

# Department of Transport

ANNUAL REPORT 2019-20

Authorised and published by the Victorian Government.

Department of Transport  
1 Spring Street, Melbourne, VIC 3000  
Telephone (03) 9655 6666  
September 2020

ISSN 2652-208X (print)

ISSN 2652-2098 (online)

Print managed by Finsbury Green  
Printed on Ecostar (FSC)  
100% recycled paper

Unless indicated otherwise, this work  
is made available under the terms of  
the Creative Commons Attribution 3.0 Australia  
Licence. To view a copy of this licence, visit  
[creativecommons.org/licenses/by/3.0/au](https://creativecommons.org/licenses/by/3.0/au)

It is a condition of this Creative Commons  
Attribution 3.0 Licence that you must give  
credit to the original author who is the  
State of Victoria.

## **Accessibility**

If you would like to receive this publication in an accessible format, such as large print or audio, telephone 03 9651 9999 or email [DoTInternalCommunications@transport.vic.gov.au](mailto:DoTInternalCommunications@transport.vic.gov.au) This document is also available in accessible Word and PDF format at [transport.vic.gov.au](https://transport.vic.gov.au)

# CONTENTS

<b>SECTION 1: OVERVIEW</b>	<b>3</b>
<b>SECTION 2: FINANCIAL PERFORMANCE</b>	<b>21</b>
<b>SECTION 3: NON-FINANCIAL PERFORMANCE</b>	<b>187</b>
<b>SECTION 4: APPENDICES</b>	<b>219</b>
Appendix 1 People and workplace	220
Appendix 2 Budget portfolio outcomes	238
Appendix 3 Capital projects/asset investment programs	248
Appendix 4 Disclosure of grants and transfer payments	251
Appendix 5 Victorian Transport Fund	253
Appendix 6 Better Roads Victoria	254
Appendix 7 Local Jobs First	255
Appendix 8 Social Procurement Framework	256
Appendix 9 Consultancy expenditure	257
Appendix 10 Disclosure of major contracts	257
Appendix 11 Government advertising expenditure	258
Appendix 12 Information and communication technology expenditure	260
Appendix 13 Office-based environmental performance	261
Appendix 14 Freedom of Information	267
Appendix 15 Compliance and attestations	269
Appendix 16 Additional departmental information available on request	274
Appendix 17 Acronyms	275
Appendix 18 Disclosure Index	277





1 / OVERVIEW

## SECRETARY'S FOREWORD

On 1 July 2019, VicRoads and Public Transport Victoria joined the Department of Transport with the objective of delivering a world-class, integrated approach to planning, building and operating Victoria's transport system and managing \$70 billion of transport infrastructure projects.

In August, we finalised and launched our four-year strategic plan: to give everyone access to simple, connected journeys across all modes of transport.

By having one team for designing, building and running transport, we can more effectively operate the network to improve everyone's journeys.

We have subsequently welcomed Development Victoria into the fold. Together with the Major Transport Infrastructure Authority and its project teams delivering the Big Build, these relationships will help us create connected precincts that nurture strong and inclusive communities across our state.

This year has been like no other. Straight after summer's devastating bushfires, the coronavirus (COVID-19) pandemic began.

The department has played a pivotal role throughout both of these emergencies, maintaining continuity of our public transport system and our services to road users, clearing and repairing access roads for emergency vehicles, ensuring vital supplies reach our hospitals, maintaining global market links for our economy, and keeping shelves stocked for Victorian families.

Our staff have worked tirelessly to keep Victoria moving forward during one of the most difficult periods our state has faced. To every one of you, thank you.

We have responded swiftly, fast-tracking plans to deliver long-term benefits earlier and working collaboratively with others to get things done.

In May, recognising the critical role transport plays in helping our community recover, the government announced a \$328 million stimulus investment to maintain and upgrade the transport network. In June, the new Minister for Roads and Road Safety, Ben Carroll, announced an additional \$340 million package of measures to keep people moving on our roads.

During 2019–20, almost \$7 billion has been invested in some of the largest infrastructure projects this state has ever seen.

These major projects have helped protect thousands of jobs and are injecting hundreds of millions of dollars into the economy.

Removing dangerous level crossings has been one of the most transformative major projects. Of these complicated operations, the Cranbourne Line is on schedule to become the first to be entirely level crossing free.

The Cranbourne Line single track is also being duplicated, giving it the capacity to handle more trains and paving the way for a future rail extension to Clyde.

We've opened 26 new five-star, Green Star rated stations to date, with many of them including accessible upgrades to surrounding walking and cycling paths.

Design and development work for the Suburban Rail Loop has made major progress, with the Stage One section between Box Hill and Cheltenham.

The Metro Tunnel Project is currently running twelve months ahead of schedule. All four tunnel boring machines are now in operation, digging nine-kilometre twin tunnels across Melbourne.

The \$2.1 billion Sunbury Line Upgrade is continuing, with major track, power and platform upgrades to enable more modern trains to run on the line when the Metro Tunnel opens.

The Business Case for the Melbourne Airport Rail will be completed by the end of 2020 and the \$2 billion Regional Rail Revival program continues, upgrading every regional passenger rail line in Victoria.

We have continued to update our rolling stock, with the first 86 of 100 new buses going into service, including Victoria's first locally built electric bus. To increase accessibility for everyone, we brought the first 18 of 100 new low floor buses into service. We also took delivery of eight new E-Class trams and four new Victorian-built X'Trapolis trains.

Our efforts to create simple, connected journeys have continued on our roads, using the latest in technology and road safety theory to repurpose existing infrastructure and future-proof our upgrades.

Work has started on the state's largest road project, North East Link. The early works program involves crews moving more than 34 kilometres of gas, water, sewer pipes and drains to prepare for major construction in 2021.

Construction on stage two of the \$1.4 billion Monash Freeway Upgrade has begun, with works planned to add 36 kilometres of extra lanes and improve connections to Melbourne's vital corridor.

The \$1.8 billion Western Roads Upgrade is upgrading eight high-priority roads, as well as improving and maintaining more than 260 kilometres of road from Footscray to Werribee and building more than 50 kilometres of new shared user paths.

The city-shaping West Gate Tunnel Project has forged ahead on widening the West Gate Freeway from eight to 12 lanes and building an elevated roadway along the centre of Footscray Road, taking more trucks and traffic off local roads.

We continued our efforts to improve road safety across Victoria, completing 71 separate projects as part of the Safer Roads Program. In 2019, for the first time in a decade, no lives were lost on the Hume Freeway, thanks largely to safety barriers and rumble strips installed from Melbourne to the New South Wales border.

We launched Recycled First and changed the way we build, with more than 20,000 tonnes of recycled materials going into our major road upgrades. Major projects are also reusing their own by-products, with 14,000 tonnes of soil excavated for the Metro Tunnel reused in pavement layers in Point Cook.

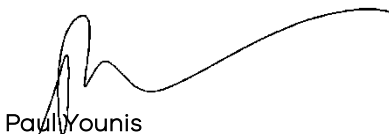
Throughout the coronavirus (COVID-19) pandemic, we have continued the delivery of critical projects and the operation of freight and port services. This has included replacing manual rail signals to enable more grain trains to reach the Port of Geelong; upgrading freight lines from the north of the state to the Port of Melbourne; and completing the dredging at Apollo Bay Harbour.

To encourage more usage of our waterways, Better Boating Victoria is investing \$47.2 million to deliver urgent upgrades to six of the state's busiest boat ramps, making every public boat ramp in Victoria free for parking and launching. Infrastructure at Port Phillip and Western Port. Rye Pier was upgraded to include an all abilities access ramp and improved berthing facilities.

I would particularly like to acknowledge our staff, agencies, and partners for their willingness to collaborate and innovate in order to help Victoria move forward. On behalf of our ministers and my executive team, I'd like to thank them for their hard work this year.

#### Accountable Officer's declaration

In accordance with the *Financial Management Act 1994*, I am pleased to present the Department of Transport's Annual Report for the year ending 30 June 2020.



**Paul Younis**  
Secretary

# ABOUT THE DEPARTMENT

## Our vision

The *Transport Integration Act 2010* (the Act) is Victoria's principal transport act. The Act sets out the vision and objectives for the transport system.

The Act informs the Department of Transport's (the department, DoT) vision to meet the aspirations of Victorians for a transport system that is simple, connected, accessible, reliable, safe and supports a productive, growing economy.

## Our objectives

### *Social and economic inclusion*

The transport system should provide a means by which persons can access social and economic opportunities to support individual and community wellbeing.

### *Economic prosperity*

The transport system should facilitate economic prosperity.

### *Environmental sustainability*

The transport system should actively contribute to environmental sustainability.

### *Integration of transport and land use*

The transport system should provide for the effective integration of transport and land use, and facilitate access to social and economic opportunities.

### *Efficiency, coordination and reliability*

The transport system should facilitate network-wide, efficient, coordinated and reliable movements of persons and goods.

### *Safety and health and wellbeing*

The transport system should be safe, and it should support health and wellbeing.

## Our purpose

The department's purpose is to deliver Simple, Connected Journeys.

As we plan, deliver and operate the transport system, we ensure that it safely and sustainably meets the needs of the people and freight that travel on it, both now and in the future. We bring together management of ports, boating and fisheries for commercial and recreational uses.

We ensure that transport agencies and operators work towards a common goal of an integrated transport system that contributes to an inclusive, prosperous and environmentally responsible state.

The new integrated department brings together the former VicRoads and PTV with the department to plan, deliver and operate Victoria's transport system.

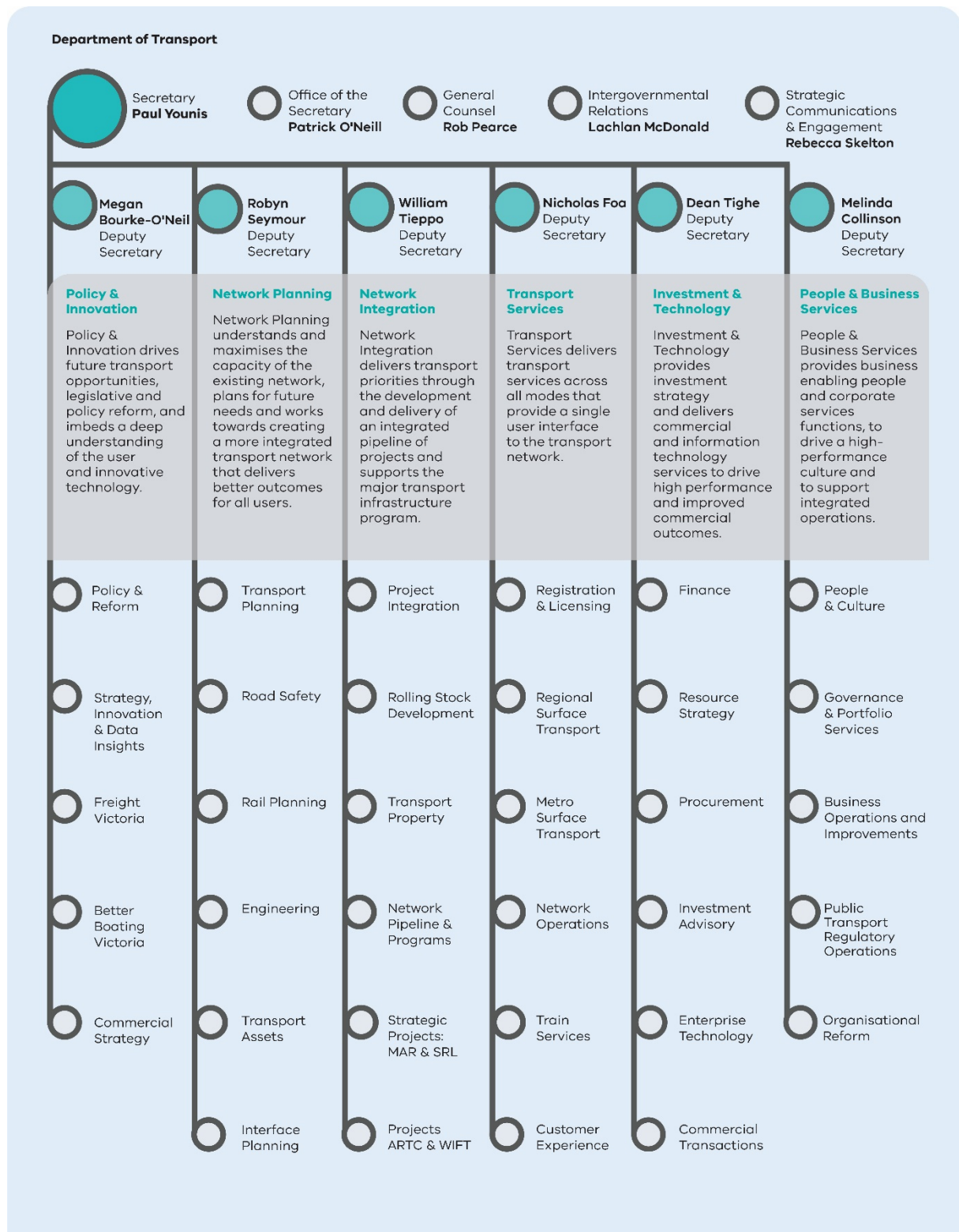
The new Department of Transport is able to:

- respond faster and give people the information they need to make the best travel choices
- make better use of existing road and rail infrastructure
- respond more quickly to innovation and new transport technologies
- take a holistic view in planning to meet future demand
- partner with others to address a range of issues, from safety to reducing environmental impacts.

Our work supports three ministers, spans seven ministerial portfolios, and operates across metropolitan and regional offices.



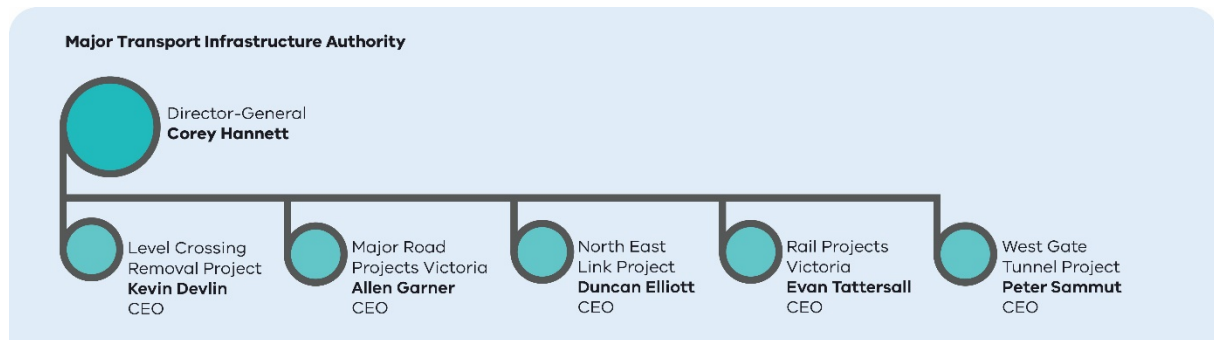
# Organisational chart



## Our portfolio

The department's divisions and agencies work together to design, plan, build and operate the Victorian transport system.

The department works closely with the Major Transport Infrastructure Authority (MTIA), an administrative office of the department, in planning, developing and delivering major transport projects. The department and MTIA ensure major construction activities and disruptions are coordinated across the transport network, including plans to keep people moving through major works periods.



The department's strong relationship with the transport portfolio agencies, partners, and operators plays an essential role in delivering an integrated and sustainable transport system.

Our department includes:

- Transport for Victoria
- VicRoads Registration & Licensing
- Road Safety Victoria
- Regional Roads Victoria
- Better Boating Victoria
- Freight Victoria
- Active Transport Victoria.

Our portfolio partners include:

- Major Transport Infrastructure Authority
- Suburban Rail Loop Authority
- Transport Safety Victoria
- Chief Investigator, Transport Safety
- VicTrack
- Transport Accident Commission

Our agencies include:

- Commercial Passenger Vehicles Victoria
- Victorian Ports Corporation Melbourne
- Victorian Regional Channels Authority
- Port of Hastings Development Authority
- Victorian Fisheries Authority
- Development Victoria

Our transport operators include:

- Metro Trains Melbourne
- Yarra Trams
- V/Line
- EastLink
- CityLink
- Peninsula Link
- SkyBus
- bus operators
- port operators

## Governance

### Ministers

The department provides support and advice to three transport sector ministers.

Hon Jacinta Allan MP	Minister for Transport Infrastructure Minister for the Suburban Rail Loop Minister for the Coordination of Transport: COVID-19
Hon Ben Carroll MP	Minister for Public Transport Minister for Roads and Road Safety
Hon Melissa Horne MP	Minister for Ports and Freight Minister for Fishing and Boating

### Parliamentary Secretary

The department provides support and advice to the following parliamentary secretary.

Vicki Ward MP	Parliamentary Secretary for Transport
---------------	---------------------------------------

### Audit, Risk and Integrity Committee

Standing Directions 3.2.1 and 3.2.2 of the Minister for Finance under the *Financial Management Act 1994* require the Secretary to appoint an audit committee and to establish and maintain an internal audit function as part of its governance arrangements. The Audit, Risk and Integrity Committee (ARIC) provides the Secretary with independent assurance on the department's:

- financial and performance reporting
- risk oversight and management
- internal control systems
- integrity assurance
- legislative and policy compliance.

ARIC communicates with external auditors, and considers recommendations from internal and external auditors. The Secretary appoints all members, including the Chair. The Chief Finance Officer and the Chief Audit Executive are standing invitees to all ARIC meetings.

ARIC membership at 30 June 2020 was:

NAME	ROLE
Andrew Nicolaou	Chair and independent member
Linda MacRae	Independent member
Jonathan Metcalfe	Independent member
Kate Hughes	Independent member
Melinda Collinson	DoT Executive Member
Paul Northey	DoT Executive Member

ARIC's functions and membership are defined in a formal charter that is regularly reviewed in accordance with the Standing Directions.

# Major departmental changes during 2019-20

## Department of Transport

On 1 July 2019, VicRoads and Public Transport Victoria (PTV) came together with the Department of Transport to create an integrated transport department – in step with other global cities.

The new department provides a single, integrated focus on tackling the big transport issues – from improving buses in growing suburbs to making it easier to walk and cycle places and embracing new technology.

The integration of PTV and VicRoads into the department:

- brings the common functions of PTV, VicRoads and the department together; including strategy, policy and planning, corporate services and user experience
- brings roads and public transport operational functions and staff together in a consolidated transport operations function
- creates new capabilities such as emerging technologies, user experience and commercial expertise to keep up with changing travel trends.

## Major Transport Infrastructure Authority

On 27 August 2019, MTIA was declared a transport body under the Act. A transport body must have regard to the objectives of the Act in exercising its powers and performing its functions.

## Road Safety Victoria

Road Safety Victoria (RSV) was established on 1 August 2019 to strengthen Victoria's road safety capability and ensure road safety is a priority within the department. RSV is a dedicated team within the department's Network Planning Division, bringing together the functions and work undertaken by previous department and VicRoads' teams.

## Suburban Rail Loop Authority

On 3 September 2019, the Premier and Minister for Transport Infrastructure announced the creation of the Suburban Rail Loop Authority (SRLA), an administrative office of the department. The SRLA will bring together experts from across government to coordinate and plan the delivery of the Suburban Rail Loop. SRLA will work closely with the department to ensure the project aligns with and supports transport priorities for the state.

# Subsequent events

## Development Victoria

In order to strengthen alignment with the department's transport portfolio responsibilities and ensure we are best placed to deliver services for our communities, the department has formed a partnership with the Department of Jobs, Precincts and Regions (DJPR), to support a holistic approach to precinct planning.

As part of this new collaboration, Development Victoria (DV) is joining the transport portfolio. The department will work with DJPR and DV towards a shared goal of building connected communities. DJPR and DV bring design capability, precinct policy expertise and commercial acumen to the department.

Transport is not just about shifting people and goods; it's about creating places. This new partnership further strengthens our collaborative, whole of government approach, and enables us to build precincts which generate economic growth and social inclusion.

## Bush fire response

As bushfires blazed in Victoria last summer, department staff stepped up to support the immediate emergency response.

Once the fires had been contained, our people contributed to the huge multi-agency effort to repair damaged infrastructure and clear fire-damaged trees that posed a safety risk.

In early January 2020, the Port of Hastings Authority and Victorian Regional Channels Authority helped plan the naval evacuation of 1,000 people from Mallacoota, work that included giving HMAS Choules and MV Sycamore easy access to berths at the Port of Hastings.

Victorian Fisheries Authority (VFA) staff transported firefighters to places out of reach of Victoria Police and other emergency services. VFA boats delivered food to remote communities and rescued wildlife on French Island.

The fires burned 1.5 million hectares of land in Victoria and damaged nearly 1,000 kilometres of our roads. Department staff worked with local councils, the Department of Environment, Land, Water and Planning, Forest Fire Management, Parks Victoria, VicForests, Victoria State Emergency Services and the Australian Defence Force to clear the roads and undertake emergency repairs to make them safe for locals to quickly regain access to their properties. We acknowledge the tremendous physical and mental strength required of everyone who supported the bushfire response during this very challenging time.

Our aim was to quickly restore services where they mattered most.

Since February, our people have been working with local governments to inspect dozens of bridges, repair nearly 1,000 culverts, pavements and potholes, clear drains, replace cat's eyes and repaint line markings.

The statistics reveal the scale of the task: crews have replaced 1,299 road signs and 17,479 guideposts.

By late May, just four months after the fires had been contained, all arterial roads had been restored and reopened.

Throughout the coronavirus (COVID-19) pandemic, the department has continued to actively contribute to the recovery, supporting local jobs and developing even more robust road management policies to protect and support the communities when emergencies like these happen in the future. We will continue to work closely with Bushfire Recovery Victoria and Community Recovery Committees in local areas.

This work will be aided by the Victorian Government's \$22.8 million fund for road improvements in bushfire-affected communities.

## Coronavirus (COVID-19) response

On 16 March 2020, the Victorian Government declared a State of Emergency in response to the coronavirus (COVID-19) pandemic. Based on the advice of the Chief Health Officer, restrictions were put in place on 30 March 2020 to limit movement across Victoria to help slow the spread of coronavirus (COVID-19).

Travel, normally associated with opportunity and connection, increasingly became a challenge.

Department of Transport Secretary, Paul Younis, joined John Bradley, Secretary of the Department of Environment, Land, Water and Planning, to lead the Crisis Council of Cabinet (CCC) mission to ensure the recovery and reform of key government economic services.

The department worked with the Department of Health and Human Services (DHHS), stakeholders and agencies across roads, public transport, freight, commercial passenger vehicles, ports, boating and fishing to develop a functioning, COVID-safe transport network. The department worked closely with the Commonwealth Government and other states to ensure Victoria's supply chain continued to operate efficiently. The department lifted truck curfew restrictions to allow retail stores to receive goods as quickly as possible.

Our public transport operators continued to run a full timetable to make sure people who continued to work or who needed to access essential services could still travel.

In the rapidly changing pandemic environment, we quickly introduced a number of measures to further protect our staff, our partners and the public. These included:

- suspending light vehicle driver testing, medical-review driver testing and all computer-based licence testing
- automating and digitising processes for more transactions to be completed online
- removing the need for public transport staff to handle cash
- upgrading the myki mobile platform
- significantly boosting cleaning across the network, including; deep cleaning of rolling stock, deployment of extra cleaning crews to clean stops, stations and surfaces inside buses, trains and trams, and the commencement of roll-out of hygiene sanitising stations at key locations across the network
- introducing coronavirus (COVID-19) protocols to ensure the state's 2,200 school buses were able to get children back to school when they needed to
- establishing an MTIA safety team to conduct spot checks across all Big Build worksites to ensure coronavirus (COVID-19) health rules were being followed
- supporting traffic management activities for mobile coronavirus (COVID-19) testing units.

Following the initial restrictions from March to May 2020, Melbourne saw a reduction in road traffic of 40 per cent, and public transport patronage of 90 per cent below normal levels. By late June, easing of restrictions meant road traffic was only around 20 per cent below normal levels, while public transport patronage was 70 per cent lower than normal. The pandemic has meant more people are choosing to drive instead of using public transport. Responding to this mode shift and offering Victorians more choice for when and how they travel will be a priority over the many months ahead.

Thank you to our all our staff and patrons across the network for your efforts in helping to keep our community moving, and moving safely.

## VPS missions during coronavirus (COVID-19)

From April 2020, the most senior levels of the Victorian Public Service (VPS) were structured to focus on a small number of core missions to help respond to the coronavirus (COVID-19) pandemic, and to prepare for the recovery and post-crisis restoration of Victoria.

Departmental Secretaries appointed as Missions Leads by the Premier, are responsible for planning and delivery of the missions. Mission Leads engage with the CCC Coordinating Ministers and support the CCC as the structure's core decision-making forum.

A Mission Coordination Committee, chaired by the Secretary of the Department of Premier & Cabinet, was also established as the key officials' forum to support delivery of the missions, reporting to the CCC. This mission structure has allowed the VPS to effectively focus activity, share resources and coordinate coronavirus (COVID-19) responses across departments.

From June 2020, the initial eight public service missions were consolidated into six key missions, to support a more focused effort on public health response and resilience, and to support the delivery of the deferred 2020-21 state budget. These six key missions are listed below.

Mission	Lead Secretary	Description
Public health resilience	Secretary, Department of Health & Human Services	Leadership of the ongoing public health response to coronavirus (COVID-19), and hospital and system reform
Economic management and preparation of the 2020-21 budget	Secretary, Department of Treasury & Finance	Leadership for monitoring economic and business conditions, and managing the Victorian State budget and financing including tax reform
Economic program delivery, supply, logistics and procurement	Secretary, Department of Jobs, Precincts & Regions	Leadership and delivery for the economic programs needed to support business and employment  Leadership for the supply and transport of essential goods, and the timely procurement of goods and services and potentially premises
Restoration and reform of public services – People	Secretary, Department of Justice & Community Safety  Secretary, Department of Health & Human Services  Secretary, Department of Education & Training	Leadership for the recovery and reform of key government justice, education and human services
Restoration and reform of public services – Economic (public sector)	Secretary, Department of Transport  Secretary, Department of Environment, Land, Water & Planning	Leadership for the recovery and reform of key government economic services, including to support economic recovery by rapidly restarting and commissioning infrastructure projects
Economic Recovery and growth	Secretary, Department of Jobs, Precincts & Regions  CEO Invest Victoria	Leadership for the identification of recovery and growth strategies and actions for Victoria to recover economically

Two enabling programs of work were also established to guide the State's response to the pandemic, and support the six missions:

Enabling Program	Lead Secretary	Description
Critical risks and opportunities	Secretary, Department of Premier & Cabinet	Leadership for the identification of critical risks, vulnerabilities and post-event reform opportunities for the public sector
Behaviour change, social cohesion and communications	Secretary, Department of Premier & Cabinet	Leadership for the design and coordinated implementation of communication, community activation and engagement activities

# Achievements



## Business continuity

Continued operation of scheduled public transport services, customer service centres and call centres during the coronavirus (COVID-19) response, with stringent protocols in place to ensure Victorians can still undertake essential travel and access essential services.

## Fishing & boating

Every public boat ramp in Victoria is now free for parking and launching.

## Technology

Delivered Victoria's first ever interactive Waterway Map providing users with a visual representation of the state's Vessel Operating and Zoning Rules (VOZR). The map displays the locations of navigation aids and signage. Launched a new 'Boating Vic' app that provides targeted information for over 450 boat ramps and launching locations across Victoria, including ramp and car park vision and safety information.

## Road safety

In 2019, for the first time in a decade, no lives were lost on the Hume Freeway, thanks largely to safety barriers and rumble strips installed all the way from Melbourne to the New South Wales border.







## Public transport

Delivery of 8 new E-Class trams and 4 new X'Trapolis trains into service, continuing the Government's pipeline of new rolling stock and supporting local manufacturing. Commenced rollout of 100 new buses across Melbourne, operated by Transdev, with 86 buses operating in-service during 2019 and the remaining 14 buses due to commence service in August 2020.

## Freight and ports

Completed the upgrade to rail signals into and out of the Port of Geelong, replacing a manual process and enabling more grain trains to travel from the state's grain growing regions to the Port. The new signalling system allows for both standard and broad-gauge trains to access the grain site.

## Roads

Completed the Bellarine Peninsula's biggest road infrastructure project, the six kilometre Drysdale Bypass, Princes Highway West, Plenty 1 and Yan Yean 1.



## Sustainability

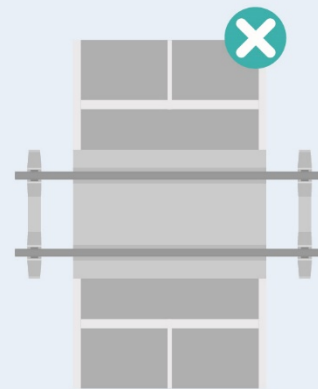
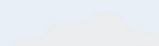
Victoria's first locally built, fully electric bus began carrying passengers, reducing carbon emissions, improving air quality and delivering a quieter, smoother ride for passengers.



## Infrastructure

Launched all four Metro Tunnel Project tunnel boring machines (TBMs) on the Metro Tunnel Project with the section between the new Arden Station and Kensington now complete.

Removed a further six dangerous and congested level crossings, for a total of 35 crossings removed as part of the government's commitment to removed 75 level crossings in Melbourne by 2025.



## Departmental

- Launched the first strategic plan for the new Department of Transport, titled Strategic Plan 2019-23 *Simple, Connected Journeys* to help guide the development of an integrated and sustainable transport system that contributes to an inclusive, prosperous and environmentally responsible state. The achievements listed below represent the department's progress towards achieving its initiatives in this plan.

## Public Transport

### Statewide

- Continued running of scheduled public transport services, or adapted where necessary, for the coronavirus (COVID-19) response, with stringent protocols in place to ensure Victorians can still undertake essential travel.
- Increased cleaning across the network including nightly sanitation of all trains, trams and buses (including replacement buses), and disinfecting all touch surfaces. More than 300 jobseekers have been hired to carry out additional daily cleaning on Melbourne's tram network, as part of the Working for Victoria initiative.
- Removed cash handling options on buses to minimise risks from coronavirus (COVID-19).

### Metropolitan

- Commenced rollout of 100 new buses across Melbourne, operated by Transdev, with 86 buses operating in-service during 2019 and the remaining 14 buses due to commence service in August 2020.
- Victoria's first locally built, fully electric bus began carrying passengers, reducing carbon emissions, improving air quality and delivering a quieter, smoother ride for passengers.
- Delivery of eight new E-Class trams and four new X'Trapolis trains into service, continuing the Government's pipeline of new rolling stock and supporting local manufacturing.
- Worked with Alstom, Bombardier, V/Line and relevant unions to facilitate a temporary redeployment of Alstom's Ballarat manufacturing workforce to V/Line maintenance work. This work retains key skilled rail jobs prior to the potential manufacturing of an updated X'Trapolis train in future.

- Continued testing the new High Capacity Metro Trains to ensure they are safe and reliable before entering passenger service, initially on the Cranbourne and Pakenham lines. This is Victoria's first new metro train fleet in more than 15 years.
- Commenced rollout of upgraded communications equipment on 29 Comeng trains with real-time high definition information, colour passenger information displays with dynamic route maps and clearer destination screens on the outside of trains.
- Commenced work on the first of thirty station carpark upgrades in Melbourne, jointly funded by state and Commonwealth governments.
- Reduced the public transport seniors concession eligibility age to 50+ for Aboriginal and Torres Strait Islanders, in line with changes to seniors' card eligibility.

### Regional

- Released final designs for the new, comfortable and more reliable VLocity trains for the North East line. The design includes built in USB chargers, luggage storage, a modern catering facility and six wheelchair spaces with companion seats.

### Commercial Passenger Vehicles Victoria

- Ensured continuation of core functions by activating business continuity plans enabling continuity of critical services in a safe environment during the coronavirus (COVID-19) pandemic.
- Bolstered our regulatory relationships by partnering with law enforcement agencies to undertake joint operations and campaigns targeting unregistered and non-conventional platforms and unaccredited drivers, with a range of actions taken in support for the Monitoring, Compliance and Enforcement Policy. This led to increased registration compliance and cessation of illegal booking services.
- Implemented new advertising and touting law/offences.
- Established the Operational Safety Committee to ensure the commercial passenger vehicle industry is committed to safety and fosters community confidence in its services.
- Developed the Safety Enforcement Design team to pursue strategic objectives and innovation while engaging with industry on delivering clear key performance indicators and shared learnings.

## Roads

- In 2019, for the first time in a decade, no lives were lost on the Hume Freeway, thanks largely to safety barriers and rumble strips installed all the way from Melbourne to the New South Wales border.
- The department made substantial progress in restoring the arterial road network to pre-fire conditions in bushfire-affected areas. The department developed and implemented a Bushfire Recovery Plan, ensuring that its recovery activities are consistent with, and contribute to, Bushfire Recovery Victoria's broader recovery approach.
- Treated nearly 14 million square metres of roads, including resurfacing and rehabilitation.
- Completed 71 projects as part of the Safer Roads Program, including installation of audio tactile line markings and flexible safety barriers to prevent head on and run off road crashes, Community Gateway sites, high-speed high-risk intersection upgrades on regional roads, and roundabouts as part of our major safety upgrades. In addition, new side road activated speed technology was introduced at six high speed intersections, as well as 12 controlled right turn signals in metropolitan Melbourne.
- Announced new funding for 700 new CCTV cameras at key road bottlenecks; six additional incident response crews and 40 new visual message boards, alongside a suite of new technologies to help keep traffic moving and Victorian drivers informed as to the status of the road network.

### *Roads - Statewide*

- Customer Service Centres have remained open, working under strict social distancing and cleaning protocols. This has been supported by a coronavirus (COVID-19) specific digital program and a specific coronavirus (COVID-19) webpage.
- Call Centre staff have been working from home, continuing to respond to queries.
- Online applications have continued to be processed.

## Infrastructure

### *Roads projects*

- Completed the first stage of the Plenty Road Upgrade and commenced Stage 2 which includes widening the road from four lanes to six between Bush Boulevard and Riverdale Boulevard, upgrading 12 intersections and improvements to cycling and working facilities.
- Opened the Drysdale Bypass that will significantly reduce traffic congestion through the centre of Drysdale and will ensure safer, more efficient journeys on the Bellarine Peninsula.
- Commenced early work to realign the South Gippsland Highway at Koonwarra, known locally as the Black Spur. The project will deliver crucial safety and travel time benefits for Victoria's south-east.
- Work is well advanced on the \$1.8 billion Western Roads Upgrade, which will transform eight priority roads in Melbourne's growing western suburbs. Major upgrades to Dunnings Road and Palmers Road in Point Cook, and Dohertys Road in Truganina and Laverton North are now complete, with construction well advanced on the remaining six road upgrades. A program to repair and resurface 37 roads in the west and strengthen five bridges and structures on key freight routes has also recently been completed as part of the project.
- Completed Stage 1 of the Yan Yean Road Upgrade between Diamond Creek Road and Kurrak Road at Yarrambat. The upgrade has transformed a congested two-lane arterial to a four-lane road with improved safety features, six intersections with traffic lights and pedestrian crossings and new walking and cycling paths. Planning for Stage 2 works has commenced which includes road widening between Bridge Inn Road and Kurrak Road from two to four lanes.
- Construction on a vital second river crossing between Victoria and New South Wales began, with Stage 3 construction of the Echuca Moama Bridge project underway.

- Major construction completed on two projects benefiting drivers in the south eastern suburbs. The Hallam Road Upgrade is improving safety, traffic flow and access to public transport from Ormond Road to the South Gippsland Highway, while on the Thompsons Road Upgrade work was completed four months ahead of schedule. Major works consisted of duplicating a 10.7 kilometre stretch of the road and a major intersection upgrade where Frankston-Dandenong Road and Thompsons Road meet at Carrum Downs. Replacing the roundabout with traffic lights benefits more than 58,000 vehicles that travel through the intersection every day and provides better connectivity to Eastlink.
  - Commenced construction works on the Mordialloc Freeway. The new 9 kilometre freeway will connect the Mornington Peninsula Freeway to the Dingley Bypass and will be completed late 2021. Works will include new shared walking and cycling paths along the entire freeway.
  - Completed the upgrade to Princes Highway West – Winchelsea to Colac. Extra lanes and new intersections have been added making the journey time quicker and safer.
  - Introduced a construction industry recycling program to accelerate and increase the use of recycled and reused materials in transport projects and the Big Build. The program is part of the Recycled First policy, which requires bidders on road and rail projects to demonstrate how they'll optimise recycled and reused materials in delivery.
  - Commenced work on two of Melbourne's freeways. Upgrades are underway on the Sydney to Edgars Road section of the M80 Ring Road and stage two of the Monash Freeway Upgrade. The projects will increase capacity, improve safety, include smart transport technology and create more reliable travel times for the hundreds of thousands of motorists who use these roads each day. The \$1.4 billion Monash Freeway Upgrade will add 36 kilometre of extra lanes and improve connections to Melbourne's vital corridor
  - The Minister for Planning released his assessment of the North East Link Environment Effects Statement, Victoria's most comprehensive and robust impact assessment process, in December 2019. The Minister found that overall the environmental impacts of the project can be appropriately managed and will be acceptable given the significant benefits for all Victorians.
  - Delivered the legislation required to establish the North East Link State Tolling Corporation in March 2020. In a Victorian first, the state-owned company will be set-up to collect tolls with toll revenue going towards the cost of building and maintaining the missing link in Melbourne's freeway network.
  - Awarded the North East Link early works contract, valued at more than \$200 million, to prepare for major construction and will deliver a range of preparatory works including power, water and other utility works.
  - Released the North East Link primary package request for proposal inviting shortlisted consortia to place bids to deliver the \$7-9 billion major works contract, as part of a Public Private Partnership (PPP). The successful PPP builder will be responsible for building the twin tunnels under the Yarra River, and operating the entire road corridor from the Eastern Freeway to Hoddle St and the M80, once it is built.
- Rail infrastructure projects*
- Continued the level crossing removal program with the removal of a further six level crossings. 35 level crossings had been removed at the end of the financial year, and 21 new stations delivered or upgraded.
  - Completed building the new Kananook train storage facility in May 2020 to replace the existing train storage facility in Carrum and provide capacity to accommodate more trains in the future following completion of the Metro Tunnel project.
  - Completed building the new Wyndham Vale train storage facility in April 2020 to replace existing stabling at the E-Gate facility near Footscray making way for an extension of Wurundjeri Way as part of the West Gate Tunnel Project.
  - In late May, a team of up to 1,700 workers commenced an intensive two-month period of construction to remove three more level crossings on the Frankston line in Cheltenham and Mentone by late July.

- Launched all four Metro Tunnel Project tunnel boring machines (TBMs) with the section between the new Arden Station and Kensington now complete.
- Fully excavated the main station cavern for the new State Library Station. Broke through from Federation Square to the Town Hall Station cavern in June 2020 – it is now possible to walk underground from City Square to Flinders Street.
- Rockbank Station was rebuilt and opened in August 2019 and the new Cobblebank Station opened in December 2019, delivered as part of the Ballarat Line Upgrade.
- Commenced construction of the Avon River Bridge Upgrade in September 2019. Trains will be able to travel at up to 90 kilometres per hour on the new bridge.
- Awarded the contract for the Warrnambool Line Upgrade in December 2019, which will allow for a fifth weekday return service between Warrnambool and Melbourne.
- Commenced site investigations in March 2020 as part of development works for the Melbourne Airport Rail project.
- Developed an introductory rail qualification for high school students with an interest in rail and construction, the Certificate II in Heavy and Light Rail Fundamentals (pre-vocational). The project is led by the Level Crossing Removal Project.
- Nearing completion of the Victorian Tunnelling Centre, the first tunnelling training facility in Australia that will train about 5,000 students annually. The Centre is co-funded by North East Link Project, Rail Projects Victoria and West Gate Tunnel and is run by Holmesglen Institute.

#### *Suburban Rail Loop Authority*

- Commenced design and development work for Suburban Rail Loop Stage One section between Box Hill and Cheltenham. Specialist technical studies, modelling and site investigations (including the digging of more than 100 boreholes along the route) are informing the project's concept design, planning for precincts, market engagement and the investment case. In addition, community and stakeholder engagement, both face-to-face and online, has been capturing feedback to guide project decision-making.

## Ports and Freight

- Continued uninterrupted delivery of projects and operation of services during the coronavirus (COVID-19) response.
- Completed the upgrade to rail signals into and out of the Port of Geelong, replacing a manual process and enabling more grain trains to travel from the state's grain growing regions to the Port. The new signalling system allows for both standard and broad-gauge trains to access the grain site.
- Upgraded the Manangatang freight line in the north of the state, assisting farmers who transport hay and grain to the Port of Melbourne.
- Completed dredging at Apollo Bay Harbour, ensuring easy access for tourism operators and local fishers.
- Commenced work protecting and preserving the iconic Gem Pier in Port Phillip, repairing and replacing piles.
- Extension of the Mode Shift Incentive Scheme to continue the commitment to moving more freight by rail rather than trucks and thereby removing that congestion on our major roads.
- Commenced the first holistic review into the Victorian Ports System since 2001.

## Fishing and Boating

- Every public boat ramp in Victoria is now free for parking and launching.
- Delivered a significant upgrade at Rye Pier through the Better Recreational Facilities initiative to provide better and safer access for all boaters, anglers, commercial fishing charter operators and divers.
- Released the final concept design for the Queenscliff boat ramp upgrade including more boat ramp lanes, new pontoons, separate kayak access and 89 parking spaces.

Implemented the second phase of the Target One Million initiative to grow recreational fishing and delivered the following initiatives:

- Phased out commercial fishing in the Gippsland Lakes through a compulsory buy-out of licences in order to boost tourism and recreational fishing in the area.
- Began the development of a new \$7 million native fish hatchery near Shepparton to assist in rebuilding native fish populations, reduce Victoria's dependence on interstate fish hatchery suppliers and create new fishing opportunities in our State.

- Improved on-water access at inland reservoirs including Barkers Creek, Tullaroop, Lauriston, Upper Coliban, Malmsbury and Hepburn Lagoon by allowing recreational fishers to use small boats, canoes and kayaks with electric motors.
- Stocked more than six million fish throughout Victoria, including, in an initiative to improve fishing opportunities in metropolitan Melbourne waterways, 36,000 Murray cod and golden perch of a catchable size.
- Stocked more than 15,000 king prawns in Lake Tyers.

Reduced red tape in our commercial and recreational fisheries by:

- Commencing a four-year program to modernise catch reporting in Victoria's commercial fisheries by transitioning fishers from paper logbooks to an electronic reporting system available as an app on mobile phones and tablets. In 2019-20, the VFA designed and developed the Vic-eCatch app and implemented it in the abalone, rock lobster and giant crab fisheries.
- Installing real-time vessel monitoring systems on commercial fishing vessels to track activity.
- Launched a digital recreational fishing licence to deliver an improved experience for our recreational fishers and replace paper-based licences.

Created new wild harvest seafood opportunities by:

- Establishing new commercial fisheries for octopus and pipis.
- Expanding a trial in which a number of permits have been issued to commercial fishers to harvest fish, using the sustainable hook and line method of fishing, to supply straight off the boat to local communities. Reviewed, revised and implemented new fishing regulations to replace the sunseting *Fisheries Regulations 2009*. The new regulations, *Fisheries Regulations 2019*, came into effect in February 2020.
- Opened four more lakes in central Victoria to recreational fishers in Upper Coliban, Malmsbury and Lauriston reservoirs, and Hepburn Lagoon.

Encouraged more Victorians to explore and enjoy recreational fishing opportunities by:

- Launching the VFA's Chinese language Recreational Fishing Guide.
- Completing a second year of the VFA's Women in Fishing Network; a program specifically focussed on unearthing tomorrow's female fishing leaders.
- Hosting 25 recreational fishing events attended by a total of 25,000 people across the State.
- Launching a new 'Boating Vic' app that provides targeted information for over 450 boat ramps and launching locations across Victoria, including ramp and car park vision and safety information.

## Transport Safety

- Delivered Victoria's first ever interactive Waterway Map providing users with a visual representation of the state's Vessel Operating and Zoning Rules (VOZR). The map displays the locations of navigation aids and signage.
- Boating Victoria rolled out six additional boat ramp cameras around Port Philip and Western Port, providing boaters with enhanced safety information about weather and conditions at ramps.



## 2 / FINANCIAL PERFORMANCE

# CONTENTS

The Department of Transport (the department, DoT) presents its audited general purpose financial statements for the financial year ended 30 June 2020 providing users with information about the department's stewardship of resources entrusted to it. It is presented in the following structure:

<b>Financial Statements</b>	Comprehensive operating statement	30
	Balance sheet	31
	Statement of changes in equity	32
	Cash flow statement	33

---

## NOTES TO THE FINANCIAL STATEMENTS

### 1. ABOUT THIS REPORT 35

*The basis on which the financial statements have been prepared and compliance with reporting regulations.*

### 2. FUNDING DELIVERY OF OUR SERVICES

*Income recognised from grants, sales of goods and services and other sources*

2.1	Appropriations	38
2.2	Grant income	43
2.3	Sale of goods and services	45
2.4	Other income	47

### 3. THE COST OF DELIVERING SERVICES

*Operating expenses of the department*

3.1	Employee benefits	48
3.2	Grant expenses	51
3.3	Capital asset charge	52
3.4	Payments to public transport service providers	52
3.5	Other operating expense	53

### 4. DISAGGREGATED FINANCIAL INFORMATION BY OUTPUT

*Department outputs and administered (non-controlled) items*

4.1	Departmental outputs	54
4.2	Administered items	64
4.3	Restructuring of administrative arrangements	75

### 5. KEY ASSETS AVAILABLE TO SUPPORT OUTPUT DELIVERY

*Land, property, infrastructure, plant, equipment and vehicles and intangible assets*

5.1	Property, plant and equipment	76
5.2	Intangible assets	93
5.3	Joint operations	94

### 6. OTHER ASSETS AND LIABILITIES

*Working capital balances and other key assets and liabilities*

6.1	Receivables	95
6.2	Payables	97
6.3	Other non-financial assets	100
6.4	Other provisions	101



## 7. FINANCING OUR OPERATIONS

### *Borrowings, cash flow information, leases, trusts and commitments*

7.1	Borrowings	103
7.2	Leases	107
7.3	Cash flow information and balances	113
7.4	Trust account balances	115
7.5	Commitments for expenditure	120

## 8. RISKS, CONTINGENCIES AND VALUATION JUDGEMENTS

### *Financial risk management, contingent assets and liabilities as well as fair value determination*

8.1	Financial instruments specific disclosures	141
8.2	Contingent assets and contingent liabilities	152
8.3	Fair value determination	154

## 9. OTHER DISCLOSURES

9.1	Ex-gratia expenses	163
9.2	Other economic flows included in net result	164
9.3	Non-financial assets held for sale	165
9.4	Equity disclosure	166
9.5	Entities consolidated pursuant to section 53(1)(b) of the FMA	168
9.6	Change in accounting policies	169
9.7	Responsible persons	174
9.8	Remuneration of executives	174
9.9	Related parties	175
9.10	Remuneration of auditors	178
9.11	Subsequent events	178
9.12	Other accounting policies	179
9.13	Australian Accounting Standards (AAS) issued that are not yet effective	180
9.14	Departmental output objectives and descriptions	181
9.15	Glossary of technical terms	183
9.16	Style conventions	186

---

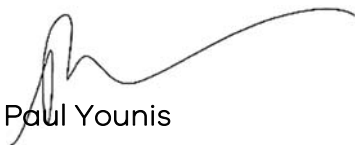
## Accountable Officer's and Chief Finance Officer's Declaration

The attached financial statements for the Department of Transport have been prepared in accordance with Standing Direction 5.2 of the Assistant Treasurer under the *Financial Management Act 1994*, applicable Financial Reporting Directions, Australian Accounting Standards including interpretations and other mandatory professional reporting requirements.

We further state that, in our opinion, the information set out in the comprehensive operating statement, balance sheet, statement of changes in equity, cash flow statement and accompanying notes, presents fairly the financial transactions during the year ended 30 June 2020 and the financial position of the Department of Transport as at 30 June 2020.

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

We authorise the attached financial statements for issue on 9 October 2020.



**Paul Younis**

Secretary

Department of Transport

9 October 2020

Melbourne



**Shaun Condrón**

Chief Financial Officer

Department of Transport

9 October 2020

Melbourne

## Independent Auditor's Report

### To the Secretary of the Department of Transport

---

<b>Opinion</b>	<p>I have audited the financial report of the Department of Transport (the department) which comprises the:</p> <ul style="list-style-type: none"><li>• balance sheet as at 30 June 2020</li><li>• comprehensive operating statement for the year then ended</li><li>• statement of changes in equity for the year then ended</li><li>• cash flow statement for the year then ended</li><li>• notes to the financial statements, including significant accounting policies</li><li>• accountable officer's and chief finance officer's declaration.</li></ul> <p>In my opinion the financial report presents fairly, in all material respects, the financial position of the department as at 30 June 2020 and their financial performance and cash flows for the year then ended in accordance with the financial reporting requirements of Part 7 of the <i>Financial Management Act 1994</i> and applicable Australian Accounting Standards.</p>
<b>Basis for Opinion</b>	<p>I have conducted my audit in accordance with the Audit Act 1994 which incorporates the Australian Auditing Standards. I further describe my responsibilities under that Act and those standards in the Auditor's Responsibilities for the Audit of the Financial Report section of my report.</p> <p>My independence is established by the Constitution Act 1975. My staff and I are independent of the department in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (the Code) that are relevant to my audit of the financial report in Victoria. My staff and I have also fulfilled our other ethical responsibilities in accordance with the Code.</p> <p>I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.</p>
<b>Key audit matters</b>	<p>Key audit matters are those matters that, in my professional judgement, were of most significance in my audit of the financial report of the current period. These matters were addressed in the context of my audit of the financial report as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters.</p>

---

Key audit matter	How I addressed the matter
<b>Recognition and measurement of service concession arrangement assets and liabilities</b>	
<i>Refer to Note 5.1.2 for service concession assets and Note 6.2 for GORTO liabilities and 7.1 for service concession financial liabilities</i>	
<p>Service concession assets – \$17.9 billion  Service concession financial liabilities – \$5.4 billion  Service concession GORTO liabilities – \$6.6 billion</p> <p>The Department had seven significant service concession arrangements in 2019–20:</p> <ul style="list-style-type: none"> <li>• Citylink (asset - \$4.6 billion, liability \$2.1 billion)</li> <li>• Eastlink (asset - \$3.6 billion, liability \$2.2 billion)</li> <li>• Peninsula Link (asset - \$818 million, liability \$672 million)</li> <li>• Western Roads Upgrade (asset - \$919 million, liability \$597 million)</li> <li>• West Gate Tunnel (asset - \$3.2 billion, liability \$2.3 billion)</li> <li>• Metro Tunnel (asset - \$3.5 billion, liability \$2.9 billion)</li> <li>• High Capacity Metro Trains (asset - \$514 million, liability \$745 million).</li> </ul> <p>For Citylink, Eastlink and the West Gate Tunnel, the State has granted the operators the right to charge the public directly for the use of these assets.</p> <p>For Peninsula Link, Western Roads Upgrade, Metro Tunnel and the High Capacity Metro Trains arrangements, the State has contractual obligations to make payments and other contributions to the private sector operators for the construction and operation of these assets. The Department has applied the requirements of the standard retrospectively, meaning application of the requirements to all service concession arrangements from the date construction of the asset commenced.</p> <p>I considered this to be a key audit matter because:</p> <ul style="list-style-type: none"> <li>• service concession assets and liabilities are financially significant</li> <li>• this is the first year of applying AASB 1059, the requirements are complex and necessitate significant judgement in their application</li> <li>• service concession arrangements and the financial models used to value the assets and liabilities are complex</li> </ul>	<p>My key procedures included:</p> <ul style="list-style-type: none"> <li>• reviewing all contracts, supporting schedules, financial models and professional accounting advice received by the Department</li> <li>• assessing the completeness and accuracy of service concession assets and liabilities against the contracts and underlying financial models for each project</li> <li>• challenging the reasonableness of asset amounts compared to actual costs incurred</li> <li>• reviewing the accounting treatment against the requirements of AASB 1059, and the reasonableness of management judgements made in the application of the standard</li> <li>• assessing the adequacy of financial report disclosures against the requirements of applicable Australian Accounting Standards.</li> </ul> <p>I engaged:</p> <ul style="list-style-type: none"> <li>• a subject matter expert to assist with these procedures for the High Capacity Metro Trains, West Gate Tunnel and Metro Tunnel arrangements.</li> <li>• a valuation expert to review the valuation methodology applied for the Citylink and Eastlink arrangements, and to consider the consistency of this methodology compared to the valuation of other classes of assets.</li> </ul>

- 
- a significant degree of management judgement is required to determine the key assumptions used in valuing the assets and liabilities
  - information may not be available to value service concession assets and liabilities, particularly those relating to Citylink and Eastlink which were built several years ago and haven't previously been valued by the Department. Several amendments have also been made to the Citylink contract since the initial agreement
  - the required disclosures for service concession assets and liabilities are extensive, particularly in the first year of applying AASB 1059.

---

<b>Secretary of the Department's responsibilities for the financial report</b>	<p>The Secretary of the department is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the <i>the Financial Management Act 1994</i>, and for such internal control as the Secretary determines is necessary to enable the preparation and fair presentation of a financial report that is free from material misstatement, whether due to fraud or error.</p> <p>In preparing the financial report, the Secretary is responsible for assessing the department's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is inappropriate to do so.</p>
--	--

---

---

**Auditor's responsibilities for the audit of the financial report**

As required by the Audit Act 1994, my responsibility is to express an opinion on the financial report based on the audit. My objectives for the audit are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

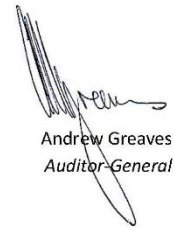
- identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
  - obtain an understanding of internal control relevant to the audit 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 department's internal control
  - evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Secretary's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the department's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the department to cease to continue as a going concern.
  - evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
-

---

<b>Auditor's responsibilities for the audit of the financial report (continued)</b>	<p>I communicate with the Secretary regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.</p> <p>From the matters communicated with the Secretary, I determine those matters that were of most significance in the audit of the financial report of the current period and are therefore key audit matters. I describe these matters in the auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in the auditor's report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.</p>
---	---

---

MELBOURNE  
12 October 2020



Andrew Greaves  
*Auditor-General*

# Comprehensive operating statement

for the financial year ended 30 June 2020

	Note	(\$ thousand)	
		2020	2019
<b>Income from transactions</b>			
Output appropriations	2.1.1	7,540,969	7,459,163
Special appropriations	2.1.2	438,547	127,098
Regional Jobs and Infrastructure Fund appropriations <sup>(i)</sup>	2.1.1	-	62,500
Grant income	2.2	466,928	143,956
Sale of goods and services	2.3	370,181	18,641
Other income	2.4	283,803	15,742
<b>Total income from transactions</b>		<b>9,100,428</b>	<b>7,827,100</b>
<b>Expenses from transactions</b>			
Grant expenses	3.2	(3,609,352)	(7,216,788)
Employee benefits expense	3.1.1	(585,937)	(321,010)
Capital asset charge	3.3	(74,519)	(50,964)
Depreciation and amortisation	5.1.5	(1,014,876)	(24,967)
Interest expense <sup>(iii)</sup>	7.1.2	(327,651)	(155,379)
Payments to public transport service providers	3.4	(2,489,053)	-
Other operating expenses	3.5	(1,371,894)	(433,224)
<b>Total expenses from transactions</b>		<b>(9,473,282)</b>	<b>(8,202,332)</b>
<b>Net result from transactions</b>		<b>(372,854)</b>	<b>(375,232)</b>
<b>Other economic flows included in net result</b>			
Net loss on non-financial assets	9.2	(594,157)	(3,123)
Net loss on financial instruments	9.2	(3,622)	(452)
Other gain/(loss) from other economic flows	9.2	(43,319)	(2,995)
<b>Total other economic flows included in net result</b>		<b>(641,098)</b>	<b>(6,570)</b>
<b>Net result</b>		<b>(1,013,952)</b>	<b>(381,802)</b>
<b>Items that will not be classified to net result</b>			
Changes in physical asset revaluation reserve		12,084,681	-
<b>Total other economic flows - other comprehensive income</b>		<b>12,084,681</b>	<b>-</b>
<b>Comprehensive result</b>		<b>11,070,729</b>	<b>(381,802)</b>

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

Notes:

- i. The fund has been transferred to Department of Jobs, Precincts and Regions (DJPR) as part of the Machinery of Government (MoG) change effective on 1 January 2019.
- ii. The 2019 comparatives figures have been restated to reflect the adoption of AASB 1059 *Service Concession Arrangements: Grantors* (AASB 1059), refer to Note 9.6.5.1 for further details.



# Balance sheet

as at 30 June 2020

	Note	(\$ thousand)		
		2020	2019	2018 <sup>(i)</sup>
<b>Assets</b>				
<b>Financial assets</b>				
Cash and cash equivalents	7.3	662,257	93,812	1,351,602
Receivables	6.1	1,701,012	1,149,693	1,546,773
Contract assets	6.11	12,322	-	-
Investments		-	-	71
<b>Total financial assets</b>		<b>2,375,591</b>	<b>1,243,505</b>	<b>2,898,446</b>
<b>Non-financial assets</b>				
Non-financial assets held for sale	9.3	145,005	149,045	137,355
Property, plant and equipment <sup>(iii)</sup>	5.1	87,863,502	8,626,082	4,662,407
Intangible assets	5.2	86,284	1,461	37,282
Biological assets		-	-	2,092
Other non-financial assets <sup>(ii)</sup>	6.3	356,889	61,426	64,500
<b>Total non-financial assets</b>		<b>88,451,680</b>	<b>8,838,014</b>	<b>4,903,636</b>
<b>Total assets</b>		<b>90,827,271</b>	<b>10,081,519</b>	<b>7,802,082</b>
<b>Liabilities</b>				
Payables <sup>(ii)</sup>	6.2	8,326,616	3,067,195	2,495,884
Contract liabilities	6.2.1	73,549	-	-
Borrowings <sup>(ii)</sup>	7.1	6,062,644	3,325,412	2,701,661
Employee benefits provision	3.1.2	217,704	64,514	132,163
Other provisions	6.4	728,390	13,211	20,159
<b>Total liabilities</b>		<b>15,408,903</b>	<b>6,470,332</b>	<b>5,349,867</b>
<b>Net assets</b>		<b>75,418,368</b>	<b>3,611,187</b>	<b>2,452,215</b>
Contributed capital	9.4	64,993,395	4,192,898	2,766,296
Accumulated surplus/(deficit) <sup>(ii)</sup>		(2,179,123)	(1,101,126)	(715,814)
Physical asset revaluation surplus <sup>(ii)</sup>		12,604,096	519,415	401,733
<b>Net worth</b>		<b>75,418,368</b>	<b>3,611,187</b>	<b>2,452,215</b>

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

Notes:

- i. The retrospective application of AASB 1059 has a material effect on the information presented in the balance sheet at the beginning of the preceding period, therefore the department is presenting a third balance sheet as at the beginning of the 1 July 2018. Refer to Note 9.6.5.2 for further details.
- ii. The 2019 comparatives figures have been restated to reflect the adoption of AASB 1059, refer to Note 9.6.5.2 for further details.

# Statement of changes in equity

for the financial year ended 30 June 2020

		(\$ thousand)			
	Note	Contributed capital	Accumulated surplus	Physical asset revaluation surplus	Total
<b>Balance at 1 July 2018 <sup>(i)</sup></b>		<b>2,766,296</b>	<b>(715,814)</b>	<b>401,733</b>	<b>2,452,215</b>
Net result for the year		-	(254,525)	-	(254,525)
Sec53(1)(b) entities no longer consolidated <sup>(ii)</sup>		(467)	(3,510)	-	(3,977)
Capital appropriations	9.4	3,394,244	-	-	3,394,244
Capital funding to agencies within the portfolio	9.4	(533,962)	-	-	(533,962)
Capital funding from the State	9.4	1,448,400	-	-	1,448,400
Net assets transferred (to)/from other government entities	9.4	(2,726,888)	-	-	(2,726,888)
Net transfers via administrative restructure	9.4	(154,725)	-	-	(154,725)
<b>Balance at 30 June 2019</b>		<b>4,192,898</b>	<b>(973,849)</b>	<b>401,733</b>	<b>3,620,782</b>
Change in accounting policy (due to AASB 1059) <sup>(iii)</sup>			(127,277)	117,682	(9,595)
<b>Restated Balance at 30 June 2019 (after new accounting standards)</b>		<b>4,192,898</b>	<b>(1,101,126)</b>	<b>519,415</b>	<b>3,611,187</b>
<b>Balance at 1 July 2019</b>		<b>4,192,898</b>	<b>(1,101,126)</b>	<b>519,415</b>	<b>3,611,187</b>
Change in accounting policy (due to AASB 15) <sup>(iv)</sup>			(41,112)		(41,112)
<b>Restated balance at 1 July 2019</b>		<b>4,192,898</b>	<b>(1,142,238)</b>	<b>519,415</b>	<b>3,570,075</b>
Net result for the year		-	(1,013,952)	-	(1,013,952)
Sec53(1)(b) entity first time consolidation <sup>(v)</sup>		-	(22,934)	-	(22,934)
Revaluation increment/(decrement)		-	-	12,084,681	12,084,681
Capital appropriations	9.4	4,562,820	-	-	4,562,820
Capital funding to agencies within the portfolio	9.4	(13,023)	-	-	(13,023)
Capital funding from the State	9.4	1,782,600	-	-	1,782,600
Net assets transferred (to)/from other government entities	9.4	(3,936,577)	-	-	(3,936,577)
Net transfers via administrative restructure	9.4	58,404,677	-	-	58,404,677
<b>Balance at 30 June 2020</b>		<b>64,993,395</b>	<b>(2,179,123)</b>	<b>12,604,096</b>	<b>75,418,367</b>

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

Notes:

- Where a service concession arrangement is in existence at 1 July 2018; the opening balance at 1 July 2018 is adjusted to reflect the adoption of AASB 1059. Refer to Note 9.6.5.2 for further details.
- Rural Assistance Commissioner has not been consolidated by the department since 1 January 2019.
- The opening balance at 1 July 2019 is adjusted to reflect the adoption of AASB 1059, refer to Note 9.6 and Note 9.6.5.2 for further details.
- The opening balance brought forward from 30 June 2019 is adjusted for AASB 15 *Revenue from Contracts with Customers* (AASB 15), refer to Note 9.6.5.3 for further details.
- VicRoads (Registration and Licensing) is consolidated into the department under s53(1)(b) for the first time in the current year.

# Cash flow statement

for the financial year ended 30 June 2020

	Note	(\$ thousand)	
		2020	2019
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Receipts from Victorian Government		8,705,244	7,506,626
Receipts from other entities		541,635	178,353
Goods and services tax recovered from the ATO <sup>(i)</sup>		938,971	588,917
Sale of goods services		1,000,570	7,260
Interest received		2,710	2,255
<b>Total receipts</b>		<b>11,189,130</b>	<b>8,283,411</b>
<b>Payments</b>			
Payments of grant expenses		(3,753,752)	(7,995,287)
Payments to suppliers and employees		(3,441,914)	(814,899)
Payments to public transport service providers		(3,204,455)	-
Capital asset charge payments		(74,519)	(50,964)
Interest and other financing costs		(129,258)	(16,964)
<b>Total payments</b>		<b>10,603,898</b>	<b>(8,878,114)</b>
<b>Net cash flows from/ (used in) operating activities</b>	7.3.1	<b>585,232</b>	<b>(594,703)</b>
<b>Cash flows from investing activities</b>			
<b>Receipts</b>			
Sale of non-financial assets		9,973	14,878
<b>Total receipts</b>		<b>9,973</b>	<b>14,878</b>
<b>Payments</b>			
Payments for property, plant and equipment		(6,216,888)	(3,912,933)
Payments for intangible assets		(22,848)	(660)
<b>Total payments</b>		<b>(6,239,736)</b>	<b>(3,913,593)</b>
<b>Net cash flows from/ (used in) investing activities</b>		<b>(6,229,763)</b>	<b>(3,898,715)</b>
<b>Cash flows from financing activities</b>			
<b>Receipts</b>			
Owner contributions by Victorian Government		4,562,820	3,394,244
Receipts from other government entities		1,782,600	1,448,400
Receipts of loans and advances		308,952	41,677
Cash transferred in Machinery-of-Government changes		96,787	8,762
<b>Total receipts</b>		<b>6,751,159</b>	<b>4,893,083</b>

	Note	(\$ thousand)	
		2020	2019
<b>Payments</b>			
Payments of capital contribution funding to portfolio entities		(13,023)	(533,962)
Repayment of borrowings and principal portion of lease liabilities (2019: finance leases) <sup>(ii)</sup>		(369,746)	(5,711)
Payments of loans and advances		(155,414)	(608,840)
Cash transferred out Machinery-of-Government changes		-	(476,561)
S.53(1)(b) entities no longer consolidated		-	(32,381)
<b>Total payments</b>		<b>(538,183)</b>	<b>(1,657,455)</b>
<b>Net cash flows from/ (used in) financing activities</b>		<b>6,212,976</b>	<b>3,235,628</b>
<b>Net increase in cash and cash equivalents</b>		<b>568,445</b>	<b>(1,257,790)</b>
Cash and cash equivalents at the beginning of the financial year		93,812	1,351,602
<b>Cash and cash equivalents at the end of the financial year</b>	7.3	<b>662,257</b>	<b>93,812</b>

The above cash flow statement should be read in conjunction with the accompanying notes.

