

1970  
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VICTORIA

# VICTORIAN RAILWAYS

## REPORT

OF THE

## VICTORIAN RAILWAYS COMMISSIONERS

FOR THE

YEAR ENDED JUNE 30, 1970

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

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*By Authority :*

C. H. RIXON, GOVERNMENT PRINTER, MELBOURNE.



October 23, 1970

*The Honorable V. F. WILCOX, M.P.,  
Minister of Transport.*

Dear Mr. Minister,

In accordance with Section 105 of the Railways Act, we submit our Report to Parliament for the year ended June 30, 1970.

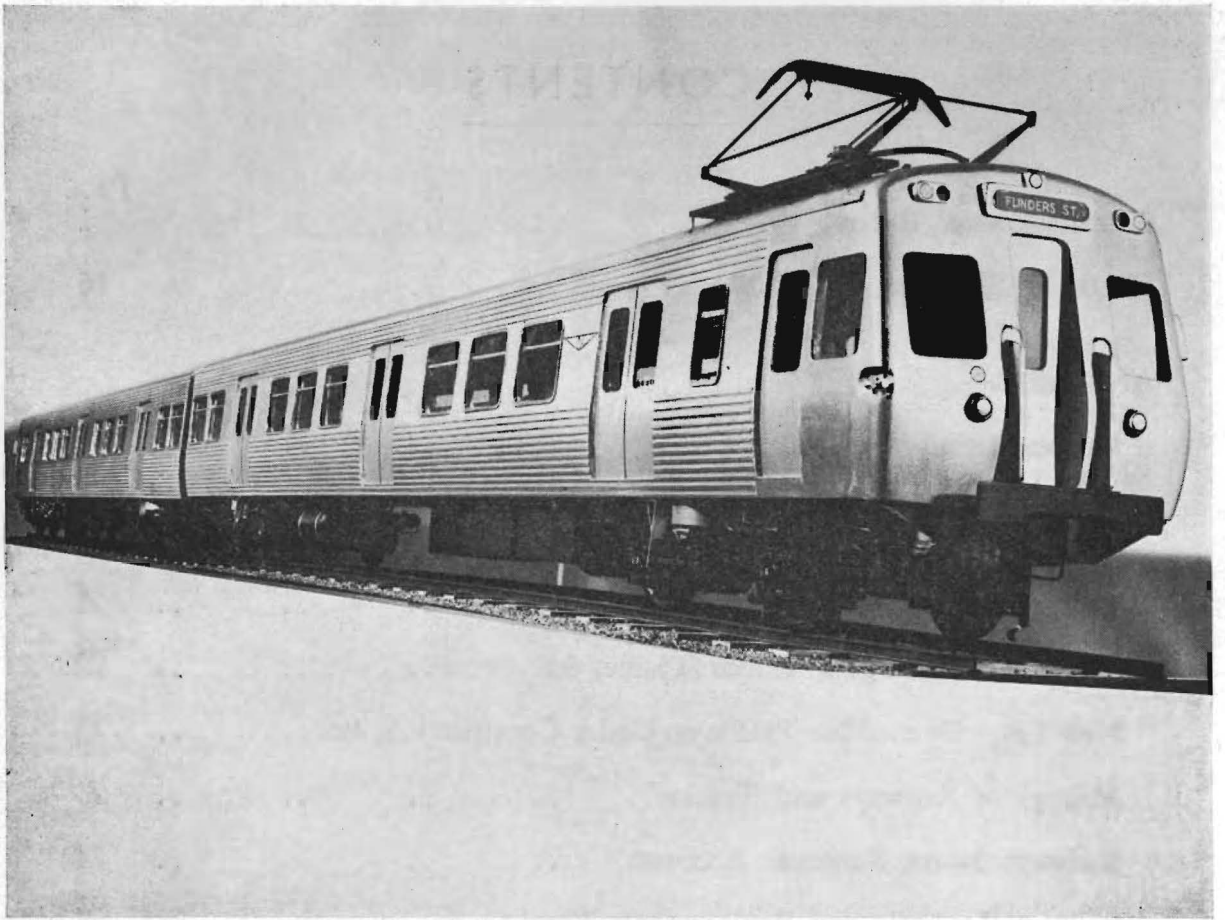
Yours sincerely,

G. F. W. BROWN	}	Victorian Railways Commissioners
E. P. ROGAN		
L. A. REYNOLDS		



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Model of new suburban train.

**REPORT OF THE  
VICTORIAN RAILWAYS COMMISSIONERS  
FOR THE YEAR ENDED  
JUNE 30, 1970**

**OUR BEST YEAR**

A record revenue; a peak level of operating efficiency; and yet the greatest deficit ever recorded—this, in a nutshell, is the paradoxical story of the Victorian Railways in 1969/70 under the present Treasury basis of presenting railway financial results.

Although earnings increased by over \$4.5 million, for an additional outlay, measured in 1968/69 cost terms, of only \$722,000, this net gain was swallowed up by a staggering \$6.6 million increase in labor costs due to wage awards, long service leave and superannuation payments.

In our last report we gave prominence to the need to abandon the current budgetary basis of presenting the financial results of railway operations and strongly urged presentation of the financial record to accord with the reality of functional achievements of the service. On this basis the results for 1969/70 would be approximately as follows :

Revenue received .. .. .	\$	105,204,000	\$
Treasury reimbursements for services rendered in pursuance of Government policy			
Operating loss on suburban passengers .. .. .		6,300,000	
Operating loss on country passengers .. .. .		10,200,000	
Concessions to country industries .. .. .		4,400,000	
<b>TOTAL REVENUE .. .. .</b>			<b>126,104,000</b>
<b>WORKING EXPENSES .. .. .</b>			<b>118,712,000</b>
<b>OPERATING SURPLUS .. .. .</b>			<b>7,392,000</b>
* Interest, etc. charges .. .. .			7,491,000
<b>DEFICIT .. .. .</b>			<b>99,000</b>

\* Includes interest charges applicable to passenger services and \$4.4 million on interest bearing funds spent on renewals and replacements since 1.7.60.

But in the accounts of the Treasury a loss on current operations of \$13,507,083 is recorded and the public brought up to accept profit as the test of business efficiency can fall into the error of unwarranted and uninformed criticism of railway performance.

It is disheartening and frustrating to the staff responsible for increased physical efficiency—which has not been achieved by chance—to find their efforts and achievements nullified by uncontrollable cost increases and masked by the form of presentation of accounts.

If railway accounts are to be presented in a fair and realistic manner—fair to the railway staff and realistic to the public—it is essential that railway activities be divided into “business” and “social” and that the results of each class of activity be presented separately, with the net outlay on the social activities being recouped—not classed as a deficit. It is indefensible to make this the only aspect of State social services to be financed in such a manner. The net cost of Education and Public Health just to mention two examples are not so regarded. It is doubly indefensible to single out the railways from all others included in the State Budget and blame them alone for the overall deficit in that Budget.

In its Annual Report for 1969 the British Railway Board in referring to grants by the Minister in respect of unprofitable passenger services said, "The Minister is buying more than a railway passenger service for those who wish to use it. He is also buying benefits for a far greater number who are not using it, in the shape of less delay and congestion on the road and in parking spaces and less deterioration in the local environment. It is not in fact the railways who are being subsidised through the grants but the railway passenger and the road user, especially the motorist". We endorse and commend the Board's observation. Its significance to our present situation with road congestion and air pollution is obvious and its appropriateness to the imminent underground loop is beyond question.

We say with all the emphasis at our command that placing railway finances on a proper basis ought no longer to be ignored.

Not only should the accounts be restructured as recommended but the continued serious overcapitalization constantly referred to in previous reports must be arrested. Of the amount of \$7.5 million incurred in servicing loan funds during 1969/70 \$4.4 million was in respect of interest bearing funds spent on renewals and replacements since July 1, 1960.

