

# Annual Report 2019–20



**VicTrack**

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Department of Transport  
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2019–20  
performance



Our asset portfolio





## 2019–20 highlights

In 2019–20 VicTrack continued its role as an essential part of the transport sector, providing vital telecommunications services and harnessing our assets to support the state's transport system, enable government initiatives and benefit the community.

Among our highlights for the past financial year, we have contributed our expertise to rail infrastructure projects from Victoria's Big Build, worked to enable a major development in Melbourne's CBD, continued research and development on game changing technology, commenced the roll-out of technology to underpin a new transport telecommunications network and worked to secure the future of the state's Tourist and Heritage railway sector.



### Future proofing the transport telecommunications network with TGSN

VicTrack is investing \$69 million to modernise our telecommunications network and ensure it keeps pace with Victoria's rail transport needs both now and in the future. The Transport and Government Secure Network (TGSN) is our largest ever telecommunications project. Existing telecommunications infrastructure is being replaced with next generation technology to future-proof the network. It will ensure our network is fit-for-purpose and capable of providing service capacity to support current and future transport needs. Construction of TGSN has commenced. Page 46.

< Telecommunications data centre

### A better way to monitor bridges with FiBridge

VicTrack continued research and development on FiBridge—a disruptive technology for monitoring the structural health of bridges and other critical structures. It was developed jointly by VicTrack and Xerox (via the Silicon Valley Palo Alto Research Centre [PARC]) from a VicTrack innovation project to improve asset monitoring and maintenance. Work conducted in 2019–20 indicated FiBridge has strong commercialisation potential both in Australia and internationally. VicTrack continues to work with the Victorian Government and project partners to advance the commercialisation of FiBridge. Page 36.

> FiBridge project underway at Hawkstowe Station



### Preserving the state's rail history

VicTrack concluded the development of the Vintage Rolling Stock Strategy—an overarching strategy to preserve the state's rail history and ensure a bright future for the Tourist and Heritage railway sector. Having a well-thought-out strategy for the sector in place will ensure operators are in a good position to survive, revive and thrive as restrictions on tourism businesses are lifted and operations resume. Implementation of the strategy's recommendations will occur throughout 2020–21. Page 34.

> Retired tram at Newport Workshops



### Unlocking potential at Treasury Square

A sale of a major parcel of VicTrack-owned land in Melbourne's CBD has huge potential to create jobs and attract new businesses. An expression of interest process to purchase and develop the Treasury Square site was launched in 2019 and attracted interest from around the world. Negotiations continue with two preferred respondents for the rare opportunity to make their mark on the landscape of the Melbourne CBD—an opportunity for place making on a global scale. Page 32.

< Treasury Square site

### Supporting Victoria's Big Build

Throughout 2019–20 VicTrack continued its role as an important partner in delivering Victoria's Big Build projects. We supported the delivery of the Level Crossing Removal Project, Metro Tunnel and Regional Rail Revival, extending, relocating and upgrading the VicTrack telecommunications network, and providing critical land management and environmental approvals and advice to reduce the impact on VicTrack-owned land affected by the projects. Page 50.

> Strathmore Station car park construction





# Report of operations



Image: W-Class trams on their way to Tasmania





# Section one





# Year in review

Dated: 29 September 2020

## Responsible body's declaration

In accordance with the *Financial Management Act 1994*, I am pleased to present the Victorian Rail Track (VicTrack) Annual Report for the year ending 30 June 2020.

Geraldine Gray  
VicTrack Chair

< North Melbourne Station



# About VicTrack

VicTrack owns Victoria's rail transport land, assets and infrastructure. We work to protect and grow the value of the portfolio, to support a thriving transport system and make travel and living better for all Victorians.

With much of our asset portfolio dedicated to rail transport—our land, infrastructure, trams, trains and telecommunication networks—our focus is on strategic asset management and supporting the delivery of better transport solutions.

Our Telecommunications Network is designated 'vital critical infrastructure', an asset of state significance that is critical to the continuity of the supply of essential services and to the overall economic and social wellbeing of Victorians.

Whether we're planning and managing the use of transport land, upgrading the telecommunication network or partnering on major infrastructure projects, our job is to ensure the state's assets continue to serve Victoria now and well into the future.

With a strong commercial focus, we are able to drive investment back to transport and communities and support other non-commercial activities including community projects, and environmental and heritage preservation.