Notes:

- i. Goods and Services Tax (GST) recovered/(paid) to the ATO is presented on a net basis.
- ii. The department has recognised cash payments for the principal portion of lease payments as financing activities; cash payments for the interest portion as operating activities consistent with the presentation of interest payments and short-term lease payments for leases and low-value assets as operating activities.

# 1. ABOUT THIS REPORT

The Department of Transport (the department, DoT) is a government department of the State of Victoria, established pursuant to an order made by the Premier under the *Public Administration Act 2004*. It is an administrative agency acting on behalf of the Crown.

The department's principal address is:

Department of Transport  
1 Spring Street  
Melbourne VIC 3000

These annual financial statements represent the audited general purpose financial statements for the year ended 30 June 2020.

A description of the nature of its operations and its principal activities is included in the Overview of this report, which does not form part of these financial statements.

## Basis of preparation

These financial statements are in Australian dollars and the historical cost convention is used, unless a different measurement basis is specifically disclosed in the note associated with the item measured on a different basis, including property, plant and equipment as disclosed in Note 8.3.2 Fair value determination.

The accrual basis of accounting has been applied in preparing 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.

Consistent with the requirements of AASB 1004 *Contributions*, contributions by owners (that is, contributed capital and its repayment) are treated as equity transactions, and therefore do not form part of the income and expenses of the department.

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 to or distributions by owners have also been designated as contributions by owners.

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

Judgements, estimates and assumptions are required to be made about financial information being presented. 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.

Revisions to accounting estimates are recognised in the period in which the estimate is revised and in future periods that are affected by the revisions. Judgements and assumptions made by management in applying Australian Accounting Standards (AASs) that have significant effects on the financial statements and estimates are disclosed in the notes.

These financial statements cover the department as an individual reporting entity and include all the controlled activities of the department.

The following agencies have been consolidated into the department's financial statements pursuant to a determination made by the Assistant Treasurer under section 53(1)(b) of the *Financial Management Act 1994* (FMA). These agencies are reported in combination with the department:

- **Major Projects Victoria (MPV)**  
(established under *Project Development Construction and Management Act 1994*)
- **Linking Melbourne Authority (LMA)**  
(created under the *Transport Integration Act 2010* (TIA))
- **Public Transport Development Authority (Public Transport Victoria (PTV))**  
(Established under the TIA)
- **Roads Corporation (VicRoads)**  
(Established under the TIA)
- **Head, Transport for Victoria (Head, TfV)**  
(Established under the TIA).

Where control of an entity is obtained during the financial period, its results are included in the comprehensive operating statement from the date on which control commenced. Where control ceases during a financial period, the entity's results are included for that part of the period in which control existed. Where entities adopt dissimilar accounting policies and their effect is considered material, adjustments are made to ensure consistent policies are adopted in these financial statements.

In accordance with AASB 10 *Consolidated Financial Statements*, the consolidated financial statements of the department incorporate assets and liabilities of a reporting entity controlled by the department as at 30 June 2020 and its income and expenses for that part of the reporting period which control existed:

- **Franchise Asset Holdings Pty Ltd (AssetCo)**  
(a special purpose entity for the purpose of acquisition and financing of buses and development of bus depots as part of the franchise agreement with Transdev Melbourne Pty Ltd).

In addition, the following administrative office and statutory appointments are included within the department's financial statements:

- **The Director, Transport Safety**  
(statutory appointment)
- **The Chief Investigator, Transport Safety**  
(statutory appointment)
- **Major Transport Infrastructure Authority**  
(administrative office)
- **Suburban Rail Loop Authority**  
(administrative office).

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

## Establishment of Road Safety Victoria

Announced on 29 June 2019, Road Safety Victoria has been established to strengthen Victoria's road safety capability and ensure road safety is a priority within the department. This dedicated office of road safety merged and centralised the road safety functions of VicRoads and the department, which commenced operations from 1 August 2019. Road Safety Victoria will work closely with all road safety partners, made up of Victoria Police, the Transport Accident Commission, VicRoads, the Department of Transport, the Department of Justice and Regulation and the Department of Health and Human Services to develop strategies and programs to reduce Victoria's road toll. RSV is considered as a business unit within the department and its balances and results are included within the department's statements.

## Establishment of Suburban Rail Loop Authority

The Suburban Rail Loop Authority (SRLA) was established under Section 30 of the *Public*

*Administration Act 2004* (PAA) on 3 September 2019 for the purpose of planning the rail loop from Cheltenham to the Airport and overseeing community and stakeholder engagement in preparation for the start of the first stage of construction in 2022. SRLA is an administrative office within the department and its balances and results are included within the department's statements.

## Integration of VicRoads and PTV into the department

In June 2019, the Victorian Government issued an administrative order restructuring some of its activities via Machinery of Government (MoG) changes, taking effect from 1 July 2019. Furthermore, the *Transport Legislation Amendment Act 2019* (TLAA) provided for the integration of VicRoads and PTV into the department to create one transport body for the overall strategic planning and operation of the Victorian transport system.

Refer below for more detailed information on individual entities:

### Public Transport Victoria

As of 1 July 2019, the Transport Restructuring Order (TRO) facilitated the conferral of duties, functions and powers of PTV to the Head, TfV and the Secretary of the department, until its abolishment. The corporate functions and employees of PTV (excluding public transport functions and bus contracts) were transferred to the Secretary of the department and consequently, public transport functions were transferred to the Head, TfV as of 1 July 2019 via the TRO. Effective 1 January 2020, PTV was abolished under the TIA and the remainder of the balances relating to the bus contracts were transferred to the reconstituted Head, TfV within the department.

### Franchise Asset Holdings Pty Ltd

On 1 January 2020, the Head, TfV became the successor party to Franchise Asset Holdings Pty Ltd (AssetCo), an entity established as a result of the bus franchise arrangements with Transdev.

As a controlled entity of the former PTV, AssetCo's financial information has been consolidated within the financial statements of the department. In the process of preparing consolidated financial statements, all material transactions and balances between the consolidated entities are eliminated. The consolidated and parent financial statements are the same, with exception of those items described in Notes 7.1, 7.1.1, 7.1.2 and 7.2.4.

## VicRoads

Effective 1 July 2019, the corporate functions and employees of VicRoads (excluding of the Registration & Licensing (R&L), National Heavy Vehicle Register (NHVR staff) and selected Incident response officers) were transferred to the Secretary of the department while the Road Management function was conferred to the Head, TfV via the TRO. On 12 August 2019, the Victorian Government approved the transition of heavy vehicle regulatory service to occur on 8 December 2019 to the federal government due to the agreement of funding arrangements and the passage of associated legislation amendments.

Furthermore, with the amendment of TIA as of 1 January 2020, the R&L function was transferred to the Secretary while R&L employees remained within VicRoads.

VicRoads remains in existence with R&L staff and operates with limited functions per the TIA which are to assist the Secretary with providing R&L functions and make available R&L staff of VicRoads.

## Head, Transport for Victoria

As of 1 January 2020, the TLAA provided for the reconstitution of the Head, TfV as a body corporate and reallocated public transport functions and powers of the former PTV and road management functions of VicRoads to the reconstituted Head, TfV under TIA.

The Head, TfV is now a statutory office established under section 64A of the TIA which is set up to administer Victoria's train, tram, bus and road systems. The primary object of the Head, TfV is to coordinate, provide, operate and maintain the public transport system and road system consistent with the vision statement and transport system objectives. Head, TfV does not have any employees other than the Head of Head, TfV who is employed by the Secretary and endorsed by the Minister.

## Comparative figures

Due to the recent MoG change that took effect on 1 July 2019 integrating VicRoads and PTV into the department, the current year figures within the department's financial statements for the year ended 30 June 2020 include the department, former PTV and VicRoads.

As a result of the previous MoG change effective on 1 January 2019, the Department of Economic Development, Jobs, Transport and Resources (DEDJTR) became the department. The

department assumed the transport infrastructure, public transport, ports & freight, roads, road safety & the Transport Accident Commission (TAC), and fishing & boating portfolios of DEDJTR, and other portfolios were transferred to the Department of Jobs, Precincts and Regions (DJPR). In addition, Industrial Relations Victoria and Economic Development functions were transferred to Department of Premier and Cabinet (DPC) and Department of Treasury and Finance (DTF) respectively.

The comparative figures reported by the department include the financial performance, cash flow information and equity movements of non-transport functions from 1 July to 31 December 2018.

The prior year comparative figures within the department's financial statements do not include balances of the former PTV or VicRoads.

Due to the factors explained above, the current year financial information included in this report will not be comparable to prior year audited figures without considering the impact of the 2018-19 and 2019-20 MoG changes.

## Compliance information

These general purpose financial statements have been prepared in accordance with the FMA and applicable AASs 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 selected and applied in these financial statements ensure 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.

## Rounding of amounts

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 (Note 9.16 Style conventions).

## 2. FUNDING DELIVERY OF OUR SERVICES

### Introduction

The department's mission is to enable simple, safe and connected journeys.

To enable the department to fulfil its mission and provide outputs as described in Note 4

Disaggregated financial information by output, it receives income in the form of parliamentary appropriations. In addition, the department receives grants and fees for service revenue in relation to agriculture and transport services.

### Structure

2.1	Appropriations.....	38
2.2	Grant income.....	43
2.3	Sale of goods and services.....	45
2.4	Other income.....	47

### 2.1 Appropriations

Annual parliamentary appropriations are applied by the Treasurer, they become controlled by the department and are recognised as income when applied to the purposes defined under the relevant *Appropriations Act*.

#### 2.1.1 Summary of compliance with annual parliamentary appropriations

**Output appropriation** is provided to the department as payment for the production of agreed services and outputs. Income from the outputs the department provides to the Government is recognised when those outputs have been delivered and the Treasurer has certified delivery of those outputs in accordance with specified performance criteria.

Other forms of appropriation include **Additions to the Net Assets Base (ATNAB)** that provides for an increase in the net capital base and **Payments on behalf of the State (POBOS)**. POBOS provides for payments to be made by the Department on behalf of the State as the Department has no direct control with respect to the quantity of outputs delivered and are classified as an Administered function.

The *Financial Management Act 1994 (FMA)* forms a key part of the State's resource management framework and provides the following mechanisms for resource allocation.

**Section 29 of FMA – Annotated revenue:** the department on behalf of the relevant Minister

may apply to the Treasurer to retain certain types of revenue/receipts from third parties. The income which forms part of a section 29 agreement is recognised by the department and the receipts paid into the Consolidated Fund as an administered item. At the point of income recognition, section 29 provides for an equivalent amount to be added to the annual appropriation. Examples of receipts which can form part of a section 29 agreement are Commonwealth specific purpose grants, municipal council special purpose grants, the proceeds from the sale of assets and income from the sale of products and services. This is shown in Note 2.1.3 Annotated income.

**Section 30 of FMA – Transfer between appropriation items:** the department may upon the approval of the Treasurer transfer to or from other appropriation items (purposes).

**Section 32 of FMA – Carryover unspent appropriation:** A carryover arises when amounts appropriated annually for the department, which remain unapplied at the end of one financial year, are approved by the Treasurer for application in the following financial year.

**Section 35 of FMA – Advances:** An advance provided by the Treasurer to meet urgent claims in the budget year that were unforeseen at the time of the Budget. Amounts advanced under this authority are reported to and sanctioned by the Parliament in a subsequent year's annual Appropriation Bill.

The following table discloses the details of the various annual parliamentary appropriations received by the department for the year.



In accordance with accrual output-based management procedures, 'provision of outputs' and 'additions to net assets' are disclosed as 'controlled' activities of the department. Administered transactions are those that are undertaken on behalf of the State over which the department has no control or discretion.

(\$ thousand)										
<i>Financial Management Act 1994</i>										
	<i>Appropriation Act</i>	<i>Advance from Treasurer</i>			<i>Section 30</i>	<i>Section 32 Advances</i>	<i>Section 35</i>	<i>Total</i>		
	Annual Appropriation <sup>(i)</sup>	337,143	453,135	62,596	17,400	40,493	-	7,691,425	7,540,969	
	4,936,463	683,691	(62,596)	452,180	280,537	-	-	6,665,130	4,341,357	
<b>2020</b>	<b>11,717,121</b>	<b>711,999</b>	<b>1,136,826</b>	<b>-</b>	<b>469,580</b>	<b>321,030</b>	<b>-</b>	<b>14,356,555</b>	<b>11,882,326</b>	
<b>2,474,228</b>										
<b>2019</b>										
<i>Controlled</i>										
Provision of outputs	6,780,658	337,143	453,135	62,596	17,400	40,493	-	7,691,425	7,540,969	150,455
Additions to net assets	4,936,463	374,856	683,691	(62,596)	452,180	280,537	-	6,665,130	4,341,357	2,323,773
<b>Total</b>	<b>11,717,121</b>	<b>711,999</b>	<b>1,136,826</b>	<b>-</b>	<b>469,580</b>	<b>321,030</b>	<b>-</b>	<b>14,356,555</b>	<b>11,882,326</b>	<b>2,474,228</b>
<i>Administered</i>										
Provision of outputs	8,191,672	97,039	159,132	117,703	41,024	-	(935,584)	7,670,985	7,459,163	211,823
Regional Jobs and Infrastructure Fund	125,000	-	-	-	-	-	(62,500)	62,500	62,500	-
Additions to net assets	4,112,258	334,908	533,766	(117,703)	133,126	-	(91,176)	4,905,179	3,342,412	1,562,767
<b>Total</b>	<b>12,501,437</b>	<b>432,356</b>	<b>692,898</b>	<b>-</b>	<b>174,150</b>	<b>-</b>	<b>(1,127,028)</b>	<b>12,673,812</b>	<b>10,898,871</b>	<b>1,774,942</b>

Notes:

- i. As published in Victorian Budget 2019-20 Statement of Finances (incorporating Quarterly Financial Report No.3) Budget Paper No.5 Appendix A Table A.5: Consolidated Fund payments: total annual appropriations.
- ii. Effective from 1 July 2019, as a result of the MoG change, VicRoads and PTV were integrated into the department. (2019: Effective from 1 January 2019, as a result of MoG change, non-transport appropriations were transferred out of the department.)
- iii. A number of the department's output programs have been rescheduled to the next financial year due to timing differences in commencements, completion of milestones, and/or contract finalisation.

## 2.1.2 Summary of compliance with annual parliamentary appropriations

Special appropriation is a provision within an Act that provides authority to spend money for particular purposes, for example, to fund a particular project or function. Special appropriations represent a standing authority and remain in force until the relevant legislation providing for the special appropriation is amended or repealed by Parliament.

Income is recognised when the amount appropriated for a specific purpose is due and payable by the department.

The following table discloses the details of compliance with special appropriation.

Authority	Purpose	(\$ thousand)	
		Appropriations applied	
		2020	2019
<b>Operating</b>			
Section 213A (4) of the <i>Transport (Compliance and Miscellaneous) Act 1983</i>	Refund to public transport operators for administrative costs associated with ticket infringements.	631	733
Section 10 of the <i>Financial Management Act 1994</i> Appropriation of Commonwealth Grants	Under arrangement between the Commonwealth and the State, money is granted or made available from the Consolidated Fund with the approval of the Governor in Council.	48,143	57,728
<i>Transport Legislation Amendment (Better Roads Victoria and Other Amendments) Act 2019</i>	Reflects legislation amendment under the <i>Business Franchise (Petroleum Products) Act 1979</i> , allowing for the collection of fines for road repair and upgrades.	389,772	68,637
<b>Total operating</b>		<b>438,547</b>	<b>127,098</b>
<b>Capital</b>			
Section 10 of the <i>Financial Management Act 1994</i> Appropriation of Commonwealth Grants	Under arrangement between the Commonwealth and the State, money is granted or made available from the Consolidated Fund with the approval of the Governor in Council.	221,463	51,832
<b>Total capital</b>		<b>221,463</b>	<b>51,832</b>

## 2.1.3 Annotated income agreements

The department is permitted under section 29 of the FMA to have certain income annotated to the annual appropriation. The income which forms part of a section 29 agreement is recognised by the department as an administered item and the receipts paid into the consolidated fund. If a section 29 agreement is in place, the relevant appropriation item will be increased by the equivalent amount at the point of income recognition. The following is a listing of annotated income agreements approved by the Treasurer:

	(\$ thousand)	
	2020	2019
<b>User charges, sale of goods and services</b>		
Advertising panels at bus shelter	17,740	-
Agriculture and veterinary chemical permits <sup>(i)</sup>	-	62
Bioscience Research Centre - La Trobe contribution to quarterly services payments <sup>(i)</sup>	-	944
Bridge Renewal Programme	21,500	1,234
Cultivating and processing of poppies <sup>(i)</sup>	-	67
Custom Registration Plates	53,349	-
Fisheries Cost Recovery	4,370	3,143
Gardiner Foundation contributions from Commonwealth-funded bodies <sup>(i)</sup>	-	7
Grants from Catchment Management Authorities <sup>(i)</sup>	-	21
Infrastructure Investment Programme/Building Australia Fund - rail projects	637	3,273
Livestock Electronic Tags <sup>(i)</sup>	-	3,234
Melbourne Convention Exhibition Centre <sup>(i)</sup>	-	2,281
Melbourne Markets <sup>(i)</sup>	-	58
Nation Building - road projects	5,771	12,237
Paper Australia Pulpwood Agreement <sup>(i)</sup>	-	6,058
Plant and exotic disease preparedness and eradication <sup>(i)</sup>	-	50
Proceed from East West Link Land Sales	1,917	-
Rental income	-	2,038
Research and experimental projects - industry contributions <sup>(i)</sup>	-	5,753
Sales Revenue & Fees Received	140,031	-
Seafood Industry Victoria levy <sup>(i)</sup>	-	770
<b>Total user charges, sale of goods and services</b>	<b>245,315</b>	<b>41,231</b>

	(\$ thousand)	
	2020	2019
<b>Commonwealth payments</b>		
Black spot projects (including Asset Recycling Fund)	5,017	15,349
Bridge Renewal Programme	39,493	13,215
Cooperative Research Centre contributions <sup>(i)</sup>	-	481
Establish Pest Animal and Weed Management <sup>(i)</sup>	-	894
Heavy Vehicle Safety and Productivity	8,645	2,004
Infrastructure Investment Programme/Building Australia Fund - rail projects	242,147	440,320
Interstate road transport	-	1,983
Nation Building - road projects	84,618	63,087
Research and Development Corporations Contributions <sup>(i)</sup>	-	11,621
Road maintenance	64,418	64,739
<b>Total Commonwealth payments</b>	<b>444,338</b>	<b>613,693</b>
<b>Municipal payments</b>		
Domestic Animals Act <sup>(i)</sup>	-	787
<b>Total municipal payments</b>	<b>-</b>	<b>787</b>
<b>Total annotated income agreements</b>	<b>689,653</b>	<b>655,711</b>

Note:

- i. These items are no longer applicable to the department as they were transferred to DJPR as part of the MoG effective 1 January 2019.

## 2.2 Grant income

	(\$ thousand)	
	2020	2019
<b>Income recognised as income of not-for-profit entities</b>		
General purpose	192,858	143,956
Specific purpose grants for on passing	974	-
Other specific purpose to acquire a recognisable non-financial asset	240,588	-
<b>Income recognised as revenue from contract with customers</b>		
Other specific purpose grants	32,508	-
<b>Total grant income</b>	<b>466,928</b>	<b>143,956</b>

The department has determined that all grant income is recognised as income of not-for-profit entities in accordance with AASB 1058, except for grants that are enforceable and with sufficiently specific performance obligations and accounted for as revenue from contracts with customers in accordance with AASB 15.

The impact of initially applying AASB 1058 on the department's grant revenue is described in Note 9.6. Due to the modified retrospective transition method chosen in applying AASB 1058, comparative information has not been restated to reflect the new requirements. The adoption of AASB 1058 did not have an impact on Other comprehensive income and the Statement of Cash flows for the financial year.

Income from grants that are enforceable and with sufficiently specific performance obligations and accounted for as revenue from contracts with customers is recognised when the department satisfies the performance obligation by providing the relevant services to the relevant bodies. This is recognised based on the consideration specified in the funding agreement and to the extent that it is highly probable a significant reversal of the revenue will not occur. The funding payments are normally received in advance or shortly after the relevant obligation is satisfied.

Income from grants without any sufficiently specific performance obligations, or that are not enforceable, is recognised when the department receives the cash. On initial recognition of the asset, the department recognises any related contributions by owners, increases in liabilities, decreases in assets, and revenue ('related amounts') in accordance with other Australian Accounting Standards. Related amounts may take the form of:

- contributions by owners, in accordance with AASB 1004
- revenue or a contract liability arising from a contract with a customer, in accordance with AASB 15
- a lease liability in accordance with AASB 16;
- a financial instrument, in accordance with AASB 9 or
- a provision, in accordance with AASB 137 *Provisions, Contingent Liabilities and Contingent Assets*.

Income received for specific purpose grants for on-passing is recognised simultaneously as the funds are immediately on passed to the relevant recipient entities on behalf of the Commonwealth Government.

As a result of the transitional impacts of adopting AASB 15 and AASB 1058, a portion of the grant revenue has been deferred. If the grant income is accounted for in accordance with AASB 15, the deferred grant revenue has been recognised in contract liabilities (Note 6.2.1) whereas grant revenue in relation to the construction of capital assets which the department controls is recognised in accordance with AASB 1058 and recognised as deferred grant revenue (Note 6.2). If the grant revenue was accounted for under the previous accounting standard AASB 1004 in 2019-20, the total grant revenue received would have been recognised in full.

#### Previous accounting policy for 30 June 2019

Grant income arises from transactions in which a party provides goods or assets (or extinguishes a liability) to the department without receiving approximately equal value in return. While grants may result in the provision of some goods or services to the transferring party, they do not provide a claim to receive benefits directly of approximately equal value (and are termed 'non-reciprocal' transfers). Receipt and sacrifice of approximately equal value may occur, but only by coincidence.

Some grants are reciprocal in nature (i.e. equal value is given back by the recipient of the grant to the provider). The department recognises income when it has satisfied its performance obligations under the terms of the grant.

For non-reciprocal grants, the department recognises revenue when the grant is received.

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

Grants for on passing are grants paid to one institutional sector (e.g. a state based general government entity) to be passed on to another institutional sector (e.g. local government or a private non-profit institution).

## 2.3 Sale of goods and services

	(\$ thousand)	
	2020	2019
Supply of transport services <sup>(i)</sup>	250,365	-
Commission revenue	26,955	-
Regulatory charges and fees	49,068	11,381
Other sale of goods and services	43,793	7,260
<b>Total sale of goods and services</b>	<b>370,181</b>	<b>18,641</b>

Note:

- i. The department and the public transport operators each earn a share of revenue from public transport ticketing. There has been a significant reduction in patronage and therefore ticketing revenue expected to be received as a result of coronavirus (COVID-19) impacting both the department and the operators. However, the public transport network continued to provide largely the same services for the full year. Additional costs of implementing critical public health measures, such as cleaning and assistance in managing regional and metropolitan road checkpoints, have also been incurred. Additional funding has been provided to the department and the operators to cover a portion of the foregone revenue and additional cost, refer to Note 3.4 Payments to public transport service providers for further details.

The **supply of transport services** and the sale of goods and services included in the table above are transaction that the department has determined to be classified as revenue from contracts with customers in accordance with AASB 15. The impact of initially applying AASB 15 on the department's revenue from contracts with customers is described in Note 9.6. Due to the modified retrospective transition method chosen in applying AASB 15, comparative information has not been restated to reflect the new requirements.

The following practical expedient has been used for uncompleted contracts when applying AASB 15 retrospectively under the modified approach:

- For contracts modified before the date of initial application, the department has reflected the aggregate of all past contract modifications that occurred before the date of initial application when identifying performance obligations and determining and allocating the transaction price.

The practical expedient has been consistently applied to all contracts within the current reporting period.

### Performance obligations and revenue recognition policies

Revenue is measured based on the consideration specified in the contract with the customer. The department recognises revenue when it transfers control of a good or service to the customer, i.e. when, or as, the performance obligations for the sale of goods and services to the customer are satisfied.

- Customers obtain control of the supplies and consumables at a point in time when the goods are delivered to and have been accepted at their premises.
- Revenue from the sale of goods are recognised when the goods are delivered and have been accepted by the customer at their premises.
- Revenue from the rendering of services is recognised at a point in time when the performance obligation is satisfied when the service is completed; and over time when the customer simultaneously receives and consumes the services as it is provided.

Customers are invoiced and revenue is recognised when the goods are delivered and accepted by customers. For services rendered, where customers simultaneously receive and consume the services as it is provided, revenue is recognised progressively as contract assets until the customer is subsequently invoiced in accordance with the terms of the service agreement. For other customers that are only able to consume the services when they have been completed, revenue is only recognised upon completion and delivery of the services. In rare circumstance where there may be a change in the scope of services provided, the customer will be provided with a new contract for the additional services to be rendered and revenue is recognised consistent with accounting policy above.

For contracts that permit the customer to return an item, revenue is recognised to the extent it is highly probable that a significant cumulative reversal will not occur. Therefore, the amount of revenue recognised is adjusted for the expected returns, which are estimated based on the historical data. In these circumstances, a refund liability and a right to recover returned goods asset are recognised. The right to recover the returned goods asset is measured at the former carrying amount of the inventory less any expected costs to recover goods. The refund liability is included in other payables (Note 6.2) and the right to recover returned goods is included in inventory (Note 6.3). The department reviews its estimate of expected returns at each reporting date and updates the amount of the asset and liability accordingly. As the sales are made with a short credit term, there is no financing element present. There has been no change in the recognition of revenue from the sale of goods as a result of the adoption of AASB 15.

Consideration received in advance of recognising the associated revenue from the customer is recorded as a contract liability (Note 6.2.1). Where the performance obligations are satisfied but not yet billed, a contract asset is recorded (Note 6.1.1).

**Regulatory income** is derived from regulatory fees payable to the department in accordance with relevant legislation and regulations and is recognised when received by the department.

#### Previous accounting policy for 30 June 2019

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

- the amount of the 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 the department.

Under this method, income is recognised by reference to labour hours supplied or to labour hours supplied as a percentage of total services to be performed in each annual reporting period.



## 2.4 Other income

	(\$ thousand)	
	2020	2019
Interest income	2,710	2,255
Fair value of assets and services received free of charge	11,075	26
Revenue related to service concession arrangement <sup>(i)</sup>	249,817	-
Rental income	15,346	2,007
Miscellaneous income	4,855	11,454
<b>Total other income</b>	<b>283,803</b>	<b>15,742</b>

Note:

- i. This revenue relates to the service concession arrangements and reflects the progressive unwinding of the 'grant of right to operate liability' (Note 6.2 Payables) over the remaining period of the arrangement. Refer to Note 7.5.3 AASB 1059 *Service Concession Arrangements: Grantors* for more details.

**Revenue related to service concession arrangement** reflects the progressive unwinding of the unearned revenue relating to the grant of a right to the operator (GORTO) liability over the remaining period of the service concession arrangement. Refer to Note 6.2 Payables for the amounts disclosed as GORTO liability.

Contributions **of resources received free of charge or for nominal consideration** are recognised at fair value when control is obtained over the resources, irrespective of whether restrictions or conditions are imposed over their use. The exception to this would be when the resource is received from another government department (or agency) as a consequence of a restructuring of administrative arrangements, in which case such a transfer will be recognised at its carrying value in the transferring department or agency as a capital contribution transfer.

**Interest income** includes interest received on bank term deposits and other investments. Interest income is recognised using the effective interest method which allocates interest over the relevant period of investment.

**Rental income** relates primarily to leases of properties acquired for future road development and is recognised on a straight-line basis over the lease term. The lease terms range from 1 to 40 years. The lessee does not have an option to purchase the property at the end of the expiry of the lease period.

### 2.4.1 Non-cancellable operating lease receivables

	(\$ thousand)	
	2020	2019
<b>Non-cancellable operating lease receivables</b>		
Not longer than one year	10,946	-
Longer than one year but not longer than five years	42,951	-
Longer than five years	60,619	-
<b>Total non-cancellable operating lease receivables</b>	<b>114,516</b>	<b>-</b>

## 3. THE COST OF DELIVERING SERVICES

### Introduction

This section provides an account of the expenses incurred by the department in delivering services and outputs. In Note 2 Funding delivery of our services, the funds that enable the provision of services were disclosed. Note 4 Disaggregated financial information by output, discloses aggregated information in relation to the income and expenses by output.

### Structure

3.1	Employee benefits.....	48
3.2	Grant expenses.....	50
3.3	Capital asset charge.....	52
3.4	Payments to public transport service providers .....	52
3.5	Other operating expenses.....	53

### 3.1 Employee benefits

#### 3.1.1 Employee benefits in the comprehensive operating statement

	(\$ thousand)	
	2020	2019
<b>Employee Benefits</b>		
Salaries and wages, annual leave, long service leave and on-costs	(510,086)	(294,132)
Defined contribution superannuation expense	(65,348)	(22,523)
Defined benefit superannuation expense	(7,145)	(1,989)
Termination benefits	(3,358)	(2,366)
<b>Total employee benefits expense</b>	<b>(585,937)</b>	<b>(321,010)</b>

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

The amount recognised in the comprehensive operating statement in relation to superannuation 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 does not recognise any defined benefit liabilities because it has no legal or constructive obligation to pay future benefits relating to its employees. Instead, DTF discloses in its annual financial statements the net defined benefit cost related to the members of these plans as an administered liability (on behalf of the State as the sponsoring employer).

Termination benefits are payable when employment is terminated before normal retirement date, or when an employee accepts an offer of benefits in exchange for the termination of employment. Termination benefits are recognised when the department is demonstrably committed to 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.

### 3.1.2 Employee benefits in the balance sheet

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

	(\$ thousand)	
	2020	2019
<b>Current provisions</b>		
<b>Annual leave</b>		
- Unconditional and expected to wholly settle within 12 months <sup>(i)</sup>	39,611	10,547
- Unconditional and expected to wholly settle after 12 months <sup>(ii)</sup>	23,909	8,918
<b>Long service leave</b>		
- Unconditional and expected to wholly settle within 12 months <sup>(i)</sup>	11,188	4,280
- Unconditional and expected to wholly settle after 12 months <sup>(ii)</sup>	88,894	20,146
<b>Provisions for on-costs</b>		
- Unconditional and expected to wholly settle within 12 months <sup>(i)</sup>	9,042	2,308
- Unconditional and expected to wholly settle after 12 months <sup>(ii)</sup>	17,792	4,524
<b>Total current provisions</b>	<b>190,436</b>	<b>50,723</b>
<b>Non-current provisions</b>		
Employee benefits	23,610	11,956
Provisions for on-costs	3,658	1,834
<b>Total non-current provisions</b>	<b>27,268</b>	<b>13,790</b>
<b>Total provisions for employee benefits</b>	<b>217,704</b>	<b>64,514</b>

Notes:

- i. Nominal amounts are disclosed.
- ii. The amounts disclosed are discounted to present value.

Liabilities for salaries and wages and annual leave are all recognised in the provision for employee benefits as current liabilities, as the department does not have an unconditional right to defer settlements of these liabilities.

Depending on the expectation of the timing of settlement, liabilities for salaries and wages and annual leave are measured at nominal value if the department expects to wholly settle within 12 months or present value if the department does not expect to wholly settle within 12 months.

**Unconditional long service leave (LSL)** is disclosed as a current liability even where the department does not expect to settle the liability within 12 months, because it will 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 the department expects to wholly settle within 12 months; or
- present value if the department does not expect to wholly settle within 12 months.

**Conditional LSL** is disclosed 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 long service liability is measured at present value.

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' in the net result.

### 3.1.3 Superannuation contributions

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

Superannuation contributions paid or payable for the reporting period are included as part of employee benefits in the comprehensive operating statement of the department.

The department does not recognise any liability in respect of the defined benefit 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 as an administered liability.

The name, details and amounts expensed in relation to the major employee superannuation funds and contributions made by the department are as follows:

	(\$ thousand)			
	Paid contribution for the year		Contribution outstanding at year end	
	2020	2019	2020	2019
<b>Defined benefit plans <sup>(i)</sup></b>				
State Superannuation Fund - revised and new	(6,807)	(1,989)	(265)	-
Transport Superannuation Fund	(72)	-	(1)	-
<b>Defined contribution plans</b>				
VicSuper	(32,149)	(13,270)	(903)	-
Other	(31,406)	(9,253)	(890)	-
<b>Total</b>	<b>(70,434)</b>	<b>(24,512)</b>	<b>(2,059)</b>	<b>-</b>

Note:

- i. The basis for determining the level of contributions is determined by the various actuaries of the defined benefit superannuation plans.

## 3.2 Grant expenses

	(\$ thousand)	
	2020	2019
<b>Grants to portfolio agencies</b>		
Public Transport Victoria <sup>(i)</sup>	-	(5,048,546)
VicRoads <sup>(i)</sup>	-	(1,255,691)
Commercial Passenger Vehicles Victoria	(97,851)	(117,363)
VicTrack	(2,550,385)	(117,120)
V/Line	(624,995)	-
Creative Victoria agencies <sup>(ii)</sup>	-	(127,560)
Visit Victoria <sup>(ii)</sup>	-	(64,740)
Film Victoria <sup>(ii)</sup>	-	(12,947)
Victorian Fisheries Authority	(53,905)	(39,394)
Other grants to portfolio agencies	(305)	(111,282)
<b>Total grants to portfolio agencies</b>	<b>(3,327,441)</b>	<b>(6,894,643)</b>
<b>Grants to entities outside portfolio</b>		
Local government	(189,978)	(33,679)
Other government departments and associated entities	(82,960)	(73,579)
Other non-government agencies	(8,973)	(214,887)
<b>Total grants to entities outside portfolio</b>	<b>(281,911)</b>	<b>(322,145)</b>
<b>Total grant expenses</b>	<b>(3,609,352)</b>	<b>(7,216,788)</b>

Notes:

- i. As of 1 July 2019, the Government announced a major restructure of its transport agencies which provided for the integration of VicRoads and PTV into the department to create one transport body for the overall strategic planning and operation of the Victorian transport system.
- ii. The portfolio responsibility of these agencies was transferred to DJPR as part of the MoG change effective on 1 January 2019.

**Grant expenses** are contributions of the department's resources to another party where there is no expectation that the amount will be repaid in equal value (either by money, goods or services). Grants can either be operating or capital in nature and are recognised in the reporting period in which they are paid or payable.

### 3.3 Capital asset charge

The **capital asset charge** is a charge levied on the written down value of controlled non-current physical assets which aims to attribute to departmental outputs the opportunity cost of capital used in service delivery, and provide incentives to departments to identify and dispose of underutilised or surplus assets in a timely manner. It is calculated on the budgeted carrying amount of applicable non-financial physical assets.

### 3.4 Payments to public transport service providers

	(\$ thousand)	
	2020	2019
Rail system operation and related services <sup>(i)</sup>	(1,314,888)	-
Bus services	(1,078,889)	-
Ticketing service operating costs	(95,276)	-
<b>Total payments to public transport service providers</b>	<b>(2,489,053)</b>	<b>-</b>

Note:

- i. The department and the public transport operators each earn a share of revenue from public transport ticketing. There has been a significant reduction in patronage and therefore ticketing revenue expected to be received as a result of coronavirus (COVID-19), impacting both the department and the operators. Refer to Note 2.3 Sale of goods and services for further details. However, the public transport network continued to provide largely the same services for the full year. Additional costs of implementing critical public health measures, such as cleaning and assistance in managing regional and metropolitan road checkpoints, have also been incurred. Additional funding has been provided to the department and the operators to cover a portion of the foregone revenue and additional cost.

**Payments to public transport service providers** are recognised as an expense in the reporting period in which they are paid or payable. They include transactions such as subsidies and other transfer payments to other agencies.

### 3.5 Other operating expense

	(\$ thousand)	
	2020	2019
<b>Supplies and services</b>		
Contracts and services <sup>(i)</sup>	(871,406)	(210,687)
Computer services and equipment	(81,748)	(26,312)
Accommodation	(64,079)	(21,803)
Administrative expenses	(326,113)	(122,383)
<b>Total supplies and services</b>	<b>(1,343,346)</b>	<b>(381,185)</b>
Operating lease rental expenses	(9,207)	(22,141)
Short-term lease expenses	(410)	-
Low-value assets	(8,462)	-
Fair value of assets and services provided free of charge	(10,469)	(29,898)
<b>Total other operating expenses</b>	<b>(1,371,894)</b>	<b>(433,224)</b>

Note:

- i. This includes quarterly payments relating to the service concession arrangement. Refer to Note 7.5.3 AASB1059 *Service Concession Arrangements: Grantors* for further details.

Other operating expenses generally represent the day-to-day running costs incurred in normal operations. It also includes bad debts expense from transactions that are mutually agreed.

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

**Operating lease payments up until 30 June 2019** (including contingent rentals) are recognised 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.

From 1 July 2019, the following lease payments are recognised on a straight-line basis:

- Short-term leases – leases with a term less than 12 months; and
- Low value leases – leases where the underlying asset's fair value (when new, regardless of the age of the asset being leased) is no more than \$10,000.

Variable lease payments not included in the measurement of the lease liability (i.e. variable lease payments that do not depend on an index or a rate, initially measured using the index or rate as at the commencement date). These payments are recognised in the period in which the event or condition that triggers those payments occur.

**Fair value of assets and services provided free of charge** or for nominal consideration are recognised at their fair value as expenses when the department loses control over the resources, irrespective of whether restrictions or conditions are imposed over the use of the contributions. The exception to this would be when the resource is transferred to another government department (or agency) as a consequence of a restructuring of administrative arrangements, in which 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.

# 4. DISAGGREGATED FINANCIAL INFORMATION BY OUTPUT

## Introduction

The department is predominantly funded by accrual based parliamentary appropriations for the provision of outputs. This section provides a description of the departmental outputs performed during the year ended 30 June 2020 along with the objectives of those outputs.

This section disaggregates revenue and income (described in Note 2 Funding delivery of our services) by output and records the allocation of expenses incurred (described in Note 3 The cost of delivering services) also by output.

It provides information on controlled and administered items in connection with these outputs.

## Structure

- 4.1 Departmental outputs..... 54
- 4.2 Administered items ..... 64
- 4.3 Restructuring of administrative arrangements ..... 75

### 4.1 Departmental outputs

#### 4.1.1 Departmental outputs objectives

The department supports the ministerial portfolios of transport infrastructure; public transport; ports and freight; roads; road safety and the TAC; and fishing and boating.

##### Departmental mission statement

The department’s mission is to enable simple, safe and connected journeys. The department plans, builds and operates the transport system in a way that meets the needs of the people and freight that travel on it, now and in the future. It brings together management of ports, boating and fisheries for commercial and recreational uses. The department ensures that transport agencies and operators work towards a common goal of an integrated transport system that contributes to an inclusive, prosperous and environmentally responsible state.

##### Outputs transferred out in Machinery-of-Government change

Effective from 1 January 2019, non-transport objectives and output groups have been transferred out of the department as a result of the MoG change announced in the 2019 financial year.

The outputs that have been transferred out of the department are as follows:

- Agriculture
- Resources
- Creative Industries Access, Development and Innovation
- Creative industries portfolio agencies
- Cultural infrastructure and facilities
- Tourism, major events and international education
- Industrial Relations
- Industry and enterprise innovation
- Jobs and investment
- Major projects
- Regional development
- Trade.

In the comparative figures, the operating result of these outputs for the period between 1 July 2018 and 31 December 2018 have been included in this report.

There have been no changes in the outputs since 30 June 2019 within the department.

##### Objectives and descriptions

The objectives and descriptions of the departmental outputs performed during the financial year ended 30 June 2020 are summarised in Note 9.14 Department output objectives and descriptions.



## 4.1.2 Departmental outputs: Controlled income and expenses for the financial year ended 30 June 2020

### Departmental outputs

	(\$ thousand)					
	Bus Services		Transport Infrastructure		Ports, Freight and Boating	
	2020	2019	2020	2019	2020	2019
<b>Income from transactions</b>						
Output appropriations	715,839	670,691	489,257	356,984	94,008	47,208
Special appropriations	147	-	19,103	-	1,361	-
Grant income	45,346	-	13,463	23,220	977	903
Sale of goods and services	61,339	-	292	-	4	-
Other income	1,160	7	70	1,078	44	-
<b>Total income from transactions</b>	<b>823,831</b>	<b>670,698</b>	<b>522,185</b>	<b>381,282</b>	<b>96,394</b>	<b>48,111</b>
<b>Expenses from transactions</b>						
Grant expenses	(185,595)	(675,137)	(20,040)	(118,337)	(78,398)	(43,182)
Employee benefits expense	(21,541)	(6,655)	(114,465)	(81,344)	(5,676)	(7,832)
Capital asset charge	(4,574)	(1,176)	(134)	(990)	(716)	(753)
Depreciation and amortisation	(20,376)	(1,066)	(13,545)	(1,482)	(749)	(415)
Interest expense <sup>(i)</sup>	(11,234)	(1)	(148,504)	(72,820)	(16)	(3)
Payments to public transport service providers	(861,860)	-	(2,549)	-	-	-
Other operating expenses	(84,431)	(7,253)	(308,028)	(160,830)	(37,445)	(1,801)
<b>Total expenses from transactions</b>	<b>(1,189,611)</b>	<b>(691,288)</b>	<b>(607,265)</b>	<b>(435,803)</b>	<b>(123,000)</b>	<b>(53,986)</b>
<b>Net result from transactions</b>	<b>(365,780)</b>	<b>(20,590)</b>	<b>(85,080)</b>	<b>(54,521)</b>	<b>(26,606)</b>	<b>(5,875)</b>
<b>Other economic flows included in net result</b>						
Net loss on non-financial assets	(6,470)	(89)	(9,891)	57	(10,724)	(3,008)
Net loss on financial instruments	(444)	-	-	-	(250)	-
Other gains/(losses) from other economic flows	(9,403)	(42)	(217)	(2,363)	(8)	(16)
<b>Total other economic flows included in net result</b>	<b>(16,317)</b>	<b>(131)</b>	<b>(10,108)</b>	<b>(2,306)</b>	<b>(10,982)</b>	<b>(3,024)</b>
<b>Net result</b>	<b>(382,097)</b>	<b>(20,721)</b>	<b>(95,188)</b>	<b>(56,827)</b>	<b>(37,588)</b>	<b>(8,899)</b>
<b>Items that will not be reclassified to net result</b>						
Changes in physical asset revaluation surplus	88,340	-	238,965	-	11,099	-
<b>Total other economic flows - other comprehensive income</b>	<b>88,340</b>	<b>-</b>	<b>238,965</b>	<b>-</b>	<b>11,099</b>	<b>-</b>
<b>Comprehensive result</b>	<b>(293,757)</b>	<b>(20,721)</b>	<b>143,777</b>	<b>(56,827)</b>	<b>(26,489)</b>	<b>(8,899)</b>

Note:

i. The 2019 comparatives figures have been restated to reflect the adoption of AASB 1059, refer to Note 9.6.5.1 for further details.

	(\$ thousand)					
	Regulation of Commercial Passenger Vehicle Services		Road Asset Management		Road Operations	
	2020	2019	2020	2019	2020	2019
<b>Income from transactions</b>						
Output appropriations	98,220	137,771	615,486	151,175	662,158	856,285
Special appropriations	1,621	-	16,477	12,597	393,679	109,630
Grant income	8	-	17	-	240,617	-
Sale of goods and services	8	-	85	-	96,628	-
Other income	115	1	15,603	4	253,037	114
<b>Total income from transactions</b>	<b>99,972</b>	<b>137,772</b>	<b>647,668</b>	<b>163,776</b>	<b>1,646,119</b>	<b>966,029</b>
<b>Expenses from transactions</b>						
Grant expenses	(93,074)	(136,574)	(13,109)	(255,145)	(162,710)	(882,992)
Employee benefits expense	(2,655)	(1,637)	(18,308)	(3,562)	(326,303)	(27,740)
Capital asset charge	(1,558)	(271)	(11,222)	(608)	(37,026)	(6,494)
Depreciation and amortisation	(342)	(248)	(4,163)	(543)	(906,185)	(1,222)
Interest expense <sup>(i)</sup>	(29)	-	(292)	(1)	(105,272)	(18,476)
Payments to public transport service providers	-	-	-	-	-	-
Other operating expenses	(996)	(10,687)	(621,155)	(32,283)	(116,408)	(29,455)
<b>Total expenses from transactions</b>	<b>(98,654)</b>	<b>(149,417)</b>	<b>(668,249)</b>	<b>(292,142)</b>	<b>(1,653,904)</b>	<b>(966,379)</b>
<b>Net result from transactions</b>	<b>1,318</b>	<b>(11,645)</b>	<b>(20,581)</b>	<b>(128,366)</b>	<b>(7,785)</b>	<b>(350)</b>
<b>Other economic flows included in net result</b>						
Net loss on non-financial assets	(328)	(20)	(759)	(46)	(527,544)	(60)
Net loss on financial instruments	-	-	(1,324)	-	(138)	-
Other gains/(losses) from other economic flows	(2)	(10)	(4)	(22)	(2,638)	(135)
<b>Total other economic flows included in net result</b>	<b>(330)</b>	<b>(30)</b>	<b>(2,087)</b>	<b>(68)</b>	<b>(530,320)</b>	<b>(195)</b>
<b>Net result</b>	<b>988</b>	<b>(11,675)</b>	<b>(22,668)</b>	<b>(128,434)</b>	<b>(538,105)</b>	<b>(545)</b>
<b>Items that will not be reclassified to net result</b>						
Changes in physical asset revaluation surplus	24,400	-	168,570	-	11,094,485	-
<b>Total other economic flows - other comprehensive income</b>	<b>24,400</b>	<b>-</b>	<b>168,570</b>	<b>-</b>	<b>11,094,485</b>	<b>-</b>
<b>Comprehensive result</b>	<b>25,388</b>	<b>(11,675)</b>	<b>145,902</b>	<b>(128,434)</b>	<b>10,556,380</b>	<b>(545)</b>

Note:

- i. The 2019 comparatives figures have been restated to reflect the adoption of AASB 1059, refer to Note 9.6.5.1 for further details.

	(\$ thousand)					
	Train services		Tram services		Transport Safety and Security	
	2020	2019	2020	2019	2020	2019
<b>Income from transactions</b>						
Output appropriations	3,829,142	3,523,087	947,576	877,132	43,913	97,555
Special appropriations	397	-	87	-	5,675	4,774
Grant income	139,095	945	26,945	-	10	-
Sale of goods and services	167,700	-	36,448	-	29	-
Other income	12,914	73	686	4	155	2
<b>Total income from transactions</b>	<b>4,149,248</b>	<b>3,524,105</b>	<b>1,011,742</b>	<b>877,136</b>	<b>49,782</b>	<b>102,331</b>
<b>Expenses from transactions</b>						
Grant expenses	(2,375,390)	(3,500,162)	(617,306)	(872,953)	(9,825)	(99,643)
Employee benefits expense	(63,054)	(24,855)	(13,598)	(4,408)	(20,336)	(17,263)
Capital asset charge	(12,344)	(9,639)	(2,699)	(690)	(4,246)	(1,160)
Depreciation and amortisation	(55,198)	(2,934)	(12,107)	(626)	(1,559)	(772)
Interest expense <sup>(i)</sup>	(55,520)	(47,145)	(6,675)	(1)	(109)	(18)
Payments to public transport service providers	(1,347,399)	-	(277,245)	-	-	-
Other operating expenses	(158,684)	(31,668)	(32,644)	(10,599)	(9,159)	(14,311)
<b>Total expenses from transactions</b>	<b>(4,067,589)</b>	<b>(3,616,403)</b>	<b>(962,274)</b>	<b>(889,277)</b>	<b>(45,234)</b>	<b>(133,167)</b>
<b>Net result from transactions</b>	<b>81,659</b>	<b>(92,298)</b>	<b>49,468</b>	<b>(12,141)</b>	<b>4,548</b>	<b>(30,836)</b>
<b>Other economic flows included in net result</b>						
Net loss on non-financial assets	(35,657)	(238)	(2,362)	(52)	(422)	10
Net loss on financial instruments	(1,202)	-	(264)	-	-	-
Other gains/(losses) from other economic flows	(25,448)	(134)	(5,587)	(24)	(12)	(32)
<b>Total other economic flows included in net result</b>	<b>(62,307)</b>	<b>(372)</b>	<b>(8,213)</b>	<b>(76)</b>	<b>(434)</b>	<b>(22)</b>
<b>Net result</b>	<b>19,352</b>	<b>(92,670)</b>	<b>41,255</b>	<b>(12,217)</b>	<b>4,114</b>	<b>(30,858)</b>
<b>Items that will not be reclassified to net result</b>						
Changes in physical asset revaluation surplus	281,101	-	52,172	-	78,554	-
<b>Total other economic flows - other comprehensive income</b>	<b>281,101</b>	<b>-</b>	<b>52,172</b>	<b>-</b>	<b>78,554</b>	<b>-</b>
<b>Comprehensive result</b>	<b>300,453</b>	<b>(92,670)</b>	<b>93,427</b>	<b>(12,217)</b>	<b>82,668</b>	<b>(30,858)</b>

Note:

i. The 2019 comparatives figures have been restated to reflect the adoption of AASB 1059, refer to Note 9.6.5.1 for further details.

	(\$ thousand)					
	Sustainably Manage Fish Resources		Major projects		DoT Consolidated Totals	
	2020	2019	2020	2019	2020	2019
<b>Income from transactions</b>						
Output appropriations	45,370	40,405	-	-	7,540,969	6,758,293
Special appropriations	-	-	-	-	438,547	127,001
Grant income	450	-	-	-	466,928	25,068
Sale of goods and services	7,648	1	-	-	370,181	1
Other income	19	8,980	-	-	283,803	10,263
<b>Total income from transactions</b>	<b>53,487</b>	<b>49,386</b>	<b>-</b>	<b>-</b>	<b>9,100,428</b>	<b>6,920,626</b>
<b>Expenses from transactions</b>						
Grant expenses	(53,905)	(47,976)	-	-	(3,609,352)	(6,632,101)
Employee benefits expense	(1)	(1,851)	-	-	(585,937)	(177,147)
Capital asset charge	-	718	-	-	(74,519)	(21,063)
Depreciation and amortisation	-	(100)	(652)	(652)	(1,014,876)	(10,060)
Interest expense <sup>(i)</sup>	-	(1)	-	-	(327,651)	(138,466)
Payments to public transport service providers	-	-	-	-	(2,489,053)	-
Other operating expenses	(19)	(570)	(2,925)	-	(1,371,894)	(299,457)
<b>Total expenses from transactions</b>	<b>(53,925)</b>	<b>(49,780)</b>	<b>(3,577)</b>	<b>(652)</b>	<b>(9,473,282)</b>	<b>(7,278,294)</b>
<b>Net result from transactions</b>	<b>(438)</b>	<b>(394)</b>	<b>(3,577)</b>	<b>(652)</b>	<b>(372,854)</b>	<b>(357,668)</b>
<b>Other economic flows included in net result</b>						
Net loss on non-financial assets	-	2	-	-	(594,157)	(3,444)
Net loss on financial instruments	-	-	-	-	(3,622)	-
Other gains/(losses) from other economic flows	-	(11)	-	-	(43,319)	(2,789)
<b>Total other economic flows included in net result</b>	<b>-</b>	<b>(9)</b>	<b>-</b>	<b>-</b>	<b>(641,098)</b>	<b>(6,233)</b>
<b>Net result</b>	<b>(438)</b>	<b>(403)</b>	<b>(3,577)</b>	<b>(652)</b>	<b>(1,013,952)</b>	<b>(363,901)</b>
<b>Items that will not be reclassified to net result</b>						
Changes in physical asset revaluation surplus	-	-	46,995	-	12,084,681	-
<b>Total other economic flows - other comprehensive income</b>	<b>-</b>	<b>-</b>	<b>46,995</b>	<b>-</b>	<b>12,084,681</b>	<b>-</b>
<b>Comprehensive result</b>	<b>(438)</b>	<b>(403)</b>	<b>43,418</b>	<b>(652)</b>	<b>11,070,729</b>	<b>(363,901)</b>

Note:

i. The 2019 comparatives figures have been restated to reflect the adoption of AASB 1059, refer to Note 9.6.5.1 for further details.

## Outputs transferred out as part of Machinery-of-Government change

	(\$ thousand)					
	Rural Assistance Commissioner		Agriculture		Resources	
	2020	2019	2020	2019	2020	2019
<b>Income from transactions</b>						
Output appropriations	-	-	-	133,406	-	22,355
Special appropriations	-	-	-	-	-	97
Regional Jobs and Infrastructure Fund appropriations	-	-	-	-	-	-
Grant income	-	-	-	-	-	-
Sale of goods and services	-	-	-	7,258	-	-
Other income	-	30	-	2,702	-	491
<b>Total income from transactions</b>	<b>-</b>	<b>30</b>	<b>-</b>	<b>143,366</b>	<b>-</b>	<b>22,943</b>
<b>Expenses from transactions</b>						
Grant expenses	-	-	-	(7,010)	-	(1,750)
Employee benefits expense	-	-	-	(64,648)	-	(11,135)
Capital asset charge	-	-	-	(7,118)	-	(198)
Depreciation and amortisation	-	-	-	(8,935)	-	(248)
Interest expense	-	-	-	(15,702)	-	(14)
Other operating expenses	-	(404)	-	(49,244)	-	(10,017)
<b>Total expenses from transactions</b>	<b>-</b>	<b>(404)</b>	<b>-</b>	<b>(152,657)</b>	<b>-</b>	<b>(23,362)</b>
<b>Net result from transactions</b>	<b>-</b>	<b>(374)</b>	<b>-</b>	<b>(9,291)</b>	<b>-</b>	<b>(419)</b>
<b>Other economic flows included in net result</b>						
Net loss on non-financial assets	-	-	-	210	-	7
Net loss on financial instruments	-	-	-	-	-	-
Other gains/(losses) from other economic flows	-	-	-	(44)	-	(14)
<b>Total other economic flows included in net result</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>166</b>	<b>-</b>	<b>(7)</b>
<b>Net result</b>	<b>-</b>	<b>(374)</b>	<b>-</b>	<b>(9,125)</b>	<b>-</b>	<b>(426)</b>
<b>Comprehensive result</b>	<b>-</b>	<b>(374)</b>	<b>-</b>	<b>(9,125)</b>	<b>-</b>	<b>(426)</b>

	(\$ thousand)					
	Creative Industries Access, Development and Innovation		Creative industries portfolio agencies		Cultural infrastructure and facilities	
	2020	2019	2020	2019	2020	2019
<b>Income from transactions</b>						
Output appropriations	-	30,374	-	156,028	-	19,290
Special appropriations	-	-	-	-	-	-
Regional Jobs and Infrastructure Fund appropriations	-	-	-	-	-	-
Grant income	-	4,832	-	-	-	-
Sale of goods and services	-	-	-	2,033	-	-
Other income	-	-	-	-	-	-
<b>Total income from transactions</b>	-	<b>35,206</b>	-	<b>158,061</b>	-	<b>19,290</b>
<b>Expenses from transactions</b>						
Grant expenses	-	(27,332)	-	(152,237)	-	(45)
Employee benefits expense	-	(3,782)	-	(1,618)	-	(2,049)
Capital asset charge	-	(57)	-	(280)	-	(11,417)
Depreciation and amortisation	-	(50)	-	(656)	-	(3,823)
Interest expense	-	-	-	-	-	(2)
Other operating expenses	-	(3,185)	-	(31,126)	-	(2,099)
<b>Total expenses from transactions</b>	-	<b>(34,406)</b>	-	<b>(185,917)</b>	-	<b>(19,435)</b>
<b>Net result from transactions</b>	-	<b>800</b>	-	<b>(27,856)</b>	-	<b>(145)</b>
<b>Other economic flows included in net result</b>						
Net loss on non-financial assets	-	-	-	(2)	-	-
Net loss on financial instruments	-	-	-	-	-	-
Other gains/(losses) from other economic flows	-	(8)	-	(40)	-	(11)
<b>Total other economic flows included in net result</b>	-	<b>(8)</b>	-	<b>(42)</b>	-	<b>(11)</b>
<b>Net result</b>	-	<b>792</b>	-	<b>(27,898)</b>	-	<b>(156)</b>
<b>Comprehensive result</b>	-	<b>792</b>	-	<b>(27,898)</b>	-	<b>(156)</b>

	(\$ thousand)					
	Tourism, major events and international education		Industrial Relations		Industry and enterprise innovation	
	2020	2019	2020	2019	2020	2019
<b>Income from transactions</b>						
Output appropriations	-	76,243	-	4,720	-	92,223
Special appropriations	-	-	-	-	-	-
Regional Jobs and Infrastructure Fund appropriations	-	-	-	-	-	-
Grant income	-	83,344	-	-	-	4,898
Sale of goods and services	-	9,349	-	-	-	-
Other income	-	623	-	-	-	2
<b>Total income from transactions</b>	<b>-</b>	<b>169,559</b>	<b>-</b>	<b>4,720</b>	<b>-</b>	<b>97,123</b>
<b>Expenses from transactions</b>						
Grant expenses	-	(145,909)	-	(699)	-	(67,016)
Employee benefits expense	-	(3,746)	-	(3,251)	-	(14,431)
Capital asset charge	-	(111)	-	(4)	-	(411)
Depreciation and amortisation	-	(97)	-	(13)	-	(365)
Interest expense	-	(1,182)	-	(1)	-	(4)
Other operating expenses	-	(9,129)	-	(754)	-	(9,343)
<b>Total expenses from transactions</b>	<b>-</b>	<b>(160,174)</b>	<b>-</b>	<b>(4,722)</b>	<b>-</b>	<b>(91,570)</b>
<b>Net result from transactions</b>	<b>-</b>	<b>9,385</b>	<b>-</b>	<b>(2)</b>	<b>-</b>	<b>5,553</b>
<b>Other economic flows included in net result</b>						
Net loss on non-financial assets	-	(3)	-	-	-	6
Net loss on financial instruments	-	-	-	-	-	-
Other gains/(losses) from other economic flows	-	(12)	-	(1)	-	(24)
<b>Total other economic flows included in net result</b>	<b>-</b>	<b>(15)</b>	<b>-</b>	<b>(1)</b>	<b>-</b>	<b>(18)</b>
<b>Net result</b>	<b>-</b>	<b>9,370</b>	<b>-</b>	<b>(3)</b>	<b>-</b>	<b>5,535</b>
<b>Comprehensive result</b>	<b>-</b>	<b>9,370</b>	<b>-</b>	<b>(3)</b>	<b>-</b>	<b>5,535</b>

	(\$ thousand)							
	Jobs and investment		Regional development		Trade		Transferred Out Totals	
	2020	2019	2020	2019	2020	2019	2020	2019
<b>Income from transactions</b>								
Output appropriations	-	81,291	-	75,389	-	9,551	-	700,870
Special appropriations	-	-	-	-	-	-	-	97
Regional Jobs and Infrastructure Fund appropriations	-	-	-	62,500	-	-	-	62,500
Grant income	-	16,969	-	6,855	-	1,990	-	118,888
Sale of goods and services	-	-	-	-	-	-	-	18,640
Other income	-	11	-	1,620	-	-	-	5,479
<b>Total income from transactions</b>	<b>-</b>	<b>98,271</b>	<b>-</b>	<b>146,364</b>	<b>-</b>	<b>11,541</b>	<b>-</b>	<b>906,474</b>
<b>Expenses from transactions</b>								
Grant expenses	-	(57,104)	-	(124,545)	-	(1,040)	-	(584,687)
Employee benefits expense	-	(15,564)	-	(18,645)	-	(4,994)	-	(143,863)
Capital asset charge	-	(9,358)	-	(870)	-	(77)	-	(29,901)
Depreciation and amortisation	-	(220)	-	(470)	-	(30)	-	(14,907)
Interest expense	-	(1)	-	(6)	-	(1)	-	(16,913)
Other operating expenses	-	(9,124)	-	(5,437)	-	(3,905)	-	(133,767)
<b>Total expenses from transactions</b>	<b>-</b>	<b>(91,371)</b>	<b>-</b>	<b>(149,973)</b>	<b>-</b>	<b>(10,047)</b>	<b>-</b>	<b>(924,038)</b>
<b>Net result from transactions</b>	<b>-</b>	<b>6,900</b>	<b>-</b>	<b>(3,609)</b>	<b>-</b>	<b>1,494</b>	<b>-</b>	<b>(17,564)</b>
<b>Other economic flows included in net result</b>								
Net loss on non-financial assets	-	19	-	83	-	1	-	321
Net loss on financial instruments	-	(226)	-	-	-	(226)	-	(452)
Other gains/(losses) from other economic flows	-	(24)	-	(25)	-	(3)	-	(206)
<b>Total other economic flows included in net result</b>	<b>-</b>	<b>(231)</b>	<b>-</b>	<b>58</b>	<b>-</b>	<b>(228)</b>	<b>-</b>	<b>(337)</b>
<b>Net result</b>	<b>-</b>	<b>6,669</b>	<b>-</b>	<b>(3,551)</b>	<b>-</b>	<b>1,266</b>	<b>-</b>	<b>(17,901)</b>
<b>Comprehensive result</b>	<b>-</b>	<b>6,669</b>	<b>-</b>	<b>(3,551)</b>	<b>-</b>	<b>1,266</b>	<b>-</b>	<b>(17,901)</b>



### 4.1.3 Departmental outputs: Controlled assets and liabilities as at 30 June 2020

(\$ thousand)

	Bus Services		Transport Infrastructure		Ports, Freight and Boating		Passenger Vehicle Services		Road Asset Management		Road Operations	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
<b>Assets</b>												
Financial assets	63,811	135,931	465,422	61,904	10,169	14,907	18,585	27,608	176,610	94,273	1,231,543	26,915
Non-financial assets <sup>(i)</sup>	395,912	12,285	4,719,806	3,376,330	797,492	6,029	1,507,426	2,850	15,187,779	6,373	58,862,854	4,646,567
<b>Total Assets</b>	<b>459,723</b>	<b>148,216</b>	<b>5,185,228</b>	<b>3,438,234</b>	<b>807,661</b>	<b>20,936</b>	<b>1,526,011</b>	<b>30,458</b>	<b>15,364,389</b>	<b>100,646</b>	<b>60,094,397</b>	<b>4,673,482</b>
<b>Total Liabilities<sup>(i)</sup></b>	<b>(387,579)</b>	<b>(135,467)</b>	<b>(3,429,152)</b>	<b>(2,310,274)</b>	<b>(63,269)</b>	<b>(8,401)</b>	<b>(125,864)</b>	<b>(27,707)</b>	<b>(1,148,538)</b>	<b>(92,689)</b>	<b>(8,233,306)</b>	<b>(2,188,370)</b>
<b>Net Assets</b>	<b>72,144</b>	<b>12,749</b>	<b>1,756,076</b>	<b>1,127,960</b>	<b>744,392</b>	<b>12,535</b>	<b>1,400,147</b>	<b>2,751</b>	<b>14,215,851</b>	<b>7,957</b>	<b>51,861,091</b>	<b>2,485,112</b>

Note:

- i. The 2019 comparatives figures have been restated to reflect the adoption of AASB 1059, refer to Note 9.6.5.2 for further details.

(\$ thousand)

	Train services		Tram services		Transport Safety and Security		Sustainably Manage Fish Resources		Major projects		DoT Consolidated Totals	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
<b>Assets</b>												
Financial assets	248,704	738,894	39,255	82,983	64,685	44,774	56,807	9,534	-	5,783	2,375,591	1,243,506
Non-financial assets <sup>(i)</sup>	1,353,367	659,601	235,238	7,207	5,277,342	5,618	-	36	114,464	115,118	88,451,680	8,838,014
<b>Total Assets</b>	<b>1,602,071</b>	<b>1,398,495</b>	<b>274,493</b>	<b>90,190</b>	<b>5,342,027</b>	<b>50,392</b>	<b>56,807</b>	<b>9,570</b>	<b>114,464</b>	<b>120,901</b>	<b>90,827,271</b>	<b>10,081,520</b>
<b>Total Liabilities<sup>(i)</sup></b>	<b>(1,374,527)</b>	<b>(1,576,720)</b>	<b>(232,959)</b>	<b>(81,968)</b>	<b>(406,992)</b>	<b>(40,889)</b>	<b>(6,777)</b>	<b>(6,461)</b>	<b>-</b>	<b>(1,387)</b>	<b>(15,408,903)</b>	<b>(6,470,333)</b>
<b>Net Assets</b>	<b>227,544</b>	<b>(178,225)</b>	<b>41,534</b>	<b>8,222</b>	<b>4,935,035</b>	<b>9,503</b>	<b>50,090</b>	<b>3,109</b>	<b>114,464</b>	<b>119,514</b>	<b>75,418,368</b>	<b>3,611,187</b>

Note:

- i. The 2019 comparatives figures have been restated to reflect the adoption of AASB 1059, refer to Note 9.6.5.2 for further details.

