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VICTORIA

VICTORIAN RAILWAYS

REPORT

OF THE

VICTORIAN RAILWAYS BOARD

FOR THE

YEAR ENDED JUNE 30, 1974

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

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December 6, 1974

*The Honorable E. R. MEAGHER, M.B.E., E.D., 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, 1974 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, 1974**

THE FIRST YEAR

The year 1973/74, which was the Railways' first full year under Board control, was one of encouraging improvement in passenger business and, but for the partial failure of the wheat harvest, would have been a year of record freight traffic activity. In this year the Board had an opportunity to inform itself of the extent and condition of the Railways' resources, both physical and human; to clarify its objectives, and analyse the plans that have been prepared to achieve those objectives; to establish priorities, and to take the first steps towards reorganising the Railways into a commercially-oriented undertaking.

THE BOARD'S CHARTER

The Board had its genesis in the Bland Report, and its charter from the Government is to implement the philosophy of that Report. So that no misapprehension can arise as to the long term course the Board proposes to pursue, that philosophy is summarised here:

- (i) The Railways should operate as a commercial undertaking, performing that part of the total transport task for which they have an inherent advantage, and managing their affairs in such a way that the objective should be for their total revenues to cover their total costs, including capital charges and full provisions for replacement of assets.
- (ii) Without completely excluding the principle of cross-subsidisation, the Railways should seek to operate only those services which are capable of meeting, from self-generated income, the financial criterion specified in (i). This objective presupposes that the Railways will be operating in a competitive environment in which road operators are required to make a realistic contribution towards the cost of the roads and other State-provided facilities.
- (iii) Where the Government, for reasons of social policy—
 - (a) requires the Board to operate services which are not capable of meeting the financial criterion specified in (i); or
 - (b) requires the Board to take or refrain from taking any other course of action contrary to the judgment of the Board viewing the Railways as a viable commercial enterprise,

the Board shall comply but shall be recompensed by the Government any loss of income and/or increase in expenditure thereby entailed.

It is abundantly clear to the Board that the Railways cannot be viewed as a commercial enterprise in the strictly business sense of one seeking to cover all costs, with a margin of profit, from the revenues generated directly from the users of rail services. There will always be a substantial gap, representing the cost of services performed for social reasons, which must be met from the State's general revenues. This fact in no way diminishes the Board's responsibility to operate the Railways in a business-like manner.

It is even more abundantly clear that if the Railways are to win and hold their rightful place in the community as a viable undertaking, the present system of finance, in which the extent of the community payment to the Railways for social services performed is described and published as a "deficit", must be abandoned without avoidable delay.

The principle of meeting the cost of pursuing social objectives by deficit financing is at variance with the Board's viewpoint. Deficit financing stultifies initiative, clouds objectives and inhibits efficient planning. Its effects on staff morale, and the ability of the Railways to attract high-calibre recruits, are obvious.

From the community viewpoint, the implications of deficit financing as a means of meeting the cost of socially-oriented railway services are no less serious, in that this method precludes any effective analysis of the costs incurred in order to determine whether many of them should have arisen in the first place.

All these objections can be overcome by replacing deficit financing with a system of specific subsidies, by way of direct payments into railway revenue, calculated and paid at the beginning of each year as a part of that year's budget and designed to cover the net cost to the Board (total cost less user payments) of performing services or pursuing courses of action prescribed by the Government. This will create an environment in which the Board can pursue non-social objectives in a business-like way, and at the same time keep the community informed as to how much it is paying for the privilege of pursuing social objectives and what it is getting for its money.

The Board fully comprehends that an essential prerequisite to the payment of such specific subsidies is the introduction of an accounting system which is capable of accurately segregating cost information for specific lines and services. Steps have already been taken towards this end and progress is reviewed under the section "New Accounting & Costing System".

When this new accounting and costing system is in operation, and subsidies can be made specific instead of being buried in an amorphous "deficit", the way will be cleared for a much more critical review of the basic justification for continuation of many of the subsidised operations.

A YEAR OF REVIEW

Since its inception the Board has surveyed its resources in depth. It has received numerous presentations, from officers at various levels of top and middle management, and has thereby informed itself of the nature of the market for railway services and the extent and condition of the assets available to meet that market. Even more importantly, the Board has been able to size up the management resources available to pursue its prescribed objectives.

It must be conceded that in the first instance the Board approached its task with some apprehension, particularly following Sir Henry Bland's assertion of a "deep malaise" within the Railways. This evoked an image of an organisation in such a state of despondency and disrepair that nothing short of complete dismantling and rebuilding would be capable of putting things in order. It is, therefore, with considerable satisfaction that, while it would agree that there has been a sense of frustration, the Board places on record that its apprehensions were unfounded.

In its investigations the Board has found professionalism, combined with comprehension of the formidable obstacles that have stultified progress and frustrated the pursuance of commercial objectives in the past, and of the courses of action that must be followed if these obstacles are to be overcome and commercial objectives are to be effectively pursued in the future. Modern management techniques and aids are understood and are being applied; the dedication which is traditional in a career industry is combined in the Railways with confidence in the future, and the ability to view the solution to the problems of today in the context of a time span that reflects that confidence.

This does not imply that the Board has found no need for change and improvement. The traditional railway organisational structure of nine monolithic functional branches is not appropriate to a commercial enterprise and steps—described in the section titled "Organisation"—have been taken to change it. The accounting system, for many years uniform throughout the Australian and New Zealand Railways, is designed essentially to meet Treasury requirements and does not supply management with the information necessary to calculate subsidies, assess costs, or effectively control expenditure through the delegation of responsibility. The new accounting system described in the section "New Accounting & Costing System" will overcome these deficiencies.

The "Bland" philosophy places heavy accent on marketing, and in this area also the railway organisational structure required strengthening in order to generate the necessary impetus. The steps that have been taken to this end are outlined under the "Market" section of this Report.

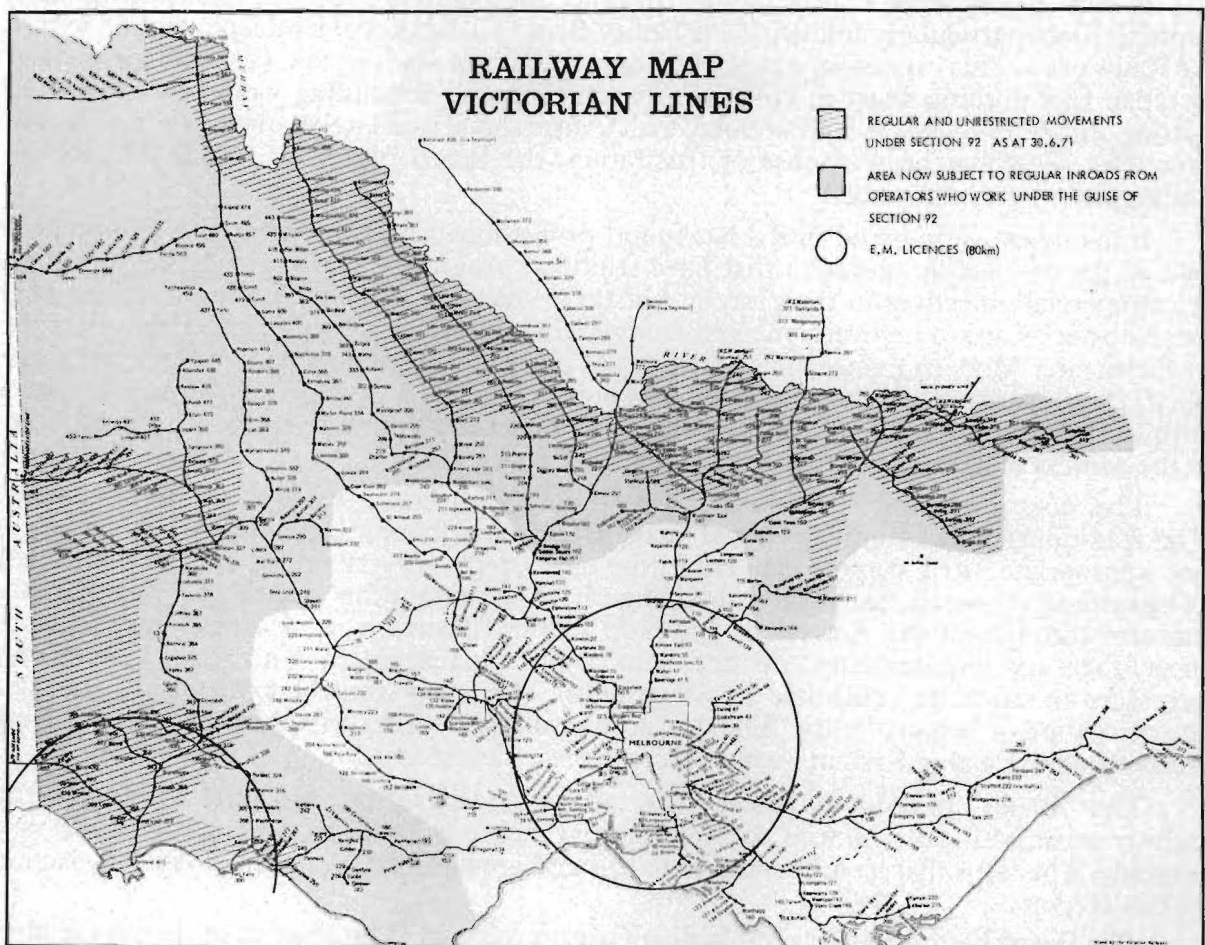
The Board has inherited formidable physical problems. The absence in the past of any-