The \$16,029,493 of loan funds allotted to us during the year were spent as follows :

		\$	\$
<i>Renewals and replacements</i>			
Way & Works .. .. .		2,714,953	
Rolling stock .. .. .		6,021,976	8,736,929
<hr/>			
<i>Capital</i>			
Way & Works .. .. .		7,190,230	
Rolling stock .. .. .		11,944	
New lines .. .. .		90,390	7,292,564
<hr/>			

The total of interest-bearing funds spent on renewals and replacements since July 1, 1960, is now \$93,669,000.

An annual increase of approximately \$500,000 in the cost of servicing funds spent on projects that do not increase revenue or reduce expenditure is not only contrary to the canons of good financing and accounting but imposes an intolerable and unsustainable burden on the service.

It is the more surprising and frustrating to have railway loan funds spent on joint works such as grade separations where the remaining shares are met from non-interest bearing funds. During the year \$461,993 was spent on grade separation by us.

Similarly truly capital works such as the St. Kilda road junction and freeways are met from non-interest bearing funds.

Surely it is the use to which funds are put rather than their source which should be the first determinant in their distribution between capital and non-capital projects, particularly when they are applied in the same sphere of activity, that is, transport.

## FINANCIAL RESULTS

	1969-70	1968-69
	\$	\$
Gross income .. .. .	105,204,475 .54	100,328,517 .50
Working expenses charged against income .. .. .	118,711,558 .58	111,344,202 .12
<b>LOSS ON CURRENT OPERATIONS .. .. .</b>	<b>13,507,083 .04</b>	<b>11,015,684 .62</b>
Interest charges and expenses .. .. .	7,062,334 .12	6,221,177 .60
Exchange on interest payments .. .. .	98,631 .48	105,517 .69
Contribution to National Debt Sinking Fund.. .. .	330,178 .68	288,214 .00
<b>TOTAL INTEREST, EXCHANGE, ETC. .. .. .</b>	<b>7,491,144 .28</b>	<b>6,614,909 .29</b>
<b>DEFICIT .. .. .</b>	<b>20,998,227 .32</b>	<b>17,630,593 .91</b>



## EARNINGS

The main increases in earnings were:

	\$
Goods ..	3,238,000
Passengers & Parcels ..	1,218,000
Refreshment and advertising services	41,000
Rentals & miscellaneous ..	28,000

## EXPENDITURE

The increase in working expenses was principally due to the following:

	\$
<i>Increases</i>	
Cost of wages awards .. ..	5,744,000
Superannuation charges .. ..	273,000
Long service leave .. ..	289,000
Service grants .. ..	272,000
Increased rates on railway properties ..	78,000
Higher prices of materials and services and costs associated with the earning of additional income .. ..	1,014,000
<i>Decreases</i>	
Railway Accident and Fire Insurance Fund .. ..	303,000

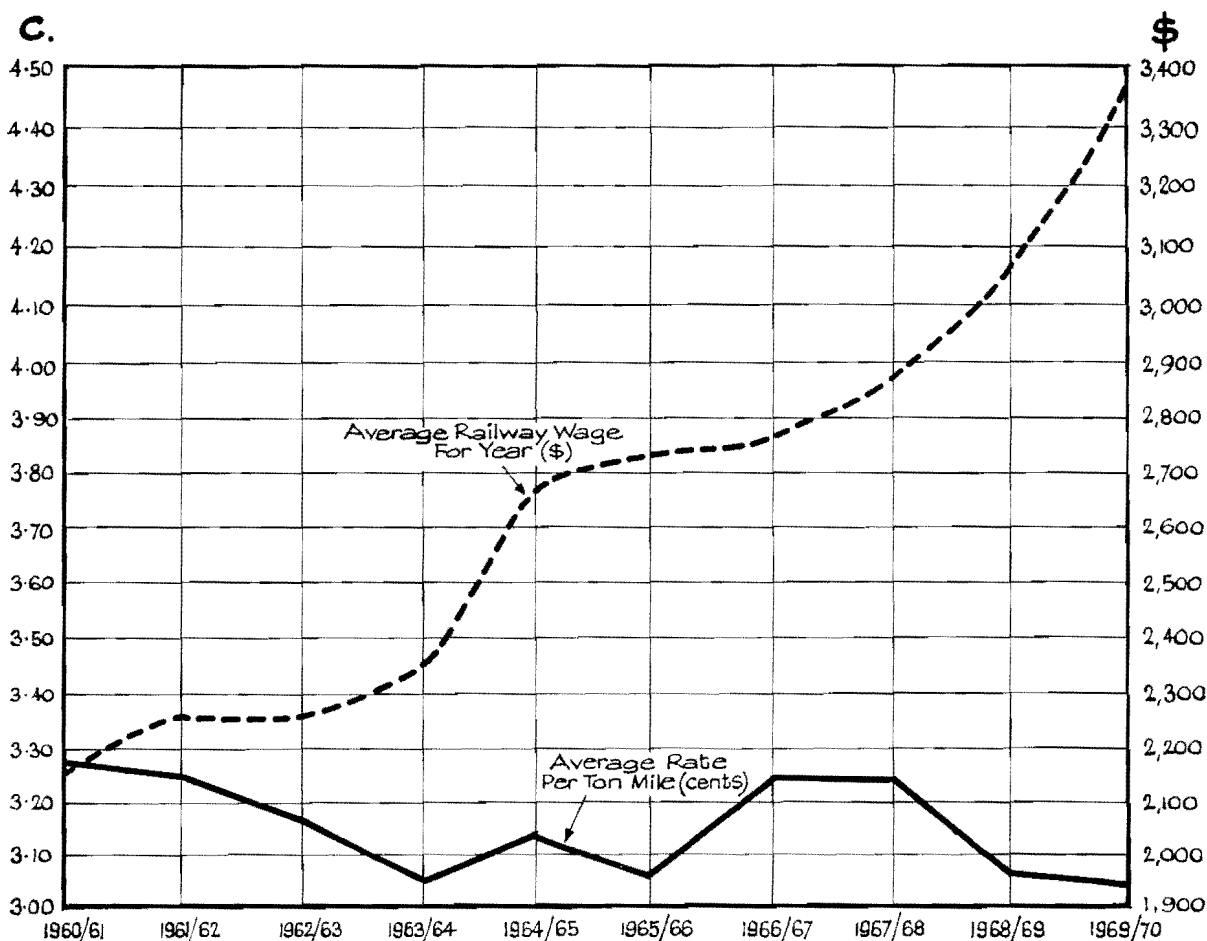
## FINANCIAL CONSIDERATIONS

The increased earnings of over \$4.5 million were more than offset by an increase of \$6.6 million in labor costs which was beyond the Commissioners' control.

Hard won gains in efficiency are nullified by the intensifying wages cost spiral.

*Price of Services*

The general tariff rates for goods were not changed during the year.



**THE EVER WIDENING GAP  
BETWEEN WAGES & EARNINGS**

Passenger fares for Victorian travel were also unchanged, but from January 1, 1970, interstate fares were increased by 10% for single journeys and up to 15% for return journeys. Interstate fares had not been increased since March, 1967, but in the meantime the average annual railway wage in Victoria had risen by almost 14%.

Another 59 industries were approved by the Minister of State Development as eligible for the special rates applicable to "Approved Decentralized Secondary Industries", lifting the total number to 697. These concessions cost us an estimated \$579,000 annually.

### Stores

The value of stock held at June 30, 1970, was \$8,619,641. This was \$182,682 higher than at the same time last year.

Issues and sales from stock totalled \$35,255,051, the turnover rate being 4.10.

Materials reclaimed for sale or re-use returned \$1,015,341, an increase of about \$140,000 over the previous year.

## RETROSPECT

In December, 1969, the Metropolitan Transportation Committee, following a detailed study, based on a survey carried out in 1964 of various aspects of Melbourne's future transport demands, made public its Transportation Plan embodying expected requirements up to 1985. The plan recognizes the vital part that must be played by the railways and other public transport media in providing an adequate, balanced transport system. The estimated expenditure of \$242 million on the rail segment, which includes the necessary up-grading of the rolling stock, over the 15-year period is extremely modest when compared with the amount of almost nine times as much recommended for expenditure on roads and parking facilities. Even for this modest amount a more realistic approach will be necessary towards the allocation between public and private transport facilities of all funds, including those derived from non-interest bearing sources, available for transport improvements.