## 4.2 Administered items

### 4.2.1 Administered (non-controlled) items

Administered income includes fees and fines and the proceeds from the sale of administered surplus land and buildings. Administered assets include government income earned but not yet collected. Administered liabilities include government expenses incurred but yet to be paid. Except as otherwise disclosed, administered resources are accounted for on an accrual basis using the same accounting policies adopted for the recognition of the departmental items in the financial statements. Both controlled and administered items of the department are consolidated into the financial statements of the State.

The department does not gain control over assets arising from taxes, fines, licence and regulatory fees and royalties, therefore no income is recognised in the department's financial statements. The department collects these amounts on behalf of the State. Accordingly, the amounts are disclosed as income in the schedule of Administered items.

#### 4.2.1.1 Fare and cardholder funds administration

For the year ended 30 June 2020 as a result of the MoG change from 1 July 2019, the department commenced administering the total metropolitan and regional farebox revenue and non-farebox receipts. These represent funds received by transport operators which are derived from the sale of goods or services other than NTS tickets including: locker hire, map sales etc. Furthermore, \$740,497,901 of ticketing revenue was collected of which \$466,497,232 was distributed from the myki ticketing system to V/Line and franchisees. The department does not report on the myki cardholder funds balances in the controlled or administered financial statements.

As at 30 June 2020, the following amounts were held in Head, TfV managed bank accounts:

- for distribution to rail franchisees \$15,303,703
- myki cardholder funds \$155,345,579.

The department also receives and manages myki customer money balances which are not included in its balance sheet. These balances come from various channels including ticketing machines, railway stations, retail outlets, the internet and the public transport hubs. The department performs the accounts receivable function for the ticketing system and administers the agreement with the contractor NTT Data Payment Services Victoria to ensure cash collection services and payments via the banking system are managed effectively.

The department 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 the department at metropolitan and V/ Line train stations, as well as metropolitan and regional bus depots.

## 4.2.2 Administered income and expenses for the financial year ended 30 June

### Department of Transport Outputs

	(\$ thousand)					
	Bus Services		Transport Infrastructure		Port, Freight and Boating	
	2020	2019	2020	2019	2020	2019
<b>Administered income from transactions</b>						
Sale of goods and services	7,484	546	33	2,324	3,159	49
Appropriations - payments made on behalf of the State	-	-	-	-	-	-
Other income	103	922	7,378	1,398	10	17
Statutory fines	2,445	2,515	-	-	-	-
Regulatory fees, fines, leases and licences	5	58	-	3	29,155	5
Interest income	-	-	-	-	-	-
Commonwealth grants	-	-	-	-	8,645	-
<b>Total administered income from transactions</b>	<b>10,037</b>	<b>4,041</b>	<b>7,411</b>	<b>3,725</b>	<b>40,969</b>	<b>71</b>
<b>Administered expenses from transactions</b>						
Payments into Consolidated Fund	(10,001)	(7,434)	(7,385)	(6,005)	(40,826)	(522)
Other expenses	(150)	(251)	(8)	(14)	(13)	(22)
Assets transferred to local/Commonwealth government	-	(591)	-	-	-	-
<b>Total administered expenses from transactions</b>	<b>(10,151)</b>	<b>(8,276)</b>	<b>(7,393)</b>	<b>(6,019)</b>	<b>(40,839)</b>	<b>(544)</b>
<b>Total administered net result from transactions</b>	<b>(114)</b>	<b>(4,235)</b>	<b>18</b>	<b>(2,294)</b>	<b>130</b>	<b>(473)</b>
<b>Administered other economic flows included in administered net result</b>						
Net gain/(loss) on non-financial assets	279	(1)	7,424	-	(73)	-
Net gain/(loss) on financial assets	-	27	-	12,571	-	2
<b>Total administered other economic flows</b>	<b>279</b>	<b>26</b>	<b>7,424</b>	<b>12,571</b>	<b>(73)</b>	<b>2</b>
<b>Total administered comprehensive result</b>	<b>165</b>	<b>(4,209)</b>	<b>7,442</b>	<b>10,277</b>	<b>57</b>	<b>(471)</b>

	(\$ thousand)					
	Regulation of Commercial Passenger Vehicle Services		Road Asset Management		Road Operations	
	2020	2019	2020	2019	2020	2019
<b>Administered income from transactions</b>						
Sale of goods and services	2,343	9,576	9,232	283	102,075	15,096
Appropriations - payments made on behalf of the State	-	-	-	-	-	-
Other income	26	45	86	89	24,289	163
Statutory fines	-	-	-	-	-	-
Regulatory fees, fines, leases and licences	56,291	13	562,899	30	2,058,242	51
Interest income	-	-	-	-	303	-
Commonwealth grants	-	-	-	-	-	-
<b>Total administered income from transactions</b>	<b>58,660</b>	<b>9,634</b>	<b>572,217</b>	<b>402</b>	<b>2,184,909</b>	<b>15,310</b>
<b>Administered expenses from transactions</b>						
Payments into Consolidated Fund	(58,455)	(10,802)	(570,222)	(3,020)	(2,177,293)	(10,552)
Other expenses	(35)	(58)	(78)	(130)	(133)	(222)
Assets transferred to local/Commonwealth government	-	-	-	-	-	-
<b>Total administered expenses from transactions</b>	<b>(58,490)</b>	<b>(10,860)</b>	<b>(570,300)</b>	<b>(3,150)</b>	<b>(2,177,426)</b>	<b>(10,774)</b>
<b>Total administered net result from transactions</b>	<b>170</b>	<b>(1,226)</b>	<b>1,917</b>	<b>(2,748)</b>	<b>7,483</b>	<b>4,536</b>
<b>Administered other economic flows included in administered net result</b>						
Net gain/(loss) on non-financial assets	(145)	-	3,433	-	(10,720)	(1)
Net gain/(loss) on financial assets	-	6	-	14	-	(9,604)
<b>Total administered other economic flows</b>	<b>(145)</b>	<b>6</b>	<b>3,433</b>	<b>14</b>	<b>(10,720)</b>	<b>(9,605)</b>
<b>Total administered comprehensive result</b>	<b>25</b>	<b>(1,220)</b>	<b>5,350</b>	<b>(2,734)</b>	<b>(3,237)</b>	<b>(5,069)</b>

	(\$ thousand)					
	Train services		Tram services		Transport Safety and Security	
	2020	2019	2020	2019	2020	2019
<b>Administered income from transactions</b>						
Sale of goods and services	8,765	3,611	4,442	320	1,332	167
Appropriations - payments made on behalf of the State	-	-	-	-	-	-
Other income	277	2,494	60	547	43	56
Statutory fines	15,186	19,057	1,453	1,495	-	-
Regulatory fees, fines, leases and licences	12	156	3	34	197,887	692
Interest income	-	-	-	-	-	-
Commonwealth grants	-	-	-	-	-	-
<b>Total administered income from transactions</b>	<b>24,240</b>	<b>25,318</b>	<b>5,958</b>	<b>2,396</b>	<b>199,262</b>	<b>915</b>
<b>Administered expenses from transactions</b>						
Payments into Consolidated Fund	(24,155)	(34,270)	(5,937)	(4,374)	(198,567)	(1,876)
Other expenses	(404)	(675)	(88)	(147)	(47)	(78)
Assets transferred to local/Commonwealth government	-	(1,599)	-	(351)	-	-
<b>Total administered expenses from transactions</b>	<b>(24,559)</b>	<b>(36,544)</b>	<b>(6,025)</b>	<b>(4,872)</b>	<b>(198,614)</b>	<b>(1,954)</b>
<b>Total administered net result from transactions</b>	<b>(319)</b>	<b>(11,226)</b>	<b>(67)</b>	<b>(2,476)</b>	<b>648</b>	<b>(1,039)</b>
<b>Administered other economic flows included in administered net result</b>						
Net gain/(loss) on non-financial assets	(445)	(14,974)	166	-	(509)	-
Net gain/(loss) on financial assets	(4,261)	73	-	16	(1,001)	8
<b>Total administered other economic flows</b>	<b>(4,706)</b>	<b>(14,901)</b>	<b>166</b>	<b>16</b>	<b>(1,510)</b>	<b>8</b>
<b>Total administered comprehensive result</b>	<b>(5,025)</b>	<b>(26,127)</b>	<b>99</b>	<b>(2,460)</b>	<b>(862)</b>	<b>(1,031)</b>

	(\$ thousand)					
	Sustainably Manage Fish Resources		Major projects		DoT Consolidated Totals	
	2020	2019	2020	2019	2020	2019
<b>Administered income from transactions</b>						
Sale of goods and services	349	249	-	880	139,214	33,101
Appropriations - payments made on behalf of the State	-	18	-	-	-	18
Other income	808	6	-	1	33,080	5,738
Statutory fines	-	-	-	-	19,084	23,067
Regulatory fees, fines, leases and licences	4,156	12,690	-	-	2,908,650	13,732
Interest income	-	-	-	-	303	-
Commonwealth grants	-	-	-	-	8,645	-
<b>Total administered income from transactions</b>	<b>5,313</b>	<b>12,963</b>	<b>-</b>	<b>881</b>	<b>3,108,976</b>	<b>75,656</b>
<b>Administered expenses from transactions</b>						
Payments into Consolidated Fund	(5,295)	(14,696)	-	(966)	(3,098,136)	(94,517)
Other expenses	-	(29)	-	(1)	(956)	(1,627)
Assets transferred to local/Commonwealth government	-	-	-	-	-	(2,541)
<b>Total administered expenses from transactions</b>	<b>(5,295)</b>	<b>(14,725)</b>	<b>-</b>	<b>(967)</b>	<b>(3,099,092)</b>	<b>(98,685)</b>
<b>Total administered net result from transactions</b>	<b>18</b>	<b>(1,762)</b>	<b>-</b>	<b>(86)</b>	<b>9,884</b>	<b>(23,029)</b>
<b>Administered other economic flows included in administered net result</b>						
Net gain/(loss) on non-financial assets	-	-	-	-	(590)	(14,976)
Net gain/(loss) on financial assets	-	2	-	-	(5,262)	3,115
<b>Total administered other economic flows</b>	<b>-</b>	<b>2</b>	<b>-</b>	<b>-</b>	<b>(5,852)</b>	<b>(11,861)</b>
<b>Total administered comprehensive result</b>	<b>18</b>	<b>(1,760)</b>	<b>-</b>	<b>(86)</b>	<b>4,032</b>	<b>(34,890)</b>

## Outputs transferred out as part of Machinery-of-Government change

	(\$ thousand)					
	Agriculture		Resources		Creative Industries Access, Development and Innovation	
	2020	2019	2020	2019	2020	2019
<b>Administered income from transactions</b>						
Sale of goods and services	-	26,603	-	180	-	12
Appropriations - payments made on behalf of the State	-	-	-	-	-	-
Royalties	-	-	-	49,835	-	-
Other income	-	134	-	10	-	5
Statutory fines	-	6	-	-	-	-
Regulatory fees, fines, leases and licences	-	176	-	3,340	-	3
Interest income	-	-	-	35	-	-
<b>Total administered income from transactions</b>	<b>-</b>	<b>26,919</b>	<b>-</b>	<b>53,400</b>	<b>-</b>	<b>20</b>
<b>Administered expenses from transactions</b>						
Payments into Consolidated Fund	-	(56,305)	-	(106,865)	-	(174)
Interest expense	-	-	-	-	-	-
Other expenses	-	(51)	-	(16)	-	(9)
<b>Total administered expenses from transactions</b>	<b>-</b>	<b>(56,356)</b>	<b>-</b>	<b>(106,881)</b>	<b>-</b>	<b>(184)</b>
<b>Total administered net result from transactions</b>	<b>-</b>	<b>(29,437)</b>	<b>-</b>	<b>(53,481)</b>	<b>-</b>	<b>(164)</b>
<b>Administered other economic flows included in administered net result</b>						
Net gain/(loss) on financial assets	-	(245)	-	3	-	2
<b>Total administered other economic flows</b>	<b>-</b>	<b>(245)</b>	<b>-</b>	<b>3</b>	<b>-</b>	<b>2</b>
<b>Total administered comprehensive result</b>	<b>-</b>	<b>(29,682)</b>	<b>-</b>	<b>(53,478)</b>	<b>-</b>	<b>(162)</b>

	(\$ thousand)					
	Creative industries portfolio agencies		Cultural infrastructure and facilities		Tourism, major events and international education	
	2020	2019	2020	2019	2020	2019
<b>Administered income from transactions</b>						
Sale of goods and services	-	58	-	16	-	3,120
Appropriations - payments made on behalf of the State	-	-	-	-	-	34,387
Royalties	-	-	-	-	-	-
Other income	-	25	-	7	-	10
Statutory fines	-	-	-	-	-	-
Regulatory fees, fines, leases and licences	-	17	-	5	-	6
Interest income	-	-	-	-	-	2,713
<b>Total administered income from transactions</b>	<b>-</b>	<b>100</b>	<b>-</b>	<b>28</b>	<b>-</b>	<b>40,236</b>
<b>Administered expenses from transactions</b>						
Payments into Consolidated Fund	-	(114)	-	(36)	-	(3,701)
Interest expense	-	-	-	-	-	(19,843)
Other expenses	-	(46)	-	(13)	-	(11,374)
<b>Total administered expenses from transactions</b>	<b>-</b>	<b>(160)</b>	<b>-</b>	<b>(49)</b>	<b>-</b>	<b>(34,919)</b>
<b>Total administered net result from transactions</b>	<b>-</b>	<b>(60)</b>	<b>-</b>	<b>(21)</b>	<b>-</b>	<b>5,317</b>
<b>Administered other economic flows included in administered net result</b>						
Net gain/(loss) on financial assets	-	8	-	2	-	3
<b>Total administered other economic flows</b>	<b>-</b>	<b>8</b>	<b>-</b>	<b>2</b>	<b>-</b>	<b>3</b>
<b>Total administered comprehensive result</b>	<b>-</b>	<b>(52)</b>	<b>-</b>	<b>(19)</b>	<b>-</b>	<b>5,320</b>



	(\$ thousand)					
	Industrial Relations		Industry and enterprise innovation		Jobs and investment	
	2020	2019	2020	2019	2020	2019
<b>Administered income from transactions</b>						
Sale of goods and services	-	1	-	202	-	35
Appropriations - payments made on behalf of the State	-	-	-	391	-	-
Royalties	-	-	-	-	-	-
Other income	-	-	-	15	-	15
Statutory fines	-	-	-	-	-	-
Regulatory fees, fines, leases and licences	-	-	-	10	-	10
Interest income	-	-	-	-	-	-
<b>Total administered income from transactions</b>	<b>-</b>	<b>1</b>	<b>-</b>	<b>618</b>	<b>-</b>	<b>60</b>
<b>Administered expenses from transactions</b>						
Payments into Consolidated Fund	-	-	-	(911)	-	(565)
Interest expense	-	-	-	-	-	-
Other expenses	-	(1)	-	(419)	-	(28)
<b>Total administered expenses from transactions</b>	<b>-</b>	<b>(1)</b>	<b>-</b>	<b>(1,329)</b>	<b>-</b>	<b>(593)</b>
<b>Total administered net result from transactions</b>	<b>-</b>	<b>1</b>	<b>-</b>	<b>(711)</b>	<b>-</b>	<b>(533)</b>
<b>Administered other economic flows included in administered net result</b>						
Net gain/(loss) on financial assets	-	-	-	5	-	5
<b>Total administered other economic flows</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5</b>	<b>-</b>	<b>5</b>
<b>Total administered comprehensive result</b>	<b>-</b>	<b>1</b>	<b>-</b>	<b>(706)</b>	<b>-</b>	<b>(528)</b>

	(\$ thousand)					
	Regional development		Trade		Transferred Out Totals	
	2020	2019	2020	2019	2020	2019
<b>Administered income from transactions</b>						
Sale of goods and services	-	3,617	-	4	-	33,848
Appropriations - payments made on behalf of the State	-	-	-	-	-	34,778
Royalties	-	-	-	-	-	49,835
Other income	-	16	-	2	-	239
Statutory fines	-	-	-	-	-	6
Regulatory fees, fines, leases and licences	-	10	-	1	-	3,578
Interest income	-	-	-	-	-	2,748
<b>Total administered income from transactions</b>	-	<b>3,643</b>	-	<b>7</b>	-	<b>125,032</b>
<b>Administered expenses from transactions</b>						
Payments into Consolidated Fund	-	(4,553)	-	(60)	-	(173,284)
Interest expense	-	-	-	-	-	(19,843)
Other expenses	-	(29)	-	(3)	-	(11,989)
<b>Total administered expenses from transactions</b>	-	<b>(4,582)</b>	-	<b>(63)</b>	-	<b>(205,116)</b>
<b>Total administered net result from transactions</b>	-	<b>(939)</b>	-	<b>(56)</b>	-	<b>(80,084)</b>
<b>Administered other economic flows included in administered net result</b>						
Net gain/(loss) on financial assets	-	5	-	1	-	(211)
<b>Total administered other economic flows</b>	-	<b>5</b>	-	<b>1</b>	-	<b>(211)</b>
<b>Total administered comprehensive result</b>	-	<b>(934)</b>	-	<b>(55)</b>	-	<b>(80,295)</b>

### 4.2.3 Administered assets and liabilities as at 30 June

#### Department of Transport Outputs

(\$ thousand)												
	Bus Services		Transport Infrastructure		Port, Freight and Boating		Regulation of Commercial Passenger Vehicle Services		Road Asset Management		Road Operations	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
	<b>Administered financial assets</b>											
Receivables	179	803	7,138	2,631	8	72	20	185	43	415	75	713
Trust funds	-	17	79	139	157	2	315	4	3,149	9	11,021	15
Equity investment	125,031	97,497	30,492,465	26,320,455	938,285	933,713	18	-	40	-	69	-
<b>Total administered financial assets</b>	<b>125,210</b>	<b>98,317</b>	<b>30,499,682</b>	<b>26,323,225</b>	<b>988,450</b>	<b>933,787</b>	<b>353</b>	<b>189</b>	<b>3,232</b>	<b>424</b>	<b>11,165</b>	<b>728</b>
<b>Total administered assets</b>	<b>125,210</b>	<b>98,317</b>	<b>30,499,682</b>	<b>26,323,225</b>	<b>988,450</b>	<b>933,787</b>	<b>353</b>	<b>189</b>	<b>3,232</b>	<b>424</b>	<b>11,165</b>	<b>728</b>
<b>Administered liabilities</b>												
Creditors and accruals	(1)	(35)	(96)	(131)	(158)	(3)	(315)	(8)	(3,149)	(18)	(11,022)	(31)
<b>Total administered liabilities</b>	<b>(1)</b>	<b>(35)</b>	<b>(96)</b>	<b>(131)</b>	<b>(158)</b>	<b>(3)</b>	<b>(315)</b>	<b>(8)</b>	<b>(3,149)</b>	<b>(18)</b>	<b>(11,022)</b>	<b>(31)</b>
<b>Total administered net assets</b>	<b>125,209</b>	<b>98,282</b>	<b>30,499,586</b>	<b>26,323,094</b>	<b>938,292</b>	<b>933,784</b>	<b>38</b>	<b>181</b>	<b>83</b>	<b>406</b>	<b>143</b>	<b>697</b>

(\$ thousand)

	Train services		Tram services		Transport Safety and Security		Sustainably Manage Fish Resources		DoT Consolidated Totals	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
<b>Administered financial assets</b>										
Receivables	14,558	11,932	105	471	26	1,252	5	-	22,157	18,474
Trust funds	-	47	-	10	1,102	5	-	2	15,823	250
Equity investment	979,458	1,292,491	94,752	57,951	24	-	-	-	32,630,142	28,702,107
<b>Total administered financial assets</b>	<b>994,016</b>	<b>1,304,470</b>	<b>94,857</b>	<b>58,432</b>	<b>1,152</b>	<b>1,257</b>	<b>5</b>	<b>2</b>	<b>32,668,122</b>	<b>28,720,831</b>
<b>Total administered assets</b>	<b>994,016</b>	<b>1,304,470</b>	<b>94,857</b>	<b>58,432</b>	<b>1,152</b>	<b>1,257</b>	<b>5</b>	<b>2</b>	<b>32,668,122</b>	<b>28,720,831</b>
<b>Administered liabilities</b>										
Creditors and accruals	(3)	(95)	(1)	(21)	(1,102)	(10)	-	(1)	(15,847)	(353)
<b>Total administered liabilities</b>	<b>(3)</b>	<b>(95)</b>	<b>(1)</b>	<b>(21)</b>	<b>(1,102)</b>	<b>(10)</b>	<b>-</b>	<b>(1)</b>	<b>(15,847)</b>	<b>(353)</b>
<b>Total administered net assets</b>	<b>994,013</b>	<b>1,304,375</b>	<b>94,856</b>	<b>58,411</b>	<b>50</b>	<b>1,247</b>	<b>5</b>	<b>1</b>	<b>32,652,275</b>	<b>28,720,478</b>

## 4.3 Restructuring of administrative arrangements

### Integration of VicRoads and PTV into the department

In June 2019, the Government issued an administrative order restructuring some of its activities via machinery of government changes, taking effect from 1 July 2019. Furthermore, the *Transport Legislation Amendment Act 2019* (TLAA) provided for the integration of the Roads Corporation (VicRoads) and Public Transport Victoria (PTV) into the department to create one transport body for the overall strategic planning and operation of the Victorian transport system.

The net asset transfers into the department were treated as a contribution of capital by the State. No income has been recognised by the department in respect of the net assets transferred from PTV and VicRoads.

### Transfer of Marine Pollution and Crisis Emergency Management functions and employees from DJPR to the department

Following the MoG arrangements that created the DJPR and determined the department to be the successor department of the former DEDJTR on 1 January 2019, the departments agreed to share their emergency management policy, strategy

and coordination functions and to operate a number of corporate functions on a 'shared service' basis for an interim period. On 1 July 2019, several staff were transferred from DJPR to the department based on agreement by the Secretaries of both departments pursuant to Section 28(1) of the *Public Administration Act 2014* (PAA). This transfer was necessary to support the carrying out of functions transferred pursuant to Section 30 of the PAA, signed by the Premier of Victoria on 28 December 2018.

### National Heavy Vehicle Regulator

On 12 August 2019, the Victorian Government approved the transition of heavy vehicle regulatory service to occur on 8 December 2019 per the agreement of funding arrangements and the passage of associated legislation amendments.

The net assets transferred out of the department were treated as an expense which totalled \$148,360. The State's decision was to contribute the non-financial assets of NHVR for no consideration to the federal government, therefore the transaction is treated as a general government expense within the administered entity.

	(\$ thousand)		
	Transfer in		
	VicRoads <sup>(i)</sup>	PTV <sup>(i)</sup>	DJPR
<b>Assets</b>			
Cash and cash equivalents	66,153	30,634	-
Receivables	658,465	584,902	2,193
Non-financial assets held for sale	5,934	-	-
Property, plant and equipment	63,227,134	1,444,528	2,802
Intangible assets	77,297	11,417	69
Other non-financial assets	8,207	7,065	-
<b>Liabilities</b>			
Payables	5,007,498	598,890	223
Contract liabilities	-	29,380	-
Borrowings	833,779	616,246	1,887
Provisions	82,875	14,822	82
Other provisions	37,491	498,946	-
<b>Net assets recognised</b>	<b>58,081,547</b>	<b>320,260</b>	<b>2,870</b>

Note:

- The balances transferred from VicRoads and PTV into the department are inclusive of the adjustments made as a result of the adoption of the new standards for the first time for AASB 15, 16 and 1059.

## 5. KEY ASSETS AVAILABLE TO SUPPORT OUTPUT DELIVERY

### Introduction

The department controls infrastructure and other investments that are utilised in fulfilling its objectives and conducting its activities. They represent the resources that have been entrusted to the department for delivery of those outputs.

#### *Fair value measurement*

Where the assets included in this section are carried at fair value, additional information is disclosed in Note 8.3.2 regarding how those fair values were determined.

### Structure

5.1	Property, plant and equipment.....	76
5.2	Intangible assets.....	93
5.3	Joint operations.....	94

### 5.1 Property, plant and equipment

	(\$ thousand)					
	Gross carrying amount		Accumulated depreciation		Net carrying amount <sup>(ix)(ii)</sup>	
	2020	2019	2020	2019	2020	2019
Land under roads at fair value	34,398,450	-	-	-	34,398,450	-
Property Acquired for Road Deviation (PARD) land at fair value	1,707,687	-	-	-	1,707,687	-
Other land at fair value	3,089,849	309,859	-	-	3,089,849	309,859
Roads and bridges at fair value	24,286,852	-	(32,235)	-	24,254,617	-
Earthworks at fair value	9,922,320	-	-	-	9,922,320	-
Other infrastructure at fair value	2,551,179	1,344,434	(26,267)	(2,644)	2,524,912	1,341,790
Buildings at fair value	641,051	4,936	(7,921)	(110)	633,130	4,826
Plant, equipment and vehicles at fair value	277,069	9,111	(20,390)	(2,003)	256,679	7,108
Leasehold improvements	59,088	15,953	(17,871)	-	41,217	15,953
Cultural assets at fair value	2,609	256	-	-	2,609	256
Assets under construction <sup>(iii)</sup>	11,032,032	6,946,290	-	-	11,032,032	6,946,290
<b>Net carrying amount</b>	<b>87,968,186</b>	<b>8,630,839</b>	<b>(104,684)</b>	<b>(4,757)</b>	<b>87,863,502</b>	<b>8,626,082</b>

Notes:

- AASB 16 *Leases* (AASB 16) has been applied for the first time from 1 July 2019, refer to Note 5.1.1 Right-of-Use assets for further details.
- Refer to Note 5.1.6 for the reconciliation of movements in carrying amount of property, plant and equipment.
- The 2019 comparatives figures have been restated to reflect the adoption of AASB 1059, refer to Note 5.1.2 Service concession assets for further details.

The following tables are subsets of Property, Plant and Equipment (PPE) grouped by Note 5.1.1 Right-of-use assets, Note 5.1.2 Service Concession assets and Note 5.1.3 Other non-financial physical assets.

## 5.1.1 Right-of-use assets

	(\$ thousand)					
	Gross carrying amount		Accumulated depreciation		Net carrying amount <sup>(i)</sup>	
	2020	2019	2020	2019	2020	2019
Buildings at fair value	76,593	-	(7,701)	-	68,892	-
Plant, equipment and vehicles at fair value	29,564	3,555	(10,506)	-	19,058	3,555
Leasehold improvements	59,088	15,953	(17,871)	-	41,217	15,953
Assets under construction	20,728	18,784	-	-	20,728	18,784
<b>Net carrying amount</b>	<b>185,973</b>	<b>38,292</b>	<b>(36,078)</b>	<b>-</b>	<b>149,895</b>	<b>38,292</b>

Note:

- i. AASB 16 *Leases* (AASB 16) has been applied for the first time from 1 July 2019, refer to Note 5.1.6.1 for the reconciliation of movements in carrying amount of right-of-use assets.

### Initial recognition

The department recognises a right-of-use (RoU) asset acquired by lessees under AASB 16 *Leases* from 1 July 2019 and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost which comprises the initial amount of the lease liability adjusted for:

- any lease payments made at or before the commencement date; plus
- any initial direct costs incurred; and
- an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentive received.

The initial cost for non-financial physical assets under a finance lease (under AASB 117 until 30 June 2019) 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.

### Subsequent measurement

The department depreciates the RoU assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the RoU asset or the end of the lease term.

In addition, the RoU is periodically reduced by impairment losses, if any and adjusted for certain remeasurements of the lease liability.

## 5.1.2 Service concession assets

	(\$ thousand)					
	Gross carrying amount		Accumulated depreciation		Net carrying amount <sup>(i)(ii)</sup>	
	2020	2019	2020	2019	2020	2019
Other land at fair value	2,080,460	-	-	-	2,080,460	-
Roads and bridges at fair value	4,819,148	-	-	-	4,819,148	-
Earthworks at fair value	733,880	-	-	-	733,880	-
Other infrastructure at fair value	1,508,290	-	-	-	1,508,290	-
Buildings at fair value	488,847	-	-	-	488,847	-
Plant, equipment and vehicles at fair value	115,960	-	-	-	115,960	-
Assets under construction <sup>(iii)</sup>	8,250,606	5,048,914	-	-	8,250,606	5,048,914
<b>Net carrying amount</b>	<b>17,997,191</b>	<b>5,048,914</b>	<b>-</b>	<b>-</b>	<b>17,997,191</b>	<b>5,048,914</b>

### Notes:

- These assets relate to the service concession arrangements, refer to Note 7.5.3 for further details.
- Refer to Note 5.1.6.2 for the reconciliation of movements in carrying amount of service concession assets.
- The 2019 comparatives figures have been restated to reflect the adoption of AASB 1059, refer to Note 9.6.5.2 and Note 5.1.6.2 for further details.

A Service Concession Asset (SCA) under AASB 1059 *Service Concession Assets: Grantors* (AASB 1059) is an asset other than goodwill, to which a private operator has right of access to provide public services on behalf of the department in a service concession arrangement that:

- the operator constructs, develops, upgrades or replaces major components, or acquires from a third party or is an existing asset of the operator, or
- is an existing asset of the department, including a previously unrecognised identifiable intangible asset and land under roads, or an upgrade to or replacement of a major component of an existing asset of the grantor.

### Initial recognition

The department initially recognises a SCA at the commencement of construction at 'current replacement cost' (CRC), calculated in accordance with the 'cost approach' to fair value measurement. The CRC reflects the amount that would be required currently to replace the service capacity of the asset. The assets recognised at the commencement of construction are reported as assets under construction until the project reaches commercial acceptance.

The CRC for the SCA includes the costs that are directly attributable to the design and construction of the SCA by the operator. AASB 116

*Property, Plant and Equipment* (AASB 116) is applied which provides guidance on the elements of costs including:

- the purchase price
- costs directly attributable to bringing the asset to its location or condition necessary
- borrowing costs of the operator during construction as it forms part of the CRC of the SCA asset.

This same principle applies to existing assets owned by the department and transferred to a SCA under a new or an existing service concession arrangement, with any difference between the fair value of the asset using current replacement cost and the carrying value of the asset being accounted for as if it were a revaluation (i.e. taken to the asset revaluation reserve).

### Subsequent measurement

After initial recognition, the department depreciates the service concession asset over its useful life using the principles in AASB 116. SCAs are subject to revaluation as required by Financial Reporting Direction 103H *Non-Financial Physical Assets* (FRD 103H). Refer to Note 8.3.2 Fair value determination for a summary of revaluation details by asset category with further details provided on accounting for revaluation in Note 5.1.4 Revaluations of Property Plant and Equipment.



**Fair value proxy for SCA construction in progress balances**

As part of the implementation of AASB 1059, the department applies a fair value proxy approach for the SCAs that are under construction. The fair value proxy approach captures the financing cost incurred during the construction of SCA by the private sector with an aim of achieving faithful representation of the CRC of SCA construction in progress balances.

The financing cost to the department implied in the service concession arrangement contract during the construction of SCA is used as a proxy of the financing cost incurred by the private sector constructing the asset. This cost is an indication of an increase in the fair value of the SCA construction in progress that is measured with the current replacement cost method. The increment in the current replacement cost of the SCA construction in progress is recorded as an increase in the asset revaluation.

### 5.1.3 Other non-financial physical assets

	(\$ thousand)					
	Gross carrying amount		Accumulated depreciation		Net carrying amount <sup>(ix)(ii)</sup>	
	2020	2019	2020	2019	2020	2019
Land under roads at fair value	34,398,450	-	-	-	34,398,450	-
PARD land at fair value	1,707,687	-	-	-	1,707,687	-
Other land at fair value	1,009,389	309,859	-	-	1,009,389	309,859
Roads and bridges at fair value	19,467,704	-	(32,235)	-	19,435,469	-
Earthworks at fair value	9,188,440	-	-	-	9,188,440	-
Other infrastructure at fair value	1,042,889	1,344,434	(26,267)	(2,644)	1,016,622	1,341,790
Buildings at fair value	75,610	4,936	(219)	(110)	75,391	4,826
Plant, equipment and vehicles at fair value	131,545	5,556	(9,884)	(2,003)	121,661	3,553
Leasehold improvements	-	-	-	-	-	-
Cultural assets at fair value	2,609	256	-	-	2,609	256
Assets under construction at cost	2,760,698	1,878,592	-	-	2,760,698	1,878,592
<b>Net carrying amount</b>	<b>69,785,021</b>	<b>3,543,633</b>	<b>(68,605)</b>	<b>(4,757)</b>	<b>69,716,416</b>	<b>3,538,876</b>

Notes:

- i. These are the PPE assets that are not right-of-use or service concession arrangements.
- ii. Refer to Note 5.1.6.3 for the reconciliation of movements in carrying amount of other non-financial physical assets.

#### Initial recognition

Other 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 amount.

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.

The cost of a leasehold improvement is capitalised and depreciated over the shorter of the remaining term of the lease or their estimated useful lives.

#### Subsequent measurement

Items of non-financial physical assets are subsequently measured at fair value less accumulated depreciation and impairment. Fair value is determined with regard to the asset's highest and best use (considering legal or physical restrictions imposed on the asset, public announcements or commitments made in relation to the intended use of the asset) and is summarised in Note 8.3.2 Fair value determination by asset category with further details provided on accounting for revaluation in Note 5.1.4 Revaluations of Property Plant and Equipment.

## 5.1.4 Revaluations of Property Plant and Equipment

Non-financial physical assets are revalued at fair value every five years in accordance with the Government purpose classifications defined in Financial Reporting Direction 103H *Non-Financial Physical Assets* (FRD 103H).

The Valuer-General Victoria (VGV) is the Government's independent valuation agency and is used by the department to conduct these scheduled revaluations. Certain infrastructure assets are revalued using specialised advisors under the direction of the VGV.

Revaluations may occur more frequently if fair value assessments indicate material changes in values. In such instances, interim managerial revaluations are undertaken in accordance with the requirements of FRD 103H.

The department in conjunction with VGV, monitors changes in the fair value of each asset class through relevant data sources, in order to determine whether a revaluation is required.

The departments assets relating to land, buildings, infrastructure and cultural assets were independently valued by the VGV as at 30 June 2020. The market that the assets are valued in is being impacted by the uncertainty that the coronavirus (COVID-19) outbreak has caused. The valuer has advised that the current market environment, impacted by coronavirus (COVID-19), creates significant valuation uncertainty. The value assessed at the valuation date may therefore change over a relatively short time period.

Refer to Note 8.3.2 Fair value determination for further information on the revaluation methods used for the asset classes.

### Accounting for revaluation movements

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

Revaluation increases and decreases relating to individual assets in a class of PPE, are offset against other assets in that class but are not offset against assets in different classes. An asset revaluation surplus is not transferred to accumulated funds on the de-recognition of the related asset.

Revaluation increments are credited directly to the asset revaluation reserve, except to the extent that an increment reverses a revaluation decrement in respect of that class of asset previously recognised as an expense, in which case the increment is recognised immediately as revenue.

Revaluation decrements are recognised immediately as an expense, except to the extent that a credit balance exists in the asset revaluation reserve applicable to the same class of assets, in which case the decrement is debited directly to the asset revaluation reserve.

### Impairment of property, plant and equipment

The recoverable amount of primarily non-cash-generating assets of not-for-profit entities, which are typically specialised in nature and held for continuing use of their service capacity, is expected to be materially the same as fair value determined under AASB 13, with the consequence that AASB 136 does not apply to such assets that are regularly revalued.

## 5.1.5 Depreciation and amortisation

	(\$ thousand)							
	Right-of-use assets		Service concession assets		Other non-financial assets		Total	
	2020	2019	2020	2019	2020	2019	2020	2019
<b>Charge for the period <sup>(i)</sup></b>								
Roads and bridges	-	-	120,784	-	636,135	-	756,919	-
Other infrastructure	-	-	45,417	-	107,753	1,074	153,170	1,074
Buildings	20,375	-	12,262	-	2,273	11,162	34,910	11,162
Plant, equipment and vehicles	9,800	-	16,522	-	21,072	5,712	47,394	5,712
Leasehold improvements	1,187	-	-	-	2,513	4,799	3,700	4,799
Cultural assets	-	-	-	-	24	607	24	607
<b>Total depreciation <sup>(ii)</sup></b>	<b>31,362</b>	<b>-</b>	<b>194,985</b>	<b>-</b>	<b>769,770</b>	<b>23,354</b>	<b>996,117</b>	<b>23,354</b>

Notes:

- The table incorporates depreciation of right-of-use assets as AASB 16 have been applied for the first time from 1 July 2019.
- Excludes amortisation of \$18.8 million (2019: \$1.6 million) relating to intangible produced assets disclosed in Note 5.2 Intangible assets.

All infrastructure assets (excl. earthworks) buildings, plant, equipment and vehicles and other non-financial physical assets that have finite useful lives, are depreciated. Assets held for sale, land, earthworks and assets under construction are not 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. Typical estimated useful lives for the different asset classes for current and prior years are included in the table below:

	(Years)			
	Service concession assets		Right-of-use and other non-financial assets	
	2020	2019	2020	2019
<b>Assets' useful lives</b>				
Roads and bridges	50 to 100	-	60 to 90	-
Other infrastructure	5 to 100	-	10 to 50	20 to 50
Buildings	65	-	3 to 75	25 to 85
Plant, equipment and vehicles	1 to 17	-	1 to 50	1 to 50
Leasehold improvements	N/A	-	4 to 47	1 to 33
Cultural assets	N/A	-	84 to 100	100
Intangible assets (Refer to Note 5.2)	N/A	-	3 to 14	4 to 7

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

RoU assets are generally depreciated over the shorter of the asset's useful life and the lease term. Where the department obtains ownership of the underlying leased asset or if the cost of the right-of-use asset reflects that the entity will exercise a purchase option, the entity depreciates the right-of-use asset over its useful life.

Leasehold improvements are depreciated over the shorter of the lease term and their useful lives.

**Indefinite life assets:** Land, earthworks and land under declared roads which are considered to have an indefinite life, are not depreciated. Depreciation is not recognised in respect of these assets because their service potential has not, in any material sense, been consumed during the reporting period.

## 5.1.6 Reconciliation of movements in carrying amount of property, plant and equipment

	(\$ thousand)									
	Land under declared roads at fair value				PARD land at fair value		Other land at fair value		Roads and bridges at fair value	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
<b>Opening balance <sup>(i)</sup></b>	-	-	-	-	309,859	986,837	-	-	-	-
Change in accounting policy effecting 1 July 2018 (due to AASB 1059) <sup>(ii)</sup>	-	-	-	-	-	-	-	-	-	-
Change in accounting policy effecting 30 June 2019 (due to AASB 1059) <sup>(iii)</sup>	-	-	-	-	-	-	-	-	-	-
Recognition of right-of-use assets on initial application of AASB 16 effecting 1 July 2019 <sup>(iv)</sup>	-	-	-	-	-	-	-	-	-	-
<b>Adjusted opening balance</b>	-	-	-	-	309,859	986,837	-	-	-	-
MoG transfers in	24,266,021	-	1644,233	-	1,951,813	-	-	-	22,856,649	-
Assets received free of charge	-	-	-	-	-	-	-	-	8,224	-
Assets provided free of charge	-	-	-	-	(2,613)	(26,359)	-	-	(7,328)	-
Additions	-	-	28,930	-	15,738	11,691	-	-	-	-
Disposals	-	-	(16,333)	-	(13,857)	(2)	-	-	(3,606)	-
Depreciation expense	-	-	-	-	-	-	-	-	(756,919)	-
Assets provided as contributed capital	-	-	(7,271)	-	(634)	(5,307)	-	-	-	-
Transfers to assets classified as held for sale	-	-	(3,364)	-	221	(25,151)	-	-	-	-
Net transfers (to)/from government entities	-	-	-	-	-	(631,544)	-	-	-	-
Net revaluation increments/decrements	10,132,429	-	61,492	-	829,322	-	-	-	(145,899)	-
Transfer between classes	-	-	-	-	-	(306)	-	-	2,303,496	-
Recognition/(derecognition)	-	-	-	-	-	-	-	-	-	-
<b>Closing balance</b>	<b>34,398,450</b>	-	<b>1,707,687</b>	-	<b>3,089,849</b>	<b>309,859</b>	-	-	<b>24,254,617</b>	-

Notes:

- The opening balance includes amounts reclassified from existing assets to service concession assets (recognised under AASB 1059 at 1 July 2018). Refer to Note 7.5.3 for further details.
- Where a service concession arrangement is in existence at 1 July 2018, the opening balance at 1 July 2018 is adjusted to reflect the adoption of AASB 1059. Refer to Note 9.6.5.2 and Note 7.5.3 for further details.
- This balance represents the initial recognition of service concession assets (recognised under AASB 1059 retrospectively at 1 July 2019). Refer to Note 9.6.5.2 and Note 7.5.3
- This balance represents the initial recognition of right-of-use assets recorded on the balance sheet on 1 July 2019 relating to operating leases. Refer to Note 9.6.5.3 for further details.

## 5.1.6 Reconciliation of movements in carrying amount of property, plant and equipment - continued

	(\$ thousand)							
	Earthworks at fair value		Other infrastructure at fair value		Buildings at fair value		Plant, equipment and vehicles at fair value	
	2020	2019	2020	2019	2020	2019	2020	2019
<b>Opening balance <sup>(i)</sup></b>	-	-	1,341,790	51,149	4,826	464,650	7,108	46,793
Change in accounting policy effecting 1 July 2018 (due to AASB 1059) <sup>(ii)</sup>	-	-	-	-	-	-	-	-
Change in accounting policy effecting 30 June 2019 (due to AASB 1059) <sup>(iii)</sup>	-	-	-	-	-	-	-	-
Recognition of right-of-use assets on initial application of AASB 16 effecting 1 July 2019 <sup>(iv)</sup>	-	-	-	-	247,207	-	-	-
<b>Adjusted opening balance</b>	-	-	1,341,790	51,149	252,033	464,650	7,108	46,793
MoG transfers in	9,619,526	-	2,413,470	-	630,238	-	238,729	-
Assets received free of charge	1,715	-	1,017	-	-	-	-	-
Assets provided free of charge	(36)	-	(224)	-	-	(3,259)	(174)	-
Additions	-	-	10,343	1,005	70,630	3,116	64,705	275,309
Disposals	-	-	(59)	-	-	(129)	(3,640)	(847)
Depreciation expense	-	-	(153,170)	(1,074)	(34,910)	(11,162)	(47,394)	(5,712)
Assets provided as contributed capital	-	-	(223)	-	(350,395)	(21,708)	-	(267,021)
Transfers to assets classified as held for sale	-	-	-	-	(114)	(27)	-	(17)
Net transfers (to)/from government entities	-	-	-	-	-	(426,637)	-	(41,149)
Net revaluation increments/decrements	4,973	-	158,216	-	68,274	-	(2,656)	-
Transfer between classes	296,141	-	(1,246,249)	1,291,716	(2,627)	(14)	-	(248)
Recognition/(derecognition)	-	-	-	(1,005)	-	-	-	-
<b>Closing balance</b>	<b>9,922,320</b>	-	<b>2,524,912</b>	<b>1,341,790</b>	<b>633,130</b>	<b>4,826</b>	<b>256,679</b>	<b>7,108</b>

Notes:

- i. The opening balance includes amounts reclassified from existing assets to service concession assets (recognised under AASB 1059 at 1 July 2018). Refer to Note 7.5.3 for further details.
- ii. Where a service concession arrangement is in existence at 1 July 2018, the opening balance at 1 July 2018 is adjusted to reflect the adoption of AASB 1059. Refer to Note 9.6.5.2 and Note 7.5.3 for further details.
- iii. This balance represents the initial recognition of service concession assets (recognised under AASB 1059 retrospectively at 1 July 2019). Refer to Note 9.6.5.2 and Note 7.5.3.
- iv. This balance represents the initial recognition of right-of-use assets recorded on the balance sheet on 1 July 2019 relating to operating leases. Refer to Note 9.6.5.3 for further details.

## 5.1.6 Reconciliation of movements in carrying amount of property, plant and equipment - continued

	(\$ thousand)							
	Leasehold improvement at fair value		Cultural assets at fair value		Assets under construction at fair value		Total	
	2020	2019	2020	2019	2020	2019	2020	2019
<b>Opening balance <sup>(i)</sup></b>	<b>15,953</b>	<b>36,374</b>	<b>256</b>	<b>18,353</b>	<b>6,946,290</b>	<b>673,749</b>	<b>8,626,082</b>	<b>2,277,905</b>
Change in accounting policy effecting 1 July 2018 (due to AASB 1059) <sup>(ii)</sup>	-	-	-	-	-	2,212,783	-	2,212,783
Change in accounting policy effecting 30 June 2019 (due to AASB 1059) <sup>(iii)</sup>	-	-	-	-	-	2,629,087	-	2,629,087
Recognition of right-of-use assets on initial application of AASB 16 effecting 1 July 2019 <sup>(iv)</sup>	-	-	-	-	-	-	247,207	-
<b>Adjusted opening balance</b>	<b>15,953</b>	<b>36,374</b>	<b>256</b>	<b>18,353</b>	<b>6,946,290</b>	<b>5,515,619</b>	<b>8,873,289</b>	<b>7,119,775</b>
MoG transfers in	15,256	-	2,141	-	1,036,388	-	64,674,464	-
Assets received free of charge	-	-	-	-	-	-	10,956	-
Assets provided free of charge	-	-	-	-	-	-	(10,375)	(29,618)
Additions	16,230	958	-	-	8,341,815	3,907,394	8,548,391	4,199,473
Disposals	(488)	(398)	-	-	(16,382)	-	(54,365)	(1,376)
Depreciation expense	(3,700)	(4,799)	(24)	(607)	-	-	(996,117)	(23,354)
Assets provided as contributed capital	-	(264)	-	-	(3,925,318)	(2,419,257)	(4,283,841)	(2,713,557)
Transfers to assets classified as held for sale	-	-	-	-	-	-	(3,257)	(25,195)
Net transfers (to)/from government entities	-	(20,989)	-	(17,711)	-	1,240,966	-	102,936
Net revaluation increments/decrements	(2,033)	-	237	-	-	-	11,104,357	-
Transfer between classes	-	5,068	-	221	(1,350,761)	(1,296,437)	-	-
Recognition/(derecognition)	-	-	-	-	-	(1,995)	-	(3,000)
<b>Closing balance</b>	<b>41,217</b>	<b>15,953</b>	<b>2,609</b>	<b>256</b>	<b>11,032,032</b>	<b>6,946,290</b>	<b>87,863,502</b>	<b>8,626,082</b>

Notes:

- i. The opening balance includes amounts reclassified from existing assets to service concession assets (recognised under AASB 1059 at 1 July 2018). Refer to Note 7.5.3 for further details.
- ii. Where a service concession arrangement is in existence at 1 July 2018, the opening balance at 1 July 2018 is adjusted to reflect the adoption of AASB 1059. Refer to Note 9.6.5.2 and Note 7.5.3 for further details.
- iii. This balance represents the initial recognition of service concession assets (recognised under AASB 1059 retrospectively at 1 July 2019). Refer to Note 9.6.5.2 and Note 7.5.3.
- iv. This balance represents the initial recognition of right-of-use assets recorded on the balance sheet on 1 July 2019 relating to operating leases. Refer to Note 9.6.5.3 for further details.

5.1.6.1 Reconciliation of movements in carrying amount of right-of-use assets

	(\$ thousand)									
	Buildings at fair value		Plant, equipment and vehicles at fair value		Leasehold improvement at fair value		Assets under construction		Total	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
<b>Opening balance</b>	-	-	3,555	3,555	15,953	15,953	18,784	18,784	38,292	38,292
Recognition of right-of-use assets on initial application of AASB 16 effecting 1 July 2019 <sup>(i)</sup>	247,207	-	-	-	-	-	-	-	247,207	-
<b>Adjusted opening balance</b>	<b>247,207</b>	<b>-</b>	<b>3,555</b>	<b>3,555</b>	<b>15,953</b>	<b>15,953</b>	<b>18,784</b>	<b>18,784</b>	<b>285,499</b>	<b>38,292</b>
MoG transfers in	125,036	-	18,094	-	14,933	-	5,500	-	163,563	-
Assets provided free of charge	-	-	(26)	-	-	-	-	-	(26)	-
Additions	70,046	-	8,163	-	16,166	-	2,104	-	96,479	-
Disposals	-	-	(928)	-	-	-	-	-	(928)	-
Depreciation expense	(20,375)	-	(9,800)	-	(1,187)	-	-	-	(31,362)	-
Assets provided as contributed capital <sup>(ii)</sup>	(350,395)	-	-	-	-	-	-	-	(350,395)	-
Net revaluation increments/decrements	-	-	-	-	(2,032)	-	-	-	(2,032)	-
Transfer between classes	(2,627)	-	-	-	(2,616)	-	(5,660)	-	(10,903)	-
<b>Closing balance</b>	<b>68,892</b>	<b>-</b>	<b>19,058</b>	<b>3,555</b>	<b>41,217</b>	<b>15,953</b>	<b>20,728</b>	<b>18,784</b>	<b>149,895</b>	<b>38,292</b>

Notes:

- i. This balance represents the initial recognition of right-of-use assets recorded on the balance sheet on 1 July 2019 relating to operating leases. Refer to Note 9.6.5.3 for further details.
- ii. In October 2019, the department transferred some of the right-of-use asset to the DTF Shared Service Provider. Details of the transfer are included in Note 7.2 Leases.



5.1.6.2 Reconciliation of movements in carrying amount of service concession assets

	(\$ thousand)							
	Other land at fair value		Roads and bridges at fair value		Earthworks at fair value		Other infrastructure at fair value	
	2020	2019 <sup>(iv)</sup>	2020	2019 <sup>(iv)</sup>	2020	2019 <sup>(iv)</sup>	2020	2019 <sup>(iv)</sup>
<b>Opening balance <sup>(i)</sup></b>	-	-	-	-	-	-	-	-
Change in accounting policy effecting 1 July 2018 (due to AASB 1059) <sup>(ii)</sup>	-	-	-	-	-	-	-	-
Change in accounting policy effecting 30 June 2019 (due to AASB 1059) <sup>(iii)</sup>	-	-	-	-	-	-	-	-
<b>Adjusted opening balance</b>	-	-	-	-	-	-	-	-
MoG transfers in	1,315,138	-	4,548,117	-	721,017	-	1,396,547	-
Additions	-	-	-	-	-	-	-	-
Depreciation expense	-	-	(120,784)	-	-	-	(45,417)	-
Assets provided as contributed capital	-	-	-	-	-	-	-	-
Net revaluation increments/decrements	765,322	-	391,815	-	12,863	-	157,160	-
Transfer between classes	-	-	-	-	-	-	-	-
<b>Closing balance</b>	<b>2,080,460</b>	-	<b>4,819,148</b>	-	<b>733,880</b>	-	<b>1,508,290</b>	-

Notes:

- i. The opening balance includes amounts reclassified from existing assets to service concession assets (recognised under AASB 1059 at 1 July 2018). Refer to Note 7.5.3 for further details.
- ii. Where a service concession arrangement is in existence at 1 July 2018, the opening balance at 1 July 2018 is adjusted to reflect the adoption of AASB 1059. Refer to Note 9.6.5.2 and Note 7.5.3 for further details.
- iii. This balance represents the initial recognition of service concession assets (recognised under AASB 1059 retrospectively at 1 July 2019). Refer to Note 9.6.5.2 and Note 7.5.3.
- iv. VicRoads and PTV adopted AASB 1059 for the first time retrospectively based on their 2018-19 Financial Statements and then transferred balances as contributed capital to the department on 1 July 2019 as part of the MoG change. There are no comparatives relating to VicRoads and PTV within the department's current year financial statements.

5.1.6.2 Reconciliation of movements in carrying amount of service concession assets - *continued*

	(\$ thousand)							
	Buildings at fair value		Plant, equipment and vehicles at fair value		Assets under construction		Total	
	2020	2019 <sup>(iv)</sup>	2020	2019 <sup>(iv)</sup>	2020	2019 <sup>(iv)</sup>	2020	2019 <sup>(iv)</sup>
<b>Opening balance <sup>(i)</sup></b>	-	-	-	-	5,048,914	34,772	5,048,914	34,772
Change in accounting policy effecting 1 July 2018 (due to AASB 1059) <sup>(ii)</sup>	-	-	-	-	-	2,212,783	-	2,212,783
Change in accounting policy effecting 30 June 2019 (due to AASB 1059) <sup>(iii)</sup>	-	-	-	-	-	2,629,087	-	2,629,087
<b>Adjusted opening balance</b>	-	-	-	-	5,048,914	4,876,642	5,048,914	4,876,642
MoG transfers in	442,584	-	113,457	-	-	-	8,536,860	-
Additions	-	-	11,676	-	3,021,815	172,272	3,033,492	172,272
Depreciation expense	(12,262)	-	(16,522)	-	-	-	(194,985)	-
Assets provided as contributed capital	-	-	-	-	(1,234)	-	(1,234)	-
Net revaluation increments/decrements	58,525	-	7,349	-	-	-	1,393,033	-
Transfer between classes	-	-	-	-	181,111	-	181,111	-
<b>Closing balance</b>	<b>488,847</b>	-	<b>115,960</b>	-	<b>8,250,606</b>	<b>5,048,914</b>	<b>17,997,191</b>	<b>5,048,914</b>

Notes:

- i. The opening balance includes amounts reclassified from existing assets to service concession assets (recognised under AASB 1059 at 1 July 2018). Refer to Note 7.5.3 for further details.
- ii. Where a service concession arrangement is in existence at 1 July 2018, the opening balance at 1 July 2018 is adjusted to reflect the adoption of AASB 1059. Refer to Note 9.6.5.2 and Note 7.5.3 for further details.
- iii. This balance represents the initial recognition of service concession assets (recognised under AASB 1059 retrospectively at 1 July 2019). Refer to Note 9.6.5.2 and Note 7.5.3.
- iv. VicRoads and PTV adopted AASB 1059 for the first time retrospectively based on their 2018-19 Financial Statements and then transferred balances as contributed capital to the department on 1 July 2019 as part of the MoG change. There are no comparatives relating to VicRoads and PTV within the department's current year financial statements.

5.1.6.3 Reconciliation of movements in carrying amount of other non-financial physical assets

	(\$ thousand)							
	Land under declared roads at fair value		PARD land at fair value		Other land at fair value		Roads and bridges at fair value	
	2020	2019	2020	2019	2020	2019	2020	2019
<b>Opening balance</b>	-	-	-	-	<b>309,859</b>	<b>986,837</b>	-	-
MoG transfers in	24,266,021	-	1,644,233	-	636,675	-	18,308,531	-
Assets received free of charge	-	-	-	-	-	-	8,224	-
Assets provided free of charge	-	-	-	-	(2,613)	(26,359)	(7,328)	-
Additions	-	-	28,930	-	15,738	11,691	-	-
Disposals	-	-	(16,332)	-	(13,857)	(2)	(3,606)	-
Depreciation expense	-	-	-	-	-	-	(636,135)	-
Assets provided as contributed capital	-	-	(7,271)	-	(634)	(5,307)	-	-
Transfers to assets classified as held for sale	-	-	(3,364)	-	221	(25,151)	-	-
Net transfers (to)/from government entities	-	-	-	-	-	(631,544)	-	-
Net revaluation increments/decrements	10,132,429	-	61,491	-	64,000	-	(537,713)	-
Transfer between classes	-	-	-	-	-	(306)	2,303,496	-
Recognition/(derecognition)	-	-	-	-	-	-	-	-
<b>Closing balance</b>	<b>34,398,450</b>	-	<b>1,707,687</b>	-	<b>1,009,389</b>	<b>309,859</b>	<b>19,435,469</b>	-

5.1.6.3 Reconciliation of movements in carrying amount of other non-financial physical assets - *continued*

	(\$ thousand)										
	Earthworks at fair value		Other infrastructure at fair value				Buildings at fair value			Plant, equipment and vehicles at fair value	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	
<b>Opening balance</b>	-	-	1,341,790	51,149	4,826	464,650	3,553	43,238			
MoG transfers in	8,898,509	-	1,016,922	-	62,618	-	107,178	-			
Assets received free of charge	1,715	-	1,017	-	-	-	-	-			
Assets provided free of charge	(36)	-	(224)	-	-	(3,259)	(148)	-			
Additions	-	-	10,343	1,005	584	3,116	44,866	275,309			
Disposals	-	-	(59)	-	-	(129)	(2,711)	(847)			
Depreciation expense	-	-	(107,753)	(1,074)	(2,273)	(11,162)	(21,072)	(5,712)			
Assets provided as contributed capital	-	-	(223)	-	-	(21,708)	-	(267,021)			
Transfers to assets classified as held for sale	-	-	-	-	(114)	(27)	-	(17)			
Net transfers (to)/from government entities	-	-	-	-	-	(426,637)	-	(41,149)			
Net revaluation increments/decrements	(7,889)	-	1,058	-	9,750	-	(10,005)	-			
Transfer between classes	296,141	-	(1,246,249)	1,291,716	-	(14)	-	(248)			
Recognition/(derecognition)	-	-	-	(1,005)	-	-	-	-			
<b>Closing balance</b>	<b>9,188,440</b>	<b>-</b>	<b>1,016,622</b>	<b>1,341,790</b>	<b>75,391</b>	<b>4,826</b>	<b>121,661</b>	<b>3,553</b>			

5.1.6.3 Reconciliation of movements in carrying amount of other non-financial physical assets - *continued*

	(\$ thousand)									
	Leasehold improvement at fair value			Cultural assets at fair value			Assets under construction at fair value			Total
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
<b>Opening balance</b>	-	20,422	256	18,353	1,878,592	620,193	3,538,876	2,204,841	-	-
MoG transfers in	323	-	2,141	-	1,030,888	-	55,974,039	-	-	-
Assets received free of charge	-	-	-	-	-	-	10,956	-	-	-
Assets provided free of charge	-	-	-	-	-	-	(10,349)	(29,618)	-	-
Additions	62	958	-	-	5,317,898	3,735,122	5,418,421	4,027,201	-	-
Disposals	(488)	(398)	-	-	(16,384)	-	(53,437)	(1,376)	-	-
Depreciation expense	(2,513)	(4,799)	(24)	(607)	-	-	(769,770)	(23,354)	-	-
Assets provided as contributed capital	-	(264)	-	-	(3,924,084)	(2,419,257)	(3,932,212)	(2,713,557)	-	-
Transfers to assets classified as held for sale	-	-	-	-	-	-	(3,257)	(25,195)	-	-
Net transfers (to)/from government entities	-	(20,989)	-	(17,711)	-	1,240,966	-	102,936	-	-
Net revaluation increments/decrements	-	-	236	-	-	-	9,713,357	-	-	-
Transfer between classes	2,616	5,068	-	221	(1,526,212)	(1,296,437)	(170,208)	-	-	-
Recognition/(derecognition)	-	-	-	-	-	(1,995)	-	(3,000)	-	-
<b>Closing balance</b>	-	-	2,609	256	2,760,698	1,878,592	69,716,416	3,538,876	-	-

### 5.1.7 Carrying amount by purpose groups

	(\$ thousand)					
	Public administration		Transportation		Total	
	2020	2019	2020	2019	2020	2019
Land under roads at fair value	-	-	34,398,450	-	34,398,450	-
PARD land at fair value	-	-	1,707,687	-	1,707,687	-
Other land at fair value	83,700	83,700	3,006,149	226,159	3,089,849	309,859
Roads and bridges at fair value	-	-	24,254,617	-	24,254,617	-
Earthworks at fair value	-	-	9,922,320	-	9,922,320	-
Other infrastructure at fair value	26,049	26,590	2,498,863	1,315,200	2,524,912	1,341,790
Buildings at fair value	4,716	4,826	628,413	-	633,130	4,826
Plant, equipment and vehicles at fair value	-	-	256,679	7,108	256,679	7,108
Leasehold improvements	-	-	41,217	15,953	41,217	15,953
Cultural assets at fair value	-	-	2,609	256	2,609	256
Assets under construction	-	-	11,032,032	6,946,290	11,032,032	6,946,290
<b>Net carrying amount</b>	<b>114,465</b>	<b>115,116</b>	<b>87,749,037</b>	<b>8,510,966</b>	<b>87,863,502</b>	<b>8,626,082</b>

## 5.2 Intangible assets

	(\$ thousand)							
	Computer software		Work in progress		Other		Total	
	2020	2019	2020	2019	2020	2019	2020	2019
<b>Gross carrying amount</b>								
<b>Opening balance</b>	20,580	25,906	-	-	-	32,925	20,580	58,831
Additions	185	664	14,621	-	-	-	14,806	664
Disposals/write-offs	(545)	(67)	-	-	-	-	(545)	(67)
Net MoG transfers	67,771	(5,923)	20,081	-	931	(32,925)	88,783	(38,848)
Transfers between classes	6,478	-	(6,478)	-	-	-	-	-
<b>Closing balance</b>	<b>94,469</b>	<b>20,580</b>	<b>28,224</b>	<b>-</b>	<b>931</b>	<b>-</b>	<b>123,624</b>	<b>20,580</b>
<b>Accumulated amortisation</b>								
<b>Opening balance</b>	(19,119)	(20,935)	-	-	-	(614)	(19,119)	(21,549)
Amortisation	(18,756)	(1,562)	-	-	-	(51)	(18,756)	(1,613)
Disposals/write-offs	535	67	-	-	-	-	535	67
Net MoG transfers	-	3,311	-	-	-	665	-	3,976
Transfers between classes	-	-	-	-	-	-	-	-
<b>Closing balance</b>	<b>(37,340)</b>	<b>(19,119)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(37,340)</b>	<b>(19,119)</b>
<b>Net carrying amount</b>	<b>57,129</b>	<b>1,461</b>	<b>28,224</b>	<b>-</b>	<b>931</b>	<b>-</b>	<b>86,284</b>	<b>1,461</b>

### Initial recognition

**Purchased intangible assets** are initially recognised at cost. When the recognition criteria in AASB 138 *Intangible Assets* is met, internally generated intangible assets are recognised at cost.

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:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale
- an intention to complete the intangible asset and use or sell it
- the ability to use or sell the intangible asset
- the intangible asset will most likely generate future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and use
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

### Subsequent measurement

Post initial recognition, intangible produced and non-produced assets with finite useful lives are amortised on a straight-line basis over their useful lives. Intangible produced assets with finite useful lives are amortised as an expense from transactions and intangible non-produced assets with finite useful lives are amortised as an 'other economic flow'.

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.

## Impairment

Intangible assets with indefinite useful lives (and intangible assets not yet available for use) are tested annually for impairment and whenever there is an indication that the asset may be impaired. Intangible assets with finite useful lives are tested for impairment whenever an indication of impairment is identified.

## 5.3 Joint operations

The department does not have any interests in joint operations in the current financial year.

The comparative figure for 2019 includes its 50% ownership interests in Royal Melbourne Showgrounds and 75% interest in Biosciences Research Centre for the period between 1 July 2018 and 31 December 2018. All interests in joint operations were transferred to Department of Jobs, Precincts and Regions from 1 January 2019.

The department's interest in assets, liabilities, income, and expenses in the above joint operations in 2018-19 financial statements are detailed below:

- \$0 assets, including its share of any assets held jointly;
- \$0 liabilities, including its share of any liabilities that it had incurred;
- \$19,334,000 revenue from the sale of its share of the output from the joint operation; and
- \$25,121,000 expenses, including its share of any expenses incurred jointly.



## 6. OTHER ASSETS AND LIABILITIES

### Introduction

This section sets out those assets and liabilities that arose from the department's operations.

### Structure

6.1	Receivables.....	95
6.2	Payables and contract liabilities.....	96
6.3	Other non-financial assets.....	100
6.4	Other provisions.....	101

### 6.1 Receivables

	(\$ thousand)	
	2020	2019
<b>Current receivables</b>		
<b>Contractual</b>		
Receivables - government	136,031	5,269
Receivables - non-government	97,492	15,805
<b>Statutory</b>		
Amounts owing from Victorian Government <sup>(i)</sup>	1,224,278	1,070,660
GST input tax credit recoverable from the ATO	134,838	40,047
<b>Total current receivables</b>	<b>1,592,639</b>	<b>1,131,781</b>
<b>Non-current receivables</b>		
<b>Contractual</b>		
Receivables - government	-	1,106
Receivables - non-government	81,105	3,016
<b>Statutory</b>		
Amounts owing from Victorian Government <sup>(i)</sup>	27,268	13,790
<b>Total non-current receivables</b>	<b>108,373</b>	<b>17,912</b>
<b>Total receivables</b>	<b>1,701,012</b>	<b>1,149,693</b>

Note:

- i. The amounts recognised from the Victorian Government represent funding for all commitments incurred through the appropriations and are drawn from the Consolidated Fund as the commitments fall due.

**Contractual receivables** are classified as financial instruments and categorised as financial assets at amortised costs. They are initially recognised at fair value plus any directly attributable transaction costs. The department holds the contractual receivables with the objective to collect the contractual cash flows and therefore subsequently measured at amortised cost using the effective interest method less any impairment.

**Statutory receivables** do not arise from contracts and are recognised and measured similarly to contractual receivables (except for impairment), but are not classified as financial instruments. Amounts recognised from the Victorian Government represent funding for all commitments incurred and are drawn from the Consolidated Fund as the commitments fall due.

Details about the department's impairment policies, the department's exposure to credit risk, and the calculation of the loss allowance are set out in note 8.1.3.