thing but token financial provisions for the replacement of assets has forced the Railways to continue the operation of huge fleets of obsolete suburban carriages and freight wagons that should have been replaced many years ago. The cost of maintaining these vehicles in an operable condition represents an intolerable burden on present day finances. While main line tracks have been raised to a standard that permits mechanised maintenance procedures to be efficiently applied, a massive backlog of replacement of bridges, stations and other buildings, many of them dating back to the early days of the system, awaits attention and will impose a heavy drain on replacement funds for years to come.

Apart from replacement of assets, the progressive reduction since 1962 in the spending power of the annual allocation available for capital expenditure—referred to in our 1972/73 Annual Report—has severely limited the Railways' ability to improve and expand their services to meet market growth, particularly in the financially rewarding field of bulk freight. The results of this financial starvation have become only too apparent in the year under review, when revenue amounting to many millions of dollars has had to be foregone because of lack of sufficient rolling stock, locomotive power and terminal facilities to meet the demand.

The Board also faces serious problems in its endeavours to compete with road operators. In this area the year saw a significant change in transport regulation policy when the Government, acting upon the recommendations of the Bland Report, introduced the Land Transport Act 1973. Unfortunately, while implementing Sir Henry Bland's recommendation for introduction of new "as of right" licences within an 80 km radius of Melbourne and Portland the Government did not see fit to adopt in their entirety the recommendations contained in the Report concerning licence fees and road user charges, with the result that in many instances the way has been opened for stronger competition from road operators.

"Border hopping" road operations under the protection of Section 92 of the Constitution continue to be a source of serious concern and result in a heavy loss of revenue both to the Railways and the State Government, particularly as the State boundaries are closer to all the principal cities than in other States. The map appearing below clearly demonstrates the extent to which the inroads of such operators have extended into Victoria since Sir Henry Bland conducted his investigations in 1971. The map also demonstrates how small a proportion of the State—having regard to the combined effect of "border hopping" and the new "EM" road licences—is still subject to the effective regulation of road transport.



CHARTING A COURSE

The way ahead is now becoming clearer. The indispensable economic role of railways in a total transport system is recognised at Government and community level, and the Board, capitalising upon the wide background and experience of its membership, has charted its course; changes in organisation and systems necessary to the pursuance of this course have been implemented or initiated.

On the Glen Waverley line a specific upgrading project designed to demonstrate the Board's adopted standards for suburban travel has been put in hand, and this will be followed, on the Geelong line, by a comparable demonstration of standards for inter-urban commuter travel as soon as funds are available. In executing these and similar "demonstration" projects, in accordance with the Board's policy full regard is being paid both to the environmental impact of planned works and to the importance of public participation in the planning process.

In the sphere of country freight traffic, the inefficiencies of the present "retail" system of distributing general merchandise to a large number of stations throughout the State have been amply demonstrated to the Board, and a feasibility study of a pilot "regional freight centre" project at Horsham, designed to greatly increase the efficiency of this type of operations by combining bulk line haul rail movement with local road distribution over an extended area, is well advanced. This concept is fully consistent with the Government's decentralisation policies and with the Board's commitment to support those policies by any means within its power, subject to any financial disadvantage thereby suffered by the Board being made good by the Treasury.

Both social and economic forces are at work in the community that will result in increased dependence being placed on rail transport in future. Socially, the role that electrified fixed rail public transport is capable of playing in lowering total transport costs and improving the quality of life in big cities is now being recognised. The expression of this recognition in the form of Commonwealth grants for approved suburban improvement and expansion works, when backed by adequate matching State contributions and reinforced by completion of the city underground railway, will revolutionise the standard of rail services in Melbourne in the years ahead.

Economically, the demand for rail transport in the future will be fostered by industrial growth, combined with the trend towards containerisation of freight movements to reduce labour costs and the trend towards using transport as part of the production line process. Several major developments, at present in the negotiating stage, involve very substantial bulk movements of a type that only rail transport is equipped to handle.

The financial problems being imposed on the Board and accentuated by continued monetary inflation cannot be minimised. Fundamentally, they require the community to reach the following decisions—

- To what extent should unavoidable railway costs be recovered directly from users, and to what extent from the community at large?
- To what extent is the community justified in subsidising rail services that cannot be made viable from self-generated earnings?
- Is the Government prepared to make available the capital required to update the system to meet consumer requirements, reduce operating costs and to optimise resource utilisation?

In these areas the Board must look to the Government for guidance, and it has been encouraged to note the appointment of Mr. I. J. O'Donnell as an Independent Investigating Authority to examine the future of a number of uneconomic branch lines and services. Early action is now hoped for in this area.

While the course that must be followed is becoming clear, it is also clear that problems of the magnitude facing the Board are not going to be solved overnight. Past financial neglect of the railway system has created a backlog of renewals and replacements that, on the most optimistic estimates of funds likely to be available, will take many years to overcome, and rationalisation of uneconomic services is inevitably a slow process achieved only in the face of intense opposition.

In the final analysis, irrespective of whether railway costs are met directly by users or indirectly by way of subsidies, the situation from the State viewpoint cannot improve until the costs themselves are reduced by increased efficiency, by abandonment of unecono-

mic services, and by more traffic generating from improved services and so increased turnover with resultant lower costs.

The Board is preparing a five-year plan covering the years 1975–76 to 1979–80, setting out what should be done, and the resources required to do it, in both the areas of investment and rationalization, and this plan will be submitted in a separate report.

It is, of course, one thing to prepare a plan; it is another to execute it. Without full Government participation and support—financial and otherwise—the Board's task will be an impossible one. It will be equally impossible unless the Government implements in full the recommendations of Sir Henry Bland in relation to the fixing of road maintenance charges at the same time as regulations governing road competition are phased out.

ORGANISATION

In pursuance of its charter to operate the Railways as a commercial undertaking, the Board has given a great deal of thought to the management structure.

The traditional organisation along functional lines with nine monolithic Branches, each responsible to management for the performance of a particular aspect of the operation, is not conducive to quick decision-making, nor to the smooth co-ordination of functions to meet the requirements of the market which must be paramount in a commercial undertaking. After adequately surveying its available management resources the Board has introduced a new structure in which the Branch Heads report to the General Manager through one of three Assistant General Managers covering respectively the broad areas of technical services; operations and marketing; and finance and administration.

The organisational structure provides that one of the three Assistant General Managers occupies the position of Deputy General Manager. To date only two of the positions of Assistant General Manager have been filled; pending a third appointment the duties of the Assistant General Manager (Technical) are being discharged by the General Manager.

In order to facilitate decision-making in the vital area of staff relationships the personnel function has been set up as a separate Branch under the control of a Manager, Personnel, who reports direct to the General Manager.

PLANNING AND DEVELOPMENT

THE DEVELOPMENT AND PLANNING DIVISION

As pointed out earlier, both social and economic forces are at work in the community that will result in increased dependence being placed on rail transport in future, and it is the function of the Department's Development and Planning Division to anticipate the impact of these forces; to advise the Board of strategies to enable the Railways to meet the growing demand as it arises and to provide the resources that will be required; and to ensure that resources committed in the short term make their maximum possible contribution to long term needs.

A further important function of the Division is to relate railway planning to general community planning on a two-way basis. This is achieved through the Department's involvement in the Metropolitan Transportation Committee and by maintaining liaison with the Town and Country Planning Board, the Melbourne and Metropolitan Board of Works and other bodies with responsibilities in the planning field. From the railway viewpoint great emphasis must be placed not only on the vital interaction between land use and transport services, but also the particular attributes of fixed rail transport with its geographical inflexibility but enormous potential capacity for the economical carriage of people and freight, with minimum effect on the environment.