◀ Towards city from North Melbourne Station





Our vision

As a part of the transport portfolio, we share a common vision as defined in the *Transport Integration Act 2010*:

*“To meet the aspirations of Victorians for an integrated and sustainable transport system that contributes to an inclusive, prosperous and environmentally responsible state”.*

In realising this vision, we are working towards a transport system that promotes:

- social and economic inclusion
- economic prosperity
- environmental sustainability
- integration of transport and land use
- efficiency, coordination and reliability
- safety, health and wellbeing.

Our purpose

VicTrack enhances Victoria's rail transport assets to safely connect people, places and opportunities.

Our mission

To protect and grow our rail transport assets and drive reinvestment to service Victorians now and into the future.

Our values

We operate according to Victorian public sector values. In addition to these, VicTrack promotes the values of:

Professional

We make decisions with integrity and respect. By behaving professionally and ethically we win the trust of our colleagues, stakeholders and customers.

Collaborate

We collaborate to get things done efficiently and effectively. We have greater opportunity through leveraging our collective knowledge, building stronger bonds and respecting each other.

Achieve

We perform our roles with integrity and skill. We hold ourselves accountable for delivering what is needed and own both our successes and mistakes.

Innovate

We embrace all new ideas that bring about change that adds value. We become more efficient, effective and competitive.



# Chair's report

The past financial year has been challenging for VicTrack. The year commenced favourably with the business well on track to achieve budgets. However, like many other organisations, we have been heavily impacted by coronavirus (COVID-19).



Geraldine Gray

While VicTrack has maintained business as usual with the majority staff working remotely, our performance from commercial activities has been heavily impacted with most areas of the business affected.

An important source of VicTrack's revenue is rent derived from our portfolio of commercial leases. Following the government rent relief program and the impacts of coronavirus (COVID-19) on the rental market, VicTrack experienced a revenue short fall of some \$1.2 million for the financial year.

Likewise, our portfolios of commercial billboards and car parks have underperformed, with minimal income received from mid-March to the end of the financial year due to the impact of coronavirus (COVID-19). The billboard portfolio returned around 30 per cent less revenue than expected while car park revenue was 25 per cent below the year-end forecast.

Despite the financial challenges presented by coronavirus (COVID-19) that have had a negative impact on the business, 2019–20 has delivered a number of highlights.

VicTrack's important role in the transport sector as custodian of the state's rail transport land and assets, and operator of vital transport telecommunications infrastructure is a principal requirement for the business.

A major highlight of the past year, notably the first since the coordinated Department of Transport was established, was the kick-off of our largest infrastructure replacement project—the Transport and Government Secure Network (TGSN). In the course of the

TGSN project VicTrack will invest approximately \$69 million to replace ageing telecommunications infrastructure with next generation technology to ensure our network keeps pace with Victoria's growing transport needs. Construction began on the new infrastructure in January 2020. When completed the TGSN will deliver a network that is safer, more secure, more reliable and cost effective.

TGSN also aligns with major transport infrastructure projects in the state including the Level Crossing Removal Project, the Regional Rail Revival program (RRR) and the Metro Tunnel, ensuring our construction activities are coordinated to provide maximum benefits to the transport sector.

VicTrack's general support to the transport sector was also evidenced by ongoing support being provided to the Big Build, including extending, relocating and upgrading the VicTrack telecommunications network, and providing critical land management and environmental approvals and advice.

There were also key milestones achieved in our property development pipeline with the campaign for sale and development of the Treasury Square site. An expression of interest process to purchase and develop land on the southern side of Flinders Street next to the rail corridor, and spanning the area between Exhibition and Flinders streets, and Wellington Parade South, was launched in 2019. Negotiations are continuing with two preferred respondents.

With the prospect of an exciting new development set for central Melbourne, this is a great example of putting an under-used land

asset to work for the benefit of the community and transport sector, with funds from the sale to be reinvested into the state's transport project pipeline.

The past year also saw exciting progress in our FiBridge project, developed jointly with Xerox via its Silicon Valley Palo Alto Research Center (PARC). The use of fibre optic sensors to monitor structural health in bridges and other assets grew from a VicTrack innovation project to improve asset monitoring and maintenance. Successful trials completed in the past financial year have proven the technology's potential as a cost-effective structural health monitoring tool with strong commercialisation potential. Over the coming year VicTrack will continue to work with the Victorian Government and our project partners to advance commercialisation of FiBridge.

