Transport Development Authority, I am pleased to submit Public Transport Victoria'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 2013 to 30 June 2014, 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.

IAN DOBBS
Chairman

Metropolitan Public Transport Performance

METROPOLITAN TRAIN

PERFORMANCE SUMMARY – 12 MONTHS TO 30 JUNE 2014

Measure	Unit	Full year target	Full year actual
Customer satisfaction index	Score (/100)	69.0	69.7
Service punctuality	per cent	91.5	93.1
Scheduled services delivered (reliability)	per cent	98.7	98.9
Total kilometres scheduled	km (million)	22	21.9

Note: Targets are set annually, are agreed with Department of Treasury and Finance and are published in Budget Paper No. 3 each year.

Customer Satisfaction

Overall customer satisfaction with metropolitan trains for the 12 months to 30 June was 69.7. The result represents a gradual but consistent period of growth. Importantly and significantly for the June quarter 2014, metropolitan train achieved a record score of 70.4 – the highest since records began in 2009.

Metropolitan trains have achieved a consistent increase in satisfaction across all drivers. Notably, running of services, which is by far the strongest driver of overall customer satisfaction achieved a score of 70.4 for the 12 months to June 2014. This is an increase from 68.0 the previous year and a record score. Satisfaction with personal security rose to 68.8 for the 12 months to 30 June 2014, also a record.

Patronage

Metropolitan train services carried 232.0 million passengers for the 12 months to 30 June 2014. Train patronage increased 2.7 per cent for the 12 months ending June 2014. The June quarter was a record for train, with 60.9 million trips.

Punctuality, Reliability and Total Kilometres scheduled

Metro exceeded contractual thresholds for punctuality and reliability in each month from July 2013 to June 2014. No customer compensation was paid for the period because Metro met its benchmarks for punctual services (88.0 per cent) and reliability (98.0 per cent).

Metropolitan train kilometres were in line with targets.

TRAM

PERFORMANCE SUMMARY – 12 MONTHS TO 30 JUNE 2014

Measure	Unit	Full year target	Full year actual
Customer satisfaction index	Score (/100)	73.0	74.0
Service punctuality	per cent	82.5	82.9
Scheduled services delivered (reliability)	per cent	99.3	98.9
Total kilometres scheduled	km (million)	23.6	23.6

Note: Targets are set annually, are agreed with Department of Treasury and Finance and are published in Budget Paper No. 3 each year.

Customer Satisfaction

Overall customer satisfaction with trams for the 12 months to 30 June was 74.0. The result represents a period of gradual growth and a record score since records began in 2009.

The largest improvements in customer satisfaction for trams were with security (up 1.2 points) and information (up 1.1 points) in 2013–2014 over the previous year, to scores of 73.8 and 71.9 respectively.

Patronage

Tram services carried 176.9 million passengers for the 12 months to 30 June 2014, a decrease of 3.4 per cent for the year. Underlying economic conditions accounted for the weakening of tram patronage.

Punctuality, Reliability and Total Kilometres scheduled

Tram service punctuality improved over the year to June 2014, however, the proportion of timetable delivered (reliability) did not meet target as a result of a particularly poor result in January 2014, due to extreme heat. Without this event Yarra Trams would have met reliability targets for the 12 months. Yarra Trams exceeded customer compensation thresholds for all months except January 2014.

METROPOLITAN BUS

PERFORMANCE SUMMARY – 12 MONTHS TO 30 JUNE 2014

Measure	Unit	Full year target	Full year actual
Customer satisfaction index	Score (/100)	75.0	76.2
Service punctuality	per cent	95.0	91.8*
Scheduled services delivered (reliability)	per cent	99.9	>99.9*
Total kilometres scheduled	km (million)	114.8	109.2

Note: Targets are set annually, are agreed with Department of Treasury and Finance and are published in Budget Paper No. 3 each year.
Note: *Bus punctuality and reliability results are operator self-assessed and based on small sampling rates.

Customer Satisfaction

Overall customer satisfaction with metropolitan buses for the 12 months to June 2014 was 76.2. The result is an improvement on the previous year's score of 75.5, and is a record score.

The largest improvements in customer satisfaction for buses were with bus stops (up 1.0 points) and myki (up 0.5 points) in 2013–2014, over the previous year to scores of 74.1 and 63.2 respectively.

Patronage

Metropolitan bus services carried 127.6 million passengers for the 12 months to 30 June 2014, a significant increase of 10.2 per cent for the year. The June quarter was a record high for bus, and relative to the June quarter 2013, patronage has increased by 11.6 per cent.

Punctuality, Reliability and Total Kilometres scheduled

Metropolitan bus punctuality declined by 2.6 per cent in the year to June 2014. A dip in performance occurred during the transition of systems associated with the change to new bus operator, Transdev, in August 2013. Reported reliability remains consistently above 99.9 per cent. The move to a performance based contract for Transdev and the investment in a new bus tracking system will result in a significantly better understanding of the level of operational performance and the causes of disruption to services across the metropolitan bus network. Higher quality information will help drive transformational improvements in operational performance outcomes for passengers.

The lower actual kilometres run for metropolitan bus compared to the target is due to the Transdev contract reporting on live scheduled kilometres only. Non-service bus running kilometres will vary as new depots are constructed and bus driver rosters are continually changed. Live kilometres operated on Transdev services did not alter with the transition of services in August 2013. The 2013–2014 target was set prior to completion of contract negotiations with the operator. Based on the new contract, the revised outturn is now 109.7 million kilometres, down from 114.8 million kilometres as reported in Budget Paper 3 2013–2014.

LOAD STANDARDS

Load standard surveys to measure average peak passenger loads against load standard benchmarks are conducted in May and October of each year. The survey findings help PTV and operators pinpoint at which times on each of Melbourne's 15 rail lines and sections of tram routes where loads exceed the desired load standards during peak periods.

The survey results have an important role in examining the rail network's capacity and are used for planning purposes.

A desired standard is set according to the vehicle type and refers to the maximum desired passenger load. This standard does not relate to a safety requirement but refers to the relative comfort level.

Metropolitan train

The October 2013 and May 2014 Metropolitan Train Load Standard Surveys recorded the following:

May 2014 results	May 2012	May 2013	May 2014
Number of AM peak Rolling Hour Breaches	3	5	9
Number of PM peak Rolling Hour Breaches	5	6	9

AM Peak

- In the AM peak there were nine Rolling Hour Breaches. This represents an increase from May 2013, in which five were recorded.
- The July 2014 timetable is forecast to reduce the number of breaches and should trigger the lowest level AM peak breaches in years.

PM Peak

- In the PM peak there were nine Rolling Hour Breaches. This represents an increase from May 2013, in which six were recorded.
- The Caulfield Group had an additional three Rolling Hour Breaches (three to six) compared to May 2013. The July 2014 timetable is forecast to remove the breaches in the PM peak.

October 2013 results	Oct 2011	Oct 2012	Oct 2013
Number of AM peak Rolling Hour Breaches	4	4	4
Number of PM peak Rolling Hour Breaches	2	3	4

> In the AM peak there were four Rolling Hour Breaches, the same as October 2012. In the PM peak there were four Rolling Hour Breaches, an increase of one from October 2012.

PTV has recently taken delivery of seven new X'Trapolis trains with a further eight on order to be in service during 2015. These new trains and continuing refinement of the timetable will enable PTV to provide more services across the network and meet the challenges that increasing use of the train network presents.

Tram

Tram Load Standard Surveys were conducted at 12 locations in each of the last four surveys. The May 2014 and October 2013 Metropolitan Tram Load Standard Surveys recorded the following Rolling Hour Breaches:

May 2014 results	May 2012	May 2013	May 2014
AM peak	13	14	15
PM peak	6	8	11
Total	19	22	26

> In May 2014, a total of 26 rolling hour average loads above desired standards (breaches) were recorded:
  - 15 in the AM peak; one more than that recorded in May 2013
  - 11 in the PM peak; an increase of three from May 2013.

Of the total breaches in May that occurred, 72 per cent occurred on trams that have been classified as small (Z and A class). In May 2014, there were no rolling hour breaches on Route 96 which is serviced by E-Class trams.

October 2013 results	Oct 2011	Oct 2012	Oct 2013
AM peak	14	8	8
PM peak	7	1	6
Total	21	9	14

> In October 2013, a total of 14 rolling hour average loads above desired standards (breaches) were recorded:
  - eight in the AM peak; the same as that recorded in October 2012
  - one in the PM peak; an increase of five from October 2012.

As new, low-floor, high-capacity E-Class trams are introduced to Route 96, larger trams with greater capacity will be cascaded onto other routes providing benefits across the network and reducing load breaches.

Regional Public Transport Performance

REGIONAL (V/LINE) TRAIN AND COACH

PERFORMANCE SUMMARY – 12 MONTHS TO 30 JUNE 2014

Measure	Unit	Full year target	Full year actual
Customer satisfaction index: regional train	Score (/100)	76.0	76.1
Customer satisfaction index: regional coach	Score (/100)	81.0	82.1
Service punctuality: regional train	per cent	92.0	87.5
Scheduled services delivered: regional train (reliability)	per cent	98.5	98.2
Total kilometres scheduled: regional train and coach	km (million)	22.1	22.2

Note: Targets are set annually, are agreed with Department of Treasury and Finance and are published in Budget Paper No. 3 each year.
Note: Regional coach refers to long-haul coach services, not town bus services. Refer below for town bus services.

Customer Satisfaction

Overall customer satisfaction with V/Line trains for the 12 months to June 2014, was 76.1, marginally above the score for the corresponding period in 2013 (75.8).

Overall customer satisfaction with V/Line coach services remained stable in the 12 months to 30 June 2014, at 82.1, equal with the same period in the previous year.

Patronage

Regional train services carried 13.0 million passengers for the 12 months to 30 June 2014, while regional coach services carried 1.5 million passengers over the same period.

Patronage on regional trains declined by 1.9 per cent for the 12 months ended 30 June 2014, compared to the previous year.

Patronage on regional coach declined by 1.2 per cent for the 12 months ended 30 June 2014, compared to the previous year.

With the opening of the electrified track between Watergardens and Sunbury in November 2012, V/Line passengers began using Metro services. This shift in mode use, and Regional Rail Link occupations has contributed to the decline in V/Line patronage.

Punctuality, Reliability and Total Kilometres scheduled

For the year to June 2014, punctuality of V/Line train services was 87.5 per cent. V/Line did not meet its contractual punctuality threshold of 92 per cent in any quarter during the year. Punctuality was lowest in April, with only 82.7 per cent of services arriving on time. October and November were the best performing months, with 90.7 per cent of services arriving on time. Regional train punctuality is affected by a range of factors including infrastructure and train faults, congestion on the metropolitan train network and disruptions on the northern line due to track condition. Regional Rail Link is a crucial project for relieving congestion impacting performance on the regional and metropolitan networks.

Regional train reliability was 98.2 per cent for the year to June 2014, exceeding V/Line's contractual threshold of 96 per cent.

There has been a small increase in regional train kilometres predominantly due to service extensions implemented in December 2013.

Significant changes to V/Line's management and governance in 2013–2014 has boosted the regional rail operator's focus on customer service, while improving business efficiency and effectiveness.

Management embedded a 'one team' ethos that drove new models of customer service and service delivery throughout the period.

REGIONAL BUS (TOWN BUS SERVICES)

PERFORMANCE SUMMARY – 12 MONTHS TO 30 JUNE 2014

Measure	Unit	Full year target	Full year actual
Customer satisfaction index	Score (/100)	81	81.5
Service punctuality	per cent	94.0	95.1
Scheduled services delivered (reliability)	per cent	99.0	>99.9
Total kilometres scheduled	km (million)	23	22.9

Note: Targets are set annually, are agreed with Department of Treasury and Finance and are published in Budget Paper No. 3 each year.
Note: *Bus punctuality and reliability results are operator self-assessed and based on small sampling rates.

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 achieved an average score for the 12 months to 30 June 2014 of 81.5.

Regular surveying of regional town bus customers in defined locations commenced in early 2012, to allow for reporting on a rolling annual basis at any point in time.

Patronage

Regional bus carried 15.2 million passengers for the 12 months to 30 June 2014. Patronage on regional bus grew by 2.8 per cent in the year ending 30 June 2014.

Punctuality, Reliability and Total Kilometres scheduled

For the year to June 2014, the percentage of regional bus services delivered and punctuality are estimated to be >99.9 per cent and 95.1 per cent respectively. Bus punctuality and reliability results are operator self-assessed and based on small sampling rates.

Fare evasion

FARE EVASION

Fare Evasion rates are measured through surveys taken in May and October each year. In the 2013–2014 year, there was a significant reduction in fare evasion across the metropolitan network from 11.9 per cent in May 2013, to 8.9 per cent in October 2013, and a slight further reduction to 8.7 per cent in May 2014.

