

1976-77

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VICTORIA

VICTORIAN RAILWAYS

REPORT

OF THE

VICTORIAN RAILWAYS BOARD

FOR THE

YEAR ENDED JUNE, 30, 1977

PRESENTED TO BOTH HOUSES OF PARLIAMENT PURSUANT TO ACT 7 ELIZABETH II. No. 6355

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VICTORIAN RAILWAYS BOARD

A. G. GIBBS, A.O.	Chairman
I. G. HODGES	Member
J. J. BROWN	Member
R. W. ELLIS	Member
L. M. PERROTT, O.B.E.	Member
F. R. G. STRICKLAND	Member
J. G. W. URBAHNS	Member
N. G. WILSON, C. M. G.	Member

September 21, 1977

The Honorable J. A. Rafferty, M.P.,

Minister of Transport.

Dear Mr. Minister,

In accordance with Section 105 of the Railways Act, the Report of the Victorian Railways Board for the year ended June 30, 1977 is submitted to Parliament.

Yours sincerely,

A. G. GIBBS,
Chairman, Victorian Railways Board.

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**REPORT OF THE
VICTORIAN RAILWAYS BOARD
FOR THE YEAR ENDED
JUNE 30, 1977.**

THE PATTERN EMERGES

During 1976–77 steady progress was achieved towards the Board's main objectives, which can be summarised as follows:—

- (1) the progressive raising of service standards, combined with steadily increasing productivity, to ensure increased penetration of the various markets in which the Board operates;
- (2) rationalisation of railway operations to meet the demands of an increasingly competitive environment;
- (3) adaptation of the railway organisational structure in response to changed needs.

The rate of progress towards the first and most important of these objectives depends on the availability of capital funds. Competitive service can best be given with modern equipment, and the Board is still seriously hampered in its efforts by the necessity to keep in service large fleets of obsolete, costly to maintain suburban and country passenger carriages and four-wheeled freight wagons. Similarly, improvements in productivity are dependent upon capital expenditure for the application of modern, labour-saving technologies.

Suburban passenger operations are particularly dependent upon capital investment for improved service standards. Apart from the vital need for completion of the city underground loop system and replacement of obsolete wooden-bodied rolling stock, track tripling and duplication works are needed to reduce running times and increase reliability, and the upgrading of signalling and communication systems will result in increased productivity, greater reliability, and faster recovery from service faults and breakdowns.

Melbourne already possesses the outstanding advantage of a comprehensive fixed rail network—train and tram—that is the envy of many cities its size. The capital expenditure required to bring this network to its full potential effectiveness is substantial, but small in comparison with the alternative of improving the radial road network to facilitate travel by private car.

The year under review saw the introduction of further modern, stainless steel electric trains and completion of trackwork projects between South Kensington–Footscray and Sunshine–Deer Park West, together with the provision of improved signalling between Mordialloc and Frankston. As reported elsewhere in this Report, several other major projects are in hand. An adequate, assured flow of capital funds will be needed to bring these projects to fruition at an economic rate.

Considerable progress was achieved during the year towards the Board's objectives of rationalisation of rail services to meet the demands of an increasingly competitive environment, and adaptation of the railway organisational structure to meet the needs arising from these changes.

The regional freight centre system, first successfully implemented in the Horsham area during 1975-76, was extended during 1976-77 with equally satisfactory results throughout the Western District. Further centres are in course of introduction and the whole State is expected to be served in this way during 1978.

Such major developments necessitate critical examination of the ability of the traditional organisational structure to respond to new demands. The review carried out in conjunction with the development of regional freight centres established the desirability of separating goods terminal operations from train running, and this separation was effected by the setting up, as from February 1, 1977, of the Freight Branch which has assumed responsibility for goods loading and unloading operations, including regional freight centres, but excluding wagonload freight of types which are not loaded and unloaded by Railway staff. The reconstituted Traffic Branch has retained responsibility for all train operations.

Extensions of the regional freight centre concept to other districts are being achieved by application of the formula which proved so successful at Horsham: an initial thorough analysis, with maximum community involvement, of district transport requirements; selection of centre locations on the basis of minimum combined rail/road distribution costs; the employment under contract of locally-based carriers for the road portion of the task; the incorporation into the distribution networks of off-rail towns, to the extent economical and practicable, on a through rail freight basis; and the provision of service frequencies at least equal to, and in the great majority of cases better than, the frequencies it was practicable to provide under the previous all-rail system.

The best evidence of the success of the regional freight centre system is the enthusiastic support which was generated at Horsham and has accompanied the extension of the system to other districts. There have also been encouraging indications of additional business, and the Board is confident that, given the capital funds to suitably equip the centres and ensure that service standards are maintained at a competitive level, it will retain a strong hold on the market even when a fully competitive environment becomes a reality.

In the meantime, in response to the Board's representations the Government has deferred the relaxation of road transport controls until the new system becomes firmly established in each district.

Arising out of a proposal for the construction of an oil pipeline on railway land between Altona and Somerton, the Board was empowered by Act No. 8812 of 1975 to (a) subscribe to shares or debentures in a pipeline company, or (b) enter into agreements or arrangements with a pipeline company.

Subsequently, by Act No. 8991 of 1977 the Board was further empowered, subject to the consent of the Treasurer, to promote a company or companies to construct, own and operate pipelines on railway or other lands, or to participate in the construction and operation of such pipelines.

At the close of the year the Treasurer's approval had been sought for promotion of a company to join in a co-venture with other Companies to construct and operate the proposed Altona-Somerton oil pipeline. The initial function of this pipeline will be to convey jet fuel (by means of an extension from Somerton to be constructed by the Oil Companies) to Tullamarine Airport, but ultimately it will allow large quantities of other petroleum products to be conveyed through the suburban area to a terminal at Somerton for onward distribution by rail to country areas.

Subsequent to the close of the year the Treasurer's approval was received and the Company, known as VicRail Pipelines Pty. Ltd., was incorporated on August 8, 1977.

On the passenger side, rationalisation has progressed to the extent of the replacement of a number of branch line rail car services by contract bus services, operating at rail charges; in some cases school buses, working under contract to the Education Department, have taken over the task previously performed by rail. Details of these changes, together with a map showing the substitute services and the June, 1977, Regional Freight Centre network, are to be found elsewhere in this Report.

In conjunction with the rationalisation of services several poorly-patronised lines have been closed and others are being operated only as required for traffic in full wagonloads. Details of these developments are also shown on the map and listed in the appropriate section of this Report.

During the year the Board's plans to bring the railway administrative structure into alignment with present-day requirements advanced a further stage with the setting up of the new Management Controls Division, which will progressively review existing practices and procedures and recommend ways by which Management may be made more effective and efficiency increased. Further details regarding the work of this Division appear in the appropriate section of the Report.

With over 70 per cent of railway working expenses being manpower-related the Board is not in a position to adjust expenditure quickly in response to variations in traffic brought about by seasonal or economic conditions. For the same reason it is no easy task to achieve longterm economies, to offset the ever-pressing effects of monetary inflation on costs, in such a way as to ensure that at the same time standards of service are maintained or improved. From both viewpoints the year 1976-77 was a difficult one and the Board takes considerable satisfaction in the manner in which costs were contained during the year, as set out in the next section of this Report.

FINANCE

	1976/77 \$	1975/76 \$
Operating— REVENUE	163,677,482	147,449,945
REVENUE SUPPLEMENT	138,077,218	124,945,105
TOTAL INCOME	301,754,700	272,395,050
WORKING EXPENSES	301,754,700	272,395,050

Non operating expenses in 1976-77 amounted to \$17,370,574, made up of Interest and Exchange \$16,798,326 and Sinking Fund \$572,248. The corresponding amounts in 1975-76 were: Interest and Exchange \$13,848,756; Sinking Fund \$526,905, a total of \$14,375,661.