Finally, I want to thank each member of the VicTrack Board, its advisory committees and the VicTrack executive for their continued dedication and professionalism over the past year. The Board is proud of the efforts made to keep the organisation operational throughout these difficult times and the successes achieved. The Board looks forward to supporting the VicTrack team over the course of 2020–21.

Geraldine Gray  
Chair



# Chief Executive's report

Following a challenging year on the financial front for VicTrack in 2019–20, I remain confident of leading the organisation through a recovery that will be driven by innovation as we find new and better ways to work.



Campbell A. Rose AM

The financial impacts of coronavirus (COVID-19) has seen VicTrack heavily impacted in 2019–20. Like many organisations, VicTrack's revenue and cash flow were influenced by both government policy decisions and commercial pressures as well as a cooling in land sales and increased competition in the telecommunications market. These matters have combined to create a challenging outlook for the business. Despite this, we had a number of successes in 2019–20 and our pipeline of new projects and products provide measured optimism for the future.

Over the past year VicTrack has progressed a number of initiatives we reported on in our previous annual report. The construction of one building in our Jewell Station precinct development was completed in September 2019 with more than 90 per cent of available apartments settled, and good progress made on public realm upgrades.

The delivery phase of the popular Retired Trams Strategy continued throughout 2019–20. To date VicTrack has delivered trams to communities across Victoria and interstate. More trams will be rehomed in 2020–21 and will surely become much-loved additions to their new communities.

In another heritage project, development of the Vintage Rolling Stock Strategy is complete. This overarching strategy aims to both preserve the state's rail history and ensure the Tourist and Heritage rail sector thrives into the future, continuing to provide enjoyment for Victorians and visitors of all ages.

VicTrack also continued its role as an essential partner to many of the Victorian Government's flagship transport infrastructure projects. The Station Car Park Upgrade Program progressed with hundreds of new or upgraded parking spaces provided at five sites. VicTrack supported the delivery of the Level Crossing Removal Project, Metro Tunnel and Regional Rail Revival, including the Ballarat Line Upgrade.

There was commercial success in the past financial year too. VicTrack transacted 35 properties totalling just over \$45.1 million, with significant sales in Spotswood, Footscray and Maffra. The Spotswood land sale was noteworthy with a sale price of \$38.5 million and allowed the business to invest and support key strategic projects for our stakeholders.

While land sales continue to be a source of revenue for VicTrack, it is finite and cannot sustain the business indefinitely. VicTrack must create new long-term revenue streams. Work to achieve this is already well advanced and will remain at the forefront of our planning as we navigate the organisation through a post-coronavirus (COVID-19) recovery.

As the Chair noted in her report, the TGSN is being rolled out across Victoria. TGSN will not only deliver a state-of-the-art transport communications network for Victoria, it will also provide revenue opportunities. TGSN is being built with Optical Transport Network (OTN) as its underpinning technology. The OTN will have excess wavelength capacity that will be made available to telecommunications operators on a commercial wholesale basis.

Our telecommunications network is also being leveraged in an updated suite of commercial telecommunications B2B products. VicTrack will become an nbn™ Retail Service Provider. Once on-boarding is complete, VicTrack will be able to use this nbn™ presence to extend services to end users while bringing with it other revenue-generating opportunities.

Further opportunities will come from innovation. Our focus on disruptive innovation has already seen the successful trial of FiBridge and the development of an initial business plan. FiBridge has strong commercialisation potential both in Australia and internationally, and its underlying technology could be adapted for use on other critical structures. There are several more exciting projects in our innovation pipeline that we will be progressing across 2020–21.

I am supported in my role by an outstanding Board, itself backed by expert committees and advisory groups who work to ensure VicTrack is governed to the highest standards. I am grateful for the Board's ongoing support and advice that has been particularly apparent during these difficult times. VicTrack truly is a team organisation and I am proud to lead its executive and entire staff. I thank them for their resilience and dedication as we look forward to better days ahead together.

A handwritten signature in black ink, appearing to read 'Camp Rose', with a long, sweeping horizontal line extending to the right.

Campbell A. Rose AM  
Chief Executive



# Manner of establishment and responsible Ministers

## Transport Integration Act 2010

VicTrack was established under the *Transport Integration Act 2010* (Vic). The Act provides the vision for an integrated and sustainable transport system in Victoria. It outlines objectives and decision-making principles the transport portfolio must consider when planning, developing and operating Victoria's transport system.