The May 2014 survey showed that fare evasion rates declined significantly on trains, but increased on trams and buses. The rates for each mode are shown below:

- metropolitan trains: 6.3 per cent (down from 9.9 per cent in May 2013 and 8.4 in October 2013)
- metropolitan trams: 8.8 per cent (down from 11.9 per cent in May 2013 but up from 8.0 per cent in October 2013)
- metropolitan buses: 12.7 per cent (down from 16.0 per cent in May 2013 but up from 11.2 per cent in October 2013)
- V/Line trains: 4.9 per cent (up from 4.7 per cent in May 2013 but down from 5.1 per cent on October 2013).

The Network Revenue Protection Plan, developed by PTV with the operators continues to support targeted activities to reduce fare evasion.

Recent activities include:

- The PTV 'freeloaders' campaign targeted repeat, high-frequency, deliberate fare evaders, emphasising the presence of Authorised Officers on the public transport network
- Train, tram and bus Authorised Officers have continued to work together to conduct multi-modal operations, particularly at transport hubs and at special events
- Barriers at Southern Cross Station are now closed after major sporting events. Metro Trains and PTV have worked with Etihad Stadium to make announcements to ensure passengers are prepared
- Increased focus on 'at stop' ticket checking for trams.

SECTION 3:

FINANCIAL STATEMENTS

These financial statements for the year ended 30 June 2014 are prepared for the Public Transport Development Authority (operating as Public Transport Victoria) and its controlled entity.

A description of the nature of 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**

Chairman of Board's, Accountable Officer's and Chief Finance and Accounting Officer's Declaration

PUBLIC TRANSPORT DEVELOPMENT AUTHORITY

Chairman of Board's, Accountable Officer's and Chief Finance and Accounting Officer's Declaration

The attached consolidated 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 consolidated comprehensive operating statement, consolidated balance sheet, consolidated statement of changes in equity, consolidated cash flow statement and accompanying notes, presents fairly the financial transactions during the year ended 30 June 2014 and financial position of the Public Transport Development Authority and its controlled entity as at 30 June 2014.

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

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

IAN DOBBS
Chairman of Board
10 September 2014
Melbourne

MARK WILD
Chief Executive
8 September 2014
Melbourne

FRED CILIA
Director Finance
8 September 2014
Melbourne

Victorian Auditor-General's Report

VAGO
Victorian Auditor-General's Office

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Email comments@audit.vic.gov.au
Website www.audit.vic.gov.au

INDEPENDENT AUDITOR'S REPORT

To the Board Members, Public Transport Development Authority

The Financial Report

The accompanying financial report for the year ended 30 June 2014 of the Public Transport Development Authority which comprises the consolidated comprehensive operating statement, consolidated balance sheet, consolidated statement of changes in equity, consolidated cash flow statement, notes to the consolidated financial statements comprising a summary of significant accounting policies and other explanatory information, and the chairman of board's, accountable officer's and chief finance and accounting officer's declaration has been audited.

The Board Members' Responsibility for the Financial Report

The Board Members of the Public Transport Development Authority are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards, and the financial reporting requirements of the *Financial Management Act 1994*, and for such internal control as the Board Members determine is necessary to enable the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

Auditing in the Public Interest

Independent Auditor's Report (continued)

Independence

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

Opinion

In my opinion, the financial report presents fairly, in all material respects, the financial position of the Public Transport Development Authority and the consolidated entity as at 30 June 2014 and of its financial performance and its cash flows for the year then ended in accordance with applicable Australian Accounting Standards, and the financial reporting requirements of the *Financial Management Act 1994*.

Matters Relating to the Electronic Publication of the Audited Financial Report

This auditor's report relates to the financial report of the Public Transport Development Authority for the year ended 30 June 2014 included both in the Public Transport Development Authority's annual report and on the website. The Board Members of the Public Transport Development Authority are responsible for the integrity of the Public Transport Development Authority's website. I have not been engaged to report on the integrity of the Public Transport Development Authority's website. The auditor's report refers only to the subject matter described above. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements. If users of the financial report are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the audited financial report to confirm the information contained in the website version of the financial report.

MELBOURNE
11 September 2014

for John Doyle
Auditor-General

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Auditing in the Public Interest

CONSOLIDATED COMPREHENSIVE OPERATING STATEMENT FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014

	Note	Consolidated 2014 $'000	Parent 2014 $'000	2013 $'000
CONTINUING OPERATIONS				
INCOME FROM TRANSACTIONS				
Grants		4,048,025	4,048,025	4,178,806
Fair value of assets and services received free of charge[i]	3(a)	54,827	54,827	40,238
Operators' contribution for marketing and communications	3(b)	8,649	8,649	8,435
Issuance fee of myki cards	3(c)	13,651	13,651	7,777
Interest	3(d)	3,916	3,916	2,899
Other income	3(e)	5,821	5,821	1,670
Total income from transactions		**4,134,889**	**4,134,889**	**4,239,825**
EXPENSES FROM TRANSACTIONS				
Payments to service providers and transport agencies	4(a)	(3,948,003)	(3,948,003)	(4,057,343)
Supplies and services	4(b)	(61,292)	(61,292)	(58,104)
Employee expenses	4(c)	(45,625)	(45,625)	(50,533)
Depreciation and amortisation	4(d)	(47,070)	(47,070)	(27,884)
Interest expense	4(e)	(39,074)	(39,074)	(32,548)
Capital asset charge		(7,155)	(7,155)	(7,155)
Fair value of assets and services provided free of charge[ii]	4(f)	(17,900)	(17,900)	(6,200)
Total expenses from transactions		**(4,166,119)**	**(4,166,119)**	**(4,239,767)**
Net result from transactions (net operating balance)		**(31,230)**	**(31,230)**	**58**
OTHER ECONOMIC FLOWS INCLUDED IN NET RESULT				
Net gains/(losses) on non-financial assets	5(a)	(12)	(12)	(1,315)
Other gains/(losses) from other economic flows	5(b)	(298)	(298)	239
Total other economic flows included in net result		**(310)**	**(310)**	**(1,076)**
Net result		**(31,540)**	**(31,540)**	**(1,018)**
Comprehensive result		**(31,540)**	**(31,540)**	**(1,018)**

(i) $54,472,000 represents the use of ticketing (myki) assets held by VicTrack. The fair value calculation of this income is determined as the depreciation charge of the assets (see note 3(a) for details and the comparative number for 2012–2013).

(ii) As above, PTV provided maintenance of ticketing assets free of charge to VicTrack. The fair value calculation is the actual cost of maintenance for these assets.

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

CONSOLIDATED BALANCE SHEET AS AT 30 JUNE 2014

	Note	Consolidated 2014 $'000	Parent 2014 $'000	2013 $'000
ASSETS				
FINANCIAL ASSETS				
Cash and deposits	17(a)	58,714	58,714	45,827
Receivables	6	434,514	434,514	484,819
Total financial assets		**493,228**	**493,228**	**530,646**
NON-FINANCIAL ASSETS				
Prepayments		579	579	7,858
Inventories	7	5,031	5,031	3,786
Property, plant and equipment	8	1,251,091	1,251,091	1,262,796
Intangible assets	9	7,405	7,405	71,774
Total non-financial assets		**1,264,106**	**1,264,106**	**1,346,214**
Total assets		**1,757,334**	**1,757,334**	**1,876,860**
LIABILITIES				
Payables	10	521,964	521,964	529,502
Borrowings	11	481,993	481,993	377,429
Provisions	12	326,351	326,351	341,448
Total liabilities		**1,330,308**	**1,330,308**	**1,248,379**
Net assets		**427,026**	**427,026**	**628,481**
EQUITY				
Contributed capital		344,260	344,260	514,175
Accumulated surplus/(deficit)		82,766	82,766	114,306
Net worth		**427,026**	**427,026**	**628,481**
Commitments for expenditure	14			
Contingent assets and liabilities	15			

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014

	Note	Contributions by owner $'000	Accumulated surplus $'000	Total $'000
CONSOLIDATED				
Balance at 30 June 2013		514,175	114,306	628,481
Net result for the year		–	(31,540)	(31,540)
Capital contributions funding from DTPLI during the period		626,455	–	626,455
Capital transfer to VicTrack	2(a)	(796,370)	–	(796,370)
Balance at 30 June 2014		**344,260**	**82,766**	**427,026**
PARENT				
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(b)(i)	86,542	–	86,542
Administrative restructure – residual net assets received from Transport Ticketing Authority	2(b)(ii)	422	–	422
Capital contributions funding from DTPLI during the year		566,806	–	566,806
Capital transfer to VicTrack	2(a)	(523,195)	–	(523,195)
Balance at 30 June 2013		**514,175**	**114,306**	**628,481**
Net result for the year		–	(31,540)	(31,540)
Capital contributions funding from DTPLI during the year		626,455	–	626,455
Capital transfer to VicTrack	2(a)	(796,370)	–	(796,370)
Balance at 30 June 2014		**344,260**	**82,766**	**427,026**

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

CONSOLIDATED CASH FLOW STATEMENT FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014

	Note	Consolidated 2014 $'000	Parent 2014 $'000	2013 $'000
CASH FLOWS FROM OPERATING ACTIVITIES				
RECEIPTS				
Receipts from DTPLI		4,101,318	4,101,318	4,094,364
Farebox revenue received[i]		435,185	435,185	603,867
Goods and Services Tax recovered from the ATO		301,767	301,767	257,360
Receipts from operators		8,649	8,649	8,435
Interest received		3,916	3,916	2,899
Other receipts		19,563	19,563	8,769
Total receipts		**4,870,398**	**4,870,398**	**4,975,694**
PAYMENTS				
Payments to service providers and transport agencies		(2,716,841)	(2,716,841)	(2,730,563)
Farebox revenue (remitted to DTPLI)[i]		(438,777)	(438,777)	(600,308)
Farebox revenue (remitted to transport operators)		(3,568)	(3,568)	–
Payments to suppliers and employees		(111,493)	(111,493)	(100,794)
Interest and other costs of finance paid		(38,261)	(38,261)	(31,078)
Capital asset charge		(1,531,580)	(1,531,580)	(1,428,369)
Total payments		**(4,840,520)**	**(4,840,520)**	**(4,891,112)**
Net cash flows from/(used in) operating activities	17(c)	**29,878**	**29,878**	**84,582**
CASH FLOWS FROM INVESTING ACTIVITIES				
Payments for non-financial assets		(747,328)	(635,128)	(672,564)
Proceeds from insurance for train replacement		–	–	10,173
Proceeds from disposals of non-financial assets		130	130	357
Cash received from bank account/activity transferred in		–	–	405
Net cash flows from/(used in) investing activities		**(747,198)**	**(634,998)**	**(661,629)**
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from capital contributions by DTPLI		626,456	626,456	566,806
Proceeds from borrowings		112,200	–	–
Repayments of borrowings and finance lease liabilities		(8,449)	(8,449)	(231)
Net cash flows from/(used in) financing activities		**730,207**	**618,007**	**566,575**
Net increase/(decrease) in cash and cash equivalents		**12,887**	**12,887**	**(10,472)**
Cash and cash equivalents at the beginning of the financial year		45,827	45,827	56,299
Cash and cash equivalents at the end of the financial year	17(a)	**58,714**	**58,714**	**45,827**

(i) Up until 31 December 2013, the metropolitan farebox revenue was received and paid to DTPLI, while the train and tram franchises received New Ticketing Revenue Guarantee Payments (NTRGP). From 1 January 2014 the NTRGP ceased, with the train and tram franchises receiving their agreed share of the metropolitan farebox revenue directly. In 2012–2013 the whole metropolitan farebox revenue was received and paid to DTPLI while the train and tram franchises were paid NTRGP in lieu of their share of the metropolitan farebox revenue.

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

Notes to the consolidated financial statements

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) and the group, for the financial year ended 30 June 2014. The purpose of the report is to provide users with information about PTV's stewardship of resources entrusted to it.

(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 8 September 2014.

(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 position of $47.6 million (2013: $21.8 million). 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 and the board is satisfied that PTV will be able to meet its financial obligations as and when they fall due for 12 months after the sign off of the Annual Report.

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(l)), and
- superannuation expense (refer to Note 1(h)).

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.

Consistent with AASB 13 Fair Value Measurement, PTV determines the policies and procedures for both recurring fair value measurements such as property, plant and equipment in accordance with the requirements of AASB 13 and the relevant Financial Reporting Directions.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

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

For the purpose of fair value disclosures, PTV has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

In addition, PTV determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The accounting policies set out below have been applied in preparing the consolidated financial statements for the year ended 30 June 2014, and the comparative information of PTV presented for the year ended 30 June 2013, to conform to current year presentation.

(c) Reporting entity

The consolidated financial statements cover the Public Transport Development Authority, operating as Public Transport Victoria (PTV) and the entity controlled during the period (refer to Notes 1(b) and 1(d)).

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 15, which does not form part of the consolidated 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 a reporting entity controlled by PTV as at 30 June 2014, and its income and expenses for that part of the reporting period in which control existed.