Specific areas in which the Division has been heavily committed are—

- The Glen Waverley line upgrading project.
- The Horsham regional freight centre.
- Proposals for upgrading passenger services in the Geelong corridor.
- Long range planning for the upgrading of main trunk routes and the acquisition of additional motive power.
- The freight wagon replacement programme.
- The preparation of information for submission to the Commonwealth Department of Transport for financial assistance under the Commonwealth's urban transport programme.

WORKS AND SERVICES PROGRAMME

Expenditure on Works and Services during the year amounted to \$21.5 million, distributed broadly as follows:—

	\$	\$
CAPITAL WORKS		
Way & works—		
Subject to Commonwealth participation	3,569,442	
Other	5,388,536	8,957,978
	<hr/>	
RENEWALS AND REPLACEMENTS		
Way & works		1,913,020
Rolling stock—		
Subject to Commonwealth participation	6,435,995	
Other	4,230,225	10,666,220
	<hr/>	<hr/>
		\$21,537,218
		<hr/>

Of the total expenditure of \$21,537,218 it is expected that a total of \$5,092,997 will be reimbursed by the Commonwealth under its urban transport programme, leaving a total expenditure from State funds of \$16,444,221.

The Board was extremely disturbed to note that virtually no additional State loan funds were made available, compared with the previous year, to match the Commonwealth grants for urban works. If this policy is continued, an accelerating urban programme will have to be financed by diverting resources from non-urban rail works. The effects of such a policy on the Board's endeavours to provide the facilities to handle the growth in non-urban traffic—statewide and interstate—would be serious in the extreme.

Urban works completed during the year were the power signalling installations between Ringwood and Croydon (brought into service on November 11, 1973, with consequential time-table improvements), and between Ringwood and Bayswater (in service June 30, 1974). The following works were in hand—

Glen Waverley line: Upgrading project.

South Kensington—Footscray: Quadruplication of line.

Caulfield—Mordialloc: Third track.

Macleod—Greensborough: Duplication of line.

Sunshine—Deer Park West: Duplication of line.

New stations between Noble Park—Dandenong and between Seaford—Frankston.

Oakleigh: Power signalling and consolidation of signal boxes.

In the Jolimont, Spencer Street and North Melbourne areas railway staff continued to work, in close liaison with the Melbourne Underground Rail Loop Authority and its contractors, on projects designed to link the underground loop with existing lines.

Outside the ambit of the suburban passenger system, way and works activities were concentrated mainly on the track relaying and bridge renewal programmes. Two hundred and twenty eight kilometres of track were relaid with heavier rail, and 130 sets of points and 174 crossings were renewed. Major bridge reconstruction works continued at Traralgon, Geelong, Carrum and Jolimont.

To provide for the increasing demand for freight handling facilities in the south-eastern sector of the metropolitan area, an area of land and an existing siding and storage shed were purchased from the State Electricity Commission at Westall. This land will be developed as a terminal for wagonload and trainload freight to augment the facilities at Dandenong, where space is not available for further expansion.

On the rolling stock side, work proceeded both by contractors and in departmental workshops on the project for delivery of 50 six-carriage stainless steel suburban trains, and as at June 30, 1974, five of these trains were in service. Under the terms of the contract the contractor was given the specified notice of the need to increase the delivery rate from 5 to 10 trains per annum, and this is expected to be attained early in 1975. In accordance with its policy to seek the best advice available, the Board has enlisted the aid of the Industrial

Design Council of Australia towards the engagement of a Design Consultant to submit designs and proposals for upgrading the interior design and decor of these trains.

Wagon construction in departmental workshops continued during the year to the maximum extent permitted by the availability of funds and materials, and during the year the following new bogie vehicles were placed in service:—

27 'VSX'	Louvre vans	14 'JCX'	Cement hopper wagons
30 'CSX'	Coil steel wagons	10 'JDX'	Dolomite and limestone hopper wagons
64 'FQX'	Flat wagons for containers and general traffic	9 'JSX'	Sand hopper wagons
3 'FCF'	80' Flat wagons	1 'JQX'	Quarry products hopper wagon
70 'ELX'	Open wagons		

To meet the need for locomotive power to handle a predicted growth in bulk freight traffic, an order was placed on the Clyde Engineering Company Pty. Ltd. for ten main line diesel-electric locomotives of 2,200 h.p. The contract also provided an advantageous option for the purchase of an additional 5 or 10 locomotives of 2,200 or 3,300 h.p. Negotiations for the exercise of this option were proceeding.

To enable a more comprehensive passenger service of the multiple unit type, permitting through travel, to be instituted using the two modern rail cars already in service, an opportunity was taken to purchase two additional cars of the same type from the Public Transport Commission of New South Wales. Conversion of these units to meet our requirements was in hand at the close of the year.

FINANCIAL

	1973-74 \$	1972-73 \$
GROSS INCOME	114,211,966	110,410,116
WORKING EXPENSES CHARGED AGAINST REVENUE	188,906,167	156,326,972
LOSS ON CURRENT OPERATIONS ..	74,694,201	45,916,856
Interest charges and expenses	10,893,013	10,020,511
Exchange on interest payments	44,326	65,982
Contribution to the National Debt Sinking Fund	454,821	419,291
TOTAL INTEREST, EXCHANGE, ETC. ..	11,392,160	10,505,784
"DEFICIT"	86,086,361	56,422,640

Compared with the previous year, income increased by \$3.8 million, the principal factor in this increase being a gain of \$2.4 million in passenger revenue which was achieved in spite of a reduction in certain country and outer suburban fares in September, 1973. The encouraging increase in passenger travel experienced during the year represents the reversal of a trend that has persisted since 1957-58.