## 6.1.1 Contract assets

	(\$ thousand)
	2020
<b>Contract assets</b>	
Opening balance brought forward from 30 June 2019 adjusted for AASB 15	-
Add: Additional costs incurred that are recoverable from the customer	12,322
<b>Total contract assets<sup>(i)</sup></b>	<b>12,322</b>

Note:

- i. The above contract assets are classified as current.

Contract assets relate to the department's right to consideration in exchange for services provided to customers for works completed, but not yet billed at the reporting date. The balance of the contract assets at 30 June 2020 was impacted by timing of the works completed by contractors and is new compared to last year as it is not billable at this stage. The works are expected to be completed and recovered next year.

## 6.2 Payables

	(\$ thousand)	
	2020	2019
<b>Current payables</b>		
<b>Contractual</b>		
Amounts payable to government agencies	52,706	921,304
Unearned income	46,220	18
Grant of right to operate liability <sup>(i)</sup>	249,625	-
Other payables	1,534,945	479,339
<b>Statutory</b>		
Other payables	17,711	5,291
<b>Total current payables</b>	<b>1,901,207</b>	<b>1,405,952</b>
<b>Non-current payables</b>		
<b>Contractual</b>		
Unearned income	15,149	-
Grant of right to operate liability <sup>(i)(ii)</sup>	6,410,224	1,661,243
Other payables <sup>(iii)</sup>	36	-
<b>Total non-current payables</b>	<b>6,425,409</b>	<b>1,661,243</b>
<b>Total payables</b>	<b>8,326,616</b>	<b>3,067,195</b>

### Notes:

- i. This liability relates to the service concession arrangements and is progressively reduced over the period of the arrangement, refer to the accounting policy information below under Service Concession Arrangement Liability section for details. Further information is also included in Note 2.4 Other income and Note 7.5.3.
- ii. The 2019 comparatives figures have been restated to reflect the adoption of AASB 1059, refer to Note 9.6.5.2 for further details.
- iii. The 2019 comparative figure has been restated to reflect the re-classification of the non-SCA portion of the HCMT PPP from payables to borrowings note. Refer to Note 7.1 and Note 9.6.5.2 for further details.

Payables consist of:

- **Contractual payables** are classified as financial instruments and measured at amortised cost. Accounts payable represents liabilities for goods and services provided to the department prior to the end of the financial year that are unpaid.
- **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 liabilities at amortised cost, because they do not arise from contracts.

### Service Concession Arrangement Liability

As outlined in Note 5.1.2 Service Concession Assets, the accumulation of costs incurred during construction results in a progressive build-up of the Service Concession Arrangement (SCA) asset. A corresponding liability would be progressively recognised in line with the fair value of the SCA asset. The nature of the liability and the subsequent accounting depends on the consideration exchanged in reference to the contract arrangements between the grantor and the operator. An exception to this principle occurs when the grantor reclassifies an existing asset to a SCA.

### Initial recognition

The department in a service concession arrangement recognises a service concession liability (SCL) at the same amount as the SCA asset, adjusted by the amount of any other consideration from the grantor to the operator, or from the operator to the grantor. Therefore, any State contributions made prior to the recognition of the liability would reduce this amount.

However, when the department reclassifies an existing asset as a SCA, no liability is recognised unless additional consideration is provided by the operator. Instead, the department will recognise a SCA asset and a corresponding SCL for the amounts spent on upgrade/expansion work.

### Subsequent measurement

After initial recognition, the department will determine if the liability represents a:

- **Financial liability:** Where the department has a contractual obligation to pay to the operator as compensation for providing the SCA. It is measured as a liability in accordance with AASB 9 *Financial Instruments*. Interest is

charged on the liability of some SCAs, refer to Note 7.1.2 Interest expense. The liability will be increased by interest charges, based on the interest rate implicit in the arrangement. Where the interest rate is not specified in the arrangement, prevailing market rate of interest for a similar instrument with similar credit ratings should be used. Refer to Note 7.1 Borrowings for the amounts disclosed as financial liability.

- **Grant of a right to the operator (GORTO):** Where the department does not have a contractual obligation to pay cash or another financial asset but grants the right to the operator to earn revenue from the public from use of the asset. This liability relates to unearned revenue and the department reduces this liability by recognising revenue according to the substance of the service concession arrangement. Refer to Note 2.4 Other income. Refer to Note 6.2 Payables for the amounts disclosed as GORTO liability.

Subsequently, the liability will also be reduced by any payments made by the State to the operator if required by the contract.

### Maturity analysis of contractual payables <sup>(i)</sup>

	(\$ thousand)					
	Carrying amount	Nominal amount	Maturity dates			
			Less than 1 Month	1 - 3 Months	3 - 12 Months	1 - 5 years
<b>2020</b>						
Payables	1,587,687	1,598,853	1,526,470	64,807	7,540	36
<b>Total</b>	<b>1,587,687</b>	<b>1,598,853</b>	<b>1,526,470</b>	<b>64,807</b>	<b>7,540</b>	<b>36</b>
<b>2019</b>						
Payables	1,400,643	1,400,643	1,399,229	754	660	-
<b>Total</b>	<b>1,400,643</b>	<b>1,400,643</b>	<b>1,399,229</b>	<b>754</b>	<b>660</b>	<b>-</b>

Note:

- Maturity analysis is presented using the contractual and discounted cash flow.

Payables for supplies and services have an average credit period of 30 days. No interest is charged on late payments for 'other payables'.

## 6.2.1 Contract liabilities

	(\$ thousand)
	2020
<b>Contract liabilities</b>	
Opening balance brought forward from 30 June 2019 adjusted for AASB 15 <sup>(i)</sup>	41,112
Add: MoG additions	29,380
Add: Payments received for performance obligations yet to be completed during the period	35,565
Less: Revenue recognised in the reporting period for the completion of a performance obligation	(32,508)
<b>Total contract liabilities <sup>(ii)</sup></b>	<b>73,549</b>

Notes:

- i. The opening balance brought forward from 30 June 2019 is adjusted for AASB 15, refer to Note 9.6.5.3 for further details.
- ii. The above contract liabilities are classified as current.

Contract liabilities relating to grant consideration was also received from the department of Environment, Land, Water and Planning (DELWP) in support of a number of services provided to the public. Grant income is recognised when the relevant services are provided to the public as described in the agreement. All of this balance is expected to be recognised as revenue in future financial years when the services are rendered in accordance with contractual obligations.

## 6.3 Other non-financial assets

	(\$ thousand)	
	2020	2019
<b>Current</b>		
Prepayments	293,562	15,476
Inventories	7,886	-
<b>Total current other non-financial assets</b>	<b>301,448</b>	<b>15,476</b>
<b>Non-Current</b>		
Prepayments <sup>(i)</sup>	55,441	45,950
<b>Total non-current other non-financial assets</b>	<b>55,441</b>	<b>45,950</b>
<b>Total other non-financial assets</b>	<b>356,889</b>	<b>61,426</b>

Note:

- i. The 2019 comparatives figures have been restated to reflect the adoption of AASB 1059, refer to Note 7.5.3 and Note 9.6.5.2 for further details.

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.
- **inventories** are for consumption in the ordinary course of business operations. Inventories are measured at the lower of cost and net realisable value. Basis used in assessing loss of service potential for inventories held for distribution include depreciated replacement cost and technical or functional obsolescence. Technical obsolescence occurs when an item still functions for some or all of the tasks it was originally acquired to do, but no longer matches existing technologies. Functional obsolescence occurs when an item no longer functions the way it did when it was first acquired.

## 6.4 Other provisions

	(\$ thousand)	
	2020	2019
<b>Current</b>		
Acquisition of land and buildings	23,359	13,211
Compensation payable to property owners	136,618	-
Other provisions	25,400	-
<b>Total current provision</b>	<b>185,377</b>	<b>13,211</b>
<b>Non-Current</b>		
Acquisition of land and buildings	2,371	-
Compensation payable to property owners	146	-
Provision for the employee entitlements of rail operators	538,640	-
Other provisions	1,856	-
<b>Total non-current provision</b>	<b>543,013</b>	<b>-</b>
<b>Total other provisions</b>	<b>728,390</b>	<b>13,211</b>

**Other provisions** are recognised when the department has a present obligation, the future sacrifice of economic benefits is probable, and the amount of the provision can be measured reliably. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation.

Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows, using a discount rate that reflects the time, value of money and risks specific to the provision.

**Property acquisition liabilities** are recognised in circumstances where the department has issued a notice of compulsory acquisition or has taken possession of a property for the purpose of commencing construction projects, and final settlement has not been achieved at the reporting date, the acquisition is recognised as a liability.

### Compensation payable to property owners

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

**Provision for employee entitlements of rail operators** are recognised as the department assumes liabilities for the employee entitlements of the metropolitan rail operators. The current portion of the operator employee entitlements represents amount expected to be paid to the operators within the next 12 months. The remainder of the operator employee entitlements provisions is disclosed as a non-current liability, as the contracts with the public transport operators are not expected to be terminated within the next 12 months. The non-current liability is measured at present value.

## Reconciliation of movements in other provisions

	(\$ thousand)	
	2020	2019
<b>Opening balance</b>	<b>13,211</b>	<b>19,817</b>
Additional provisions recognised	808,365	6,122
Reductions arising from payments / other sacrifices of future economic benefits	(92,958)	(12,728)
Additions/(reductions) from re-measurement or settlement without cost	(228)	-
<b>Closing balance</b>	<b>728,390</b>	<b>13,211</b>

When some or all of the economic benefits required to wholly 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 the receivable can be measured reliably.



## 7. FINANCING OUR OPERATIONS

### Introduction

This section provides information on the sources of finance utilised by the department during its operations, along with interest expenses (the cost of borrowings) and other information related to financing activities of the department.

This section includes disclosures of balances that are financial instruments (such as borrowings and cash balances). Notes 8.1 and 8.3 provide additional, specific financial instrument disclosures.

### Structure

7.1	Borrowings.....	103
7.2	Leases.....	107
7.3	Cash flow information and balances.....	113
7.4	Trust account balances .....	115
7.5	Commitments for expenditure .....	120

### 7.1 Borrowings

	(\$ thousand)			
	Consolidated <sup>(vi)</sup>		Parent <sup>(vi)</sup>	
	2020	2019	2020	2019
<b>Current borrowings</b>				
Lease liabilities (2019: Finance Lease) <sup>(i)(vi)</sup>	18,923	1,283	27,762	1,283
Service concession financial liability <sup>(iii)(iv)</sup>	51,903	30,867	51,903	30,867
Advances from government <sup>(ii)</sup>	232,984	35,883	232,984	35,883
Advances from non-public sector <sup>(iv)(vii)</sup>	8,839	-	-	-
<b>Total current borrowings</b>	<b>312,649</b>	<b>68,033</b>	<b>312,649</b>	<b>68,033</b>
<b>Non-current borrowings</b>				
Lease liabilities (2019: Finance Lease) <sup>(i)(vi)</sup>	71,210	2,299	202,282	2,299
Service concession financial liability <sup>(iii)(iv)</sup>	5,436,548	3,105,234	5,436,548	3,105,234
Advances from government <sup>(ii)</sup>	6,508	50,070	6,508	50,070
Advances from non-public sector <sup>(v)(vi)</sup>	235,729	99,776	104,657	99,776
<b>Total non-current borrowings</b>	<b>5,749,995</b>	<b>3,257,379</b>	<b>5,749,995</b>	<b>3,257,379</b>
<b>Total borrowings</b>	<b>6,062,644</b>	<b>3,325,412</b>	<b>6,062,644</b>	<b>3,325,412</b>

Notes:

- Secured by the assets leased. Leases are effectively secured as the rights to the leased assets revert to the lessor in the event of default.
- Advances from government are unsecured loans which bear no interest. The terms of the loans are generally agreed by the Minister at the time the advance is provided.
- This relates to the service concession arrangements (SCAs) recognised applying AASB 1059. Interest is charged on the liability of SCAs and recognised in Note 7.12 Interest expense. The liability is reduced over the term of the arrangement through cash payments to the operator. Further information is included in Note 7.5.3 *Service Concession Arrangements: Grantors*. Refer to the accounting policy information under Service Concession Arrangement Liability section in Note 6.2 Payables.
- The 2019 comparatives figures have been restated to reflect the adoption of AASB 1059, refer to Note 7.5.3 and Note 9.6.5.2 for further details.
- The 2019 comparative figure has been restated to reflect the re-classification of the non-SCA portion of the HCMT PPP from payables to borrowings note. Refer to Note 6.2 and 9.6.5.2 for further details.
- On 1 January 2020, the Head, TfV became the successor party to Franchise Asset Holdings Pty Ltd (AssetCo), an entity established as a result of the bus franchise arrangements with Transdev. As a controlled entity of the former PTV, AssetCo's financial information has been consolidated within the financial statements of the department.

**Borrowings** refer to interest bearing liabilities mainly raised from lease liabilities, service concession arrangement liabilities and other interest bearing arrangements.

Borrowings are classified as financial instruments. The measurement basis depends on whether the department has categorised its interest bearing liabilities as either financial liabilities designated at fair value through net result, or financial liabilities at amortised cost. The classification depends on the nature and purpose of the interest bearing liabilities. The department determines the classification of its interest bearing liabilities at initial recognition.

The department may designate certain financial liabilities at fair value through net result to eliminate or significantly reduce the accounting mismatch that would otherwise arise. All other interest bearing liabilities are initially recognised at the fair value of the consideration received less directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method. For financial liabilities designated at fair value through net result, all transaction costs are expensed as incurred. Subsequently measured at fair value with changes in fair value relating to the department's own credit risk recognised in other comprehensive income and the remaining amount of changes in fair value recognised in net result. Amounts in other comprehensive income related to credit risk are not subject to recycling in profit loss but are transferred to retained earnings when realised.

At balance date we have not determined any financial liabilities to be designated at fair value.

During the current and prior year, there were no defaults and breaches of loan.

## 7.11 Maturity analysis of borrowings

	(\$ thousand)						
	Carrying amount	Nominal amount	Maturity dates				
			Less than 1 Month	1 - 3 Months	3 - 12 Months	1 - 5 years	Over 5 years
<b>Consolidated</b>							
<b>2020</b>							
Lease liabilities	90,133	103,587	1,054	3,229	17,655	48,246	33,403
Service concession financial liability	5,488,451	6,640,848	1,926	13,219	125,481	1,708,725	4,791,497
Advances from government	239,492	239,492	130,182	-	104,910	4,400	-
Advances from non public sector	244,568	261,959	1,520	2,891	11,078	246,470	-
<b>Total</b>	<b>6,062,644</b>	<b>7,245,886</b>	<b>134,682</b>	<b>19,339</b>	<b>259,124</b>	<b>2,007,841</b>	<b>4,824,900</b>
<b>2019</b>							
Lease liabilities	3,582	3,751	115	229	1,031	2,376	-
Service concession financial liability	3,136,101	3,136,101	-	-	30,867	736,967	2,368,267
Advances from government	85,953	85,953	34,617	-	1,266	50,070	-
Advances from non public sector	99,776	99,776	-	-	-	-	99,776
<b>Total</b>	<b>3,325,412</b>	<b>3,325,581</b>	<b>34,732</b>	<b>229</b>	<b>33,164</b>	<b>789,413</b>	<b>2,468,043</b>
<b>Parent</b>							
<b>2020</b>							
Lease liabilities	230,044	260,891	2,575	6,120	28,733	190,060	33,403
Service concession financial liability	5,488,451	6,640,848	1,926	13,219	125,481	1,708,725	4,791,497
Advances from government	239,492	239,492	130,182	-	104,910	4,400	-
Advances from non public sector	104,657	104,657	-	-	-	104,657	-
<b>Total</b>	<b>6,062,644</b>	<b>7,245,888</b>	<b>134,683</b>	<b>19,339</b>	<b>259,124</b>	<b>2,007,841</b>	<b>4,824,900</b>
<b>2019</b>							
Lease liabilities	3,582	3,751	115	229	1,031	2,376	-
Service concession financial liability	3,136,101	3,136,101	-	-	30,867	736,967	2,368,267
Advances from government	85,953	85,953	34,617	-	1,266	50,070	-
Advances from non public sector	99,776	99,776	-	-	-	-	99,776
<b>Total</b>	<b>3,325,412</b>	<b>3,325,581</b>	<b>34,732</b>	<b>229</b>	<b>33,164</b>	<b>789,413</b>	<b>2,468,043</b>

## 7.1.2 Interest expense

	(\$ thousand)			
	Consolidated		Parent	
	2020	2019	2020	2019
Interest on leases liabilities <sup>(i)</sup>	(8,514)	(37,697)	(16,884)	(37,697)
Interest on service concession financial liability <sup>(ii)</sup>	(310,767)	(117,682)	(310,767)	(117,682)
Other interest expense	(8,370)	-	-	-
<b>Total interest expense</b>	<b>(327,651)</b>	<b>(155,379)</b>	<b>(327,651)</b>	<b>(155,379)</b>

Notes:

- i. The 2019 comparative figure has been restated to reflect the interest on the liability that the department holds while the assets are currently reported by VicTrack in relation to the HCMT PPP (non-SCA portion). Refer to Note 9.6.5.1 for further details.
- ii. This relates to the interests recognised to some SCAs by applying AASB 1059. The comparatives have been restated, refer to Note 9.6.5.1 and Note 7.5.3 for further details.

Interest expense includes costs incurred in connection with the borrowing of funds and includes discounts or premiums relating to borrowings, interest component of lease repayments, service concession financial liabilities.

Interest expense is recognised as an expense in the period in which it is incurred.

## 7.2 Leases

Information about leases for which the department is a lessee is presented below.

### The department's leasing activities

The department leases various properties, equipment and motor vehicles. The lease contracts are typically made for fixed periods of 2-20 years with an option to renew the lease after that date.

In October 2019, the department agreed to centralised accommodation management services with the DTF Shared Service Provider (SSP). Following this agreement, the right-of-use asset and lease liability recognised for the accommodation leases at that date were de-recognised and transferred to SSP as a transfer through equity, in accordance with the requirements of FRD 119A *Transfers through contributed capital*. From November 2019, accommodation has been recognised as an expense (Note 3.5 Other operating expenses) and the commitment for the service payments recognised in Note 7.5.1.

The other leases entered into by the department 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.

**Franchise Asset Holdings as lessor:** Amount due from the department as lessee under the lease arrangement is recorded as a receivable. This relates to the loan arrangement in relation to the bus franchise arrangement with Transdev. The lease receivable is initially recorded at an amount equal to the present value of the minimum lease payments receivable. Lease receipts are apportioned between period 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 preparation of the consolidated balance sheet, the lease receivable and payable between the consolidated entities are eliminated.

### Leases at significantly below-market terms and conditions

#### *Leases with VicTrack*

VicTrack is the custodial owner of the State's transport-related land, infrastructure, rolling stock and associated assets, which the department is highly dependent on to further its objectives of providing Victorians with a transport system. The department leases metropolitan, regional and interstate train and tram assets from VicTrack in order to provide public transport services in Victoria via:

- the Metropolitan Infrastructure and Operational Control and Management Systems Head Leases effective 30 November 2017 at nominal cost, for the duration of the operators' franchise agreements which is 7 years plus a day to 1 December 2024, with a 3 year extension option
- the State Rolling Stock Head Leases effective 27 November 2009 at nominal cost, for the shorter of 40 years or when the assets are handed back to VicTrack.
- VLine Head Lease – regional infrastructure and a number of velocity trains – is effective from 1 May 1999 at nominal cost, for 45 years to 1 May 2044
- Australian Rail Track Corporation (ARTC) Head Lease – infrastructure and rolling stock lease – is effective from 1 July 1999 at nominal cost, for 60 years to 1 July 2059.

Through these Head Leases entered, VicTrack provides access to its leased assets at nominal cost to assist the department in furthering its objectives. The department has the right to direct the use of the assets as it directs the timetables, routes and fares without the influence of VicTrack. Additionally, the department is deemed to obtain substantially all the economic benefits from the use of the leased assets from VicTrack as it directs the use of the assets to achieve its objectives. The department provides these assets to rail and tram operators and track access providers (i.e. ARTC, Metro Trains Melbourne (MTM), V/Line and Yarra Trams) through various franchisee agreements.

The department classified the Head Leases entered with VicTrack as leases that are significantly below market terms and conditions, and principally enable the department to further their objectives. The department discloses the following information in accordance with the transition requirements of AASB 1058 *Income of Not-for-profit Entities* and AASB 16 *Leases*:

- The department elected to initially measure the recognition of the right-of-use asset arising from leases that are significantly below market terms and conditions at cost as per the temporary relief given to Not-For-Profit entities by AASB 2018-8 *Amendments to*

*Australian Accounting Standards – Right-of-Use Assets of Not-for-Profit Entities*. Therefore, the right-of-use asset is not recognised in the department's financial statements due to the significantly below market payments to VicTrack.

- The corresponding liability of the right-of-use arrangement is not recognised as per above.
- There is no difference between the right-of-use asset and the lease liability, therefore an adjustment to the opening balance of the department's accumulated surplus as at 1 July 2019 is not required.

## 7.2.1 Right-of-use Assets

Right-of-use assets are presented in Note 5.1.1 Right-of-use assets.

## 7.2.2 Amounts recognised in the Comprehensive operating statement

The following amounts are recognised in the Comprehensive operating statement relating to leases:

	(\$ thousand)
	2020
Interest expense on lease liabilities	(8,514)
Expenses relating to short term leases	(410)
Expenses relating to leases of low-value assets	(8,462)
<b>Total amount recognised in the statement of comprehensive statement</b>	<b>(17,386)</b>

## 7.2.3 Amounts recognised in the Cash flow statement

The amount recognised in the Cash flow statement for the year ending 30 June 2020 relating to leases is \$25,078,000.

For any new contracts entered into on or after 1 July 2019, the department considers whether a contract is, or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration'. To apply this definition the department assesses whether the contract meets three key evaluations:

- whether the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the department and for which the supplier does not have substantive substitution rights
- whether the department has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract and the department has the right to direct the use of the identified asset throughout the period of use
- whether the department has the right to take decisions in respect of 'how and for what purpose' the asset is used throughout the period of use.

This policy is applied to contracts entered into, or changed, on or after 1 July 2019.

### Separation of lease and non-lease components

At inception or on reassessment of a contract that contains a lease component, the lessee is required to separate out and account separately for non-lease components within a lease contract and exclude these amounts when determining the lease liability and right-of-use asset amount.

### Recognition and measurement of leases as a lessee (under AASB 16 from 1 July 2019)

**Initial measurement:** The lease liability is initially measured at the present value of the lease payments unpaid at the commencement date, discounted using the interest rate implicit in the lease if that rate is readily determinable or the department's incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments (including in-substance fixed payments)
- variable payments based on an index or rate, initially measured using the index or rate as at the commencement date
- amounts expected to be payable under a residual value guarantee and
- payments arising from purchase and termination options reasonably certain to be exercised.

**Subsequent measurement:** Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in-substance fixed payments. When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right of use asset is already reduced to zero.

#### Short-term leases and leases of low value assets

The department has elected to account for short-term leases and leases of low value assets using the practical expedients. Instead of recognising a right of use asset and lease liability, the payments made are recognised as an expense in profit or loss on a straight-line basis over the lease term.

#### Presentation of right-of-use assets and lease liabilities

The department presents right-of-use assets as 'property plant equipment' unless they meet the definition of investment property, in which case they are disclosed as 'investment property' in the balance sheet. Lease liabilities are presented as 'borrowings' in the balance sheet.

#### *Recognition and measurement of leases (under AASB 117 until 30 June 2019)*

In the comparative period, leases of PPE were classified as either finance lease or operating leases.

Leases of PPE where the department as a lessee had substantially all of the risks and rewards of ownership were classified as finance leases. Finance leases were initially recognised as assets and liabilities at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payment, each determined at the inception of the lease. The leased asset is accounted for as a non-financial physical asset and depreciated over the shorter of the estimated useful life of the asset or the term of the lease. Minimum finance lease payments were apportioned between the reduction of the outstanding lease liability and the 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 were recognised as an expense. Assets held under other leases were classified as operating leases and were not recognised in the department's balance sheet. Operating lease payments were recognised as an operating expense in the Comprehensive operating statement on a straight-line basis over the lease term.



## 7.2.4 Lease liabilities payable

The department's lease liabilities are predominantly motor vehicles and bus depots. The service concession related lease liabilities' minimum future lease payments are presented below as well:

	(\$ thousand)			
	Minimum future lease payments <sup>(i)</sup>		Present value of minimum future lease payments	
	2020	2019	2020	2019
<b>Consolidated <sup>(ii)</sup></b>				
<b>Service concession (PPP) related lease liabilities payable</b>				
Not longer than one year	136,478	-	29,308	-
Longer than one year and not longer than five years	539,287	-	145,941	-
Longer than five years	1,486,098	-	860,997	-
<b>Service concession (non-PPP) related lease liabilities payable</b>				
Not longer than one year	23,112	-	17,051	-
Longer than one year and not longer than five years	73,337	-	58,601	-
Longer than five years	55,726	-	49,743	-
<b>Lease liabilities payable</b>				
Not longer than one year	22,447	1,374	19,602	1,283
Longer than one year and not longer than five years	47,740	2,376	40,204	2,299
Longer than five years	33,403	-	30,328	-
<b>Minimum lease payments</b>	<b>2,417,628</b>	<b>3,750</b>	<b>1,251,775</b>	<b>3,582</b>
Less future finance charges	(1,165,853)	(168)	-	-
<b>Present value of minimum lease payments</b>	<b>1,251,775</b>	<b>3,582</b>	<b>1,251,775</b>	<b>3,582</b>
<b>Included in the financial statements as:</b>				
Current borrowings lease liabilities			65,961	1,283
Non-current borrowings lease liabilities			1,185,814	2,299
<b>Total</b>			<b>1,251,775</b>	<b>3,582</b>

Notes:

- i. Minimum future lease payments include the aggregate of all base payments and any guaranteed residual.
- ii. As a controlled entity of the former PTV, AssetCo's financial information has been consolidated within the financial statements of the department. Refer to Note 7.1 Borrowings for further details.

## 7.2.4 Lease liabilities payable - *continued*

	(\$ thousand)			
	Minimum future lease payments <sup>(i)</sup>		Present value of minimum future lease payments	
	2020	2019	2020	2019
<b>Parent <sup>(ii)</sup></b>				
<b>Service concession (PPP) related lease liabilities payable</b>				
Not longer than one year	136,478	-	29,308	-
Longer than one year and not longer than five years	539,287	-	145,941	-
Longer than five years	1,486,098	-	860,997	-
<b>Service concession (non-PPP) related lease liabilities payable</b>				
Not longer than one year	23,112	-	17,051	-
Longer than one year and not longer than five years	73,337	-	58,601	-
Longer than five years	55,726	-	49,743	-
<b>Lease liabilities payable</b>				
Not longer than one year	37,935	1,374	28,441	1,283
Longer than one year and not longer than five years	189,554	2,376	171,276	2,299
Longer than five years	33,403	-	30,328	-
<b>Minimum lease payments</b>	<b>2,574,930</b>	<b>3,750</b>	<b>1,391,686</b>	<b>3,582</b>
Less future finance charges	(1,183,244)	(168)	-	-
<b>Present value of minimum lease payments</b>	<b>1,391,686</b>	<b>3,582</b>	<b>1,391,686</b>	<b>3,582</b>
<b>Included in the financial statements as:</b>				
Current borrowings lease liabilities			74,800	1,283
Non-current borrowings lease liabilities			1,316,886	2,299
<b>Total</b>			<b>1,391,686</b>	<b>3,582</b>

Notes:

- i. Minimum future lease payments include the aggregate of all base payments and any guaranteed residual.
- ii. As a controlled entity of the former PTV, AssetCo's financial information has been consolidated within the financial statements of the department. Refer to Note 7.1 Borrowings for further details.

### 7.3 Cash flow information and balances

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

For the purpose of the Cash flow statement, cash includes cash-on-hand and in bank (including funds held in trust), net of outstanding bank overdrafts. Cash at the end of the financial year as shown in the cash flow statement is reconciled to the related items in the Balance sheet as follows:

	(\$ thousand)	
	2020	2019
Cash and deposits	106,591	5,739
Funds held in trust	555,666	88,073
<b>Balance as per cash flow statement</b>	<b>662,257</b>	<b>93,812</b>

Cash received by the department from the generation of income is generally paid into the State's bank account, known as the Public Account. Similarly, any departmental expenditure, including those in the form of cheques drawn by the department for the payment of goods and services to its suppliers and creditors are made via the Public Account. The process is such that, the Public Account would remit to the department the cash required for the amount drawn on the cheques. This remittance by the Public Account occurs upon the presentation of the cheques by the department's suppliers or creditors.

These funding arrangements often result in the department having a notional shortfall in the cash at bank required for payment of unrepresented cheques at the reporting period.

At 30 June 2020, cash at bank included the amount of a notional shortfall for the payment of unrepresented cheques of \$242,982 (2019: \$68,339).

### 7.3.1 Reconciliation of net result for the period to cash flow from operating activities

	(\$ thousand)	
	2020	2019
<b>Net result for the period</b>	<b>(1,013,952)</b>	<b>(381,802)</b>
<b>Non-cash movements</b>		
Loss on sale of disposal of non-current assets	65,557	122
Depreciation and amortisation of non-financial assets and intangible assets	1,014,872	24,967
Derecognition of property, plant and equipment	-	3,000
Resources provided free of charge or for nominal consideration	10,469	29,898
Resources received free of charge or for nominal consideration	(11,075)	(26)
Service Concession Liability interest accretion	193,512	127,277
Interest on Right of Use lease liability	4,881	-
Revenue recognised from unwinding of Grant of Right to Operate Liability	(249,817)	-
Revaluation Write Down - Infrastructure Roads	521,401	-
Revaluation of long service leave liability	43,319	857
Unwinding of other provision	-	2,138
<b>Movements in assets and liabilities</b>		
(Increase)/decrease in receivables	853,092	(77,258)
(Increase)/decrease in prepayments	(280,191)	(244,506)
Increase/(decrease) in payables	(613,679)	(102,568)
Increase/(decrease) in provisions	56,108	23,198
(Increase)/decrease in contract assets	(12,322)	-
Increase/(decrease) in contract liabilities	3,057	-
<b>Net cash flows from/(used) in operating activities</b>	<b>585,232</b>	<b>(594,703)</b>

## 7.4 Trust account balances

### 7.4.1 Trust account balances relating to trust accounts controlled by the department

Due to the MoG change effective 1 July 2019, the following trust funds have been opened by the department under section 19 of the FMA during the year. There were no trust accounts closed by the department during 2019-20.

#### Controlled trusts

- Public Transport Fund
- Roads Safety Fund
- Interim Transport Transition Fund

The following list of controlled trust account balances on a cash basis:

	(\$ thousand)									
	2018	2019	2020	2018	2019	2020	2018	2019	2020	MoG change
	Receipts	Payments	Total	Receipts	Payments	Total	Receipts	Payments	Total	MoG change
<b>Victorian Transport Fund</b>	44,373	2,023,580	(2,067,925)	29	2,723,000	(2,333,124)	2,723,000	(2,333,124)	-	-
Established under the <i>Delivering Victorian Infrastructure (Part of Melbourne Lease Transaction) Act 2016</i> into which the proceeds of Port of Melbourne lease transaction are paid; and from which amounts authorised by the Treasurer to fund the cost of all or any part of the development of the Level Crossing Removal Program; and infrastructure projects for or in relation to public transport, roads, rail, the movement of freight, ports or other infrastructure (including regional infrastructure) are paid.										
<b>State Development Special Projects Trust Account</b>	129,065	82,103	(117,143)	47,670	55,377	(26,122)	55,377	(26,122)	-	-
Established under section 19 of the <i>Financial Management Act 1994</i> (FMA), to assist in facilitating, encouraging, promoting and carrying out activities leading to a balanced economic development of the State of Victoria.										

(\$ thousand)

	2018	Total Receipts	Total Payments	MoG change	2019	Total Receipts	Total Payments	MoG change	2020
<b>Inter-departmental transfer fund</b>	1,937	26,017	(5,534)	906	23,325	225,373	(204,819)	29,380	73,259
The trust was established under section 19 of the FMA by the Minister for Finance to record inter-departmental transfers when no other trust arrangement exists.									
<b>Recreational Fishing Licences Trust Account</b>	5,520	8,750	(3,751)	-	10,519	7,532	(11,232)	-	6,819
Operates under section 151B of the <i>Fisheries Act 1995</i> to disburse revenue derived from the sale of recreational fishing licenses to projects that will further improve recreational fishing opportunities in Victoria, and to fund costs incurred in the administration of recreational fishing licences and the account.									
<b>Better Roads Victoria Trust Account</b>	715,454	356,130	(1,071,309)	-	275	410,574	(406,850)	-	3,999
Established under the <i>Business Franchise (Petroleum Products) Act 1979</i> to provide funding for road improvements across Victoria.									
<b>Agriculture Projects Trust Account</b>	29,896	5,651	20,686	(52,468)	3,765	165	(482)	-	3,448
Established under section 19 of the FMA, to assist in facilitating, encouraging, promoting and carrying out activities leading to a balanced economic development of the State of Victoria.									
<b>Public Transport Fund</b>	-	-	-	-	-	268,504	(269,241)	1,254	517
Established under section 19 of the FMA, to facilitate transactions in relation to the income received and payments made for public transport functions of the Head, Transport for Victoria (Head, TfV), as per section 39A of the <i>Transport Integration Act 2010</i> .									

(\$ thousand)

	2018	Total Receipts	Total Payments	MoG change	2019	Total Receipts	Total Payments	MoG change	2020
<b>Plant, Equipment and Machinery Trust Accounts</b>	3,433	25	(7)	(2,904)	548	-	(91)	-	457
Operate under section 23 of the <i>Conservation, Forests and Lands Act 1987</i> and section 141 of the <i>Fisheries Act 1995</i> to enable the purchase of plant, equipment or machinery required for the purposes of the Acts, and for the operation, maintenance and repair of that plant, equipment or machinery, and to enable the payment of any other expenses in relation thereto.									
<b>Roads Safety Fund</b>	-	-	-	-	-	240,632	(240,354)	-	278
Established under section 19 of the <i>FMA</i> to facilitate transactions in relation to the income received and payments made for the road system and road functions of the Head, TfV and the Secretary of the department. Majority of the funds from the Transport Accident Commission will be receipted here.									
<b>State Treasury Trust Fund</b>	3,092	1,331	(3,680)	1,199	1,942	224	(2,106)	-	60
Established under the <i>FMA</i> to record the receipt and disbursement of unclaimed monies and other funds held in trust.									
<b>Interim Transport Transition Fund</b>	-	-	-	-	-	49,126	(115,279)	66,153	-
Established under section 19 of the <i>FMA</i> for 12 months to enable receipt and distribution of other revenue mainly related to property management activities that will be further evaluated for the most suitable ongoing arrangement within the Public Account during 2019-20.									
<b>VicFleet Vehicle Lease Trust Account</b>	-	1,625	(1,625)	-	-	1,640	(1,640)	-	-
Established under section 19(2) of the <i>FMA</i> as a specific purpose operating account. It receives funding and makes payments in relation to the government motor vehicle pool.									

(\$ thousand)

	2018	Total Receipts	Total Payments	MoG change	2019	Total Receipts	Total Payments	MoG change	2020
<b>Regional Jobs and Infrastructure Fund</b>	<b>227,657</b>	69,756	(65,974)	(231,439)	-	-	(1)	-	(1)
Established under the <i>Regional Growth Fund Act 2011</i> to support regional cities and country communities in infrastructure, facilities, services, job creation, career opportunities and to increase investment.									
<b>Disease Compensation Funds</b>	<b>28,612</b>	2,874	(1,700)	(29,786)	-	-	-	-	-
Established under section 5 of the <i>Livestock Disease Control Act 1994</i> to support the control and eradication of any outbreak and to provide compensation for livestock destroyed due to suffering or suspected of suffering from diseases.									
<b>Animals in Research and Teaching Welfare Fund</b>	<b>33</b>	131	(10)	(154)	-	-	-	-	-
Established under the <i>Prevention of Cruelty to Animals Act 1986</i> to record the receipt and disbursement of funds collected for monitoring and reporting on compliance by animal research and teaching establishments.									
<b>Commonwealth Treasury Trust Fund</b>	<b>89,289</b>	8,042	(1,864)	(95,417)	-	-	-	-	-
Established under section 19 of the <i>Financial Management Act 1994</i> , for the purpose of holding funds from the Commonwealth Government.									
<b>Total controlled State trusts</b>	<b>1,278,311</b>	<b>2,586,015</b>	<b>(3,319,896)</b>	<b>(456,417)</b>	<b>88,073</b>	<b>3,982,147</b>	<b>(3,611,341)</b>	<b>96,787</b>	<b>555,666</b>



## 7.4.2 Trust account balances relating to trust accounts administered by the department

The department has responsibility for transactions and balances relating to trust funds held on behalf of third parties external to the department. Funds managed on behalf of third parties are not recognised in these financial statements as they are managed on a fiduciary and custodial basis, and are therefore not controlled by the department.

The following list of administered trust account balances on a cash basis:

	(\$ thousand)								
	2018	Total Receipts	Total Payments	MoG change	2019	Total Receipts	Total Payments	MoG change	2020
<b>State Treasury Trust Fund</b> Established under the <i>Financial Management Act 1994</i> to record the receipt and disbursement of unclaimed monies and other funds held in trust.	786	3	(306)	(164)	319	1,624	(284)	14,189	15,848
<b>Lysterfield Reclamation Levy Trust Fund</b> Established under section 7 of the <i>Extractive Industries (Lysterfield) Act 1986</i> for the purposes of applying monies received in the trust to the reclamation of certain lands in accordance with the Act.	5,328	185	-	(5,513)	-	-	-	-	-
<b>Public Service Commuters Club</b> Established under the <i>Financial Management Act 1994</i> to record the receipt of amounts associated with the scheme and deductions from club members salaries as well as recording payment to the Public Transport Corporation.	(771)	2,104	(1,402)	-	(69)	999	(955)	-	(25)
<b>Total administered State trusts</b>	5,343	2,292	(1,708)	(5,677)	250	2,623	(1,239)	14,189	15,823

## 7.5 Commitments for expenditure

Commitments for future expenditure include operating and capital commitments arising from contracts. These commitments are recorded below at their nominal value and inclusive of GST. 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.

### 7.5.1 Total commitments payable

Nominal Amounts: 2020	(\$ thousand)			Total
	Less than 1 year	Between 1 and 5 years	Over 5 years	
PPP commitments (Refer to Note 7.5.2)	1,971,557	5,262,700	13,471,098	20,705,355
Rail service commitments	2,309,531	5,671,272	99,719	8,080,522
Bus service commitments	1,138,290	3,501,710	1,747,624	6,387,624
Ticketing and call centre service commitments	113,826	270,005	-	383,831
Capital expenditure commitments	5,029,985	4,101,368	33,343	9,164,696
Other commitments <sup>(i)</sup>	393,730	170,993	17,777	582,500
<b>Total commitment (inclusive of GST)</b>	<b>10,956,919</b>	<b>18,978,048</b>	<b>15,369,561</b>	<b>45,304,528</b>
Less GST recoverable				(4,118,593)
<b>Total commitment (exclusive of GST)</b>				<b>41,185,935</b>
<b>Nominal Amounts: 2019</b>				
Public private partnership commitments	1,411,756	6,186,801	13,020,439	20,618,996
Capital expenditure commitments	2,432,447	2,505,162	140,972	5,078,581
Other commitments	105,521	109,744	20,131	235,396
<b>Total commitment (inclusive of GST)</b>	<b>3,949,724</b>	<b>8,801,707</b>	<b>13,181,542</b>	<b>25,932,973</b>
Less GST recoverable				(2,357,543)
<b>Total commitment (exclusive of GST)</b>				<b>23,575,430</b>

Note:

- i. Out of this balance, \$85.8 million relates the department's occupancy agreement, ending on 31 October 2021, with the DTF Shared Service Provider for office accommodation at various areas. A significant judgement was made that the occupancy agreement is a service contract (rather than a 'lease' as defined in AASB 16 *Leases*). The cost for the accommodation is expensed (Note 3.5 Other operating expenses) based on agreed payments in the occupancy agreement.

#### Rail and bus service commitments:

- **Metropolitan rail and bus commitments:** The State 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 2017 and have an initial franchise period of seven years (with the possibility of up to three years extension at the option of the State). Under the terms of these franchise contracts, subsidies are provided for transport services and capital commitments. The commitments with MTM and Yarra Trams have been calculated up to the end of the franchise period with the exception of the rolling stock lease payments for which the state is legally committed beyond the initial franchise period. Bus services are covered by long term service contracts established with the bus service operators. Commitments of the bus service contracts are determined from the service fees payable during the term of the service contracts. The 2008 metropolitan bus services contracts (MBSCs) expired on 30 June 2018 and new 2018 MBSC contracts commenced from July 2018.

- **V/Line rail services:** A partnership agreement was signed between the State and V/Line to provide regional train and coach services, effective from 1 January 2018 to 1 January 2023. The State has the option to extend the agreement for two further 5-year periods.

**Capital expenditure commitments** include contracts mainly 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 non-cancellable contracts for commitments were signed prior to the balance date and have established a legal and binding obligation on the department to make future payments.

**Ticketing and call centre service commitments:** The current myki ticketing system services contract commenced on 1 January 2017. The contract will improve service delivery and meet customer demand by providing strong incentives to maximise the availability of the system for customer use, rapidly respond to system outages and focus on system presentation and throughput. In addition, the new contract will also allow for overall public transport growth and the flexibility to implement changes to the ticketing system.

**Other commitments** include agreements entered into for provision of financial information technology, human resource services and other expenditure commitments.

## 7.5.2 Public Private Partnership (PPP) commitments

The department may enter into arrangements with private sector participants to design and construct or upgrade assets used to provide public services. These arrangements usually include the provision of operational and maintenance services for a specified period of time. These arrangements are often referred to as PPPs.

PPPs usually take one of two main forms. In the more common form, the department pays the operator over the arrangement period, subject to specified performance criteria being met. At the date of commitment to the principal provisions of the arrangement, these estimated periodic payments are allocated between a component related to the design and construction or upgrading of the asset and components related to the ongoing operation and maintenance of the asset. The former component is accounted for as either a lease, a service concession arrangement or construction of an item of property, plant and equipment. The remaining components are accounted for as commitments for operating costs, which are expensed in the comprehensive operating statement as they are incurred. The other form of PPP is one in which the department grants to an operator, for a specified period of time, the right to collect fees from users of the PPP asset, in return for which the operator constructs the asset and has the obligation to supply agreed upon services, including maintenance of the asset for the period of the concession. These private sector entities typically lease land, and sometimes state works, from the department and construct infrastructure. At the end of the concession period, the land and state works, together with the constructed facilities, will be returned to the department.

Prior to 1 July 2019, all PPPs for which the State had to make payment in exchange for the PPP asset were accounted for under AASB 117 *Leases* as finance leases, where recognition criteria was met. Alternatively, where the State did not have an obligation to pay cash to the private sector but instead granted them the right to collect fees from users, the assets would only be recognised when they are returned to the State at the end of the concession period.

After 1 July 2019, AASB 1059 *Service Concession Arrangements: Grantors* applies to arrangements where an operator provides public services, using a service concession asset, on behalf of the State and importantly, the operator manages at least some of the public service at its own discretion. The State must also control the asset for AASB 1059 to apply. This means that certain PPP arrangements will not be within the scope of AASB 1059 and will continue to be accounted for as either leases or assets being constructed by the State and conversely, certain arrangements that are not PPPs (such as certain external service arrangements) could be captured within the scope of AASB 1059. The department has determined which arrangements should be accounted for under AASB 1059 and details of these are included in Note 7.5.3.

(\$ thousand)													
	2020						2019						
PPP commitments payable (ix)(ii)	Liability (iii)			Other Commitments (iv)			Commitments (ix)			Capital Contribution		Other Commitments (iv)	
	Discounted Value	Nominal Value	Present Value	Discounted Value	Nominal Value	Present Value	Discounted Value	Nominal Value	Present Value	Nominal Value	Present Value	Nominal Value	Nominal Value
<b>Commissioned (v)</b>													
Peninsula Link	-	-	217,827	-	409,838	-	-	-	-	-	-	-	-
Southern Cross Station	-	-	256,963	-	499,030	-	-	-	-	-	-	-	-
<b>Sub-total</b>	<b>-</b>	<b>-</b>	<b>474,790</b>	<b>-</b>	<b>908,868</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Uncommissioned (vi)(vii)</b>													
High Capacity Metro Trains Project (viii)	724,752	340,898	1,074,269	915,621	6,132,306	1,024,577	340,898	1,024,577	1,024,577	1,024,577	6,132,306	6,132,306	6,132,306
West Gate Tunnel Project	-	1,294,902	-	-	1,294,902	-	1,710,485	-	-	-	1,710,485	1,710,485	1,710,485
Metro Tunnel Project – Tunnel and Stations (vii)	3,230,687	4,032,052	604,489	4,121,484	10,088,642	572,804	4,407,834	572,804	572,804	572,804	10,464,645	10,464,645	10,464,645
Western Roads Upgrade (vii)	178,382	-	704,749	547,558	2,280,637	721,300	-	721,300	721,300	721,300	2,311,560	2,311,560	2,311,560
<b>Sub-total</b>	<b>4,133,821</b>	<b>5,667,852</b>	<b>2,383,507</b>	<b>5,584,663</b>	<b>19,796,487</b>	<b>2,318,681</b>	<b>6,459,217</b>	<b>2,318,681</b>	<b>2,318,681</b>	<b>2,318,681</b>	<b>20,618,996</b>	<b>20,618,996</b>	<b>20,618,996</b>
<b>Total PPP commitments</b>	<b>4,133,821</b>	<b>5,667,852</b>	<b>2,858,297</b>	<b>5,584,663</b>	<b>20,705,955</b>	<b>2,318,681</b>	<b>6,459,217</b>	<b>2,318,681</b>	<b>2,318,681</b>	<b>2,318,681</b>	<b>20,618,996</b>	<b>20,618,996</b>	<b>20,618,996</b>

Notes:

- i. The present values of the liability for commissioned PPPs are recognised on the balance sheet (not disclosed as commitments).
- ii. The discounted values of the lease liability for uncommissioned PPPs have been discounted to the expected dates of commissioning and the present values of other commitments have been discounted to 30 June of the respective financial years. After adjusting for GST, the discounted values of lease liability reflect the expected impact on the balance sheet when the PPPs are commissioned.
- iii. Depending on the arrangement, this liability can relate to a lease, service concession arrangement or the construction of an item of PPE.
- iv. Other commitments relate to operating and maintenance and lifecycle costs.
- v. All commissioned PPPs were transferred to the department as a result of the MoG effective 1 July 2019 from VicRoads and PTV.
- vi. The discounted values of the liabilities have not been totalled for the uncommissioned PPPs due to individual PPPs having different expected dates of commissioning.
- vii. These relate to liabilities that have not yet been recognised on the balance sheet. For uncommissioned PPP's relating to service concessions, the asset and liability are recognised progressively during the construction term and therefore not recognised in the table above.
- viii. The 2019 comparative figures have been restated to reflect the adoption of AASB 1059.
- ix. Commitments nominal value includes the capital portion of the service concession liability that has been reported on the balance sheet (Refer to note 7.1).

### 7.5.3 AASB 1059 Service Concession Arrangements: Grantors

In line with the State of Victoria's direction prescribed in FRD 124 *Transitional requirements on the application of AASB 1059 Service Concession Arrangements: Grantors*, the department has early adopted AASB 1059 from 1 July 2019. Further transitional disclosures are included in Note 9.7.

The Standard addresses the accounting for a service concession arrangement by a grantor that is a public sector entity by prescribing the accounting for the arrangement from a grantor's perspective.

The AASB issued the new standard to address the lack of specific accounting guidance and based the content thereof broadly on its international equivalent: *International Public Sector Accounting Standard 32 Service Concession Arrangements: Grantor*.

For arrangements within the scope of AASB 1059, on transition and at initial recognition a public sector grantor is required to record the asset(s) used in the service concession arrangement at current replacement cost in accordance with the cost approach to Fair Value under AASB 13 *Fair Value Measurement*, with a related liability, which could be a financial liability, an accrued revenue liability (referred to as the "Grant Of A Right To The Operator" or GORTO liability) or a combination of both.

The department has applied the transitional provisions of AASB 1059 and elected a full retrospective approach to prior reporting periods. The effect of this is as if the standard has always been applied. Retrospective application requires the derecognition or adjustment of any service concession assets and liabilities recognised under previous accounting policies and the initial recognition of service concession assets and liabilities under AASB 1059. As well as below, note 9.6 summarises the impact of applying the standard.

In line with the transitional requirements of the Standard, any net cumulative adjustment between the recognition of service concession assets and financial liabilities and/or GORTO liabilities have been recognised in accumulated surplus as at 1 July 2018.

After initial recognition, service concession assets are measured applying the department's property, plant and equipment (Note 5.1) subsequent measurement accounting policies.

The department has reviewed all of its arrangements, including those disclosed in Note 7.5.2 and arrangements which the department has with another entity that includes a service concession asset to assess whether AASB 1059 applies. The following arrangements were identified:

- 7.5.3.1 CityLink - GORTO model
- 7.5.3.2 Southern Cross Station – Financial liability model
- 7.5.3.3 EastLink - GORTO model
- 7.5.3.4 Peninsula Link – Financial liability model
- 7.5.3.5 Metropolitan bus contracts – Financial liability model
- 7.5.3.6 High Capacity Metro Trains Project – Financial liability model
- 7.5.3.7 West Gate Tunnel Project – Hybrid model (GORTO and Financial liability models)
- 7.5.3.8 Metro Tunnel Project - Tunnel and Stations – Financial liability model
- 7.5.3.9 Western Roads Upgrade – Financial liability model

### 7.5.3.1 CityLink - GORTO model

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

The State of Victoria and CityLink Melbourne Limited (CML) amongst others, entered into the Melbourne City Link Concession Deed on 30 October 1995. Under the terms of the Concession Deed, CML is responsible for the construction, financing and operation of the City Link road network during the concession period. As part of the Concession Deed, the State of Victoria granted to the operator, for a specified period of time (referred to as a concession period), the right to collect fees from users of the assets. Under the new accounting standards, this is referred to as the grant of a right to operate (GORTO) model.

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

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

In 2015, the State of Victoria, CML and TIML entered into further agreements (as part of the CityLink Tulla Widening project) whereby TIML has undertaken works on City Link and other road networks, and made further payments to the State, in exchange for variations to the Concession Deed.

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

CML is responsible for the operation and the delivery of maintenance to the CityLink road network at their own discretion based on terms and conditions specified in the agreement, which are critical to the provision of the public service.

The concession period to operate the CityLink road network has been extended as a result of the partial funding of the West Gate Tunnel Project and under the contractual arrangements existing as at 30 June 2020, is now expected to expire on the 13 January 2045.

The CityLink PPP arrangement transferred from VicRoads to the department as part of the MoG change that integrated the VicRoads and PTV into the department. VicRoads adopted the standard for the first time retrospectively based on its 2018-19 Financial Statements and then transferred balances as contributed capital to the department on 1 July 2019. There are no comparatives relating to VicRoads within the department's current year financial statements, however in order to provide a better illustration to the users that compares the pre and post adoption of AASB 1059, the department included a table of how the arrangement would have been disclosed had VicRoads prepared its own financial statements in 2019-20. A summary of the arrangement is included below:



### 7.5.3.2 Southern Cross Station – Financial liability model

In July 2002, the State entered into a Service and Development Agreement (SDA) with Civic Nexus Pty Ltd (CNPL) for the redevelopment of Southern Cross Station (Station) under a PPP financial liability model. CNPL is responsible for the design, construction, operation and maintenance of the Station for a period of 30 years ending in June 2036, at which time these service concession assets, rights and obligations will transfer back to the State. Construction commenced in September 2002 and completed in August 2006.

The State compensates CNPL through quarterly service payments (GSPs) for delivery of operating and maintenance services that are subject to abatement in accordance with the terms and conditions of the SDA. These payments comprise a capital component associated with the design, construction and financing of the Station redevelopment, and components relating to the ongoing operation and maintenance costs.

The State has control over what services are provided with the project assets, and as a result, CNPL is required to operate and maintain the project asset with the objective of making the asset available for public use, at their own discretion based on terms and conditions specified in the agreement. These functions are critical to the provision of public services as the assets would not be capable of operating, from an operational and safety perspective, without these maintenance services which bring the assets to a specified operating standard.

The Southern Cross Station PPP arrangement transferred from PTV to the department as part of the MoG change that integrated VicRoads and PTV into the department. PTV adopted the standard for the first time retrospectively based on its 2018-19 Financial Statements and then transferred balances as contributed capital to the department on 1 July 2019. There are no comparatives relating to PTV within the department's current year financial statements, however in order to provide a better illustration to the users that compares the pre and post adoption of AASB 1059, the department included a table of how the arrangement would have been disclosed had PTV prepared its own financial statements in 2019-20. A summary of the arrangement is included below:



(\$ thousand)

Southern Cross Station

Pre-AASB 1059 accounting Application of AASB 1059 <sup>(ii)</sup>

Note	Line item	2020	2019 <sup>(i)</sup>	Line item	2020	2019 <sup>(i)</sup>
Note 5.1 Property, plant and equipment	Assets	488,847	491,616	Service concession asset	488,847	491,616
Note 7.1 Borrowings	Lease liabilities	363,422	368,591	Service concession financial liability	363,422	368,591
Note 5.1.5 Depreciation	Depreciation	(12,262)	(12,262)	Service concession asset depreciation	(12,262)	(12,262)
Note 7.1 Borrowings:	Other interest expense	(31,725)	(32,102)	Interest on service concession arrangements	(31,725)	(32,102)
Note 3.5 Other operating expenses	Other operating expenses	(23,662)	(18,906)	Supplies and services	(23,662)	(18,906)
Note 9.4 Equity	Physical asset revaluation surplus	58,525	-	Physical asset revaluation surplus	58,525	-

Note:

- i. The comparative figures are for illustration purposes only and do not represent information of the department's 2018-19 Financial Statements or comparatives disclosed in its 2019-20 Financial Statements.
- ii. The commitments relating to this SCA arrangement is disclosed in Note 7.52 Public Private Partnership (PPP) commitments.

The State will have access to the assets over their entire useful life. The residual interest in the project assets will rest with the State as the underlying Station is currently recognised on the State's balance sheet. At the end of this period, the project's service concession assets, rights and obligations will be returned to the State.

There were no changes to the arrangements during the reporting period.

### 7.5.3.3 EastLink – GORTO model

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

The State of Victoria and ConnectEast Pty Ltd (ConnectEast), amongst others, entered into the EastLink Concession Deed on 14 October 2004. Under the terms of the Concession Deed, ConnectEast is responsible for the construction, financing and operation of the EastLink Project. As part of the Concession Deed, the State of Victoria granted to the operator, for a specified period of time (referred to as a concession period), the right to collect fees from users of the assets. Under the new accounting standards, this is referred to as the grant of a right to operate (GORTO) model.

ConnectEast has a right to operate the EastLink road network for the duration of the concession period which is due to expire on 30 November 2043. EastLink opened to traffic in June 2008.

ConnectEast is responsible for the operation and the delivery of maintenance of the road infrastructure with the objective of making the road available for public use; at their own discretion based on terms and conditions specified in the agreement.

The EastLink PPP arrangement transferred from VicRoads to the department as part of the Machinery of Government change that integrated VicRoads and PTV into the department. VicRoads adopted the standard for the first time retrospectively based on its 2018-19 Financial Statements and then transferred balances as contributed capital to the department on 1 July 2019. There are no comparatives relating to VicRoads within the department's current year financial statements, however in order to provide a better illustration to the users that compares the pre and post adoption of AASB 1059, the department included a table of how the arrangement would have been disclosed had VicRoads prepared its own financial statements in 2019-20. A summary of the arrangement is included below:

		(\$ thousand)			
		EastLink			
Note	Line item	Pre-AASB 1059 accounting		Application of AASB 1059	
		2020	2019 <sup>(i)</sup>	2020	2019 <sup>(i)</sup>
Note 6.2 Payables	—	—	—	2,247,491	2,337,391
Note 5.1 Property, plant and equipment	—	—	—	3,662,541	3,505,305
Note 5.1.5 Depreciation	—	—	—	(87,670)	(89,595)
Note 2.4 Other income	—	—	—	89,900	89,900
Note 9.4 Equity	—	—	—	244,906	—

Note:

- i. The comparative figures are for illustration purposes only and do not represent information of the department's 2018-19 Financial Statements or comparatives disclosed in its 2019-20 Financial Statements.

The Concession Deed provides for ConnectEast to lease certain land and road infrastructure from the State of Victoria during the concession period. At the end of this period, these assets along with the constructed Eastlink service concession assets, rights and obligations will be returned to the State as the State retains the residual interest in the road infrastructure at the end of the project term.

ConnectEast has committed to a regime of key performance indicators that ensures a level of service delivery for the users.

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

On 2 January 2014, the State of Victoria lodged a compensable enhancement claim arising as a result of opening the Peninsula Link road network. This claim remains outstanding.

There were no changes to the arrangements during the reporting period.

#### 7.5.3.4 Peninsula Link – Financial liability model

The State of Victoria entered into a Peninsula Link Project Deed with Southern Way Pty Ltd on 20 January 2010 under a PPP financial liability model for the construction, financing and operation of the Peninsula Link road infrastructure for a period of 25 years ending on 13 January 2038. Peninsula Link opened to traffic in January 2013.

The State compensates Southern Way through quarterly service payments (QSPs) for delivery of ongoing services based on key performance indicators. These payments comprise a capital component associated with the design, construction and financing of Peninsula Link, and components relating to the ongoing operation, maintenance and pavement intervention costs.

Southern Way has committed to a regime of key performance indicators that ensures a level of service delivery for the users.

The Peninsula Link PPP arrangement transferred from VicRoads to the department as part of the MoG change that integrated VicRoads and PTV into the department. The capital component of the contract with Southern Way Pty Ltd relating to the design and construction of Peninsula Link was previously accounted for as a finance lease with the State of Victoria being the lessee. This treatment was in accordance with the then Victorian Government accounting policy for availability based PPP projects.

With the introduction of AASB 1059, the assets and liabilities previously disclosed by VicRoads as Finance Leases and Leasehold Assets have been reclassified as service concession financial liabilities and service concession assets.

VicRoads adopted the standard for the first time retrospectively based on its 2018-19 Financial Statements and then transferred balances as contributed capital to the department on 1 July 2019. There are no comparatives relating to VicRoads within the department's current year financial statements, however in order to provide a better illustration to the users that compares the pre and post adoption of AASB 1059, the department included a table of how the arrangement would have been disclosed had VicRoads prepared its own financial statements in 2019-20. A summary of the arrangement is included below:

		(\$ thousand)	
		Peninsula Link	
	Pre-AASB 1059 accounting	Application of AASB 1059 <sup>(ii)</sup>	
Note	Line item	2020	2019 <sup>(i)</sup>
	Line item	2020	2019 <sup>(i)</sup>
Note 5.1 Property, plant and equipment	Asset	818,418	677,396
	Service concession asset	818,418	677,396
Note 7.1 Borrowings	Lease liabilities	672,824	691,905
	Service concession financial liability	672,824	691,905
Note 5.1.5 Depreciation	Asset depreciation	(10,318)	(9,434)
	Service concession asset depreciation	(10,318)	(9,434)
Note 7.1 Borrowings: Interest expense	Other interest expense	(78,505)	(80,695)
	Interest on service concession arrangements	(78,505)	(80,695)
Note 9.4 Equity	Physical asset revaluation surplus	151,295	-
	Physical asset revaluation surplus	151,295	-

Notes:

- i. The comparative figures are for illustration purposes only and do not represent information of the department's 2018-19 Financial Statements or comparatives disclosed in its 2019-20 Financial Statements.
- ii. The commitments relating to this SCA arrangement is disclosed in Note 7.5.2 Public Private Partnership (PPP) commitments.

At the end of this period, the Peninsula Link service concession assets, rights and obligations will be returned to the State as the State retains residual interest in the road infrastructure at the end of the project term.

The contract does not include any options to extend or renew the services. The contract may be terminated in certain circumstances.

Southern Way must comply with the annual works plan which details scheduled servicing, maintenance, refurbishment and replacement of assets during the concession period which must be consistent with the asset replacement and refurbishment program in terms of nature, scope and scale.

Southern Way will be provided with appropriate access to the asset in order to fulfil its obligations.

There were no changes to the arrangements during the reporting period.

### 7.5.3.5 Metropolitan bus contracts – Financial liability model

In June and July 2018, new Metropolitan Bus Service Contracts were signed with the operators of the metropolitan buses. Contracts were signed with Donric Group, Sita Buslines, Cranbourne Transit, and Ventura Bus Lines.

The State compensates the operators with a service fee that covers the cost of fleet, fuel, labour and overhead. The operators do not receive a share of the ticketing revenue. The contract period is 8 years, with an automatic extension for a further 2 years if the operator satisfies the extension criteria based on Flexible Performance Measures.

The State determines that the service to be provided is public transportation.

The Metropolitan Bus Service Contracts transferred from PTV to the department as part of the MoG change that integrated VicRoads and PTV into the department. PTV adopted the standard for the first time retrospectively based on its 2018-19 Financial Statements and then transferred balances as contributed capital to the department on 1 July 2019. There are no comparatives relating to PTV within the department's current year financial statements, however in order to provide a better illustration to the users that compares the pre and post adoption of AASB 1059, the department included a table of how the arrangement would have been disclosed had PTV prepared its own financial statements in 2019-20. A summary of the arrangement is included below:

		(\$ thousand)	
		Metropolitan bus contracts	
		Pre-AASB 1059 accounting	Application of AASB 1059
Note	Line item	2020 <sup>(i)</sup>	2019 <sup>(i)</sup>
Note 5.1 Property, plant and equipment	—	—	115,960
Note 7.1 Borrowings	—	—	125,396
Note 5.1.5 Depreciation	—	—	(16,522)
Note 7.1 Borrowings: Interest expense	—	—	(7,026)
Note 9.4 Equity	—	—	7,349
Note 9.4 Equity	—	—	—
			(17,546)

Note:

- i. The comparative figures are for illustration purposes only and do not represent information of the department's 2018-19 Financial Statements or comparatives disclosed in its 2019-20 Financial Statements.

The State has the unconditional right to acquire the assets at market value at the end of the contract term.

The operator will be entitled to an extension of 2 years if the State determines at the review date that the operator has satisfied the Flexible Performance Measures, not committed a Non-Compliance Event, and there are no material concerns regarding the operator's safety record. Where a contract default occurs, the state may terminate the contract on written notice given to the operator effective on the date specified in the termination notice.

Persons authorised by the State have access to the service concession asset for the purpose of valuation, operation and compliance audit. All reasonable steps will be taken to ensure that the inspection is carried out in the manner that does not cause any unreasonable disruption to the provision of bus operation services.

There were no changes to the arrangements during the reporting period.

### 7.5.3.6 High Capacity Metro Trains Project – Financial liability model

In November 2016, the State entered into a project agreement with Evolution Rail Consortium comprising of Downer Rail, CRRC and Plenary to deliver the High Capacity Metro Trains (HCMT) Project under a PPP financial liability model. Under the contract, the Evolution Rail consortium will design, build, commission and finance a fleet of 65 high capacity trains, a depot at Pakenham East (including a train maintenance facility (TMF) and a stabling yard), a light service facility (LSF) at Calder Park and two simulators. Evolution Rail will also be responsible for the maintenance of the fleet, and the maintenance and operation of the TMF, the LSF and the simulators, over the maintenance phase of the contract for a period of 30 years, until 2053.

The State will pay for the construction costs over the contract term through partial service payments (PSPs), State Contributions (SCs) and full quarterly service payments (QSPs):

- The PSPs are in relation to HCMTs only and represents pro-rata payments to Project Co during the phased delivery of the HCMTs, as and when a train comes into service. The payment commences from the 5th HCMT to enter service and is applicable until commencement of the QSP at the date of provisional acceptance of all 65 HCMT sets.
- The SCs are made on the achievement of the relevant milestones; SC initial fleet (37th HCMT), SC provisional acceptance of the project (65th HCMT), SC final acceptance of the final fleet (approx. 6 months after the provisional acceptance of the project).
- The QSPs are sized in a manner so as to compensate the consortium's fixed debt and equity repayments over the term of the project, maintenance costs and other associated operating costs. QSPs are payable when all assets subject to the arrangement are available for use up until contract expiry.

The State has control over what services will be provided with the project assets during the operational phase of the arrangement, and as a result, the consortium will be responsible for the maintenance of the HCMTs, maintenance and operation of the TMF and LSF. These functions are critical to the provision of public services as the asset performance and safety is directly dependent on the maintenance. Furthermore, the consortium is responsible for the scheduling of the maintenance of HCMTs in order to meet the required availability and best maintenance practices at its own discretion.

The arrangement was not recognised under previous accounting standards and therefore the department's 2018-19 Financial Statements did not include these amounts. However, in compliance with the standard, the comparatives adjusted under the full retrospective approach.