We welcome the news that a start will be made on the Melbourne Underground Railway during the 1970-71 financial year. This will be the greatest improvement to our metropolitan railways since they were electrified 50 years ago.



Melbourne's planned underground rail loop.

One of the year's major achievements was completion of arrangements for construction, by contract and in railway workshops, of 50 suburban trains of the latest design to replace outmoded, outworn wooden-bodied rolling stock.

Each of the new trains will consist of 6 carriages, 75 ft. in length, of lightweight construction sheathed in fluted stainless steel, and will be suitable for operation in consists of two, four or six carriages.

The carriages will incorporate the latest features in rolling stock design and will be quiet and smooth-riding in operation. They will have power-operated doors, tinted windows and forced-draught ventilation, with heating for winter conditions.

Acquisition of these trains exemplifies the emphasis that we are placing on quality of service, the only means by which the role envisaged for the suburban railway system in the Metropolitan Transport Plan can be adequately fulfilled.

The first full year of overseas container traffic shipped to and from the United Kingdom lived up to expectations. Services to and from Japan began in September, 1969. We confidently predict a bright future for this side of railway operations.



'FQX' container wagon

There were far too many instances during the year of road vehicles, some carrying over-height loads, striking and damaging rail bridges and we have strongly stressed the need for more careful policing of loads and more care generally on the part of the drivers of road vehicles. If the structure of a rail bridge were to be badly weakened, there could be a serious accident.

A large volume of suburban rail travel is made by people who do not have tickets. We are convinced that many have no intention of paying the correct fare for the journey or any fare at all, but the onus was on us to prove "intent to evade payment of the fare". The Railways (Offences) Act, 1969, effective from July 1, 1970, tightened the loopholes by making it an offence to travel without a ticket.

Other achievements during the year, to which we can point with pride, find a place later in this report.

### MEETING THE CHALLENGE OF COMPETITION

The strenuous battle to retain our place in the transport industry continued, and we have again demonstrated, in the cut-throat interstate transport field, our ability to hold our own against competition that is open but seldom fair, having regard to the advantages enjoyed by our competitors and the refusal of many of them to observe the laws relating to loads, speeds and hours on duty.

Thoughtful road operators themselves have serious misgivings concerning the lack of control of entry to the heavy road haulage industry—a lack of control which attracts to the business ill-equipped, ill-financed operators who can stay afloat only by flouting laws designed to protect themselves and other road-users.

### *The Drive for Business*

As in previous years, our commercial activity is based on meeting customer requirements for speed and reliability of service, specialized rolling stock and packaging equipment, and adequate terminal facilities with modern goods handling equipment.



• "Southern Aurora" speeds towards Melbourne.

The keystone of the commercial campaign is direct contact by Commercial Agents with customers and potential customers, backed by advertising and publicity with the general theme "know your Railways" to demonstrate our many and diverse services.

The establishment of co-ordinated road-rail door to door delivery systems has resulted in significant gains in wool traffic.

Improved packaging and handling techniques are helping in the fight against loss and damage.

Brief mention was made last year about co-ordinated rail-bus weekly periodical tickets. The scheme has extended and more bus operators are interested. However, sales have not been as great as expected, because passengers have seemingly been slow to recognize the benefits.

Co-ordinated rail-bus daily tickets were introduced with the opening in April of the Victorian Football League's oval at Waverley, V.F.L. Park. The tickets are on sale at all suburban stations for travel by train to Glen Waverley, Clayton or Noble Park stations, and thence by bus. The two forms of transport have combined effectively and patronage has been reasonably good.

## PROGRESS

*Freight Vehicles*

The following new wagons were built in our workshops during the year :

Type	Number
Motor car transport wagons .. .. .	16
52-ton flat wagons (for coiled steel traffic) .. .. .	1
50-ton open wagons (for general merchandise) .. .. .	32
55-ton flat wagons (for container traffic) .. .. .	90
44-ton bulk wagons (aerated discharge) .. .. .	2
44-ton flat wagons (for plaster board traffic) .. .. .	8
50-ton flat wagons (for container and general traffic) .. .. .	74

We now have in service 122 flat wagons for container traffic and plan to construct another 50 this year.

The 16 wagons built to carry motor cars are longer, easier to load and incorporate improved wheel locking devices.

The other wagons constructed also reflect the demand for wagons for specific types of traffic.

*Motive power*

Four 2,200 h.p. diesel-electric locomotives were added to the fleet during the year and four more are on order. They are for goods and passenger work on main and branch lines.



'X' class locomotive.

An additional 900 h.p. diesel-electric locomotive was also purchased for similar work.

Six rail tractors were constructed—we now have 51 of them to carry out light shunting at suburban and country centres.

### *Passenger vehicles*

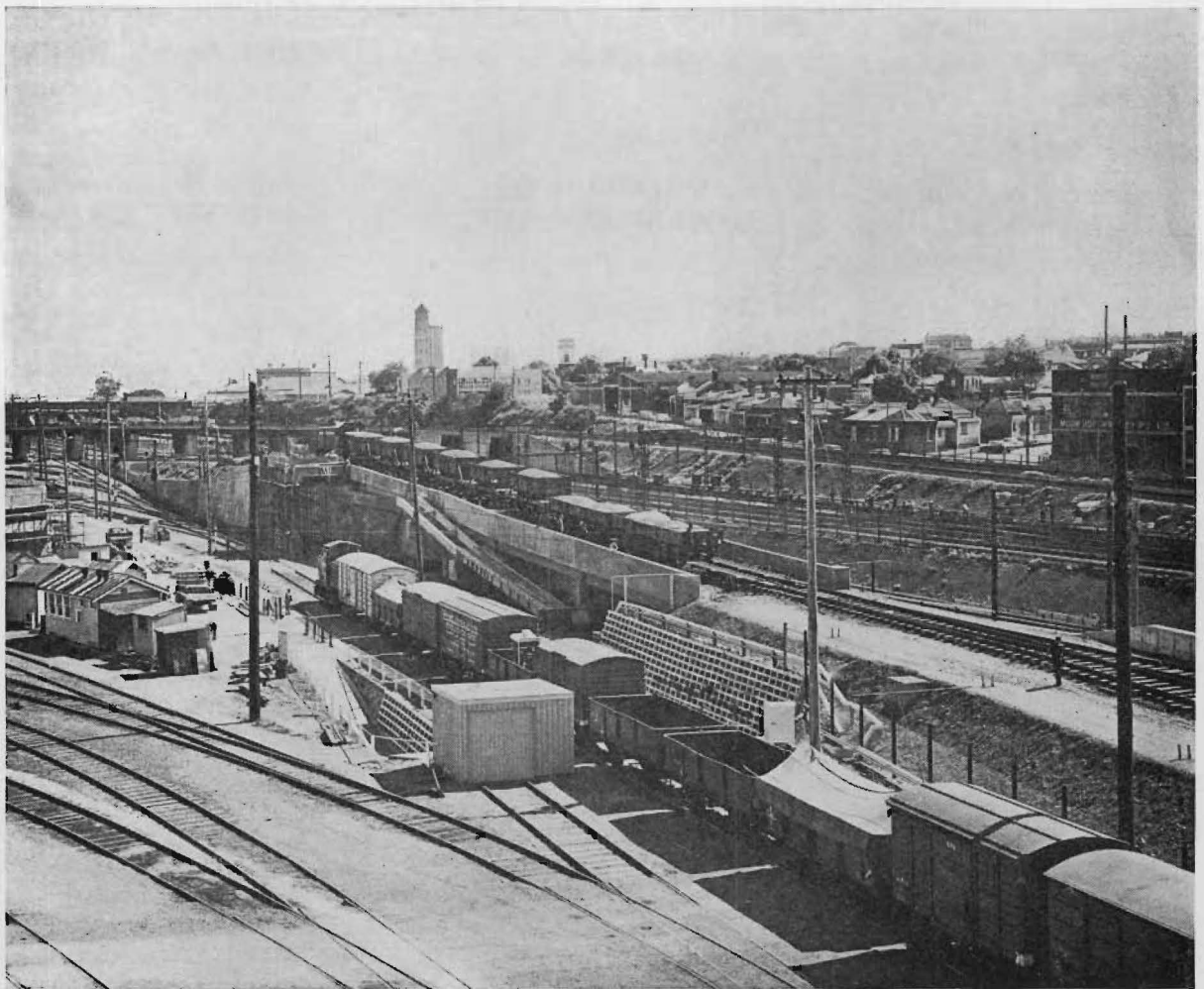
As previously mentioned, orders have been placed for 50 new look suburban trains of fluted stainless steel.