PTV is considered to have control over Franchise Asset Holdings Pty Ltd ("Franchise Asset Holdings") from 4 August 2013. Franchise Asset Holdings is a special purpose entity for the purpose of acquisition and financing of buses and development of bus depots as part of the franchise arrangement with Transdev Melbourne Pty Ltd. The results of Franchise Asset Holdings are included in the consolidated comprehensive operating statement from 4 August 2013, the date on which control commenced. The only reporting entity controlled by PTV as at 30 June 2014 was Franchise Asset Holdings.

In the process of preparing consolidated financial statements for PTV, all material transactions and balances between the consolidated entities are eliminated.

(e) Scope and presentation of financial statements

Consolidated comprehensive operating statement

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

The net result is equivalent to profit or loss derived in accordance with AASs.

This classification is consistent with the whole of government reporting format and is allowed under AASB 101 *Presentation of Financial Statements*.

Consolidated 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.

Consolidated 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*.

Consolidated statement of changes in equity

The consolidated 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) Changes in accounting policies

Subsequent to the 2012–2013 reporting period, the following new and revised Standards have been adopted in the current period with their financial impact detailed as below.

AASB 13 Fair Value Measurement

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

However, AASB 13 has predominantly impacted the disclosures of PTV. It requires specific disclosures about fair value measurements and disclosures of fair values, some of which replace existing disclosure requirements in other standards, including AASB 7 *Financial Instruments: Disclosures*.

The disclosure requirements of AASB 13 apply prospectively and need not be applied in comparative information before first application. Consequently, the 2012–2013 comparatives of these disclosures have not been provided, except for financial instruments, of which the fair value disclosures are required under AASB 7 *Financial Instruments: Disclosures*.

AASB 119 Employee Benefits

In 2013–2014, PTV has applied AASB 119 Employee benefits (Sept 2011, as amended) and the related consequential amendments for the first time.

The revised AASB 119 changes the accounting for defined benefit plans and termination benefits. The most significant change relates to the accounting for changes in defined benefit obligation and plan assets. As the current accounting policy is for the Department of Treasury and Finance to recognise and disclose the State's defined benefit liabilities in its financial statements, changes in defined benefit obligations and plan assets will have limited impact on PTV.

The revised standard also changes the definition of short-term employee benefits. These were previously benefits that were expected to be settled within twelve months after the end of the reporting period in which the employees render the related service, however, short-term employee benefits are now defined as benefits expected to be settled wholly within twelve months after the end of the reporting period in which the employees render the related service. PTV has considered the impact of the change in definition and found the change has not materially altered the measurement of the annual leave provision.

(g) 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.

PTV has the use of ticketing assets free of charge from VicTrack (2013: Transport Ticketing Authority). Fair value of the use of ticketing assets free of charge is determined as the depreciation charge of ticketing assets.

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.

(h) 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(m) 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	Estimated 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*
Vehicles	18
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(l)).

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(k).

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.

PTV provided maintenance of ticketing assets free of charge from VicTrack (2013: Transport Ticketing Authority). Fair value of maintenance of ticketing assets free of charge is determined as the actual costs of maintenance of ticketing assets.

(i) 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(l) – 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(l)).

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 an other 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(l) 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.

(j) 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(k)), 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.

(k) Financial assets

Cash and deposits

Cash and deposits recognised on the consolidated balance sheet 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 readily convertible to known amounts of cash with an insignificant risk of changes in value.

For cash flow statement presentation purposes, cash and cash equivalents include bank overdrafts (if any), which are included as borrowings on the balance sheet.

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(j).

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 methods in accordance with AASB 136 *Impairment of assets*.

(l) 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. More details about the valuation techniques and inputs used in determining the fair value of non-financial physical assets are discussed in Note 8 *Property, plant and equipment*.

The initial cost for non-financial physical assets under a finance lease (refer to Note 1(n)) 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.

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 physical 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. Therefore, unless otherwise disclosed, the current use of these non-financial physical assets will be their highest and best uses.

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(i).

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(h), Amortisation of non-produced intangible assets in Note 1(h) and Impairment of non-financial assets in Note 1(i).

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:

(a) the technical feasibility of completing the intangible asset so that it will be available for use or sale

(b) an intention to complete the intangible asset and use or sell it

(c) the ability to use or sell the intangible asset

(d) the intangible asset will generate probable future economic benefits

(e) the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset

(f) 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.

(m) 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(j)). 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(n) 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, including non-monetary benefits annual leave and accumulating sick leave, are all recognised in the provision for employee benefits as current liabilities, because PTV does not have an unconditional right to defer settlements of these liabilities.

Depending on the expectation of the timing of settlement, liabilities for wages and salaries, annual leave and sick leave are measured at:

- undiscounted value if PTV expects to wholly settle within 12 months; or
- present value if PTV does not expect to wholly settle within 12 months.

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:

- undiscounted value – if PTV expects to wholly settle within 12 months; and
- present value – if PTV does not expect to wholly 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(i) Other economic flows included 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.

On-costs

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

(n) Leases

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

Leases are classified at their inception as either operating or finance leases based on the economic substance of the agreement so as to reflect the risks and 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 accounted for as a non-financial physical asset. If there is certainty that PTV will obtain the ownership of the lease asset by the end of the lease term, the asset shall be depreciated over the useful life of the asset. If there is no reasonable certainty that the lessee will obtain ownership by the end of the lease term, the asset shall be fully depreciated over the shorter of the lease term and its useful life.

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

Franchise Asset Holdings as lessor

Amount due from PTV as lessee under finance lease is recorded as receivable. Finance lease receivable is initially recorded at amount equal to the present value of the minimum lease payments receivable plus the present value of any unguaranteed residual value expected to accrue at the end of the lease term. Finance lease receipts are apportioned between periodic interest income and reduction of the lease receivable over the term of the lease in order to reflect a constant periodic rate of return on the net investment outstanding in respect of the lease.

In preparing the consolidated balance sheet, finance lease receivable and payable between the consolidated entities are eliminated.

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.

(o) 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.

(p) 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 expenditures cease to be disclosed as commitments once the related liabilities are recognised in the balance sheet.

(q) Contingent assets and contingent liabilities

Contingent assets and contingent liabilities are not recognised in the balance sheet, but are disclosed by way of a note (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.

(r) 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(p) and Note 1(q)).

(s) 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.

(t) 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.

(u) New accounting standards and interpretations

Certain new AASs have been published that are not mandatory for the 30 June 2014 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 2014, the following standards (applicable to PTV) have been issued by the AASB but not yet effective. They become effective for the first financial statements for the reporting periods commencing after the stated operative dates as follows:

Standard	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 2017	The preliminary assessment has identified that the financial impact of available for sale (AFS) assets will now be reported through other comprehensive income (OCI) and no longer recycled to the profit and loss. While the preliminary assessment has not identified any material impact arising from AASB 9, it will continue to be monitored and assessed.
AASB 10 *Consolidated Financial Statements*	This Standard forms the basis for determining which entities should be consolidated into an entity's financial statements. AASB 10 defines 'control' as requiring exposure or rights to variable returns and the ability to affect those returns through power over an investee, which may broaden the concept of control for public sector entities. The AASB has issued an Australian Implementation Guidance for Not-for-Profit Entities – Control and Structured Entities that explains and illustrates how the principles in the Standard apply from the perspective of not-for-profit entities in the private and public sectors.	1 January 2014 (not-for-profit entities)	For the public sector, AASB 10 builds on the control guidance that existed in AASB 127 and Interpretation 112 and is not expected to change which entities need to be consolidated. Ongoing work is being done to monitor and assess the impact of this standard.
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 not-for-profit (NFP) entities within the GGS, provided that these entities present separate budget to the parliament.	1 July 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 2013–2014 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 AASB Interpretation in the list below is also not effective for the 2013–2014 reporting period and is considered to have insignificant impacts on public sector reporting.

- AASB 2010–7 *Amendments to Australian Accounting Standards arising from AASB 9 (December 2010)*
- AASB 2011–7 *Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards*
- 2013–3 *Amendments to AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets*
- 2013–6 *Amendments to AASB 136 arising from Reduced Disclosure Requirements*
- 2013–9 *Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments*
- 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 of rail infrastructure assets from PTV to VicTrack

On 30 June 2014, and 30 June 2013, rail infrastructure assets under construction were transferred from PTV to VicTrack as a capital contribution.

	Consolidated 2014 $'000	Parent 2014 $'000	2013 $'000
ASSETS			
Infrastructure assets under construction	796,370	796,370	523,195
Net assets transferred to VicTrack	**796,370**	**796,370**	**523,195**

(b) 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**

NOTE 3: INCOME FROM TRANSACTIONS

	Consolidated 2014 $'000	Parent 2014 $'000	2013 $'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]	54,472	54,472	11,816
Fair value of assets received free of charge from local councils and developers	355	355	789
Fair value of land received free of charge from DTPLI	–	–	749
Total fair value of assets and services received free of charge	**54,827**	**54,827**	**40,238**
(b) OPERATORS' CONTRIBUTION FOR MARKETING AND COMMUNICATIONS			
Operators' contribution for marketing and communications	8,649	8,649	8,435
Total operators' contribution for marketing and communications	**8,649**	**8,649**	**8,435**
(c) ISSUANCE FEE OF MYKI CARDS			
Issuance fee of myki cards	13,651	13,651	7,777
Total issuance fee of myki cards	**13,651**	**13,651**	**7,777**
(d) INTEREST			
Interest on deposits	3,916	3,916	2,899
Total interest	**3,916**	**3,916**	**2,899**
(e) OTHER INCOME			
Revenue adjustment from levies	5,068	5,068	–
Sales of travel passes through PTV retail outlets	–	–	986
Cost recovery	723	723	671
Property rental	30	30	13
Total other income	**5,821**	**5,821**	**1,670**

(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 2012–2013 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) For the year ended 30 June 2014, PTV has the use of assets of myki ticketing system (myki assets) owned by VicTrack. As a result, PTV recognises the fair value of the use of myki assets free of charge. Fair value of the use of myki assets for the year ended 30 June 2014 is determined as the depreciation charge of myki assets of $54,472,000 and is recognised as resources received free of charge. In 2012–2013, PTV took over the ticketing function on 1 January 2013 and had the use of myki assets for 6 months.

NOTE 4: EXPENSES FROM TRANSACTIONS

	Note	Consolidated 2014 $'000	Parent 2014 $'000	2013 $'000
(a) PAYMENTS TO SERVICE PROVIDERS AND TRANSPORT AGENCIES				
Rail system operation and related services[i]		(1,403,724)	(1,403,724)	(1,632,027)
Grants for capital asset charge		(1,524,425)	(1,524,425)	(1,421,214)
Total rail services		**(2,928,149)**	**(2,928,149)**	**(3,053,241)**
Bus services		(926,477)	(926,477)	(944,237)
Ticketing services[ii]		(93,377)	(93,377)	(59,865)
Total payments to service providers and transport agencies		**(3,948,003)**	**(3,948,003)**	**(4,057,343)**
(b) SUPPLIES AND SERVICES				
Communications, marketing and information technology		(37,390)	(37,390)	(35,364)
Grants for community and social benefits		(7,493)	(7,493)	(5,739)
Accommodation		(5,993)	(5,993)	(4,538)
Insurance, legal and internal audit fees		(2,019)	(2,019)	(1,236)
Contractors for services		(8,157)	(8,157)	(11,042)
Audit fee		(240)	(240)	(185)
Total supplies and services		**(61,292)**	**(61,292)**	**(58,104)**
(c) EMPLOYEE EXPENSES				
Salaries and wages		(32,286)	(32,286)	(33,598)
Annual leave and long services leave expense		(4,763)	(4,763)	(5,005)
Superannuation (excluding salary sacrifice)		(3,684)	(3,684)	(3,507)
Workforce reduction payments		(1,315)	(1,315)	(4,904)
Other on-costs (fringe benefits tax, payroll tax and work cover levy)		(3,577)	(3,577)	(3,519)
Total employee expenses		**(45,625)**	**(45,625)**	**(50,533)**
(d) DEPRECIATION AND AMORTISATION				
Depreciation and amortisation of property, plant and equipment				
Buildings[iii]		(11,898)	(11,898)	(11,900)
Infrastructure assets		(15,357)	(15,357)	(10,917)
Plant and equipment		(3,722)	(3,722)	(203)
Leasehold improvements		(4,764)	(4,764)	(1,819)
Vehicles		(8,189)	–	–
Leased vehicles		(192)	(8,381)	(248)
Cultural Assets		(77)	(77)	(77)
Total for property, plant and equipment	8	**(44,199)**	**(44,199)**	**(25,164)**

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	Note	Consolidated 2014 $'000	Parent 2014 $'000	2013 $'000
Amortisation				
Intangible assets		(2,871)	(2,871)	(2,720)
Total for intangibles	9	**(2,871)**	**(2,871)**	**(2,720)**
Total depreciation and amortisation		**(47,070)**	**(47,070)**	**(27,884)**
(e) INTEREST EXPENSES				
Interest on loan		(6,422)	–	–
Interest on finance leases		(32,652)	(39,074)	(32,548)
Total interest expenses		**(39,074)**	**(39,074)**	**(32,548)**
(f) ASSETS AND SERVICES PROVIDED FREE OF CHARGE				
Fair value of services provided free of charge[iv]		(17,900)	(17,900)	(6,200)
Total assets and services provided free of charge		**(17,900)**	**(17,900)**	**(6,200)**

(i) Of the balance in rail system operation and related services, $15,702,000 (2013: $18,132,000) related to operating and maintenance of assets contracted under the Public Private Partnership (PPP) arrangement.