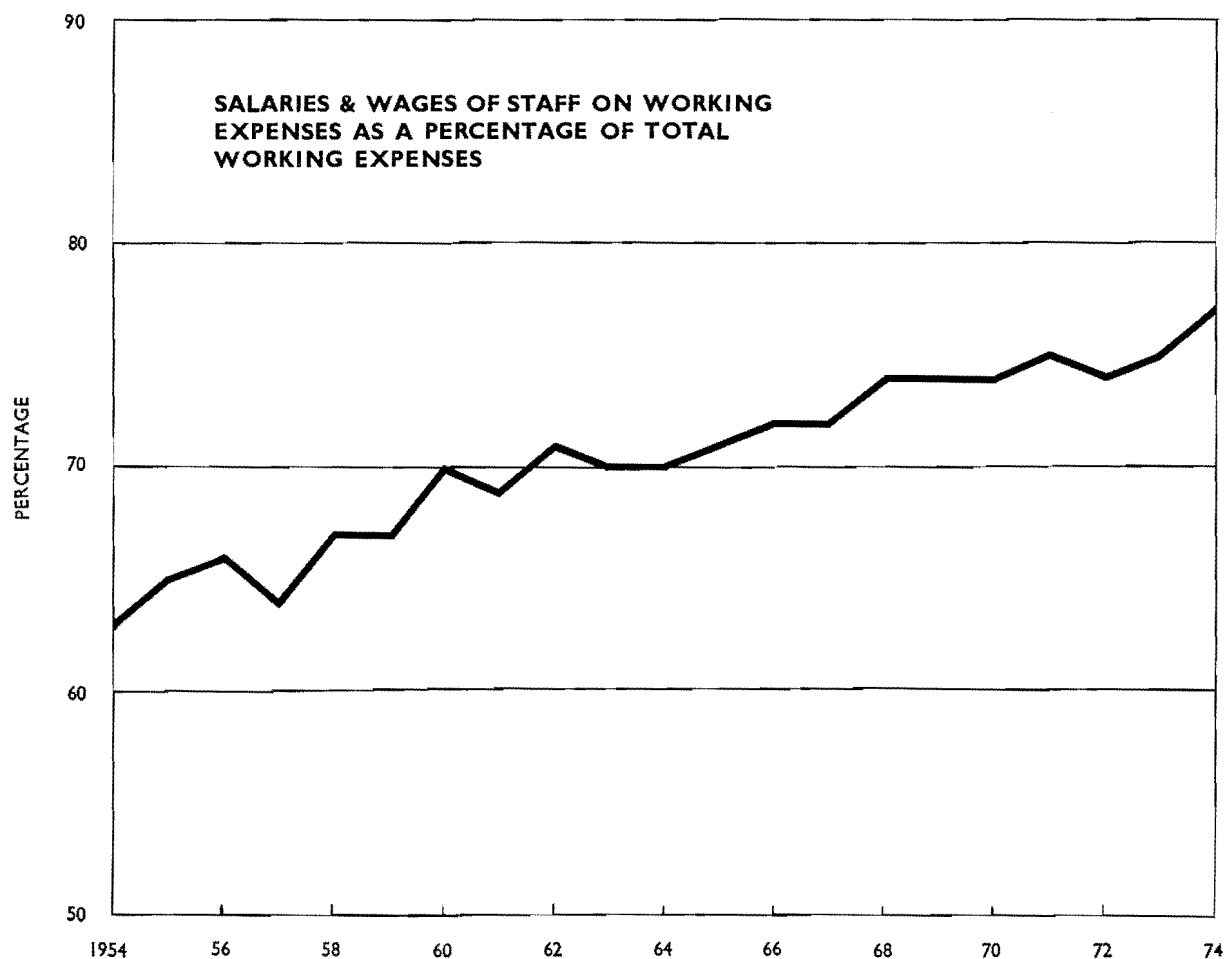
FREIGHT INCOME

On the freight side, the revenue gain from a general 5 per cent increase in freight rates applied on October 29, 1973, was partly offset by a sharp reduction in wheat traffic due to poor seasonal conditions. Had it not been for this factor, a record year for freight movement would have been recorded.

OPERATING EXPENSES

The increase of \$32.6 million in expenditure was due in large measure to the effect of wage increases flowing over from the previous year or granted during the year under review, the overall increase in wages amounting to \$28.3 million. It is an unfortunate paradox that railways, whilst being a most economical user of labour per passenger-kilometre or tonne-

kilometre performed, are at the same time highly labour intensive in terms of wages as a proportion of total costs. This factor makes the Railways extremely vulnerable to the financial effects of inflationary wage increases.



There is no short term solution to this problem other than application of frequent, relatively small adjustments in price to match cost increases as they occur. In the long term, the solution lies in utilizing the rail mode only for those activities for which it has an inherent cost advantage, in terms of resources consumed, over other modes, with two vital provisos:—

- (1) The Railways must be furnished with adequate capital to provide the capacity and the standards of service necessary to operate profitably in a competitive market.
Currently, millions of dollars in revenue are being lost because the railways lack, through financial starvation in the past, the locomotives, wagons and other facilities needed to meet the full market demand for bulk freight movements on which they could earn a substantial net revenue.
- (2) Road operators must be required to compete on a more equitable basis, by implementation of scales of charges for use of the roads based on those recommended by Sir Henry Bland. In addition, the Railways must be given the opportunity to offer a full transport service on equal terms with road operators by being granted the right to operate their own road services for local pickup and delivery.

NEW ACCOUNTING AND COSTING SYSTEM

As mentioned earlier in this Report, the design and implementation of a new accounting and costing system is in hand.

The objectives of the new system are to provide management with the accounting, costing and statistical data necessary to control costs, measure performance against targets and allocate responsibilities; produce data for sections of line and separate categories of service in a form acceptable for the assessment of specific subsidies; measure costs of primary activities; and produce financial results of major commodity items of traffic.

Considerable progress has been made towards implementation of the new system. Responsibility and/or cost centres have been identified down to the lowest levels of management considered necessary; a new location code related to lines and sections of line has been completed; and the identification and codification of activities, which have been developed to fit in with the category of service approach, have been completed.

A full time working party of Branch representatives has been set up to specify information needs and ensure effective co-ordination between Branches, and this working party has been supplemented by systems analysts to carry out the preliminary design of an information system.

The new accounting and costing system, which will be computer-based, is beyond the capacity of existing railway computer equipment and after the close of the year under review tenders were invited for new equipment with sufficient capacity to meet this and other planned needs. Pending receipt of the new equipment, it is planned to introduce the new accounting and costing system on July 1, 1975, in a modified, partly-manual form designed to provide sufficient information to enable specific subsidies to be claimed for sections of line and categories of services.

THE MARKET

Reorganisation and expansion of the Marketing Branch (formerly the Commercial Branch), providing for Marketing Managers specialising in various areas of freight and passenger business, was successfully implemented during the year. However, the scope for exploitation of new avenues of profitable traffic was limited by the general shortage of motive power and wagons, referred to earlier in this Report, which has been the subject of review by the Railway Commissioners of Australia.

FREIGHT OPERATIONS

The metric system of weights and measures was introduced on July 1, 1973.

A general increase in goods tariff freight rates was applied from October 29, 1973, as follows:—

Livestock	10 per cent.
Superphosphate	No increase, but minimum rates per tonne were introduced
Other rates	5 per cent.

The freight agreements providing for traders' freight contract rates were abolished, and the rates specified in such contracts were increased generally by 5 per cent and given the title "maximum rates". They are applicable without the need to enter into agreements.

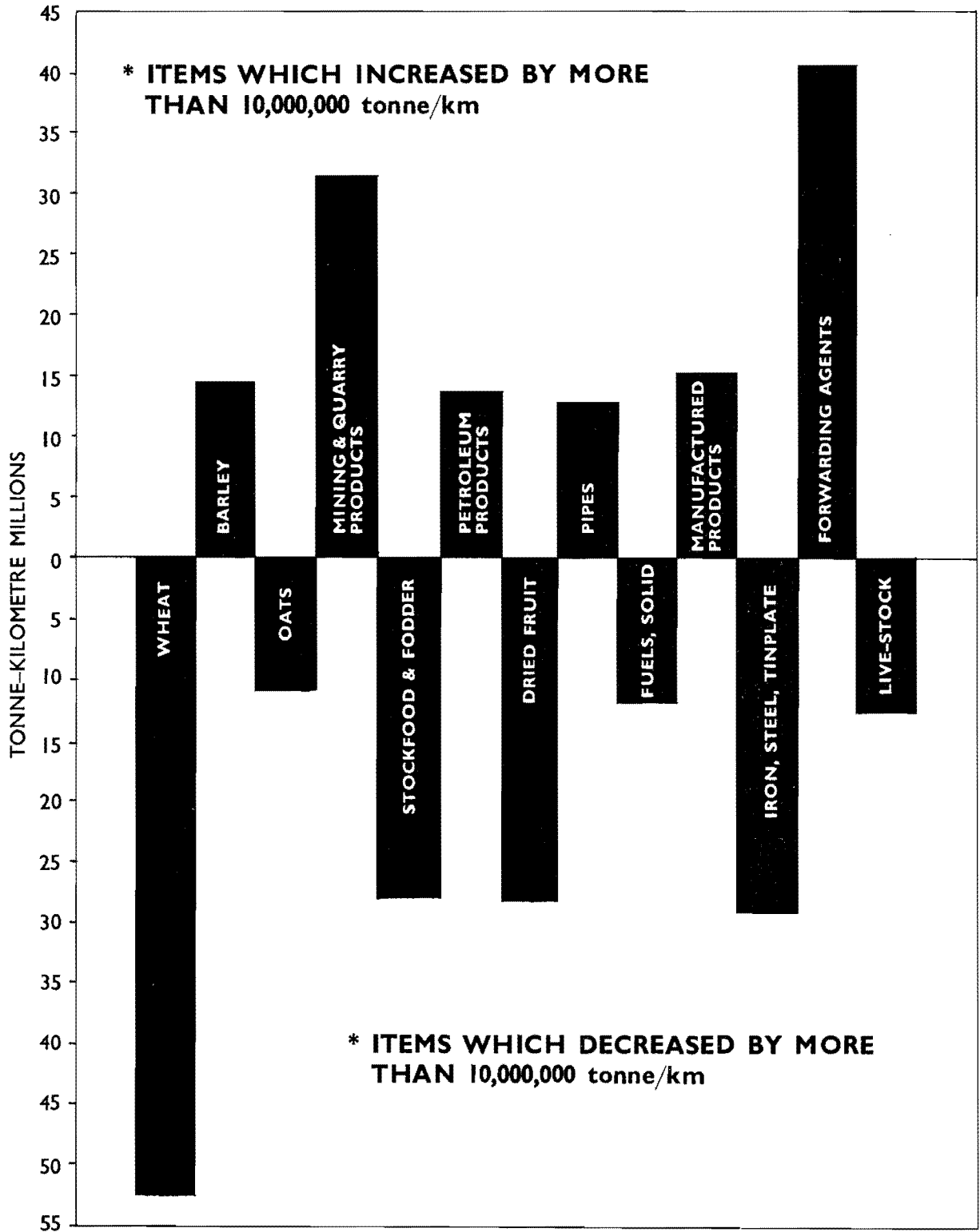
Increases of 5 per cent were also applied to contract freight charges for both intrastate (from October 29, 1973) and interstate traffic (from September 1, 1973). Forwarding agents' rates from, but not to Melbourne were also increased.