Two more "Harris" type suburban motor coaches were built in our workshops completing the construction program of ten and enabling us to increase the size of the more heavily patronised peak hour trains.

Arrangements have been made with the South Australian Railways for the construction of four new air-conditioned sleeping carriages for the Melbourne-Adelaide "Overland" expresses, to permit the transfer of four existing sleeping carriages—two roomettes and two twinettes—to the Mildura line.

### *Melbourne Terminal re-arrangement*

Re-arrangement of the Melbourne Yard with hump shunting and automatic control of points and retarders is nearing completion.



The first train to run over the automated shunting hump.

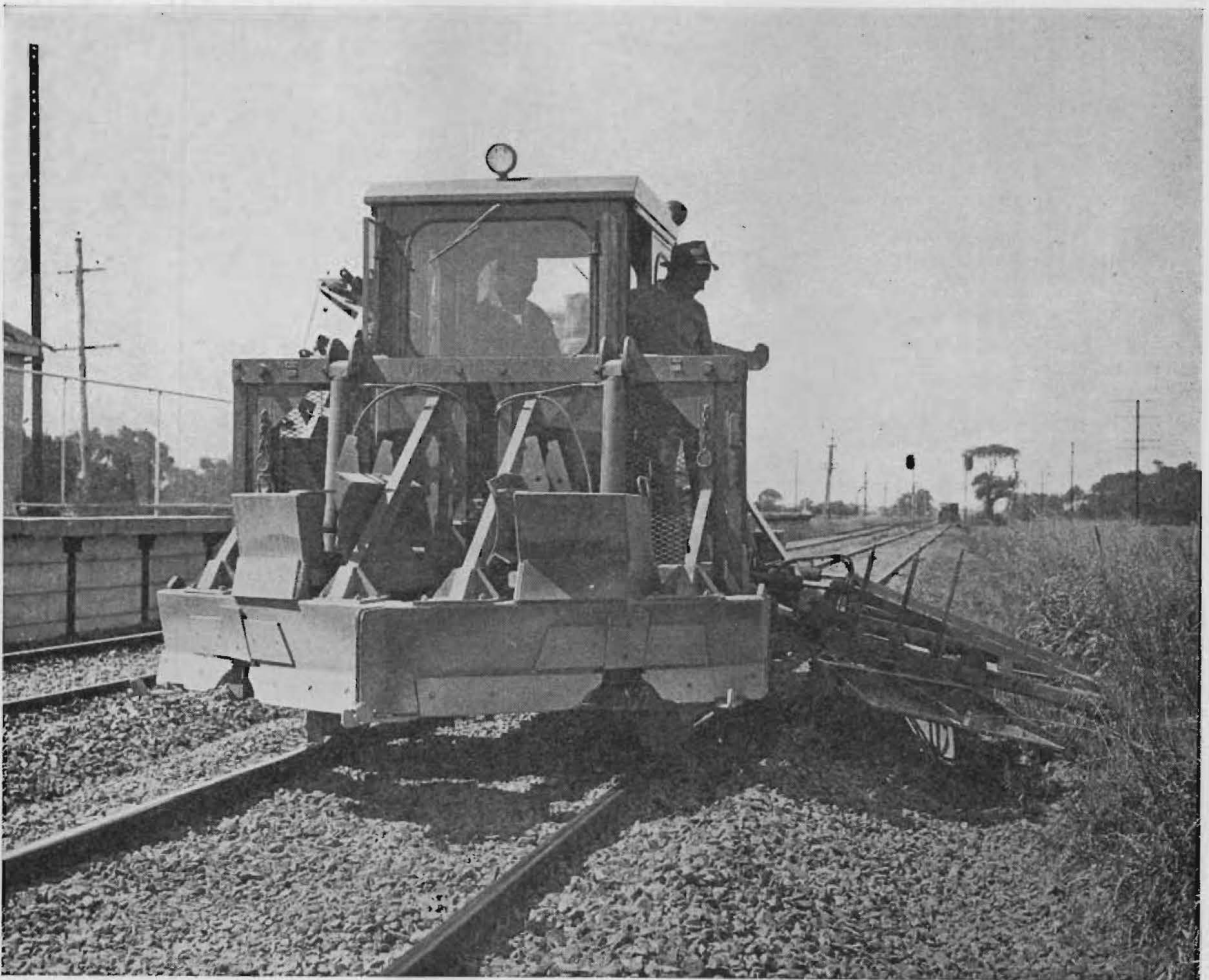
The hump was completed early in September, 1969, and on October 13 the first train, loaded with ballast, ran over it. Major work involved in the automatic hump yard system was also completed and testing was well advanced at the end of the year. The humping locomotives were fitted with radio-controlled cab signalling systems and radio-telephone systems, whilst a special loud speaker paging system was installed in the hump area.

One goods shed was reconstructed and modernised, and now provides covered loading space for 70 rail vehicles. A new goods shed is being built for North East and Goulburn Valley traffic, thereby releasing further space in the Dynon area for the growing interstate traffic.

A modern two storey amenities building was erected at North Melbourne for the yard staff.



Interior view of the reconstructed No. 3 goods shed, Melbourne Goods.



Ballast regulator at work.

### *Additional track facilities*

There was further progress towards providing a double line between Melbourne and Geelong. It is expected that the section between Werribee and Little River will be completed towards the end of 1970 leaving only the Little River-Corio section yet to be duplicated.

Work to permit increased traffic density on the busy Burnley group of lines was also continued. When it is completed there will be four tracks between Melbourne and Burnley and three between Burnley and Box Hill. The year saw the widening of the road over rail bridge at Swan Street between Burnley and Hawthorn and a commencement on station alterations, earthworks and retaining walls between East Camberwell and Box Hill.

### *Permanent Way*

The cyclic track maintenance system, referred to in earlier reports, has been extended to all country districts and is operating most satisfactorily.

Extension of this system to the metropolitan area is now being planned.

The re-organization of the work, combined with the ever increasing variety of mechanical equipment available, has supplemented the skill and knowledge of the track staff to produce a higher standard of maintenance at reduced cost.

One hundred and sixty-six miles of track were relaid during the year. This is forty-five miles less than the desirable minimum.

### *Level crossing abolition*

The road overpass at Somerville Road, Yarraville, was opened and grade separation proceeded at Princes Highway East, Traralgon. We are the constructing authority for new projects at Elgar Road, Mont Albert, and North Road, Huntingdale.

At Canterbury Road, Canterbury, where grade separation had been achieved, work began to provide two main bridge spans to carry a third rail track.

We again assisted the Country Roads Board with other grade separation schemes where the Board was constructing authority.

### *Level crossing protection*

Flashing light signals were installed at a further 25 locations and an additional 6 sets of boom barriers were provided.

The boom barrier installation at Blackburn Road, Blackburn, featured for the first time the co-ordination of road traffic signals with the booms.



Boom barrier installation Blackburn Road, Blackburn.



### Station improvements

A new island platform type station was erected at Greensborough to provide an interim improvement in train services and fit in with the eventual duplication of the line.



A section of the commuter car parking facilities at the new Greensborough station.

New station buildings were also erected at Thomastown and the reconstruction of Regent station was nearing completion.

Extensive alterations were begun at Broadmeadows.