(ii) Ticketing services of $93,377,000 for 2013–2014 included a write back of $16,893,000 of provision for dismantling, removal and decommissioning of Metcard Ticketing System (see Note 12(b)) and a full year of ticketing services since PTV took over the ticketing function from Transport Ticketing Authority from 1 January 2013. Ticketing services of $59,865,000 for 2012–2013 covered a period of 6 months from the date of transfer of ticketing function of 1 January 2013 to 30 June 2013.

(iii) Of the balance in depreciation – buildings, $11,291,000 (2013: $11,291,000) related to Southern Cross Station contracted under the PPP arrangement.

(iv) For the year ended 30 June 2014, PTV provided the services of myki ticketing system maintenance free of charge to VicTrack. Fair value of the asset maintenance services is determined at $17,900, 000 and is recognised as services provided free of charge. 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 was determined at $6,200,000 and was recognised as services provided free of charge.

NOTE 5: OTHER ECONOMIC FLOWS INCLUDED IN NET RESULT

	Note	Consolidated 2014 $'000	Parent 2014 $'000	2013 $'000
(a) NET GAIN/(LOSS) ON NON FINANCIAL ASSETS				
Gross proceeds from sale of property, plant and equipment				
Leased vehicles		130	130	357
Total proceeds		**130**	**130**	**357**
Gross disposals of property, plant and equipment				
Infrastructure		(62)	(62)	(1,353)
Plant and equipment		–	–	(5)
Leasehold improvements		–	–	(10)
Leased vehicles		(80)	(80)	(304)
Total disposals of property, plant and equipment	8	**(142)**	**(142)**	**(1,672)**
Total net gain/(loss) on non-financial assets		**(12)**	**(12)**	**(1,315)**
(b) OTHER GAINS/(LOSSES) FROM OTHER ECONOMIC FLOWS				
Net gain/(loss) arising from changes to bond rates in revaluation of long service leave liability		(298)	(298)	239
Total other gains/(losses) from other economic flows		**(298)**	**(298)**	**239**

NOTE 6: RECEIVABLES

	Consolidated 2014 $'000	Parent 2014 $'000	2013 $'000
CURRENT RECEIVABLES			
CONTRACTUAL			
Amounts owing from government and agencies	5,032	5,032	1,604
Trade receivables[i]	14,532	14,532	14,457
	19,564	**19,564**	**16,061**
STATUTORY			
Amounts owing from DTPLI – Grant Receivable[ii]	391,340	391,340	444,637
GST input tax credit recoverable from the ATO	22,610	22,610	23,121
	413,950	**413,950**	**467,758**
Total current receivables	**433,514**	**433,514**	**483,819**
NON-CURRENT RECEIVABLES			
CONTRACTUAL			
Amounts recoverable from service provider at the end of the term of the service contract	1,000	1,000	1,000
Total non-current receivables	**1,000**	**1,000**	**1,000**
Total receivables	**434,514**	**434,514**	**484,819**

(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

	Consolidated 2014 $'000	Parent 2014 $'000	2013 $'000
CURRENT INVENTORIES			
Card inventories at cost	5,031	5,031	3,786
Total inventories	**5,031**	**5,031**	**3,786**

NOTE 8: PROPERTY, PLANT AND EQUIPMENT

CLASSIFICATION BY 'TRANSPORTATION AND COMMUNICATIONS' PURPOSE GROUP – CARRYING AMOUNTS

	Consolidated 2014 $'000	Parent 2014 $'000	2013 $'000
LAND AT FAIR VALUE			
At cost of acquisition	3,395	3,395	3,395
At valuation 2010	331,125	331,125	331,125
Total land	**334,520**	**334,520**	**334,520**
BUILDINGS AT FAIR VALUE			
At valuation 2010	500,941	500,941	500,941
Less: accumulated depreciation	(26,778)	(26,778)	(14,880)
Total buildings[i]	**474,163**	**474,163**	**486,061**
INFRASTRUCTURE AT FAIR VALUE			
At cost of acquisition	123,109	123,109	125,931
At valuation 2010	139,069	139,069	139,143
Less: accumulated depreciation	(28,579)	(28,579)	(13,233)
Total infrastructure	**233,599**	**233,599**	**251,841**
PLANT AND EQUIPMENT AT FAIR VALUE			
At valuation 2010	15,099	15,099	5,508
Less: accumulated depreciation	(3,971)	(3,971)	(249)
Total plant and equipment	**11,128**	**11,128**	**5,259**
LEASEHOLD IMPROVEMENT AT FAIR VALUE			
At cost of acquisition	9,340	9,340	9,334
Less: accumulated depreciation	(5,642)	(5,642)	(878)
Total leasehold improvement	**3,698**	**3,698**	**8,456**
VEHICLES AT FAIR VALUE			
At cost of acquisition	112,200	–	–
Less: accumulated depreciation	(8,189)	–	–
Total vehicles	**104,011**	–	–

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	Consolidated 2014 $'000	Parent 2014 $'000	2013 $'000
LEASED VEHICLES AT FAIR VALUE			
At cost of acquisition	753	112,953	934
Less: accumulated depreciation	(338)	(8,527)	(331)
Total leased vehicles	**415**	**104,426**	**603**
CULTURAL ASSETS AT FAIR VALUE			
At valuation 2010	1,287	1,287	1,287
Less: accumulated depreciation	(173)	(173)	(96)
Total cultural assets	**1,114**	**1,114**	**1,191**
ASSETS UNDER CONSTRUCTION AT COST			
Infrastructure	87,896	87,896	174,312
Leasehold improvements	547	547	553
Total assets under construction	**88,443**	**88,443**	**174,865**
Net carrying amount of property, plant and equipment	**1,251,091**	**1,251,091**	**1,262,796**

(i) Of the balance in Buildings at fair value, $466,380,000 (2013: $477,672,000) is attributable to Southern Cross Station contracted under PPP arrangement.

CLASSIFICATION BY 'TRANSPORTATION AND COMMUNICATIONS' PURPOSE GROUP – MOVEMENTS IN CARRYING AMOUNTS

	Note	Land $'000	Buildings $'000	Infrastructure $'000	Plant and equipment $'000	Leasehold improvement $'000	Vehicles $'000	Leased vehicles $'000	Cultural assets $'000	Assets under construction $'000	Total $'000
CONSOLIDATED											
Carrying amount at 30 June 2013		**334,520**	**486,061**	**251,841**	**5,259**	**8,456**	**–**	**603**	**1,191**	**174,865**	**1,262,796**
Additions		–	–	6,405	8	–	112,200	80	–	648,229	766,922
Disposals/write-offs		–	–	(62)	–	–	–	(80)	–	–	(142)
Depreciation/amortisation expense	4(d)	–	(11,898)	(15,357)	(3,722)	(4,764)	(8,189)	(192)	(77)	–	(44,199)
Assets provided as contributed capital		–	–	–	–	–	–	–	–	(734,645)	(734,645)
Assets received free of charge		–	–	355	–	–	–	23	–	–	378
Assets provided free of charge		–	–	–	–	–	–	(19)	–	–	(19)
Transfers between classes		–	–	(9,583)	9,583	6	–	–	–	(6)	–
Carrying amount at 30 June 2014		**334,520**	**474,163**	**233,599**	**11,128**	**3,698**	**104,011**	**415**	**1,114**	**88,443**	**1,251,091**
PARENT											
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)	–

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	Note	Land $'000	Buildings $'000	Infrastructure $'000	Plant and equipment $'000	Leasehold improvement $'000	Vehicles $'000	Leased vehicles $'000	Cultural assets $'000	Assets under construction $'000	Total $'000
Carrying amount at 30 June 2013		**334,520**	**486,061**	**251,841**	**5,259**	**8,456**	**–**	**603**	**1,191**	**174,865**	**1,262,796**
Additions		–	–	6,405	8	–	–	112,280	–	648,229	766,922
Disposals/write-offs		–	–	(62)	–	–	–	(80)	–	–	(142)
Depreciation/amortisation expense	4(d)	–	(11,898)	(15,357)	(3,722)	(4,764)	–	(8,381)	(77)	–	(44,199)
Assets provided as contributed capital		–	–	–	–	–	–	–	–	(734,645)	(734,645)
Assets received free of charge		–	–	355	–	–	–	23	–	–	378
Assets provided free of charge		–	–	–	–	–	–	(19)	–	–	(19)
Transfers between classes		–	–	(9,583)	9,583	6	–	–	–	(6)	–
Carrying amount at 30 June 2014		**334,520**	**474,163**	**233,599**	**11,128**	**3,698**	**–**	**104,426**	**1,114**	**88,443**	**1,251,091**

FAIR VALUE MEASUREMENT HIERARCHY FOR ASSETS AS AT 30 JUNE 2014

	Carrying amount		Fair value measurement at end of reporting period using Level 3	
	Consolidated 2014 $'000	Parent 2014 $'000	Consolidated 2014 $'000	Parent 2014 $'000
LAND AT FAIR VALUE				
Specialised land	334,520	334,520	334,520	334,520
Total land	**334,520**	**334,520**	**334,520**	**334,520**
BUILDINGS AT FAIR VALUE				
Specialised buildings	7,782	7,782	7,782	7,782
Total buildings	**7,782**	**7,782**	**7,782**	**7,782**
INFRASTRUCTURE AT FAIR VALUE				
Infrastructure at fair value	233,599	233,599	233,599	233,599
Total infrastructure	**233,599**	**233,599**	**233,599**	**233,599**
PLANT AND EQUIPMENT AT FAIR VALUE				
Plant and equipment at fair value	11,128	11,128	11,128	11,128
Total plant and equipment	**11,128**	**11,128**	**11,128**	**11,128**
LEASEHOLD IMPROVEMENT AT FAIR VALUE				
Leasehold improvement at fair value	3,698	3,698	3,698	3,698
Total leasehold improvement	**3,698**	**3,698**	**3,698**	**3,698**
VEHICLES AT FAIR VALUE				
Vehicle at fair value	104,011	–	104,011	–
Total vehicles	**104,011**	**–**	**104,011**	**–**
CULTURAL ASSETS AT FAIR VALUE				
Cultural assets at fair value	1,114	1,114	1,114	1,114
Total cultural assets	**1,114**	**1,114**	**1,114**	**1,114**
ASSETS UNDER CONSTRUCTION AT FAIR VALUE				
Infrastructure at fair value	88,443	88,443	88,443	88,443
Total assets under construction	**88,443**	**88,443**	**88,443**	**88,443**
Net carrying amount of property, plant and equipment	**784,295**	**680,284**	**784,295**	**680,284**

There have been no transfers between levels during the year.

Specialised land and buildings

For specialised buildings, the depreciated cost method is used, adjusting for the associated depreciation. As depreciation adjustments are considered as significant, unobservable inputs in nature, specialised buildings are classified as Level 3 fair value measurements.

Specialised land was independently valued by the former Department of Transport in the 2009–2010 financial year and was transferred to PTV on 2 April 2012, as part of the machinery of government changes.

Infrastructure and cultural assets

Infrastructure and cultural assets are valued using the depreciated replacement cost method and adjusted for depreciation. As depreciation adjustments are considered as significant, unobservable inputs in nature, infrastructure and cultural assets are classified as Level 3 fair value measurements.

Vehicles

PTV obtains control over buses under an arrangement with Transdev Melbourne Pty Ltd and Franchise Asset Holdings Pty Ltd. Depreciation rates of buses are agreed by the parties to the arrangement and the disposals of buses will be at their net book value. As a result, the fair value of vehicles approximates the depreciated replacement cost.

Plant and equipment

Plant and equipment is held at fair value. When plant and equipment is specialised in use, such that it is rarely sold other than as part of a going concern, the depreciated replacement cost method is used.

There were no changes in valuation techniques throughout the year to 30 June 2014.

For all assets measured at fair value, the current use is considered the highest and best use.