	1973-74	1972-73	1971-72
Total goods and livestock tonnes	11,370,162	11,475,336	11,795,023
Average haul per tonne of goods (kilometres)	275	271	272
Total net tonne kilometres (goods and livestock) in millions	3,126	3,164	3,264
Average kilometres per wagon per day	56.76	55.86	59.71
Average daily wagon output (net tonne kilometres)	655	615	649
Average net wagon load (tonnes)	16.89	16.25	16.37
Average tonne kilometres (net) per goods train hour	6,854	6,676	6,685
Average net train load (tonnes)	301	293	302
Standing time (hours) per 1,000 train kilometres	5.73	6.28	6.59

Compared with the 1972-73 figure of 3,165 million tonne-kilometres the total freight traffic task performed fell by 1.2 per cent. A diagram illustrating the principal commodity variations appears below.

FREIGHT tonne/km 1973/74 COMPARED WITH 1972/73

TOTAL DECREASE 50,000,000 tonne/km



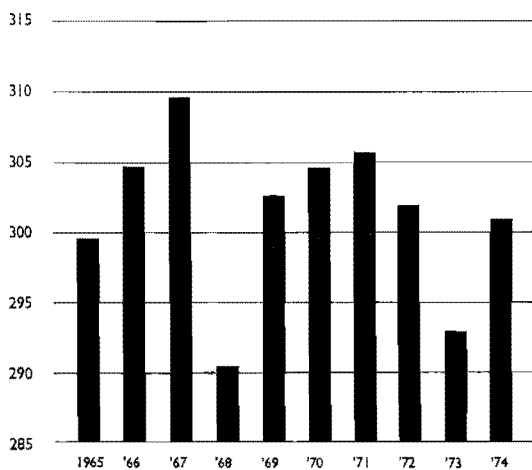
Steel traffic from New South Wales suffered a heavy decline following the decision of the BHP Co. to divert approximately 50 per cent of this traffic to sea transport. However, the growth in bulk cement traffic continued and at the close of the year 15 newly designed bulk hopper wagons were being introduced to cater for this traffic.

Efforts have continued to improve the loading, stowing and handling of goods and parcels throughout the State.

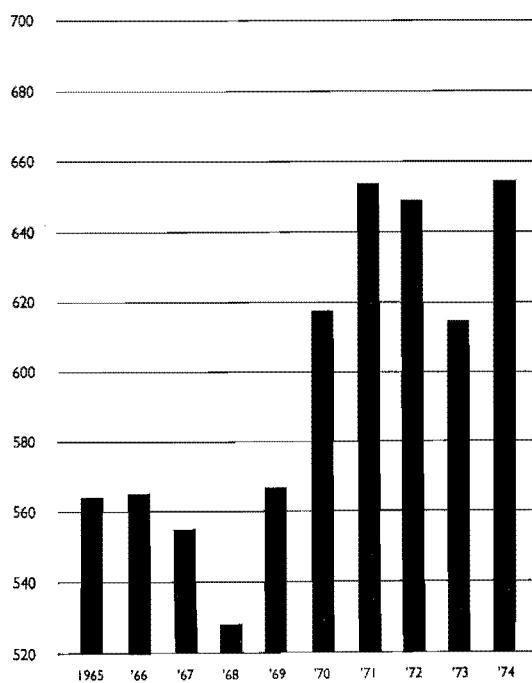
Ten general purpose hopper wagons modified for the carriage of dolomite were successfully placed in service and 20 hopper wagons for glassmaking sand were being constructed. The development of prototype containers for the more efficient carriage of refrigerated cargo and wire traffic proceeded and orders were placed. Specifications were being prepared for 50 cattle containers for use on flat wagons, thus yielding greater wagon flexibility and economy than the use of specialised cattle wagons.

FREIGHT OPERATING STATISTICS (YEARS ENDING JUNE 30)

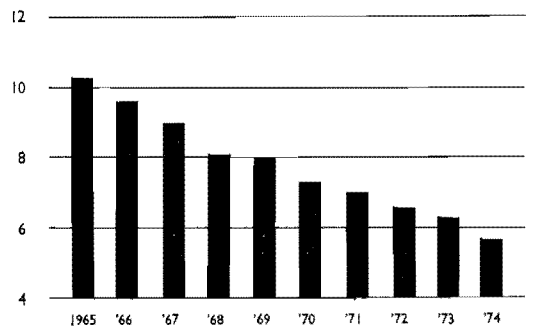
AVERAGE NET TRAIN LOAD (tonnes)



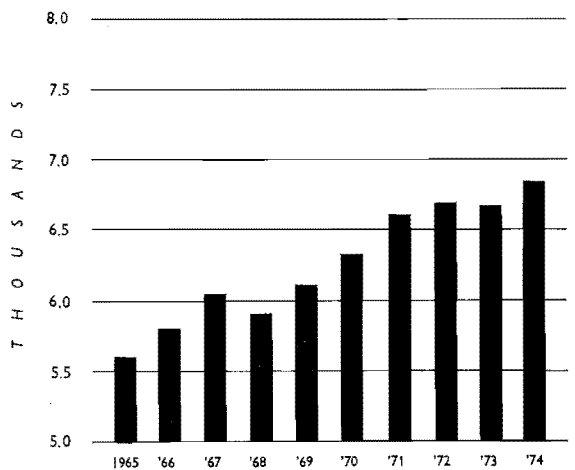
AVERAGE DAILY WAGON OUTPUT (NET tonne/km)



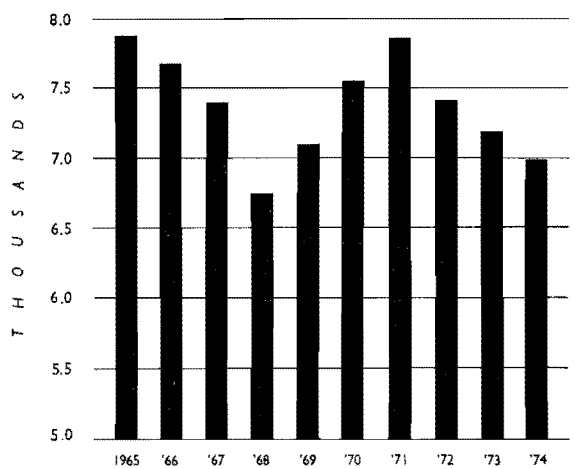
STANDING TIME PER 1,000 TRAIN km (HOURS)



AVERAGE HOURLY TRAIN OUTPUT (NET tonne/km)



AVERAGE ANNUAL OUTPUT PER tonne OF ROLLING STOCK CAPACITY (NET tonne/km)



COMMUTER PASSENGER OPERATIONS

As from September 30, 1973, suburban periodical fares from stations 15.7 km and more from Melbourne, and country periodical fares for distances between 16 km and 115 km, were reduced, by Government direction, by varying amounts up to 16 per cent.

It is perhaps significant that for the first time since 1957-58 the persistent annual decline in suburban passenger journeys was arrested, and an increase of 1.1 per cent compared with 1972-73 was recorded. Although as yet small, this growth trend lends support to the Government's policy of bringing passengers back to public transport by holding fares down and subsidising the services, and if combined with a continued flow of Commonwealth and State funds for service improvements and expansion there is every reason to expect that the growth trend will continue to improve with considerable benefit to the community as a whole.

In an endeavour to foster suburban travel at off peak times and weekends, family excursion tickets—previously restricted to nominated days and destinations—were placed on general issue throughout the summer school vacation, from December 15, 1973 to February 2, 1974. The experiment was successful, and these tickets have subsequently been placed on general issue throughout the year.

On December 2, 1973, the method of calculating periodical fares for combined rail and road journeys, and for road only journeys, on the Sandringham-Beaumaris bus service was brought into line with the principles applicable to periodical rail fares. This resulted in a substantial reduction in fares and a consequential increase in traffic.

In anticipation of the eventual extension of electrified passenger services beyond Broadmeadows, a bus service operating under charter to the Railways was introduced on December 17, 1973, to serve the sites of the future Dallas and Coolaroo stations. Patronage of this service has to date been moderate.