These include:

- putting the user at the centre of all we do
- creating a whole of transport system approach incorporating our road, rail, active transport and freight networks
- integrating the planning, management and coordination of Victoria's transport system
- planning the future of Victoria's transport system and ensuring it grows as the community, economy and technology changes.

The Act sets out the objectives for each transport sector agency. For VicTrack, these objectives include:

- to act as the custodial owner of the state's transport related land, infrastructure and assets consistent with the vision and the transport system objectives
- to ensure that the state's transport-related land, infrastructure and assets are developed and used:
  - primarily to support the transport system
  - for other purposes which support government policy
  - only for commercial gain if the development or use will not compromise the current or future transport system.

## Responsible Ministers

VicTrack reports to the Treasurer, the Minister for Transport Infrastructure, and the Minister for Public Transport.

## Our core functions

VicTrack is an essential part of the transport sector and enabler of government transport initiatives. Our core functions include:

- providing telecommunications infrastructure and services that form the backbone of the transport network from signalling, driver communications, public information displays and myki ticketing
- developing land no longer required for transport purposes to create thriving new communities and homes on the doorstep of public transport
- generating income through land sales and commercial leases that is reinvested into the state's transport system
- providing engineering and construction services to deliver a range of government transport projects from Victoria's Big Build to station and car park upgrades
- managing transport facilities and assets, including the open access Dynon Rail Freight Terminal, heritage buildings and environmental preservation.

## Victoria's integrated transport portfolio

VicTrack is part of Victoria's integrated transport portfolio, led by the Department of Transport (DoT). The vision of the transport portfolio is to deliver an integrated and sustainable transport system that promotes:

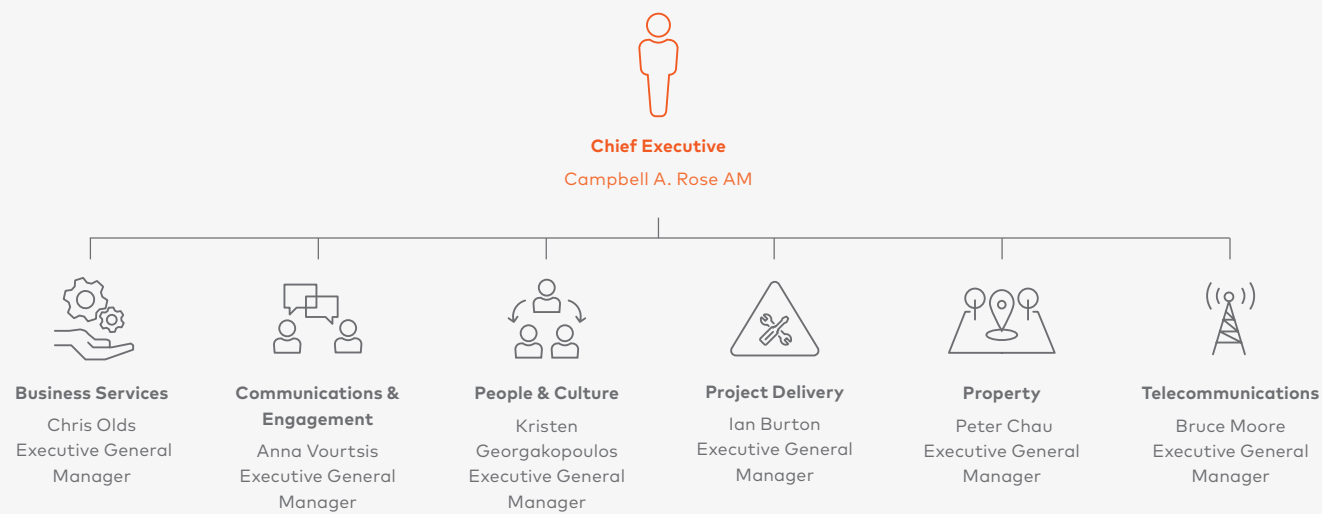
- social and economic inclusion
- economic prosperity
- environmental sustainability
- integration of transport and land use
- efficiency, coordination and reliability
- safety and health and wellbeing.

We work with the Department of Transport to drive our shared purpose of delivering simple, connected journeys. We will achieve this by focusing on where people and goods need to go, rather than what mode they use. This enables us to be better equipped to respond to the changing demands on our transport network so we can stay connected to jobs and each other, whichever way we travel.

While VicTrack remains an independent statutory authority, it forms part of the transport portfolio and is a key contributor and supporter of DoT initiatives.



Organisational structure



VicTrack's operational structure supports the roles and functions we fulfil.