An additional station is being established at Hoppers Crossing between Laverton and Werribee, approximately half of the cost being met by the Shire of Werribee. Considerable housing development is taking place in this area.

More room was made available for commuter car parking at suburban stations and at the close of the year there were 9,300 parking spaces available on railway land.

### FREIGHT OPERATION

Statistics relating to the more important aspects of freight operations are as under :—

	1969/70	1968/69	1967/68
Total goods and livestock tonnage .. .. .	11,835,141	11,315,916	11,115,953
Average haul per ton of goods (miles) .. .. .	172	168	160
Total net ton miles (goods and livestock) in millions .. .. .	2,037	1,903	1,776
*Average miles per wagon per day .. .. .	35.36	33.22	34.04
*Average daily wagon output (net ton miles)	378(H)	347	323
Average net wagon load (tons) .. .. .	16.03(H)	15.58	14.08
Average ton miles (net) per goods train hour	3,883(H)	3,754	3,607
Average net train load (tons) .. .. .	300	298	286
Standing time (hours) per 1,000 train miles ..	11.8(L)	13.00	13.1

\*Based on the number of goods vehicles actually available for service—

(H) Record high figure

(L) Record low figure

As pointed out earlier in this report, it is regrettable that the gain in efficiency—in several instances to record levels—revealed by these statistics is not, for reasons beyond our control, reflected in the financial results.

The lack of overseas markets for wheat was repeated and much carryover wheat was held in country storages. At June 30, 1970, these storages were holding more than 83 million bushels. Farmers are now looking increasingly to other forms of grain.

A four million bushel bulk storage is being built at Portland to receive wheat for export. Bagged wheat is already shipped from this port.

The volume of export oats railed to Portland rose steeply from 75,022 tons in 1968/69 to 142,609 tons this year. The railing of sorghum to Portland represented new revenue, the quantity handled being over 11,000 tons.

Butter, export meat and cement traffic continued to expand.

Livestock traffic increased by ten per cent. Perhaps we are reaping the reward for the assistance we gave during the severe drought two years ago.

Container traffic is a success story. The number of containers railed in association with import and export traffic with the United Kingdom was 13,040 and with Japan, a service begun only nine months ago, 5,073. Facilities are being provided to handle increased container traffic.

Following the opening of the Broken Hill standard gauge link in January, 1970, the first significant downward trend in the demand for bogie exchanging at South Dynon occurred, with the loss of some South Australian and Western Australian traffic which previously passed through Victoria. However, more vehicles were bogie-exchanged at Wodonga and the combined total for both locations was 1,505 more than the previous year.

Some motor vehicle traffic was also lost to the direct route.

The railway line from Maldon to Shelbourne, severely damaged by the bush fires of January, 1969, and little used, was closed.

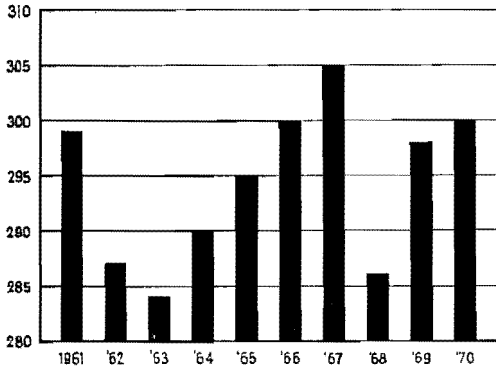
The following table compares the tonnages of some of the principal commodities we carried over the last three years :—

Commodity	Tons carried		
	1969/70	1968/69	1967/68
Wheat .. .. .	1,588,341	1,688,839	1,231,354
Oats, barley & other grains .. .. .	545,818	405,669	297,165
Fertilizers .. .. .	883,159	913,925	877,020
Cement .. .. .	852,108	765,361	766,417
Briquettes .. .. .	1,203,393	1,028,234	1,415,544
Livestock .. .. .	293,978	278,491	334,941
Iron & steel .. .. .	712,856	661,461	497,787
Forwarding agents' traffic .. .. .	677,695	659,131	643,744
Containers .. .. .	791,938	591,645	392,481

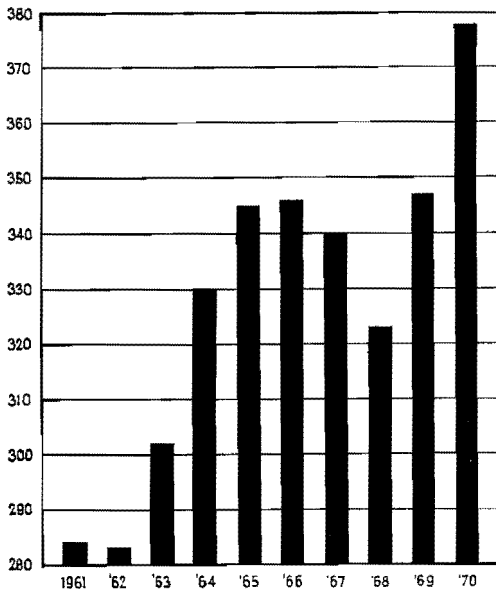
## FREIGHT OPERATING STATISTICS

(YEARS ENDING JUNE 30)

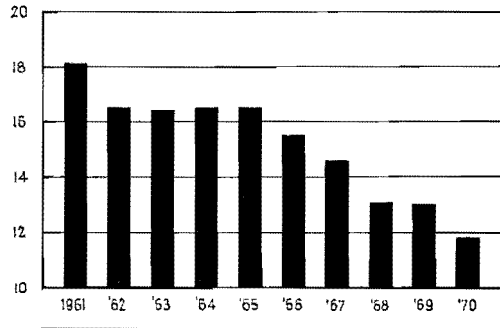
### AVERAGE NET TRAIN LOAD (TONS)



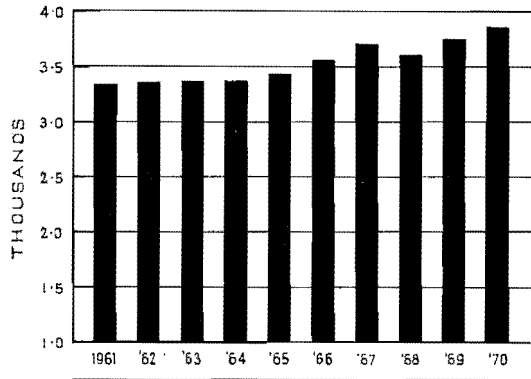
### AVERAGE DAILY WAGON OUTPUT (NET TON MILES)



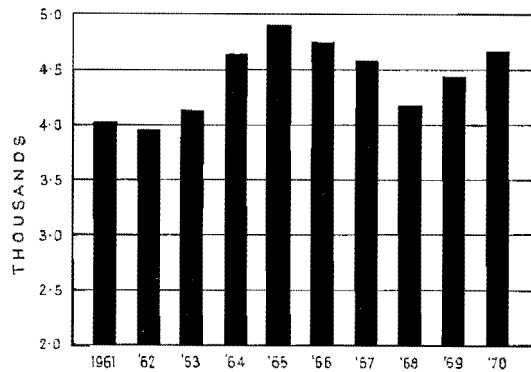
### STANDING TIME PER 1000 TRAIN MILES (HOURS)



### AVERAGE HOURLY TRAIN OUTPUT (NET TON MILES)



### AVERAGE ANNUAL OUTPUT PER TON OF ROLLING STOCK CAPACITY (NET TON MILES)



## PASSENGER OPERATIONS

### Suburban

Peak period traffic, particularly to the central business district, continued to grow, but off peak and weekend traffic showed a further drop in the face of increased car ownership.

In recent years all off peak services have been reviewed and where possible rationalized, with express running over sections where services are duplicated to reduce power consumption and make services more attractive to long-distance passengers. Basic off peak frequencies have also been suitably adjusted.



New Swan Street bridge between Burnley and Hawthorn.

Female carriage cleaners are now employed at Glen Waverley, Belgrave and Lilydale to freshen up carriages during the turn round interval at these terminal stations. This is helping to reduce the problem created by passengers who indiscriminately discard rubbish during travel.