A summary of the arrangement is included below:

		High Capacity Metro Trains Project						
		(\$ thousand)						
		Pre-AASB 1059 accounting			Application of AASB 1059 <sup>(i)</sup>			
Note	Line item	2020	2019	2018	Line item	2020	2019	2018
Note 5.1	Property, plant and equipment	-	-	-	Service concession asset	514,791	286,890	379,399
Note 7.1	Borrowings	-	275,199	-	Service concession financial liability	745,201	571,683	379,399
Note 7.1	Borrowings: Interest expense	-	-	-	Interest on service concession arrangements	(20,209)	(24,264)	-
Note 9.4	Equity	-	-	-	Physical asset revaluation surplus	44,474	24,264	-
Note 9.4	Equity	-	-	-	Accumulated surplus/(deficit)	(24,264)	-	-

Note:

- i. The commitments relating to this SCA arrangement is disclosed in Note 7.52 Public Private Partnership (PPP) commitments.

Once the stabling yard has been constructed by the consortium, it will be returned to the State with no ongoing maintenance obligations for the consortium upon achievement of provisional acceptance of the depot. The arrangement between the State and consortium covering the returned rail assets is not considered a service concession arrangement. The maintained rail assets (HCMTs, the TMF and the LSF) will be handed back to the State at the end of the concession period as the State retains residual interest in the infrastructure assets at the end of the project term.

The contract does not include any options to extend or renew the services. The contract may be terminated in certain circumstances.

Evolution Rail must comply with the annual works plan which details scheduled servicing, maintenance, refurbishment and replacement of assets during the concession period which must be consistent with the asset replacement and refurbishment program in terms of nature, scope and scale.

Evolution Rail will be provided with appropriate access to the asset in order to fulfil its obligations.

There were no changes to the arrangements during the reporting period.

### 7.5.3.7 West Gate Tunnel Project – Hybrid model (GORTO and Financial liability models)

On 11 December 2017, the State entered into a PPP contract with Transurban (Project Co) to deliver the West Gate Tunnel Project under a hybrid arrangement (a combination of grant of a right to the operator and State Contribution). Transurban are responsible for the design, construction, financing, operation and maintenance of the West Gate Tunnel Project over a 28 year period to January 2045.

The project will be funded through a combination of State Contribution, tolls imposed on users of the West Gate Tunnel (until 2045), adjustments to various CityLink tolls during the remaining term of Transurban's existing CityLink Concession (to 2035), and a 10-year extension of the CityLink Concession (from 2035 to 2045).

The State has contract for Project Co to design, construct, operate, toll and maintain the West Gate Tunnel assets for public use.

The arrangement was not recognised under previous accounting standards and therefore the department's 2018-19 Financial Statements did not include these amounts. However, in compliance with the standard, the comparatives have been adjusted under the full retrospective approach this year. A summary of the arrangement is included below:

		West Gate Tunnel Project						
		(\$ thousand)						
		Pre-AASB 1059 accounting			Application of AASB 1059 <sup>(i)</sup>			
Note	Line item	2020	2019	2018	Line item	2020	2019	2018
Note 5.1	Property, plant and equipment	-	-	-	Note 5.1 Property, plant and equipment - Service concession asset	3,225,894	1,916,082	755,474
Note 6.3	Other non-financial assets	642,076	254,839	73,883				
Note 6.2	Payables	-	30,867	245,652	Note 7.1 Borrowings - Service concession financial liability	-	30,867	245,652
Note 9.4	Equity	-	-	-	Grant of right to operate liability	2,311,255	1,661,242	681,591
		-	-	-	Physical asset revaluation surplus	272,563	-	-

Note:

i. The commitments relating to this SCA arrangement is disclosed in Note 7.5.2 Public Private Partnership (PPP) commitments.

At the end of the concession term, Project Co will hand back the West Gate Tunnel Project assets to the State. As a result, the State controls any significant residual interest in these assets at the end of the arrangement.

The contract does not include any options to extend or renew the services. The contract may be terminated in certain circumstances.

Project Co must comply with the annual works plan which details scheduled servicing, maintenance, refurbishment and replacement of assets during the concession period which must be consistent with the asset replacement and refurbishment program in terms of nature, scope and scale.

Project Co will be provided with appropriate access to the asset in order to fulfil its obligations.

There were no other changes to the arrangements during the reporting period.

### 7.5.3.8 Metro Tunnel Project - Tunnel and Stations – Financial liability model

In December 2017, the State entered into an agreement with Cross Yarra Partnership (Project Co) – a consortium comprising Lendlease Engineering, John Holland, Bouygues Construction and Capella Capital – to deliver the Metro Tunnel – Tunnel and Stations package under a PPP financial liability model. Project Co is responsible for the design, construction and financing the twin nine-kilometre tunnels under the Central Business District, five underground stations, station fit-out, mechanical and electrical systems and certain commercial opportunities at the new Stations. Project Co will also be responsible for specific maintenance and other services to support the use of the infrastructure delivered by the package for 25 years, until 2048.

The State will compensate Project Co through State Contributions during the construction phase, and quarterly service payments (GSPs) that commence after Provisional Acceptance and continue for the duration of the concession period. These QSPs are sized in a manner to compensate Project Co for the costs incurred during the construction and maintenance phases.

The State has control over what services will be provided with the project assets during the operational phase of the arrangement and Project Co will be responsible for providing maintenance, cleaning and other similar facilities management services over the project assets. These functions are critical to the provision of public services as the asset performance and safety is directly dependent on the maintenance. Furthermore, Project Co has the managerial discretion as to how and when the maintenance activities, such as scheduling of staff and resources, are completed by submitting a plan to the State.

The arrangement was not recognised under previous accounting standards and therefore the department's 2018-19 Financial Statements did not include these amounts. However, in compliance with the standard, the comparatives have been adjusted under the full retrospective approach this year. A summary of the arrangement is included below:

		Metro Tunnel Project - Tunnel and Stations						
		Pre-AASB 1059 accounting			Application of AASB 1059 <sup>(i)</sup>			
Note	Line item	2020	2019	2018	Line item	2020	2019	2018
Note 5.1 Property, plant and equipment	Construction in progress	146,497	77,493	34,772				
Note 6.3 Other non-financial assets	Prepayments	459,739	105,347	68,112	Note 5.1 Property, plant and equipment - Service concession asset	3,590,110	2,452,201	1,055,524
Note 7.1 Borrowings	—	—	—	—	Service concession financial liability	2,983,874	2,269,361	952,640
Note 7.1 Borrowings: Interest expense	—	—	—	—	Interest on service concession arrangements	(148,122)	(83,175)	(15,530)
Note 9.4 Equity	—	—	—	—	Physical asset revaluation surplus	246,827	98,705	15,530
Note 9.4 Equity	—	—	—	—	Accumulated surplus/(deficit)	(98,705)	(15,530)	—

Note:

i. The commitments relating to this SCA arrangement is disclosed in Note 7.5.2 Public Private Partnership (PPP) commitments.

At the end of the concession period, the tunnels and stations service concession assets, rights and obligations will be returned to the State as the State retains residual interest in the infrastructure at the end of the project term.

The contract does not include any options to extend or renew the services. The contract may be terminated in certain circumstances.

Project Co must comply with the annual works plan which details scheduled servicing, maintenance, refurbishment and replacement of assets during the concession period which must be consistent with the asset replacement and refurbishment program in terms of nature, scope and scale.

Project Co will be provided with appropriate access to the asset in order to fulfil its obligations, Project Co will also be provided with a lease to operate some commercial tenancies within the constructed asset through the concession period.

To facilitate delivery of the Metro Tunnel Project, the State and the Cross Yarra Partnership (CYP) reached financial close on 18 December 2017 for delivery of the Tunnel and Stations Public-Private Partnership (T&S PPP). On 30 June 2020 a Commercial Principles deed was signed between the parties to record a set of nonbinding principles to resolve project issues that have arisen during delivery. Refer to Note 8.2 for further details.

### 7.5.3.9 Western Roads Upgrade – Financial liability model

In December 2017, the State signed the Western Roads Upgrade contract under an PPP financial liability model with Netflow OSARS (Western) Partnership (the Consortium) – comprising Plenary, Cintra, WBHO and Amey-Broadspectrum – for roads upgrades (8 road projects and 37 road rehabilitation projects) and maintenance. These works are expected to be completed progressively in 2020 calendar year, following which the Consortium will be required to maintain the relevant area of the road network for 20 years. The roads upgrade package involves primarily brownfield upgrades (refurbishment, duplications, widenings, interchange upgrades) of significant arterials roads and interchanges with limited greenfield (new builds / extension) works and the ongoing provision of periodic, routine maintenance and rehabilitation of pavements, structures, drainage and roadside assets.

The State will pay for the construction and/or maintenance costs over the contract term through Quarterly Service Payments (QSPs) and an option to make a state contribution (as per the Project Deed):

- The State will compensate the Consortium on a periodic basis during the construction phase for the repairs and maintenance services provided on existing brownfield arterial roads through the QSPs during the maintenance phase.
- During construction phase, the Consortium will undertake construction of new assets in both brownfield sites and greenfield sites as well as “initial rehabilitation” on existing brownfield arterial roads in order to bring the assets to a specified operating standard. Payments for these works will form part of the QSPs to the Consortium. In addition, the QSPs to the Operator will cover the payments for repairs, maintenance and replacement over the maintenance phase.
- The state has an option to make a contribution to the Consortium two years post commercial acceptance and to the extent that the State does not exercise this option, the Consortium has the option to call on the State to make the contribution.
- The capital QSPs to the consortium will only commence following commercial acceptance.

The State has control over what services will be provided with the project assets during the maintenance phase of the arrangement, and as a result, the consortium will be responsible for the delivery of maintenance and lifecycle services (routine and periodic) within the Maintenance Network during the maintenance phase. These functions are critical to the provision of public services as the assets would not be capable of operating, from an operational and safety perspective, without these maintenance services which bring the assets to a specified operating standard. Furthermore, the consortium has discretion over the development of asset management and maintenance plans. It proactively manages the asset (invest lifecycle/asset replacement) over the long-term in accordance with the contract.

The arrangement was not recognised under previous accounting standards and therefore the department's 2018-19 Financial Statements did not include these amounts. However, in compliance with the standard, the comparatives adjusted under the full retrospective approach.

A summary of the arrangement is included below:

		Western Roads Upgrade						
		Pre-AASB 1059 accounting				Application of AASB 1059 <sup>(i)</sup>		
Note	Line item	2020	2019	2018	Line item	2020	2019	2018
Note 5.1 Property, plant and equipment	Construction in progress	142,776	129,551	-	Service concession asset	919,811	393,742	56,603
Note 7.1 Borrowings	—	-	-	-	Service concession financial liability	597,735	264,191	56,603
Note 7.1 Borrowings: Interest expense	—	-	-	-	Interest on service concession arrangements	(25,181)	(10,242)	(1,563)
Note 9.4 Equity	—	-	-	-	Physical asset revaluation surplus	36,986	11,805	1,563
Note 9.4 Equity	—	-	-	-	Accumulated surplus/(deficit)	(11,805)	(1,563)	-

Note:

- i. The commitments relating to this SCA arrangement is disclosed in Note 7.52 Public Private Partnership (PPP) commitments.

The State will have access to the assets over their entire useful life. The residual interest in the greenfield assets will rest with the State. Brownfield assets are currently recognised on the State's balance sheet.

The contract does not include any options to extend or renew the services. The contract may be terminated in certain circumstances.

The Consortium must comply with the annual works plan which details scheduled servicing, maintenance, refurbishment and replacement of assets during the concession period which must be consistent with the asset replacement and refurbishment program in terms of nature, scope and scale.

The Consortium will be provided with appropriate access to the asset in order to fulfil its obligations.

There were no changes to the arrangements during the reporting period.

# 8. RISKS, CONTINGENCIES AND VALUATION JUDGEMENTS

## Introduction

The department is exposed to risk from its activities and outside factors. In addition, it is often necessary to make judgements and estimates associated with recognition and measurement of items in the financial statements. This section sets out financial instrument specific information, (including exposures to financial risks) as well as those items that are contingent in nature or require a higher level of judgement to be applied, which for the department relate mainly to fair value determination.

## Structure

8.1	Financial instruments specific disclosures.....	141
8.2	Contingent assets and contingent liabilities.....	152
8.3	Fair value determination.....	154

## 8.1 Financial instruments specific disclosures

### Introduction

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 department’s activities, certain financial assets and financial liabilities arise under statute rather than a contract (for example taxes, fines and penalties). Such assets and liabilities do not meet the definition of financial instruments in AASB 132 *Financial Instruments: Presentation*.

### Categories of financial assets

#### Financial assets at amortised cost

Financial assets are measured at amortised costs if both of the following criteria are met and the assets are not designated as fair value through net result:

- The assets are held by the department to collect the contractual cash flows.
- The assets’ contractual terms give rise to cash flows that are principal and interest payments.

These assets are initially recognised at fair value plus any directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method less any impairment.

The department recognises the following assets in this category:

- cash and cash equivalent
- receivables (excluding statutory receivables).

### Categories of financial liabilities

**Financial liabilities at amortised cost** Financial instrument liabilities are initially recognised on the date they are originated. They are initially recognised 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 weighted average interest rate method.

Financial instrument liabilities measured at amortised cost include borrowings (including lease liabilities) and contractual payables.

### Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- the rights to receive cash flows from the asset have expired; or
- the department retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass through' arrangement; or
- the department has transferred its rights to receive cash flows from the asset and either:
  - has transferred substantially all the risks and rewards of the asset; or
  - has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Where the department has neither transferred nor retained substantially all the risks and rewards or transferred control, the asset is recognised to the extent of the department's continuing involvement in the asset.

### Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised as an 'other economic flow' in the estimated consolidated comprehensive operating statement.

### Reclassification of financial instruments

Subsequent to initial recognition reclassification of financial liabilities is not permitted. Financial assets are required to be reclassified between fair value through net result, fair value through other comprehensive income and amortised cost when and only when the department's business model for managing its financial assets has changes such that its previous model would no longer apply.

However, the department is generally unable to change its business model because it is determined by the Performance Management Framework (PMF) and all Victorian government departments are required to apply the PMF under the Standing Directions of the Assistant Treasurer 2018.

If under rare circumstances an asset is reclassified, the reclassification is applied prospectively from the reclassification date and previously recognised gains, losses or interest should not be restated. If the asset is reclassified to fair value, the fair value should be determined at the reclassification date and any gain or loss arising from a difference between the previous carrying amount and fair value is recognised in net result.



## 8.1.1 Financial instruments: Categorisation

(\$ thousand)				
2020	Cash and cash equivalents	Financial assets at amortised cost (AC)	Financial liabilities at amortised cost (AC)	Total
<b>Contractual financial assets</b>				
Cash and cash equivalents	662,257	-	-	662,257
Receivables <sup>(i)</sup>	-	314,628	-	314,628
<b>Total contractual financial assets</b>	<b>662,257</b>	<b>314,628</b>	<b>-</b>	<b>976,885</b>
<b>Contractual financial liabilities</b>				
Payables <sup>(i)</sup>				
- Supplies and services	-	-	1,587,687	1,587,687
Borrowings				
- Lease liabilities	-	-	90,133	90,133
- Service concession financial liability	-	-	5,488,451	5,488,451
- Advances from government	-	-	239,492	239,492
- Advances from non-public sector	-	-	244,568	244,568
<b>Total contractual financial liabilities</b>	<b>-</b>	<b>-</b>	<b>7,650,331</b>	<b>7,650,331</b>

Note:

- i. Receivables and payables disclosed above exclude statutory receivables (i.e. GST recoverable) and statutory payables (i.e. taxes payable).

## 8.1.1 Financial instruments: Categorisation – continued

(\$ thousand)				
2019	Cash and cash equivalents	Financial assets at amortised cost (AC)	Financial liabilities at amortised cost (AC)	Total
<b>Contractual financial assets</b>				
Cash and cash equivalents	93,812	-	-	93,812
Receivables <sup>(i)</sup>	-	25,196	-	25,196
<b>Total contractual financial assets</b>	<b>93,812</b>	<b>25,196</b>	<b>-</b>	<b>119,008</b>
<b>Contractual financial liabilities</b>				
Payables <sup>(i)</sup>				
- Supplies and services	-	-	1,400,643	1,400,643
Borrowings				
- Lease liabilities	-	-	3,582	3,582
- Service concession financial liability	-	-	3,136,101	3,136,101
- Advances from government	-	-	85,953	85,953
- Advances from non-public sector	-	-	99,776	99,776
<b>Total contractual financial liabilities</b>	<b>-</b>	<b>-</b>	<b>4,726,055</b>	<b>4,726,055</b>

Note:

i. Receivables and payables disclosed above exclude statutory receivables (i.e. GST recoverable) and statutory payables (i.e. taxes payable).

## 8.1.2 Financial instruments: Net holding gain/(loss) on financial instruments by category

	(\$ thousand)		
	Interest income/ (expense)	Impairment loss	Total
<b>2020</b>			
<b>Contractual financial assets</b>			
Financial assets at amortised cost	2,710	(1,789)	921
<b>Total contractual financial assets</b>	<b>2,710</b>	<b>(1,789)</b>	<b>921</b>
<b>Contractual financial liabilities</b>			
Financial liabilities at amortised cost	(327,651)	-	(327,651)
<b>Total contractual financial liabilities</b>	<b>(327,651)</b>	<b>-</b>	<b>(327,651)</b>
<b>2019</b>			
<b>Contractual financial assets</b>			
Financial assets at amortised cost	2,255	-	2,255
<b>Total contractual financial assets</b>	<b>2,255</b>	<b>-</b>	<b>2,255</b>
<b>Contractual financial liabilities</b>			
Financial liabilities at amortised cost	(155,379)	-	(155,379)
<b>Total contractual financial liabilities</b>	<b>(155,379)</b>	<b>-</b>	<b>(155,379)</b>

The net holding gains or losses disclosed above are determined as follows:

- For cash and cash equivalents and financial assets at amortised cost, the net gain or loss is calculated by taking the movement in the fair value of the asset, the interest income, plus or minus foreign exchange gains or losses arising from revaluation of the financial assets, and minus any impairment recognised in the net result.
- For financial liabilities measured at amortised cost, the net gain or loss is calculated by taking the interest expense, and plus or minus foreign exchange gains or losses arising from the revaluation of financial liabilities measured at amortised cost.

## 8.1.3 Financial risk management objectives and policies

The department does not enter into derivative financial instruments to manage its exposure to interest rate.

The department does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

The department's principal financial instruments comprise:

- cash assets
- receivables (excluding statutory receivables)
- payables (excluding statutory payables)
- borrowings (including lease liabilities).

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, financial liability and equity instrument above are disclosed in Note 8.3 Fair value determination.

The main purpose in holding financial instruments is to prudentially manage the department's financial risks within the government policy parameters. The department uses different methods to measure and manage the different risks to which it is exposed.

The carrying amounts of the department's contractual financial assets and financial liabilities by category are disclosed in Note 8.1.1 Financial instruments: Categorisation.

#### *Financial instruments: Credit risk*

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

Credit risk associated with the department's financial assets is minimal because its main debtor is the Victorian Government. For debtors other than government, it is the department's policy to obtain sufficient collateral or credit enhancements where appropriate.

The department mainly holds financial assets that are non-interest bearing except for cash assets which are mainly cash at bank. As with the policy for debtors, the department's policy is to only deal with domestic banks with high credit ratings.

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

There has been no material change to the department's credit risk profile in 2019-20.

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

	(\$ thousand)			
	Government agencies (AAA credit rating)	Financial institutions (minimum BBB credit rating)	Other	Total
<b>2020</b>				
<b>Financial assets with loss allowance measured at 12-month expected credit loss</b>				
Cash and cash equivalents	553,258	108,889	110	662,257
Financial assets with loss allowance measured at lifetime expected credit loss				
Contractual receivables applying the simplified approach for impairment <sup>(i)</sup>	136,031	-	178,597	314,628
<b>Total contractual financial assets</b>	<b>689,289</b>	<b>108,889</b>	<b>178,707</b>	<b>976,885</b>
<b>2019</b>				
<b>Financial assets with loss allowance measured at 12-month expected credit loss</b>				
Cash and cash equivalents	86,092	7,719	1	93,812
Financial assets with loss allowance measured at lifetime expected credit loss				
Contractual receivables applying the simplified approach for impairment <sup>(i)</sup>	6,375	-	18,821	25,197
<b>Total contractual financial assets</b>	<b>92,467</b>	<b>7,719</b>	<b>18,822</b>	<b>119,009</b>

Note:

- i. Receivables and payables disclosed above exclude statutory receivables (i.e. GST recoverable) and statutory payables (i.e. taxes payable).

### Impairment of financial assets

The department records the allowance for expected credit loss for the relevant financial instruments applying AASB 9's Expected Credit Loss approach. Subject to AASB 9 impairment assessment include the department's contractual receivables, statutory receivables and its investment in debt instruments.

Equity instruments are not subject to impairment under AASB 9. Other financial assets mandatorily measured or designated at fair value through net result are not subject to impairment assessment under AASB 9. While cash and cash equivalents are also subject to the impairment requirements of AASB 9, the identified impairment loss was immaterial.

Although not a financial asset, contract assets recognised applying AASB 15 (refer to Note 6.1) are also subject to impairment however it is immaterial.

### Contractual receivables at amortised cost

The department applies AASB 9 simplified approach for all contractual receivables to measure expected credit losses using a lifetime expected loss allowance based on the assumptions about risk of default and expected loss rates. The department has grouped contractual receivables on shared credit risk characteristics and days past due and select the expected credit loss rate based on the department's past history, existing market conditions as well as forward looking estimates at the end of the financial year.

The department did not record any opening loss allowance for expected credit loss in 2019. The department has a monthly recoverability assessment procedure. The loss allowance as at 30 June 2020 has been identified as below:

(\$ thousand)						
2020	Current	Less than 1 month	1-3 months	3 months - 1 year	1 - 5 years	Total
<b>Expected loss rate</b>	0%	0%	33%	1%	0%	
Gross carrying amount of contractual receivables from other entities	124,586	6,261	6,132	5,216	160,044	302,239
<b>Total Loss allowance</b>	-	-	<b>2,032</b>	<b>29</b>	<b>546</b>	<b>2,608</b>

Reconciliation of the movement in the loss allowance for contractual receivables is shown as follows:

(\$ thousand)		
	2020	2019
<b>Balance at beginning of the year</b>	-	180
<b>Opening loss allowance</b>	-	180
Reversal of provision of receivables written off during this year as collectable	70	-
Increase in provision included in the net result	(1,712)	-
Administrative arrangement change transfer in	(966)	-
Administrative arrangement change transfer out	-	(180)
<b>Balance at end of the year</b>	<b>(2,608)</b>	-

Credit loss allowance is classified as other economic flows in the net result. Contractual receivables written off when there is no reasonable expectation of recovery and impairment losses are classified as a transaction expense. Subsequent recoveries of amounts previously written off are credited against the same line item.

In prior years, a provision for doubtful debts is recognised when there is objective evidence that the debts may not be collected, and bad debts are written off when identified. A provision is made for estimated irrecoverable amounts from the sale of goods when there is objective evidence that an individual receivable is impaired. Bad debts considered as written off by mutual consent

### *Financial instruments: Liquidity risk*

Liquidity risk is the risk that the department would be unable to meet its financial obligations as and when they fall due. The department 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.

The department's maximum exposure to liquidity risk is the carrying amounts of financial liabilities as disclosed in the balance sheet. The department manages its liquidity risk by:

- maintaining an adequate level of uncommitted funds that can be drawn at short notice to meet its short-term obligations
- careful maturity planning of its financial obligations based on forecasts of future cash flows
- a high credit rating for the State of Victoria (Moody's Investor Services & Standard & Poor's triple-A), which assists in accessing debt market at a lower interest rate.

The department's exposure to liquidity risk is deemed insignificant based on prior period's data and current assessment of risk. Maximum exposure to liquidity risk is the carrying amounts of financial liabilities as disclosed in the balance sheet.

### *Financial instruments: Market risk*

The department's exposures to market risk are primarily through interest rate risk with only insignificant exposure to foreign currency and other price risks. Objectives, policies and processes used to manage each of these risks are disclosed in the paragraphs below:

#### **Foreign currency risk**

The department is exposed to minimal foreign currency risk through its payables relating to purchases of supplies and consumables from overseas. This is because of a limited amount of purchases denominated in foreign currencies and a short timeframe between commitment and settlement.

The department manages its risk through continuous monitoring of movements in exchange rates and ensures availability of funds through rigorous cash flow planning and monitoring.

#### **Interest rate risk**

Exposure to interest rate risk is insignificant and might arise primarily through the department's interest bearing liabilities. The only interest bearing liabilities are the lease liabilities.

### Sensitivity analysis disclosure

The department's sensitivity to market risk is determined based on the observed range of actual historical data for the preceding five year period, with all variables other than the primary risk variable held constant. The department's fund managers cannot be expected to predict movements in market rates and prices; sensitivity analyses are shown for illustrative purposes only. The following movements are "reasonably possible" over the next 12 months.

A shift of +100 basis points (1%) per cent and -100 basis points (1%) per cent in market interest rates (AUD) from year-end rates.

The table below discloses the impact on the department's net result and equity for each category of financial instrument held by the department at the end of the reporting period as presented to key management personnel if the above movements were to occur.

#### Interest rate risk sensitivity

	(\$ thousand)		
	Carrying amount	Interest rate	
		-100 basis points	+100 basis points
		Net result	Net result
<b>2020</b>			
<b>Contractual financial assets</b>			
Cash and cash equivalents	662,257	(1,091)	1,091
Receivables <sup>(i)</sup>	314,628	-	-
<b>Total impact</b>		<b>(1,091)</b>	<b>1,091</b>
<b>Contractual financial liabilities</b>			
Payables	1,587,687	-	-
Lease liabilities	90,133	901	(901)
Service concession financial liability	5,488,451	54,885	(54,885)
Advances from government	239,492	-	-
Advances from non public sector	244,568	2,446	(2,446)
<b>Total impact</b>		<b>58,232</b>	<b>(58,232)</b>

Note:

- i. Receivables and payables disclosed above exclude statutory receivables (i.e. GST recoverable) and statutory payables (i.e. taxes payable).

Interest rate risk sensitivity - *continued*

	(\$ thousand)		
	Carrying amount	Interest rate	
		-100 basis points	+100 basis points
		Net result	Net result
<b>2019</b>			
<b>Contractual financial assets</b>			
Cash and cash equivalents	93,812	(76)	76
Receivables <sup>(i)</sup>	25,196	-	-
<b>Total impact</b>		<b>(76)</b>	<b>76</b>
<b>Contractual financial liabilities</b>			
Payables	1,400,643	-	-
Lease liabilities	3,582	36	(36)
Service concession financial liability	3,136,101	31,052	(31,052)
Advances from government	85,953	-	-
Advances from non public sector	99,776	998	(998)
<b>Total impact</b>		<b>32,086</b>	<b>(32,086)</b>

Note:

- i. Receivables and payables disclosed above exclude statutory receivables (i.e. GST recoverable) and statutory payables (i.e. taxes payable).



## Interest rate exposure of financial instruments

	(\$ thousand)				
	Weighted average interest rate	Interest rate exposure			
		Carrying amount	Fixed interest rate	Variable interest rate	Non-interest bearing
<b>2020</b>					
<b>Financial assets</b>					
Cash and cash equivalents	1.43%	662,257	-	109,125	553,132
Receivables <sup>(i)</sup>	-	314,628	-	-	314,628
<b>Total financial assets</b>		<b>976,885</b>	<b>-</b>	<b>109,125</b>	<b>867,760</b>
<b>Financial liabilities</b>					
Payables <sup>(i)</sup>	-	1,587,687	-	-	1,587,687
Lease liabilities	3.44%	90,133	90,133	-	-
Service concession financial liability	6.20%	5,488,451	5,488,451	-	-
Advances from Government	-	239,492	-	-	239,492
Advances from non public sector	5.29%	244,568	244,568	-	-
<b>Total financial liabilities</b>		<b>7,650,331</b>	<b>5,823,152</b>	<b>-</b>	<b>1,827,179</b>
<b>2019</b>					
<b>Financial assets</b>					
Cash and deposits	1.57%	93,812	-	7,552	86,260
Receivables <sup>(i)</sup>	-	25,196	-	-	25,196
<b>Total financial assets</b>		<b>119,008</b>	<b>-</b>	<b>7,552</b>	<b>111,456</b>
<b>Financial liabilities</b>					
Payables <sup>(i)</sup>	-	1,400,643	-	-	1,400,643
Lease liabilities	3.20%	3,582	3,582	-	-
Service concession financial liability	5.21%	3,136,101	3,105,234	-	30,867
Advances from Government	-	85,953	-	-	85,953
Advances from non public sector	4.90%	99,776	99,776	-	-
<b>Total financial liabilities</b>		<b>4,726,055</b>	<b>3,208,592</b>	<b>-</b>	<b>1,517,463</b>

Note:

- i. The carrying amounts disclosed include statutory and contractual payables (e.g. GST payable).

## 8.2 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 and, if quantifiable, are measured at nominal value. Contingent assets and liabilities are presented inclusive of GST receivable or payable respectively.

### Contingent assets

Contingent assets are possible assets that arise from past events, whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the department.

#### Quantifiable contingent assets

	(\$ thousand)	
	2020	2019
Insurance claims	24,515	-
Legal claims	3,500	-
<b>Total contingent assets</b>	<b>28,015</b>	<b>-</b>

### Contingent liabilities

Contingent liabilities are:

- possible obligations that arise from past events, whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity, or
- present obligations that arise from past events but are not recognised because:
  - it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligations, or
  - the amount of the obligations cannot be measured with sufficient reliability.

Contingent liabilities are also classified as either quantifiable or non-quantifiable.

#### Quantifiable contingent liabilities

	(\$ thousand)	
	2020	2019
Legal disputes	4,099	-
Insurance claims	551	368
Contract claims for variations to contracts	40,061	-
<b>Total contingent liabilities</b>	<b>44,711</b>	<b>368</b>

#### Non-quantifiable contingent liabilities

From time to time the department enters into arrangements with other parties to compensate them for losses they might incur as a result of transactions they enter into. The arrangements are evaluated to establish whether they represent onerous contracts, contingent liabilities or whether they are executory in nature.

There are a number of litigations underway at balance date, the details of which are not disclosed in order not to prejudice the cases.

Contingent liabilities are not secured over any of the assets of the department.

### *Target Capacity threshold*

The department has a possible liability relating to a claim from the contractor responsible for operating and maintaining Southern Cross Station. The claim relates to patronage levels at the station and the contract provides a process to assess whether modifications to the station, compensation to the contractor or changes to service standards are required. The claim is being considered and the financial effect is yet to be determined.

### *Voluntary purchase scheme*

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. Possible future claims for compensation arising from the compulsory acquisition of these properties cannot be quantified at this stage.

### *Public acquisition overlays for the future development of rail and road infrastructure*

Public acquisition overlays are in place in order to reserve certain areas of land for future development of rail and road infrastructure. Under section 98 of the *Planning and Environment Act 1987*, the State has a legislative responsibility to compensate eligible land and property owners who face either:

- loss on sale – an eligible landowner is entitled to compensation for the incremental loss on sale when a property affected by a public acquisition overlay is sold for less than its market value, or
- financial loss – the entitlement to financial loss compensation is triggered when a development permit is refused because the property is required for a public purpose.

Compensation and purchase claims occur as a result of claims by landowners. The future liability depends on factors including the number of claims received and the prevailing value of land at the time the claim is made, which cannot be reliably quantified.

### *Public transport rail partnership agreements*

The department is party to partnership contractual arrangements with franchisees to operate metropolitan rail transport services in the State, operative from 30 November 2017 until 30 November 2024. The following summarises the major contingent liabilities arising from the contractual arrangements in the event of early termination or expiry of the partnership contractual agreement, which are:

- **Partnership assets:** To maintain continuity of services, at early termination or expiry of the franchise contract, assets will revert to the department or a successor. In the case of some assets, a reversion back to the Department would entail those assets being purchased.
- **Unfunded Superannuation:** At the early termination or expiry of the contract, the department 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.

### *Coronavirus (COVID-19) related claim notifications*

The department received notifications under the contractual agreements by the contractors in relation to the possible impact of coronavirus (COVID-19) on a number of projects. Possible future claims cannot be reliably estimated at this stage as quantifiable claims have not yet been provided under the contract. Until detailed claims have been submitted and substantiated by the contractors, it is not possible to estimate the financial effect of the claims.

### *Metro Tunnel Project*

To facilitate delivery of the Metro Tunnel Project, the State and the Cross Yarra Partnership (CYP) reached financial close on 18 December 2017 for delivery of the Tunnel and Stations Public-Private Partnership (T&S PPP). This PPP has been reported as a service concession arrangement and all current commitments disclosed in Note 7.5.2 and Note 7.5.3.8.

On 30 June 2020, a Commercial Principles deed was signed between the parties to record a set of agreed non-binding principles to resolve project issues that have arisen during delivery. Agreed commercial outcomes are expected to be formalised in amending deed(s) that have not been signed at the date of this report. It is expected that the cost to complete the project will exceed the planned cost as agreed in December 2017. The State may incur additional liabilities to those disclosed in Note 7.5.2 to meet some of these additional costs and may receive additional value from the project in return. Details of the non-binding principles and the estimated financial impacts are not disclosed in order to not prejudice the State's interests or any other interested party in these ongoing negotiations.

## 8.3 Fair value determination

This section sets out information on how the department determined fair value for financial reporting purposes. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The following assets and liabilities are carried at fair value:

- financial assets and liabilities at fair value through operating result; and
- land, buildings, infrastructure and plant, equipment and vehicles.

In addition, the fair values of other assets and liabilities that are carried at amortised cost, also need to be determined for disclosure purposes.

The department determines the policies and procedures for determining fair values for both financial and non-financial assets and liabilities as required.

### Fair value hierarchy

In determining fair values, a number of inputs are used. To increase consistency and comparability in the financial statements, these inputs are categorised into three levels, also known as the fair value hierarchy. The levels are as follows:

- 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; and
- Level 3 – valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

The department determines whether transfers have occurred between levels in the hierarchy by reassessing 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 Valuer-General Victoria (VGV) is the department's independent valuation agency and the department will engage them to monitor changes in the fair value of each asset and liability through relevant data sources to determine revaluations when it is required.

### How this section is structured

For those assets and liabilities for which fair values are determined, the following disclosures are provided:

- carrying amount and the fair value (which would be the same for those assets measured at fair value)
- which level of the fair value hierarchy was used to determine the fair value
- in respect of those assets and liabilities subject to fair value determination using Level 3 inputs:
  - a reconciliation of the movements in fair values from the beginning of the year to the end
  - details of significant unobservable inputs used in the fair value determination.

This section is divided between disclosures in connection with fair value determination for financial instruments (refer to Note 8.3.1 Fair value determination of financial assets and liabilities) and non-financial physical assets (refer to Note 8.3.2 Fair value determination: Non-financial physical assets).

### 8.3.1 Fair value determination of financial assets and liabilities

The department currently holds a range of financial instruments that are recorded in the financial statements where the carrying amounts are a reasonable approximation of fair value, either due to their short-term nature or with the expectation that they will be paid in full by the end of the 2019-20 reporting period.

These financial instruments include:

---

<b>Financial assets</b>
Cash and cash equivalents
Receivables
<ul style="list-style-type: none"><li>• Amounts receivable from government agencies</li><li>• Amounts receivable from non-government agencies</li></ul>
<b>Financial liabilities</b>
Payables
<ul style="list-style-type: none"><li>• Amounts payable to government agencies</li><li>• Amounts payable to non-government agencies</li><li>• Unearned income</li><li>• Other payables</li></ul>
Borrowings
<ul style="list-style-type: none"><li>• Service concession financial liabilities</li><li>• Lease liabilities</li><li>• Advances</li></ul>

---

#### Fair value of financial assets and liabilities

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

### 8.3.2 Fair value determination: Non-financial physical assets

(\$ thousand)						
	Carrying amount		Fair value measurement at end of reporting period using Level 2		Fair value measurement at end of reporting period using Level 3	
	2020	2019	2020	2019	2020	2019
Land under roads at fair value	34,398,450	-	-	-	34,398,450	-
PARD land at fair value	1,707,687	-	-	-	1,707,687	-
Other land at fair value	3,089,849	309,859	269,550	-	2,820,298	309,859
Roads and bridges at fair value	24,254,617	-	-	-	24,254,617	-
Earthworks at fair value	9,922,320	-	-	-	9,922,320	-
Other infrastructure at fair value	2,524,912	1,341,790	-	-	2,524,912	1,341,790
Buildings at fair value	633,130	4,826	40,040	-	593,090	4,826
Plant, equipment and vehicles at fair value	256,679	7,108	-	-	256,679	7,108
Leasehold improvements	41,217	15,953	12,528	-	28,689	15,953
Cultural assets at fair value	2,609	256	-	-	2,609	256
<b>Net carrying amount</b>	<b>76,831,470</b>	<b>1,679,792</b>	<b>322,118</b>	<b>-</b>	<b>76,509,352</b>	<b>1,679,792</b>

There have been no transfers between levels during the period.

## Land and buildings

All of the department's land and building assets are specialised. The market approach is used for specialised land, although it is adjusted for the community service obligation (CSO) to reflect the specialised nature of the land being valued.

The CSO adjustment is a reflection of the valuer's assessment of the impact of restrictions associated with an asset to the extent that is also equally applicable to market participants. This approach is in light of the highest and best use consideration required for fair value measurement and takes into account the use of the asset that is physically possible, legally permissible, and financially feasible. As adjustments of CSO are considered as significant unobservable inputs, specialised land would be classified as level 3 assets.

Land under declared roads is measured based on average rateable values for each municipal area and applied to the land area under the arterial road network including related road reservations. The average values are discounted to reflect the value prior to subdivision and also community service obligations. The discount factors range from 40% for rural land under freeways to 80% for metropolitan residential land under arterial roads.

For the Public Administration sector assets, the majority of specialised buildings are valued using the current replacement cost method. As the depreciation adjustments are considered as significant, unobservable inputs in nature, specialised buildings are classified as level 3 fair value measurements. An independent valuation of public administration sector's heritage assets and infrastructure was performed by VGV. The effective date of the valuation was 30 June 2017.

For the assets grouped under the transport sector, the majority of specialised buildings are valued using the current replacement cost approach, adjusted for the associated depreciation and allowance for the restricted use of the buildings. As restricted use adjustments are considered as significant, unobservable inputs in nature, specialised buildings are classified as Level 3 fair value measurements. An independent valuation of the department's specialised land and specialised buildings was performed by VGV. The valuation was performed using the current replacement cost approach adjusted for CSO. The effective date of the valuation is 30 June 2020.

## Infrastructure assets

The roads, bridges, earthworks and other infrastructure assets are valued using the current replacement cost method. This cost represents the replacement cost of the asset after applying depreciation rates on a useful life basis. Replacement costs relate to costs to replace the current service capacity of the asset.

An independent valuation of public administration sector's infrastructure assets was performed by VGV. The valuation was performed based on the current replacement cost method of the assets. The effective date of the valuation was 30 June 2017.

An independent valuation of transport sector's infrastructure was performed by VGV. The valuation was performed based on the current replacement cost method of the assets. The effective date of the valuation was 30 June 2020.

## Leasehold improvements and plant, equipment and vehicles

Leasehold improvements and plant and equipment are 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, fair value is determined using the current replacement cost method. There were no changes in valuation techniques throughout the period to 30 June 2020. For all assets measured at fair value, the current use is considered the highest and best use.

Vehicles are valued using the current replacement cost method. The department acquires new vehicles and at times disposes of them before the end of their economic life. The process of acquisition, use and disposal in the market is managed by experienced fleet managers who set relevant depreciation rates during use to reflect the utilisation of the vehicles.

## Cultural assets

Cultural assets are valued using the current replacement cost method where research of similar examples in existence in Australia was conducted and an estimated cost for replacement was established. Depreciation from this value was then attributed to the asset.

An independent valuation of transport sector's artwork and historic assets was performed by the VGV. The valuation was performed based on the current replacement cost method of the assets. The effective date of the valuation was 30 June 2020.

### **Asset valuation impact**

The market that the assets are valued in as at 30 June 2020 is being impacted by the uncertainty that the coronavirus (COVID-19) outbreak has caused. The valuer has advised that the current market environment, impacted by coronavirus (COVID-19), creates significant valuation uncertainty. The value assessed at the valuation date may therefore change over a relatively short time period.



## Reconciliation of Level 3 fair value movements

	(\$ thousand)								
	Land under declared roads at fair value	PARD land at fair value	2020	Other land at fair value	2020	Roads and bridges at fair value	2020	Earthworks at fair value	2020
<b>Opening balance</b>	-	-	-	309,859	-	-	-	-	-
Recognition of right-of-use assets on initial application of AASB 16 effecting 1 July 2019 <sup>(i)</sup>	-	-	-	-	-	-	-	-	-
<b>Adjusted opening balance</b>	-	-	-	309,859	-	-	-	-	-
MoG transfers in	24,266,021	1,644,233	1,857,004	1,857,004	22,856,649	9,619,526			
Assets received free of charge	-	-	-	-	8,224	1,715			
Assets provided free of charge	-	-	-	(2,613)	(7,328)	(36)			
Additions	-	28,930	6	6	-	-			
Disposals	-	(23,603)	(13,857)	(13,857)	(3,606)	-			
Depreciation expense	-	-	-	-	(756,919)	-			
Assets provided as contributed capital	-	-	(634)	(634)	-	-			
Transfers to assets classified as held for sale	-	(3,364)	(117,130)	(117,130)	-	-			
Net transfers (to)/from government entities	-	-	-	-	-	-			
Net revaluation increments/decrements	10,132,429	61,491	787,663	787,663	(145,899)	4,974			
Transfer between classes	-	-	-	-	2,303,496	296,141			
<b>Closing balance</b>	<b>34,398,450</b>	<b>1,707,687</b>	<b>2,820,298</b>	<b>2,820,298</b>	<b>24,254,617</b>	<b>9,922,320</b>			

Note:

i. This balance represents the initial recognition of right-of-use assets recorded on the balance sheet on 1 July 2019 relating to operating leases. Refer to Note 9.6.5.3 for further details.

### Reconciliation of Level 3 fair value movements - continued

	(\$ thousand)					
	Other infrastructure at fair value	Buildings at fair value	Plant, equipment and vehicles at fair value	Leasehold improvement at fair value	Cultural assets at fair value	Total
	2020	2020	2020	2020	2020	2020
<b>Opening balance</b>	<b>1,341,790</b>	<b>4,826</b>	<b>7,108</b>	<b>15,953</b>	<b>256</b>	<b>1,679,792</b>
Recognition of right-of-use assets on initial application of AASB 16 effecting 1 July 2019 <sup>(i)</sup>	-	247,207	-	-	-	247,207
<b>Adjusted opening balance</b>	<b>1,341,790</b>	<b>252,033</b>	<b>7,108</b>	<b>15,953</b>	<b>256</b>	<b>1,926,999</b>
MoG transfers in	2,418,470	590,277	221,512	323	2,141	63,471,156
Assets received free of charge	1,017	-	-	-	-	10,956
Assets provided free of charge	(224)	-	(174)	-	-	(10,375)
Additions	10,343	70,046	79,127	16,230	-	204,682
Disposals	(59)	-	(3,639)	(488)	-	(45,252)
Depreciation expense	(153,170)	(33,902)	(47,394)	(3,327)	(24)	(994,736)
Assets provided as contributed capital	(223)	(350,395)	-	-	-	(351,252)
Transfers to assets classified as held for sale	-	-	-	-	-	(120,494)
Net transfers (to)/from government entities	-	-	2,794	-	-	2,794
Net revaluation increments/decrements	158,217	67,659	(2,656)	-	236	11,064,114
Transfer between classes	(1,246,249)	(2,627)	-	-	-	1,350,761
<b>Closing balance</b>	<b>2,524,912</b>	<b>593,091</b>	<b>256,679</b>	<b>28,689</b>	<b>2,609</b>	<b>76,509,352</b>

Note:

i. This balance represents the initial recognition of right-of-use assets recorded on the balance sheet on 1 July 2019 relating to operating leases. Refer to Note 9.6.5.3 for further details.

Reconciliation of Level 3 fair value movements - *continued*

	(\$ thousand)						
	2019	2019	2019	2019	2019	2019	
	Other land at fair value	Other infrastructure at fair value	Buildings at fair value	Plant, equipment and vehicles at fair value	Leasehold improvement at fair value	Cultural assets at fair value	Total
2019							
<b>Opening balance</b>	<b>648,724</b>	<b>51,149</b>	<b>428,893</b>	<b>46,704</b>	<b>21,233</b>	<b>18,329</b>	<b>1,215,032</b>
Assets provided free of charge	(26,359)	-	(3,259)	-	-	-	(29,618)
Additions	11,692	-	3,116	275,308	959	-	291,075
Disposals	(2)	-	(129)	(847)	(397)	-	(1,375)
Depreciation expense	-	(1,074)	(11,162)	(5,712)	(4,799)	(607)	(23,354)
Assets provided as contributed capital	(5,307)	-	(21,708)	(267,021)	(264)	-	(294,300)
Transfers to assets classified as held for sale	(25,151)	-	(27)	(17)	-	-	(25,195)
Net transfers (to)/from government entities	(293,738)	-	(390,883)	(41,058)	(5,847)	(17,687)	(749,213)
Transfer between classes	-	1,291,716	(14)	(248)	5,068	221	1,296,743
<b>Closing balance</b>	<b>309,859</b>	<b>1,341,790</b>	<b>4,826</b>	<b>7,108</b>	<b>15,953</b>	<b>256</b>	<b>1,679,792</b>

### Description of significant unobservable inputs to Level 3 valuations for 2020 and 2019

2020 and 2019 Asset class	Valuation technique <sup>(i)</sup>	Significant unobservable inputs <sup>(i)</sup>
Land under declared roads, PARD land and other land	Market approach	Community Service Obligation (CSO) adjustment
Roads, bridges, earthworks and other infrastructure	Current replacement cost method	Cost per unit Useful life of infrastructure
Buildings	Current replacement cost method	Direct cost per square metre Useful life of specialised buildings
Plant, equipment and vehicles	Current replacement cost method	Cost per unit Useful life of plant, equipment and vehicle
Leasehold Improvements	Current replacement cost method	Cost per unit Useful life of leasehold improvements
Cultural assets	Current replacement cost method	Cost per unit Useful life of cultural assets

Note:

- i. Illustrations on the valuation techniques, significant unobservable inputs and related quantitative range of those inputs are indicative and should not be directly used without consultation with the department's independent Valuer.

## 9. OTHER DISCLOSURES

### Introduction

This section includes additional material disclosures required by accounting standards or otherwise, for the understanding of this financial report.

### Structure

9.1	Ex-gratia expenses.....	163
9.2	Other economic flows included in net result .....	164
9.3	Non-financial assets held for sale.....	165
9.4	Equity disclosure .....	166
9.5	Entities consolidated pursuant to section 53(1)(b) of the FMA.....	168
9.6	Change in accounting policies.....	169
9.7	Responsible persons.....	174
9.8	Remuneration of executives.....	174
9.9	Related parties.....	175
9.10	Remuneration of auditors.....	178
9.11	Subsequent events.....	178
9.12	Other accounting policies.....	179
9.13	Australian Accounting Standards (AAS) issued that are not yet effective .....	180
9.14	Departmental output objectives and descriptions.....	181
9.15	Glossary of technical terms.....	183
9.16	Style conventions.....	186

### 9.1 Ex-gratia expenses

	(\$ thousand)	
	2020	2019
Employee hardship payments	-	10
<b>Total ex-gratia expenses</b>	<b>-</b>	<b>10</b>

Ex gratia expenses are the voluntary payment of money or other non-monetary benefit (e.g. a write off) that is not made either to acquire goods, services or other benefits for the entity or to meet a legal liability, or to settle or resolve a possible legal liability or claim against the entity.

## 9.2 Other economic flows included in net result

Other economic flows are changes in the volume or value of an asset or liability that do not result from transactions. 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
- reclassified amounts relating to available-for-sale financial instruments from the reserves to net result due to a disposal or derecognition of the financial instrument. This does not include reclassification between equity accounts due to MoG changes or 'other transfers' of assets.

	(\$ thousand)	
	2020	2019
<b>Net gain/(loss) on non-financial assets</b>		
Gross proceeds from sale of leased vehicles	854	1,549
Disposal of leased vehicles	(1,987)	(1,613)
Revaluation write-down property, plant and equipment	(521,401)	(3,000)
Loss on disposal of property, plant and equipment	(63,570)	(59)
Loss on disposal of intangible assets	(8,053)	-
<b>Total net loss on non-financial assets</b>	<b>(594,157)</b>	<b>(3,123)</b>
<b>Net gains/(losses) on financial instruments</b>		
Gain/(impairment) of loans and receivable	(3,622)	-
Realised gain/(loss) on foreign exchange hedge	-	(452)
<b>Total net gains/(losses) on financial instruments</b>	<b>(3,622)</b>	<b>(452)</b>
<b>Other gains/(losses) from other economic flows</b>		
Net gain/(loss) arising from revaluation of long service leave liability <sup>(i)</sup>	(3,159)	(857)
Net gain/(loss) arising from revaluation of long service leave liability of the rail operators <sup>(ii)</sup>	(40,160)	-
Unwinding of other provision	-	(2,138)
<b>Total other gains/(losses) from other economic flows</b>	<b>(43,319)</b>	<b>(2,995)</b>
<b>Total Other economic flows included in net result</b>	<b>(641,098)</b>	<b>(6,570)</b>

Notes:

- Revaluation gain/(loss) due to changes in bond rates for the provision of employee entitlements of the department's employees.
- Revaluation gain/(loss) due to changes in bond rates for the provision of the employee entitlements of rail operators. Refer to Note 6.4 Other Provisions.

### 9.3 Non-financial assets held for sale

	(\$ thousand)	
	2020	2019
<b>Current assets</b>		
Land held for sale	77,456	77,982
Buildings held for sale	67,500	71,046
Leased motor vehicles held for sale	49	17
<b>Total non-financial assets held for sale</b>	<b>145,005</b>	<b>149,045</b>

Non-financial physical assets are treated as current and classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use.

This condition is regarded as met only when the:

- asset is available for immediate sale in the current condition
- sale is highly probable and the asset's sale is expected to be completed within 12 months from the date of classification.

These non-financial physical assets, related liabilities and financial assets are measured at the lower of carrying amount and fair value less costs to sell and are not subject to depreciation or amortisation.

Freehold land held for sale is carried at fair value less costs to disposal. Refer to Note 8.3.2 for the valuation technique applied to non specialised land.

## 9.4 Equity disclosure

### Contributed capital

	(\$ thousand)	
	2020	2019
<b>Balance at beginning of financial year</b>	<b>4,192,898</b>	<b>2,766,296</b>
Capital transactions with the State in its capacity as owner arising from:		
Capital appropriations	4,562,820	3,394,244
Capital funding to agencies within portfolio	(13,023)	(533,962)
Capital funding from the State	1,782,600	1,448,400
Administrative restructure - net assets received	58,404,677	1,516,101
Administrative restructure - net assets transferred	-	(1,670,826)
Other net assets transferred to other government entities	(3,936,577)	(2,726,888)
Sec53(1)(b) entities no longer consolidated <sup>(i)</sup>	-	(467)
<b>Balance at end of financial year</b>	<b>64,993,395</b>	<b>4,192,898</b>

Note:

- i. Rural Assistance Commissioner is no longer consolidated in this annual report. The movements reflect the net assets no longer with the department.

### Capital funding (to)/from agencies within portfolio

	(\$ thousand)	
	2020	2019
Public Transport Victoria <sup>(i)</sup>	-	(341,845)
VicRoads <sup>(i)</sup>	-	(131,128)
VicTrack	(7,364)	(30,443)
Victorian Arts Centre <sup>(ii)</sup>	-	(1,958)
State Library <sup>(ii)</sup>	-	(25,850)
Commercial Passenger Vehicle Victoria	(866)	(1,403)
Port of Melbourne Corporation	-	(1,335)
Victorian Fisheries Authority	(2,978)	-
Victorian Ports Corporation	(1,815)	-
<b>Total capital contributions (to)/from agencies within portfolio</b>	<b>(13,023)</b>	<b>(533,962)</b>

Notes:

- i. As of 1 July 2019, the Government announced a major restructure of its transport agencies which provided for the integration of VicRoads and PTV into the department to create one transport body for the overall strategic planning and operation of the Victorian transport system.
- ii. The portfolio responsibility of these agencies was transferred to DJPR as part of the MoG change effective on 1 January 2019.



## Net assets transferred (to)/from other government entities

	(\$ thousand)	
	2020	2019
<b>Other net assets transferred to other government entities</b>		
VicTrack	(3,917,949)	(2,652,237)
Department of Treasury and Finance	(10,402)	(13,330)
Victorian Fisheries Authority	-	(27,280)
Department of Environment, Land, Water and Planning	(8,226)	(34,041)
<b>Total other net assets transferred to other government entities</b>	<b>(3,936,577)</b>	<b>(2,726,888)</b>
<b>Administrative restructure - net assets (transferred)/received</b>		
Public Transport Victoria	320,260	-
VicRoads	58,081,547	1,516,101
Department of Jobs, Precincts and Regions	2,870	(1,670,594)
Department of Premier and Cabinet	-	(232)
<b>Total administrative restructure - net assets (transferred)/received</b>	<b>58,404,677</b>	<b>(154,725)</b>
<b>Total net assets transferred (to)/from other government entities</b>	<b>54,468,100</b>	<b>(2,881,613)</b>

## 9.5 Entities consolidated pursuant to section 53(1)(b) of the FMA

The following entities have been consolidated into the department's financial statements pursuant to a determination made by the Assistant Treasurer under section 53(1)(b) of the FMA:

- Head, Transport for Victoria (Head, TfV)
- VicRoads
- Public Transport Victoria (PTV)
- Major Projects Victoria (MPV)
- Linking Melbourne Authority (LMA).

The financial effects of each of those entities were not material to the departmental consolidated group. However, the financial effects of those entities in aggregate were material to the departmental consolidated group. Therefore, those entities are reported in aggregate in the table below.

As a result of the administrative arrangement change in the financial year, the department has consolidated VicRoads (Registration & Licensing) and MPV as part of the s53(1)(b) column. Head, TfV, VicRoads (excluding R&L) and PTV are all reported within the department column as their balances were transferred to the department as of 1 July 2019 while the entities remained in existence. PTV was abolished as of 1 January 2020 while VicRoads entity remains in existence for the R&L division.

	(\$ thousand)							
	Department of Transport		Section 53(1)(b) entities <sup>(i)</sup>		Eliminations and adjustments		DoT consolidated group	
	2020	2019	2020	2019	2020	2019	2020	2019
Total income from transactions	9,013,054	7,827,070	229,182	281	(141,808)	(251)	9,100,428	7,827,100
Net result from transactions	(378,097)	(247,176)	5,243	281	-	-	(372,854)	(247,955)
Total assets <sup>(ii)</sup>	90,696,410	5,480,406	138,017	119,430	(7,156)	-	90,827,271	5,599,836
Total liabilities	15,377,752	1,977,665	38,307	1,389	(7,156)	-	15,408,903	1,979,054

Notes:

- The carrying amounts exclude statutory amounts (e.g. amounts owing from government, GST input tax credit recoverable, and GST payable).
- Total assets for other section 53(1)(b) entities in aggregate were material to the department's consolidated group.

## 9.6 Change in accounting policies

### 9.6.1 Leases

This note explains the impact of the adoption of AASB 16 *Leases* on the department's financial statements.

The department has applied AASB 16 with a date of initial application of 1 July 2019.

The department has elected to apply AASB 16 using the modified retrospective approach, as per the transitional provisions of AASB 16 for all leases for which it is a lessee. The cumulative effect of initial application is recognised in retained earnings as at 1 July 2019. Accordingly, the comparative information presented is not restated and is reported under AASB 117 and related interpretations.

Previously, the department determined at contract inception whether an arrangement is or contains a lease under AASB 117 and Interpretation 4 *Determining whether an arrangement contains a Lease*. Under AASB 16, the department assesses whether a contract is or contains a lease based on the definition of a lease as explained in Note 7.2 Leases.

On transition to AASB 16, the department has elected to apply the practical expedient to grandfather the assessment of which transactions are leases. It applied AASB 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under AASB 117 and Interpretation 4 were not reassessed for whether there is a lease. Therefore, the definition of a lease under AASB 16 was applied to contracts entered into or changed on or after 1 July 2019.

#### *Leases classified as operating leases under AASB 117*

As a lessee, the department previously classified leases as operating or finance leases based on its assessment of whether the lease transferred significantly all of the risks and rewards incidental to ownership of the underlying asset to the department. Under AASB 16, the department recognises right-of-use assets and lease liabilities for all leases except where exemption is availed in respect of short-term and low-value leases.

On adoption of AASB 16, the department recognised lease liabilities in relation to leases

which had previously been classified as operating leases under the principles of AASB 117 *Leases*. These liabilities were measured at the present value of the remaining lease payments, discounted using the department's incremental borrowing rate as of 1 July 2019. On transition, right-of-use assets are measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the balance sheet as at 30 June 2019.

The department has elected to apply the following practical expedients when applying AASB 16 to leases previously classified as operating leases under AASB 117:

- Applied a single discount rate to a portfolio of leases with similar characteristics
- Adjusted the right-of-use assets by the amount of AASB 137 onerous contracts provision immediately before the date of initial application, as an alternative to an impairment review
- Applied the exemption not to recognise right-of-use assets and liabilities for leases with less than 12 months of lease term
- Excluded initial direct costs from measuring the right-of-use asset at the date of initial application and
- Used hindsight when determining the lease term if the contract contains options to extend or terminate the lease.

For leases that were classified as finance leases under AASB 117, the carrying amount of the right-of-use asset and lease liability at 1 July 2019 are determined as the carrying amount of the lease asset and lease liability under AASB 117 immediately before that date.

#### *Impacts on financial statements*

On transition to AASB 16, the department recognised \$247,207,000 of right-of-use assets and \$247,207,000 of lease liabilities.

When measuring lease liabilities, the department discounted lease payments using its incremental borrowing rate at 1 July 2019. The weighted average rate applied is 2.36%.

	(\$ thousand)
	1/07/2019
Total operating lease commitments disclosed at 30 June 2019	278,589
<b>Discounted using the incremental borrowing rate at 1 July 2019</b>	<b>247,207</b>
Finance lease liabilities as at 30 June 2019	3,582
<b>Lease liabilities recognised at 1 July 2019</b>	<b>250,789</b>

## 9.6.2 Service Concession Arrangements: Grantors

AASB 1059 *Service Concession Arrangements: Grantors* applies to annual reporting periods beginning on or after 1 January 2020 however in line with FRD 124 *Transitional requirements on the application of AASB 1059 Service Concession Arrangements: Grantors*, the department has early adopted it from 1 July 2019.

In line with FRD 124 requirements, the department has applied the transitional provisions of AASB 1059 and applied a full retrospective approach to prior reporting periods. The effect of this is that it has been applied as if it has always been in effect. Where applicable, comparatives have been restated and retained earnings adjusted at 1 July 2018 to reflect the impact of the standard.

The department has reviewed all of its arrangements to assess whether AASB 1059 applies. The following arrangements have been determined to be within the scope of AASB 1059:

- CityLink
- Southern Cross Station
- EastLink
- Peninsula Link
- Metropolitan bus contracts
- High Capacity Metro Trains Project
- West Gate Tunnel Project
- Metro Tunnel Project – Tunnels and Stations Package
- Western Roads Upgrade.

Note 7.5.3 includes details about the transitional application of AASB 1059 and how the standard has been applied to these arrangements, including tables that summarise the impact of applying the standard compared to prior accounting treatment.

Note 7.5.2 also includes information about how PPPs may or may not fall within the scope of AASB 1059. The department has determined that all of its PPP arrangements fall within the scope of the standard.

The department has also reviewed its leasing arrangements and determined that none of these are within the scope of AASB 1059.

## 9.6.3 Revenue from Contracts with Customers

In accordance with FRD 121 requirements, the department has applied the transitional provision of AASB 15, retrospectively with the cumulative effect of initially applying this standard against the opening retained earnings at 1 July 2019. Under this transition method, the department applied this standard retrospectively only to contracts that are not 'completed contracts' at the date of initial application.

Comparative information has not been restated.

Note 2.3 Sales of goods and services includes details about the transitional application of AASB 15 and how the standard has been applied to revenue transactions.

## 9.6.4 Income of Not-for-Profit Entities

In accordance with FRD 122 requirements, the department has applied the transitional provision of AASB 1058, retrospectively with the cumulative effect of initially applying this standard against the opening retained earnings at 1 July 2019. Under this transition method, the department applied this standard retrospectively only to contracts and transactions that are not completed contracts at the date of initial application.

Comparative information has not been restated.

Note 2.2 Grant income includes details about the transitional application of AASB 1058 and how the standard has been applied to revenue transactions.

The adoption of AASB 1058 did not have an impact on Comprehensive operating statement and the Cash flow statement for the financial year.

## 9.6.5 Transition impact on financial statements

This note explains the impact of the adoption of the following new accounting standards for the first time, from 1 July 2019:

- AASB 15 *Revenue from Contracts with Customers*
- AASB 1058 *Income of Not-for-Profit Entities*
- AASB 16 *Leases* and
- AASB 1059 *Service Concession Arrangements: Grantors*.

The impact on the Comprehensive operating statement and Balance sheet has been summarised in the following tables.

### 9.6.5.1 Transition impact on the Comprehensive operating statement of AASB 1059

Impact of AASB 1059 on the Comprehensive operating statement as 30 June 2019 is:

Comprehensive operating statement	Notes	(\$ thousand)		
		Before new accounting standards 30/6/19	Net impact of AASB 1059 <sup>(i)(ii)</sup>	After new Accounting Standards 30/6/19
Income from transactions	7.5.3	7,827,100	-	7,827,100
Expense from transactions	7.1.2 & 7.5.3	(8,075,055)	(127,277)	(8,202,332)
<b>Net result from transactions (net operating balance)</b>		<b>(247,955)</b>	<b>(127,277)</b>	<b>(375,232)</b>
Total other economic flows included in net result	7.5.3	(6,570)	-	(6,570)
<b>Net result</b>		<b>(254,525)</b>	<b>(127,277)</b>	<b>(381,802)</b>

Notes:

- Where only line items have been reclassified with no adjustment to figures previously recognised, there is no impact on net result.
- VicRoads and PTV adopted AASB 1059 for the first time retrospectively based on its 2018-19 Financial Statements and then transferred balances as contributed capital to the department on 1 July 2019. There are no comparatives relating to VicRoads and PTV within the department's current year Financial Statements.

### 9.6.5.2 Transition impact on the Balance Sheet of AASB 1059

Impact on the Balance sheet due to the adoption of AASB 1059 in the 2018-19 year is illustrated below with the following reconciliation between the at 30 June 2019 carrying amounts and the balances reported under the new accounting standard:

Balance Sheet	Notes	(\$ thousand)		
		Before new accounting standards 30/6/19	Net impact of AASB 1059 <sup>(i)(ii)</sup>	After new Accounting Standards 30/6/19
Total financial assets	7.5.3	1,243,505	-	1,243,505
Total non-financial assets	7.5.3	4,356,331	4,481,683	8,838,014
<b>Total assets</b>		<b>5,599,836</b>	<b>4,481,683</b>	<b>10,081,519</b>
Payables	6.2 & 7.5.3	1,505,728	1,561,467	3,067,195
Borrowings	7.1 & 7.5.3	395,601	2,929,811	3,325,412
Other liabilities	7.5.3	77,725	-	77,725
<b>Total liabilities</b>		<b>1,979,054</b>	<b>4,491,278</b>	<b>6,470,332</b>
Contributed capital	7.5.3	4,192,898	-	4,192,898
Accumulated surplus/(deficit)	7.5.3	(956,756)	(144,370)	(1,101,126)
Physical asset revaluation surplus	7.5.3	384,640	134,775	519,415
<b>Net worth</b>		<b>3,620,782</b>	<b>(9,595)</b>	<b>3,611,187</b>

Notes:

- Where only line items have been reclassified with no adjustment to figures previously recognised, these amounts have not been included in net impact.
- VicRoads and PTV adopted AASB 1059 for the first time retrospectively based on its 2018-19 Financial Statements and then transferred balances as contributed capital to the department on 1 July 2019. There are no comparatives relating to VicRoads and PTV within the department's current year Financial Statements.

Balance Sheet	Notes	(\$ thousand)		
		Before new accounting standards 30/6/18	Net impact of AASB 1059 <sup>(i)(ii)</sup>	After new Accounting Standards 30/6/18
Total financial assets	7.5.3	2,898,446	-	2,898,446
Total non-financial assets	7.5.3	2,833,403	2,070,787	4,904,190
<b>Total assets</b>		<b>5,731,849</b>	<b>2,070,787</b>	<b>7,802,636</b>
Payables	6.2 & 7.5.3	1,814,293	681,591	2,495,884
Borrowings	7.1 & 7.5.3	1,313,019	1,389,196	2,702,215
Other liabilities	7.5.3	152,322	-	152,322
<b>Total liabilities</b>		<b>3,279,634</b>	<b>2,070,787</b>	<b>5,350,421</b>
Contributed capital	7.5.3	2,766,296	-	2,766,296
Accumulated surplus/(deficit)	7.5.3	(698,721)	(17,093)	(715,814)
Physical asset revaluation surplus	7.5.3	384,640	17,093	401,733
<b>Net worth</b>		<b>2,452,215</b>	<b>-</b>	<b>2,452,215</b>

Notes:

- Where only line items have been reclassified with no adjustment to figures previously recognised, these amounts have not been included in net impact.
- VicRoads and PTV adopted AASB 1059 for the first time retrospectively based on its 2018-19 Financial Statements and then transferred balances as contributed capital to the department on 1 July 2019. There are no comparatives relating to VicRoads and PTV within the department's current year Financial Statements.