Revenue

Compared with the previous year, revenue increased by \$16.2 million, due mainly to the effect of higher charges imposed in July, 1976, as outlined under the "Market" section of this Report.

Operating Expenses

Expenditure during the year increased by \$29.3 million compared with 1975-76. Having regard to the fact that costs were inflated by no less than \$38.1 million by salary and wage awards and other labour-associated expenses; higher prices of materials and services; and an increased transfer of revenue to the Melbourne Underground Rail Loop Authority, this can only be regarded as a most satisfactory result reflecting the tight control on real expenditure that was maintained throughout the year.

At the same time the Board fully recognises the serious nature of the railway financial situation whereby, because of past failure to raise charges in line with inflationary increases in costs, it now costs nearly \$2 to earn each \$1 of revenue. This situation must be countered on three fronts: better utilisation of available resources, capital investment in labour-saving technology, and regular upward adjustments in charges within the limits set by market conditions. Only the first of these is fully within the power of the Board.

Segregation of Railway Accounts

As a further step towards the analysis of railway operating results into the separate categories of service with the degree of accuracy necessary to form the basis of explicit subsidies, invitations were issued to Consultant firms to submit proposals for the development and implementation of a computerised passenger audit and information system. The submitted proposals were still under consideration at the close of the year.

THE MARKET

Freight Operations

As from July 12, 1976, goods tariff rates were restructured and simplified, with all rates being brought into relationship with two base tables, Classes 'A' and 'Grain'. At the same time the distance tables were rationalised into zones as follows:—

Distance km	No. of Zones	Km per Zone
1-600	40	15
601-1000	8	50

In conjunction with this restructuring and rationalisation published rates were increased by a weighted average of 15 per cent, with the exception that no increase was applied to livestock or bulk petroleum products. In the case of freight contracts, rate increases of up to 10 per cent were negotiated.

In framing these increases the Board had proposed that livestock rates be increased by 25 per cent and that the rates on grain and superphosphate be increased by 20 per cent. The Government decided that no increase would apply to livestock and that the increases on grain and superphosphate were to be limited to 15 per cent, but at the same time agreed that the loss of revenue to the Railways occasioned by these decisions would be made up by way of a Treasury reimbursement. This practical application of the principle that the Railways should not be required to bear the cost of decisions made for non-commercial reasons is a matter of considerable encouragement to the Board. The reimbursement received during 1976-77 by reason of this decision was \$1,304,238.

On August 1, 1976, Railways of Australia interstate tariff rates were adjusted by implementation of the third stage of restoration of volume/mass relationship between the various scales (the earlier stages of restoration were introduced during 1975-76 as previously reported). This resulted in varying increases to the different classes of traffic.

Interstate contract freight charges were increased by 7 per cent as from August 1, 1976, with the exception of steel traffic from N.S.W. to Victorian destinations which was increased by 9 per cent from January 1, 1977.

Principal Operating Statistics

The principal indices of freight train performance, which are shown below, disclose an improvement in performance, compared with last year, in every instance except the average net train load which declined very slightly. The fact that new record levels were achieved in net wagon load, daily wagon output and hourly goods train output is evidence of the efforts which are being made to increase productivity by more effective use of available equipment.

	1976-77	1975-76	1974-75
Average kilometres per wagon per day	60.44	57.86	58.06
Average daily wagon output (net tonne kilometres)	700	663	647
Average net wagon load (tonnes)	17.56	17.07	16.67
Average net tonne kilometres per goods train hour	7,074	6,965	6,785
Average net train load (tonnes)	307	308	300
Standing time (hours) per 100 train kilometres	6.06	6.43	6.20

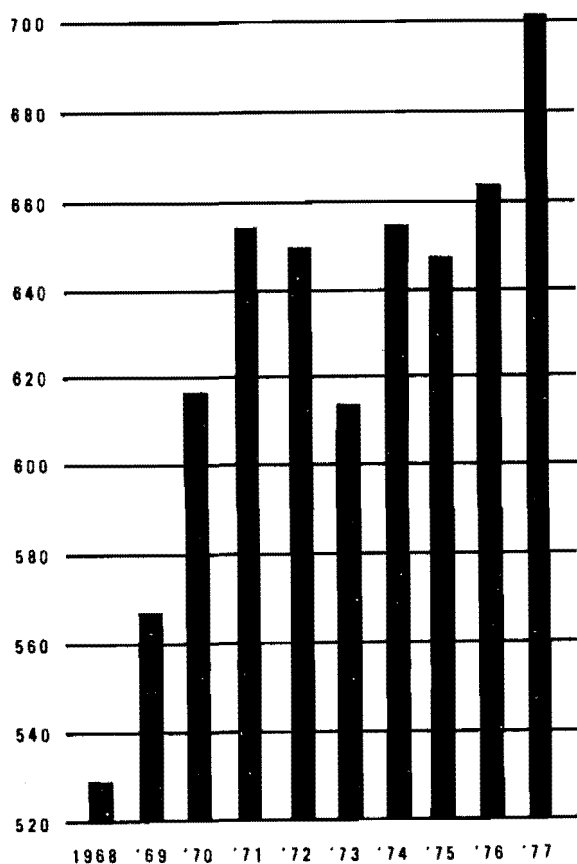
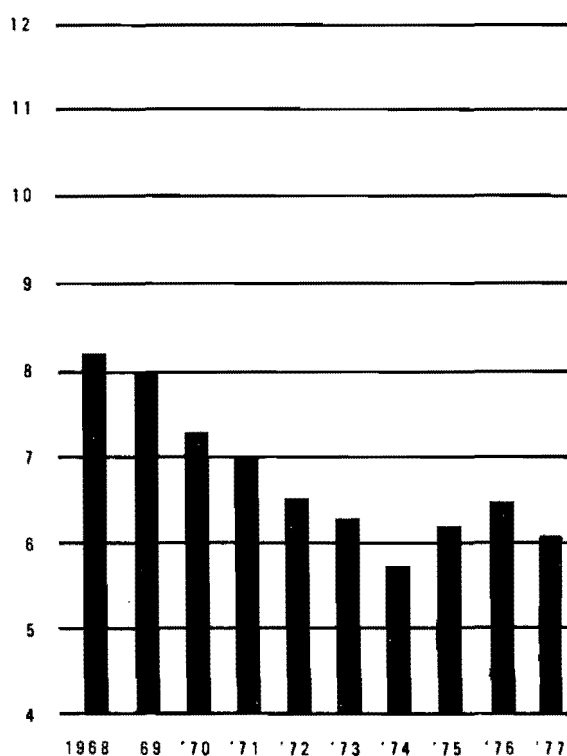
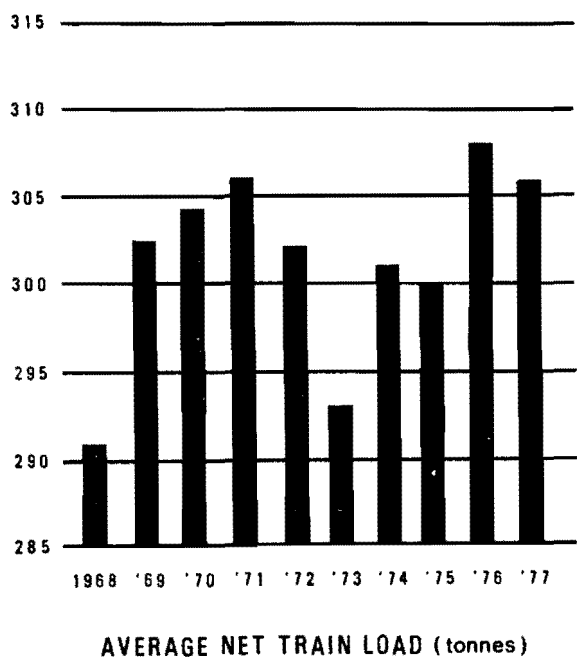
Regional Freight Centres