INTERSYSTEM AND COUNTRY PASSENGER OPERATIONS

Encouraging increases, of 7 per cent and 13.2 per cent respectively, were recorded in country and intersystem passenger journeys, compared with traffic in 1972-73. The increase in country travel was doubtless partly in response to the introduction of "discount" day return fares, at single fares plus 35 per cent, as from October 1, 1973, but another factor which is playing an important part is the growth in railway sponsored party travel, both by regular trains and race and tourist special services.

Intersystem fares were not varied during the year. Traffic in this sphere also is being vigorously promoted, with particular emphasis on the marketing of "package deal" tours, and another important innovation during the year was the introduction, in conjunction with the Public Transport Commission of N.S.W., of a "MotoRail" service between Melbourne, Sydney and Murwillumbah (N.S.W.). Generally, the growth trend recorded appears to reflect a growing public awareness of the attractions rail has to offer for long-distance travel when speed is not the dominant consideration, and the Board considers that forward planning must envisage further investment in this important area of railway business.

PUBLIC RELATIONS, PROMOTION AND ADVERTISING

In addition to regular advertising and promotion through the media, the use of static displays, and visits by the mobile advisory centre to country shows and trade fairs, the opportunity was taken by Board Members to participate in district functions celebrating the centenary of the north-east line. This involved ceremonies at a number of stops on the line and culminated in a centenary dinner at the Wodonga Civic Centre. Activities of this type generate outstanding local interest and demonstrate the close ties between the Railways and local communities.

Efforts were made during the year to take a number of opinion surveys in order to obtain passengers' views on particular services and rolling stock. One of these was carried out in conjunction with a newspaper as part of a "Take a Train" campaign.

These surveys have provided valuable information for the Board in planning improvements to passenger services.

The position of telephone "trouble shooter" introduced in 1972, continued to prove a valuable form of contact between the Department and its patrons, and enabled many problems to be ironed out much more effectively and satisfactorily than could have been achieved by correspondence.

The standardisation and upgrading of station signs and indicators has received attention and consultants were engaged to design and prepare specifications for illuminated signs and

platform place names, directional signs and information signs. This work is being carried out in conjunction with the design of signs for the underground loop.

In general the Victorian Railways featured in a lot of publicity in various forms throughout the State during the year. Some of this related to incidents connected with railway operations whilst much dealt with our plans and response to improvements. In general the media have been constructive and helpful in many ways and the Board believes it has been fairly treated and encouraged by them.

ACTIVITIES OF THE SPECIAL INVESTIGATION DIVISION

During the year the Special Investigation Division, which operates under the direction of a Police Detective Inspector seconded to the Railways, devoted particular attention to the problems of pilferage in freight terminals and yards, and vandalism and misbehaviour on trains and at stations. In the latter connection considerable success in detecting offenders was achieved by mounting special patrols on specific sections of line, and this success has been reflected in a sharp decline in the number of offences reported.

The Board views the problem of misbehaviour on trains very seriously, and since the close of the year has taken steps to reorganise the control of the Special Investigation Division, and the related Special Ticket Checking Division, with a view to achieving greater co-ordination and more effective deployment of the available manpower.

Steps are also being taken to upgrade the training of recruits to the Special Investigation Division, and to give the Division greater mobility and better communications so that it may more effectively discharge its role.

PERSONNEL AND ADMINISTRATION

At June 30, 1974, the total staff (including casual labour equivalent to 783 men working full time) was 25,213 compared with 25,182 at the end of last year.

The condition of over-full employment which prevailed throughout industry during much of the year resulted in increased staff turnover and difficulty in filling positions in several operating grades where shift work is involved. This in turn reflected on our ability to offer a full service.

Staff training programmes were expanded throughout the year where courses covering a wide range of railway operations were conducted under the control of the Education Officer. As in the past years, senior officers have attended business and higher management courses at the Administrative Staff College, Mt. Eliza, the Melbourne University School of Business Administration and the University of New South Wales. Other staff are continuing part-time studies in several disciplines at Universities and technical institutions.

The Management Services Division continued to develop new techniques and ways to improve the efficiency of operations.

During the year the Australian Conciliation and Arbitration Commission granted substantial salary and wage increases to staff, estimated to cost an additional \$33.5 million in a full year.

In January, 1974, payments under the State Incremental Payment Scheme were also increased and these are estimated to cost an additional \$7.6 million in a full year.

The average annual payment, including overtime and penalty payments to all officers and employees including juniors, was \$5,837 compared with \$4,647 the previous year.

The Victorian Railways Institute continued to provide a wide range of recreational activities and services to railway staff and their families. The entry two years ago into the Trading Company area with another organisation has provided an invaluable service to railway staff and families.

Mr. I. G. Hodges, General Manager, accompanied by Mr. P. J. Stow, Management and Research Accountant, visited United Kingdom, Europe and North America to study financial control, management information systems and freight and parcel terminal operation and facilities.

Mr. C. Pickett, Assistant Controller, Management Services Division, visited the United Kingdom, Canada and Holland to study freight accounting and documentation procedures and computerised payroll systems.

Mr. J. E. Hartnett, Senior Research Officer, visited the United Kingdom, United States of America and Europe to study facets of urban and inter-city passenger planning and operations, the use of computers in corporate planning, traffic forecasting and operations research.

Following the reorganisation and expansion of the Marketing Division within the Commercial Branch, the Branch was renamed the Marketing Branch and the title of "Chief Commercial Manager" altered to "Chief Marketing Manager".

Mr. C. S. Morris, Secretary for Railways, voluntarily retired on February 15, 1974, after 49 years of service and was succeeded by Mr. N. H. Rashleigh on February 16, 1974.

Consequent upon the retirement of Mr. E. P. Rogan, General Manager, on May 15, 1974, Mr. I. G. Hodges was appointed General Manager; Mr. L. A. McCallum, Deputy General Manager; and Mr. N. H. Rashleigh, Assistant General Manager (Finance and Administration). On June 9, 1974, Mr. C. W. Miller succeeded Mr. Rashleigh as Secretary for Railways and Mr R. M. Wright was appointed to the newly created position of Manager, Personnel.

We wish to place on record our appreciation of the work of staff who have consistently displayed ingenuity in making the most of inadequate resources.

At June 30, 1974, the Heads of Branches were:—

Chief Traffic Manager	..	..	..	..	Mr. J. C. Crute
Chief Civil Engineer	..	..	..	..	Mr. D. D. Wade
Chief Mechanical Engineer	..	..	..	..	Mr. S. F. Keane
Chief Electrical Engineer	..	..	..	..	Mr. A. Firth
Manager, Personnel	..	..	..	..	Mr. R. M. Wright
Comptroller of Accounts	..	..	..	..	Mr. J. K. McGowan
Secretary	..	..	..	..	Mr. C. W. Miller
Chief Marketing Manager	..	..	..	..	Mr. A. W. Weeks
Comptroller of Stores	..	..	..	..	Mr. A. Fell
Superintendent of Refreshment Services	..	..	..	..	Mr. J. L. Anderson

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 30th June, 1974.

S. F. KEANE
Chief Mechanical Engineer
August 21, 1974

I hereby certify that the permanent way, stations, buildings, bridges, signalling, safe-working equipment and other works under my control were maintained in good working order and repair during the year ended 30th June, 1974.

D. D. WADE
Chief Civil Engineer
August 21, 1974

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 30th June, 1974.

A. FIRTH
Chief Electrical Engineer
August 21, 1974

I hereby certify that the stock of Stores has been carefully and systematically inspected during the year and that its value at the 30th June, 1974, was \$7,597,827.

A. J. FELL
Comptroller of Stores
August 21, 1974

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.