### 9.6.5.3 Transition impact on the Balance Sheet of AASB 15, 16 and 1058

Impact on Balance sheet due to the adoption of AASB 15, AASB 1058 and AASB 16 is illustrated with the following reconciliation between the restated carrying amounts at 30 June 2019 and the balances reported under the new accounting standards (AASB 15 and AASB 16) at 1 July 2019:

Balance Sheet	Notes	(\$ thousand)		
		Before new accounting standards Opening 1/7/19	Impact of AASB 15,16 & 1058 <sup>(i)</sup>	After new Accounting Standards Opening 1/7/19
Property, Plant and Equipment	5.1	8,626,082	247,207	8,873,289
<b>Total non-financial assets</b>		<b>8,626,082</b>	<b>247,207</b>	<b>8,873,289</b>
<b>Total assets</b>		<b>8,626,082</b>	<b>247,207</b>	<b>8,873,289</b>
Payables	6.2	3,067,195	-	3,067,195
Contract liabilities	6.2.1	-	41,112	41,112
Borrowings	7.1	3,325,412	247,207	3,572,619
<b>Total liabilities</b>		<b>6,392,607</b>	<b>288,319</b>	<b>6,680,926</b>
Contributed capital	9.4	4,192,898	-	4,192,898
Accumulated surplus/(deficit)		(1,101,126)	(41,112)	(1,142,238)
Physical asset revaluation surplus		519,415	-	519,415
<b>Net worth</b>		<b>3,611,187</b>	<b>(41,112)</b>	<b>3,570,075</b>

Note:

- i. VicRoads and PTV adopted these standards for the first time based on its 2018-19 Financial Statements and then transferred balances as contributed capital to the department on 1 July 2019. There are no comparatives relating to VicRoads and PTV within the department's current year Financial Statements.

## 9.7 Responsible persons

In accordance with the Ministerial Directions issued by the Assistant Treasurer under the *Financial Management Act 1994*, the following disclosures are made regarding responsible persons for the reporting period

### Names

The persons who held the position of ministers in the department are as follows:

Name	Position	Period
The Hon Jacinta Allan MP	Minister for Transport Infrastructure	1 July 2019 to 21 June 2020
	Leader of the House	
	Minister for the Coordination of Transport – Coronavirus	22 June 2020 to 30 June 2020
	Minister for Transport Infrastructure Minister for the Suburban Rail Loop	
The Hon Melissa Horne MP	Minister for Ports and Freight	1 July 2019 to 21 June 2020
	Minister for Public Transport	
	Minister for Consumer Affairs, Gaming and Liquor Regulation	22 June 2020 to 30 June 2020
	Minister for Ports and Freight Minister for Fishing and Boating	
The Hon Jaala Pulford MP	Minister for Roads	1 July 2019 to 21 June 2020
	Minister for Road Safety and the TAC	
	Minister for Fishing and Boating	
The Hon Ben Carroll MP	Minister for Public Transport	22 June 2020 to 30 June 2020
	Minister for Roads and Road Safety	
Paul Younis	Secretary	1 July 2019 to 30 June 2020

### Remuneration

Remuneration received or receivable by the accountable officers in connection with the management of the department during the reporting period was in the range of \$580,000 - \$590,000 (2019: \$1,040,000 - \$1,050,000 inclusive of termination benefits).

Amounts relating to ministers are reported in the financial statements of the Department of Parliamentary Services. For information regarding related party transactions of ministers, the register of members' interests is available from: [www.parliament.vic.gov.au/publications/register-of-interests](http://www.parliament.vic.gov.au/publications/register-of-interests)

## 9.8 Remuneration of executives

The number of executive officers, other than ministers and accountable officers, and their total remuneration during the reporting period are shown in the table below. Total annualised employee equivalents provide a measure of full-time equivalent executive officers over the reporting period.

Remuneration comprises employee benefits in all forms of consideration paid, payable or provided by the entity, or on behalf of the entity, in exchange for services rendered, and is disclosed in categories:

- **Short-term employee benefits** include amounts such as wages, salaries, annual leave or sick leave that are usually paid or payable on a regular basis, as well as non-monetary benefits such as allowances and free or subsidised goods or services.
- **Post-employment benefits** include pensions and other retirement benefits paid or payable on a discrete basis when employment has ceased.
- **Other long-term benefits** include long service leave, other long service benefits or deferred compensation.
- **Termination benefits** include termination of employee payments, such as severance packages.



## Remuneration of executive officers

	(\$ thousand)	
	2020	2019
Short-term employee benefits	85,627	60,995
Post-employment benefits	6,343	4,329
Other long-term benefits	2,262	1,423
Termination benefits	2,238	465
<b>Total remuneration <sup>(i)</sup></b>	<b>96,470</b>	<b>67,212</b>
<b>Total number of executives <sup>(ii)</sup></b>	<b>410</b>	<b>356</b>
<b>Total annualised employee equivalent (AEE) <sup>(iii)</sup></b>	<b>307.2</b>	<b>234.0</b>

### Notes:

- The total number of executive officers includes persons who meet the definition of Key Management Personnel (KMP) of the entity under AASB 124 *Related Party Disclosures* and are also reported within the related parties note disclosure (Note 9.9).
- The number of executives has increased due to the MoG change in the financial year.
- Annualised employee equivalent is based on the time fraction worked over the reporting period.

## 9.9 Related parties

The department is a wholly owned and controlled entity of the State of Victoria.

The following agencies have been consolidated into the department's financial statements pursuant to the determination made by the Assistant Treasurer under section 53(1)(b) of the *Financial Management Act 1994* (FMA):

- Head, TfV
- VicRoads
- PTV
- MPV
- LMA.

Related parties of the department, and its section 53(1)(b) entities include:

- all key management personnel and their close family members and personal business interests (controlled entities, joint ventures and entities they have significant influence over)
- all cabinet ministers and their close family members
- all departments and public sector entities that are controlled and consolidated into the whole of state consolidated financial statements.

All related party transactions have been entered into on an arm's length basis.

## Significant transactions with government-related entities

The department receives parliamentary and special appropriation to draw funds out of the Consolidated Fund to be applied towards departmental outputs (see Note 2.1 Appropriations). In addition, the department oversees administered items on behalf of the State with reference to Payments made on behalf of the State (Note 2.1 Appropriations) and detailed in Note 4.2.1 Administered (non-controlled) items.

The department transacts with other portfolio agencies through transactions such as grants (Note 3.2 Grant expenses) and capital appropriations (Note 9.4 Equity disclosure) in line with budgeted allocations. These notes provide further detail of counterparty and amount. In addition, the majority of grant income disclosed in Note 2.2 is from other Government departments. Note 6.1 Receivables and 6.2 Payables identify the balances with other government departments. The department has advances from Government, such as those relating to GST payments (required to account for timing differences). These advances are unsecured loans which bear no interest. See Note 7.1 Borrowings.

## Key management personnel (KMP)

KMP of the department includes the Portfolio Ministers (see Note 9.7 Responsible persons), members of the DoT Leadership and the CFO. This report also discloses the KMP of Administrative Offices and agencies whose financial statements have been consolidated into the department's financial report pursuant to section 53(1)(b) of FMA.

The following table shows the department's KMP:

Position identified as KMPs	Personnel movements
<b>Department only</b>	
Secretary	1/7/19 to 30/6/20: Paul Younis
Associate Secretary	9/4/20 to 30/6/20: Nick Foa
Head, Transport Services	1/7/19 to 30/6/20: Jeroen Weimar
Deputy Secretary, Network Planning	1/7/19 to 30/6/20: Robyn Seymour
Deputy Secretary, Network Integration	1/7/19 to 30/6/20: William Tieppo
Deputy Secretary, People and Business Services	1/7/19 to 30/6/20: Melinda Collinson
Deputy Secretary, Policy and Innovation	1/7/19 to 30/6/20: Megan Bourke-O'Neil
Deputy Secretary, Investment and Technology	1/7/19 to 30/6/20: Dean Tighe
Chief Communications Officer	1/7/19 to 30/6/20: Rebecca Skelton (Acting)
Chief Financial Officer	1/7/19 to 30/6/20: Shaun Condron
General Counsel	1/7/19 to 30/6/20: Rob Pearce
Executive Director, Intergovernmental Relations	1/7/19 to 30/6/20: Lachlan McDonald
Director, Office of the Secretary	1/7/19 to 30/6/20: Patrick O'Neill
<b>Personnel of administrative offices incorporated under section 45 (4) of the <i>Financial Management Act 1994</i> (FMA)</b>	
Director-General, MTIA	1/7/19 to 30/6/20: Corey Hannett
CEO, Level Crossings Removal Project, MTIA	1/7/19 to 30/6/20: Kevin Devlin
CEO, Rail Projects Victoria, MTIA	1/7/19 to 30/6/20: Evan Tattersall
CEO, Major Road Projects Victoria, MTIA	1/7/19 to 30/6/20: Allen Garner
CEO, North East Link Project, MTIA	1/7/19 to 30/6/20: Duncan Elliott
CEO, West Gate Tunnel Project, MTIA	1/7/19 to 30/6/20: Peter Sammut
CEO, Suburban Rail Loop Authority	3/9/19 to 8/4/20: Nick Foa 9/4/20 to 30/6/20: Tom Considine
<b>Personnel of the entities consolidated pursuant to section 53 (1)(b) of the FMA</b>	
Chief Executive, Public Transport Victoria	1/7/19 to 31/12/19: Jeroen Weimar Entity was abolished effective 1/1/20
Chief Executive, VicRoads	1/7/19 to 30/6/20: Jeroen Weimar
Linking Melbourne Authority	1/7/19 to 31/12/19: Paul Younis Entity was abolished effective 1/1/20
Major Projects Victoria	1/7/19 to 30/6/20: Paul Younis
Entity Head of the Head, TfV	1/1/20 to 30/6/20: Paul Younis (Acting)
Delegated functions and powers of the Head, TfV	1/1/20 to 30/6/20: Jeroen Weimar

The compensation detailed below excludes the salaries and benefits the Portfolio Ministers receive. The Minister's remuneration and allowances are set by the *Parliamentary Salaries and Superannuation Act 1968* and is reported within the Department of Parliamentary Services' Financial Report.

### Compensation of key management personnel

	(\$ thousand)			
	2020	2019	2020	2019
	DoT <sup>(iii)</sup>	DoT <sup>(iii)</sup>	Administrative offices and s53 <sup>(iv)</sup>	Administrative offices and s53 <sup>(iv)</sup>
Short-term employee benefits <sup>(i)</sup>	4,288	3,290	4,067	2,883
Post-employment benefits	250	188	177	151
Other long-term benefits	112	77	97	70
Termination benefits	-	635	-	-
<b>Total compensation <sup>(ii)</sup></b>	<b>4,650</b>	<b>4,190</b>	<b>4,341</b>	<b>3,104</b>

#### Notes:

- i. Total remuneration paid to KMPs employed as a contractor during the reporting period through an external service provider has been reported under short-term employee benefits.
- ii. Note that KMPs are also reported in the disclosure of remuneration of executive officers (Note 9.8 Remuneration of executives).
- iii. Where employees are KMPs of both Department and Administrative Offices and entities consolidated under the FMA s53(1), their remuneration is reflected under DoT's compensation of KMPs.
- iv. This includes remuneration of KMPs for MPV and Head, TfV for the full financial year, and LMA for the period between 1/7/19 to 31/12/19.

### Transactions and balances with key management personnel and other related parties

Given the breadth and depth of Victorian Government activities, related parties transact with the Victorian public sector in a manner consistent with other members of the public e.g. stamp duty and other government fees and charges. Further undertaking of processes within the Victorian public sector occur on terms and conditions consistent with the *Public Administration Act 2004* and Codes of Conduct and Standards issued by the Victorian Public Sector Commission. Procurement processes occur on terms and conditions consistent with the Victorian Government Procurement Board requirements.

Transactions that have occurred with KMP and their related parties have not been considered material for disclosure. In this context, transactions are only disclosed when they are considered necessary to draw attention to the possibility that the department's financial position and profit or loss may have been affected by the existence of related parties, and by transactions and outstanding balances, including commitments, with such parties.

Outside of normal citizen type transactions, there were no material related party transactions that involved key management personnel, their close family members and their personal business interests, for the following agencies consolidated into the department's financial statements:

- Head, TfV
- VicRoads
- PTV
- MPV
- LMA.

No provision has been required, nor any expense recognised, for impairment of receivables from related parties.

## 9.10 Remuneration of auditors

	(\$ thousand)	
	2020	2019
<b>Victorian Auditor-General's Office</b>		
Audit of the financial statements	1,100	578
<b>Total</b>	<b>1,100</b>	<b>578</b>

## 9.11 Subsequent events

There are no events that have arisen since 30 June 2020 that have significantly affected or may significantly affect the operations, or results, or state of affairs of the department.

## 9.12 Other accounting policies

### Contributions by owners

Consistent with the requirements of AASB 1004 *Contributions, contributions by owners* (that is, contributed capital and its repayment) are treated as equity transactions and, therefore, do not form part of the income and expenses of the department.

Additions to net assets that have been designated as contributions by owners are recognised as contributed capital. Other transfers that are in the nature of contributions to or distributions by owners 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. Transfers of net liabilities arising from administrative restructurings are treated as distributions to owners.

### Accounting for the goods and services tax (GST)

Income, expenses and assets are recognised net of the amount of associated GST, except where GST incurred is not recoverable from the taxation authority. In this case, the GST payable 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 Australian Taxation Office (ATO) is included with other receivables or payables in the balance sheet.

Cash flows are presented on a gross basis.

Commitments, contingent assets and liabilities are also stated inclusive of GST.

## 9.13 Australian Accounting Standards (AAS) issued that are not yet effective

Certain new and revised accounting standards have been issued but are not effective for the 2019-20 reporting period. These accounting standards have not been applied to the Model Financial Statements. The State is reviewing its existing policies and assessing the potential implications of these accounting standards which include:

- *AASB 2018-7 Amendments to Australian Accounting Standards – Definition of Material*

This Standard principally amends AASB 101 *Presentation of Financial Statements* and AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors*. It applies to reporting periods beginning on or after 1 January 2020 with earlier application permitted. The department has not earlier adopted the Standard.

The amendments refine and clarify the definition of material in AASB 101 and its application by improving the wording and aligning the definition across AASB Standards and other publications. The amendments also include some supporting requirements in AASB 101 in the definition to give it more prominence and clarify the explanation accompanying the definition of material.

The department is in the process of analysing the impacts of this Standard. However, it is not anticipated to have a material impact.

- *AASB 2020-1 Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-Current*

This Standard amends AASB 101 to clarify requirements for the presentation of liabilities in the statement of financial position as current or non-current. It initially applied to annual reporting periods beginning on or after 1 January 2022 with earlier application permitted however the AASB has recently issued ED 301 *Classification of Liabilities as Current or Non-Current – Deferral of Effective Date* with the intention to defer the application by 1 year to periods beginning on or after 1 January 2023. The department will not early adopt the Standard.

The department is in the process of analysing the impacts of this Standard. However, it is not anticipated to have a material impact.

Several other amending standards and AASB interpretations have been issued that apply to future reporting periods but are considered to have limited impact on the department's reporting.

- *AASB 17 Insurance Contracts*
- *AASB 1060 General Purpose Financial Statements – Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities (Appendix C)*
- *AASB 2018-6 Amendments to Australian Accounting Standards – Definition of a Business*
- *AASB 2019-1 Amendments to Australian Accounting Standards – References to the Conceptual Framework*
- *AASB 2019-3 Amendments to Australian Accounting Standards – Interest Rate Benchmark Reform*
- *AASB 2019-5 Amendments to Australian Accounting Standards – Disclosure of the Effect of New IFRS Standards Not Yet Issued in Australia*
- *AASB 2020-2 Amendments to Australian Accounting Standards – Removal of Special Purpose Financial Statements for Certain For-Profit Private Sector Entities.*

## 9.14 Departmental output objectives and descriptions

The departmental outputs during the financial year ended 30 June 2020 are disclosed in Note 4.1 Departmental outputs. The outputs objectives and descriptions are summarised below.

### Objective 1: Reliable and user focused transport services

This objective enhances liveability by providing Victorians with a transport system that connects people and places, taking them where they want to go, when they want to go.

The objective indicators are:

- user satisfaction with the transport system
- reliable travel.

#### Outputs

**Bus Services:** This output group delivers reliable and cost-effective statewide bus services and infrastructure investments, including services delivered through contractual arrangements with private operators.

**Road Operations:** This output operates the road network by managing access and use, and delivers initiatives that provide more predictable and reliable journeys, improve safety and meet the service quality expected from transport users.

**Train Services:** This output group delivers reliable and cost-effective train services and infrastructure investments across the Victorian rail network, including services delivered through contractual arrangements with private operators.

**Tram Services:** This output delivers reliable and cost-effective tram services and infrastructure investments, including public transport services delivered through contractual arrangements with private operators.

### Objective 2: Safe and well-regulated transport services

The department focuses on helping Victorians arrive safely, whether they are travelling by road, rail or water.

The Regulation of Commercial Passenger Vehicle Services output contributes to this objective by delivering a commercial passenger vehicle industry that is customer focused, safe, accessible and competitive through the regulation of commercial passenger vehicles, booking service providers and drivers.

The Transport Safety and Security output contributes to this objective by delivering initiatives and regulatory activities that will improve safety and security on Victoria's transport network.

The objective indicator is:

- safety of the transport system

#### Outputs

**Regulation of Commercial Passenger Vehicle Services:** This output delivers a commercial passenger vehicle industry that is customer focused, safe, accessible and competitive in metropolitan and regional Victoria through regulating commercial passenger vehicles, booking service providers, and drivers.

**Transport Safety and Security:** This output delivers initiatives and regulatory activities that will improve safety and security and strengthen resilience on Victoria's transport network.

## Objective 3: Better connected communities through improved infrastructure

The department delivers infrastructure investments to transform the way that Victorians travel.

The Transport Infrastructure output contributes to this objective by delivering strategic transport infrastructure activities that are value for money and focused on user outcomes to improve the transport system.

The Ports, Freight and Boating output contributes to this objective by delivering a range of capital initiatives and programs to increase the capacity, efficiency and safety of the ports, freight and logistics network and improve recreational boating services and facilities.

The Road Asset Management output contributes to the objective by delivering programs and initiatives to maintain Victoria's freeways and arterial roads.

The objective indicator is:

- improved transport infrastructure

### Outputs

**Ports, Freight and Boating:** This output delivers capital initiatives and programs to increase the capacity, efficiency and safety of the ports, freight and logistics network and improve recreational boating services and facilities.

**Road Asset Management:** This output delivers programs and initiatives to maintain Victoria's freeways and arterial roads.

**Transport Infrastructure:** This output delivers strategic transport infrastructure activity to improve the transport system and create more productive and liveable cities and regions through improved transport services and better infrastructure.

## Objective 4: Sustainably Managed Fish Resources

The department supports the development of sustainable fishing and aquaculture activities in Victoria and promotion of responsible fishing and fishing related activities. On ground management of fishing is provided by the Victorian Fisheries Authority, which works with a number of partners, local communities and industry to deliver positive outcomes that provide benefits to all Victorians.

This includes commercial and recreational licensing and quota management, education, enforcement, fishery monitoring and assessment, administration of recreational fishing grants and on ground delivery of fishing related election commitments.

The objective indicator is:

- sustainability of assessed fish stocks.

### Outputs

**Sustainably Manage Fish Resources:** This output creates the conditions to grow the natural resources economy by ensuring fish resources are sustainably allocated and used for both recreational and commercial purposes.

## Major Projects

The following output was transferred to DJPR as of 1 January 2019 as of MoG change, however as Major Projects Victoria (MPV) is still consolidated within the department for 2019-20, the department will continue to report balance relating to MPV.

### Outputs

**Major Projects:** This output facilitates growth and investment in the Victorian economy through the development, delivery and management of significant economic projects.



## 9.15 Glossary of technical terms

### **Actuarial gains or losses on superannuation defined benefit plans**

Actuarial gains or losses are changes in the present value of the superannuation defined benefit liability resulting from experience adjustments (the effects of differences between the previous actuarial assumptions and what has actually occurred) and the effects of changes in actuarial assumptions.

### **Administered item**

Administered item generally refers to a department lacking the capacity to benefit from that item in the pursuit of the entity's objectives and to deny or regulate the access of others to that benefit.

### **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 from public borrowings raised through the TCV, finance leases and other interest bearing arrangements. Borrowings also include non-interest bearing advances from government that are acquired for policy purposes.

### **Comprehensive result**

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

### **Commitments**

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

### **Controlled item**

Controlled item generally refers to the capacity of a department to benefit from that item in the pursuit of the entity's objectives and to deny or regulate the access of others to that benefit.

### **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 asset. This expense is classified as a 'transaction' and so reduces the 'net result from transaction'.

### **Effective interest method**

The effective interest method is used to calculate the amortised cost of a financial asset or liability and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument, or, where appropriate, a shorter period.

### **Expected credit loss**

The weighted average of credit losses with the respective risks of a default occurring as the weights.

## 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:
  - o to receive cash or another financial asset from another entity; or
  - o 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:
  - o 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
  - o 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:
  - o to deliver cash or another financial asset to another entity; or
  - o 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:
  - o 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
  - o 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.

## 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. For this reason, grants are referred to by the AASB as involuntary transfers and are termed non reciprocal transfers. 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.

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.

## **General government sector**

The general government sector comprises all government departments, offices and other bodies engaged in providing services free of charge or at a price significantly below their cost of production. General government services include those which are mainly non-market in nature, those which are largely for collective consumption by the community and those which involve the transfer or redistribution of income. These services are financed mainly through taxes, or other compulsory levies and user charges.

## **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).

## **Infrastructure systems**

Infrastructure systems provide essential services used in the delivery of final services or products. They are generally a complex interconnected network of individual assets and mainly include sewerage systems, water storage and supply systems, ports, utilities and public transport assets owned by the department.

## **Intangible produced assets**

Refer to produced assets in this glossary.

## **Intangible non-produced assets**

Refer to non-produced asset in this glossary.

## **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 income 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.

## **Net worth**

Assets less liabilities, which is an economic measure of wealth.

## **Non-financial assets**

Non-financial assets are all assets that are not 'financial assets'. It includes inventories, land, buildings, infrastructure, road networks, land under roads, plant and equipment, investment properties, cultural and heritage assets, intangible and biological assets.

## **Non-produced assets**

Non-produced assets are assets needed for production that have not themselves been produced. They include land, subsoil assets, and certain intangible assets. Non-produced intangibles are intangible assets needed for production that have not themselves been produced. They include constructs of society such as patents.

### Other economic flows - other comprehensive income

Other economic flows - other comprehensive income comprises items (including reclassification adjustments) that are not recognised in net result as required or permitted by other Australian Accounting Standards.

The components of other economic flows - other comprehensive income include:

- (a) changes in physical asset revaluation surplus
- (b) share of net movement in revaluation surplus of associates and joint ventures
- (c) gains and losses on remeasuring available-for-sale financial assets.

### Produced assets

Produced assets include buildings, plant and equipment, inventories, cultivated assets and certain intangible assets. Intangible produced assets may include computer software, motion picture films, and research and development costs (which does not include the start-up costs associated with capital projects).

### Sale of goods and services

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 include sale of goods and services income.

### 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 the department.

### 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.

## 9.16 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 notation used in the tables is as follows:

-	zero, or rounded to zero
(xxx.x)	negative numbers
20xx	year period
20xx-xx	year period

The financial statements and notes are presented based on the illustration for a government department in the *2019-20 Model Report for Victorian Government Departments*.



## 3 / NON-FINANCIAL PERFORMANCE

## Portfolio performance reporting – non-financial

The portfolio performance reporting – non-financial section includes the:

- Departmental objectives, indicators and outputs
- Report on progress towards achieving departmental objectives
- Report on performance against output performance measures.

### Departmental objectives, indicators and outputs

The departmental objectives, associated indicators and linked outputs during the financial year ended 30 June 2020 are summarised below.

The Department of Transport (the department, DoT) is responsible for providing an integrated and sustainable transport system and supporting the development of a sustainable fisheries resource sector for Victoria. The department's vision is to deliver a transport system that is simple, connected, accessible, reliable, safe and supports a productive and growing economy.

#### Departmental objectives, indicators and linked outputs

Departmental objectives	Indicators	Outputs
Reliable and user-focused transport services	<ul style="list-style-type: none"> <li>• Reliable travel</li> <li>• User satisfaction with the transport system</li> </ul>	<ul style="list-style-type: none"> <li>• Bus services</li> <li>• Road operations</li> <li>• Train services</li> <li>• Tram services</li> </ul>
Safe and well-regulated transport services	<ul style="list-style-type: none"> <li>• Safety of the transport system</li> </ul>	<ul style="list-style-type: none"> <li>• Regulation of commercial passenger vehicle services</li> <li>• Transport safety and security</li> </ul>
Better connected communities through improved infrastructure	<ul style="list-style-type: none"> <li>• Improved transport infrastructure</li> </ul>	<ul style="list-style-type: none"> <li>• Ports, freight and boating</li> <li>• Road asset management</li> <li>• Transport infrastructure</li> </ul>
Sustainably managed fish resources	<ul style="list-style-type: none"> <li>• Sustainability of assessed fish stocks</li> </ul>	<ul style="list-style-type: none"> <li>• Sustainably manage fish resources</li> </ul>

Note:

- 1) Medium-term departmental objectives, associated indicators and linked outputs are set out in the 2019-20 Budget Paper 3 *Service Delivery*.

## Changes to the department during 2019-20

The Department undertook an internal review of its medium-term objectives and output structure and made the following changes to reflect the department's priorities.

### Changes to Departmental objectives

2018-19 objectives	Reason for change	2019-20 Objectives
More productive and liveable places, towns and cities through integrated and user-focused transport services and better infrastructure	The Department undertook a review of its 2018-19 objectives and created three new objectives to better align with outputs.  This new objective focuses on the reliability of the transport network to connect people and places, taking them where they want to go, when they want to go.	Reliable and user-focused transport services
	This new objective focuses on safety of the transport network, helping Victorians arrive safely, whether they are travelling by road, rail or water.	Safe and well-regulated transport services
	This new objective focuses on improving transport infrastructure to transform the way that Victorians travel and to better connect people and places.	Better connected communities through improved infrastructure

Note:

- 1) There are no changes to the Sustainably Managed Fish Resources objective (changes were made in the 2018-19 Annual Report).

The department has made changes to its output structure as shown in the table below:

### Changes to the departmental output structure

2018-19 output	Reason for change	2019-20 output
Bus services	This output has been split into three sub-outputs to improve transparency of the costs involved with the delivery of each service.	<ul style="list-style-type: none"> <li>• Bus services - metropolitan</li> <li>• Bus services - regional</li> <li>• Bus services - statewide</li> </ul>
Road operations and network improvements	This output has been renamed to reflect the type of activities that are now undertaken within this output. Network improvement activities are captured under the Transport Infrastructure output.	<ul style="list-style-type: none"> <li>• Road operations</li> </ul>
Train services	This output has been split into three sub-outputs to improve transparency of the costs involved with the delivery of each service.	<ul style="list-style-type: none"> <li>• Train services - metropolitan</li> <li>• Train services - regional</li> <li>• Train services - statewide</li> </ul>
Transport safety, security and emergency management	This output has been renamed to clarify the focus of initiatives in this output.	<ul style="list-style-type: none"> <li>• Transport safety and security</li> </ul>
Port and freight network access	This output has been renamed to highlight that boating activities are included under this output.	<ul style="list-style-type: none"> <li>• Ports, freight and boating</li> </ul>
Integrated transport	This output has been renamed as it now consolidates all major transport infrastructure program measures under one output.	<ul style="list-style-type: none"> <li>• Transport infrastructure</li> </ul>

## Reliable and user-focused transport services

This output group enhances liveability by providing Victorians with a transport system that connects people and places, taking them where they want to go, when they want to go.

### Descriptions

#### *Bus Services*

This output delivers reliable and cost-effective statewide bus services and infrastructure investments, including services delivered through contractual arrangements with private operators.

#### *Road Operations*

This output operates the road network by managing access and use, and delivers initiatives that provide more predictable and reliable journeys, improve safety and meet the service quality expected from transport users.

#### *Train Services*

This output delivers reliable and cost-effective train services and infrastructure investments across the Victorian rail network, including services delivered through contractual arrangements with private operators.

#### *Tram Services*

This output delivers reliable and cost-effective tram services and infrastructure investments, including public transport services delivered through contractual arrangements with private operators.

## Safe and well-regulated transport services

This output group focuses on helping Victorians arrive safely, whether they are travelling by road, rail or water.

### Descriptions

#### *Regulation of Commercial Passenger Vehicle Services*

This output delivers a commercial passenger vehicle industry that is customer focused, safe, accessible and competitive in metropolitan and regional Victoria through regulating commercial passenger vehicles, booking service providers, and drivers.

#### *Transport Safety and Security*

This output delivers initiatives and regulatory activities that will improve safety and security and strengthen resilience on Victoria's transport network.

## Better connected communities through improved infrastructure

This output group delivers infrastructure investment to transform the way that Victorians travel.

### Descriptions

#### *Ports, Freight and Boating*

This output delivers capital initiatives and programs to increase the capacity, efficiency and safety of the ports, freight and logistics network and improve recreational boating services and facilities.

#### *Road Asset Management*

This output group delivers programs and initiatives to maintain Victoria's freeways and arterial road network.

#### *Transport Infrastructure*

This output delivers strategic transport infrastructure activity to improve the transport system. The output contributes to the department's objective to transform the way Victorians travel through an improved transport network.

## Sustainably Managed Fish Resources

This objective creates the conditions for a more productive, competitive and sustainable fisheries resource sector.

### Descriptions

#### *Sustainably Manage Fish Resources*

This output creates the conditions to grow the natural resources economy by ensuring fish resources are sustainably allocated and used for both recreational and commercial purposes.



## Reporting progress towards achieving departmental objectives in the report of operations

The department supports the transport infrastructure, public transport, ports and freight, roads and road safety<sup>1</sup>, and fishing and boating Ministerial portfolios.

For 2019-20 the objectives, indicators and outputs for the department were reviewed and updated to reflect the department's priorities and to better align objectives, outputs and performance measures (refer to previous section for detail).

This section reports the department's progress against its 2019-20 departmental objectives via a number of indicators to ensure that it is on track to provide an integrated and sustainable transport system and support a sustainable fisheries resource sector for Victoria.

Trends in these indicators demonstrate the department's performance and progress towards achieving its objectives, and also are indicative of the department's progress against its key initiatives listed in *Simple, Connected Journeys* - the department's Strategic Plan 2019-23.

Note:

- 1) On 22/06/2020 the Roads, and Road Safety and the TAC Ministerial portfolios became the Roads and Road Safety Ministerial portfolio.

## Objective 1

Reliable and user-focused transport services	Progress towards achieving this objective
<p>The department enhances liveability by providing Victorians with a transport system that connects people and places, taking them where they want to go, when they want to go.</p> <p>The department achieves this objective by delivering safe, reliable and cost-effective public transport services and road initiatives that provide more predictable and reliable journeys to meet the service quality expected from transport users.</p>	<p>In 2019-20 the department reported progress against this objective using the following objective indicator and output:</p> <p><b>Objective Indicator</b></p> <ul style="list-style-type: none"><li>• Reliable travel</li><li>• User satisfaction with the transport system.</li></ul> <p><b>Output</b></p> <ul style="list-style-type: none"><li>• Bus Services</li><li>• Road Operations</li><li>• Train Services</li><li>• Tram Services.</li></ul>

### Indicator: Reliable travel

All modes of public transport were above 2018-19 levels for punctuality. It was particularly noticeable for tram and metropolitan bus services. Scheduled services were maintained or adapted where necessary for the coronavirus (COVID-19) response to ensure Victorians could still undertake essential travel.

Travel time reliability on metropolitan roads has also improved over the year. Road traffic volume reduced due to the coronavirus (COVID-19) response but had returned to near normal levels by the end of June as many of those returning to work and school switched from public to private transport for their journeys.

Every effort was made to minimise the impact on departmental services provided to Victorians, particularly during the coronavirus (COVID-19) response:

- Customer Service Centres remained open, working under strict social distancing and cleaning protocols. This was supported by a coronavirus (COVID-19) specific digital program and a specific coronavirus (COVID-19) webpage
- Call Centre staff worked from home, continuing to respond to queries
- Online applications continued to be processed.

The impact of improved punctuality, reliability and service continuity is reflected in improved customer satisfaction scores for metropolitan and regional bus, train and trams over 2018-19 levels.

Various initiatives will assist public transport reliability in future years. New technology upgrades to the Yarra Trams Operations Centre will minimise the impact of disruptions and incidents on the tram network, helping reduce delays and cancellations for Melbourne passengers. A new bank of information screens has been installed feeding live traffic data from VicRoads, CCTV from across the tram network and passenger tweets. There is also a dedicated station for major planned and unplanned disruptions, which can be switched to 'crisis mode' in seconds.

Continuations to the tram super stops program have provided passengers at various points on tram route 58 with new tram stop platforms which align with low-floor trams for easier boarding and new customer information displays.

On metropolitan bus services, the 86 new buses operated by Transdev will make bus travel more reliable as well as more comfortable for passengers on the bus network. A further 14 will soon be in service.

On the Bendigo line, 48,000 timber sleepers have been replaced with concrete between Sunbury and Bendigo, in a \$16.1 million project making journeys more reliable for V/Line passengers.

The opening of the new Drysdale Bypass at the end of June will improve travel times on the Bellarine Peninsula in the coming year. Other road projects completed during the year and contributing to reliable travel included the widening of an intersection at McDonalds and Gorge roads in South Morang, as part of Stage 2 of the Plenty Road Upgrade.

## Reliable travel

Indicator	Unit of measure	2016-17	2017-18	2018-19	2019-20
Service punctuality: metropolitan train	per cent	91.8	91.9	91.1	92.1
Service punctuality: metropolitan bus	per cent	81	81	83	89.4
Service punctuality: tram	per cent	82.6	81.7	83.1	86.3
Service punctuality: regional train	per cent	85	84	87	88.9
Service punctuality: regional bus	per cent	95	94	93	93.4
Scheduled services delivered: metropolitan train	per cent	99	99	98	98.5
Scheduled services delivered: metropolitan bus	per cent	99.9	99.9	99.8	99.9
Scheduled services delivered: tram	per cent	98.6	98.5	98.5	98
Scheduled services delivered: regional train	per cent	97.8	97.0	96.4	95.6
Scheduled services delivered: regional bus	per cent	99	100	100	100
Travel time reliability: metropolitan roads <sup>1</sup>	per cent	not available	87.7	87.6	90.1

Note:

- 1) This measure replaces the 2018-19 measure *Travel time punctuality: metropolitan roads* with a more robust and easily understood indicator of reliable travel for the road network. The measure indicates the percentage of nominal 30-minute trips that would have been completed within 35 minutes on normal weekdays within school terms.

## Indicator: User satisfaction with the transport system

Customer satisfaction remains high in Victoria's public transport services. All modes have shown improvements over 2018-19 levels. This demonstrates the community's support for the current operation of the transport network as well as the Big Build and how it has been managed.

In order to minimise inconvenience to the public, construction "blitzes" on road and rail continued during the quieter school holiday periods as Victoria's Big Build intensifies.

Planning and operation of replacement bus services continued so that work could proceed on digging the Metro Tunnel, removing more level crossings, building new stations and upgrading the Ballarat Line. Comprehensive communication campaigns kept transport users informed of changes to the network.

During the last few months of the year, quieter conditions enabled work to continue against a background of a sharp decrease in people travelling, particularly on public transport.

The continuing growth of the Victorian population is being catered for through the purchase of new trains and trams. An additional eight low-floor E Class trams and four X'Trapolis trains were brought into service during the year under the Trains, Trams, Jobs: 2015-2025 rolling stock strategy.

Victoria's new High Capacity Metro Trains are undertaking a rigorous testing program to ensure they are safe and reliable before entering passenger service on the busy Cranbourne and Pakenham lines. This is Victoria's first new metro train fleet in more than 15 years and will provide passengers with more space, improved accessibility features and real-time information about their journey. Each train must complete thousands of tests and travel thousands of kilometres before taking passengers.

Final designs were released for the new, comfortable and more reliable VLocity trains for the North East line. The design includes built in USB chargers, luggage storage, a modern catering facility and six wheelchair spaces with companion seats.

Work commenced on 120 new and upgraded car parking spaces at Hurstbridge Station, the first of thirty station carpark upgrades in Melbourne, jointly funded by the Victorian government and Commonwealth government.

One hundred new buses, operated by Transdev, are being rolled out in Melbourne, with 86 buses already in-service. The remaining 14 buses are due to commence service in August 2020.

Customer satisfaction with Commercial Passenger Vehicles Victoria (CPVV) is high, with more than 80 per cent of industry participants satisfied. This reflects improved processing times for accreditation applications and operating procedures in the call centre. Due to coronavirus (COVID-19), call centre functions were suspended in March.

#### User satisfaction with the transport system

Indicator	Unit of measure	2016-17	2017-18	2018-19	2019-20
Customer satisfaction index: metropolitan train	score	73	74	74	75
Customer satisfaction index: metropolitan bus	score	76	77	78	78
Customer satisfaction index: tram	score	76	77	77	78
Customer satisfaction index: regional train	score	76	75	75	77
Customer satisfaction index: regional coach	score	82	82	82	84

## Objective 2

Safe and well-regulated transport services	Progress towards achieving this objective
<p>The department focuses on helping Victorians arrive safely, whether they are travelling by road, rail or water.</p> <p>The department achieves this objective by delivering a range of initiatives and regulatory activities to improve safety and accessibility.</p>	<p>In 2019-20 the department reported progress against this objective using the following objective indicator and output:</p> <p><b>Objective Indicator</b></p> <ul style="list-style-type: none"><li>• Safety of the transport system</li></ul> <p><b>Output</b></p> <ul style="list-style-type: none"><li>• Regulation of Commercial Passenger Vehicle Services</li><li>• Transport Safety and Security</li></ul>

### Indicator: Safety of the transport system

In addition to the expected range of safety initiatives planned for the year, the bush fires in eastern Victoria, closely followed by the coronavirus (COVID-19) response resulted in a range of significant new safety challenges.

The department was engaged in a range of safety activities during and after the bush fires ranging from participating in the evacuation by sea of residents and holiday makers trapped by the fires, to clearing and repairing damaged roads.

Once the coronavirus (COVID-19) pandemic started, stringent protocols were put in place to safeguard transport users and staff while continuing running of full public transport services.

Cleaning was increased across the network including rail replacement buses. There is nightly sanitation of all trains, trams and buses, including wiping down all touch surfaces and spraying with disinfectant. Cash handling options on buses were removed to minimise risks.

Projects, including Victoria's Big Build, have continued, with strict physical distancing measures in place on worksites to protect both the workers and the community.

Improving the safety of train passengers is being pursued through a range of ongoing rail safety projects. The removal of a further six level crossings is improving safety for rail passengers, pedestrians and drivers, besides easing congestion. In addition, a further 26 upgrades to high-risk level crossings and rail pedestrian crossings across the state were completed. Ten V/Line signal upgrades have been completed for the Train Protection Warning System.

Other train safety projects completed during the year included improvements to fire safety at Flinders Street station; and reductions to train platform gaps at South Yarra and Glenferrie stations.

Refurbishments to Comeng trains have commenced, which include the installation of high definition CCTV cameras with better clarity and a wider field of view to keep passengers safe and to support Metro and Victoria Police investigations.

Active transport initiatives continue. Three cycling projects were completed during the year. Work is progressing on the Traralgon to Morwell path linking the two major townships. A number of projects to improve safety for pedestrians are in progress, with improvements in Warrnambool CBD completed and construction of pedestrian crossings underway in Mildura and Ballarat.

The Towards Zero campaign, which aims to reduce annual fatalities on the roads to below 200, continued in 2019-20. The Safer Roads Program, part of Towards Zero, completed 71 projects. A further 895kms of flexible safety barriers, which reduce serious trauma by up to 75 per cent, have been installed on high speed, high volume roads, together with a further 2,277kms of audio tactile line marking. One hundred and fifty Community Gateway sites have been installed at the entrances to towns. The eye-catching signage and unique road markings protect local communities by reminding drivers they are entering a town. One hundred and one high-speed high-risk intersection upgrades have been completed on regional roads, and three roundabouts constructed as part of our major safety upgrades.

The number of deaths in 2019-20 fell to 235. This is incorporated in the measure *Victorian road fatality rate per 100,000 population* in the table below. It occurs against a background of fewer people using the network since March.

Safety on Victorian waterways has been improved through the launch of the Boating Victoria app and website, providing targeted

information to support boaters and paddlers to make safe decisions before and while they use Victorian waterways.

Transport Safety Victoria led a critical review of the marine pilot training and licensing framework following the introduction of competitive pilotage in Victorian waters.

### Safety of the transport system<sup>1</sup>

Indicator	Unit of measure	2016-17	2017-18	2018-19	2019-20
Fatalities on the transport network	number	271	240	268	235
Victorian road fatality rate per 100,000 population	number	4.3	3.7	4.0	3.4
Serious injuries on the transport network <sup>2</sup>	number	7,564	8,028	8,334	not available
Victorian road serious injury rate per 100,000 population <sup>2</sup>	number	120	125	126	not available

Notes:

- 1) Data is regularly checked and validated over time and is therefore subject to change.
- 2) TAC hospital claims data has been used to calculate Victorian road serious injuries as it better reflects actual numbers compared to other data sources. Latest data is not available for 2019-20 due to data reporting issues.

## Objective 3

<b>Better connected communities through improved infrastructure</b>	<b>Progress towards achieving this objective</b>
<p>The department delivers infrastructure investments to transform the way that Victorians travel.</p> <p>The department achieves this objective by delivering a range of capital initiatives and programs and strategic transport infrastructure projects to improve the transport network.</p>	<p>In 2019-20 the department reported progress against this objective using the following objective indicators and outputs:</p> <p><b>Objective Indicators</b></p> <ul style="list-style-type: none"><li>• Improved transport infrastructure</li></ul> <p><b>Outputs</b></p> <ul style="list-style-type: none"><li>• Ports, Freight and Boating</li><li>• Road Asset Management</li><li>• Transport Infrastructure</li></ul>

### Indicator: Improved transport infrastructure

Work progressed during the year towards the goal of providing for the expected increased load on the Victorian transport system by 2050. The many projects of Victoria's Big Build continued throughout the year. The quieter conditions on the road and rail network from March onwards as a result of the coronavirus (COVID-19) response enabled crews to intensify their efforts.

A further six dangerous level crossings were removed, making it a total of 35 crossings removed as part of the government's commitment to remove 75 dangerous level crossings in Melbourne by 2025.

Four massive tunnel boring machines are now digging the Metro Tunnel. The excavation of Town Hall Station's first level is complete.

Work in anticipation of the North East Link included awarding the contract for the first preparatory stage. The Minister for Planning issued his assessment of the Environment Effects Statement.

Construction commenced on the Mordialloc Freeway linking the Mornington Peninsula Freeway to the Dingley Bypass.

Other improvements to major roads included commencing construction on stage two of the \$1.4 billion Monash Freeway upgrade and preliminary work on upgrading the Sydney to Edgars Road section of the M80 Ring Road.

The department delivered a number of road freight accessibility initiatives, as part of its ongoing drive to move freight safely and more quickly around Victoria for the benefit of businesses and consumers.

In regional Victoria, major construction commenced on two new overtaking lanes on the Princes Highway at Weerite between Colac and

Camperdown. Pre-construction activities were completed for the final two sections of the Princes Highway East duplication at Flynn and Kilmany.

Bushfires in East Gippsland caused damage to infrastructure, and resources were diverted to the recovery effort over the summer and autumn periods.

Improvements to public transport infrastructure included the opening of brand-new stations following the removal of level crossings. In December a new, elevated Reservoir Station opened following the removal of the High Street level crossing. This level crossing was removed by building a rail bridge over the complex intersection. The new Carrum Station, opened after removing three level crossings, has been designed to accommodate coastal weather conditions, with weather protection pods, shelter canopies on the platform and wind screens in entrances.

Progress continued to prepare Merinda Park Station for a total rebuild so that it can accommodate soon-to-be-duplicated track along the Cranbourne Line.

As part of the \$551 million Ballarat Line Upgrade a new and improved Rockbank station was opened. It includes better accessibility, a 350-space car park, enhanced lighting, secure bike storage and platform shelters. Cobblebank station also opened on the Ballarat Line. The modern station's features include lifts and ramps, a car park with drop-off zone, secure bike storage and bus bays.

Work is progressing for the \$2.1 billion Sunbury Line Upgrade to enable more trains to run on the line. A contractor has been selected for the first stage, extending platforms, boosting accessibility and building new stabling at stations.

## Improved transport infrastructure

Indicator	Unit of measure	2016-17	2017-18	2018-19	2019-20
Road length meeting cracking standard: metropolitan	per cent	not available	77.9	93.1	95
Road length meeting cracking standard: regional	per cent	not available	96.3	96.7	97
Road length meeting roughness standard: metropolitan	per cent	not available	93.2	92.3	93.1
Road length meeting roughness standard: regional	per cent	not available	96.0	95.8	96.1
Road length meeting rutting standard: metropolitan	per cent	not available	96.4	94.6	98.6
Road length meeting rutting standard: regional	per cent	not available	97.8	97.4	98.9
Road network permitted for use by high productivity freight vehicles	per cent	not available	14	17	18
Scheduled services not delayed by infrastructure faults: regional train network	per cent	not available	not available	99	98
Transport projects completed within agreed scope, timeframes and budget	per cent	67	63	75	75



## Objective 4

<p><b>Sustainably managed fish resources</b></p> <p>The department supports the development of sustainable fishing and aquaculture activities in Victoria and promotion of responsible fishing and fishing-related activities to deliver positive outcomes that provide benefits to all Victorians.</p> <p>The department achieves this objective through commercial and recreational licensing and quota management, administration of recreational fishing grants and on-ground delivery of fishing-related election commitments.</p>	<p><b>Progress towards achieving this objective</b></p> <p>In 2019-20 the department reported progress against this objective using the following objective indicator and output:</p> <p><b>Objective Indicator</b></p> <ul style="list-style-type: none"> <li>Sustainability of assessed fish stocks</li> </ul> <p><b>Output</b></p> <ul style="list-style-type: none"> <li>Sustainably Manage Fish Resources</li> </ul>
---	---

### Indicator: Sustainability of assessed fish stocks

Quota-based fish stocks are assessed annually to ensure their sustainability. In 2019-20 all quota-based fish stocks managed by the Victorian Fisheries Authority were assessed as being fished at sustainable levels. The VFA continued to prioritise resources for uniformed officers maintaining operational coverage for priority fishing periods and patrolling during coronavirus (COVID-19) related coastal closure.

Victoria's commercial fisheries supply an extensive variety of species to domestic and international markets. Considerable investment has been made into the ongoing management of key stocks such as abalone, rock lobster, giant crab and pipis. This includes long-term research to understand the nature and dynamics of the resource. A broad spectrum of data is collected and analysed to determine the impacts of fishing which assists with setting annual quota.

### Sustainability of assessed fish stocks

Indicator	Unit of measure	2016-17	2017-18	2018-19	2019-20
Percentage of quota-based fish stocks that were assessed during the year as being fished sustainably	per cent	100	100	100	100

## Performance against output performance measures

The following section outlines details of the outputs provided by the department to government for the year ending 30 June 2020 as outlined in the 2019-20 Budget Paper 3. It includes performance measures and costs for each output, actual performance results against targets and explanation for any variance. As detailed in the previous section, new objectives were introduced in 2019-20 to better align outputs with objectives.

For the 2019-20 Budget Paper 3, both the Bus services and Train services outputs were split into three sub-outputs, metropolitan, regional and state-wide to improve transparency of the services provided. Changes to departmental outputs are detailed in the table below.

### Changes to the departmental output structure

2018-19 output	Reason for change	2019-20 output
Bus services	This output has been split into three sub-outputs to improve transparency of the costs involved with the delivery of each service.	<ul style="list-style-type: none"> <li>• Bus services - metropolitan</li> <li>• Bus services - regional</li> <li>• Bus services – state-wide</li> </ul>
Road operations and network improvements	<p>This output has been renamed to reflect the type of activities that are now undertaken within this output. Network improvement activities are captured under the Transport Infrastructure output.</p> <p>Performance measures relating to registration and licensing and road safety have been transferred from the Transport Safety and Security output as these measures better align to this output which focuses on the operation of the road network.</p>	<ul style="list-style-type: none"> <li>• Road operations</li> </ul>
Train services	This output has been split into three sub-outputs to improve transparency of the costs involved with the delivery of each service.	<ul style="list-style-type: none"> <li>• Train services - metropolitan</li> <li>• Train services - regional</li> <li>• Train services – state-wide</li> </ul>
Transport safety, security and emergency management	<p>This output has been renamed to clarify the focus of initiatives in this output.</p> <p>Performance measures relating to registration and licensing and road safety have been transferred to the Road Operations output.</p>	<ul style="list-style-type: none"> <li>• Transport safety and security</li> </ul>
Port and freight network access	This output has been renamed to highlight that boating activities are included under this output.	<ul style="list-style-type: none"> <li>• Ports, freight and boating</li> </ul>
Integrated transport	<p>This output has been renamed as it now consolidates all major transport infrastructure program measures under one output.</p> <p>Performance measures relating to network improvements have been transferred from the Road Operations output as these measures better align with other major transport infrastructure projects under this output.</p>	<ul style="list-style-type: none"> <li>• Transport infrastructure</li> </ul>

## Objective 1

### Reliable and user-focused transport services

This objective enhances liveability by providing Victorians with a transport system that connects people and places, taking them where they want to go, when they want to go. The department achieves this objective by delivering public transport services and road initiatives that provide more predictable and reliable journeys to meet the service quality expected from transport users.

### Bus Services

This output contributes to the department's objective by delivering a safe, reliable and cost-effective state-wide bus service and infrastructure investments, including services delivered through contractual arrangements with private operators.

#### Bus Services - Metropolitan

Performance measures	unit of measure	2019-20 actual	2019-20 target	Performance variation (%)	Result
<b>Quantity</b>					
Passengers carried: metropolitan bus services	number (million)	97.9	119.5	-18.1	■
<i>Public transport usage was significantly impacted by the coronavirus (COVID-19) response from March to the end of June 2020.</i>					
Payments made for: metropolitan bus services	\$ million	710.6	741.8	-4.2	○
Scheduled services delivered: metropolitan bus	per cent	99.9	99.9	-	✓
Total kilometres scheduled: metropolitan bus	km (million)	123.1	122.6	0.4	✓
<b>Quality</b>					
Customer satisfaction index: metropolitan bus services	score	78.3	77	1.7	✓
<b>Timeliness</b>					
Service punctuality for: metropolitan bus services	per cent	89.4	86	4.0	✓
<b>Cost</b>					
Total output cost	\$ million	747.3	769.8	-2.9	✓

Notes:

✓ Performance target achieved or exceeded

○ Performance target not achieved – within 5 per cent or \$50 million (cost measure only) variance

■ Performance target not achieved – exceeds 5 per cent or \$50 million (cost measure only) variance

## Bus Services - Regional

Performance measures	unit of measure	2019-20 actual	2019-20 target	Performance variation (%)	Result
<b>Quantity</b>					
Passengers carried: regional bus services	number (million)	11.0	14.3	-23.1	■
<i>Public transport usage was significantly impacted by the coronavirus (COVID-19) response from March to the end of June 2020.</i>					
Payments made for: regional bus services	\$ million	140.6	136.7	2.9	✓
Scheduled services delivered: regional bus	per cent	100	99	1.0	✓
Total kilometres scheduled: regional bus	km (million)	27.3	27.3	0.0	✓
<b>Quality</b>					
Customer satisfaction index: regional coach services	score	83.8	84	-0.2	○
<b>Timeliness</b>					
Service punctuality for: regional bus services	per cent	93.4	92	1.5	✓
<b>Cost</b>					
Total output cost	\$ million	145.2	149.8	-3.1	✓

Notes:

- ✓ Performance target achieved or exceeded
- Performance target not achieved – within 5 per cent or \$50 million (cost measure only) variance
- Performance target not achieved – exceeds 5 per cent or \$50 million (cost measure only) variance

## Bus Services - Statewide

Performance measures	unit of measure	2019-20 actual	2019-20 target	Performance variation (%)	Result
<b>Quantity</b>					
Number of bus routes upgraded	number	36	6	500.0	✓
<i>Due to the target only including upgrades funded in the 2019-20 Budget rather than those set for delivery in 2019-20.</i>					
Scheduled services delivered: school bus	per cent	99	99	0.0	✓
Total kilometres scheduled: school bus	km (million)	31.1	31.1	0.0	✓
<b>Cost</b>					
Total output cost	\$ million	324.7	333.5	-2.6	✓

Note:

- ✓ Performance target achieved or exceeded

## Road Operations

This output operates the road network and contributes to the departments objective by managing access and use, and delivering initiatives that provide more predictable and reliable journeys, improve safety and meet the service quality expected from transport users.

### Road Operations

Performance measures	unit of measure	2019-20 actual	2019-20 target	Performance variation (%)	Result
<b>Quantity</b>					
Bridge strengthening and replacement projects completed: metropolitan	number	3	4	-25.0	■
<i>Due to unforeseen complexities with the construction site, full delivery has been deferred.</i>					
Bridge strengthening and replacement projects completed: regional	number	1	7	-85.7	■
<i>Due to project rescoping and market price escalation.</i>					
Congestion projects completed	number	4	4	0.0	✓
Cycling projects completed	number	5	12	-58.3	■
<i>Due to delays associated with stakeholder engagement and scope finalisation.</i>					
Kilometres of road treated with tactile line marking	km	2,277	2,000	13.9	✓
<i>Due to two additional projects approved and delivered. These new projects were not included in the original target but have been delivered in 2019-20.</i>					
Kilometres of safety barrier installed	km	895	254	252.4	✓
<i>Due to projects completed ahead of schedule and additional projects not included in the target approved in January and completed by 30 June 2020.</i>					
Other minor road improvement projects completed: metropolitan	number	12	3	300.0	✓
<i>Due to additional projects completed in 2019-20 which were not included when setting the original target.</i>					
Other minor road improvement projects completed: regional	number	93	5	1760.0	✓
<i>Due to additional projects completed in 2019-20 which were not included when setting the original target.</i>					
Pedestrian projects completed	number	12	10	20.0	✓
<i>Due to additional projects completed in 2019-20 which were not included when setting the original target.</i>					
Road safety initiatives completed	number	71	45	57.8	✓
<i>Due to the Safer Roads Steering Committee approving a number of new safety projects under the Towards Zero Strategy in early 2020. These new projects were not included in the original target but have been delivered in 2019-20.</i>					
Road vehicle and driver regulation: driver licences renewed	number (000)	700	710	-1.4	○
Road vehicle and driver regulation: new driver licences issued	number (000)	172	184	-6.5	■
<i>Due to the suspension of all light vehicle drive tests and computer-based licence tests as a result of coronavirus (COVID-19).</i>					
Road vehicle and driver regulation: new vehicle registrations issued	number (000)	550	630	-12.7	■
<i>Due to a decline in new car sales with sales significantly lower during the coronavirus (COVID-19) response.</i>					
Road vehicle and driver regulation: vehicle and driver information requests, including toll operator and council requests, processed	number (000)	3,439	3,900	-11.8	■
<i>Due to a reduction in the number of requests received as a result of the coronavirus (COVID-19) response.</i>					

## Road Operations *continued*

Performance measures	unit of measure	2019-20 actual	2019-20 target	Performance variation (%)	Result
<b>Quantity</b>					
Road vehicle and driver regulation: vehicle registration transfers	number (000)	882	956	-7.7	■
<i>Due to a decline in vehicle trade with sales significantly lower during the coronavirus (COVID-19) response.</i>					
Road vehicle and driver regulation: vehicle registrations renewed	number (000)	9,149	7,800	17.3	✓
<i>Due to short-term registration (STR) take-up exceeding the forecast. The popularity of STR has increased as a result of coronavirus (COVID-19).</i>					
<b>Quality</b>					
Road projects completed within agreed scope and standards: metropolitan	per cent	60	100	-40.0	■
<i>Due to rescheduling of a number of projects to allow for additional stakeholder engagement.</i>					
Road projects completed within agreed scope and standards: regional	per cent	78	100	-22.0	■
<i>Due to inclement weather and delays in obtaining approvals from local councils.</i>					
Road safety projects completed within agreed scope and standards	per cent	100	100	0.0	✓
Road vehicle and driver regulation: currency of vehicle registration and driver licensing records	per cent	99	99	0.0	✓
Road vehicle and driver regulation: user satisfaction with vehicle registration and driver licensing	per cent	86	85	1.2	✓
<b>Timeliness</b>					
Programmed works completed within agreed timeframes: metropolitan	per cent	60	80	-25.0	■
<i>Due to market price variation and rescope of work some projects have been rescheduled.</i>					
Programmed works completed within agreed timeframes: regional	per cent	78	80	-2.5	○
Road safety programmed works completed within agreed timeframes	per cent	71	80	-11.3	■
<i>Due to extensions given to some local governments to complete projects, wet weather, bushfires and resource issues due to the coronavirus (COVID-19) response.</i>					
Road vehicle and driver regulation: average speed of calls answered in registration and licensing call centres	seconds	380	240	58.3	■
<i>Due to increased volumes and complexity of enquiries and impact of Victorian bushfires from December to March. Improvements to the booking system are being investigated; and digital transformation projects are expected to reduce workload.</i>					
Road vehicle and driver regulation: customers served within 10 minutes in registration and licensing Customer Service Centres	per cent	64	80	-20.0	■
<i>Due to changes in the service mix of the customer service centres with fewer straightforward payment transactions and more appointment-related transactions. Increased demand for processing overseas licences required redirecting counter staff to meet this demand, increasing average handling time.</i>					
<b>Cost</b>					
Total output cost	\$ million	1,663.2	1,757.5	-5.4	✓
<i>The 2019-20 result is lower than the budget due to deferrals in some initiatives.</i>					

### Notes:

- ✓ Performance target achieved or exceeded
- Performance target not achieved – within 5 per cent or \$50 million (cost measure only) variance
- Performance target not achieved – exceeds 5 per cent or \$50 million (cost measure only) variance

## Train Services

This output contributes to the department's objective by delivering a safe, reliable and cost-effective train service and infrastructure investments across Victoria, including services delivered through contractual arrangements with private operators.

### Train Services - Metropolitan

Performance measures	unit of measure	2019-20 actual	2019-20 target	Performance variation (%)	Result
<b>Quantity</b>					
Passengers carried: metropolitan train services	number (million)	187.6	246.2	-23.8	■
<i>Public transport usage was significantly impacted by the coronavirus (COVID-19) response from March to the end of June 2020.</i>					
Payments made for: metropolitan train services	\$ million	1,205.9	1,102.1	9.4	✓
<i>Due to coronavirus (COVID-19) support payments made.</i>					
Scheduled services delivered: metropolitan train	per cent	98.5	99	-0.5	○
Total kilometres scheduled: metropolitan train	km (million)	23.8	23.8	0.0	✓
<b>Quality</b>					
Availability of rolling stock: metropolitan trains	per cent	95	94	1.1	✓
Customer satisfaction index: metropolitan train services	score	75	75	0.0	✓
Metropolitan fare compliance rate across all public transport modes	per cent	96.8	96.5	0.3	✓
<b>Timeliness</b>					
Major periodic maintenance works completed against plan: metropolitan train network	per cent	97	100	-3.0	○
<i>Please note reported result is an estimate, the actual result will not be available until October 2020.</i>					
Service punctuality for: metropolitan train services	per cent	92.1	92.5	-0.4	○
<b>Cost</b>					
Total output cost	\$ million	2,466.0	2,337.0	5.5	■
<i>The 2019-20 result is higher than the budget due to new initiatives including: operating, maintenance and driver training costs associated with the Big Build; and additional cleaning and payments to operators for continuation of service in relation to the coronavirus (COVID-19) response.</i>					

Notes:

- ✓ Performance target achieved or exceeded
- Performance target not achieved – within 5 per cent or \$50 million (cost measure only) variance
- Performance target not achieved – exceeds 5 per cent or \$50 million (cost measure only) variance

## Train Services – Regional

Performance measures	unit of measure	2019-20 actual	2019-20 target	Performance variation (%)	Result
<b>Quantity</b>					
Passengers carried: regional train and coach services	number (million)	17.9	23.2	-22.8	■
<i>Public transport usage was significantly impacted by the coronavirus (COVID-19) response from March to the end of June 2020.</i>					
Payments made for: regional train and coach services	\$ million	666.4	624	6.8	✓
<i>Due to coronavirus (COVID-19) support payments made.</i>					
Scheduled services delivered: regional train	per cent	95.6	98.5	-2.9	○
Total kilometres scheduled: regional train and coach	km (million)	26.5	25.9	2.3	✓
<b>Quality</b>					
Availability of rolling stock: VLocity fleet	per cent	89.3	92.5	-3.5	○
Customer satisfaction index: regional train services	score	77.3	78	-0.9	○
Scheduled services not delayed by infrastructure faults: regional train network	per cent	97.8	97	0.8	✓
<b>Timeliness</b>					
Major periodic maintenance works completed against plan: regional train network	per cent	98.7	100	-1.3	○
Service punctuality for: regional train services	per cent	88.9	92	-3.4	○
<b>Cost</b>					
Total output cost	\$ million	1,303.6	1,271.5	2.5	○

### Notes:

- ✓ Performance target achieved or exceeded
- Performance target not achieved – within 5 per cent or \$50 million (cost measure only) variance
- Performance target not achieved – exceeds 5 per cent or \$50 million (cost measure only) variance



## Train Services - Statewide

Performance measures	unit of measure	2019-20 actual	2019-20 target	Performance variation (%)	Result
<b>Quantity</b>					
Public railway crossings upgraded	number	26	31	-16.1	■
<i>Due to rescheduling of a number of upgrades to 2020-21.</i>					
Public transport network improvement: minor projects completed – train	number	3	4	-25.0	■
<i>Due to a delay in the acquisition of the Café at South Yarra Station.</i>					
<b>Quantity</b>					
myki device availability	per cent	99.9	99.5	0.4	✓
myki: Fare payment device speed - number of touch on/off's per minute	number	37	28	32.1	✓
<i>Due to gate reader upgrades to the next generation myki readers.</i>					
Public transport network improvement: performance against master project schedule	per cent	90	90	0.0	✓
<b>Timeliness</b>					
Calls to the Public Transport Victoria call centre answered within 30 seconds	per cent	80	80	0.0	✓
<b>Cost</b>					
Total output cost	\$ million	300.8	314.5	-4.4	✓

### Notes:

- ✓ Performance target achieved or exceeded
- Performance target not achieved – exceeds 5 per cent or \$50 million (cost measure only) variance

## Tram Services

This output contributes to the department's objective by delivering a safe, reliable and cost-effective tram service, including services delivered through contractual arrangements with private operators and a range of infrastructure investments.

### Tram Services

Performance measures	unit of measure	2019-20 actual	2019-20 target	Performance variation (%)	Result
<b>Quantity</b>					
Level access tram stops upgraded	number	13	16	-18.8	■
<i>Due to approval delays for three tram stops.</i>					
Number of tram routes upgraded	number	2	2	0.0	✓
Passengers carried: tram services	number (million)	141.8	208.1	-31.9	■
<i>Public transport usage was significantly impacted by the coronavirus (COVID-19) response from March to the end of June 2020.</i>					
Payments made for: tram services	\$ million	445.4	446.7	-0.3	○
Progress of Tram procurement and supporting infrastructure – cumulative project expenditure	per cent	93	92	1.0	✓
<b>Quantity</b>					
Scheduled services delivered: tram	per cent	98	99.2	-1.2	○
Total kilometres scheduled: tram	km (million)	24.6	24.6	0.0	✓
W-Class Trams fully restored	number	2	3	-33.3	■
<i>Due to logistical challenges the restoration of one tram was rescheduled.</i>					
<b>Quality</b>					
Availability of rolling stock: trams	per cent	89.7	94	-4.6	○
Customer satisfaction index: tram services	score	77.6	76.5	1.4	✓
<b>Timeliness</b>					
Major periodic maintenance works completed against plan: tram network	per cent	93.7	100	-6.3	■
<i>Due to rescheduling of work to 2020-21.</i>					
Service punctuality for: tram services	per cent	86.3	82.9	4.1	✓
<b>Cost</b>					
Total output cost	\$ million	962.1	936.0	2.8	○

Notes:

- ✓ Performance target achieved or exceeded
- Performance target not achieved – within 5 per cent or \$50 million (cost measure only) variance
- Performance target not achieved – exceeds 5 per cent or \$50 million (cost measure only) variance

## Objective 2

### Safe and well-regulated transport services.

The department focuses on helping Victorians arrive safely, whether they are travelling by road, rail or water. The department achieves this objective by delivering a range of initiatives and regulatory activities to improve safety and accessibility.