Following the successful opening of the first Regional Freight Centre at Horsham in April, 1976, the system was extended throughout the Western District during the year under review and centres at the following locations were opened on the dates shown:—

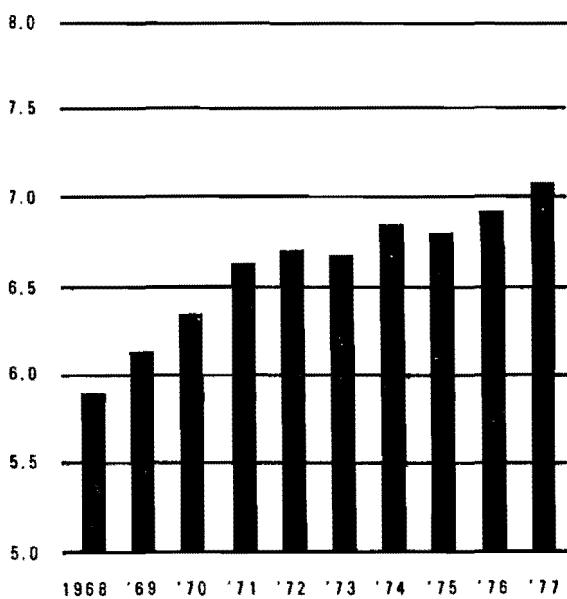
Hamilton	..	7.2.77
Ararat	..	14.2.77
Portland	..	7.3.77
Warrnambool	..	4.4.77
Camperdown	..	18.4.77
Colac	..	3.5.77

FREIGHT OPERATING STATISTICS

(YEARS ENDING JUNE 30)



T H O U S A N D S



The zone of influence of each centre is illustrated on the map appearing opposite page 8 of this Report.

At the close of the year activity in regard to the establishment of further Centres was being concentrated mainly in the Gippsland and South Gippsland areas, but only one location—Bairnsdale—had been definitely decided upon. The extent to which the various towns throughout the district are vying for the distinction of being chosen as sites for Regional Freight Centres is an indication of the extent to which the concept has won community acceptance.

In the field of bulk freight, the most significant development during the year was the inauguration of trainload movements of crushed rock from Apex Quarry's crushing plant at Kilmore East to that Company's private siding at Westall. Commencing in September, 1976, with five trains weekly conveying 2,800 tonnes of product, by the end of the year the movement had built up to eight trains weekly conveying over 8,000 tonnes. The successful negotiation of this contract, in competition with road operators, once again proved the Railways' economic superiority for bulk movements, even over relatively short distances, particularly where the alternative would be transit over heavily congested metropolitan roads of between 60 and 70 heavy trucks daily.

Passenger Operations—Metropolitan

Commencing on July 4, 1976, suburban fare scales were further simplified by reduction of the number of charging zones from 18 to 13. Ten zones cover all suburban journeys to or from Melbourne, and the other three provide for the very few two-line journeys in excess of 66 km in length.

As the result of this further simplification, over a period of two years the number of charging zones for travel to or from Melbourne has been reduced from 78 to 10. This has greatly reduced the number of separate ticket issues that must be held in booking offices and will facilitate the introduction of automatic ticket vending.

In conjunction with simplification of the scales suburban fares were increased by an average of 15 per cent, with some fluctuations owing to the effects of the new zoning, and the suburban fare area was extended to include all stations within 60 km from Melbourne and to Healesville and Mornington. At the same time the benefits of off peak tickets (which are sold at approximately 25 per cent below ordinary return fares), previously confined to journeys to Melbourne, were extended to journeys in any direction throughout the System embracing stations up to 60 km from Melbourne.

The banning of smoking on suburban trains, by Government request, as from November 15, 1976, has resulted in increased cleanliness at lower cost, greater comfort for the majority of passengers, and more flexible train operations because it is no longer necessary to consider the location of smoking compartments in the consists of trains. The ban has resulted in no detectable loss of patronage and must be regarded as a successful innovation.

To provide a better opportunity for handicapped people to use suburban trains, wheelchair ramps have been placed at a total of 93 stations.

Country and Intersystem Passenger Operations

Commencing on July 4, 1976, country single and return fares were increased by an average of 10 per cent and periodical fares, which are structured on the same basis as suburban fares, by 15 per cent.

At the same time the benefits of off peak day return fares, at a reduction of approximately 20 per cent below discount return fares, were extended beyond the suburban area to nominated trains on the Geelong, Ballarat, Kyneton, Seymour, Warragul, Healesville, Mornington and Stony Point lines.

The VicRail Package Tour programme was further expanded during the year and continued to attract excellent support. The number of tours sold increased by 33 per cent to 44,290 and total revenue rose by 66 per cent to \$643,921, much of which represents increased earnings at minimum additional cost, from regularly operated services.

During the period 1948–1953 a fleet of diesel rail cars and trailers was purchased to operate on country lines in replacement of “mixed” passenger and goods trains. These rail cars have now reached the end of their economic life and, owing to their relatively light construction, have become very costly to maintain. Because of the growth of motor car ownership patronage of the various services has declined to levels that do not justify the heavy costs of modern rail cars, and accordingly the Government has approved a programme of replacement of branch line rail car services by road bus services operating under contract to the Board.

In pursuance of this programme rail passenger operations ceased on the following lines on the dates shown:—

Murtoa–Hopetoun	..	5.7.76
Ballarat–Linton	..	17.12.76
Kerang–Koondrook	..	17.12.76
Swan Hill–Woorinen	..	17.12.76
Swan Hill–Piangil	..	24.12.76
Bendigo–Sea Lake	..	9.5.77
Tallarook–Mansfield	..	30.5.77

The Linton, Koondrook, Woorinen and Piangil rail cars, which were operated almost entirely for school traffic, were replaced by school bus services operating under contract to the Education Department. Arrangements have been made for the carriage of other passengers, on behalf of the Railways, as required.

The remaining rail cars listed were replaced on the dates shown, by road buses operating under contract to the Board and providing both passenger and parcels services at standard Railway scales of charges. In the case of the Mansfield service detailed investigation showed that the interests of passengers would best be served by operating the substitute road service through to Melbourne via Yea, instead of perpetuating the circuitous all-rail route via Tallarook.

At the close of the year arrangements were well advanced for the substitution of contract road buses for several more rail car services, and others were under investigation. In every case the objective is to provide a substitute service at least the equal of, and wherever practicable better than, the previous rail car operation, at a considerable saving in cost.

Although intersystem fares were not varied during the year, travel by intersystem trains fell slightly compared with the previous year. A special promotion offering a 20 per cent reduction to businessmen travelling between Melbourne and Sydney by “Southern Aurora” between February and Easter, 1977, yielded encouraging results and will be repeated later in 1977.