Our business is made up of three specialist delivery groups—Property, Telecommunications and Project Delivery—supported by Business Services and the Office of the Chief Executive. Each delivery group contributes to asset management and service delivery.

Telecommunications

As a licensed telecommunications provider and with network infrastructure that spans the state, we provide a full suite of telecommunications services to the transport sector. Our networks are the backbone to public transport customer information, myki ticketing, driver communications and other network critical systems, such as signalling. We also provide 24-hour network monitoring and planned and emergency repair and maintenance to ensure the highest standards of reliability and safety for the transport system and its users.

Property

As owners of Victoria's rail transport land and assets, we work with transport operators and the government agencies to ensure transport land and assets are managed to deliver on the State Government's policy objectives. With large quantities of land and associated air rights that are not required for active transport purposes, we work to drive revenues from these assets to enable re-investment in the transport system. These activities include land sales and acquisitions, property development, and commercial leasing.

Project Delivery

Our Project Delivery Group provides specialised project delivery services supporting the delivery of critical transport projects for the Victorian Government and transport operators. Our services include project management and project delivery in both civil engineering and telecommunications projects, as well as safety and technical services.

Business Services

This group provides the daily support needed to run VicTrack's operations and is responsible for a wide range of specialist functions, including finance and legal services, that enable our business to be accountable, transparent and operate effectively.

Office of the Chief Executive

Consisting of the People and Culture and Communications and Engagement teams, the group is responsible for ensuring our people, key stakeholders and transport partners are informed and engaged in everything we do across our business.



< Far left - Operational staff at the Dynon freight terminal  
< Left - Environmental and Safety team members at Oakleigh Station



# 2019–20 Performance report

Like many organisations, the impact of the coronavirus (COVID-19) pandemic has created new challenges for VicTrack. We have continued to operate the business as usual since coronavirus (COVID-19) measures were put in place.

< Construction of the Bendigo Station pedestrian bridge



# Coronavirus (COVID-19) impact on business

In early March 2020, we established a VicTrack Pandemic Coordination Group to monitor and coordinate all VicTrack activity associated with preparing for, responding to and recovering from the impact of the pandemic.

That group is connected into pandemic planning undertaken by the Department of Health and Human Services and the Department of Transport.

The most significant change to the way VicTrack has worked since the onset of the pandemic is that all of our non-critical staff were transitioned to work remotely in March; an arrangement that remained in place at the end of the financial year. VicTrack's business resilience measures have kept VicTrack fully operational throughout the pandemic.

However, economic uncertainty caused by coronavirus (COVID-19) has created significant commercial challenges and a difficult financial outlook for the business. As a self-funded agency, VicTrack relies on property-related revenue to sustain our operating model and enable us to reinvest into the transport sector. Associated rent relief arrangements put in place has impacted on VicTrack's