Although total attendance at the 1969 Royal Agricultural Show declined by almost 5,000, the number of people travelling to the event by rail was over 11,000 more than the previous year and represented in excess of 26% of all who attended.

#### *Country*

The schedules of some country services have been accelerated and others have been adjusted to suit changed demand. More alterations are planned. Before changes are made, however, we confer with interested municipal authorities, responsible local bodies, and of course, train travellers themselves. This ensures the most acceptable timetables within our capacity.

Improvements were also made in booking arrangements for country and interstate travel, the Central Reservation Bureau being relocated and modernized with better inward and outward telephone links.

## PERSONNEL AND ADMINISTRATION

At June 30, 1970, the total staff (including casual labour equivalent to 623 men working full time) was 26,297 compared with 26,963 a year ago.

#### *Our Staff*

New methods closely affect the staff. We mention the major adjustments arising from the extension of cyclic track maintenance and the progressive changes which the operation of the Hump Yard will bring. We have taken care to maintain the confidence of the staff, established over a long period, when introducing changes, all of which continue to be carefully planned and timetabled.

All interested personnel are kept well informed of contemplated actions and the circumstances and wishes of individuals are ascertained early so that adjustments may be the most acceptable.

We record our appreciation of the continuing efforts of the staff. Again it has been a team effort.

### *Productivity*

As mentioned earlier, indices of operating efficiency reveal continued gains but there will be no relaxation of the drive for increased productivity and with a view to placing cost improvement on a more formal basis and to provide general direction, we have constituted the Heads of Branches as a Productivity Council with a Commissioner as Chairman.

The industrial safety program was maintained with the bonus a continuing downward trend in the injury rate.

The Management Services Division has continued to undertake assignments throughout all sections of the service making full use of modern techniques, including electronic data processing with beneficial results. However, we have not achieved all we would have liked because, like industry generally, we have lost many trained staff. Nevertheless we have been able to establish a Research and Development Section with qualified staff who are being specially trained to undertake sophisticated research into managerial problems.

Whilst formal assignments are undertaken by the Management Services Division, we realize that increased productivity must be a continuing process based on the work centres, and our Education Officer is revising, extending and co-ordinating the staff training programme.

Selected personnel were nominated to attend study courses and seminars to keep them in touch with current methods and thought.

The importance of the training offered railway staff by the Victorian Railways Institute has long been recognized. We expect it to become increasingly valuable with the continued introduction of new methods and the provision of more modern facilities.

### *Industrial Matters*

During the year the Commonwealth Conciliation and Arbitration Commission granted further substantial salary and wage increases to officers and employes. These are estimated to cost us an additional \$4 million in a full year.

In May, 1970, additional payments were authorised under the State Incremental Payments Scheme and these are estimated to cost us a further \$3,250,000 in a full year. The scope and amount of the payments gave rise to the only major unrest we experienced during the year as various groups showed their dissatisfaction by taking direct action of one sort or another.

The average annual payment, including overtime and penalty payments, to all officers and employes including juniors, was \$3,371 compared with \$3,073 the previous year.

### *Overseas visit*

Mr. L. T. Lynch, Controller Management Services Division, left on November 11, 1969, to attend the E.C.A.F.E. Railway Sub-Committee Conference in New Delhi as one of Australia's two representatives.

He went on to Japan to study railway operations with special reference to computer applications, and returned on December 20.

## THE YEAR AHEAD

While we confidently look forward to another year of maximum physical effort, combined with further gains in operating efficiency—particularly those engendered by the ambitious Melbourne Yard scheme—once again the financial benefits from increased efficiency will be outpaced by uncontrollable wages cost increases. The effect of such awards made during 1969–70, together with long service leave and superannuation charges, will be to increase expenditure this year by nearly \$5.5 million, and it is only realistic to assume that further wage rises will occur during the year.

So long as we continue to be required to pursue social objectives without recompense, we see no solution to this problem.

The prospects for intersystem passenger traffic are bright. The combination of moderate cost and speed with high levels of safety, comfort and convenience offered by intercapital express trains obviously meets a need.

We are similarly optimistic about the future of inter-system goods traffic despite the emergence of added competition from roll-on, roll-off coastal shipping and the completion of the Sydney-Peterborough-Port Pirie standard gauge link.

In both these fields our objectives are clear and the power to achieve these objectives lies in our own hands—but this cannot be said of many of the rail services now operating in Victoria, which are being provided on social rather than economic grounds.

Social objectives can be defined only at the political level. In the case of the metropolitan passenger services, the Government, by approving the Metropolitan Transport Plan and announcing the imminent commencement of the city underground railway, has clarified the political objectives in this area, but for effective forward planning, assurances regarding availability of finance are necessary. The need is now urgent for similar clarification in relation to the many uneconomical passenger and goods services being operated in country areas.

Until such clear policy guidelines are evolved, much of our own planning must necessarily remain tentative and fragmented.

#### HEADS OF BRANCHES

No changes took place during the year, the Heads of Branches at June 30, 1970, being :

Secretary	..	..	..	..	..	..	Mr. W. Walker
Chief Mechanical Engineer	..	..	..	..	..	..	Mr. S. F. Keane
Chief Civil Engineer	..	..	..	..	..	..	Mr. D. D. Wade
Chief Traffic Manager	..	..	..	..	..	..	Mr. T. A. James
Chief Electrical Engineer	..	..	..	..	..	..	Mr. I. G. Hodges
Comptroller of Accounts	..	..	..	..	..	..	Mr. N. L. Miller
Chief Commercial Manager	..	..	..	..	..	..	Mr. A. W. Weeks
Comptroller of Stores	..	..	..	..	..	..	Mr. A. W. Thomson
Superintendent of Refreshment Services				..	..	..	Mr. F. P. Kennedy

## CERTIFICATES OF HEADS OF BRANCHES

I hereby certify that the rolling stock, machinery and equipment under my control were maintained in good working order and repair during the year ended June 30, 1970.

S. F. KEANE  
*Chief Mechanical Engineer*  
August 24, 1970

I hereby certify that the permanent way, stations, buildings, bridges, signalling, safeworking equipment and other works under my control were maintained in good working order and repair during the year ended June 30, 1970.

D. D. WADE  
*Chief Civil Engineer*  
August 24, 1970

I hereby certify that the sub-stations, transmission system, overhead equipment and depots under my control were maintained in good working order and repair during the year ended June 30, 1970.

I. G. HODGES  
*Chief Electrical Engineer*  
August 24, 1970

I hereby certify that the stock of stores has been carefully and systematically inspected during the year and that its value at June 30, 1970 was \$8,619,641.

A. W. THOMSON  
*Comptroller of Stores*  
August 24, 1970

## APPENDICES

The balance sheet for the year and various accounts, statements and other information are embodied in the appendices, a list of which appears at the front of this Report.