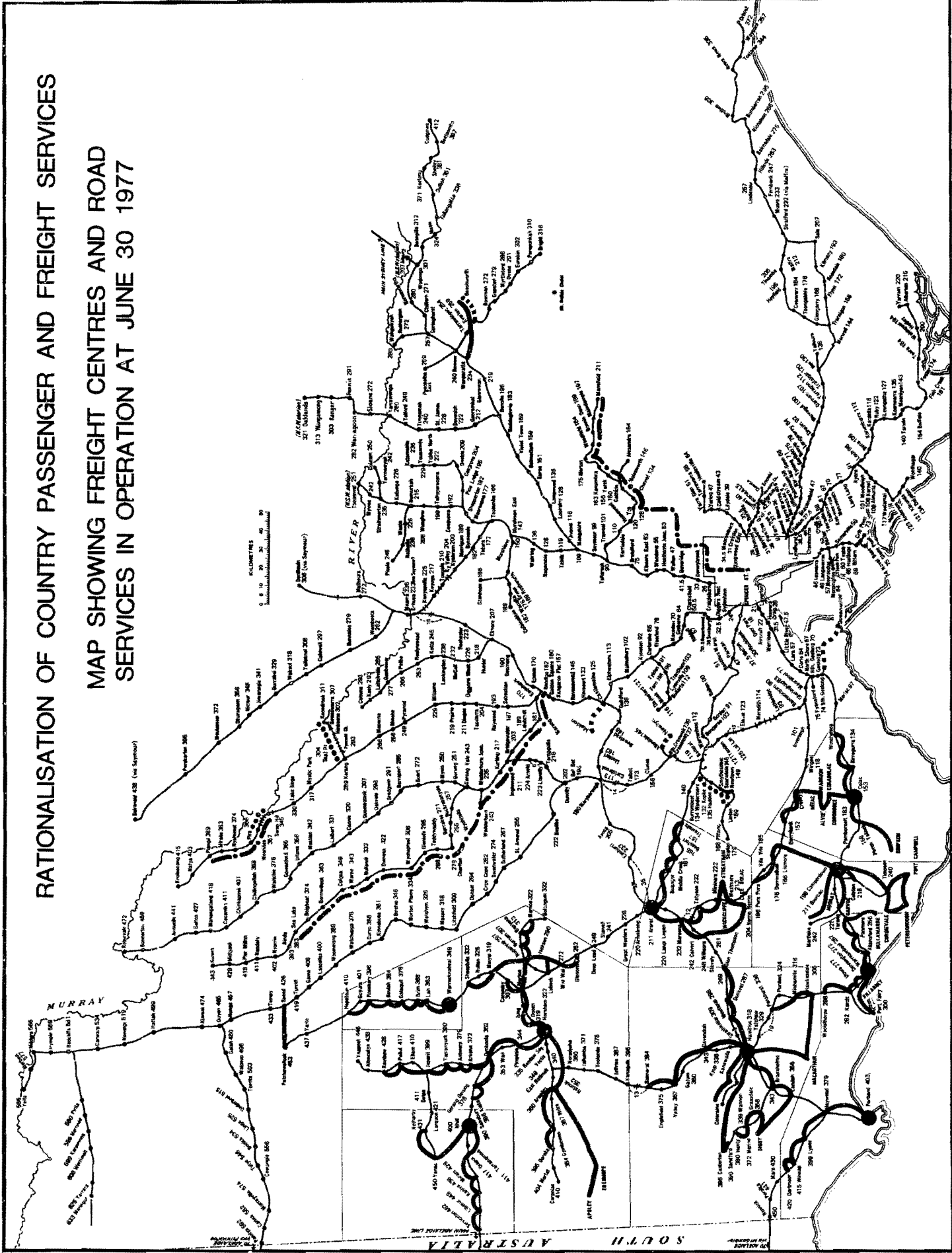
For some years past rail passengers from Melbourne to Perth have been able to book on “The Trans-Australian” from Port Pirie on seven days per week, it being the practice of Australian National Railways to combine this train with “The Indian-Pacific” as a “double consist” on the days of operation of the latter train.

Commencing on February 1, 1977, the operation of “double consists” was discontinued by Australian National Railways and on the days of operation of “The Indian-Pacific” Perth-bound passengers from Melbourne have available to them only such berths as may be vacant on that train from Port Pirie. The most serious implication, from the Board’s viewpoint, in the consequent big reduction in the number of berths available for intending passengers from Melbourne to Perth has been the consequent significant reduction in travel by “The Overland” between Melbourne and Adelaide.

During the year the Board has been disturbed by moves — so far rejected by the Transport Regulation Board — by the operators of interstate road passenger services to obtain rights to carry intrastate passengers on those sections of their routes within Victoria. It is this Board’s firm view that any such whittling away of the already slim market for public passenger transport in country areas would not be in the best interests of passengers generally. While it is a fact that the interests of efficiency and economy demand that the public passenger transport network to serve this limited market be constituted by a combination of the rail and road modes in which each is utilised to its best advantage, the Board contends strongly that this objective can be best attained if only one operator — the Victorian Railways — is confirmed as having the prime responsibility to the Government to control all such services.

RATIONALISATION OF COUNTRY PASSENGER AND FREIGHT SERVICES

MAP SHOWING FREIGHT CENTRES AND ROAD SERVICES IN OPERATION AT JUNE 30 1977



LEGEND:

FREIGHT CENTRES

FREIGHT ROAD ROUTES

ROAD PASSENGER AND PARCELS SERVICES

SCHOOL BUSES (AVAILABLE FOR PAYING PASSENGERS)

ROAD PARCELS SERVICES

LINES CLOSED

If this contention is accepted, any future extensions of intrastate road passenger services or rights will be by or under contract to this Board, which is best placed to avoid wasteful duplication and ensure the most effective integration of such operations into the overall rail-road network.

Public Relations, Promotion and Advertising

During the year the Public Relations Division made a significant contribution to a number of important campaigns, including the task of informing residents of country areas of the Board's plans for rationalisation of passenger and freight services; a series of 30-second television commercials to educate motorists, cyclists and pedestrians about the dangers of "second-train" accidents at level crossings; and the advertising campaign associated with the businessmen's special discount offer for travel by "Southern Aurora", referred to earlier in this section.

One frequent cause of customer dissatisfaction in the public relations area is the lack of information given to passengers or intending passengers when train services become disrupted through mechanical breakdown or other causes. The Board has examined this problem and is satisfied that, while the complexity of railway operations is such that no complete solution is ever likely to be found, the greatest scope for improvement lies in the centralisation of signalling and control functions and in the upgrading of communications facilities. As is so often the case, there is no lack of plans for such improvements; the controlling factor on the rate of progress is the availability of capital funds.

PLANNING AND RESEARCH

Being a service industry whose market is so directly dependent upon land use patterns, Railways cannot plan in isolation; their plans must be evolved in close alignment with overall community planning objectives.

This does not mean that Railway planning must simply respond to community planning, adopting a passive, subordinate role. The very nature of railways — their permanency of location once laid down, their capacity to perform a high-density role with minimum environmental impact, their efficient utilisation of fuel and manpower resources — demands that there be a positive active integration of railway planning and land use planning to ensure that community objectives are achieved.

This applies with particular force to the strategic planning of major cities. Public transport, and particularly fixed rail transport, is the very life-blood of big cities, as it represents the only way in which the daily radial flows of traffic to and from central business districts can be accommodated under tolerable conditions, at an acceptable cost, without disruption to the lifestyle of the residents of the inner suburbs through which the traffic flows must pass.

In Melbourne, railway planning is directed towards improving service standards in order to capitalise on the potential ability of the already extensive fixed rail network to attract passengers from the daily trauma of travel by private car. The Railways cannot, however, achieve this objective alone; the city itself must in turn direct its planning to ensure that in the growth of industry and commerce emphasis is placed on making maximum use of the fixed rail systems — train and tram — which first made its growth possible, and are now the key to its continued existence as an efficient, enjoyable place in which to live and work.

The Board's recognition of the vital importance of effective planning was reflected in its decision in 1976 to set up a separate Planning Branch, and during the year this Branch continued to widen its dual role as the focus of internal planning and as the point of contact with outside bodies whose activities and plans closely interact with our own.

The Planning Branch also administers an extensive research programme — partly funded by the Commonwealth — covering technical, marketing and operating aspects of the railway undertaking.

From its inception the Planning Branch has been closely involved, with the planning divisions of the other Australian railway systems, in the provision of supporting material for the Commissioners of all Systems in their role as the Committee of Railway Advisers to the Australian Transport Advisory Council.

On March 4, 1977, the process of intersystem planning and research took another step forward when the Australian Transport Advisory Council approved the Commissioners' recommendation for the setting up of a new body to be known as the Australian Railway Research and Development Organisation (ARRDO).