VICTORIAN RAILWAYS BOARD

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

BALANCE SHEET AS AT

1973	Nature and source of funds	1974			
\$		\$	\$	\$	\$
	FUNDS PROVIDED BY THE STATE TREASURER:				
	For capital purposes—				
	From loans raised on behalf of the State			493,846,013	
	Less—Equity in the National Debt Sinking Fund			81,871,120	
	Net liability			<u>411,974,893</u>	
	Less—Loan for renewals, replacements and maintenance works not represented by assets		1,050,000		
	Discounts and expenses on loans		7,572,445		
			<u>8,622,445</u>		
392,624,615	Total net funds provided from Loans				403,352,441
	For special purposes—				
	From—				
	Sundry special funds			13,722,240	
	Boom Barriers			448,121	
	Level Crossings Fund			10,888,613	
	Uniform Railway Gauge Trust Fund		31,600,000		
	Less repayment to Commonwealth		1,254,050		
				<u>30,345,950</u>	
				55,404,924	
	From Public Account—				
	Act 6345 Section 15		415,839		
	" " " 17 (1)		1,399,411		
	" " " 18 (1)		5,092,997		
				<u>6,908,247</u>	
56,476,554	RESERVES—				62,313,171
	National Debt Sinking Fund Reserve			81,871,120	
	Railway Accident & Fire Insurance Reserve			200,000	
77,694,592	Uniform Railway Gauge Reserve			<u>1,254,050</u>	83,325,170
	CURRENT LIABILITIES—				
	Sundry creditors—				
	Stores and services			18,998,890	
	Revenue			700,481	
14,049,405	Trust			<u>3,415,526</u>	23,114,897
	SPECIAL FUNDS FOR WORKING PURPOSES—				
	Sundry provisions prior to 30.6.73	5,760,760			
	Commonwealth Grant Metro. & Rural Employment Works & Services Act—Metric Conversion	439,799			
		47,000			
				<u>6,247,559</u>	
	Amount contributed from general revenue of State to meet losses—				
	To 30.6.37			38,949,674	
	From 1.7.37 to 30.6.73	277,149,258			
	Contribution for year ended 30.6.74	86,086,361			
				<u>363,235,619</u>	
				402,185,293	
				<u>408,432,852</u>	
	Loss on operation				
	To 30.6.37			40,390,243	
	From 1.7.37 to 30.6.73		273,596,811		
	For year ended 30.6.74	84,570,918*			
	Commonwealth Grant Metro. & Rural Employment Works & Services Act—Metric Conversion	439,799			
		47,000			
				<u>85,057,717</u>	
				358,654,528	
				<u>399,044,771</u>	
7,872,637	Outstanding income 30.6.74				9,388,081
<u>548,717,803</u>					<u>581,493,767</u>

* This amount is exclusive of provision for depreciation \$8,484,482 and for—
Annual leave accrued during the year, 52,540 days.
Annual leave aggregate liability at 30.6.74 (605,486 days) \$13,042,168

The above statement has been examined and is in agreement with the accounts and records of the Victorian Railways Board. Subject to comments contained in Part V of my Report to the Legislative Assembly for the year 1973-74, the above statement, in my opinion, fairly summarises the nature and sources of the funds provided to the Board and the purposes to which such funds have been applied.

B. HAMILTON
Auditor General.
22nd November, 1974

JUNE 30, 1974

1973	Disposal of funds	1974			
\$		\$	\$	\$	\$
	EXPENDITURE ON—				
	Railways—				
	Way, works, building, machinery and plant		300,318,105		
	Rolling stock general equipment		115,504,539	415,822,644	
	Road motor public services—				
	Buildings and equipment		14,422		
	Rolling stock		4,750	19,172	
	Railways under construction		229,724		
	Surveys		433,335	663,059	
	Lines closed for traffic—				
	Railways			534,497	
				417,039,372	
	DEPRECIATION ACCOUNT—				
	Depreciation not provided for by cash appropriations to 30.6.73		112,338,731		
	Normal depreciation for the year	8,915,952			
	Less amount provided	431,470			
	Under provision for the year		8,484,482	120,823,213	
516,076,923					537,862,585
	FUNDS FOR SPECIAL PURPOSES held by the State Treasurer—				
	Railway Accident & Fire Insurance Fund			200,000	
	Railway Charges in Suspense Account			11,417,693	
	Railways Stores Suspense Account			3,145,304	
	Railways Repayment Account			46,596	
7,990,990					14,809,593
	CURRENT ASSETS—				
	Works in progress—Manufacturing account			992,280	
	Stores and materials on hand and in transit—				
	Railways		7,597,827		
	Construction Board		26,407		
	Equalization Account		209,969	7,834,203	
	Refreshments Services stock & equipment		588,714		
	Less provision for losses & breakages		10,786	577,928	
	Securities held in trust			3,368,931	
	Sundry debtors—				
	Revenue		9,248,218		
	Others		4,187,365	13,435,583	
	Income cash on hand and in transit			840,343	
	Advances—				
	To Accounting Offices, Stations, etc.		1,734,413		
	To Agent General for purpose of stores etc.		37,908	1,772,321	
24,649,890					28,821,589
548,717,803					581,493,767

J. K. McGOWAN
Comptroller of Accounts
22nd November, 1974

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

—	Year 1973-74	Year 1972-73	Increase (+) or Decrease (—) In 1973-74
	\$	\$	\$
GROSS REVENUE—			
*Railways	115,651,362.09	111,856,536.96	+ 3,794,825.13
Road motor public services	76,047.00	73,832.47	+ 2,214.53
Total	115,727,409.09	111,930,369.43	+ 3,797,039.66
WORKING EXPENSES—			
Railways	188,599,145.88	156,119,623.83	+ 32,479,522.05
Road motor public services	307,020.66	207,348.29	+ 99,672.37
WORKING EXPENSES CHARGED AGAINST REVENUE	188,906,166.54	156,326,972.12	+ 32,579,194.42
DEFICIT ON CURRENT OPERATIONS	73,178,757.45	44,396,602.69	+ 28,782,154.76
Interest charges, exchange and contribution to the National Debt Sinking Fund	11,392,160.47	10,505,784.24	+ 886,376.23
DEFICIT	84,570,917.92	54,902,386.93	+ 29,668,530.99

* Includes—\$1,915,826.86 fares concessions.

RECONCILIATION OF THE RAILWAY AND THE TREASURY FIGURES RELATING TO REVENUE AND WORKING
EXPENSES, FOR THE YEAR 1973-74

REVENUE

	\$	\$
Revenue shown by the Railways	115,727,409 .09	
To bring this amount into agreement with the Treasury figures deduct—		
Outstanding at June 30, 1974, not included in the Treasury figures	9,388,080 .25	
	106,339,328 .84	
and add—		
Outstanding at June 30, 1973, collected in 1973-74 and therefore included by the Treasury in that year	7,872,637 .02	
Revenue as shown by the Treasury		114,211,965 .86

WORKING EXPENSES

Working expenses as shown by the Railways	188,906,166 .54	
Add—Interest and exchange charges, loan conversion expenses and contribution to the National Debt Sinking Fund shown by the Railways and the Treasury	11,392,160 .47	
	200,298,327 .01	
Less deficit as shown by the Treasury	86,086,361 .15	
Working expenses as shown by the Treasury		114,211,965 .86

RAILWAY POSITION SUMMARIZED

Revenue	115,727,409 .09	
Working expenses	188,906,166 .54	
	73,178,757 .45	
Loss on current operations		
Interest and exchange charges, loan conversion expenses and contribution to National Debt Sinking Fund	11,392,160 .47	
	84,570,917 .92	
Deficit		

STATISTICAL STATEMENT (EXCLUSIVE OF ROAD MOTOR PUBLIC SERVICES.)