### Regulation of Commercial Passenger Vehicle Services

This output contributes to the departments objective by delivering a commercial passenger vehicle industry that is customer-focused, safe, accessible and competitive through the regulation of commercial passenger vehicles, booking service providers and drivers.

### Regulation of Commercial Passenger Vehicle Services

Performance measures	unit of measure	2019-20 actual	2019-20 target	Performance variation (%)	Result
<b>Quantity</b>					
Multi-Purpose Taxi Program: number of trips subsidised	number (000)	4,781	5,720	-16.4	■
<i>All multi-purpose taxi trips were significantly reduced as a result of coronavirus (COVID-19).</i>					
Multi-Purpose Taxi Program: number of wheelchair and scooter lifting fees paid	number (000)	1,113	1,330	-16.3	■
<i>All multi-purpose taxi trips were significantly reduced as a result of coronavirus (COVID-19).</i>					
New and renewed commercial passenger vehicle and bus driver accreditation applications processed	number	35,849	28,000	28.0	✓
<i>Due to the establishment of new operating procedures and processes.</i>					
<b>Quality</b>					
Average wait time for conventional commercial passenger vehicles booked to arrive during daytime periods of demand	minutes	4.8	8.3	-42.2	✓
<i>Due to a change in the methodology and a greater number of booking service providers contributing data.</i>					
Average wait time for wheelchair accessible commercial passenger vehicles booked to arrive during daytime periods of demand	minutes	10.1	16.6	-39.2	✓
<i>Due to a change in the methodology and a greater number of booking service providers contributing data.</i>					
Calls to the Commercial Passenger Vehicles Victoria call centre resolved at the first point of contact	per cent	78.8	72	9.4	✓
<i>Due to the establishment of new operating procedures and processes.</i>					
Commercial passenger vehicle industry participants conform to key safety requirements	per cent	76.9	75	2.5	✓
Commercial passenger vehicle registration applications received online	per cent	100	100	0.0	✓
Commercial passenger vehicles meeting safety standards for booked and unbooked services	per cent	81.8	85	-3.8	○
Overall satisfaction with level of commercial passenger vehicle regulatory service provided by Commercial Passenger Vehicles Victoria.	per cent	80.6	60	34.3	✓
<i>Due to increased satisfaction with the service provided to the industry by CPVV.</i>					

Regulation of Commercial Passenger Vehicle Services *continued*

Performance measures	unit of measure	2019-20 actual	2019-20 target	Performance variation (%)	Result
<b>Timeliness</b>					
Calls to the Commercial Passenger Vehicles Victoria call centre answered within 20 seconds	per cent	57.9	62	-6.6	■
<i>Due to significant disruptions when the call centre was closed due to coronavirus (COVID-19).</i>					
Commercial passenger vehicle registration applications processed within 14 days		94.6	97	-2.5	○
Commercial passenger vehicle service complaints and intelligence reports investigated and closed within 45 days	per cent	92.4	92	0.4	✓
Multi-Purpose Taxi Program: applications assessed and completed within 14 days		98.5	97	1.5	✓
New and renewed driver accreditation applications for commercial passenger vehicle and buses processed within 14 days	per cent	81.3	85	-4.4	○
Road vehicle and driver regulation: new and renewed driving instructor authority applications processed within 14 days	per cent	88.7	90	-1.4	○
<b>Cost</b>					
Total output cost	\$ million	99.8	116.7	-14.5	✓
<i>The 2019-20 result is lower than the budget as Multi-Purpose Taxi Program trips were significantly reduced as a result of the coronavirus (COVID-19) response.</i>					

Notes:

- ✓ Performance target achieved or exceeded
- Performance target not achieved – within 5 per cent or \$50 million (cost measure only) variance
- Performance target not achieved – exceeds 5 per cent or \$50 million (cost measure only) variance

## Transport Safety and Security

This output contributes to the department's objective by delivering a range of initiatives and regulatory activities to improve safety and security on Victoria's transport network.

### Transport Safety and Security

Performance measures	unit of measure	2019-20 actual	2019-20 target	Performance variation (%)	Result
<b>Quantity</b>					
Accredited State maritime training providers audited in accordance with risk-based annual audit plan	number	8	23	-65.2	■
<i>Due to the bushfires in Gippsland and the impact of the coronavirus (COVID-19) response on in-field work and the closure of accredited training providers, not all scheduled audits could be undertaken.</i>					
Regulatory interventions conducted on high-risk or accredited rail transport operators	number	Not available	80	N/A	-
<i>Rail safety activities were transferred to the Office of the National Rail Safety Regulator on 2 December 2019.</i>					
Risk-based vessel inspections undertaken to determine compliance with State marine safety law	number	457	500	-8.6	■
<i>Due to the reduction in boating activities on Victorian waters following the coronavirus (COVID-19) response</i>					
Safety audits of bus operators conducted in accordance with Bus Safety Act 2009 (Vic) requirements	number	368	560	-34.3	■
<i>Due to a change in the risk parameters guiding the programming of audits, TSV undertook more time intensive and complex audits of higher risk operators resulting in less audits being undertaken.</i>					
Sector Resilience Plans endorsed by State Crisis and Resilience Council	number	1	1	0.0	✓
Security and emergency management exercises coordinated or contributed to by the Department	number	9	9	0.0	✓
Transport and marine safety investigations: proportion of notified accidents with passenger fatalities and/or multiple serious passenger injuries investigated	per cent	66	100	-34.0	■
<i>Due to a number of fatal or serious traffic accidents investigated by other agencies, not the Chief Investigator.</i>					
Transport safety regulation: rail safety audits/compliance inspections conducted in accordance with legislative requirements	number	Not available	100	N/A	-
<i>Rail safety activities were transferred to the Office of the National Rail Safety Regulator on 2 December 2019.</i>					

## Transport Safety and Security *continued*

Performance measures	unit of measure	2019-20 actual	2019-20 target	Performance variation (%)	Result
<b>Quality</b>					
Compliance inspections of commercial maritime duty holders other than vessel owners and operators audited in accordance with legislative requirements and timelines	per cent	100	100	0.0	✓
Prosecution success rate for transport safety offences	per cent	100	80	25.0	✓
<i>Due to one prosecution which resulted in a finding of guilt.</i>					
Risk assessment of managed and unmanaged Victorian waterways with high levels of boating activity and competing use.	number	20	30	-33.3	■
<i>Due to bushfires in the Gippsland region and the impact of the coronavirus (COVID-19) response on in-field work and boating activities, not all scheduled audits could be undertaken.</i>					
<b>Timeliness</b>					
Applications for bus operator registration and safety accreditation processed on time in accordance with Bus Safety Act 2009 (Vic) requirements	per cent	100	100	0.0	✓
Applications for rail accreditation and variations to accreditation processed within State and national legislative requirements and timelines	per cent	Not available	100	N/A	-
<i>Rail safety activities were transferred to the Office of the National Rail Safety Regulator on 2 December 2019.</i>					
Initiate marine pollution response action within 60 minutes of incident notification	per cent	100	100	0.0	✓
Transport and marine safety investigations: accidents/incidents assessed within two days of notification to determine need for detailed investigation	per cent	100	100	0.0	✓
Transport and marine safety investigations: investigations completed within 12 months	per cent	40	50	-20.0	■
<i>Due to the impact of a single complex incident that put additional pressure on existing resources.</i>					
<b>Cost</b>					
Total output cost	\$ million	28.1	27.6	1.7	○

### Notes:

- Due to rail safety activities transferred to the Office of the National Rail Safety Regulator on 1 December 2019, TSV will no longer report on this activity. Measures are proposed to be discontinued.
- ✓ Performance target achieved or exceeded  
 ○ Performance target not achieved – within 5 per cent or \$50 million (cost measure only) variance  
 ■ Performance target not achieved – exceeds 5 per cent or \$50 million (cost measure only) variance

## Objective 3

### Better connected communities through improved infrastructure.

The department delivers infrastructure investments to transform the way that Victorians travel. The department achieves this objective by delivering a range of capital initiatives and programs and strategic transport infrastructure projects to improve the transport network.

### Ports, Freight and Boating

This output contributes to the departments objective by delivering a range of capital initiatives and programs to increase the capacity, efficiency and safety of the ports, freight and logistic network and improve recreational boating services and facilities.

### Ports, Freight and Boating

Performance measures	unit of measure	2019-20 actual	2019-20 target	Performance variation (%)	Result
<b>Quantity</b>					
Better boating initiatives commenced	number	7	7	0.0	✓
Containers transported by rail under the Mode Shift Incentive Scheme program <i>Due to drought impacting one recipient of the program, resulting in less volume of agricultural freight required to be moved than forecast.</i>	number	32,734	42,500	-23.0	■
Number of months per year average channel depth at Lakes Entrance meets standards <i>Due to having a dredge vessel permanently located at Lakes Entrance enabling sand accreditation to be addressed.</i>	number	12	10	20.0	✓
Progress with delivery of a Metropolitan Intermodal System – percentage of project funding expended <i>Due to grant payments to approved funding recipients yet to commence.</i>	per cent	17	60	-71.7	■
Road-based freight accessibility and reliability improvement projects completed <i>Due to additional projects completed in 2019-20 which were not included when setting the original target.</i>	number	8	7	14.3	✓
<b>Quality</b>					
Accessible local ports	number	14	14	0.0	✓
Road network permitted for use by high productivity freight vehicles <i>Due to the Department expanding its High Productivity Freight Vehicle network.</i>	per cent	18	15	20.0	✓
Road-based freight accessibility and reliability projects completed within specified scope and standards <i>Due to the lengthy land acquisition process.</i>	per cent	63	100	-37.0	■
<b>Timeliness</b>					
Road-based freight accessibility and reliability projects completed within agreed timeframes <i>Due to the lengthy land acquisition process.</i>	per cent	63	80	-21.3	■
<b>Cost</b>					
Total output cost	\$ million	116.5	106.3	9.6	■
<i>The 2019-20 result was higher than the budget mainly due to new initiatives including Better Boating and Gippsland Lakes Access.</i>					

#### Notes:

- ✓ Performance target achieved or exceeded
- Performance target not achieved – exceeds 5 per cent or \$50 million (cost measure only) variance

## Road Asset Management

This output contributes to the departments objective by delivering programs and initiatives to maintain Victoria's freeways and arterial road network. These activities support the safety and reliability of the transport network.

### Road Asset Management

Performance measures	unit of measure	2019-20 actual	2019-20 target	Performance variation (%)	Result
<b>Quantity</b>					
Bridges maintained: metropolitan	number	982	973	0.9	✓
Bridges maintained: regional	number	2,229	2,277	-2.1	○
Road area treated: high strategic priority roads	m2 (000)	7,699	10,600	-27.4	■
<i>Due to on-site inspections identified a lower area requiring treatment on high strategic priority roads.</i>					
Road area treated: low strategic priority roads	m2 (000)	1,807	50	3,514.0	✓
<i>Due to the reprioritisation of treatments to address safety concerns associated with roads with low skid resistance on low strategic priority roads.</i>					
Road area treated: medium strategic priority roads	m2 (000)	4,331	1,000	333.1	✓
<i>Due to on-site inspections identified a higher area requiring treatment on medium strategic priority roads.</i>					
Road network maintained: metropolitan	lane - km	12,869	12,308	4.6	✓
Road network maintained: regional	lane - km	41,759	41,495	0.6	✓
<b>Quality</b>					
Bridges that are acceptable for legal load vehicles: metropolitan	per cent	99.7	99.6	0.1	✓
Bridges that are acceptable for legal load vehicles: regional	per cent	99.6	99.6	0.0	✓
Road length meeting cracking standard: metropolitan	per cent	95	93.1	2.0	✓
Road length meeting cracking standard: regional	per cent	97	96.7	0.3	✓
Road length meeting roughness standard: metropolitan	per cent	93.15	92.3	0.9	✓
Road length meeting roughness standard: regional	per cent	96.12	95.8	0.3	✓
Road length meeting rutting standard: metropolitan	per cent	98.56	94.6	4.2	✓
Road length meeting rutting standard: regional	per cent	98.92	97.4	1.6	✓
Traffic Signal Operational Availability	per cent	99.97	99.96	0.0	✓
Traffic signal performance – communications ('DA Alarm'): vehicle detector connectivity to signals	per cent	99.6	97	2.7	✓
Traffic signal performance – communications ('Stop Talk'): connectivity between different traffic signals	per cent	99.8	99.6	0.2	✓



## Road Asset Management *continued*

Performance measures	unit of measure	2019-20 actual	2019-20 target	Performance variation (%)	Result
<b>Timeliness</b>					
Annual road maintenance program completed within agreed timeframes: metropolitan	per cent	100	95	5.3	✓
<i>Due to acceleration in delivery of works. This has been assisted by lower traffic volumes due to coronavirus (COVID-19).</i>					
Annual road maintenance program completed within agreed timeframes: regional	per cent	100	100	0.0	✓
<b>Cost</b>					
Total output cost	\$ million	666.5	631.9	5.5	■
<i>The 2019-20 result was higher than the budget due to increased expenditure for remediation works and bushfire recovery activity.</i>					

### Notes:

- ✓ Performance target achieved or exceeded
- Performance target not achieved – within 5 per cent or \$50 million (cost measure only) variance
- Performance target not achieved – exceeds 5 per cent or \$50 million (cost measure only) variance

## Transport Infrastructure

This output contributes to the objective by delivering strategic transport infrastructure activities that are value for money and focused on user outcomes to improve the transport system.

### Transport Infrastructure

Performance measures	unit of measure	2019-20 actual	2019-20 target	Performance variation (%)	Result
<b>Quantity</b>					
Integrated transport planning to support urban renewal projects <i>Due to alignment of timing with Suburban Rail Loop project.</i>	number	3	4	-25.0	■
Major road improvement projects completed: metropolitan	number	3	3	0.0	✓
Major road improvement projects completed: regional	number	2	2	0.0	✓
Planning projects for other major transport infrastructure	number	5	5	0.0	✓
<b>Quality</b>					
Ballarat Line Upgrade - delivery: milestones delivered in accordance with agreed budget and timelines	per cent	100	100	0.0	✓
Level Crossing Removal Project: Milestones delivered in accordance with agreed budget and timelines	per cent	100	100	0.0	✓
Metro Tunnel Project – delivery: milestones delivered in accordance with agreed budget and timelines	per cent	100	100	0.0	✓
North East Link Project - milestones delivered in accordance with agreed budget and timelines	per cent	100	100	0.0	✓
West Gate Tunnel Project – Milestones delivered in accordance with agreed budget and timelines <i>Due to several challenges including issues relating to soil contamination.</i>	per cent	84.2	100	-15.8	■
<b>Cost</b>					
Total output cost	\$ million	597.6	431.3	38.6	■
<i>The 2019-20 result is higher than the budget due to funding releases for initiatives, including North East Link, Airport Rail Link, M80 Ring Road Upgrades and Rail Infrastructure Upgrades.</i>					

#### Notes:

- ✓ Performance target achieved or exceeded
- Performance target not achieved – exceeds 5 per cent or \$50 million (cost measure only) variance

## Objective 4

### Sustainably managed fish resources.

The department supports the development of sustainable fishing and aquaculture activities in Victoria and promotion of responsible fishing and fishing-related activities to deliver positive outcomes that provide benefits to all Victorians.

### Sustainable Manage Fish Resources

The output makes a significant contribution to the achievement of the departmental objective through commercial and recreational licensing and quota management, administration of recreational fishing grants and on-ground delivery of fishing-related election commitments.

### Sustainably Manage Fish Resources

Performance measures	unit of measure	2019-20 actual	2019-20 target	Performance variation (%)	Result
<i>Quantity</i>					
Community and stakeholder engagement information forums - Fisheries	number	10	10	0.0	✓
Complete stock assessment for key quota managed fish species	number	3	3	0.0	✓
Complete total allowable commercial catch setting processes for key quota managed fish species	number	3	3	0.0	✓
Develop, implement and review overarching fisheries compliance strategy	number	1	1	0.0	✓
Enhance levels of community participation in achieving fisheries compliance through calls to the 13FISH reporting line	number	2,050	1,750	17.1	✓
<i>Due to an increase in the Victorian Fisheries Authority's social media presence promoting the 13FISH reporting line, a higher number of people recreationally fishing and a high call volume reporting people fishing during the coronavirus (COVID-19) coastal closures.</i>					
Key fisheries managed in accordance with best practice management plans	number	6	6	0.0	✓
Minimum number of uniformed fisheries officers maintaining operational coverage for priority fishing activity periods, as defined by the Compliance Strategic Assessment	number	22	17	29.4	✓
<i>Due to deployment of additional resources to patrolling during coronavirus (COVID-19) coastal closures.</i>					
Native and salmonid fish stocked	number (000)	6,100	6,000	1.7	✓
Recreational fishing infrastructure improvements delivered	number	0	6	-100.0	■
<i>Due to the coronavirus (COVID-19) response limiting community consultation and the prioritisation of resources to provide bushfire recovery support, the Victorian Fisheries Authority has rescheduled projects to 2020-21.</i>					
Recreational fishing licences sold online as a proportion of total sales	per cent	90	80	12.5	✓
<i>Due to a targeted promotional campaign to transition recreational fishing licence agents from paper-based licences sales to online sales. The launch of Victoria's digital recreational fishing licence has increased the awareness and utilisation of the digital capability by recreational fishers.</i>					
Undertake activities to detect, disrupt and dismantle serious or organised fisheries criminal entities (individuals or groups)	number	21	20	5.0	✓
<i>Due to intelligence-based information collected, the Victorian Fisheries Authority carried out an additional operation.</i>					

### Sustainably Manage Fish Resources – continued

Performance measures	unit of measure	2019-20 actual	2019-20 target	Performance variation (%)	Result
<b>Quality</b>					
Key statutory obligations relevant to the Victorian Fisheries Authority complied with (tabling annual report, audits, business plan and board appointments)	per cent	100	100	0.0	✓
<b>Timeliness</b>					
Proportion of fisheries cost recovery levies reviewed and set prior to the commencement of the licensing year (1 April)	per cent	100	100	0.0	✓
Research project milestones and reports completed on time (Fisheries)	per cent	90	90	0.0	✓
<b>Cost</b>					
Total output cost	\$ million	56.4	41.6	35.6	■
<i>The 2019-20 result is higher than the budget predominantly due to the bringing forward of Target Phase Two Gippsland Lakes netting licence buyout and increased expenditure on initiatives including Target One Million Phase 1.</i>					

Notes:

- ✓ Performance target achieved or exceeded
- Performance target not achieved – exceeds 5 per cent or \$50 million (cost measure only) variance



## 4 / APPENDICES

# Appendix 1: People and workplace

## Public sector values and employment principles

The department continues its initiatives to foster the highest possible standard of integrity and conduct across the department, supporting staff to build a workplace that demonstrates respect, trust and openness in the way we improve outcomes for all Victorians.

## Employment and conduct principles

The department is committed to meeting the public sector values and employment principles set out in the *Public Administration Act 2004*. In continuing to develop and maintain its policies and procedures across 2019-20, the department ensured these values and principles were reflected and communicated. Information related to public sector conduct and the Victorian Public Service (VPS) employment principles is promoted via policies on the intranet and through expert advice provided by People and Culture.

## Workforce inclusion policy

### Inclusion and Diversity Initiatives

As part of our commitment to create a workplace culture that values inclusion and diversity, we have implemented several initiatives as outlined in the Department of Transport Inclusion & Diversity Strategy 2020-2023 (I&D Strategy). We aim to leverage the diversity of our workforce by creating and sustaining an inclusive workplace culture where our people are safe, diverse, valued and high performing.

Consistent with the department's Strategic Plan 2019-2023, our I&D Strategy specifically acknowledges the additional challenges experienced by five groups traditionally marginalised in the workplace, being:

- Women
- Aboriginal and/or Torres Strait Islander Australians
- LGBTIQ+ people
- People with disability
- Culturally and linguistically diverse people.

Our I&D Strategy sets our workforce composition targets that correspond with the above priorities and Victorian Government targets where available. As the department has only recently formed and has not yet participated in a VPS People Matter Survey, we do not yet have baseline data available for all priority diversity groups. We are also in the process of developing a system to regularly capture and track our workforce composition data.

As part of our I&D Strategy, we have a target of 50 per cent women in our workforce and 50 per cent women in leadership roles (VPS5 and above (or equivalent)) by 2023.

The department values staff with non-binary gender identities at all levels, from VPS officers through to executives. The department acknowledges that, due to historic and current barriers to disclosure of non-binary gender identities, staff may not choose to disclose this information. As a result, targets or quotas are not currently a useful way to promote opportunities for gender diverse staff at all levels.

The following table outlines the targets in our I&D Strategy and the baseline data in 2019-20.

### Progress against workforce inclusion targets

Workforce inclusion policy initiatives	Target	Actual progress in 2018-19	Actual progress in 2019-20
Women	At least 50% women in DoT by 2023	DoT = 48% MTIA = 41%	DoT = 44% <sup>1</sup> MTIA = 42% SRLA = 56%
	50% women in leadership roles (VPS5 and above) by 2023	DoT = 41% MTIA = 37%	DoT = 38% <sup>1</sup> MTIA = 37% SRLA = 49%
Aboriginal and/or Torres Strait Islander Australians	2% Aboriginal and/or Torres Strait Islander workforce representation by 2023	At 30 June 2019, Aboriginal People comprised 0.3% of the department's workforce (self-reported data)	Data not available due to system limitations
LGBTIQ+ people	10% workforce representation of LGBTIQ+ people by 2023	Data not available	Data not available due to system limitations
People with disability	6% workforce representation of people with disability by 2020 and 12% by 2025	At 30 June 2019, people with disability comprised 1.5% of the department's workforce (self-reported data)	Data not available due to system limitations
Culturally and linguistically diverse (CALD) people	30% CALD people in leadership roles (VPS5 and above) by 2023	Data not available	Data not available due to system limitations

Note:

1) The change in percentage is due to the MoG change in 2019 integrating former VicRoads and PTV into DoT.

Key highlights of our inclusion and diversity work completed over the past financial year include:

- development and launch of the I&D Strategy
- coordination and delivery of the Women in Transport Program which is a portfolio-wide initiative
- delivery of a variety of best-practice training, open to all staff, including Disability Confidence, LGBTIQ+ Awareness and Ally, Indigenous Cultural Awareness, and Travelling in the Shoes of Others
- continued implementation of our flexible working policy
- delivery of successful inclusion events on days of significance including: National Reconciliation Week, International Day Against Homophobia, Biphobia, Intersexism, and Transphobia (IDAHOBIT Day), International Women's Day, and Wear it Purple Day
- provided tailored assistance to staff belonging to our priority diversity groups including staff affirming their gender in the workplace
- continued development of the Transport Portfolio Aboriginal Self-Determination Plan, the integrated Accessibility Action Plan, and the integrated Multicultural Action Plan.

## Diversity and Inclusion Program

The department takes pride in creating a workplace culture of inclusion and respect, where the value of individual differences is recognised and welcomed.

A Workforce Diversity and Inclusion Framework has been developed to identify the department's aspirations, goals and targets. The framework is designed around the four key pillars of flexibility, inclusion, gender equality and life stage.

The framework recognises that all people have different needs throughout their careers, and that flexible and inclusive workplaces provide better outcomes for all. It also emphasises everyone's role in building a diverse workforce and modelling inclusive working practices.

The framework captures the department's commitments as a member of the VPS, including meeting diversity employment targets, developing dedicated action plans in alignment with government policies and legislation, and the adoption of the 'all roles flex' approach across the department.

Several action plans support the framework's implementation, including an Aboriginal Inclusion Action Plan, a Multicultural Diversity Action Plan, an Accessibility Action Plan, and the Women in Transport Program.

While the framework has a primarily internal/workforce focus, the action plans also focus on inclusion in department programs and services, as well as within the Victorian economy more broadly.

A suite of development programs and opportunities are available to strengthen the diversity and inclusion capabilities of our people.

Our diversity and inclusion principles are reinforced by acknowledging and celebrating over 15 significant dates throughout the calendar year, including International Women's Day, Cultural Diversity Week, Reconciliation Week, Wear it Purple Day and the International Day of People with Disability.

A full report of our initiatives and achievements in multicultural affairs is reported annually to the Victorian Multicultural Commission as required by the *Multicultural Victoria Act 2011*.

## Aboriginal Inclusion Action Plan

Bullarto-Buluk, the department's Aboriginal Inclusion Action Plan 2018–20, has an increased focus on creating opportunities for Aboriginal Victorians and attracting Aboriginal people to work in the department.

Bullarto-Buluk was launched as part of Reconciliation Week in May 2018. It reflects the department's commitment to contributing to Aboriginal self-determination at a whole of government level and to strengthening the delivery of the plan's initiatives, including a commitment to Aboriginal people representing two per cent of our workforce by 2020.

The Aboriginal Inclusion Action Plan Working Group played a key role in developing Bullarto-Buluk and shares responsibility for its implementation.

The plan is being delivered by strengthening the understanding and recognition of Aboriginal culture and perspectives across all areas of our operations, creating workplace opportunities, and increasing Aboriginal participation in policy, project and program development.

## Women in Transport

The Women in Transport program, launched in 2017, comprises over \$2 million of initiatives and business improvements to encourage more women to enter and stay in the transport sector.

Supporting the Victorian Government's Gender Equality Strategy, the program aims to increase the number of women working in the public transport sector workforce from 16 per cent to 25 per cent by 2020 and increase the number of women in senior roles in the public sector workforce to 50 per cent by 2020.

As at 30 June 2020 women make up 21 per cent of the public transport sector workforce, and 44.9 per cent of senior roles in the public sector are filled by women.



## Compliance with the *Disability Act 2006*

The *Disability Act 2006* reaffirms and strengthens the rights of people with a disability and recognises that this requires support across the government sector and within the community.

The Absolutely Everyone: State Disability Plan for 2017-2020 is the Victorian Government's framework for enabling people with disability to participate and contribute to the social, economic and civic life of their community. Over time the government will consider ways to align disability action plans to the state plan.

Key highlights of our work in the area of accessibility and inclusion over the past year include:

- integration and launch of the the department's Workplace Adjustments Policy
- establishment of a centralised fund for workplace adjustments
- delivery of Disability Confidence and Travelling in the Shoes of Others training to staff across the department
- providing tailored support to staff with disability including addressing accessibility needs
- continued implementation of the Accessible Public Transport Framework
- working closely with Australian Network on Disability to help align our work with best practice
- ongoing support of a staff network for people with disability, including contributing to the VPS Enablers Network
- Paralympian employment program – participation in pilot
- events held on the International Day of People with Disability at multiple sites across the department, including a screening of a video with a message from the department's Disability Champion, Deputy Secretary People & Business Services, Melinda Collinson, an introduction to disability confidence, and personal stories from staff with disability and carers
- participation in the VPS Disability Champion's Roundtable.

## Compliance with the *Carers Recognition Act 2012*

The department has taken practical measures to comply with its obligations under the *Carers Recognition Act 2012*. These include raising awareness of the role of carers at our International Day of People with Disability event held on 3 December and reviewing our flexibility working arrangements policy and guidance material through the lens of the needs of carers.

## Department of Transport Workforce Information

	@ June 2020						
	All Employees		Ongoing			Fixed Term & Casual	
	Number*	FTE	Full Time*	Part Time*	FTE	Number*	FTE
<b>Gender</b>							
Woman	1,739	1,616.6	1,209	332	1,433.9	198	182.8
Man	2,239	2,214.7	1,943	61	1,989.0	235	225.8
Self-described	1	0.8	-	-	-	1	0.8
<b>Age</b>							
15-24	89	84.2	66	3	68.4	20	15.8
25-34	817	793.5	630	61	671.4	126	122.2
35-44	1,171	1,110.2	870	157	973.2	144	137.0
45-54	970	944.1	803	85	865.6	82	78.5
55-64	784	761.1	670	66	716.6	48	44.5
65+	148	138.9	113	21	127.5	14	11.4
<b>Classification</b>							
VPS 1	-	-	-	-	-	-	-
VPS 2	28	25.5	20	-	20.0	8	5.5
VPS 3	128	122.6	80	7	85.5	41	37.1
VPS 4	315	299.3	216	34	238.7	65	60.5
VPS 5	359	350.5	270	22	285.8	67	64.7
VPS 6	346	335.4	249	28	269.5	69	65.9
VRO 1	6	4.3	1	1	1.3	4	3.0
VRO 2	716	664.8	529	156	635.4	31	29.4
VRO 3	586	574.0	513	36	537.8	37	36.2
VRO 4	686	663.6	575	59	613.3	52	50.3
VRO 5	381	369.4	325	36	350.6	21	19.8
VRO 6	140	138.0	127	8	133.0	5	5.0
Legal Officer	1	1.0	1	-	1.0	-	-
Fisheries Manager 6	1	1.0	1	-	1.0	-	-
PS	16	15.9	12	1	12.9	3	3.0
STS	114	111.0	81	4	84.2	29	26.8
VR STS	14	14.0	13	-	13.0	-	-
Executive	142	141.8	139	1	139.8	2	2.0
<b>Total Employees</b>	<b>3,979</b>	<b>3,832.1</b>	<b>3,152</b>	<b>393</b>	<b>3,422.8</b>	<b>434</b>	<b>409.3</b>

\* headcount

Notes:

- FTE means full-time equivalent.
- All figures reflect employment levels during the last full pay period of June.
- Excluded are employees on leave without pay or absent on secondment, external contractors/consultants, temporary employees employed by employment agencies and statutory appointees.
- The self-described category is not accurately reflective, as one of three payroll systems does not collect this information.
- Significant changes to staffing since June 2019 include:
  - Operational integration of 584 employees from the Public Transport Development Authority (PTV) and 1,982 employees from the Roads Corporation (VicRoads) into the Department of Transport effective 1 July 2019.
  - Inclusion of 842 staff employed by VicRoads in June 2020, in accordance with a determination by the Assistant Treasurer pursuant to section 53 of the *Financial Management Act 1994*, enabling consolidation of information provided by VicRoads into the Department of Transport's annual report from the 2019-20 financial year.
  - Transfer of 22 staff from the Department of Transport to Office of the National Rail Safety Regulator effective 1 October 2019.

## Department of Transport Workforce Information

	@ June 2019						
	All Employees		Ongoing			Fixed Term & Casual	
	Number*	FTE	Full Time*	Part Time*	FTE	Number*	FTE
<b>Gender</b>							
Woman	332	313.3	223	59	266.9	50	46.4
Man	353	348.2	297	16	309.8	40	38.4
Self-described	-	-	-	-	-	-	-
<b>Age</b>							
15-24	13	12.0	9	-	9.0	4	3.0
25-34	144	141.3	112	9	118.5	23	22.8
35-44	202	189.7	136	38	164.1	28	25.6
45-54	181	177.9	146	15	158.3	20	19.6
55-64	121	118.1	98	9	104.9	14	13.2
65+	24	22.6	19	4	22.0	1	0.6
<b>Classification</b>							
VPS 1	1	1.0	-	-	-	1	1.0
VPS 2	20	19.0	18	-	18.0	2	1.0
VPS 3	40	39.0	27	5	31.0	8	8.0
VPS 4	139	132.6	103	20	117.7	16	15.0
VPS 5	185	178.5	142	20	157.1	23	21.4
VPS 6	180	173.5	127	22	144.1	31	29.4
Fisheries Manager 6	1	1.0	1	-	1.0	-	-
Legal Officer	1	1.0	1	-	1.0	-	-
VicRoads <sup>a</sup>	26	24.6	21	5	24.6	-	-
PS	18	18.0	17	-	17.0	1	1.0
STS	24	23.8	15	1	15.8	8	8.0
Executive	50	49.5	48	2	49.5	-	-
<b>Total Employees</b>	<b>685</b>	<b>661.5</b>	<b>520</b>	<b>75</b>	<b>576.7</b>	<b>90</b>	<b>84.8</b>

\* headcount

Notes:

- VicRoads Enterprise Agreement "VRO" classification. This comprises former VicRoads staff who transferred to the Department of Transport as a part of the establishment of Transport for Victoria in 2016 and did not transfer to VPS classifications.
- FTE means full-time equivalent.
- All figures reflect employment levels during the last full pay period of June.
- Excluded are employees on leave without pay or absent on secondment, external contractors/consultants, temporary employees employed by employment agencies and statutory appointees.

## Major Transport Infrastructure Authority Workforce Information

	@ June 2020						
	All Employees		Ongoing			Fixed Term & Casual	
	Number*	FTE	Full Time*	Part Time*	FTE	Number*	FTE
<b>Gender</b>							
Woman	850	814.3	144	35	169.3	671	645.1
Man	1,188	1,175.7	290	1	290.9	897	884.9
Self-described	1	1.0	-	-	-	1	1.0
<b>Age</b>							
15-24	170	159.6	4	-	4.0	166	155.6
25-34	686	678.6	151	10	159.0	525	519.6
35-44	639	618.7	145	20	158.4	474	460.3
45-54	369	362.1	90	5	93.9	274	268.2
55-64	163	161.1	44	1	44.9	118	116.2
65+	12	11.0	-	-	-	12	11.0
<b>Classification</b>							
VPS 1	1	1.0	-	-	-	1	1.0
VPS 2	64	52.5	-	-	-	64	52.5
VPS 3	268	266.4	21	-	21.0	247	245.4
VPS 4	324	319.8	81	2	82.4	241	237.4
VPS 5	459	447.4	147	11	155.0	301	292.4
VPS 6	429	418.6	113	17	125.5	299	293.2
PS	176	173.6	36	2	37.1	138	136.5
STS	150	145.1	36	4	39.3	110	105.9
Executive	168	166.7	-	-	-	168	166.7
<b>Total Employees</b>	<b>2,039</b>	<b>1,991.1</b>	<b>434</b>	<b>36</b>	<b>460.2</b>	<b>1,569</b>	<b>1,530.9</b>

\* headcount

Notes:

- FTE means full-time equivalent.
- All figures reflect employment levels during the last full pay period of June.
- Excluded are employees on leave without pay or absent on secondment, external contractors/consultants, temporary employees employed by employment agencies and statutory appointees.
- The increase in employment levels since June 2019 is attributed to a number of projects ramping up into the delivery/construct phase.

## Major Transport Infrastructure Authority Workforce Information

	@ June 2019						
	All Employees		Ongoing			Fixed Term & Casual	
	Number*	FTE	Full Time*	Part Time*	FTE	Number*	FTE
<b>Gender</b>							
Woman	667	643.2	111	22	125.7	534	517.6
Man	949	943.7	212	-	212.0	737	731.7
Self-described	1	1.0	-	-	-	1	1.0
<b>Age</b>							
15-24	127	123.1	8	-	8.0	119	115.1
25-34	530	523.0	116	7	120.2	407	402.9
35-44	511	499.2	111	11	118.7	389	380.5
45-54	308	303.1	54	3	55.9	251	247.2
55-64	133	132.1	33	1	33.9	99	98.2
65+	8	7.3	1	-	1.0	7	6.3
<b>Classification</b>							
VPS 1	-	-	-	-	-	-	-
VPS 2	43	38.1	-	-	-	43	38.1
VPS 3	219	218.5	31	-	31.0	188	187.5
VPS 4	229	227.6	49	-	49.0	180	178.6
VPS 5	373	363.9	122	8	127.1	243	236.9
VPS 6	341	332.9	82	11	89.2	248	243.7
PS	137	136.0	11	-	11.0	126	125.0
STS	121	117.9	28	3	30.4	90	87.5
Executive	154	153.1	-	-	-	154	153.1
<b>Total Employees</b>	<b>1,617</b>	<b>1,587.9</b>	<b>323</b>	<b>22</b>	<b>337.7</b>	<b>1,272</b>	<b>1,250.2</b>

\* headcount

Notes:

- FTE means full-time equivalent.
- All figures reflect employment levels during the last full pay period of June.
- Excluded are employees on leave without pay or absent on secondment, external contractors/consultants, temporary employees employed by employment agencies and statutory appointees.

## Suburban Rail Loop Authority

	@ June 2020						
	All Employees		Ongoing			Fixed Term & Casual	
	Number*	FTE	Full Time*	Part Time*	FTE	Number*	FTE
<b>Gender</b>							
Woman	50	49.5	15	-	15.0	35	34.5
Man	40	40.0	13	-	13.0	27	27.0
Self-described	-	-	-	-	-	-	-
<b>Age</b>							
15-24	3	3.0	-	-	-	3	3.0
25-34	26	26.0	4	-	4.0	22	22.0
35-44	37	36.5	12	-	12.0	25	24.5
45-54	13	13.0	6	-	6.0	7	7.0
55-64	11	11.0	6	-	6.0	5	5.0
65+	-	-	-	-	-	-	-
<b>Classification</b>							
VPS 1	-	-	-	-	-	-	-
VPS 2	1	1.0	-	-	-	1	1.0
VPS 3	3	3.0	-	-	-	3	3.0
VPS 4	13	12.8	1	-	1.0	12	11.8
VPS 5	16	15.9	2	-	2.0	14	13.9
VPS 6	20	20.0	2	-	2.0	18	18.0
PS	3	3.0	-	-	-	3	3.0
STS	12	11.8	1	-	1.0	11	10.8
Executive	22	22.0	22	-	22.0	-	-
<b>Total Employees</b>	<b>90</b>	<b>89.5</b>	<b>28</b>	<b>-</b>	<b>28.0</b>	<b>62</b>	<b>61.5</b>

\* headcount

Notes:

- The Suburban Rail Loop Authority was established effective 3 September 2019.
- FTE means full-time equivalent.
- All figures reflect employment levels during the last full pay period of June.
- Excluded are employees on leave without pay or absent on secondment, external contractors/consultants, temporary employees employed by employment agencies and statutory appointees.

## Executive officer data

For a department, an executive officer (EO) is defined as a person employed as an executive under Part 3 of the *Public Administration Act 2004* (PAA). For a public body, an EO is defined as an executive under Part 3 of the PAA or a person to whom the Victorian Government's Policy on Executive Remuneration in Public Entities applies. All figures reflect employment levels at the last full pay period in June of the current and corresponding reporting year. The definition of an EO does not include a statutory office holder or an Accountable Officer.

The following tables disclose the EOs of the department and its portfolio agencies for 30 June 2020:

- Tables 1, 5, and 8 disclose the total numbers of EOs broken down by gender for the department, Major Transport Infrastructure Authority (MTIA) and Suburban Rail Loop Authority (SRLA) respectively.
- Tables 2, 6 and 9 provide a reconciliation of EO numbers presented between the report of operations and Note 9.8 'Reconciliation of executives' in the financial statements for the department, MTIA and SRLA respectively.
- Tables 3, 7 and 10 disclose the annualised total salary categorised by classification. The salary amount is reported as the full-time annualised salary for the department, MTIA and SRLA respectively.
- Table 4 provides the total EO numbers for all of the department's portfolio agencies.
- Tables 1, 2, 4, 5, 6, 8 and 9 also disclose the variations, denoted by 'var', between the current and previous reporting periods.

## Department of Transport

**Table 1: Total number of executives broken down into gender**

Class	All		Man		Woman		Self-described	
	No	Var	No	Var	No	Var	No	Var
EO-1	7	6	4	3	3	3	-	-
EO-2	50	29	35	20	15	9	-	-
EO-3	84	57	47	36	37	21	-	-
<b>Total</b>	<b>141</b>	<b>92</b>	<b>86</b>	<b>59</b>	<b>55</b>	<b>33</b>	<b>-</b>	<b>-</b>

Note:

- 1) The Secretary (as the Accountable Officer) is not included in the above table.

As a result of a Machinery-of-Government (MoG) change effective 1 July 2019, the Department of Transport, Public Transport Victoria and parts of VicRoads came together to form a new, integrated Department of Transport.

In accordance with a determination by the Assistant Treasurer pursuant to section 53 of the *Financial Management Act 1994*, enabling consolidation of information provided by VicRoads into the Department of Transport's annual report from the 2019-20 financial year, EOs remaining within VicRoads are included in the department EO numbers.

Table 1 above captures EO numbers and variations from 30 June 2019 as reported in the Department of Transport's Annual Report 2018-19.

A total of 134 EOs were employed by the new Department of Transport and VicRoads on 1 July 2019, comprised from the former Department of Transport (50), VicRoads (47) and Public Transport Victoria (37).

The number of EOs in the report of operations is based on the number of EO positions that are occupied at the end of the financial year. Note 9.8 in the financial statements lists the actual number of EOs and the total remuneration paid to EOs over the course of the reporting period. The financial statements note does not include the Accountable Officer, nor does it distinguish between executive levels or disclose separations. Separations are EOs who have left the department during the relevant reporting period. To assist readers, these two disclosures are reconciled below.

Table 2: Reconciliation of executive numbers

	2020	2019
Executives	196	169
Add Accountable Officer (Secretary)	1	1
Less leave without pay	(1)	-
Less Separations	(47)	(120)
<b>Less other</b>	<b>(7)</b>	
<b>Total executives at 30 June</b>	<b>142</b>	<b>50</b>

Notes:

- The above table includes the Accountable Officer in the total of 142 EOs, whereas Table 1 excludes the Accountable Officer in the reported number of 141 EOs.
- Other includes Executive movements between the department and VicRoads post the MoG; non-executives acting in vacant executive roles during the year, and one Executive appointed in the last pay period of 2019-20.

Table 3: Annualised total salary for senior employees

	Executives	STS	PS
<\$160,000	1	-	-
\$160,000 - \$179,999	20	26	6
\$180,000 - \$199,999	27	59	5
\$200,000 - \$219,999	37	29	2
\$220,000 - \$239,999	4	14	3
\$240,000 - \$259,999	14	-	-
\$260,000 - \$279,999	13	-	-
\$280,000 - \$299,999	9	-	-
\$300,000 - \$319,999	8	-	-
\$320,000 - \$339,999	4	-	-
\$340,000 - \$359,999	2	-	-
\$360,000 - \$379,999	1	-	-
\$380,000 - \$399,999	-	-	-
\$400,000 - \$419,999	-	-	-
\$420,000 - \$439,999	-	-	-
\$440,000 - \$459,999	1	-	-
\$460,000 - \$479,999	-	-	-
\$480,000 - \$499,999	-	-	-
>\$500,000	1	-	-
<b>Total headcount</b>	<b>142</b>	<b>128</b>	<b>16</b>

Notes:

- The salaries reported above are the full time equivalent total remuneration, less superannuation.
- There are a total of 12 senior employees employed on a part-time basis; 1 Executive, 1 PS and 10 STS. The part time fractions range from 0.4 to 0.92.



Table 4: Portfolio Agency Executives 30 June 2020

Organisation	June 2020				June 2019				Annual Change			
	W	M	SD	Total	W	M	SD	Total	W	M	SD	Total
Commercial Passenger Vehicles Victoria	3	3	-	6	3	2	-	5	-	1	-	1
Gippsland Ports Committee of Management	-	2	-	2	-	2	-	2	-	-	-	-
Port of Hastings Development Authority	-	2	-	2	-	2	-	2	-	-	-	-
Transport Accident Commission	18	20	-	38	21	19	-	40	(3)	1	-	(2)
V/Line Corporation	19	56	-	75	15	52	-	67	4	4	-	8
Victorian Fisheries Authority	1	2	-	3	1	2	-	3	-	-	-	-
Victorian Ports Corporation (Melbourne)	2	7	-	9	2	8	-	10	-	(1)	-	(1)
Victorian Rail Track Corporation	8	12	-	20	7	14	-	21	1	(2)	-	(1)
Victorian Regional Channels Authority	-	2	-	2	-	2	-	2	-	-	-	-
<b>Total</b>	<b>51</b>	<b>106</b>	<b>-</b>	<b>157</b>	<b>49</b>	<b>103</b>	<b>-</b>	<b>152</b>	<b>2</b>	<b>3</b>	<b>-</b>	<b>5</b>

Notes:

- For the purpose of this table, Executive Officers are defined as employees who have significant management responsibility AND receive a TRP of \$185,711 or more.
- All figures reflect employment levels as at 30 June 2020 unless otherwise stated.
- Excluded are those on leave without pay or absent on secondment, external contractors/consultants and temporary staff employed by employment agencies.

## Major Transport Infrastructure Authority

**Table 5: Total number of executives broken down into gender**

Class	All		Man		Woman		Self-described	
	No	Var	No	Var	No	Var	No	Var
Admin Office Head	1	-	1	-	-	-	-	-
EO-1	6	-	6	-	-	-	-	-
EO-2	137	11	104	6	33	5	-	-
EO-3	24	3	14	4	10	(1)	-	-
<b>Total</b>	<b>168</b>	<b>14</b>	<b>125</b>	<b>10</b>	<b>43</b>	<b>4</b>	<b>-</b>	<b>-</b>

**Table 6: Reconciliation of executive numbers**

	2020	2019
Executives	191	167
Add Administrative Office Head	1	-
Less separations / Leave without pay	(23)	(13)
Less other	(1)	-
<b>Total executives at 30 June</b>	<b>168</b>	<b>154</b>

Note:

- a) Other is one non-executive acting in a vacant executive role during the year.

**Table 7: Annualised total salary for senior employees**

	Executives	STS	PS
<\$160,000	-	-	-
\$160,000 - \$179,999	-	41	35
\$180,000 - \$199,999	1	37	47
\$200,000 - \$219,999	8	41	40
\$220,000 - \$239,999	11	30	54
\$240,000 - \$259,999	13	-	-
\$260,000 - \$279,999	19	1	-
\$280,000 - \$299,999	33	-	-
\$300,000 - \$319,999	11	-	-
\$320,000 - \$339,999	24	-	-
\$340,000 - \$359,999	9	-	-
\$360,000 - \$379,999	8	-	-
\$380,000 - \$399,999	3	-	-
\$400,000 - \$419,999	8	-	-
\$420,000 - \$439,999	1	-	-
\$440,000 - \$459,999	1	-	-
\$460,000 - \$479,999	4	-	-
\$480,000 - \$499,999	3	-	-
>\$500,000	11	-	-
<b>Total headcount</b>	<b>168</b>	<b>150</b>	<b>176</b>

Note:

- a) The salaries reported above are the full time equivalent total remuneration, less superannuation.

## Suburban Rail Loop Authority

**Table 8: Total number of executives broken down into gender**

Class	All		Man		Woman		Self-described	
	No	Var	No	Var	No	Var	No	Var
Admin Office Head	1	n/a	1	n/a	-	n/a	-	n/a
EO-1	-	n/a	-	n/a	-	n/a	-	n/a
EO-2	15	n/a	8	n/a	7	n/a	-	n/a
EO-3	6	n/a	3	n/a	3	n/a	-	n/a
<b>Total</b>	<b>22</b>	<b>n/a</b>	<b>12</b>	<b>n/a</b>	<b>10</b>	<b>n/a</b>	<b>-</b>	<b>n/a</b>

Note:

- a) Variance not applicable as Suburban Rail Loop Authority was established effective 3 September 2019.

**Table 9: Reconciliation of executive numbers**

	2020	2019
Executives	23	n/a
Separations / Leave without pay	(1)	n/a
<b>Total executives at 30 June</b>	<b>22</b>	<b>n/a</b>

Notes:

- a) 2019 data not applicable as Suburban Rail Loop Authority was established effective 3 September 2019.  
 b) The above table does not include staff on higher duties in vacant EO positions.

**Table 10: Annualised total salary for senior employees**

	Executives	STS	PS
<\$160,000	-	-	-
\$160,000 - \$179,999	-	3	-
\$180,000 - \$199,999	-	3	-
\$200,000 - \$219,999	1	6	2
\$220,000 - \$239,999	6	-	1
\$240,000 - \$259,999	-	-	-
\$260,000 - \$279,999	2	-	-
\$280,000 - \$299,999	2	-	-
\$300,000 - \$319,999	3	-	-
\$320,000 - \$339,999	2	-	-
\$340,000 - \$359,999	3	-	-
\$360,000 - \$379,999	1	-	-
\$380,000 - \$399,999	-	-	-
\$400,000 - \$419,999	-	-	-
\$420,000 - \$439,999	1	-	-
\$440,000 - \$459,999	-	-	-
\$460,000 - \$479,999	-	-	-
\$480,000 - \$499,999	-	-	-
>\$500,000	1	-	-
<b>Total headcount</b>	<b>22</b>	<b>12</b>	<b>3</b>

Note:

- a) The salaries reported above are the full time equivalent total remuneration, less superannuation.

## Our health, safety and wellbeing

The department remains committed to fulfilling its obligations under the *Occupational Health and Safety Act 2004* and has commenced the consolidation of three former Health Safety & Wellbeing (HSW) programs into one new program. This involved the development of an HSW Policy, HSW Framework and a three-year HSW strategy that was endorsed at the HSW Group Meeting on 24 June 2020.

The HSW Policy encapsulates the commitment from the department to its people, partners and customers where people are empowered to work safe and work well by putting safety at the centre of everything we do. The Policy also introduces the new concept of being "safe" to mean physical, mental and emotional safety.

The HSW Framework sets the blueprint for managing HSW at the department. The Framework also provides the legislative OH&S responsibilities of all department employees.

The HSW Strategic Plan 2020-2023 encapsulates six key strategic priorities over the next three years:

- implementing an integrated system for managing and reporting key risks in the department
- providing a systematic approach to the identification and management of risk
- creating a movement that supports the mental health and wellbeing of department employees
- enabling an environment where department employees can improve their health safety and wellbeing
- establishing a system that enables the department to capture and report its incident and injury experience
- developing department employees and providing the training required to maintain a safe system of work.

The department is committed to fulfilling its obligations under the Victorian Public Sector Mental Health Charter by:

- providing an online eLearn course, "Creating a Mentally Healthy Workplace" - over 800 department employees have completed this training to date
- conducting face to face mental health training for all department executives and people leaders which represents 900 of the department's employees

- facilitating a series of workshops across the department to focus on work design and how this impacts the psycho-social factors of mental health
- developing and implementing key actions from the workshops for each Group in the department.

To date the department has achieved a number of milestones in HSW to support the integration of the department, these include:

- a consolidated Employee Assistance Program that provides support to approximately 6,100 employees across the department, Major Transport Infrastructure Authority (MTIA), Victorian Fisheries Authority (VFA) and Commercial Passenger Vehicles Victoria (CPVV)
- one safety and wellbeing health service provider that supports the department and its agencies such as MTIA, VFA and CPVV
- a single Health, Safety and Wellbeing Portal called "SafeHub" which provides a one stop shop for everything HSW in the department enabling staff to book services such as flu vaccinations, health checks and participate in HSW programs such as the Walking Challenge.

The department has continued to provide a range of HSW services to employees including:

- provision of flu vaccinations to over 1,500 employees across 35 sites in Victoria
- recognition of key National HSW events such as International Women's Day, Men's Health Week, National Safety at Workday and RUOK Day
- a number of webinars for employees relating to mindfulness, nutrition and infection control and how to look after yourself and others during a time of rapid change
- various online resources to allow employees to safely and effectively work from home during coronavirus (COVID-19)
- online virtual ergonomic assessments and a virtual online gym.

As a part of developing one single HSW program, the department has launched a new program called "SAFE-T" where being "safe" captures the physical, mental and emotional aspects and the "T" represents Transport and is depicted in the shape of a person to reflect the department's people. The tagline for SAFE-T is "Safe Teams, Safe Transport, Safe Together."

### *Injury management and WorkCover*

To ensure injured workers are effectively supported, injury management and early intervention continues to be a key focus of the department with targeted wellbeing support and interventions tailored for staff with work and non-work-related injuries or illnesses.

Following the establishment of the department, legacy Workers Compensation policies from each former organisation were consolidated to form two separate WorkCover policies – Department of Transport and VicRoads (Registration and Licensing). During 2019–20, 30 standard claims relating to both physical and mental injuries were managed under the Department of Transport Workers Compensation policy. There were 16 ‘time lost claims’ across the department portfolio, the majority of these resuming duties in some capacity within a short period of time. There were three claims that exceeded the 13-week milestone. The average cost of a standard claim for the 2019-20 period under the department policy was \$9,309.64.

During 2019-20, 16 standard claims were managed across the Roads Workers Compensation policy. There were three ‘time lost claims’ across the Roads portfolio, with all claims resuming duties in some capacity within a short period of time. There was one claim that exceeded the 13-week milestone. The average cost of a standard claim for the 2019-20 period under the department policy was \$3,616.18.

A total of 70 ‘non-work related’ cases were managed during the 2019-20 financial year. The majority of these cases were as a result of psychological conditions.

### *Incident management*

As at 30 June 2020 the Department of Transport had a Full Time Equivalent (FTE) staff of 3,979, Suburban Rail Loop Authority (SRLA) had an FTE of 89.5 and Major Transport Infrastructure Authority (MTIA) an FTE of 1,991.1.

From July 2019 until June 2020, there were 69 hazards (unsafe acts/unsafe condition) and 228 injuries reported across the network. Of the 228 injuries, 142 were sustained by employees, 58 by contractors and 28 by members of the public.

The highest number of events were reported due to incidents involving vehicle or plant and equipment (491), followed by people security (78) and slips, trips or falls (61).

There were 61 High Potential Injuries (HPIs) reported from July 2019 to June 2020, with nine Critical Incidents also reported during this period.

Overall, the number of incidents reported from March to June 2020 were significantly lower than the previous quarter. The average rate per month has been 38 per cent lower since coronavirus (COVID-19) restrictions have been in place.

Nine notifiable incidents (those which require the Occupational Health and Safety (OH&S) Regulator to be notified) were reported to Worksafe Victoria across the department.

## Performance against OH&S management measures

Measure	Key performance indicators	2019-20		2018-19		2017-18
<b>Incidents</b>	Number of incidents	DoT	1,111	DoT	21	249
		MTIA	36	MTIA	68	
		SRLA	-			
	Rate per 100 FTE <sup>1</sup>	DoT	9.32	DoT	3.17	0.57
		MTIA	1.80	MTIA	5.44	
	No. of incidents requiring first aid and/or further medical treatment	DoT	228	DoT	12	116
		MTIA	12	MTIA	20	
		SRLA	-			
				<i>(4 FAI, 4 MTI, 4 LTI)</i>		
				<i>(11 FAI, 1 MTI)<sup>2</sup> (15 FAI, 2 MTI, 2 RWI, 1 LTI)<sup>2</sup></i>		
<b>Hazards</b>	Number of hazards	DoT	69	DoT	40	183
		MTIA	6	MTIA	9	
		SRLA	-			
	Rate per 100 FTE	DoT	1.8	DoT	6.05	0.42
		MTIA	0.30	MTIA	0.72	
<b>Claims (DoT)</b>	Number of standard claims <sup>3</sup>		30		6	24
	Rate per 100 FTE		0.98		0.9	0.62
	Number of lost time claims <sup>4</sup>		16		4	8
	Rate per 100 FTE		0.52		0.6	0.21
	Number of claims exceeding 13 weeks <sup>5</sup>		3		-	2
	Rate per 100 FTE		0.09		-	0.05
<b>Fatalities</b>	Fatality claims		-		-	-
<b>Claims costs<sup>6</sup></b>	Average cost per standard claim <sup>7</sup>		\$9,309.64		\$11,087	\$32,208
<b>Claims (Roads)</b>	Number of standard claims <sup>3</sup>		16		37	46
	Rate per 100 FTE		2.05		1.36	1.59
	Number of lost time claims <sup>4</sup>		3		19	22
	Rate per 100 FTE		0.38		0.69	0.76
	Number of claims exceeding 13 weeks <sup>5</sup>		1		9	8
	Rate per 100 FTE		0.12		0.33	0.27
<b>Fatalities</b>	Fatality claims		-		-	-
<b>Claims costs<sup>6</sup></b>	Average cost per standard claim <sup>7</sup>		\$3,616		\$18,794	\$24,365
<b>Claims (PTV)</b>	Number of standard claims <sup>3</sup>		-		6	4
	Rate per 100 FTE		-		1.10	0.82
	Number of lost time claims <sup>4</sup>		-		-	3
	Rate per 100 FTE		-		-	0.61
	Number of claims exceeding 13 weeks <sup>5</sup>		-		-	2
	Rate per 100 FTE		-		-	0.41
<b>Fatalities</b>	Fatality claims		-		-	2
<b>Claims costs<sup>6</sup></b>	Average cost per standard claim <sup>7</sup>		-		\$1,381	\$60,908

## Performance against OH&S management measures *continued*

Measure	Key performance indicators	2019-20	2018-19	2017-18
<b>Management commitment</b>	Evidence of occupational health and safety (OH&S) policy statement, OH&S objectives, regular reporting to senior management of OH&S, and OH&S plans (signed by the CEO or equivalent)	Partially achieved	n/a	n/a
	Evidence of OH&S criteria in purchasing guidelines (including goods, services and personnel)	Not yet commenced	n/a	n/a
<b>Consultation and participation</b>	Evidence of agreed structure of Designated Working Groups (DWGs), Health and Safety Representatives (HSRs) and Issue Resolution Procedures (IRPs)	Partially achieved	n/a	n/a
	Compliance with agreed structure, DWGs, HSRs and IRPs	Partially achieved	-	-
<b>Risk management</b>	Percentage of internal audits/inspections conducted as planned	20%	-	-
	Percentage of issues identified actioned arising from: internal audits	50%	-	-
<b>Training</b>	WorkSafe notices	100%	-	-
	Percentage of managers and staff who have received OH&S training: induction	25%	-	-
	management training	25%	-	-
	Percentage of HSRs trained	50%	-	-
	acceptance of role			

### Notes:

- The noticeable increase in the "Rate per 100 full-time equivalent (FTE)" metric can be explained by a far larger organisation now able to exert a far greater awareness of safety proportionate to the FTE number.
- Former PTV claims transferred to the DoT policy as at 1 July 2019.
- 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.
- A time lost claim is one with one 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 subset of standardised claims. Under threshold claims are excluded from this figure.
- Thirteen-week claims is a measure of the number of claims exceeding 65 days compensation. This measure reflects claims reported in prior 6–18 months (2019 calendar year).
- Claim costs consist of actual and estimated costs related to a claim.
- Average claim costs consist of standard claims received by the WorkCover Agent between 30 June 2019 and 30 June 2020 (claims that impact the next WorkCover Premium), calculated as of 30 June 2020. Higher average claim costs do not necessarily translate to higher premium costs, as the premium is impacted by total cost rather than average. DoT paid \$279,463 for 30 claims in total under its DoT policy from 1 July 2019 to 30 June 2020 with an average cost at \$19,309.63 per claim. DoT paid \$57,858 for 16 claims under its Roads Policy from 1 July to 30 June 2020 with an average cost at \$3,616.18 per claim. All former PTV claims were moved to the DoT policy from 1 July 2019.
- FAI: First Aid Injury; MTI: Medical Treatment Injury; LTI: Lost Time Injury; RWI: Restricted Work Injury.

## Appendix 2: Budget portfolio outcomes

### Departmental current year financial review

The budget portfolio outcomes provide a comparison between the actual financial report of all general government entities within the portfolio and the forecast published in the Budget Papers.

The budget portfolio outcomes comprise the comprehensive operating statement, balance sheet, statement of changes in equity and statement of cash flows.

The budget portfolio outcomes have been prepared on a consolidated basis and include all general government entities within the portfolio. Financial transactions and balances are classified into either controlled or administered categories consistent with the published statements in Budget Paper No. 5.

The following budget portfolio outcomes statements are not subject to audit by the Victorian Auditor-General's Office and are not prepared on the same basis as the Department of Transport's Financial Statements, as they include the consolidated financial information of:

Controlled:

- Department of Transport
- Roads Corporation (VicRoads)
- Commercial Passenger Vehicles Victoria (CPVV)
- Victorian Fisheries Authority (VFA).



## Comprehensive operating statement for the financial year ended 30 June 2020

	2019-20 Actual (\$ million)	2019-20 Published budget (\$ million)	Variation	%	Notes
<b>Income from transactions</b>					
Output appropriations	7,541.0	6,920.0	621.0	9%	a
Special appropriations	438.5	631.0	(192.5)	(30) %	b
Interest	2.7	4.0	(1.3)	(31) %	c
Sales of goods and services	318.8	566.0	(247.2)	(44) %	d
Grants	467.0	562.0	(95.0)	(17) %	e
Fair value of assets and services received free of charge or for nominal consideration	11.1	55.0	(43.9)	(80) %	f
Other income	321.4	428.0	(106.6)	(25) %	g
<b>Total income from transactions</b>	<b>9,100.5</b>	<b>9,167.0</b>	<b>(65.5)</b>	<b>(1) %</b>	
<b>Expenses from transactions</b>					
Employee benefits	(619.1)	(504.0)	(115.1)	23%	h
Depreciation and amortisation	(1,019.3)	(1,050.0)	30.7	(3) %	
Interest expense	(358.0)	(460.0)	102.0	(22) %	i
Grants and other transfers	(3,460.3)	(3,314.0)	(146.3)	4%	j
Capital asset charge	(78.0)	(78.0)	-	-	
Other operating expenses	(3,942.9)	(3,818.0)	(124.9)	3%	
<b>Total expenses from transactions</b>	<b>(9,477.7)</b>	<b>(9,224.0)</b>	<b>(253.7)</b>	<b>3%</b>	
<b>Net result from transactions</b>	<b>(377.2)</b>	<b>(56.0)</b>	<b>(319.2)</b>	<b>&gt; 100%</b>	
<b>Other economic flows included in net result</b>					
Net gain/(loss) on non-financial assets	(594.0)	-	(594.0)	100%	k
Net gain/(loss) on financial instruments and statutory receivables/payables	(3.6)	-	(3.6)	100%	
Other gains/(losses) from other economic flows	(43.5)	-	(43.5)	100%	l
<b>Total other economic flows included in net result</b>	<b>(641.1)</b>	<b>-</b>	<b>(641.1)</b>	<b>100%</b>	
<b>Net result</b>	<b>(1,018.3)</b>	<b>(56.0)</b>	<b>(960.3)</b>	<b>&gt; 100%</b>	
<b>Other economic flows – Other non-owner changes in equity</b>					
Changes in physical asset revaluation reserve	12,084.7	3,140.0	8,944.7	> 100%	m
Financial assets available for sale reserve	-	-	-	(100) %	
Other economic flows	(25.1)	1.0	(26.1)	> (100) %	n
<b>Total other economic flows – Other non-owner changes in equity</b>	<b>12,059.6</b>	<b>3,141.0</b>	<b>8,918.6</b>	<b>&gt; 100%</b>	
<b>Comprehensive result</b>	<b>11,041.3</b>	<b>3,084.0</b>	<b>7,958.3</b>	<b>&gt; 100%</b>	

Explanation for major variations between 2019–20 actual and 2019–20 published budget are as follows:

- a) Output appropriations were higher than the published budget primarily due to additional funding as part of Government's response to coronavirus (COVID-19) and the release of funding relating to capital program as well as user charges for services budgeted for under Sales of goods and services.
- b) Special appropriations were lower than the published budget primarily due to reduction in funding relating to traffic camera and on-the-spot fine revenue impacted by coronavirus (COVID-19) and the reclassification of funding from operating to capital in line with accounting standards.
- c) Interest was lower than the published budget primarily due to reduced cash balances held.
- d) Sales of goods and services were lower than the published budget primarily due to decrease in farebox revenues impacted by coronavirus (COVID-19) and user charges relating to services now recognised as output appropriations under Section 29.
- e) Grants were lower than the published budget primarily due to timing of the road safety program.
- f) Fair value of assets and services received free of charge or for nominal consideration were lower than the published budget primarily due to realignment of resources used free of charge with accounting standard changes.
- g) Other income was lower than the published budget primarily due to user charges relating to services now recognised as output appropriations under Section 29.
- h) Employee benefits were higher than the published budget primarily due to the release of operating funding relating to the capital program and reclassification of costs budgeted under other operating expenses.
- i) Interest expenses were lower than the published budget primarily due to timing of scheduled works relating to service concession arrangements.
- j) Grants and other transfers were higher than the published budget primarily due to response to coronavirus (COVID-19) and grants to local government.
- k) Net gain/(loss) on non-financial assets were higher than the published budget primarily due to revaluation of road infrastructure assets as part of the 5-year revaluation cycle.
- l) Other gains/(losses) from other economic flows were higher than the published budget primarily due to movement in rail operator employee provisions due to the decrease in discount rate.
- m) Changes in physical asset revaluation reserve were higher than the published budget primarily due to scheduled 5-year cyclical revaluation of assets with the increase primarily driven by land under roads.
- n) Other economic flows were lower than the published budget primarily due to equity movement relating to accounting standard changes.