The governing body of ARRDO comprises the Chief Executives of the Australian Railway systems, under the initial Chairmanship of the Chairman of this Board. The organisation (which has become operational since the close of the year) is based in Melbourne and will be staffed by appropriately qualified personnel to provide a central, professional organisation to evaluate and provide assessments on administrative, economic and technical matters concerning Australia's railway systems.

ORGANISATION

As indicated in the introductory section of this Report, as from February 1, 1977, the freight terminal operations and train running functions of the Traffic Branch were separated by the setting up of the Freight Branch which has assumed responsibility for those goods loading and unloading operations involving railway staff. The Freight Branch has also assumed responsibility for extension to the remainder of the State of the regional freight centre system, and for operation of the freight centres.

The Management Controls Division, also mentioned in the introductory section of this Report, is adopting an analytical approach to determine the adequacy of present-day controls and to develop what may be called an optimum management information and control system. Operating independently of Branch management, the Division provides a constructive service aimed at improving managerial control and performance to ensure that the objectives and priorities being set within the various functions of VicRail are consistent with the Board's objectives and plans.

To this end the Division has commenced studies in the following areas:—

- Adequacy of financial and management control systems
- Reduction in funds invested in stores, manufacturing processes and construction programmes
- Review of certain operational procedures.

IMPROVEMENTS AND MAINTENANCE.

Expenditure on the upgrading of plant and the acquisition of new assets during the year amounted to \$41.9 million, allocated as follows:—

	\$	\$
CAPITAL WORKS		
Fixed Assets		16,279,577
RENEWALS AND REPLACEMENTS		
Fixed Assets	1,128,879	
Rolling Stock	24,492,481	25,621,360
		41,900,937

Portion of the total expenditure of \$41,900,937 has been met by the Commonwealth under its urban public transport programme.

Urban Works

Under the urban transport programme three major projects — quadruplication of tracks between South Kensington—Footscray, duplication of the Sunshine—Deer Park West section, and the installation of power signalling between Mordialloc and Frankston — were brought into service during the year.

New stations at Kananook (opened during the previous year) and Yarraman were also completed. Yarraman station was opened to traffic on December 20, 1976.

Reconstruction of existing station buildings at Bentleigh and Hughesdale was completed, and building reconstruction works were put in hand at Ashburton, Bayswater, Fern Tree Gully, Glen Iris, Heathmont, McKinnon and Tooronga.

Major works in progress at the close of the year were—

- Caulfield–Mordialloc: Third track
- Macleod–Greensborough: Duplication of line
- Ringwood–Bayswater: Duplication of line
- Ringwood–Croydon: Duplication of line
- Automatic power signalling between Bayswater–Fern Tree Gully
- Amalgamation of signal boxes in the central area (in conjunction with the Underground project)
- Amalgamation of signal boxes in the Newport area

Underground Connections

Works continued in the Jolimont, Spencer Street and North Melbourne areas during the year in connection with construction of the Melbourne Underground Rail Loop. These included completion of construction of No. 2 Signal Box, Relay Room and Tie Station at Spencer Street and the execution of preliminary site works for construction of the new "Metrol" operating and control centre at Batman Avenue.

Station Car Parks

During the year car parks at 30 locations were either added to or redeveloped, and at the close of the year 15,967 car spaces were available for commuter car parking at stations within the Melbourne Metropolitan Study Area, compared with 14,526 spaces at the end of 1975–76.

Replacement of Suburban Trains

Work proceeded during the year on the current order for 50 six-carriage stainless steel suburban electric trains, and during the year 59 new carriages were placed in service. The preparation of specifications for a further order of 50 trains was well advanced.

Notwithstanding the fact that 97 obsolete wooden-bodied carriages were withdrawn from service and scrapped, at the close of the year vehicles of this type still comprised 40 per cent of the total suburban fleet. The early replacement of these vehicles, together with the fleet of carriages of similar vintage operating in non-electrified inter-urban commuter services, remains one of the Board's most pressing problems.

NON-URBAN WORKS

Depots, Terminals, Etc.

The erection of a new diesel locomotive maintenance building at Geelong was completed during the year, and work on a similar facility at Ballarat was well advanced. At Ballarat, work was also completed on the rearrangement of station and administrative offices.

In connection with the establishment of regional freight centres in country areas tenders were obtained for earthworks, drainage and pavement works at Ararat and Hamilton; covered areas at Ararat, Hamilton, Colac, Camperdown and Warrnambool; and office and amenities blocks at Ararat, Hamilton, Horsham and Camperdown.

These works, together with similar works at other locations to be selected, will be carried out during 1977–78.

A contract was let for the construction of new station buildings at Mildura, and at the close of the year work was well advanced.

Improved staff amenities were provided at North Geelong Yard and at the Dynon Diesel Maintenance Workshops.

Locomotives and Rolling Stock

During the year two of an order for 10 'C' class 3,300 h.p. locomotives — the most powerful units to be introduced on the Victorian system to date — were delivered. In a ceremony at Spencer Street station on May 17, 1977, the first of these units was named "George F. Brown". Mr. Brown was a former Commissioner and Chairman of Commissioners who was appointed as interim Chairman of the Victorian Railways Board from May 8 to June 30, 1973, and served as a Member of the Board until his retirement on May 7, 1977.

The remaining 1,500 h.p. 'GM' class locomotive, which had been on hire from the Australian National Railways, was returned to that System.

Wagon construction in departmental workshops proceeded during the year to the limit of the funds available, and the following new bogie vehicles, 160 in all, were placed in service:—

14 'VSX' Louvre vans	50 'ELX' Open wagons
17 'FQX' Container wagons	21 'JBF' Briquette hopper wagons
34 'JX' Cement hopper wagons	10 'JQF' Quarry Products hopper wagons
14 'BFW' Box vans	

One thousand two hundred and eighty-nine obsolete freight wagons and 35 unserviceable brake vans were withdrawn from service and scrapped. With four-wheeled rolling stock, mainly of pre-war vintage, still comprising approximately 74 per cent of the wagon fleet, a much higher rate of replacement and scrapping of obsolete vehicles must be maintained if excessive maintenance costs are to be avoided and market requirements are to be satisfied.

Two diesel electric rail motors were undergoing major alterations and refurbishing in departmental workshops at the close of the year prior to being placed in outer suburban passenger services.

Maintenance

The Board's facilities and plant were maintained throughout the year to the extent consistent with efficient employment of the funds available.

Fortyfive kilometres of track were relaid with new rail and a further 26 km with serviceable rail. Further progress was made with the programme of mechanised track maintenance and mobile gangs were introduced over four additional sections of line.

A total of approximately 1,288 km of track was maintained by mechanical means and 193,000 sleepers, representing 63 per cent of the total number of sleepers replaced during the year, were installed by fully mechanised gangs.

As the next step in the programme of upgrading tracks by mechanical means, a contract was entered into during the year for the purchase of a Plasser 74 UHR ballast cleaner. This is the most modern and efficient plant available to upgrade the ballast condition on main and suburban lines, a process which results not only in direct savings from reduced purchases of ballast but also yields consequential benefits by way of improved drainage, reduced frequency of levelling and aligning and increased life of other track components.

Reconstruction of the bridges at Kensington Road, South Kensington; Carrum Creek, Carrum; and Peterkin Street and Traralgon Creek, Traralgon was completed. Major bridge works were in hand at Mordialloc Creek, Mordialloc; Mt. Dandenong Road, Croydon; Sherbourne Road, Montmorency; Church Street, Greensborough; and Eastfield Road, Ringwood.