RECONCILIATION OF LEVEL 3 FAIR VALUE

	Specialised land $'000	Specialised buildings $'000	Infrastructure $'000	Plant and equipment $'000	Leasehold improvement $'000	Vehicles $'000	Cultural assets $'000	Assets under construction $'000	Total $'000
CONSOLIDATED 2014									
Opening balance	**334,520**	**8,391**	**251,841**	**5,259**	**8,456**	**–**	**1,191**	**174,865**	**784,523**
Transfers between classes of assets within Level 3	–	–	(9,583)	9,583	6	–	–	(6)	–
Additions	–	–	6,405	8	–	112,200	–	648,229	766,842
Assets received free of charge	–	–	355	–	–	–	–	–	355
Disposal	–	–	(62)	–	–	–	–	–	(62)
Assets provided as contributed capital	–	–	–	–	–	–	–	(734,645)	(734,645)
Depreciation	–	(609)	(15,357)	(3,722)	(4,764)	(8,189)	(77)	–	(32,718)
Closing balance	**334,520**	**7,782**	**233,599**	**11,128**	**3,698**	**104,011**	**1,114**	**88,443**	**784,295**
PARENT 2014									
Opening balance	**334,520**	**8,391**	**251,841**	**5,259**	**8,456**	**–**	**1,191**	**174,865**	**784,523**
Transfers between classes of assets within Level 3	–	–	(9,583)	9,583	6	–	–	(6)	–
Additions	–	–	6,405	8	–	–	–	648,229	654,642
Assets received free of charge	–	–	355	–	–	–	–	–	355
Disposal	–	–	(62)	–	–	–	–	–	(62)
Assets provided as contributed capital	–	–	–	–	–	–	–	(734,645)	(734,645)
Depreciation	–	(609)	(15,357)	(3,722)	(4,764)	–	(77)	–	(24,529)
Closing balance	**334,520**	**7,782**	**233,599**	**11,128**	**3,698**	**–**	**1,114**	**88,443**	**680,284**

DESCRIPTION OF SIGNIFICANT UNOBSERVABLE INPUTS TO LEVEL 3 VALUATION

Category	Valuation technique	Significant unobservable inputs	Range (weighted average)	Sensitivity of the input to fair value
Specialised land	Market approach	Community Service Obligation (CSO) adjustment	50–70% (60%)	A significant increase or decrease in the CSO adjustment would result in a significantly lower (higher) fair value
Specialised buildings	Depreciated replacement cost	Direct cost per square metre	$1,000–$2,300/m^2 ($1,350/m^2)	A significant increase or decrease in direct cost per square metre would result in a significantly higher or lower fair value
		Useful life of specialised buildings	25 to 185 years (60 years)	A significant increase or decrease in the estimated useful life of the asset would result in a significantly higher or lower valuation
Infrastructure	Depreciated replacement cost	Cost per unit	$100–$33,400,000 per unit ($16,700,050 per unit)	A significant increase or decrease in cost per unit would result in a significantly higher or lower fair value
		Useful life of the infrastructure	10 to 32 years (15 years)	A significant increase or decrease in the estimated useful life of the asset would result in a significantly higher or lower valuation
Plant and equipment	Depreciated replacement cost	Cost per unit	$100–$162,000 per unit ($81,050 per unit)	A significant increase or decrease in cost per unit would result in a significantly higher or lower fair value
		Useful life of plant and equipment	3 to 10 years (7 years)	A significant increase or decrease in the estimated useful life of the asset would result in a significantly higher or lower valuation
Leasehold improvement	Depreciated replacement cost	Cost per unit	$11,000–$4,000,000 per unit ($2,005,000 per unit)	A significant increase or decrease in cost per unit would result in a significantly higher or lower fair value
		Useful life of leasehold improvement	5 to 10 years (7 years)	A significant increase or decrease in the estimated useful life of the asset would result in a significantly higher or lower valuation
Vehicles	Depreciated replacement cost	Cost per unit	$4,200–$600,000 per unit ($302,100 per unit)	A significant increase or decrease in cost per unit would result in a significantly higher or lower fair value
		Useful life of vehicles	3 to 10 years (7 years)	A significant increase or decrease in the estimated useful life of the asset would result in a significantly higher or lower valuation
Cultural assets	Depreciated replacement cost	Cost per unit	$180,000–$1,100,000 per unit ($640,000 per unit)	A significant increase or decrease in cost per unit would result in a significantly higher or lower fair value
		Useful life of culture assets	20 years (20 years)	A significant increase or decrease in the estimated useful life of the asset would result in a significantly higher or lower valuation

NOTE 9: INTANGIBLE ASSETS

	Note	Capitalised software development		Work in progress (software)		Total	
		2014 $'000	2013 $'000	2014 $'000	2013 $'000	2014 $'000	2013 $'000
CONSOLIDATED							
GROSS CARRYING AMOUNT							
Opening balance		**8,726**	**–**	**66,403**	**–**	**75,129**	**–**
Additions		–	–	227	–	227	–
Assets provided as contributed capital		–	–	(61,725)	–	(61,725)	–
Closing balance		**8,726**	**–**	**4,905**	**–**	**13,631**	**–**
ACCUMULATED AMORTISATION AND IMPAIRMENT							
Opening balance		**(3,355)**	**–**	**–**	**–**	**(3,355)**	**–**
Amortisation expense	4(d)	(2,871)	–	–	–	(2,871)	–
Closing balance		**(6,226)**	**–**	**–**	**–**	**(6,226)**	**–**
Net book value at the end of the financial year		**2,500**	**–**	**4,905**	**–**	**7,405**	**–**
PARENT							
GROSS CARRYING AMOUNT							
Opening balance		**8,726**	**5,914**	**66,403**	**6,892**	**75,129**	**12,806**
Additions		–	–	227	42,599	227	42,599
Asset provided as contributed capital		–	–	(61,725)	–	(61,725)	–
Acquisitions through administrative restructures		–	–	–	19,724	–	19,724
Transfers between classes		–	2,812	–	(2,812)	–	–
Closing balance		**8,726**	**8,726**	**4,905**	**66,403**	**13,631**	**75,129**
ACCUMULATED AMORTISATION AND IMPAIRMENT							
Opening balance		**(3,355)**	**(635)**	**–**	**–**	**(3,355)**	**(635)**
Amortisation expense	4(d)	(2,871)	(2,720)	–	–	(2,871)	(2,720)
Closing balance		**(6,226)**	**(3,355)**	**–**	**–**	**(6,226)**	**(3,355)**
Net book value at the end of the financial year		**2,500**	**5,371**	**4,905**	**66,403**	**7,405**	**71,774**

NOTE 10: PAYABLES

	Consolidated 2014 $'000	Parent 2014 $'000	2013 $'000
CURRENT PAYABLES			
CONTRACTUAL			
Supplies and services[i]	490,147	490,147	404,422
Amounts payable to government and agencies	29,811	29,811	119,987
	519,958	**519,958**	**524,409**
STATUTORY			
GST payable	2,006	2,006	5,093
Total payables	**521,964**	**521,964**	**529,502**

(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	Consolidated 2014 $'000	Parent 2014 $'000	2013 $'000
CURRENT BORROWINGS				
Loan		8,284	–	–
Motor vehicle lease liability[i]	18	254	8,538	263
Total current borrowings		**8,538**	**8,538**	**263**
NON-CURRENT BORROWINGS				
Loan		95,654	–	–
Motor vehicle lease liability[i]	18	166	95,820	344
Southern Cross Station Transport Interchange Facility liability	18	377,635	377,635	376,822
Total non-current borrowings		**473,455**	**473,455**	**377,166**
Total borrowings		**481,993**	**481,993**	**377,429**

(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	Consolidated 2014 $'000	Parent 2014 $'000	2013 $'000
CURRENT PROVISIONS				
EMPLOYEE BENEFITS – ANNUAL LEAVE[i]				
Unconditional and expected to settle within 12 months[ii]		2,046	2,046	2,219
Unconditional and expected to settle after 12 months[iii]		1,772	1,772	1,934
EMPLOYEE BENEFITS – LONG SERVICE LEAVE[i]				
Unconditional and expected to settle within 12 months[ii]		737	737	770
Unconditional and expected to settle after 12 months[iii]		3,301	3,301	3,417
Employee benefits – performance and retention incentive provision[i]		466	466	878
	12(a)	**8,322**	**8,322**	**9,218**
PROVISIONS FOR ON-COSTS				
Unconditional and expected to settle within 12 months[ii]		435	435	469
Unconditional and expected to settle after 12 months[iii]		802	802	853
	12(a)	**1,237**	**1,237**	**1,322**
OTHER PROVISIONS				
Provision for the employee entitlements of rail operators[iv]	12(b)	7,334	7,334	6,417
Provision for fringe benefits tax	12(b)	45	45	74
Provision for dismantling, removal and restoration of Metcard ticketing system	12(b)	–	–	21,367
		7,379	**7,379**	**27,858**
Total current provisions		**16,938**	**16,938**	**38,398**
NON-CURRENT PROVISIONS				
EMPLOYEE BENEFITS AND ON-COSTS				
Employee benefits[v]	12(a)	1,734	1,734	1,676
On-costs	12(a)	266	266	258
		2,000	**2,000**	**1,934**
OTHER PROVISIONS				
Provision for employee entitlements of rail operators[iv]	12(b)	297,240	297,240	290,943
Provision for train replacement	12(b)	10,173	10,173	10,173
		307,413	**307,413**	**301,116**
Total non-current provisions		**309,413**	**309,413**	**303,050**
Total provisions		**326,351**	**326,351**	**341,448**

(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 on-costs[i]

	Consolidated 2014 $'000	Parent 2014 $'000	2013 $'000
CURRENT PROVISIONS FOR EMPLOYEE BENEFITS			
Annual leave entitlements	3,818	3,818	4,153
Unconditional long service leave entitlements	4,038	4,038	4,187
Fringe benefits tax	45	45	74
Accrued performance and retention incentive	466	466	878
Provision for the employee entitlements of rail operators	7,334	7,334	6,417
Total current provisions for employee benefits	**15,701**	**15,701**	**15,709**
NON-CURRENT PROVISIONS FOR EMPLOYEE BENEFITS			
Conditional long service leave entitlements	1,734	1,734	1,676
Provision for the employee entitlements of rail operators	297,240	297,240	290,943
Total non-current provisions for employee benefits	**298,974**	**298,974**	**292,619**
Total employee benefits	**314,675**	**314,675**	**308,328**
ON-COSTS			
Current on-costs	1,237	1,237	1,322
Non-current on-costs	266	266	258
Total on-costs	**1,503**	**1,503**	**1,580**
Total employee benefits provisions and related on-costs	**316,178**	**316,178**	**309,908**

(i) Employee benefits consist of annual leave and long service leave accrued by employees. On-costs such as payroll tax and workers' compensation insurance are not employee benefits and are recognised as a separate provision.

(b) Movement in provisions

	Employee benefits $'000	Performance and retention incentive provision $'000	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 30 June 2013	**10,019**	**878**	**1,577**	**297,360**	**21,367**	**10,173**	**74**	**341,448**
Additional provisions recognised/ (Write-back) (See Note 4(a)(ii))	(373)	(412)	(66)	14,275	(16,893)	–	(29)	(3,498)
Reductions arising from payments/ other sacrifices of future economic benefits	–	–	–	(7,061)	(4,474)	–	–	(11,535)
Unwinding of discount and effect of changes in the discount rate	(56)	–	(8)	–	–	–	–	(64)
Closing balance at 30 June 2014	**9,590**	**466**	**1,503**	**304,574**	**–**	**10,173**	**45**	**326,351**
Current	7,856	466	1,237	7,334	–	–	45	16,938
Non-current	1,734	–	266	297,240	–	10,173	–	309,413
	9,590	**466**	**1,503**	**304,574**	**–**	**10,173**	**45**	**326,351**
PARENT								
Opening balance at 30 June 2013	**10,019**	**878**	**1,577**	**297,360**	**21,367**	**10,173**	**74**	**341,448**
Additional provisions recognised/ (Write-back)	(373)	(412)	(66)	14,275	(16,893)	–	(29)	(3,498)
Reductions arising from payments/ other sacrifices of future economic benefits	–	–	–	(7,061)	(4,474)	–	–	(11,535)
Unwinding of discount and effect of changes in the discount rate	(56)	–	(8)	–	–	–	–	(64)
Closing balance at 30 June 2014	**9,590**	**466**	**1,503**	**304,574**	**–**	**10,173**	**45**	**326,351**
Current	7,856	466	1,237	7,334	–	–	45	16,938
Non-current	1,734	–	266	297,240	–	10,173	–	309,413
	9,590	**466**	**1,503**	**304,574**	**–**	**10,173**	**45**	**326,351**

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 prudently 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
CONSOLIDATED 2014				
CONTRACTUAL FINANCIAL ASSETS				
Cash and deposits	17(a)	58,714	–	58,714
Receivables	6			
Amounts owing from government and agencies		5,032	–	5,032
Receivables – current		14,532	–	14,532
Receivables – non-current		1,000	–	1,000
Total contractual financial assets[ii]		**79,278**	**–**	**79,278**
CONTRACTUAL FINANCIAL LIABILITIES				
Payables	10			
Supplies and services		–	490,147	490,147
Amounts payable to government and agencies		–	29,811	29,811
Borrowings	11			
Loan			103,938	103,938
Finance lease liabilities – motor vehicles		–	420	420
Finance lease liabilities – Southern Cross Station Transport Interchange Facility		–	377,635	377,635
Total contractual financial liabilities[iii]		**–**	**1,001,951**	**1,001,951**
PARENT 2014				
CONTRACTUAL FINANCIAL ASSETS				
Cash and deposits	17(a)	58,714	–	58,714
Receivables	6			
Amounts owing from government and agencies		5,032	–	5,032
Receivables – current		14,532	–	14,532
Receivables – non-current		1,000	–	1,000
Total contractual financial assets[ii]		**79,278**	**–**	**79,278**