## Balance sheet as at 30 June 2020

	2019-20 Actual (\$ million)	2019-20 Published budget (\$ million)	Variation	%	Notes
<b>ASSETS</b>					
<b>Financial assets</b>					
Cash and deposits	664.1	253.0	411.1	> 100%	a
Receivables from government	1,251.5	1,285.0	(33.5)	(3) %	
Other receivables	488.4	448.0	40.4	9%	
<b>Total financial assets</b>	<b>2,404.0</b>	<b>1,986.0</b>	<b>418.0</b>	<b>21%</b>	
<b>Non-financial assets</b>					
Inventories	7.9	8.0	(0.1)	(1) %	
Non-finical assets classified as held for sale including disposal group assets	145.0	163.0	(18.0)	(11) %	b
Property, plant and equipment	87,897.2	82,608.0	5,289.2	6%	c
Intangible assets	88.8	55.0	33.8	62%	d
Other non-financial assets	350.0	79.0	271.0	> 100%	e
<b>Total non-financial assets</b>	<b>88,488.9</b>	<b>82,914.0</b>	<b>5,575.9</b>	<b>7%</b>	
<b>Total assets</b>	<b>90,892.9</b>	<b>84,900.0</b>	<b>5,993.9</b>	<b>7%</b>	
<b>Liabilities</b>					
Payables	8,904.6	9,314.0	(409.4)	(4) %	f
Borrowings	5,579.8	6,754.0	(1,174.2)	(17) %	g
Provisions	955.6	770.0	185.6	24%	h
<b>Total liabilities</b>	<b>15,440.1</b>	<b>16,838.0</b>	<b>(1,397.9)</b>	<b>(8) %</b>	
<b>Net assets</b>	<b>75,452.9</b>	<b>68,062.0</b>	<b>7,391.9</b>	<b>11%</b>	
<b>Equity</b>					
Accumulated surplus/(deficit)	(2,203.9)	18,850.0	(21,053.9)	> (100) %	i
Reserves	12,604.1	28,501.0	(15,896.9)	(56) %	
Contributed capital	65,052.7	20,710.0	44,342.7	> 100%	
<b>Total equity</b>	<b>75,452.9</b>	<b>68,062.0</b>	<b>7,391.9</b>	<b>11%</b>	
<b>Net worth</b>	<b>75,452.9</b>	<b>68,062.0</b>	<b>7,391.9</b>	<b>11%</b>	

Explanation for major variations between 2019–20 actual and 2019–20 published budget are as follows:

- a) Cash and deposits were higher than the published budget primarily due to the timing of payments made relating to the capital program.
- b) Non-financial assets classified as held for sale including disposal of group assets were lower than the published budget primarily due to scheduled 5-year cyclical revaluation of land available for sale.
- c) Property, plant and equipment were higher than the published budget primarily due to 5-year cyclical asset revaluation with the increase primarily driven by land under roads.
- d) Intangible assets were higher than the published budget primarily due to information technology system and software upgrades.
- e) Other non-financial assets were higher than the published budget primarily due to the timing of payments relating to the capital program.
- f) Payables were lower than the published budget primarily due to first time adoption of accounting standards relating to works associated with service concession arrangements for the granting of the right to operate.
- g) Borrowings were lower than the published budget primarily due to the timing of schedule of works relating to the services concession arrangements.
- h) Provisions were higher than the published budget primarily due to the timing of claims received relating to compensation to property owners impacted by planning overlays.
- i) Accumulated surplus/(deficit) was higher than the published budget primarily due to the scheduled 5-year asset revaluation and the integration of VicRoads and Public Transport Victoria into the Department effective 1 July 2019.

## Cash flow statement for the financial year ended 30 June 2020

	2019-20 Actual (\$ million)	2019-20 Published budget (\$ million)	Variation	%	Notes
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
<b>Receipts</b>					
Receipts from government	7,811.7	7,125.0	686.7	10%	a
Receipts from other entities	820.3	1,174.0	(353.7)	(30) %	b
Interest received	2.7	4.0	(1.3)	(31) %	c
Other receipts	51.6	120.0	(68.4)	(57) %	d
<b>Total receipts</b>	<b>8,686.3</b>	<b>8,423.0</b>	<b>263.3</b>	<b>3%</b>	
<b>Payments</b>					
Payments of grants and other transfers	(3,490.4)	(3,314.0)	(176.4)	5%	e
Payments to suppliers and employees	(4,532.6)	(4,275.0)	(257.6)	6%	f
Goods and Services Tax paid to the ATO	(1.3)	-	(1.3)	100%	
Capital asset charge	(78.0)	(78.0)	-	-	
Interest and other costs of finance	(134.7)	(21.0)	(113.7)	> 100%	g
<b>Total payments</b>	<b>(8,237.0)</b>	<b>(7,688.0)</b>	<b>(549.0)</b>	<b>7%</b>	
<b>Net cash flows from operating activities</b>	<b>449.3</b>	<b>734.0</b>	<b>(285.7)</b>	<b>(39) %</b>	
<b>Cash flows from investing activities</b>					
Payments for non-financial assets	(6,075.7)	(6,824.0)	748.3	(11) %	h
Proceeds from sale of non-financial assets	2.9	-	2.9	100%	
Net loans to other parties	(24.7)	137.0	(161.7)	> (100) %	i
<b>Net cash flows used in investing activities</b>	<b>(6,097.5)</b>	<b>(6,687.0)</b>	<b>589.5</b>	<b>(9) %</b>	
<b>Cash flows from financing activities</b>					
Owner contributions by State Government	6,185.9	5,642.0	543.9	10%	j
Repayment of leases and service concession liabilities	(417.6)	(93.0)	(324.6)	> 100%	k
Net borrowings	351.0	277.0	74.0	27%	l
<b>Net cash flows from/ (used in) financing activities</b>	<b>6,119.3</b>	<b>5,826.0</b>	<b>293.3</b>	<b>5%</b>	
<b>Net increase in cash and cash equivalents</b>	<b>471.1</b>	<b>(127.0)</b>	<b>597.1</b>	<b>&gt; (100) %</b>	
Cash and cash equivalents at the beginning of the financial year	193.0	380.0	(187.0)	(49) %	
<b>Cash and cash equivalents at the end of the financial year</b>	<b>664.1</b>	<b>253.0</b>	<b>411.1</b>	<b>&gt; 100%</b>	

Explanation for major variations between 2019–20 actual and 2019–20 published budget are as follows:

- a) Receipts from government were higher than the published budget primarily due to additional funding as part of Government's response to coronavirus (COVID-19), the release of funding relating to capital program as well as working capital cash flows.
- b) Receipts from other entities were lower than the published budget primarily due to the impact of coronavirus (COVID-19) on farebox revenues and timing of works relating to the road's safety program.
- c) Interest received was lower than the published budget primarily due to timing of cash balances held.
- d) Other receipts were lower than the published budget primarily due to due to certain user charges relating to services received through Section 29 appropriation as part of Receipts from government.
- e) Payments of grants and other transfers were higher than the published budget primarily due to increased grants to local government and payments relating to the capital program.
- f) Payments to suppliers and employees were higher than the published budget primarily due to the response to coronavirus (COVID-19) and the release of funding relating to the capital program.
- g) Interest and other costs of finance were higher than the published budget primarily due to accounting standard changes relating to service concession arrangements.
- h) Payments for non-financial assets were lower than the published budget primarily due to the timing of land acquisitions.
- i) Net loans to other parties were lower than the published budget primarily due to due to timing of works relating to the capital program.
- j) Owner contributions by State Government were higher than the published budget primarily due to the release of funding relating to the capital program.
- k) Repayment of leases and service concession liabilities were higher than the published budget primarily due to reclassification due to change in accounting standards.
- l) Net borrowings were higher than the published budget primarily due to due to advances relating to GST cash flows.

## Statement of changes in equity for the financial year ended 30 June 2020

	Accumulated surplus/deficit (\$ million)	Contributions by owners capital (\$ million)	Asset revaluation reserve (\$ million)	Other reserves (\$ million)	Total (\$ million)
<b>Actual result</b>					
Opening balance 1 July 2019 (Actual)	18,287.1	19,527.4	24,194.5	-	62,009.0
Comprehensive result	(1,043.4)	-	12,084.7	-	11,041.3
Machinery-of-Government	(19,447.7)	43,122.8	(23,675.1)	-	-
Transaction with owners in their capacity as owners	-	2,402.6	-	-	2,402.6
<b>Closing balance 30 June 2020 (Actual)</b>	<b>(2,203.9)</b>	<b>65,052.7</b>	<b>12,604.1</b>	<b>-</b>	<b>75,452.9</b>
<b>Budget result</b>					
Opening balance 1 July 2019 (Actual)	15,698.1	19,721.5	25,241.8	-	60,661.4
Comprehensive result	(55.8)	-	3,140.2	-	3,084.4
Transaction with owners in their capacity as owners	3,207.9	988.8	119.0	-	4,315.7
<b>Closing balance 30 June 2020 (Budget)</b>	<b>18,850.2</b>	<b>20,710.3</b>	<b>28,501.0</b>	<b>-</b>	<b>68,061.5</b>

Explanation for major variations between 2019–20 actual and 2019–20 published budget is as follows:

- a) The equity for the portfolio is higher than published budget primarily due to the 5-year cyclical revaluation assets. The actual outturn includes the roll-up of equity classes following the transition of VicRoads and Public Transport Victoria into the Department effective 1 July 2019 as well as accounting standard changes relating to service concession arrangements.

## Administrative items statement for the financial year ended 30 June 2020

	2019-20 Actual (\$ million)	2019-20 Published budget (\$ million)	Variation	%	Notes
<b>Administered income</b>					
Interest	0.3	-	0.3	100%	
Sales of goods and services	276.0	165.9	110.1	66%	a
Other income	2,832.6	2,644.3	188.3	7%	b
<b>Total administered income</b>	<b>3,109.0</b>	<b>2,810.3</b>	<b>298.7</b>	<b>11%</b>	
<b>Administered expenses</b>					
Payments into consolidated fund	(3,098.1)	(2,793.9)	(304.2)	11%	c
Other operating expenses	(1.0)	-	(1.0)	100%	
<b>Total administered expenses</b>	<b>(3,099.1)</b>	<b>(2,793.9)</b>	<b>(305.2)</b>	<b>11%</b>	
<b>Income less expenses</b>	<b>9.9</b>	<b>16.3</b>	<b>(6.5)</b>	<b>(40) %</b>	
Net gain/(loss) on non-financial assets	(0.6)	9.9	(10.5)	> (100) %	d
Net gain/(loss) on financial instruments and statutory receivables/payables	(5.3)	(16.5)	11.2	(68) %	e
<b>Total other economic flows – Other than non-owner changes in equity</b>	<b>(5.9)</b>	<b>(6.6)</b>	<b>0.7</b>	<b>(11) %</b>	
<b>Net result</b>	<b>4.0</b>	<b>26.2</b>	<b>(16.9)</b>	<b>(65) %</b>	
<b>Administered assets</b>					
<b>Financial assets</b>					
Cash and deposits	15.9	11.9	4.1	34%	
Receivables	22.0	104.5	(82.4)	(79) %	f
Non-financial assets	-	58.0	(58.0)	(100) %	g
<b>Total administered assets</b>	<b>38.0</b>	<b>174.3</b>	<b>(136.3)</b>	<b>(78) %</b>	
<b>Liabilities</b>					
Payables	15.8	11.8	4.1	35%	
<b>Total administered liabilities</b>	<b>15.8</b>	<b>11.8</b>	<b>4.1</b>	<b>35%</b>	
<b>Net assets</b>	<b>22.1</b>	<b>162.6</b>	<b>(140.4)</b>	<b>(86) %</b>	



Explanation for major variations between 2019–20 actual and 2019–20 published budget are as follows:

- a) Sales of goods and services were higher than the Published budget primarily due to user charges relating to services previously received as controlled revenues by VicRoads and Public Transport Victoria.
- b) Other income was higher than the Published budget primarily due to higher motor vehicle registration revenues received.
- c) Payments into Consolidated Fund were higher than the Published budget primarily due to user charges relating to services previously received as controlled revenues by VicRoads and Public Transport Victoria and motor vehicle registration revenues received.
- d) Net gain/(loss) on non-financial assets primarily due to timing of sale of assets.
- e) Net gain/(loss) on financial instruments and statutory receivables/payables primarily due to lower actual receivable balances.
- f) Receivables were higher than the Published budget primarily due to timing of revenues received.
- g) Non-financial assets were higher than the Published budget primarily due to the transition of VicRoads into the Department effective 1 July 2019.

## Appendix 3: Capital projects/asset investment programs

The department and its related portfolio entities manage a range of capital projects to deliver services for government.

Information on new and existing capital projects for departments, and the broader Victorian public sector, are contained in Budget Paper No. 4 State Capital Program (BP4), available on the Department of Treasury and Finance's website.

During the year, the following capital projects with a total estimated investment (TEI) of \$10 million or greater were completed. The details related to these projects are reported below.

Table 1: Capital projects reaching practical completion during the financial year ended 30 June 2020<sup>(1)</sup>

Project	Original completion date	Latest approved completion date	Practical completion date	Reason for variance in completion dates	Original approved TEI* budget (\$ million)	Latest approved TEI budget (\$ million)	Actual TEI cost (\$ million)	Variation between actual cost & latest approved TEI budget	Reason for variance from latest approved TEI budget
Princes Highway duplication project – Winchelsea to Colac (regional various)	Jun-19	Dec-19	Nov-19	Note 2	349,490	349,193	309,977	(39,216)	Note 3
Yan Yean Road duplication – Stage 1 (Plenty)	Jun-20	Jun-20	Jul-19	Note 2	126,160	125,958	126,346	0,388	
Chandler Highway upgrade (Alphington, Kew)	Dec-18	Jul-19	Jul-19		110,000	125,415	119,494	(5,921)	Note 4
Drysdale Bypass (Drysdale)	Jun-20	Jun-20	Jun-20		102,560	117,377	117,263	(0,114)	
Metropolitan train control reliability (metro various)	Jun-17	Apr-18	Apr-20	Note 5	87,900	87,900	87,900	-	
Hallam Road Upgrade (Hampton Park)	Jun-20	Jun-20	Jun-20		38,400	53,514	50,238	(3,276)	Note 4
Green Triangle Package (south west regional Victoria)	Apr-20	May-20	May-20		25,000	38,462	38,189	(0,272)	
Midland Highway/Napier Street improvement works (Bendigo)	Jun-19	Jun-19	Jul-19		29,212	34,609	35,546	0,937	
Western Highway – Stawell to South Australian border (Grampians)	Jun-19	Oct-19	Oct-19		0,962	19,236	19,019	(0,217)	
Shepparton heavy vehicle alternative freight route upgrades (Shepparton)	Jun-18	May-20	Mar-20	Note 2	0,096	19,230	16,437	(2,793)	Note 6
Frankston transit interchange improvement project (Frankston)	Jun-17	Dec-19	Dec-19		13,130	13,130	13,148	0,018	
Bridge strengthening and upgrades (statewide)	Jun-20	Apr-20	Apr-20		10,243	10,243	10,041	(0,202)	

\* Total Estimated Investment

Notes:

- 1) As a result of the MoG change effective on 1/7/2019, VicRoads and Public Transport Victoria became part of DoT. This table captures capital projects reaching practical completion for the period 1/7/2019-30/6/2020.
- 2) Practical completion was achieved before the approved date due to works finishing ahead of schedule.
- 3) Actual costs were lower than forecast due to competitive market price at the time of tender, resulting in significant main contract and risk savings.
- 4) Actual costs were lower than forecast due to outstanding main and minor ancillary works which will be completed in 2020-21.
- 5) Practical completion was achieved after the approval date to accommodate Level Crossing works and close out activities.
- 6) Actual costs were lower than forecast due to outstanding land acquisitions and contractor costs to be finalised.

Table 2: Capital projects reaching financial completion during the financial year ended 30 June 2020<sup>(1)</sup>

Project	Practical completion date	Financial completion date	Original approved TEI* budget (\$ million)	Latest approved TEI budget (\$ million)	Actual TEI cost (\$ million)	Variation between actual cost & latest approved TEI budget	Reason for variance from latest approved TEI budget
Metropolitan train safety communications system (metro various)	May-15	May-20	189,890	189,753	189,328	(0.425)	
Regional Public Transport – Major periodic maintenance (regional various)	Jun-18	Mar-20	141,235	140,624	140,624	-	
Protective Services Officers railway infrastructure (metro various)	Dec-19	Mar-20	67,804	66,194	62,007	(4,187)	Note 2
Road and rail minor works fund – rail (statewide)	Jun-19	Jun-20	14,870	14,870	13,904	(0,966)	Note 3
Regional rolling stock (non-metro various)	Jul-16	Jun-20	14,763	12,500	12,500	-	

\* Total Estimated Investment

Notes:

- 1) As a result of the MoG change effective on 1/7/2019, VicRoads, Public Transport Victoria became part of DoT. This table captures capital projects reaching financial completion for the period 1/7/2019-30/6/2020.
- 2) Actual costs were lower than forecast due to reduced scope of works.
- 3) Actual costs were lower than forecast due to lower than expected vendor costs.

## Appendix 4: Disclosure of grants and transfer payments (other than contributions by owners)

The department has provided assistance to companies and organisations. There are no individual grant payments that are deemed to be commercial-in-confidence. Below is a list of grants and transfer payments made by the department during 2019-20.

The grants disclosed in this Appendix are limited to grants made at the discretion of the department and only represent part of the overall Grant expenses amount reported in the operating statement and in the Grant expenses disclosure note (refer 3.2) in the financial statements.

<b>AIDS TO NAVIGATION</b>	<b>\$</b>
BARWON COAST COMMITTEE OF MANAGEMENT	15,310
COLAC OTWAY SHIRE	30,000
GIPPSLAND PORTS COMMITTEE OF MANAGEMENT	134,248
GOULBURN MURRAY WATER	25,783
LATROBE CITY COUNCIL	31,300
PARKS VICTORIA	179,012
SHIRE OF STRATHBOGIE	10,000
<b>TOTAL</b>	<b>425,653</b>
<b>BOATING INFRASTRUCTURE AND MASTER PLANNING</b>	
COLAC OTWAY SHIRE	344,773
CORINELLA FORESHORE RESERVE INCORPORATED	581,940
GIPPSLAND PORTS COMMITTEE OF MANAGEMENT	882,500
PARKS VICTORIA	133,000
SOUTHERN RURAL WATER	33,000
TOORADIN FORESHORE COMMITTEE OF MANAGEMENT	44,000
TOWONG SHIRE COUNCIL	29,876
WARRNAMBOOL CITY COUNCIL	9,360
WELLINGTON SHIRE COUNCIL	204,100
<b>TOTAL</b>	<b>2,262,549</b>
<b>COMMUNITY ASSISTANCE AND LEGAL ADVICE</b>	
WEST JUSTICE	43,750
<b>TOTAL</b>	<b>43,750</b>
<b>FREIGHT RESEARCH</b>	
PORT OF MELBOURNE OPERATIONS PTY LTD	300,000
<b>TOTAL</b>	<b>300,000</b>

<b>LOCAL PORTS PROGRAM</b>	
BARWON COAST COMMITTEE OF MANAGEMENT INC	7,500
COLAC OTWAY SHIRE	80,000
GIPPSLAND PORTS COMMITTEE OF MANAGEMENT INC	481,131
GREAT OCEAN ROAD COAST COMMITTEE INC	10,000
PARKS VICTORIA	515,000
WARRNAMBOOL CITY COUNCIL	16,340
<b>TOTAL</b>	<b>1,109,971</b>
<b>PIERS</b>	
VICTORIAN PORTS CORPORATION (MELBOURNE)	305,000
<b>TOTAL</b>	<b>305,000</b>
<b>PORT PHILLIP BAY ENVIRONS GRANTS</b>	
CITY OF MARIBYRNONG	900,000
PARKS VICTORIA	100,000
<b>TOTAL</b>	<b>1,000,000</b>
<b>RAIL INFRASTRUCTURE</b>	
V/LINE CORPORATION	818,182
<b>TOTAL</b>	<b>818,182</b>
<b>ROAD SAFETY PARTNERSHIP AND PROGRAMS</b>	
	653,981
<b>TOTAL</b>	<b>653,981</b>
<b>SEARCH AND RESCUE</b>	
AUSTRALIAN VOLUNTEER COAST GUARD ASSOCIATION INC	45,200
VICTORIA STATE EMERGENCY SERVICE	17,898
<b>TOTAL</b>	<b>63,098</b>
<b>TRUCK DRIVER TRAINING</b>	
VICTORIAN TRANSPORT ASSOCIATION	470,000
<b>TOTAL</b>	<b>470,000</b>
<b>UPGRADE OF BOATING INFRASTRUCTURE AND ABOLISHMENT OF BOAT RAMP FEES</b>	
BELLARINE BAYSIDE FORESHORE COMMITTEE OF MANAGEMENT INC	31,000
CAPEL SOUND FORESHORES COMMITTEE OF MANAGEMENT INC	54,545
CRIB POINT STONY POINT FORESHORE COMMITTEE OF MANAGEMENT INC	58,430
MORNINGTON PENINSULA SHIRE COUNCIL	230,000
WYNDHAM CITY COUNCIL	14,685
<b>TOTAL</b>	<b>388,660</b>
<b>GRAND TOTAL</b>	<b>7,840,844</b>

## Appendix 5: Victorian Transport Fund

The Victorian Government's Victorian Transport Fund Trust (VTF) was established in 2016 under the *Delivering Victorian Infrastructure (Port of Melbourne Lease Transaction) Act 2016*. The VTF is a dedicated transport investment fund. Payments made out of the VTF include funding

for the Level Crossing Removal Program from 1 July 2016, and other metropolitan and regional infrastructure projects. This report reflects the trust funds that pass through the department only; the port proceeds and investment income form part of the trust reported by DTF.

### Cash balance of the trust

	2019-20 Actual (\$ million)
<b>Opening cash balance</b>	-
<b>Receipts into the trust</b>	
Receipts from the Department of Treasury and Finance	1,782.6
Commonwealth funding	261.8
State Appropriation	678.6
<b>Total receipts into the trust</b>	<b>2,723.0</b>
<b>Payments from the trust<sup>1</sup></b>	
Level crossing removal program	1,456.6
Caulfield to Dandenong conventional signalling and power infrastructure upgrade	40.3
North East Link	341.8
Airport Rail Link	55.8
Regional Rail Revival	-
Regional Rolling Stock	293.2
Major Periodic Maintenance	46.8
Wyndham Vale Stabling Yard	102.3
Total costs incurred	77.3
<b>Total payments from the trust</b>	<b>2,414.1</b>
<b>Movement in accounts payable and provisions</b>	<b>(81.0)</b>
<b>Total payments from the trust</b>	<b>2,333.1</b>
<b>Closing cash balance</b>	<b>389.9</b>

Note:

- 1) Based on accrual accounting principles.

## Appendix 6: Better Roads Victoria

The Victorian Government's Better Roads Victoria Trust was established in 1993 under the *Business Franchise (Protection Products) Act 1979*.

All receipts collected from traffic camera and on-the-spot speeding fines are channelled into Better Roads Victoria Trust. From 1 July 2015, the government effected changes to operation of the Better Roads Victoria Trust to establish a clear linkage between the Better Roads Victoria Trust and the projects and activities it funds.

Effective from 1 July 2019, the *Transport Legislation Amendment (Better Roads Victoria and Other Amendments) Act 2019* introduced new expenditure requirements for the Better Roads Victoria Trust to allocate the traffic camera and on-the-spot speeding fine revenues towards the repair and upgrade of roads over a four-year period on the following basis:

- minimum 33 per cent spent on outer suburban and interface communities
- minimum 33 per cent spent on rural and regional communities.

	2019-20 Actual (\$ million)
<b>Cash balance of the trust</b>	
Opening cash balance	0.3
<b>Receipts of the trust</b>	
Traffic camera and on-the-spot speeding fines revenue	389.8
Appropriation	20.0
<b>Total receipts into trust</b>	<b>410.1</b>
<b>Payments from the trust <sup>(1)(2)</sup></b>	
Outer suburban expenditure	222.0
Rural Regional expenditure	171.5
<b>Total costs incurred</b>	<b>393.5</b>
<b>Movement in accounts payable and provisions</b>	<b>12.6</b>
<b>Total payments from the trust</b>	<b>406.1</b>
<b>Closing cash balance</b>	<b>4.0</b>

Notes:

1) Based on accrual accounting principles.

2) The minimum spend per the outer suburban and rural and regional communities for the 2019-20 financial period, is in line with the set target for the four-year period.



## Appendix 7: Local Jobs First

The Local Jobs First Policy supports Victorian businesses and workers by ensuring that small and medium size enterprises are given a full and fair opportunity to compete for both large and small government contracts, helping to create job opportunities, including for apprentices, trainees and cadets.

The Local Jobs First policy comprises of the Victorian Industry Participation Policy (VIPP) and Major Projects Skills Guarantee (MPSG) policy.

Departments and public sector bodies are required to apply the Local Jobs First policy in all projects valued at \$3 million or more in Metropolitan Melbourne or for state-wide projects, or \$1 million or more for projects in regional Victoria.

MPSG applies to all construction projects valued at \$20 million or more.

### *Projects Commenced – Local Jobs First – Standard Projects*

During 2019-20, the department commenced 50 Local Jobs First Standard projects totalling \$306 million. The projects represent works across the State.

The committed outcomes from these projects, where information was provided, were as follows:

- a commitment to achieve a local content average of 97 per cent of local content
- a commitment to a total of 633 (annualised employee equivalent (AEE)<sup>1)</sup> jobs, representing 113 new jobs and the retention of 520 existing positions
- a commitment to a total of 50 apprentices, trainees and cadet positions, representing 26 new trainees and the retention of 24 current trainees.

### *Projects completed – Local Jobs First – Standard Projects*

During 2019-20, the department completed 16 Local Jobs First Standard projects, totalling \$139 million.

The outcomes reported from the implementation of the Local Jobs First policy to these projects, where information was provided, were as follows:

- an average of 96 per cent of local content commitment was achieved
- a total of 244 (AEE) jobs were supported, representing 41 new jobs and the retention of 203 existing jobs
- a total of 43 apprentices, trainees and cadets were supported representing 14 new trainees and the retention of 29 current trainees.

### *Projects commenced – Local Jobs First – Strategic Projects*

During 2019-20, the department commenced eight Local Jobs First Strategic Projects, valued at \$2.14 billion. Five projects were based in Melbourne with three projects in regional Victoria.

The committed outcomes from these projects where information was provided, were as follows:

- a commitment to achieve a local content average of 96 per cent
- a commitment to a total of 649 (AEE) jobs, representing 142 new jobs and the retention of 507 positions
- a commitment to a total of 139 apprenticeships, cadetships and traineeship positions, representing 80 new trainees and the retention of 59 current trainees.

### *Projects completed – Local Jobs First Strategic*

There were no Strategic Projects reported completed during the year.

### *Small and Medium Business Engagement – Projects Commenced*

During 2019-20, commenced projects committed to engaging 1,464 small to medium sized businesses through the supply chain.

### *Small and Medium Business Engagement – Projects Completed*

During 2019-20, 11 completed projects reported engagement with 122 small to medium sized businesses through the supply chain in the delivery of the projects.

### *Grants*

There were no grants registered that satisfied the policy thresholds.

Note:

- 1) AEE - Annualised Employee Equivalent is calculated by dividing the total number of ordinary working hours that an employee worked and was paid over the reporting period by the total number of work hours per annum.

## Appendix 8: Social Procurement Framework

### *Social procurement*

The department leverages its buying power to deliver social, economic and environmental outcomes benefiting the Victorian community, the economy and the environment — above and beyond the goods, services and construction works procured.

It is guided by the Victorian Government's Social Procurement Framework (SPF), released in April 2018. The SPF applies to the procurement of all goods, services and construction undertaken by, or on behalf of, the department and it is defined by ten objectives:

1. Opportunities for Victorian Aboriginal people
2. Opportunities for Victorians with disability
3. Women's equality and safety
4. Opportunities for disadvantaged Victorians
5. Supporting safe and fair workplaces
6. Sustainable Victorian social enterprise and Aboriginal business sectors
7. Sustainable Victorian regions
8. Environmentally sustainable outputs
9. Environmentally sustainable business practices
10. Implementation of the climate change policy objectives.

### *Social Procurement Strategy*

The department's Social Procurement Strategy 2019-20 committed to achieve the Government's social procurement objectives, enhancing the value for money resulting from departmental procurement. A Social Procurement Strategy 2021-2023 is being developed to outline a pathway for future directions. MTIA has separately developed its own Social Procurement Strategy.

During 2019-20, social value requirements were applied to a variety of procurement activities, including the procurement of goods, services and construction works.

The department undertook several activities to support its Social Procurement Strategy including:

- establishing partnerships with key social procurement delivery partners
- contributing to VPS-wide committees and working groups dedicated to promoting social procurement
- providing education and training to procurement staff on social procurement
- developing procurement procedures and supporting documents.

### *Social Procurement Achievements 2019-20*

During 2019-20 the department:

- engaged 122 social enterprises
- spent a total of \$19.2 million with certified Social Enterprises, Aboriginal businesses and Traditional Owner Corporations, Disability Enterprises, and social outcome companies listed on the Map for Impact.

### *Aboriginal Business Engagement*

During 2019-20 the department:

- engaged 31 Aboriginal businesses and Traditional Owner Corporations
- spent a total of \$2,731,190 with Aboriginal businesses and Traditional Owner Corporations
- achieved 0.94 per cent of 1 per cent target of department direct supplier engagement of Aboriginal businesses.

## Appendix 9: Consultancy expenditure

The department defines a consultant as a particular type of contractor engaged primarily to perform a discrete task that facilitates decision-making through the provision of expert analysis and advice, or the development of a written report or other intellectual output.

Details of individual consultancies where the total fees payable to the consultants were \$10,000 or greater can be found on the department's website, and a summary of consultancies under \$10,000 is included as a part of Appendix 16 - Additional information available on request.

## Appendix 10: Disclosure of major contracts

The department 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 2020. Details of contracts that have been disclosed in the Victorian Government contracts publishing system can be viewed at: [tenders.vic.gov.au](https://tenders.vic.gov.au)

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

## Appendix 11: Government advertising expenditure

In 2019-20, there were eight government advertising campaigns with a total media spend of \$100,000 or greater (exclusive of GST). The details of each campaign are outlined below:

Campaign	Summary	Period	Expenditure					Total
			Advertising media (excl GST)	Creative & campaign development (excl GST)	Research & evaluation (excl GST)	Print & collateral (excl GST)	Other costs	
Safety You Can See (SYCS)	Phase 3 of the SYCS campaign aimed to increase perceptions of safety and improve confidence to travel on public transport, particularly at night. It aimed to improve how safe people feel by highlighting the range of staff across the public transport network that are here to help them travel safely (i.e. PSOs, Transit Police, Authorised Officers etc.). On mode and at station interventions such as CCTV, Safety Zone, Emergency Assistance buttons will also be highlighted.	16/03/2020-17/05/2020	\$439,028	\$120,854	-	-	-	\$559,882
Safest Way to Cross – Motorists (Trams)	This campaign targets motorist behaviour at metropolitan rail crossings where 'queuing' under boom gates is an issue and regional rail crossings where motorists are unsafe at passive crossings.	17/11/2019-21/12/2019	\$198,863	\$180,874	-	-	-	\$379,737
Staying Apart Keeps Us Together	Phase 1 of the Staying Apart Keeps Us Together – Transport campaign providing information about changes on the transport network and how people can change the way they travel to help slow the spread of coronavirus (COVID-19).	09/06/2020-30/06/2020	\$189,612	\$106,721	-	-	-	\$296,333
Autumn Disruptions	Campaign to inform the community about disruptions due to works on the transport network and enable people to make informed travel plans.	08/03/2020-23/03/2020	\$108,846	-	-	-	-	\$108,846
2019 AFL Partnership	The second year of the AFL and PTV partnership. This partnership continued to provide PTV with the opportunity to target AFL fans with specific travel related messages using AFL's major marketing channels such as the AFL Record, app and website. Creating a desire to travel via public transport to the AFL was the key campaign objective. The campaign also focused on mitigating the potential effects of disruptions on customer journeys – encouraging passengers to plan their journey to the footy using a dedicated campaign landing page.	30/06/2019-6/10/2019	\$443,000	\$9,650	-	-	-	\$452,650

Victoria's Big Build	To deliver coordinated messaging to Victorians relating to disruptions associated with major transport infrastructure projects through a campaign which covers all Victoria's Big Build projects, as well as a centralised call centre and website. This campaign highlights the scope and magnitude of current and future infrastructure projects over the coming years, assisting Victorians to prepare for all road and rail disruptions happening near them and keeping them informed of the best travel options. The campaign website also provides a jobs portal, promoting employment opportunities across all projects.	01/07/2019-30/06/2020	\$1,027,515	\$1,977,998	\$63,500	-	-	\$3,069,013
The Metro Tunnel	To inform Melbourne's travelling community, residents and businesses about disruptions associated with the Metro Tunnel. The key messaging enables people to make informed travel plans to ensure they can get to where they need to go as quickly and as efficiently as possible whilst these works are undertaken.	01/07/2019-30/06/2020	\$1,789,966	\$229,834	-	-	-	\$2,019,800
Level Crossing Removal Project	To inform Melbourne's travelling community, residents and businesses about disruptions associated with level crossing removal works. The key messaging enables people to make informed travel plans to ensure they can get to where they need to go as quickly and as efficiently as possible whilst these works are undertaken.	01/07/2019-30/06/2020	\$1,255,575	\$25,479	-	-	-	\$1,281,054

## Appendix 12: Information and communication technology expenditure

The department had a total Information and Communication Technology (ICT) expenditure of \$265.14 million for the 2019-20 reporting period. Details are shown below:

	(\$ million)			
	BAU ICT expenditure	Non-BAU expenditure	Operational expenditure	Capital expenditure
	Total	Total = A + B	A	B
DoT <sup>(1)</sup>	178.1	51.74	26.04	25.7
SRLA	0.2	0.5	0.4	0.1
MTIA	27.7	6.9	5.5	1.4
<b>Total</b>	<b>206.0</b>	<b>59.14</b>	<b>31.94</b>	<b>27.2</b>

Note:

1) ICT Expenditure for the Department of Transport includes the former VicRoads (including R&L), DoT and PTV.

ICT expenditure refers to the department's costs in providing business-enabling ICT services. It comprises Business as Usual (BAU) ICT expenditure and Non-Business as Usual (non-BAU) ICT expenditure.

Non-BAU ICT expenditure relates to extending or enhancing the department's current ICT capabilities. BAU ICT expenditure is all remaining ICT expenditure which primarily relates to ongoing activities to operate and maintain the current ICT capability.

## Appendix 13: Office-based environmental performance

The department meets statutory obligations under Financial Reporting Direction 24D (FRD 24D) to report on office-based activities by reporting on a wide range of its facilities and operations. The department's accommodation portfolio comprises of:

- Offices
- Customer service centres / call-contact centres / licence testing centres customer hubs
- Depots / project offices.

In accordance with FRD 24D guidelines, wherever an entity's staff are co-located within a department managed site, the department is responsible for reporting the environmental performance of that site.

### Procurement

The department's procurement activities are environmentally responsible and support the objectives of the Government's Environmental Procurement Policy. They support social procurement principals, including consideration of environment and sustainability impacts throughout the procurement process. This includes review of social procurement practices, principles and outcomes that will be delivered by suppliers through the provision of goods and services and the environmental and sustainability practices they adopt to reduce their environmental impact.

Some office-based sites offer e-waste services for environmentally sound disposal of printers and printer cartridges. Future objectives include offering e-waste services at all office-based sites for:

- printers and printer cartridges
- batteries.

## Energy

Indicator	2019-20 DoT <sup>1,2,3</sup>	2018-19 DoT <sup>3</sup>	2018-19 DEDJTR	2017-18 DEDJTR
Total energy consumption (MJ)	57,605,750	7,309,974	67,485,507	145,753,468
Electricity (excluding green power)	48,867,159	5,936,754	43,833,150	98,545,744
Green power <sup>4</sup>	-	-	-	-
Natural gas	8,738,591	1,373,220	22,285,150	47,207,724
LPG <sup>4,5</sup>	-	-	1,366,726	
Office energy consumption (MJ)	53,150,014	5,925,625	10,587,085	27,467,034
Greenhouse gas emissions from total energy consumption (tonnes CO <sub>2</sub> -e)	15,687	2,419	15,569	31,996
Percentage of electricity purchased as green power	-	-	-	-
Units of energy used per FTE (MJ/FTE)	8,989	8,958	3,420	9,143
Units of energy used per unit of office area (MJ/m <sup>2</sup> )	487	111	114	498
Number of FTEs	5,912.7	662	3,096	3,003
Office tenancy m <sup>2</sup>	185,847	21,244	92,947	55,162
Number of reported sites	62	9	55	51

### Notes:

- 1) 2019-20 FY shows increased energy usage compared to the DoT 2018-19 FY as VicRoads and PTV merged with the existing DoT on 1 July 2019, significantly increasing the department's FTE and number of sites.
- 2) Due to the coronavirus (COVID-19), and the resulting working from home directive for the VPS, energy data for the 2019-20 FY will vary significantly from the data provided in the previous financial years.
- 3) The net lettable area for the 2018-19 and 2019-20 FY has been adjusted at 1 Spring Street and 121 Exhibition Street to reflect the separation of DoT and DJPR.
- 4) DoT does not receive base building energy data from all leased sites. This includes the consumption of green power and LPG which is not reported on by base building.
- 5) Melbourne city sites do not use LPG. Some regional sites potentially use LPG, however no data is available.

### Actions and Achievements

- Continued awareness campaigns aimed at reducing energy consumption.
- Participation in the annual Earth Hour event.
- The ongoing implementation of technology uplifts including Office 365.
- LED upgrades have commenced inside some buildings.

### Future Objectives

- Improve the data collection and reporting of energy information and estimations.
- Plan and implement the energy audit actions where appropriate.
- Continue seeking further ways to reduce energy consumption.



## Water

	2019-20 DoT <sup>1,2,3,4</sup>	2018-19 DoT <sup>3</sup>	2018-19 DEDJTR	2017-18 DEDJTR
<b>Indicator</b>				
Total water consumption (kL)	<b>26,753</b>	7,308	59,704	121,265
Office water consumption (kL)	<b>26,753</b>	7,308	11,030	30,639
Units of metered water consumed in offices per FTE (kL/FTE) <sup>5</sup>	<b>4.5</b>	11	4	10
Units of metered water consumed in offices per unit of office area (kL/m <sup>2</sup> )	<b>0.25</b>	0.14	0.12	0.6
<b>Number of FTEs</b>				
Number of FTEs	<b>5,912.7</b>	662	3,096	3,003
<b>Office tenancy m<sup>2</sup></b>				
Office tenancy m <sup>2</sup>	<b>185,847</b>	21,244	92,947	50,732
<b>Number of reported sites</b>				
Number of reported sites	<b>62</b>	9	55	28

### Notes:

- 1) 2019-20 FY shows increased water usage compared to the DoT 2018-19 FY as VicRoads and PTV merged with the existing DoT on 1 July 2019, significantly increasing the department's FTE and number of sites.
- 2) Due to the coronavirus (COVID-19), and the resulting working from home directive for the VPS, water data for the 2019-20 FY will vary significantly from the data provided in the previous financial years.
- 3) The net lettable area for the 2018-19 and 2019-20 FY has been adjusted at 1 Spring Street and 121 Exhibition Street to reflect the separation of DoT and DJPR.
- 4) DoT does not receive base building water data from all leased sites, or data from sites where water was paid for.

### Actions and Achievements

- Continued awareness campaigns aimed at reducing office water consumption.
- Refurbished office environments aim to reduce water consumption including waterless urinals.

### Future Objectives

- To continue seeking further ways to reduce water consumption.

## Paper

	2019-20 DoT <sup>1,2</sup>	2018-19 DoT	2018-19 DEDJTR	2017-18 DEDJTR
<b>Indicator</b>				
Total units of copy paper purchased (reams) <sup>3,4</sup>	<b>34,095</b>	3,085	15,424	50,242
Units of copy paper used per FTE (reams/FTE)	<b>5.77</b>	4.66	4.98	16.52
75–100% recycled content	<b>60.53%</b>	98.97%	98.97%	98.97%
50–74% recycled content	<b>31.87%</b>	-	-	-
0–49% recycled content	<b>7.60%</b>	1.03%	1.03%	1.03%
<b>Number of FTEs</b>	<b>5,912.7</b>	662	3,096	3,003

### Notes:

- 1) 2019-20 FY shows increased paper usage compared to the DoT 2018-19 FY as VicRoads and PTV merged with the existing DoT on 1 July 2019, significantly increasing the department's FTE.
- 2) Due to the coronavirus (COVID-19), and the resulting working from home initiatives implemented by the department, paper data in the 2019-20 FY will vary significantly from the data provided in the previous financial years.
- 3) DoT paper purchasing is calculated using data from the Government stationery supplier. Paper consumption is based on the cost codes within DoT's supplier's database and not all codes have been adjusted from the separation of DoT and DJPR.
- 4) The default recycled white paper available for purchasing has 100% recycled content, all coloured paper available for purchasing continues to have no recycled content.

### Actions and Achievements

- Worked with Government stationery supplier to improve cost centre information for more accurate reporting for the department (excluding the former PTV and VicRoads).

### Future Objectives

- Collaboration with the Government stationery supplier to improve cost centre information for more accurate reporting.
- Collaborate with Government stationery supplier to review ordering process to identify ways to reduce use of non-recycled paper.

## Waste and recycling

	2019-20 DoT	2018-19 DoT	2018-19 DEDJTR	2017-18 DEDJTR
<i>Indicator</i>				
<i>Total units of waste disposed of by destination (kg)</i>	-	26,059	121,959	152,258
Landfill (kg)	-	8,873	41,525	46,505
Comingled recycling (kg)	-	4,035	18,884	24,018
Paper and card (kg)	-	5,803	27,157	19,284
Secure documents (kg)	-	5,603	26,223	50,406
Organics (kg)	-	1,746	8,170	12,043
<i>Total units of waste disposed of per FTE by destination (kg/FTE)</i>	-	78.79	78.79	74.62
Landfill (kg/FTE)	-	26.83	26.83	22.79
Comingled recycling (kg/FTE)	-	12.20	12.20	11.7
Paper and card (kg/FTE)	-	17.54	17.54	9.45
Secure documents (kg/FTE)	-	16.94	16.94	24.7
Organics (kg/FTE)	-	5.28	5.28	
Recycling rate (%)	-	66%	66%	69.5%
Greenhouse gas emissions associated with waste (tonnes CO <sub>2</sub> -e)	-	13.59	63.62	77.95
Number of FTEs	-	662	3,096	3,003
Number of sites audited	-	6	6	6

### Notes:

- 1) The majority of waste audits were planned for March/April 2020. Due to the coronavirus (COVID-19) these audits were not completed and 2019-20 FY data cannot be reported.
- 2) Figures in this table are based on an annual audit which determines sample waste data. The sample waste data for the 2018-19 FY and 2017-18 FY was extrapolated across the whole department for DoT and DJPR to estimate the overall result for each department.

### Actions and Achievements

- As part of office fit-outs and relocations, items were recycled, repurposed and reused.
- Promotion of environmental initiatives to reduce single use plastic by the purchase of keep cups, stainless steel straws, bottles, cutlery and produce bags.
- An environmental behaviour change campaign took place to reduce waste and promote environmental awareness.
- A stationery free-cycle collection point operates at some CBD sites to encourage recycling, minimise waste and reduce the amount of stationery ordered.

### Future Objectives

- Continue to reuse office furniture and fit-out materials, reducing waste from office fit-out projects.
- Promotion of environmental campaigns.
- Continue to seek further ways to reduce waste over the next financial year.

## Travel and transport

	2019-20 DoT <sup>1,2</sup>	2018-19 DoT	2018-19 DEDJTR	2017-18 DEDJTR
<b>Indicator</b>				
Total energy consumption by fleet vehicles (MJ) <sup>3</sup>	<b>38,446,071</b>	3,097,616	17,587,190	28,827,435
Diesel	<b>25,460,592</b>	1,318,190	9,079,500	17,077,370
LPG	-	-	81,487	526,640
Unleaded	<b>10,428,584</b>	1,768,620	6,682,160	8,527,320
Hybrid	<b>2,556,895</b>	10,806	1,744,043	2,696,104
<b>Total distance travelled by fleet vehicles (km)</b>	<b>12,142,635</b>	318,262	4,461,478	12,958,201
Diesel	<b>7,201,232</b>	181,217	2,391,779	6,559,832
LPG	-	-	25,094	267,102
Unleaded	<b>3,515,643</b>	132,926	1,364,576	4,130,814
Hybrid	<b>1,425,760</b>	4,119	680,029	2,000,451
Greenhouse gas emissions from fleet vehicles (tonnes CO <sub>2</sub> -e)	<b>2,673</b>	213	1,215	1,995
Diesel	<b>1,795</b>			1,204
LPG	-			32
Unleaded	<b>705</b>			576
Hybrid	<b>173</b>			182
Greenhouse gas emissions from fleet vehicles per 1000km (tonnes CO <sub>2</sub> )	<b>0.22</b>	0.67	0.27	0.15
<b>Total distance travelled by aeroplane (km)<sup>4</sup></b>	<b>1,680,502</b>	854,914	4,299,550	7,122,847
Greenhouse gas emissions from air travel (tonnes CO <sub>2</sub> -e)	<b>205</b>	187	925	1,516

### Notes:

- 1) 2019-20 FY shows increased travel compared to the DoT 2018-19 FY as VicRoads and PTV merged with the existing DoT on 1 July 2019, significantly increasing the department's FTE.
- 2) Due to the coronavirus (COVID-19), and the resulting working from home initiatives implemented by the department, travel data in the 2019-20 FY will vary significantly from the data provided in the previous financial years.
- 3) 2019-20: The fleet vehicle data is based on the vehicle list used for the FBT reporting period April 2019 – March 2020 with non-operational vehicles excluded.
- 4) 2019-20: DoT staff air travel and associated greenhouse gas emissions are calculated using data from the government travel agent, Corporate Travel Management.

### Actions and Achievements

- The department minimises travel by using telephone, video conferencing, and Skype for Business whenever possible.
- Staff are encouraged to utilise public transport options wherever possible.

### Future Objectives

- A continuous improvement program on vehicle usage, log data collection and data management of fuel usage across all of the department.

## Appendix 14: Freedom of Information

Victoria's *Freedom of Information Act 1982* (the Act) gives members of the public the right to apply for access to documents held by ministers, Victorian Government departments, local councils, public hospitals, statutory authorities and most semi-government agencies. The Act allows a Department to refuse access, either fully or partially, to certain documents or information. If an applicant is not satisfied by a decision made by the department, under section 49A of the Act, they have the right to seek a review by the Office of the Victorian Information Commissioner (OVIC) within 28 days of receiving a decision letter.

The Freedom of Information (FOI) statistics for the department in 2019-20 also include requests made to the Suburban Rail Loop Authority (established 1 September 2019) and the Major Transport Infrastructure Authority (established on 1 January 2019), encompassing Rail Projects Victoria, Level Crossing Removal Project (previously Level Crossing Removal Authority), North East Link Project (previously North East Link Authority), West Gate Tunnel Project (previously West Gate Tunnel Authority) and Major Road Projects Victoria (previously Major Road Projects Authority).

### Department of Transport – 1 July 2019 to 30 June 2020

FOI requests from Members of Parliament	62
FOI requests from media	12
FOI requests other	1,400
<b>Total</b>	<b>1,474</b>

Total Information Commissioner reviews	18
Total VCAT appeals	6

### Major Transport Infrastructure Authority – 1 July 2019 to 30 June 2020

FOI requests from Members of Parliament	16
FOI requests from media	0
FOI requests other	30
<b>Total</b>	<b>46</b>

Total Information Commissioner reviews	12
Total VCAT appeals	6

### Suburban Rail Loop Authority – 1 September 2019 to 30 June 2020

FOI requests from Members of Parliament	3
FOI requests from media	1
FOI requests other	0
<b>Total</b>	<b>4</b>

Total Information Commissioner reviews	2
Total VCAT appeals	1

## Lodging FOI requests

A request must be made in writing and accompanied by the application fee. Requests should be addressed to the relevant officer.

### Department of Transport

#### **Freedom of Information Manager, DoT**

GPO 2392 Melbourne VIC 3001  
Telephone: (03) 9208 3112  
Email: [foi@transport.vic.gov.au](mailto:foi@transport.vic.gov.au)

### Major Transport Infrastructure Authority (MTIA)

#### **Freedom of Information Officer, MTIA**

GPO Box 4509 Melbourne VIC 3001  
Telephone: 1800 105 105  
Email: [MTIA-FOI@mtia.vic.gov.au](mailto:MTIA-FOI@mtia.vic.gov.au)

### Suburban Rail Loop Authority (SRLA)

#### **Freedom of Information & Privacy, SRLA**

PO Box 4509, Melbourne VIC 3001  
Telephone: 1800 105 105

Requests can also be lodged online at [online.foi.vic.gov.au](http://online.foi.vic.gov.au)

## Appendix 15: Compliance and attestation

### Compliance with the *Building Act 1993*

This attestation relates to the entire reporting period. It identifies activities, resources and changes that have occurred as part of the establishment of the integrated Department of Transport on 1 July 2019 following the amalgamation of VicRoads and PTV with the existing department.

The majority of the department's leased office accommodation is managed by the Department of Treasury and Finance (DTF) through the Shared Service Provider (SSP). The department's directly managed portfolio includes offices, combined office/depots, depots, project offices, customer service centres, call/contact centres, licence testing centres, digital hubs, customer hub and kiosks and sites identified for land sales no longer required by the department.

#### Audit of government-owned and leased buildings for the presence of combustibile cladding

DTF undertook an audit of leased sites identifying buildings that fall within the risk criteria established by the Victorian Cladding Taskforce, that is, three or more above ground storeys or buildings of a public nature (Class 9 buildings) with two or more above ground storeys. The audit identified one building with combustibile cladding in the department with future rectification works to be scheduled.

#### Number of building permits, occupancy permits or certificates of final inspection issued in relation to buildings owned by the department

A total of 10 building permits have been issued during the reporting period; certificates of final inspection have been achieved across nine projects, and one project is still in delivery.

#### Mechanisms for inspection, reporting, scheduling and carrying out maintenance works on existing buildings

The department engages the DTF SSP to ensure that its buildings are compliant with the *Building Act 1993* and are maintained in a safe and serviceable condition. The DTF SSP performs detailed condition audits (covering asbestos, cladding and building conditions) and ensures annual essential safety measures reports are available for each site. Each site has nominated health and safety representatives and first aid officers, and is supported by the facilities team which forms part of Workplace Services or teams embedded in various major transport

infrastructure delivery teams. These teams triage some scheduled and ad hoc maintenance works that are undertaken by SSP or managed directly.

For all other buildings, the department has internal mechanisms and programs in place to ensure compliance with the building and maintenance provisions of the *Building Act 1993*. These include routine and ad hoc building inspections and an annual maintenance program.

#### Number of emergency orders and building orders issued in relation to buildings

There were no emergency or building orders issued against the department during the year.

#### Number of buildings that have been brought into conformity with building standards during the reporting period

There were no buildings requiring conformity with building standards during the reporting period.

#### Major works projects

Thirteen projects (valued over \$50,000) pertaining to the department's leased and owned office accommodation portfolio were commenced or completed in 2019-20. Twelve of these projects were completed and one remains in delivery.

- CBD – 180 Exhibition Street, Level 21 – Office fit-out
- CBD – 121 Exhibition Street, Levels 8-10 – Office modification
- CBD – 121 Exhibition Street, Levels 11 & 13 – Office fit-out
- CBD – 121 Exhibition Street, Levels 12 & 14 – Office fit-out
- CBD – 180 Lonsdale Street, Levels 25 & 26 – Office fit-out
- CBD – 77 Southbank Boulevard – Office fit-out
- CBD – 1 Spring Street, Level 21 – Office refurbishment
- CBD – 1 Spring Street, Level 22 – Boardroom refurbishment
- Metro – Belgrave-Hallam Road, Hallam – Office modification
- Metro – 71 Hartnett Drive, Seaford – Carpark refurbishment works
- Metro – 12 Clarke Street, Sunshine – Office modification
- Metro – 85 Derrimut Road, Deer Park – New office fit-out
- Regional – 88 Learmonth Street, Wendouree – Office modification.

## Competitive Neutrality 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 it is not in the public interest. Government businesses are required to cost and price these services as if they were privately owned. Competitive neutrality policy supports fair competition between public and private businesses and 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.

The department is working to ensure Victoria fulfils its requirements on competitive neutrality reporting for technological based businesses against the enhanced principles as required under the Competition Principles Agreement and Competition and Infrastructure Reform Agreement.

## Compliance with DataVic Access Policy

The department continues to support and leverage the Victorian Government Data Directory ([data.vic.gov.au](http://data.vic.gov.au)).

The department has established the Data Exchange platform that focuses on an application programming interface (API) capability. The API allows the community to access live traffic data; travel time, speed sign data and dynamic message signs are now available to the public with plans to further build the platform.

The department continues to work with the Department of Premier and Cabinet to explore improvements and new opportunities to include additional datasets on the platform. The popularity of transport open datasets continues to expand; 206 datasets were made available in 2019-20, with more than 14,000 pageviews at a conversion rate of 59 per cent.

The department is currently focused on delivering and expanding an Enterprise Information Catalogue, with the aim of publishing extra curated and governed datasets for inclusion in the Victorian Government Data Directory.



## Compliance with the *Public Interest Disclosures Act 2012*

The *Public Interest Disclosures Act 2012* (the Act) encourages and assists people in making disclosures of improper conduct by public officers and public bodies. The Act provides protection to people who make disclosures in accordance with the Act, and it establishes a system for the matters disclosed to be investigated and rectifying action to be taken.

The department does not tolerate improper conduct by its employees, contractors and consultants, nor the taking of reprisals against those who come forward to disclose such conduct. It is committed to ensuring transparency and accountability in its administrative and management practices, and it 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.

The department 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/s who are the subject of the disclosure to the extent it is legally possible.

### Reporting procedures

Disclosures of improper conduct or detrimental action by the department or any of its employees may be made to any of the following departmental personnel:

- Secretary of the department
- Public Interest Disclosure Coordinator
- manager or supervisor of the disclosure
- manager or supervisor of the person who is the subject of the disclosure, or
- a person acting in any of the above roles.

Alternatively, disclosures may also be made directly to the Independent Broad-based Anti-corruption Commission (IBAC):

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

Phone: 1300 735 135

Internet: [ibac.vic.gov.au](http://ibac.vic.gov.au)

Email: [info@ibac.vic.gov.au](mailto:info@ibac.vic.gov.au)

### Further information

For further information about public interest disclosures please visit the IBAC website ([ibac.vic.gov.au](http://ibac.vic.gov.au)).

### Disclosures under the *Public Interest Disclosures Act 2012*

Indicator	Total 2019-20	Total 2018-19
Public Interest Disclosures	-	n/a

## Compliance with *Child Wellbeing and Safety Act 2005*

### Child Safe Standards

The *Child Wellbeing and Safety Act 2005* establishes the Child Safe Standards (the Standards). The Standards are compulsory minimum requirements that aim to drive cultural change within organisations to help protect children from abuse and neglect.

The Standards apply to all Victorian organisations that deliver services or facilities specifically for children or engage children as employees or volunteers.

The department delivers a small number of services to children. These include programs on fishing and road safety education. The department also funds or regulates some organisations that deliver services to children, including the regulation of organisations that are required to hold a child employment permit under the *Child Employment Act 2003*.

The activities undertaken by the department in 2019-20 focused on education. The department worked actively to disseminate information about the Standards to promote compliance and embed the Standards in policy and practice.

Activities undertaken by the department and its related entities included:

- The department has a Child Safe Standards Policy which applies to all departmental staff including employees, contractors, consultants, work experience students and volunteers.
- The department ensured compliance with the Standards in delivering school bus services and the VicRoads 'L2P' Learner Driver Mentor Program.

### Reportable Conduct Scheme

The *Child Wellbeing and Safety Act 2005* also establishes the Reportable Conduct Scheme (RCS). The RCS requires organisations to respond to and report allegations of child-related misconduct made against their employees or volunteers.

The RCS applies to in-scope organisations, including departments, that exercise care, supervision or authority over children.

Activities undertaken by the department and its related entities included:

- The department has a Reportable Conduct Scheme Policy which applies to all departmental staff including employees, contractors, consultants, work experience students and volunteers.
- The Victorian Fisheries Authority has developed a Child Safe Reporting Procedure which applies to all staff members, volunteers, board and committee members.

## Attestation for financial management compliance with Ministerial Standing Direction 5.1.4

### Department of Transport Financial Management Compliance Attestation Statement

I Paul Younis, the Secretary of the Department of Transport, as the Responsible Body and Accountable Officer, certify that the Department of Transport has no Material Compliance Deficiency with respect to the applicable Standing Directions under the *Financial Management Act 1994* and Instructions for the 2019-20 financial year.



**Paul Younis**

Secretary

Department of Transport

14 / 10 / 2020

## Appendix 16: Additional information available on request

In compliance with the requirements of the Standing Directions of the Minister for Finance, details in respect of the items listed below have been retained by the department and are available on request, subject to the provisions of the *Freedom of Information Act 1982*:

- statement that declarations of pecuniary interests have been duly completed by all relevant officers of the department
- details of shares held by a senior officer as nominee or held beneficially in a statutory authority or subsidiary
- details of publications produced by the department about the department, and how these can be obtained
- details of changes in prices, fees, charges, rates and levies charged by the department
- details of any major external reviews carried out on the department
- details of major research and development activities undertaken by the department
- details of overseas visits undertaken including a summary of the objectives and outcomes of each visit
- details of major promotional, public relations and marketing activities undertaken by the department to develop community awareness of the department and its services
- details of time lost through industrial disputes
- list of major committees sponsored by the department, the purposes of each committee and the extent to which the purposes have been achieved
- details of all consultancies and contractors.

The information is available on request from:

Freedom of Information Manager  
Department of Transport  
GPO 2392 Melbourne VIC 3001  
Telephone: (03) 9208 3112  
Email: [foi@transport.vic.gov.au](mailto:foi@transport.vic.gov.au)

Additional information included in annual report

Details in respect of the following item have been included in this report, on the page indicated below:

- details of assessments and measures undertaken to improve the occupational health and safety of employees (refer to Appendix 1 – Our Health, Safety and Wellbeing)
- details of time lost through industrial accidents (refer to Appendix 1 – Our Health, Safety and Wellbeing).

## Appendix 17: Acronyms

AAS	Australian Accounting Standards	DWGs	Designated Working Groups
AASB	Australian Accounting Standards Board	EO	Executive Officer
AC	Amortised cost	FAI	First Aid Injury
AEE	Annualised employee equivalent	FMA	<i>Financial Management Act 1994</i>
ARIC	Audit, Risk and Integrity Committee	FOI	Freedom of information
ARTC	Australian Rail Track Corporation	FRD	Financial Reporting Direction
ATNAB	Additions to the Net Assets Base	FTE	Full-time equivalent
ATO	Australian Taxation Office	GORTO	Grant of rights to operate
BAU	Business as usual	GST	Goods and Services Tax
BP4	Budget Paper No. 4 State Capital Program	HCMT	High capacity metro trains
CALD	Culturally and linguistically diverse	HPIs	High Potential Injuries
CBD	Central Business District	HSRs	Health and Safety Representatives
CCC	Crisis Council of Cabinet	HSW	Health Safety & Wellbeing
CCTV	Closed circuit television	IBAC	Independent Broad-based Anti-corruption Commission
CEO	Chief Executive Officer	ICT	Information and communication technology
CPVV	Commercial Passenger Vehicles Victoria	IDAHOB IT Day	International Day Against Homophobia, Biphobia, Intersexism, and Transphobia
CRC	Current replacement cost	IRPs	Issue Resolution Procedures
CSO	Community service obligation	kg	Kilograms
CWS Act	<i>Child Wellbeing and Safety Act 2005</i>	kL	Kilolitres
DEDJTR	Department of Economic Development, Jobs, Transport and Resources	km	Kilometres
DHHS	Department of Health and Human Services	KMP	Key Management Personnel
DJPR	Department of Jobs, Precincts and Regions	L2P	Learner Driver Mentor Program
DoT	Department of Transport	LMA	Linking Melbourne Authority
DoT I&D Strategy	Department of Transport Inclusion & Diversion Strategy 2020-2023	LSL	Long service leave
DPC	Department of Premier and Cabinet	m <sup>2</sup>	Square metres
DTF	Department of Treasury and Finance	MTM	Metro Trains Melbourne
DV	Development Victoria	MBSCs	Metropolitan bus services contracts

MJ	MegaJoules	STR	Short-term registration
MoG	Machinery-of-Government	TAC	Transport Accident Commission
MPSG	Major Projects Skills Guarantee	TBMs	Tunnel boring machines
MPV	Major Projects Victoria	TEI	Total Estimated Investment
MTI	Medical Treatment Injury	TfV	Transport for Victoria
MTIA	Major Transport Infrastructure Authority	TIA	<i>Transport Integration Act 2010</i>
NHVR	National Heavy Vehicle Register	TCAA	<i>Transport Legislation Amendment Act 2019</i>
Non-BAU	Non-Business as Usual	TRO	Transport Restructuring Order
OH&S	Occupational health and safety	VAGO	Victorian Auditor-General's Office
OVIC	Office of the Victorian Information Commissioner	VCAT	Victorian Civil and Administrative Tribunal
PAA	<i>Public Administrations Act 2004</i>	VFA	Victorian Fisheries Authority
PMF	Performance Management Framework	VGv	Valuer-General Victoria
POBOS	Payments on behalf of the State	VicRoads	Roads Corporation of Victoria
PPE	Property, Plant and Equipment	VIPP	Victorian Industry Participation Policy
PPP	Public Private Partnership	VOZR	Vessel Operating and Zoning Rules
PTV	Public Transport Victoria	VPS	Victorian Public Service
R&L	Registration and Licensing	VTF	Victorian Transport Fund
RCS	Reportable Conduct Scheme	VWA	Victorian WorkCover Authority
RoU	Right-of-Use		
RSV	Road Safety Victoria		
RWI	Restricted Work Injury		
SCAs	Service concession arrangements		
SCL	Service concession liability		
SIMS	Safety Incident Management System		
SPF	Social Procurement Framework		
SRLA	Suburban Rail Loop Authority		
SSP	Shared Service Provider		

## Appendix 18: Disclosure Index

The Department of Transport Annual Report 2019-20 is prepared in accordance with all relevant Victorian legislation and pronouncements. This index has been prepared to facilitate identification of the department's compliance with statutory disclosure requirements.

LEGISLATION	REQUIREMENT	PAGE REFERENCE
<b>Standing Directions and Financial Reporting Directions</b>		
<a href="#">Report of Operations – FRD Guidance</a>		
<b>Charter and Purpose</b>		
FRD 22H	Manner of establishment and the relevant Ministers	9
FRD 22H	Purpose, functions, powers and duties	6
FRD 8D	Departmental objectives, indicators and outputs	188
FRD 22H	Key initiatives and projects	6, 14-20
FRD 22H	Nature and range of services provided	6-9
<b>Management and structure</b>		
FRD 22H	Organisational structure	7-8
<b>Financial and other information</b>		
FRD 8D	Performance against output performance measures	200
FRD 8D	Budget portfolio outcomes	238
FRD 10A	Disclosure index	277
FRD 12B	Disclosure of major contracts	257
FRD 15D	Executive officer disclosures	229
FRD 22H	Employment and conduct principles	220
FRD 22H	Occupational health and safety policy	234
FRD 22H	Summary of the financial results for the year	30
FRD 22H	Significant changes in financial position during the year	31-34
FRD 22H	Major changes or factors affecting performance	31-34
FRD 22H	Subsequent events	178
FRD 22H	Application and operation of <i>Freedom of Information Act 1982</i>	267
FRD 22H	Compliance with building and maintenance provisions of <i>Building Act 1993</i>	269
FRD 22H	Statement on National Competition Policy	270
FRD 22H	Application and operation of the <i>Public Interest Disclosures Act 2012</i>	271
FRD 22H	Application and operation of the <i>Carers Recognition Act 2012</i>	223
FRD 22H	Details of consultancies over \$10 000	257
FRD 22H	Details of consultancies under \$10 000	274
FRD 22H	Disclosure of government advertising expenditure	258
FRD 22H	Disclosure of ICT expenditure	260
FRD 22H	Statement of availability of other information	274

LEGISLATION	REQUIREMENT	PAGE REFERENCE
<b>Standing Directions and Financial Reporting Directions</b>		
FRD 24C	Reporting of office-based environmental impacts	261
FRD 25D	Local Jobs First	255
FRD 29C	Workforce Data disclosures	224
SD 5.2	Specific requirements under Standing Direction 5.2	4-37
<b>Compliance and attestation</b>		
SD 5.1.4	Attestation for compliance with Ministerial Standing Direction	273
SD 5.2.3	Declaration in report of operations	5
<b>Financial Statements</b>		
<b>Declaration</b>		
SD 5.2.2	Declaration in financial statements	24
<b>Other requirements under Standing Directions 5.2</b>		
SD 5.2.1(a)	Compliance with Australian accounting standards and other authoritative pronouncements	37
SD 5.2.1(a)	Compliance with Standing Directions	24
SD 5.2.1(b)	Compliance with Model Financial Report	186
<b>Other disclosures as required by FRDs in notes to the financial statements</b>		
FRD 9B	Departmental disclosure of administered assets and liabilities by activity	73
FRD 11A	Disclosure of ex gratia expenses	163
FRD 13	Disclosure of parliamentary appropriations	38
FRD21C	Disclosures of responsible persons, executive officers and other personnel (contractors with significant management responsibilities) in the financial	174
FRD 103H	Non-financial physical assets	76
FRD 110A	Cash flow statements	33
FRD 112D	Defined benefit superannuation obligations	50
FRD 114C	Financial Instruments – general government entities and public non-financial corporations	141
<b>Legislation</b>		
	<i>Freedom of Information Act 1982</i>	267
	<i>Building Act 1993</i>	269
	<i>Public Interest Disclosures Act 2012</i>	271
	<i>Carers Recognition Act 2012</i>	223
	<i>Disability Act 2006</i>	223
	<i>Local Jobs First Act 2003</i>	255
	<i>Financial Management Act 1994</i>	24