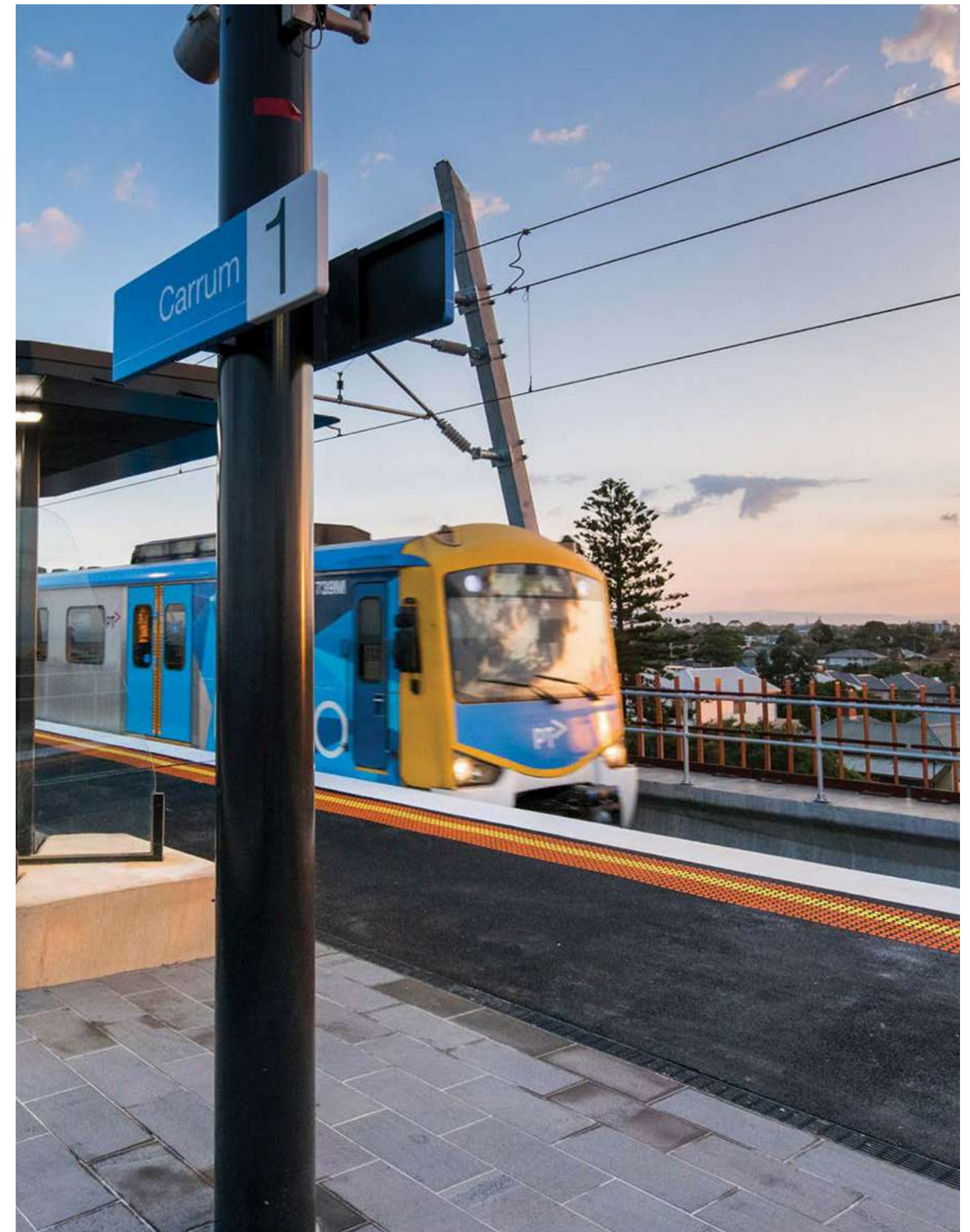
revenues, so we have taken a prudent approach to managing our costs through this period.

We have revised downwards our 2019–20 forecast, providing the adjusted cash opening position to reflect the full impact of the coronavirus (COVID-19) environment. To control costs and cash flow for the next 12 months, VicTrack has prioritised key corporate initiatives, including the roll-out of the Transport and Government Secure Network (TGSN) and aligned the 2020–21 budget against them.

As part of our ability to rebound from the economic impacts of coronavirus (COVID-19), a number of short to mid-term revenue generation initiatives are being pursued to support business as usual activities.

Any relevant specific details about how coronavirus (COVID-19) has impacted our business in the 2019–20 financial year are weaved through the commentary in the following pages of this annual report.

> Carrum Station







# Managing our assets

As owners of rail transport land and assets, we seek ways to make the most of under-used land, buildings and other assets no longer required for transport to achieve maximum value for the state and the community.



In the past financial year we have paved the way for new vibrant precincts to be developed by releasing land no longer required for transport purposes on the edge of Melbourne, continued projects to rehome retired rolling stock, and progressed major projects to create vibrant precincts. We've worked both independently and with community groups to care for transport land with significant environmental and heritage values.

< Jewell Station precinct

> Bang Bang at Elsternwick Station



### Jewell Station

A major project to transform the Jewell Station precinct in Brunswick that will create a vibrant local hub around the station continued this financial year.

The construction of the south building—one of two mixed-use buildings containing residential apartments and retail to be built on the site—was completed in September 2019, with over 90 per cent of apartments successfully settled on the scheduled settlement day. Construction of the north building commenced in March 2020.

Public realm upgrades at the site have been split into two separate stages. By April 2020 more than 85 per cent of the first stage eastern precinct had been completed. This included an improved shared user path, a revitalised station forecourt, more public open spaces and a new *Disability Discrimination Act* compliant walkway connecting the Wilson Avenue footpath with the main station entrance. These works were completed within time and budget amid coronavirus (COVID-19) restrictions. Delivery of the second stage public realm works will get underway in 2021.

Throughout the financial year we worked closely with Metro Trains Melbourne (MTM), DoT and the developer to address rail interface issues and meet all preconstruction requirements. We also worked alongside MTM, Heritage Victoria and Moreland City Council to demolish the redundant station annex building within a tight timeframe.