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	Note	Contractual financial assets – loans and receivables $'000	Contractual financial liabilities at amortised cost $'000	Total $'000
CONTRACTUAL FINANCIAL LIABILITIES				
Payables	10			
Supplies and services		–	490,147	490,147
Amounts payable to government and agencies		–	29,811	29,811
Borrowings	11			
Finance lease liabilities – motor vehicles		–	104,358	104,358
Finance lease liabilities – Southern Cross Station Transport Interchange Facility		–	377,635	377,635
Total contractual financial liabilities[iii]		**–**	**1,001,951**	**1,001,951**
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 vehicles		–	607	607
Finance lease liabilities – Southern Cross Station Transport Interchange Facility		–	376,822	376,822
Total contractual financial liabilities[iii]		**–**	**901,838**	**901,838**

(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

	Note	Total interest income/(expense)		
		Consolidated 2014 $'000	Parent 2014 $'000	2013 $'000
CONTRACTUAL FINANCIAL LIABILITIES				
Financial liabilities at amortised cost[i]	4(e)	(32,652)	(39,074)	(32,548)
Total contractual financial liabilities		**(32,652)**	**(39,074)**	**(32,548)**

(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
CONSOLIDATED 2014				
Cash and deposits	40,225	18,489	–	58,714
Receivables				
Amounts owing from government and agencies	5,032	–	–	5,032
Receivables – current	–	–	14,532	14,532
Receivables – non-current	–	–	1,000	1,000
Total contractual financial assets	**45,257**	**18,489**	**15,532**	**79,278**
PARENT 2014				
Cash and deposits	40,225	18,489	–	58,714
Receivables				
Amounts owing from government and agencies	5,032	–	–	5,032
Receivables – current	–	–	14,532	14,532
Receivables – non-current	–	–	1,000	1,000
Total contractual financial assets	**45,257**	**18,489**	**15,532**	**79,278**
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**

Contractual financial assets that are either past due or impaired

There are no material financial assets which are individually determined to be impaired. Currently PTVdoes 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]

			Maturity dates				
	Carrying amount $'000	Not past due and not impaired $'000	Less than 1 month $'000	1 – 3 months $'000	3 months – 1 year $'000	1 – 5 years $'000	Impaired financial assets $'000
CONSOLIDATED 2014							
CONTRACTUAL FINANCIAL ASSETS							
Cash and deposits	58,714	58,714	–	–	–	–	–
Receivables							
Amounts owing from government and agencies	5,032	4,387	645	–	–	–	–
Receivables – current	14,532	10,593	3,609	–	330	–	–
Receivables – non-current	1,000	1,000	–	–	–	–	–
	79,278	**74,694**	**4,254**	**–**	**330**	**–**	**–**
PARENT 2014							
CONTRACTUAL FINANCIAL ASSETS							
Cash and deposits	58,714	58,714	–	–	–	–	–
Receivables							
Amounts owing from government and agencies	5,032	4,387	645	–	–	–	–
Receivables – current	14,532	10,593	3,609	–	330	–	–
Receivables – non-current	1,000	1,000	–	–	–	–	–
	79,278	**74,694**	**4,254**	**–**	**330**	**–**	**–**

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	Carrying amount $'000	Not past due and not impaired $'000	Maturity dates: Less than 1 month $'000	Maturity dates: 1 – 3 months $'000	Maturity dates: 3 months – 1 year $'000	Maturity dates: 1 – 5 years $'000	Impaired financial assets $'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**	**–**	**–**

(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]

	Carrying amount $'000	Nominal amount $'000	Maturity dates Less than 1 month $'000	1 – 3 months $'000	3 months – 1 year $'000	1 – 5 years $'000	5+ years $'000
CONSOLIDATED 2014							
CONTRACTUAL FINANCIAL LIABILITIES							
Payables[ii]							
Supplies and services	490,147	490,147	490,147	–	–	–	–
Amounts payable to government and agencies	29,811	29,811	29,811	–	–	–	–
Borrowings							
Loan	103,938	143,068	1,350	2,646	11,548	54,507	73,017
Finance lease liabilities – motor vehicles	420	444	54	39	179	172	–
Finance lease liabilities – Southern Cross Station Transport Interchange Facility	377,635	886,397	–	8,077	24,532	138,792	714,996
	1,001,951	**1,549,867**	**521,362**	**10,762**	**36,259**	**193,471**	**788,013**
PARENT 2014							
CONTRACTUAL FINANCIAL LIABILITIES							
Payables[ii]							
Supplies and services	490,147	490,147	490,147	–	–	–	–
Amounts payable to government and agencies	29,811	29,811	29,811	–	–	–	–
Borrowings							
Finance lease liabilities – motor vehicles	104,358	143,512	1,404	2,685	11,727	54,679	73,017
Finance lease liabilities – Southern Cross Station Transport Interchange Facility	377,635	886,397	–	8,077	24,532	138,792	714,996
	1,001,951	**1,549,867**	**521,362**	**10,762**	**36,259**	**193,471**	**788,013**

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			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 vehicles	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**

(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
CONSOLIDATED 2014					
CONTRACTUAL FINANCIAL ASSETS					
Cash and deposits	2.52%	58,714	10,213	48,490	11
Receivable					
Amounts owing from government and agencies		5,032	–	–	5,032
Receivables – current		14,532	–	–	14,532
Receivables – non-current		1,000	–	–	1,000
		79,278	**10,213**	**48,490**	**20,575**
CONTRACTUAL FINANCIAL LIABILITIES					
Payables					
Supplies and services		490,147	–	–	490,147
Amounts payable to government and agencies		29,811	–	–	29,811
Borrowings					
Loan	6.40%	103,938	103,938	–	–
Finance lease liabilities – motor vehicles	6.55%	420	420	–	–
Finance lease liabilities – Southern Cross Station Transport Interchange Facility	8.65%	377,635	377,635	–	–
		1,001,951	**481,993**	**–**	**519,958**
PARENT 2014					
CONTRACTUAL FINANCIAL ASSETS					
Cash and deposits	2.52%	58,714	10,213	48,490	11
Receivable					
Amounts owing from government and agencies		5,032	–	–	5,032
Receivables – current		14,532	–	–	14,532
Receivables – non-current		1,000	–	–	1,000
		79,278	**10,213**	**48,490**	**20,575**

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			Interest rate exposure		
	Weighted average effective interest rate %	Carrying amount $'000	Fixed interest rate $'000	Variable interest rate $'000	Non-interest bearing $'000
CONTRACTUAL FINANCIAL LIABILITIES					
Payables					
Supplies and services		490,147	–	–	490,147
Amounts payable to government and agencies		29,811	–	–	29,811
Borrowings					
Finance lease liabilities – motor vehicles	6.48%	104,358	104,358	–	–
Finance lease liabilities – Southern Cross Station Transport Interchange Facility	8.65%	377,635	377,635	–	–
		1,001,951	**481,993**	**–**	**519,958**
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 vehicles	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**

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
CONSOLIDATED 2014					
CONTRACTUAL FINANCIAL ASSETS					
Cash and deposits[i]	58,703	(1,174)	(1,174)	1,174	1,174
Total impact		**(1,174)**	**(1,174)**	**1,174**	**1,174**
PARENT 2014					
CONTRACTUAL FINANCIAL ASSETS					
Cash and deposits[i]	58,703	(1,174)	(1,174)	1,174	1,174
Total impact		**(1,174)**	**(1,174)**	**1,174**	**1,174**
2013					
CONTRACTUAL FINANCIAL ASSETS					
Cash and deposits[i]	45,822	(916)	(916)	916	916
Total impact		**(916)**	**(916)**	**916**	**916**

(i) Cash and deposits include deposits of $58,703,000 (2013: $45,822,000) that is exposed to floating rate movements. Sensitivities to these movements are calculated as follows:
- 2014: $58,703,000 x –0.02 = –$1,174,000; and $58,703,000 x 0.02 = $1,174,000
- 2013: $45,822,000 x –0.02 = –$916,000; and $45,822,000 x 0.02 = $916,000.

(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]

	Consolidated 2014 $'000	Parent 2014 $'000	2013 $'000
RAIL SERVICE COMMITMENTS			
Transport service provided by rail operators	4,559,940	4,559,940	5,288,110
Total rail service commitments	**4,559,940**	**4,559,940**	**5,288,110**
BUS SERVICE COMMITMENTS			
Transport service provided by bus operators	3,473,579	3,473,579	4,781,358
Total bus service commitments	**3,473,579**	**3,473,579**	**4,781,358**
TICKETING AND CALL CENTRE SERVICE COMMITMENTS			
Ticketing and call centre services provided by operators	208,067	208,067	222,429
Total ticketing service commitments	**208,067**	**208,067**	**222,429**
OPERATING LEASE COMMITMENTS			
Office & Retail	47,911	47,911	53,891
Total operating lease commitments	**47,911**	**47,911**	**53,891**
CAPITAL EXPENDITURE COMMITMENTS			
Plant, equipment and vehicles	1,005,998	1,005,998	417,583
Total capital expenditure commitments	**1,005,998**	**1,005,998**	**417,583**
Total commitments other than public private partnerships	**9,295,495**	**9,295,495**	**10,763,371**

(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, at 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 (2013: 8.65 per cent) per annum and an inflation rate of 2.5 per cent (2013: 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.

	Consolidated 2014		Parent 2014		2013	
Commissioned public private partnership[ii] [iii]	Net present value $'000	Nominal value $'000	Net present value $'000	Nominal value $'000	Net present value $'000	Nominal value $'000
Southern Cross Station operation and maintenance commitments	234,905	579,449	234,905	579,449	231,708	596,293
Total PPP operation and maintenance commitment	**234,905**	**579,449**	**234,905**	**579,449**	**231,708**	**596,293**

(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]

	Consolidated 2014 $'000	Parent 2014 $'000	2013 $'000
RAIL SERVICE COMMITMENTS PAYABLE			
Less than 1 year	1,421,070	1,421,070	1,545,903
Longer than 1 year but not longer than 5 years	2,989,460	2,989,460	3,485,497
5 years or more	149,410	149,410	256,710
Total rail service commitments	**4,559,940**	**4,559,940**	**5,288,110**
BUS SERVICE COMMITMENTS PAYABLE			
Less than 1 year	1,022,355	1,022,355	1,061,544
Longer than 1 year but not longer than 5 years	2,109,094	2,109,094	2,879,866
5 years or more	342,130	342,130	839,948
Total bus service commitments	**3,473,579**	**3,473,579**	**4,781,358**
TICKETING AND CALL CENTRE SERVICE COMMITMENTS PAYABLE			
Less than 1 year	91,684	91,684	79,673
Longer than 1 year but not longer than 5 years	116,383	116,383	142,756
Total ticketing service commitments	**208,067**	**208,067**	**222,429**
OPERATING LEASE COMMITMENTS PAYABLE[ii]			
Less than 1 year	7,978	7,978	7,699
Longer than 1 year but not longer than 5 years	34,787	34,787	42,361
5 years or more	5,146	5,146	3,831
Total operating lease commitments	**47,911**	**47,911**	**53,891**
CAPITAL EXPENDITURE COMMITMENTS PAYABLE			
Less than 1 year	631,015	631,015	231,332
Longer than 1 year but not longer than 5 years	374,983	374,983	186,217
5 years or more	–	–	34
Total capital expenditure commitments	**1,005,998**	**1,005,998**	**417,583**
PPP OPERATION AND MAINTENANCE COMMITMENTS			
MINIMUM LEASE PAYMENTS FOR NON-CANCELLABLE LEASES PAYABLE			
Less than 1 year	17,671	17,671	16,847
Longer than 1 year but not longer than 5 years	81,542	81,542	80,159
5 years or more	480,236	480,236	499,287
Total lease commitments	**579,449**	**579,449**	**596,293**
Future minimum lease payments expected to be received in relation to non-cancellable sub-leases of operating leases	–	–	–

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	Consolidated 2014 $'000	Parent 2014 $'000	2013 $'000
TOTAL COMMITMENTS			
Total commitments (inclusive of GST)	**9,874,944**	**9,874,944**	**11,359,664**
Less: GST recoverable from the Australian Tax Office	(897,722)	(897,722)	(1,032,697)
Total commitments (exclusive of GST)	**8,977,222**	**8,977,222**	**10,326,967**

(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 has been paid until approximately one year after the last Metcard ticket was sold. The farebox revenue was distributed to franchisees and DTPLI from the date after the New Ticketing Revenue Guarantee Payment ceased to be paid.