Particulars		Year 1973-74	Year 1972-73
1	Average Distance of Railways open for Traffic	6685	6687
PASSENGER TRAFFIC			
2.	Passenger Train Distance	Interstate .. 1,110,302 Country .. 6,692,547 Suburban .. 13,583,876	1,084,742 6,662,464 13,291,114
3.	Earnings from Passengers Carried	Interstate .. \$4,119,552 Country .. \$6,452,262 Suburban .. \$27,704,954	\$3,476,222 \$5,262,082 \$27,167,299
4.	Number of Passengers Carried	Interstate .. 626,929 Country .. 3,880,492 Suburban .. 110,140,832	553,694 3,626,205 108,970,010
5.	Number of Passengers Carried One Kilometre	Interstate .. 249,365,172 Country .. 402,568,142 Suburban .. 1,704,902,046	213,365,139 347,907,951 1,973,886,425
6.	Average Kilometres each Passenger was Carried	Interstate .. 397.76 Country .. 103.74 Suburban .. 15.48	385.35 95.94 18.11
7.	Average Number of Passengers per Carriage	Interstate .. 17 Country .. 12 Suburban .. 21	16 10 25
8.	Average Earnings from each Passenger Journey	Interstate .. 657.10c Country .. 166.27c Suburban .. 25.15c	627.82c 145.11c 20.74c
9.	Average Earnings per Passenger Kilometre	Interstate .. 1.65c Country .. 1.60c Suburban .. 1.63c	1.63c 1.51c 1.38c
<i>Per Average Kilometre of Railway Open</i>			
10.	Number of Passengers Carried	Interstate .. 799 Country .. 594 Suburban .. 230,420	705 555 227,971
11.	Number of Passengers Carried One Kilometre	Interstate .. 317,663 Country .. 61,583 Suburban .. 3,566,741	271,678 53,233 4,129,684
12.	Passenger Train Distance	Interstate .. 1,414 Country .. 1,024 Suburban .. 28,418	1,382 1,019 27,806
13.	Earnings from Passengers Carried	Interstate .. \$5,247.83 Country .. \$987.04 Suburban .. \$57,960.15	\$4,426.12 \$805.15 \$56,836.32
<i>Per Passenger Train Kilometre</i>			
14.	Average Number of Passengers	Interstate .. 225 Country .. 60 Suburban .. 126	197 52 149
15.	Average Number of Carriages	Interstate .. 13 Country .. 5 Suburban .. 6	12 5 6
16.	Average Earnings from Passengers Carried	Interstate .. 371.03c Country .. 96.41c Suburban .. 203.95c	320.47c 78.98c 204.40c
GOODS AND LIVE STOCK TRAFFIC—PAYING			
17.	Goods Train Distance	11,958,231	12,020,895
18.	Earnings from Goods and Live Stock	\$61,973,973	\$62,029,342
19.	Number of Tonnes Carried	11,370,162	11,475,338
20.	Number of Tonnes Carried One Kilometre	3,126,164,213	3,164,727,869
21.	Average Haul per Tonne of Goods (Kilometres)	274.94	275.79
22.	Average Tonnage per Loaded Wagon	16.89	16.25
23.	Average Train Load (Tonnes)	299.80	291.85
24.	Average Earnings per Goods Train Kilometre	518.25c	516.01c
25.	Average Earnings per Tonne	545.06c	540.54c
26.	Average Earnings per Tonne Kilometre	1.98c	1.96c
<i>Per Average Kilometre of Railway Open</i>			
27.	Number of Tonnes Carried (Paying Traffic)	1,701	1,716
28.	Number of Tonnes Carried One Kilometre (Paying Traffic)	467,639	473,266
29.	Goods Train Distance	1,789	1,798
30.	Earnings from Goods and Live Stock	\$9,270.60	\$9,276.12
GOODS AND LIVE STOCK TRAFFIC—GROSS			
31.	Average Tonnage per Loaded Wagon	30.78	30.11
32.	Average Train Load (Tonnes)	661.74	660.96
33.	Average Number of Vehicles per Train—Loaded	17.75	17.96
34.	Average Number of Vehicles per Train—Empty	8.24	8.53

NEW LINES UNDER CONSTRUCTION AT JUNE 30, 1974.

Section	Kilometres
Tyabb to Long Island Railway. (Traffic conducted from 29.4.69)	2.42
Sunshine to Deer Park. Duplication	5.64
Melbourne Underground Loop	3.22
South Kensington to Footscray. Two additional tracks	2.42

LINES CLOSED FOR TRAFFIC DURING THE YEAR ENDED JUNE 30, 1974.

Section	Kilometres	Date closed
Morwell to North Mirboo	32.46	24-6-74

DISTANCE OF RAILWAYS AND TRACKS

		Distance 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 1973-74	1600 mm gauge	7349.90	1515.42	8865.32	} 0.61	2.16	1.42	2.49	27.49	101.90	720.02	5786.81	6642.90
	1435 mm gauge	332.26	65.53	397.79									
	Dual gauge	8.59	6.10	14.69									
	762 mm gauge	13.65	1.50	15.15									
	Total	7704.40	1588.55	9292.95	0.61	2.16	1.42	2.49	27.49	101.90	720.02	5800.46	6656.55
Year 1972-73	1600 mm gauge	7374.99	1514.99	8889.98	} 0.61	2.16	1.42	2.49	27.49	101.90	716.78	5818.37	6671.22
	1435 mm gauge	332.26	65.90	398.16									
	Dual gauge	8.59	5.60	14.19									
	762 mm gauge	13.65	1.25	14.90									
	Total	7729.49	1587.74	9317.23	0.61	2.16	1.42	2.49	27.49	101.90	716.78	5832.02	6684.87
		Average Distance 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 1973-74	1600 mm gauge	7377.44	1517.79	8895.23	} 0.61	2.16	1.42	2.49	27.49	101.90	719.18	5816.02	6671.27
	1435 mm gauge	332.26	64.45	396.71									
	Dual gauge	8.59	6.10	14.69									
	762 mm gauge	13.65	1.50	15.15									
	Total	7731.94	1590.84	9322.78	0.61	2.16	1.42	2.49	27.49	101.90	719.18	5829.67	6684.92
Year 1972-73	1600 mm gauge	7367.59	1515.28	8882.87	} 0.61	2.16	1.42	2.49	27.49	100.47	709.54	5829.75	6673.93
	1435 mm gauge	332.26	64.45	396.71									
	Dual gauge	8.59	5.60	14.19									
	762 mm gauge	13.65	1.25	14.90									
	Total	7722.09	1586.58	9308.67	0.61	2.16	1.42	2.49	27.49	100.47	709.54	5843.40	6687.58

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	7,597,827.24	
		1,018,881.62	Construction Board	26,407.62	
Advances from Loan Account subsequent to June 30, 1896		7,981,118.38	Equalization Account	209,968.63	7,834,203.49
Total funds provided		9,000,000.00	Sundry debtors		402,050.15
Sundry creditors		2,419,465.87	Cash in Treasury at June 30, 1974		3,145,304.39
			Advances with Agent General		37,907.84
		11,419,465.87			11,419,465.87

RAILWAYS RENEWALS AND REPLACEMENTS FUND

Nature and source of funds	During the year ended June 30, 1974		Disposal of funds	During the year ended June 30, 1974	
	\$	Period July 1, 1937, to June 30, 1974		\$	Period July 1, 1937, to June 30, 1974
Balance at June 30, 1973	—	—	Renewals and replacements	—	—
Funds specially appropriated under Act No. 6355	400,000.00	14,800,000.00	Traffic	—	486,131.42
Additional funds authorised by Parliament	—	11,500,000.00	Rolling Stock	155,112.15	114,720,010.53
Rail motor and road motor, &c. depreciation	31,470.31	4,540,903.05	Way and Works	1,427,153.09	41,483,322.96
Sundry sales, abolitions, &c.	1,150,794.93	11,689,949.71	Electrical Engineering	—	6,441,154.19
Interest on investments	—	1,406,582.80			
Amount charged Item 5 Loan Acts	—	119,193,183.54			
	1,582,265.24	163,130,619.10		1,582,265.24	163,130,619.10

DEPRECIATION—PROVISION AND ACCRUAL

	During the year ended June 30, 1974	Period July 1, 1937, to June 30, 1974		During the year ended June 30, 1974	Period July 1, 1937, to June 30, 1974
	\$	\$		\$	\$
Special appropriations	400,000.00	14,800,000.00	Normal depreciation—		
Additional funds authorised by Parliament	—	11,500,000.00	Way, works, buildings, &c.	2,269,666.00	43,371,233.53
Sundry depreciation provided in working expenses	31,470.31	4,540,903.05	Rolling stock (including machinery and equipment in Rolling Stock Workshops)	6,249,700.00	96,640,420.35
Provision from sundry sales &c., included as additional depreciation	—	687,993.39	Electrical Engineering plant and equipment	377,472.00	9,292,795.32
Interest on investments	—	1,406,582.80	Rail motors and road motors	19,114.31	4,454,243.63
Balance at June 30, 1974 amount short provided	8,484,482.00	120,823,213.59			
	8,915,952.31	153,758,692.83		8,915,952.31	153,758,692.83

STATEMENT OF CAPITAL EXPENDITURE

	Year ended June 30, 1974	Year ended June 30, 1973
	\$	\$
New lines and surveys—		
Gross expenditure	127,576	103,945
Credits	—	—
Net expenditure	127,576	103,945
Additions and improvements on existing lines—		
Gross expenditure	9,469,360	8,542,923
Credits	1,427,153	1,131,365
Net expenditure	8,042,207	7,411,558
Rolling stock—		
Gross expenditure	8,021,332	8,207,067
Credits	155,112	120,825
Net expenditure	7,866,220	8,086,242
Electrification of Melbourne suburban lines—		
Gross expenditure	408,217	418,059
Credits	—	—
Net expenditure	408,217	418,059
Total railways—		
Gross expenditure	18,026,485	17,271,994
Credits	1,582,265	1,252,190
Net expenditure	16,444,220	16,019,804
Road motor public service (including garage accommodation)—		
Gross expenditure	—	—
Credits	—	—
Net expenditure	—	—
Total—		
Gross expenditure	18,026,485	17,271,994
Credits	1,582,265	1,252,190
Net expenditure	16,444,220	16,019,804