New plant and equipment was provided in the departmental workshops at Newport, Ballarat and Bendigo to facilitate the maintenance of rolling stock. Principal items were vertical wheel borers, a wheel mounting press and diesel engine cleaning equipment at Newport; a drill grinding machine, pedestal grinding machines and welding machines at Ballarat; and electrostatic spray paint units and welding equipment at Bendigo.

At the departmental laboratory at Newport, extensive investigation is being carried out into the development of a locomotive washing system using an oxalic acid solvent emulsion cleaner. In addition, apparatus has been developed for testing the foamed polyurethane applied in suburban car construction to ensure that only satisfactory fire retarded grades are used.

FUTURE CAPITAL NEEDS

In its 1975-76 Annual Report the Board drew attention to the formidable task posed by the necessity to bring the physical assets of the Railways up to a satisfactory standard, while at the same time providing for increased earning capacity in critical areas.

The Board's assessment of the capital funds required to meet these objectives over the five years from 1976-77 to 1980-81 was over \$300 million at 1976 price levels, representing an expenditure of at least \$60 million per annum. As indicated in the appropriate section of this Report, the actual amount available from all sources during 1976-77 for new works and replacements was \$41.9 million, representing a shortfall of \$18.1 million, and it appears likely that real spending will decline even further in 1977-78.

The fundamental need for a realistic level of capital expenditure on the railway system must be considered in the light of national goals of increased productivity and controlled inflation, and against the background of the looming threat of energy shortages coupled with higher energy prices.

In Victoria these factors relate particularly to two main traffic tasks where the railways possess the potential ability to greatly increase their contribution to the national welfare, namely, the carriage of suburban and inter-urban passengers on radial routes serving the Central Business District and the carriage of freight on the two interstate trunk routes connecting Melbourne with the other Australian capital cities.

In each case the existing railway systems can be upgraded to yield their potential benefit at a very much lower capital cost than would be required to similarly expand the capacity of alternative modes — with the further advantage that, once upgraded, rail can perform these tasks with far greater efficiency in terms of resources consumed, particularly energy.

It would be false economy — indeed, it would be folly — to starve the railway system of capital funds until a combination of fuel shortages and high fuel prices forces on to the system traffic beyond its capacity to efficiently carry. The time to accelerate the upgrading of the system is now, before the crisis arises.

For the suburban and inter-urban passenger task the main components of the capital improvements required (apart from the city underground railway) are:—

- replacement of all wooden-bodied rolling stock, both electric and non-electric;
- further sections of track duplication or triplication (including works already in hand);
- extensions of electrification in outer suburban areas;
- improved signalling and communications;
- reconstruction of bridges and buildings.

For the efficient carriage of freight on the two interstate trunk routes the most urgent need is for additional long crossing loops and power signalling with centralised traffic control between Melbourne and Serviceton, with the first stage being between Ararat and Serviceton. Additional crossing loops are also required on the standard gauge line between Melbourne and Albury which is already equipped with centralised traffic control. In order to compete effectively with fast, heavy road transports operating on upgraded highways, the Melbourne-Albury (standard gauge) and Melbourne-Serviceton sections of line must be relaid to a standard to permit the operation of express freight trains at speeds up to 100 k.p.h. without excessive track maintenance costs.

Additional locomotives and rolling stock, and improved terminal facilities in the metropolitan area, will also be required as traffic growth takes place.

BRIDGES AND SAFETY

Following an accident at Birregurra in December, 1959, in which a derailment to a goods train resulted in the demolition of a road-over-rail bridge with heavy damage (but fortunately no casualties), the protection of all similar bridge staunchion designs in Victoria was reviewed and, as a result, a programme was implemented to reduce this type of hazard progressively over a period of years.

A further review of the situation in Victoria following the tragic accident at Granville, New South Wales, in January, 1977, disclosed that substantial progress has been made in the first stage of this programme which involves the encasing in concrete of the steel columns supporting steel and concrete structures. Arrangements were made to accelerate the programme and action to eliminate the main hazards from this source will be completed or in course by the end of 1977-78.

In addition, a four-year programme has been drawn up to reconstruct the 25 timber overline bridges on country lines which constitute a potential hazard. The execution of this programme in the period referred to will, however, be dependent upon additional funds being made available to the Board for the purpose.

Of greater concern to the Board, from the rail safety viewpoint, is the problem referred to in our 1975-76 Annual Report of rail-over-road bridges being struck and damaged by over-height road vehicles. While action is in course to protect such bridges by the provision of concrete "crash beams" the long-term solution is the provision of increased headroom by altering the rail level, the road level, or both, at those bridges which do not meet approved standards. As such changes must necessarily take a considerable time to implement it is essential that, in the meantime, regulations governing the maximum height of road vehicles, and the routes to be followed by vehicles with over-height permits, be strictly policed and enforced.

PERSONNEL AND ADMINISTRATION

The Board once again wishes to place on record its appreciation of the loyal and dedicated service rendered throughout the year by those many thousands of staff who have done everything in their power to uphold the traditions of railway service. Without this dedication the success and effectiveness of our widespread operations could not have been achieved.

At June 30, 1977, the total staff (including casual labour equivalent to 605 men working full time) was 24,171 compared with 24,903 at the end of last year. This has been achieved by a careful review of all vacancies occurring through natural wastage.

In addition to the established Education Centre courses an extensive programme of instruction for personnel involved in crane operation was set up, and potential instructors have been trained for a course of instruction in handling of L.P. Gas.

Courses have also been developed for Train Conductors, Buffet Car and Cafeteria personnel aimed at improving performance, particularly in relation to personal appearance, public relations and customer needs.

A Law Enforcement Academy was opened for Investigation Officers and By-Laws Officers, and the Operation K.I.D. programme continued in an attempt to reduce offences against the By-Laws by education rather than by coercion.

Senior officers have continued to attend business and higher management courses at the Administrative Staff College, Mt. Eliza and the University of New South Wales. Part time studies by other staff at Universities and technical institutions have also been continued.

Rail operations were disrupted several times during the year by sporadic stoppages in support of a log of claims applicable to railway staff and of the recruitment of additional staff. Such interruptions to service, often with little or no notice, cause considerable inconvenience to rail patrons and do untold harm to the Board's endeavours to establish a reputation for reliable service.

Salary and wage increases and varied working conditions granted during the year by the Australian Conciliation and Arbitration Commission were estimated to cost \$23.3 million in a full year. One decision alone of the Commission to vary the application of shift premiums paid to operating staff was estimated to cost \$1.3 million.

The average annual payment, including overtime and penalty payments to all officers and employes including juniors was \$9,132 compared with \$8,275 the previous year — an increase of 10.4 per cent.

Following the restructuring of the Traffic Branch and establishment of the Freight Branch to undertake responsibility for freight handling activities at terminals, Mr. A. J. Nicholson, Assistant Chief Mechanical Engineer, was appointed Chief Freight Manager, on July 21, 1976.

On October 25, 1976, Mr. P. E. Stuart was appointed as Director of the newly established Management Controls Division.

Mr. M. W. B. Ronald, Chief Traffic Manager, and Mr. R. J. Gallacher, Director of Planning, visited the United Kingdom, Europe and North America together to study the organisation of operating departments and developments in the corporate planning field respectively, of the major railway systems in those countries.

Mr. A. Firth, Chief Electrical Engineer, also visited Europe and the United Kingdom to study developments in the electrical engineering field.

BOARD MEMBERSHIP

Following the retirement of Mr. G. F. W. Brown on the expiration of his appointment on May 7, 1977, Mr. F. R. G. Strickland was appointed as a Member of the Board.

The Board wishes to place on record its recognition of the invaluable service rendered by Mr. G. F. W. Brown during a long and distinguished career extending over a period of more than 54 years.