Bus services are covered by long term contracts established in recent years and this is reflected in the bus commitment calculation.

V/Line rail services

V/Line rail services reverted to government control with a partnership arrangement established from 1 October 2003. A service agreement between PTV and V/Line extending the term of the franchise agreement to 30 June 2016, was signed on 13 November 2013.

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

(a) 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.

(b) 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 as follows:

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.

Quantifiable contingent liabilities

Details and estimates of other contingent liabilities are as follows:

	Consolidated 2014 $'000	Parent 2014 $'000	2013 $'000
Legal claim	1,357	1,357	3,000
Total	**1,357**	**1,357**	**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	Consolidated 2014 $'000	Parent 2014 $'000	2013 $'000	Consolidated 2014 $'000	Parent 2014 $'000	2013 $'000
DEFINED BENEFIT PLANS[i]						
State Superannuation Fund – revised and new	246	246	379	–	–	–
Transport Superannuation Fund	180	180	203	–	–	–
Total defined benefit plans	**426**	**426**	**582**	**–**	**–**	**–**
DEFINED CONTRIBUTION PLANS						
VicSuper	2,542	2,542	2,751	–	–	–
Various others	2,390	2,390	2,001	–	–	–
Total defined contribution plans	**4,932**	**4,932**	**4,752**	**–**	**–**	**–**
Total superannuation plans	**5,358**	**5,358**	**5,334**	**–**	**–**	**–**

(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

(a) Reconciliation of cash and cash equivalents

	Consolidated 2014 $'000	Parent 2014 $'000	2013 $'000
Cash and bank deposits	18,501	18,501	15,770
Deposits with Treasury Corporation of Victoria	40,213	40,213	30,057
Balance as per cash flow statement	**58,714**	**58,714**	**45,827**

(b) 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	Consolidated 2014 $'000	Parent 2014 $'000	2013 $'000
Acquisition of property, plant and equipment by means of finance leases	8	80	112,280	277
Total non-cash financing and investing activities		**80**	**112,280**	**277**

(c) Reconciliation of net result

	Note	Consolidated 2014 $'000	Parent 2014 $'000	2013 $'000
Net result for the reporting period		**(31,540)**	**(31,540)**	**(1,018)**
NON-CASH MOVEMENTS				
Loss on disposal of non-financial assets	5(a)	12	12	1,315
Depreciation and amortisation of non-financial assets	4(d)	47,070	47,070	27,884
Fair value of assets and services received free of charge or for nominal consideration		(36,927)	(36,927)	(28,422)
MOVEMENTS IN ASSETS AND LIABILITIES (NET OF RESTRUCTURING)				
(Increase)/decrease in receivables		34,500	34,500	(52,669)
(Increase)/decrease in prepayments		(7,278)	(7,278)	1,736
(Increase)/decrease in inventories		1,245	1,245	551
Increase/(decrease) in payables		7,699	7,699	117,428
Increase/(decrease) in provisions		15,097	15,097	17,777
Net cash flows from/(used in) operating activities		**29,878**	**29,878**	**84,582**

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 leases entered into by PTV relate to buses with a lease term of the same duration as the franchise term of seven years with an option to extend for a further three years; and motor vehicles with lease terms of three years or 60,000 kilometres, whichever occurs first.

	Note	Minimum future lease payments[i]			Present value of minimum future lease payments		
		Consolidated 2014 $'000	Parent 2014 $'000	2013 $'000	Consolidated 2014 $'000	Parent 2014 $'000	2013 $'000
COMMISSIONED PPP RELATED FINANCE LEASE LIABILITIES PAYABLE							
Not longer than one year		32,609	32,609	31,813	–	–	–
Longer than one year and not longer than five years		138,792	138,792	135,407	–	–	–
Longer than five years		714,996	714,996	750,990	377,635	377,635	376,822
OTHER FINANCE LEASE LIABILITIES PAYABLE[ii]							
Not longer than one year		272	14,516	292	254	8,538	263
Longer than one year and not longer than five years		172	54,923	363	166	34,241	344
Longer than five years		–	74,073	–	–	61,579	–
Minimum future lease payments		**886,841**	**1,029,909**	**918,865**	**378,055**	**481,993**	**377,429**
Less future finance charges		(508,786)	(547,916)	(541,436)	–	–	–
Present value of minimum lease payments		**378,055**	**481,993**	**377,429**	**378,055**	**481,993**	**377,429**
Included in the financial statements as:							
Current borrowings	11				**254**	**8,538**	**263**
Non-current borrowings	11				**377,801**	**473,455**	**377,166**
Total interest bearing liabilities					**378,055**	**481,993**	**377,429**

(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 1994*, 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 2013 to 30 June 2014)

Directors of the Board:

> Mr Ian Dobbs – Chairman (1 July 2013 to 30 June 2014)

> Mr Douglas Bartley (1 July 2013 to 30 June 2014)

> Mr Michael Taylor AO (1 July 2013 to 30 June 2014)

> Ms Virginia Hickey (1 July 2013 to 30 June 2014)

> Mr Craig Opie (1 July 2013 to 30 June 2014)

Accountable Officer:

> Mr Mark Wild – Chief Executive (1 February 2014 to 30 June 2014)

> Mr Ian Dobbs – Chief Executive (1 July 2013 to 31 January 2014)

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:

	Total remuneration		
Income band	Consolidated 2014 number	Parent 2014 number	2013 number
$30,000 – 39,999	–	–	1
$40,000 – 49,999	4	4	3
$170,000 – 179,999	1	1	–
$440,000 – 449,999	–	–	1
$480,000 – 489,999	1	1	–
Total numbers	**6**	**6**	**5**
Total amount	**$852,864**	**$852,864**	**$628,205**

Related party transaction

Mr Michael Taylor AO, a director of the Board, is also a director of Melbourne Business School. The following transaction was made between PTV and Melbourne Business School.

	Consolidated 2014 $'000	Parent 2014 $'000	2013 $'000
Venue hire for conference	7	7	–
Total	**7**	**7**	**–**

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.

Executive numbers remained constant during 2013–2014 and the table below includes movements in and out of the executive team.

	Total remuneration			Base remuneration		
Income band	Consolidated 2014 number	Parent 2014 number	2013 number	Consolidated 2014 number	Parent 2014 number	2013 number
Less than $100,000	8	8	9	12	12	11
$100,000 – 109,999	3	3	5	1	1	7
$110,000 – 119,999	1	1	5	1	1	2
$120,000 – 129,999	–	–	1	1	1	–
$130,000 – 139,999	2	2	–	1	1	–
$140,000 – 149,999	–	–	–	1	1	1
$150,000 – 159,999	–	–	1	5	5	2
$160,000 – 169,999	4	4	2	5	5	1
$170,000 – 179,999	3	3	3	5	5	4
$180,000 – 189,999	7	7	1	3	3	2
$190,000 – 199,999	4	4	3	4	4	1
$200,000 – 209,999	3	3	–	1	1	–
$210,000 – 219,999	4	4	1	2	2	1
$220,000 – 229,999	1	1	2	1	1	2
$230,000 – 239,999	1	1	1	–	–	–
$240,000 – 249,999	2	2	1	–	–	4
$250,000 – 259,999	–	–	2	1	1	–
$260,000 – 269,999	–	–	1	–	–	–
$270,000 – 279,999	2	2	–	1	1	–
$280,000 – 289,999	–	–	–	1	1	–
$310,000 – 319,999	–	–	1	–	–	1
$320,000 – 329,999	1	1	–	–	–	–
Total numbers	**46**	**46**	**39**	**46**	**46**	**39**
Total annualised employee equivalent	**33.29**	**33.29**	**28.99**	**33.29**	**33.29**	**28.99**
Total amount	**$7,724,125**	**$7,724,125**	**$5,716,027**	**$6,635,836**	**$6,635,836**	**$5,349,247**

(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.

	Total expense (exclusive of GST)		
Expense band	Consolidated 2014 number	Parent 2014 number	2013 number
Less than $100,000	2	2	–
$100,000 – 109,999	1	1	–
$110,000 – 119,999	–	–	1
$140,000 – 149,999	–	–	1
$150,000 – 159,999	1	1	–
$180,000 – 189,999	–	–	1
$230,000 – 239,999	–	–	1
Total numbers	**4**	**4**	**4**
Total expenses (exclusive of GST)	**$395,683**	**$395,863**	**$682,366**

NOTE 21: REMUNERATION OF AUDITORS

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

	Consolidated 2014 $'000	Parent 2014 $'000	2013 $'000
Paid as at 30 June	66	66	82
Payable as at 30 June	174	174	103
Total remuneration of auditors	**240**	**240**	**185**

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, V/Line and the franchises. Public transport revenue is reported by DTPLI.

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 year ended 30 June 2014, there was no amount (six months to 30 June 2013: $826,158) distributed from the Metcard system and $805,764,520 (six months to 30 June 2013: $345,304,107) of metropolitan and regional farebox revenue and non-farebox receipts distributed from the myki system to DTPLI, V/Line and the franchisees.

As at 30 June 2014, the following amounts were held in PTV managed bank accounts:

> for distribution to DTPLI and transport operators $8,159,632 (2013: $8,431,077)

> myki cardholder funds $65,618,994 (2013: $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 NTT Data Victorian Ticketing System (formerly named 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

Abolition of Public Transport Fund

Section 11 of the *Transport (Compliance and Miscellaneous) Act 1983* established the Public Transport Fund (PTF) in which all monies and income relating to public transport agreements, leases and licences, including public transport farebox revenue and taxi licence revenue, are held.

With the establishment of PTV and the Taxi Services Commission, the PTF is no longer required and is to be abolished. It is expected that the abolition of the PTF and the subsequent transfer of funds will occur during the 2014–2015 financial year.

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

The net result of all items of income and expense recognised for the period. It is the aggregate of operating result and other comprehensive income.

Capital Asset Charge

The capital asset charge represents the amount deemed to be equivalent to 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

A complete set of financial statements comprises:

(a) A statement of financial position as at the end of the period;

(b) A statement of profit or loss and other comprehensive income for the period;

(c) A statement of changes in equity for the period;

(d) A statement of cash flows for the period;

(e) Notes, comprising a summary of significant accounting policies and other explanatory information;

(f) Comparative information in respect of the preceding period as specified in paragraphs 38 of AASB 101 Presentation of Financial Statements; and

(g) A statement of financial position as at the beginning of the preceding period when an entity applies an accounting policy retrospectively or makes a retrospective restatement of items in its financial statements, or when it reclassifies items in its financial statements in accordance with paragraphs 41 of AASB 101.

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 economic flows – other comprehensive income'.

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 included in net result

Other economic flows included in net result 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;
- fair value changes of financial instruments and agricultural assets; and
- depletion of natural assets (non-produced) from their use or removal.

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 2013–2014 *Model Report for Victorian Government Departments*. The presentation of other disclosures is generally consistent with the other disclosures made in earlier publication of PTV's Annual Report.

SECTION 4:

APPENDICES

PTV People

COMPARATIVE WORKFORCE DATA

TABLE 1: FULL TIME EQUIVALENTS (FTE) STAFFING TRENDS FROM 2013 TO 2014[i]

Comparative Workforce Data	
2014	2013
462	425[ii]

Notes:
(i) Headcount and FTE figures reflect employment levels during the last full pay period in June of each year.
(ii) FTE numbers have been rounded to nearest whole number, therefore some variances between individual FTE's and the FTE totals appear for 2013.
(iii) Classification 'Other' includes staff on agreements/contracts other than the PTV Agreement.

TABLE 2: SUMMARY OF EMPLOYMENT LEVELS IN JUNE OF 2013 AND 2014[i]

	Ongoing Employees			Fixed Term & Casual	
	Employee Headcount	Full Time Headcount	Part Time Headcount	FTE[ii]	FTE[ii]
June 2013	377	350	27	370	56
June 2014	409	388	21	402	60

Notes:
(i) Headcount and FTE figures reflect employment levels during the last full pay period in June of each year.
(ii) FTE numbers have been rounded to nearest whole number, therefore some variances between individual FTE's and the FTE totals appear for 2013.
(iii) Classification 'Other' includes staff on agreements/contracts other than the PTV Agreement.