### Treasury Square

A sale of a major parcel of VicTrack-owned land in Melbourne's CBD for future development by the purchaser has huge potential to create jobs and attract new businesses.

An expression of interest (EOI) process to purchase and develop the Treasury Square site, on the southern side of Flinders Street next to the rail corridor, and spanning the area between Exhibition and Flinders streets, and Wellington Parade South, was launched in 2019.

Developing the land presents an opportunity to increase office space or new hotels or apartments in the heart of the city, close to public transport and in an area where space is tightly held and at a premium.

The EOI process attracted interest from around the world. A short list of developers was progressed to a request for proposal process in early 2020. That process further reduced the short list to two preferred respondents—Mirvac and Cbus Property—who were taking part in the third negotiation phase as the financial year drew to a close.

The successful developer will be granted a rare opportunity to make their mark on the landscape of the Melbourne CBD—an opportunity for place making on a global scale.

Revenue generated from the sale of this land will be reinvested into the Victorian Government's pipeline of major transport projects.

### Melbourne Markets EOI

In late December 2019, the Minister for Ports and Freight approved the expression of interest (EOI) campaign for the former Melbourne Market and South Dynon precinct. The EOI was to stimulate short-, medium- and long-term proposals from the private sector to recalibrate the Melbourne Market site as a freight-centric precinct in line with the government's *Delivering the Goods – Victorian Freight Plan 2018*.

The proposals represent a broad range of large freight and logistics companies, large property development companies specialising in logistics and warehousing, through to industrial facilities and waste facilities operators.

The next phase will involve a request for proposal.

Treasury Square site ▲  
Jewell Station precinct >





Retired Trams Strategy

In 2018 VicTrack conducted an expression of interest process to find new homes in the community for 134 retired trams—most of them stored at the Newport Workshops in varying states of repair—under our Retired Trams Strategy.

The delivery phase of the strategy continued throughout the 2019–20 financial year. To date VicTrack has delivered more than 40 trams to many areas across Victoria. Trams have also made the journey interstate to Tasmania and Queensland. We have relocated one Art Tram to Deakin University, on behalf of the family of artist Terry Matassoni.

Trams will continue to be rehomed in the coming year with some trams slated to head as far as Western Australia and Darwin, as well as to New South Wales and more destinations within Victoria.



Vintage Rolling Stock Strategy

VicTrack concluded the development of the Vintage Rolling Stock Strategy in 2019–20. At the request of the Victorian Government, VicTrack worked with government partners and the Tourist and Heritage (T&H) tram and railway sector to develop an overarching strategy to preserve the state’s rail history and ensure a bright future for the T&H railway sector.

With the impact of coronavirus (COVID-19) forcing individual T&H tram and railway organisations to temporarily close their doors to the public, there were a number of challenges in starting to implement the strategy’s recommendations.