MANAGEMENT

General Manager	I. G. Hodges
Deputy General Manager	L. A. McCallum
Assistant General Manager	N. H. Rashleigh

HEADS OF BRANCHES

Chief Traffic Manager	M. W. B. Ronald
Chief Civil Engineer	D. D. Wade
Chief Mechanical Engineer	S. F. Keane
Chief Electrical Engineer	A. Firth
Chief Freight Manager	A. J. Nicholson
Manager, Personnel	V. A. Winter
Comptroller of Accounts	J. K. McGowan
Secretary for Railways	A. Augustine
Chief Marketing Manager	A. W. Weeks
Comptroller of Stores	A. J. Fell
Manager, Trading & Catering Services	K. J. Feltscheer
Director of Planning	R. J. Gallacher
Director, Management Controls	P. E. Stuart

APPENDICES

A statement of assets and liabilities as at June 30, 1977 and various accounts, statements and other information are embodied in the appendices, a list of which appears at the front of this Report.

VICTORIAN RAILWAYS BOARD

A. G. GIBBS	Chairman
I. G. HODGES	Member
J. J. BROWN	Member
R. W. ELLIS	Member
L. M. PERROTT	Member
F. R. G. STRICKLAND	Member
J. G. W. URBAHNS	Member
N. G. WILSON	Member

STATEMENT OF ASSETS AND LIABILITIES AS AT JUNE 30, 1977

1976	1976		1977	1977
\$000	\$000		\$000	\$000
		FUNDS PROVIDED (NOTE 1)		
		STATE		
534,684	571,354	From Loans	574,540	609,001
36,670	55,868	Other	34,461	
		COMMONWEALTH		55,868
	627,222			664,869
	191,424	LESS UNDER PROVISION FOR DEPRECIATION ON EXISTING BASIS (NOTE 2)		204,152
	435,798			460,717
	40,145	ASSET REVALUATION RESERVE (NOTE 3)		40,145
	475,943	NET WORTH ON EXISTING BASIS (NOTE 4)		500,862
		REPRESENTED BY		
	13,300	SPECIAL FUNDS HELD BY STATE TREASURER (NOTE 5)		10,628
33,734		CURRENT ASSETS (NOTE 6)	36,756	
31,270		LESS CURRENT LIABILITIES	35,473	
	2,464	EXCESS OF CURRENT ASSETS OVER CURRENT LIABILITIES		1,283
		FIXED ASSETS (NOTE 7)		
253,314		Track	264,001	
309,836		Rolling Stock	334,334	
36,100		Machinery and Plant	40,183	
6,694		Land	5,931	
71,473		Buildings	74,496	
7,968		Other Assets	8,340	
685,385		TOTAL—FIXED ASSETS	727,285	
225,206	460,179	Less Depreciation	238,334	488,951
	475,943	NET ASSETS		500,862

NOTES TO, AND FORMING PART OF THE ACCOUNTS

Note 1.

The amount of \$574.540 million represents Advances for Capital purposes from Loans raised on behalf of the State. It specifically excludes from such Loans:—

Loans for Renewals, Replacement and Maintenance
Works not represented by Assets, \$1.050 million
Discounts and Expenses on Loans, \$7.734 million.

The State of Victoria has an Equity of \$100.351 million in the National Debt Sinking Fund in respect of State Loans.

This arises from Sinking Fund Repayments by the State on behalf of the Railways.

The State has made repayments of Principal totalling \$1.542 million on behalf of the Railways in respect of a Commonwealth Loan for construction of the Standard Gauge Line between Melbourne and Albury.

Advances from Other State Funds relate to:—

	\$M
Transport Fund	4.335
Level Crossing Fund	10.889
Boom Barriers — Various Acts637
Funds from Public Account	4.708
Sundry Special Funds	13.892
	<u>34.461</u>

Commonwealth Funds relate to:—

Urban Transport	24.268
Uniform Gauge	31.600
	<u>55.868</u>

Note 2.

Total Depreciation to June 30, 1977 is \$238.334 million. Of this amount, only \$34.182 million was provided by Cash Appropriations; the underprovision is therefore \$204.152 million.

NOTES TO AND FORMING PART OF THE ACCOUNTS—Continued.

Note 3.

The Asset Revaluation Reserve reflects the increase in the Net Value of Fixed Assets as at June 30, 1976 resulting from the revaluation of certain Assets.

Note 4.

The Net Worth on the existing basis represents the total advances to the Railways for Capital purposes provided from Loans and Special Funds after deducting Depreciation not provided for by Cash Appropriations.

The figure also takes account of a realistic valuation of certain Assets, and in particular, track and over-age rolling stock.

Note 5.

The balances as at June 30, 1977 in the Special Funds held by the State Treasurer, were:—

	\$M	\$M
Railway Accident & Fire Insurance Fund	200	
Less Accrued Liability	200	
	<hr/>	
Railways Stores Suspense Account		288
Railways Repayment Account		012
Trading and Catering Suspense Account		033
Treasury Trust Funds:		
Salaries and Wages		6 963
Payroll Deductions		3 254
Railways Cash Advance		078
		<hr/>
		10 628

The Railways Stores Suspense Account is an Account out of which payment is made for all Stores Stock except Trading and Catering Stocks and Equipment.

The Railways Repayment Account represents cash held at the Treasury in trust on behalf of railway clients who lodge deposits pending the completion of certain work.

The Treasury Trust Funds balances represent liabilities for certain items as at June 30, 1977.

Note 6.

Current Assets as at June 30, 1977, were:—

Cash Advances	\$M
	1 640
Debtors:	
Revenue	11 801
Agency	5 923
Other	2 309
Stores and Materials	11 684
Work in Progress — Manufacturing	2 376
Trading and Catering Stock and Equipment	1 023
	<hr/>
	36 756

Current Liabilities as at June 30, 1977, were:—

Trade Creditors	\$M
	16 371
Trust — Liabilities less Securities held in Trust	011
Treasury — Current Account	19 091
	<hr/>
	35 473
EXCESS OF CURRENT ASSETS OVER CURRENT LIABILITIES	<hr/>
	1 283

Note 7.

Expenditure to June 30, 1977, on Fixed Assets including Renewals and Replacements was \$727·286 million, including \$41·901 million spent during 1976/77.

Depreciation provided by Cash Appropriation to June 30, 1977 was \$34·182 million, of which \$0·400 million was provided in 1976/77.

Asset values have been adjusted for Total Depreciation assessed on Original Cost, including Depreciation not provided for by Cash Appropriations.

SUMMARY OF THE FINANCIAL RESULTS BY CONTRAST WITH THOSE IN THE
PRECEDING YEAR

—	Year 1976-77	Year 1975-76	Increase (+) or Decrease (—)
	\$	\$	\$
REVENUE	163,677,481.94	147,449,945.40	+16,227,536.54
REVENUE SUPPLEMENT	138,077,217.84	124,945,104.17	+13,132,113.67
TOTAL INCOME	301,754,699.78	272,395,049.57	+29,359,650.21
WORKING EXPENSES	301,754,699.78	272,395,049.57	+29,359,650.21
Interest charges, exchange and contribution to the National Debt Sinking Fund	17,370,574.01	14,375,660.90	+2,994,913.11

RECONCILIATION OF THE RAILWAY AND THE TREASURY FIGURES RELATING TO REVENUE AND WORKING EXPENSES, FOR THE YEAR 1976-77

REVENUE.

Revenue shown by Railways		\$ 163,677,481·94
To bring this Amount into agreement with Treasury, ADD — Outstanding Debtors at June 30th., 1976 collected in 1976/77 and therefore included by Treasury in that year		12,099,601·76
		\$175,777,083·70
DEDUCT Outstanding Debtors at June 30th., 1977 not included by Treasury		10,814,289·75
		\$164,962,793·95
DEDUCT Amounts collected by Railways in 1976/77 not included by Treasury		1,052,056·82
REVENUE SHOWN BY TREASURY		\$163,910,737·13

EXPENDITURE.