G. F. W. BROWN, Chairman	}	Victorian Railways Commissioners
E. P. ROGAN, Deputy Chairman		
L. A. REYNOLDS, Commissioner		

## BALANCE SHEET AS AT

1969	Nature and source of funds	1970				
\$		\$	\$	\$	\$	\$
	<b>FUNDS PROVIDED BY THE STATE TREASURER :</b>					
	<b>For capital purposes—</b>					
	From loans raised on behalf of the State				430,239,543	
	Less—Equity in the National Debt Sinking Fund				62,080,117	
	<b>Net liability</b>				<u>368,159,426</u>	
	Less—Loan for renewals, replacements and maintenance works not represented by assets		1,050,000			
	Discounts and expenses on loans		<u>7,159,328</u>			
348,147,242	<b>Total net funds provided from Loans</b>				<u>8,209,328</u>	359,950,098
	<b>For special purposes—</b>					
	From—					
	Sundry special funds				13,722,241	
	Boom Barriers Act				205,665	
	Level Crossing Fund Act 6229				7,833,933	
	Uniform Railway Gauge Trust Fund	31,600,000				
	Less repayment to Commonwealth under Act 6459	<u>870,701</u>				
					<u>30,729,299</u>	
					52,491,138	
	From Public Account—					
	Act 6345 Section 15		1,832,220			
	" " " 17 (1)		<u>1,319,755</u>			
53,924,721					<u>3,151,975</u>	55,643,113
	<b>RESERVES—</b>					
	National Debt Sinking Fund Reserve				62,080,117	
	Railway Accident & Fire Insurance Reserve				200,000	
58,947,238	Uniform Railway Gauge Reserve				<u>870,701</u>	63,150,818
	<b>CURRENT LIABILITIES—</b>					
	Sundry creditors—					
	Stores and services				9,786,163	
	Revenue				604,536	
14,736,489	Trust				<u>4,082,556</u>	14,473,255
	<b>SPECIAL FUNDS FOR WORKING PURPOSES—</b>					
	Sundry provisions prior to 30.6.69				4,392,341	
	Amount contributed from general revenue of State to meet losses—					
	To 30.6.37			38,949,674		
	From 1.7.37 to 30.6.69	133,491,868				
	Contribution for year ended 30.6.70	<u>20,998,227</u>				
				<u>154,490,095</u>	193,439,769	
					197,832,110	
	Loss on operation					
	To 30.6.37			40,390,243		
	From 1.7.37 to 30.6.69	131,588,868				
	For year ended 30.6.70	<u>21,083,603*</u>				
				<u>152,672,471</u>	193,062,714	
4,854,772	Outstanding income 30.6.70					4,769,396
<u>480,610,462</u>						<u>497,986,680</u>

\* This amount is exclusive of provision for depreciation \$7,195,935 and for—  
Annual leave accrued during the year, Nil  
Annual leave aggregate liability at 30.6.70 (494,984 days) \$5,024,088

Subject to comments in my Report, PART VI, to the  
Legislative Assembly on the Accounts for the year  
1969-70.

A. J. A. GARDNER  
Auditor General.  
14th October, 1970



JUNE 30, 1970

1969	Disposal of funds	1970			
\$		\$	\$	\$	\$
	<b>EXPENDITURE ON—</b>				
	Railways—				
	Way, works, building, machinery and plant		269,621,633		
	Rolling stock general equipment		107,282,029		
			<u>376,903,662</u>		
	Road motor public services—				
	Buildings and equipment		15,721		
	Rolling stock		4,750		
			<u>20,471</u>		
	Railways under construction		125,549		
	Bridges for railways not yet constructed		—		
	Surveys		306,411		
			<u>431,960</u>		
	Lines closed for traffic—				
	Railways		1,034,940		
	Tramways		—		
			<u>1,034,940</u>		
				<u>378,391,033</u>	
	<b>DEPRECIATION ACCOUNT—</b>				
	Depreciation not provided for by cash appropriations to 30.6.69		80,783,914		
	Normal depreciation for the year	7,756,106			
	Less amount provided	560,171			
		<u>7,195,935</u>			
	Under provision for the year			<u>87,979,849</u>	
449,274,177					466,370,882
	<b>FUNDS FOR SPECIAL PURPOSES held by the State Treasurer—</b>				
	Railway Accident & Fire Insurance Fund			200,000	
	Railway Charges in Suspense			6,126,579	
	Railways Stores Suspense Account			1,079,931	
	Railways Repayment Fund			6,541	
				<u>7,413,051</u>	
7,840,867					
	<b>CURRENT ASSETS—</b>				
	Works in progress—Manufacturing account			753,424	
	Stores and materials on hand and in transit—				
	Railways		8,619,641		
	Construction Board		3,544		
	Equalization Account		25,162		
			<u>8,648,347</u>		
	Refreshment Services stock & equipment		757,489		
	Less provision for losses and breakages		13,441		
			<u>744,048</u>		
	Securities held in trust—				
	In London		—		
	In Melbourne		4,076,015		
			<u>4,076,015</u>		
	Sundry debtors—				
	Revenue		4,937,673		
	Others		2,124,298		
			<u>7,061,971</u>		
	Income cash on hand and in transit			436,260	
	Advances—				
	To Accounting Offices, Stations, etc.		2,466,310		
	To Agent General for purpose of—				
	Capital equipment	4,273			
	Stores, etc.	12,099			
		<u>16,372</u>			
				<u>2,482,682</u>	
23,495,418					24,202,747
<u>480,610,462</u>					<u>497,986,680</u>

N. L. MILLER  
Comptroller of Accounts.  
14th October, 1970

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

—	Year 1969-70	Year 1968-69	Increase (+) or Decrease (—) in 1969-70
	\$	\$	\$
GROSS REVENUE—			
*Railways	105,053,583.79	100,528,500.89	+ 4,525,082.90
Road motor public services	65,515.95	62,378.38	+ 3,137.57
Total	105,119,099.74	100,590,879.27	+ 4,528,220.47
WORKING EXPENSES—			
Railways	118,558,103.90	111,216,145.37	+ 7,341,958.53
Road motor public services	153,454.68	128,056.75	+ 25,397.93
WORKING EXPENSES CHARGED AGAINST REVENUE	118,711,558.58	111,344,202.12	+ 7,367,356.46
DEFICIT ON CURRENT OPERATIONS	13,592,458.84	10,753,322.85	+ 2,839,135.99
NET REVENUE			
Interest charges, exchange and contribution to the National Debt Sinking Fund	7,491,144.28	6,614,909.29	+ 876,234.99
DEFICIT	21,083,603.12	17,368,232.14	+ 3,715,370.98

\* Includes—\$200,000 pensioners' fares subsidy, \$62,000 parcels recoup, \$224,000 goods freight recoup.

RECONCILIATION OF THE RAILWAY AND THE TREASURY FIGURES RELATING TO REVENUE AND WORKING  
EXPENSES, FOR THE YEAR 1969-70

**REVENUE**

	\$	\$
Revenue shown by the Railways	105,119,099.74	
To bring this amount into agreement with the Treasury figures deduct—		
Outstanding at June 30, 1970, not included in the Treasury figures	4,769,396.30	
	100,349,703.44	
and add—		
Outstanding at June 30, 1969, collected in 1969-70 and therefore included by the Treasury in that year	4,854,772.10	
Revenue as shown by the Treasury		105,204,475.54

**WORKING EXPENSES**

Working expenses as shown by the Railways	118,711,558.58	
Add—Interest and exchange charges, loan conversion expenses and contribution to the National Debt Sinking Fund shown by the Railways and the Treasury	7,491,144.28	
	126,202,702.86	
Less deficit as shown by the Treasury	20,998,227.32	
Working expenses as shown by the Treasury		105,204,475.54

**RAILWAY POSITION SUMMARIZED**

Revenue	105,119,099.74	
Working expenses	118,711,558.58	
	13,592,458.84	
Loss on current operations		
Interest and exchange charges, loan conversion expenses and contribution to National Debt Sinking Fund	7,491,144.28	
	21,083,603.12	
Deficit		