TABLE 3: DETAILS OF EMPLOYMENT LEVELS IN JUNE OF 2013 AND 2014

2014				2013			
			Fixed Term & Casual				Fixed Term & Casual
	Employees (Headcount)	FTE	FTE		Employees (Headcount)	FTE(ii)	FTE(ii)
GENDER							
Male	229	228	31	Male	221	219	34
Female	180	174	29	Female	156	150	22
Total	**409**	**402**	**60**	**Total**	**377**	**370**	**56**
AGE							
Under 25	5	5	10	Under 25	6	6	2
25–34	123	121	17	25–34	105	103	14
35–44	126	123	13	35–44	109	107	19
45–54	103	102	12	45–54	102	100	11
55–64	49	48	6	55–64	52	51	9
Over 64	3	3	2	Over 64	3	3	1
Total	**409**	**402**	**60**	**Total**	**377**	**370**	**56**
CLASSIFICATION							
PTV1	–	–	7	PTV1	–	–	14
PTV2	–	–	–	PTV2	–	–	–
PTV3	50	48	16	PTV3	52	50	10
PTV4	80	79	11	PTV4	64	64	10
PTV5	117	116	14	PTV5	110	107	15
PTV6	106	104	9	PTV6	103	101	5
PSE	10	10	3	PSE	–	–	–
STS	10	10	–	STS	5	5	–
Executives	36	36	–	Executives	36	36	–
Other(iii)	–	–	1	Other(iii)	7	7	3
Total	**409**	**402**	**60**	**Total**	**377**	**370**	**56**

Notes:

(i) Headcount and FTE figures reflect employment levels during the last full pay period in June of each year.

(ii) FTE numbers have been rounded to nearest whole number, therefore some variances between individual FTE's and the FTE totals appear for 2013.

(iii) Classification 'Other' includes staff on agreements/contracts other than the PTV Agreement.

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 2013–2014 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	2011–2012 (2 April to 30 June)	2012–2013	2013–2014
Incidents	Number of Incidents	2	9	17
	Rate per 100 FTE	0.39	1.99	3.89
Claims	No. of standard claims[1]	0	1	0
	Rate per 100 FTE	–	0.22	–
	No. of lost time claims[2]	0	0	0
	Rate per 100 FTE	–	–	–
	No. of claims exceeding 13 weeks[3]	0	0	0
	Rate per 100 FTE	–	–	–
Fatalities	Fatality claims	0	0	0
Claims Costs	Average cost per standard claim	0	725	0
Return to Work	% of claims with RTW plan <30 days	N/A	N/A	N/A
Management Commitment	Evidence of OHS policy statement, OH&S objectives, regular reporting to senior management of OH&S, and OH&S plans (signed by the CEO or equivalent)	Completed	Completed	Partially Completed
	Evidence of OHS criteria in purchasing guidelines (including goods, services and personnel)	Completed	Completed	Completed
Consultation and participation	Evidence of agreed structure of Designated Working Groups (DWGs), Health and Safety Representatives (HSRs) and Issue Resolution Procedures (IRPs)	Completed	Completed	Completed
	Compliance with agreed structure DWG, HSRs and IRPs	Completed	Completed	Completed
Risk Management	Percentage of internal audits/inspections conducted as planned.	100%	100%	100%
	Percentage of issues identified actioned arising from:			
	> Internal audits;	100%	100%	51%
	> HSR provisional improvement notices (PINs), and	N/A	N/A	N/A
	> WorkSafe notices	N/A	N/A	N/A
Training	Percentage of managers and staff that have received OH&S training:			
	> Induction	0%	0%	91%
	> Management training	0%	0%	90%
	> Contractors, temps and visitors.	N/A	N/A	N/A
	Percentage of HSRs trained:			
	> Acceptance of role	100%	100%	78%
	> Retraining (refresher), and	N/A	N/A	N/A
	> Reporting of incidents and injuries.	N/A	N/A	N/A

Notes:

(1) Standardised claims are those that have exceeded the employer excess (days or dollars) or are registered as a standard claim and are open with payments at the time of extraction. Fatality claims are also based on the same definition of standardised claims. Under threshold claims are excluded from this figure.

(2) A time lost claim is one with one (1) or more days compensated by the Victorian WorkCover Authority (VWA) Insurer (that is: once the employer has paid the 10 day excess) at the time of extraction. Lost time claims are a sub set of standardised claims. Under threshold claims are excluded from this figure.

(3) Thirteen week claims is a measure of the number of claims exceeding 13 week compensation based on a derived day count. The 13 week measure begins at day one (that is: employer excess and VWA payments).

(4) Data is provided by Xchanging (the Departments Authorised Agent).

OVERVIEW

Incidents

There were no WorkCover claims for 2013–2014 or incidents requiring notification to the Victorian WorkCover Authority (VWA). There was a 90 per cent increase in reported incidents from the previous year, which is linked to a KPI to enhance workplace safety culture through increased reporting of workplace hazards. The majority of the incidents were musculoskeletal disorders (MSDs) associated with workstation ergonomics. These incidents were effectively managed with the implementation of improved ergonomic measures.

Management Commitment

The KPI was only partially completed due to the lack of a 2013–2014 OHS plan. This has been addressed via the establishment of a dedicated Safety and Environment Division.

Risk Management

There was increased emphasis on workplace audits and proactive hazard reporting. The hazards are related to a lack of storage, workstation ergonomics, general housekeeping and glare from external light. A number of action items will remain open until longer term control measures have been implemented.

Environment

ESTABLISHING A SAFETY AND ENVIRONMENT DIVISION

In May 2014, PTV created the Safety and Environment Division and appointed a Director – Safety and Environment, with the role commencing on 21 July 2014.

The Safety and Environment Division will oversee the delivery of key safety and environment outcomes for the public transport network right across the state and develop strategies, regularly report on initiatives and implement plans with a view to reducing the environmental footprint of public transport through standards, partnerships and new infrastructure.

ENVIRONMENTAL IMPROVEMENTS ON THE PUBLIC TRANSPORT NETWORK

Environmental improvements across the public transport network include:

> New Transdev buses are a Euro 5 category which ensure less emissions and a preventative maintenance schedule is now in place

> V/Line broadened the scope of its environmental training program and implemented an improved online course for office and station based staff, and energy use decreased by 5.82% per passenger kilometre over 2010–2011 targets

> Metro's public place recycling program extended to the whole of the Hurstbridge and Sandringham lines, and e-learning 'Environmental Awareness' training launched to staff

> Yarra Trams installed two x 22,500L tanks at Southbank and Essendon depots to supply rainwater to toilets, and recycling hubs to minimise waste to landfill.

Protected Disclosure Act 2012

The following information is required in the annual report pursuant to section 70 of the *Protected Disclosure Act 2012*.

The *Protected Disclosure Act 2012* encourages and assists people in making disclosures of improper or corrupt conduct by public officers and public bodies. The *Protected Disclosure Act 2012* provides certain protections to people who make disclosures in accordance with the *Protected Disclosure Act 2012*, and creates certain obligations of confidentiality preventing the disclosure of the identity of the person who has made a disclosure and the content of the disclosure, unless it is done under certain specified circumstances.

The Independent Broad-Based Anti-Corruption Commission (IBAC) 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

Protected disclosures about PTV or any of its employees and/or officers may be made to IBAC.

Independent Broad-Based Anti-Corruption Commission
Level 1, North Tower, 459 Collins Street,
Melbourne VIC 3000
Toll free: 1300 735 135
Internet: www.ibac.vic.gov.au/contact-us
Email: www.ibac.vic.gov.au/report-corruption-or-misconduct/online-form

Further information

Written guidelines outlining the system for reporting disclosures of improper conduct or detrimental action by PTV or its employees are available on PTV's website in accordance with section 59 of the *Protected Disclosure Act 2012*.

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 were two complaints made to the Freedom of Information Commissioner concerning the processing of FOI requests. These were 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 2013–2014

REQUESTS RECEIVED	
Member of Parliament	24
Media	10
Others[1]	40
Total	**74**

DECISIONS MADE	
Full access	8
Part access	42
Denied access	0
No documents	5
Transferred/withdrawn[2]	19
Total	**74**

PROCESSING TIME	
Average processing time	33.9 days
45 days or less	71
46 to 90 days	3
Over 90 days	0
Total	**74**

FOIC REVIEW RECEIVED	
Member of Parliament	4
Media	1
Others[1]	2
Total	**7**

REVIEWS DECIDED	
Decision confirmed	1
Decision varied	3
Decision overturned	0
Decision not finalised	3
Total	**7**

VCAT APPEALS RECEIVED	
Member of Parliament	0
Media	0
Others[1]	0
Total	**0**

APPEALS DECIDED	
Withdrawn[3]	1
Struck out	–
Decision not finalised	0
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.

(3) The VCAT appeal was filed last financial year and withdrawn in the current financial year.

Disclosure of government advertising expenditure

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

Name of campaign	Campaign summary	Start/end date	Advertising (Media)	Creative and campaign development	Research and evaluation	Print and collateral	Other campaign
myki on V/Line	To inform customers of the rollout of myki on V/Line commuter services	Jun 2013 – Apr 2014	$359,570	$303,956		$62,037	
Weekend travel	To inform customers of weekend service frequency and $3.50 daily cap	July – Aug 2013	$626,812	$266,657	$15,542	$61,814	
myki auto top up	To increase the number of customers with auto top up set	Oct – Nov 2013	$600,000	$365,334	$22,600	$57,178	
myki Visitor Value Pack	To promote the myki Visitor Value Pack to visitors during the busy summer and visitor period	Oct 2013 – Jun 2014	$189,373				
Bus behaviour	Influence touch on rate on buses	Nov – Dec 2013	$361,587	$46,730		$1,984	
Summer works	To inform customers of disruptions owing to RRL and other works	Dec 2013 – Jan 2014	$326,996	$11,580			
Route 96	Campaign in conjunction with Yarra Trams to promote new trams and visitor destinations along Route 96	Feb 2014	$291,831 (inc $50k from Yarra Trams)	$20,000		$8,749	
Fare Evasion – Freeloaders	To reduce fare evasion by increasing awareness of Authorised Officers on the network	Mar – Apr 2014	$1,364,247	$793,945	$42,492	$236,112	
Model Commuters	Etiquette campaign promoting positive customer behaviours	May 2014	$258,312	$244,350		$20,633	$114,713

National Competition Policy

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; and

> 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.

Victorian Industry Participation Policy

Reporting on all contracts except those related to grants provided.

During 2013–2014, PTV commenced two contracts totalling $103,443,460 to which a VIPP Plan was required.

During 2013–2014, PTV commenced two contracts with an average of 90 per cent estimated to be of local content to which a VIPP Plan was not required as the procurement activity was local by nature.

During 2013–2014, PTV commenced one contract with a total of 3 per cent estimated to be of local content to which a VIPP Plan was not required as the procurement activity was international by nature.

During 2013–2014, one small to medium sized business prepared a VIPP Plan.

During 2013–2014, two contracts commenced to which a VIPP Plan was required, occurred in metropolitan Melbourne, representing an average of 81.8 per cent of estimated local content.

During 2013–2014, no contracts commenced to which a VIPP Plan was required, occurred in regional Victoria.

The total VIPP Plan commitments achieved as a result of contracts commenced include:

- an average of local content of 81.8 per cent of the total value of the contracts;
- five new jobs and 31 retained jobs (Annualised Employee Equivalent (AEE);
- one new apprenticeships/traineeships; and
- benefits to the Victorian economy in terms of skills and/or technology transfer outcomes include the use of new technology to enhance the skills of PTV and the public transport industry.

Attestation of Risk Management

ATTESTATION FOR COMPLIANCE WITH THE AUSTRALIAN/ NEW ZEALAND RISK MANAGEMENT STANDARD

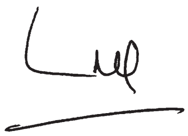
I, Ian Dobbs, Chairman of the Board, certify that the Public Transport Development Authority operating as Public Transport Victoria (PTV) has risk management processes in place consistent with the Australian/New Zealand Risk Management Standard AS/NZS ISO 31000:2009 or its successor) and an internal 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
Chairman
Public Transport Victoria
8 September 2014

Insurance Attestation

ATTESTATION FOR COMPLIANCE WITH THE MINISTERIAL STANDING DIRECTION 4.5.5.1 – INSURANCE

I, Ian Dobbs, Chairman 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.



IAN DOBBS
Chairman
Public Transport Victoria
8 September 2014

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 2014. Details of contracts that have been disclosed in the Victorian Government contracts publishing system can be viewed on the internet at: **tenders.vic.gov.au**

Consultancies

DETAILS OF CONSULTANCIES OVER $10,000

In 2013–2014, there were 61 consultancies where the total fees payable to the consultants were $10,000 or greater. The total expenditure incurred during 2013–2014 in relation to these consultancies is $3,391,073 (excl. GST).

DETAILS OF CONSULTANCIES UNDER $10,000

In 2013–2014, there were two consultancies where the total fees payable to the consultants were less than $10,000. The total expenditure incurred during 2013–2014 in relation to these consultancies is $8,671 (excl. GST).

A full list of PTV contractors engaged in 2013–2014, as defined by FRD22E, 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 on the same webpage as 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
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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For more information or to offer feedback visit **ptv.vic.gov.au** or call **1800 800 007** (6am – midnight)

Public Transport Victoria is your central stop for information on public transport services, tickets, improvement projects and to provide customer feedback. Up-to-date information is available via our website, call centre and mobile applications.

PTVH1216/14. Authorised by Public Transport Victoria, 750 Collins Street, Docklands

State Government Victoria

PUBLIC TRANSPORT VICTORIA PT