Railways Operating Expenses, Votes, Special Appropriations		301,754,699·78
To bring this amount into agreement with Treasury,		
DEDUCT Amounts charged to Operating Expenses by Railways in 1976/77 but not by Treasury		1,455,711·18
OPERATING EXPENSES SHOWN BY TREASURY		\$300,298,988·60

RESULT.

	Treasury Books \$	Railway Books \$
Operating Expenses	300,298,988·60	301,754,699·78
Amounts charged to Agency Works subject to Recoupment	5,318,956·11	—
TOTAL EXPENDITURE	305,617,944·71	301,754,699·78
Revenue	163,910,737·13	163,677,481·94
Revenue Supplement	141,707,207·58	138,077,217·84
TOTAL INCOME	305,617,944·71	301,754,699·78

NEW LINES UNDER CONSTRUCTION AT JUNE 30, 1977.

Section	Kilometres
Caulfield to Mordialloc: Third track	15.91
Macleod to Greensborough : Duplication	5.23
Melbourne Underground Loop	3.22
Ringwood to Bayswater : Duplication	5.09
Ringwood to Croydon : Duplication	5.28

LINES CLOSED FOR TRAFFIC DURING THE YEAR ENDED JUNE 30, 1977.

Section	Kilometres	Date closed
Cheetham's Siding to Queenscliff	31.03	6.11.76
Allendale to Newlyn	8.94	1.12.76
Castlemaine to Maldon	18.15	3.12.76
Everton to Beechworth	16.53	1.1.77

LENGTH OF RAILWAYS AND TRACKS

		Kilometres open for Traffic at June 30											
		Tracks			Railways								
		Tracks	Sidings	Total	Ten tracks	Eight tracks	Seven tracks	Six tracks	Four tracks	Three tracks	Two tracks	One track	Total
Year 1976-77	1600 mm gauge	7286.01	1471.05	8757.06	} 0.61	2.16	1.42	2.49	29.58	103.48	724.77	5700.32	6564.83
	1435 mm gauge	332.27	64.31	396.57									
	Dual gauge	8.59	5.13	13.73									
	762 mm gauge	13.65	1.50	15.14									
	Total	7640.52	1542.12	9182.64	0.61	2.16	1.42	2.49	29.58	103.48	724.77	5713.97	6578.48
Year 1975-76	1600 mm gauge	7347.83	1484.02	8831.85	} 0.61	2.16	1.42	2.49	27.49	103.04	718.92	5783.50	6639.63
	1435 mm gauge	332.26	66.59	398.85									
	Dual gauge	8.59	6.10	14.69									
	762 mm gauge	13.65	1.50	15.15									
	Total	7706.65	1570.03	9276.68	0.61	2.16	1.42	2.49	27.49	103.04	718.92	5797.15	6653.28
		Average Kilometres open for traffic during the year											
		Tracks			Railways								
		Tracks	Sidings	Total	Ten tracks	Eight tracks	Seven tracks	Six tracks	Four tracks	Three tracks	Two tracks	One track	Total
Year 1976-77	1600 mm gauge	7290.24	1466.08	8756.33	} 0.61	2.16	1.42	2.49	28.40	103.37	723.87	5733.58	6595.88
	1435 mm gauge	332.27	63.75	396.01									
	Dual gauge	8.59	4.91	13.50									
	762 mm gauge	13.65	1.50	15.14									
	Total	7702.81	1558.93	9261.74	0.61	2.16	1.42	2.49	28.40	103.37	723.87	5747.22	6609.53
Year 1975-76	1600 mm gauge	7348.31	1484.80	8833.11	} 0.61	2.16	1.42	2.49	27.49	103.01	719.20	5783.49	6639.87
	1435 mm gauge	332.26	66.53	398.79									
	Dual gauge	8.59	6.10	14.69									
	762 mm gauge	13.65	1.50	15.15									
	Total	7706.20	1575.01	9281.21	0.61	2.16	1.42	2.49	27.49	103.01	719.20	5797.14	6653.52

RAILWAYS STORES SUSPENSE ACCOUNT

	\$	\$		\$	\$
Funds provided at the date of the authorization of the Stores Suspense Account (June 30, 1896)	1,118,881.62		Stores and materials on hand—		
Less expended on special and deferred repairs in accordance with Section 3 of Act 1820	100,000.00		Railways	10,659,157.88	
		1,018,881.62	Equalization Account	74,703.85	10,733,861.73
Advances from Loan Account subsequent to June 30, 1896		7,981,118.38	Sundry debtors		486,054.74
Total funds provided		9,000,000.00	Cash in Treasury at June 30, 1977		288,162.32
Sundry creditors		2,616,055.49	Advances with Agent General		107,976.70
		11,616,055.49			11,616,055.49

RAILWAY RENEWALS AND REPLACEMENTS FUND

Nature and source of funds	During the year ended June 30, 1977		Disposal of funds	During the year ended June 30, 1977	
	\$	\$		\$	\$
Balance at June 30, 1976	—	—	Renewals and replacements	—	486,131.42
Funds specially appropriated under Act No. 6355	400,000.00	16,000,000.00	Traffic	—	115,588,514.89
Additional funds authorised by Parliament	—	11,500,000.00	Rolling Stock	351,451.00	44,434,839.27
Rail motor and road motor, &c. depreciation	—	4,587,896.74	Way and Works	850,857.73	6,441,154.19
Sundry sales, abolitions, &c.	802,308.73	14,262,976.69	Electrical Engineering	—	—
Interest on investments	—	1,406,582.80			
Amount charged Item 5 Loan Acts	—	119,193,183.54			
	1,202,308.73	166,950,639.77		1,202,308.73	166,950,639.77

DEPRECIATION—PROVISION AND ACCRUAL

	During the year ended June 30, 1977	Period July 1, 1937, to June 30, 1977		During the year ended June 30, 1977	Period July 1, 1937, to June 30, 1977
	\$	\$		\$	\$
Special appropriations	400,000.00	16,000,000.00	Normal depreciation—	1,238,291.00	102,803,308.53
Additional funds authorised by Parliament	—	11,500,000.00	Way, works, buildings, &c.		
Sundry depreciation provided in working expenses	—	4,587,896.74	Rolling stock (including machinery and equipment in Rolling Stock Workshops)	11,628,660.00	120,718,381.35
Provision from sundry sales &c., included as additional depreciation	—	687,993.39	Electrical Engineering plant and equipment	261,320.00	10,323,974.32
Interest on investments	—	1,406,582.80	Rail motors and road motors	—	4,488,981.32
Balance at June 30, 1977 amount short provided	12,728,271.00	204,152,172.59			
	13,128,271.00	238,334,645.52		13,128,271.00	238,334,645.52

STATEMENT OF CAPITAL EXPENDITURE

	Year ended June 30, 1977	Year ended June 30, 1976
	\$	\$
New lines and surveys—		
Gross expenditure	1,645,501	1,302,830
Credits	—	—
Net expenditure	1,645,501	1,302,830
Additions and improvements on existing lines—		
Gross expenditure	16,229,911	14,992,483
Credits	850,858	939,812
Net expenditure	15,379,053	14,052,671
Rolling stock—		
Gross expenditure	24,839,576	23,222,607
Credits	347,095	328,204
Net expenditure	24,492,481	22,894,403
Electrification of Melbourne suburban lines—		
Gross expenditure	383,902	384,696
Credits	—	—
Net expenditure	383,902	384,696
Total railways—		
Gross expenditure	43,098,890	39,902,616
Credits	1,197,953	1,268,016
Net expenditure	41,900,937	38,634,600
Road motor public service (including garage accommodation)—		
Gross expenditure	—	—
Credits	—	—
Net expenditure	—	—
Total—		
Gross expenditure	43,098,890	39,902,616
Credits	1,197,953	1,268,016
Net expenditure	41,900,937	38,634,600