## STATISTICAL STATEMENT (EXCLUSIVE OF ROAD MOTOR PUBLIC SERVICES).

Particulars								Year 1969-70	Year 1968-1969
1.	Average Mileage of Railways open for Traffic	..	..	..	..	..	..	4,170	4,190
PASSENGER TRAFFIC									
2.	Passenger Train Mileage	..	..	..	..	..	..	4,737,815	4,741,343
3.	Earnings from Passengers Carried	..	..	..	..	..	..	8,360,741	8,138,856
4.	Number of Passengers Carried	..	..	..	..	..	..	\$7,521,290	\$7,473,212
5.	Number of Passengers Carried One Mile	..	..	..	..	..	..	\$24,174,507	\$22,979,018
6.	Average Miles each Passenger was Carried	..	..	..	..	..	..	3,999,874	4,078,208
7.	Average Number of Passengers per Car	..	..	..	..	..	..	140,308,673	140,787,697
8.	Average Earnings from each Passenger Journey	..	..	..	..	..	..	355,754,569	368,139,699
9.	Average Earnings per Passenger Mile	..	..	..	..	..	..	1,252,954,979	1,263,823,183
<i>Per Average Mile of Railway Open</i>								84.44	90.27
10.	Number of Passengers Carried	..	..	..	..	..	..	8.93	8.98
11.	Number of Passengers Carried One Mile	..	..	..	..	..	..	11	11
12.	Passenger Train Mileage	..	..	..	..	..	..	30	31
13.	Earnings from Passengers Carried	..	..	..	..	..	..	178.70c	183.25c
<i>Per Passenger Train Mile</i>								17.23c	16.32c
14.	Average Number of Passengers	..	..	..	..	..	..	2.11c	2.03c
15.	Average Number of Cars	..	..	..	..	..	..	1.93c	1.82c
16.	Average Earnings from Passengers Carried	..	..	..	..	..	..	980	995
GOODS AND LIVE STOCK TRAFFIC—PAYING								472,420	474,033
17.	Goods Train Mileage	..	..	..	..	..	..	87,238	89,834
18.	Earnings from Goods and Live Stock	..	..	..	..	..	..	4,218,703	4,255,296
19.	Number of Tons Carried	..	..	..	..	..	..	Country ..	Country ..
20.	Number of Tons Carried One Mile	..	..	..	..	..	..	Suburban ..	Suburban ..
21.	Average Haul per Ton of Goods (Miles)	..	..	..	..	..	..	Country ..	Country ..
22.	Average Tonnage per Loaded Wagon	..	..	..	..	..	..	Suburban ..	Suburban ..
23.	Average Train Load (Tons)	..	..	..	..	..	..	Country ..	Country ..
24.	Average Earnings per Goods Train Mile	..	..	..	..	..	..	Suburban ..	Suburban ..
25.	Average Earnings per Ton	..	..	..	..	..	..	Country ..	Country ..
26.	Average Earnings per Ton Mile	..	..	..	..	..	..	Suburban ..	Suburban ..
<i>Per Average Mile of Railway Open</i>								75	78
27.	Number of Tons Carried (Paying Traffic)	..	..	..	..	..	..	150	155
28.	Number of Tons Carried One Mile (Paying Traffic)	..	..	..	..	..	..	7	7
29.	Goods Train Mileage	..	..	..	..	..	..	5	5
30.	Earnings from Goods and Live Stock	..	..	..	..	..	..	153.57c	157.62c
GOODS AND LIVE STOCK TRAFFIC—GROSS								289.14c	282.33c
31.	Average Tonnage per Loaded Wagon	..	..	..	..	..	..	7,444,771	6,808,958
32.	Average Train Load (Tons)	..	..	..	..	..	..	\$61,766,036	\$58,527,853
33.	Average Number of Vehicles per Train—Loaded	..	..	..	..	..	..	11,835,141	11,315,916
34.	Average Number of Vehicles per Train—Empty	..	..	..	..	..	..	2,037,222,139	1,902,982,705
<i>Per Average Mile of Railway Open</i>								172.13	168.17
27.	Number of Tons Carried (Paying Traffic)	..	..	..	..	..	..	16.03	15.58
28.	Number of Tons Carried One Mile (Paying Traffic)	..	..	..	..	..	..	300	298
29.	Goods Train Mileage	..	..	..	..	..	..	829.65c	859.57c
30.	Earnings from Goods and Live Stock	..	..	..	..	..	..	521.88c	517.22c
<i>Per Average Mile of Railway Open</i>								3.05c	3.08c
27.	Number of Tons Carried (Paying Traffic)	..	..	..	..	..	..	2,838	2,701
28.	Number of Tons Carried One Mile (Paying Traffic)	..	..	..	..	..	..	488,542	454,172
29.	Goods Train Mileage	..	..	..	..	..	..	1,785	1,625
30.	Earnings from Goods and Live Stock	..	..	..	..	..	..	\$14,301.55	\$13,968.46
GOODS AND LIVE STOCK TRAFFIC—GROSS								28.96	28.31
31.	Average Tonnage per Loaded Wagon	..	..	..	..	..	..	663	662
32.	Average Train Load (Tons)	..	..	..	..	..	..	19	19
33.	Average Number of Vehicles per Train—Loaded	..	..	..	..	..	..	9	9
34.	Average Number of Vehicles per Train—Empty	..	..	..	..	..	..		

Figures for year 1968-69 have been adjusted because of the extension of the Suburban Area to a 32 mile radius effective from 26th January, 1969.



## 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	8,619,640.89	
		1,018,881.62	Construction Board	3,543.78	
Advances from Loan Account subsequent to June 30, 1896		7,981,118.38	Equalization Account	25,162.47	8,648,347.14
Total funds provided		9,000,000.00	Sundry debtors		491,610.33
Sundry creditors		1,231,987.88	Cash in Treasury at June 30, 1970		1,079,931.08
		10,231,987.88	Advances with the Agent-General		12,099.33
					10,231,987.88

## RAILWAYS RENEWALS AND REPLACEMENTS FUND

Nature and source of funds	During the year ended June 30, 1970		Disposal of funds	Period July 1, 1937, to June 30, 1970	
	\$	\$		\$	\$
Balance at June 30, 1969	—	—	Renewals and replacements:		
Funds specially appropriated under Act No. 6355	400,000.00	13,200,000.00	Traffic	—	486,131.42
Additional funds authorised by Parliament	—	11,500,000.00	Rolling Stock	315,053.17	114,098,244.34
Rail motor and road motor, &c. depreciation	160,171.16	4,289,503.81	Way and Works	1,368,626.45	36,872,240.55
Sundry sales, abolitions, &c. interest on investments	1,124,052.96	8,414,887.13	Electrical Engineering	544.50	6,441,154.19
Amount charged Item 5 Loan Acts	—	1,406,582.80	Advance (net) with the Agent-General	—	106,386.78
	—	119,193,183.54			
	1,684,224.12	158,004,157.28		1,684,224.12	158,004,157.28

## DEPRECIATION—PROVISION AND ACCRUAL

	During the year ended June 30, 1970	Period July 1, 1937, to June 30, 1970		During the year ended June 30, 1970	Period July 1, 1937, to June 30, 1970
	\$	\$		\$	\$
Special appropriations	400,000.00	13,200,000.00	Normal depreciation—		
Additional funds authorised by Parliament	—	11,500,000.00	Way, works, buildings, &c.	2,138,568.00	34,443,656.53
Sundry depreciation provided in working expenses	160,171.16	4,289,503.81	Rolling stock (including machinery and equipment in Rolling Stock Workshops)	5,128,216.00	72,532,989.35
Provision from sundry sales, &c., included as additional depreciation	—	687,993.39	Electrical Engineering plant and equipment	340,699.00	7,839,426.32
Interest on investment	—	1,406,582.80	Electric tramways, rail motors and road motors	148,623.16	4,247,856.39
Balance at June 30, 1970 amount short provided	7,195,935.00	87,979,848.59			
	7,756,106.16	119,063,928.59		7,756,106.16	119,063,928.59

## STATEMENT OF CAPITAL EXPENDITURE

	Year ended June 30, 1970	Year ended June 30, 1969
	\$	\$
New lines and surveys— Gross expenditure	90,390	332,866
Credits	—	—
Net expenditure	90,390	332,866
Additions and improvements on existing lines— Gross expenditure	10,998,749	10,815,823
Credits	1,361,380	608,517
Net expenditure	9,637,369	10,207,306
Rolling stock— Gross expenditure	6,406,122	6,117,526
Credits	315,053	369,037
Net expenditure	6,091,069	5,748,489
Electrification of Melbourne suburban lines— Gross expenditure	218,457	546,473
Credits	545	162
Net expenditure	217,912	546,311
Total railways— Gross expenditure	17,713,718	17,812,688
Credits	1,676,978	977,716
Net expenditure	16,036,740	16,834,972
Road motor public service (including garage accommodation)— Gross expenditure	—	—
Credits	7,247	8576
Net expenditure	Cr. 7,247	Cr. 8576
Total— Gross expenditure	17,713,718	17,812,688
Credits	1,684,225	986,292
Net expenditure	16,029,493	16,826,396