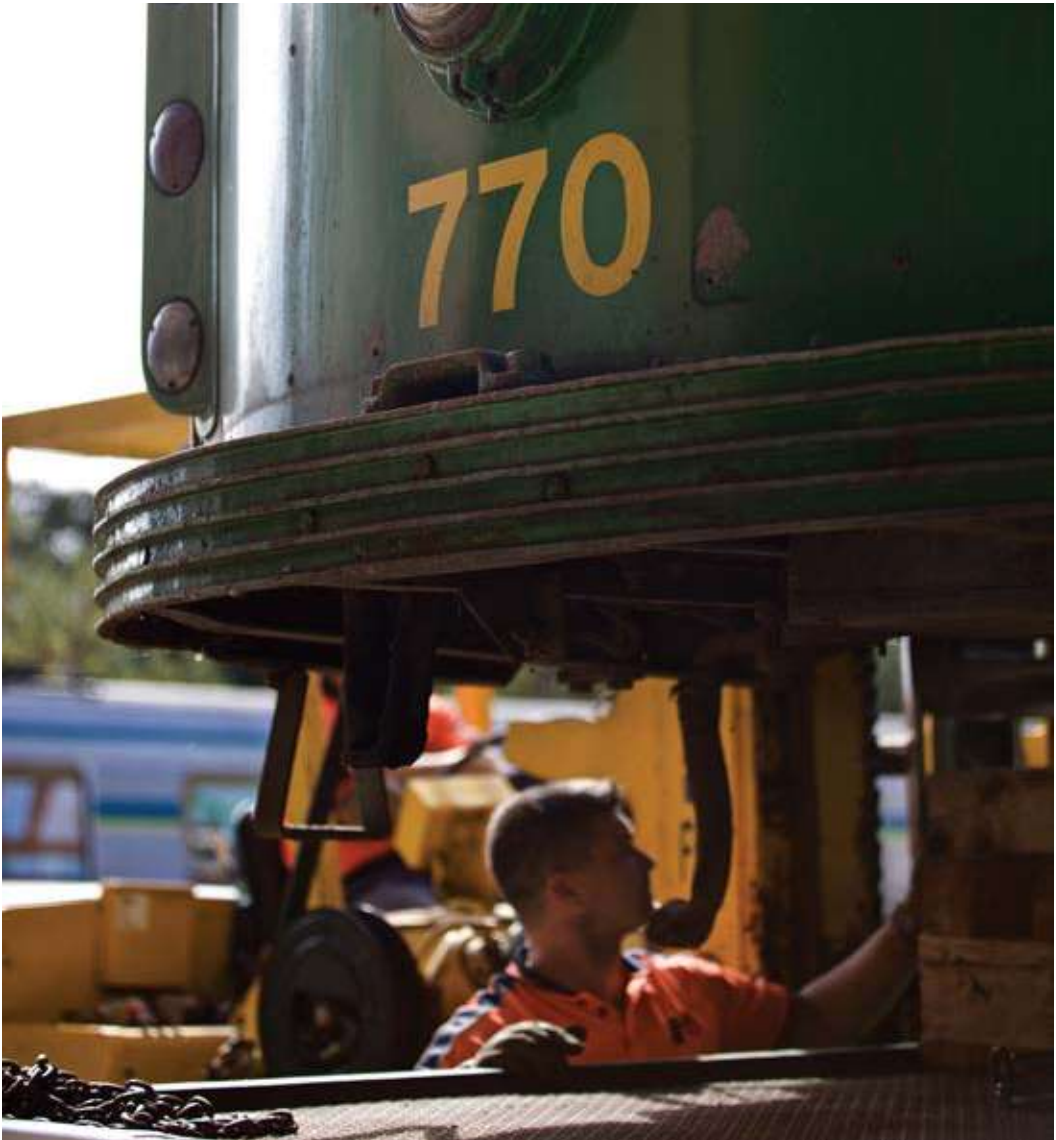
However, having a well-thought-out strategy for the sector in place will ensure that they are in a good position to survive, revive and thrive as restrictions on tourism businesses reduce and they are able to reopen. Implementation of the strategy recommendations will occur throughout 2020–21.

Rolling Stock EOI

In November 2019, VicTrack opened an expression of interest campaign to dispose of decommissioned rolling stock on behalf of DoT. It is anticipated that more than 900 separate assets will be decommissioned between 2019 and 2027.

The EOI called for innovative proposals from suppliers to dispose of the rolling stock and create a potential new business venture, partnering with VicTrack, as owner of the rolling stock. The EOI process ended in January 2020 with 18 submissions received.

The next step is a proposed request for proposal campaign, to be conducted over the coming financial year, which will obtain detailed proposals from the short-listed bidders and ultimately result in one or more being engaged under contract to dispose of decommissioned rolling stock.



< Steam train at Queenscliff Station  
> Top - Transporting Tasmania-bound retired trams  
> Bottom - The Terry Matassoni tram that was delivered to Deakin University



FiBridge

VicTrack continued research and development on the Fibre Integrated Bridge Real-time Intelligent Evaluation Research Project—known as FiBridge—during 2019–20. FiBridge is a fibre-optic sensor technology that measures structural response, such as load bearing and fatigue, of civil infrastructure assets, including road and rail bridges. It was developed jointly by VicTrack and Xerox (via the Silicon Valley Palo Alto Research Centre [PARC]) from a VicTrack innovation project to improve asset monitoring and maintenance.

An extensive two-phase trial of the technology on four Victorian bridges in 2018–19 proved the technology’s viability as a cost-effective structural health monitoring solution. Further work conducted in 2019–20 indicated FiBridge has strong commercialisation potential both in Australia and internationally, and its underlying technology could be adapted for use on other critical structures such as airport runways, multi-storey car parks and tunnels.

VicTrack continues to work with the Victorian Government and project partners to advance the commercialisation of FiBridge.



▲ FiBridge installation at Hawkstowe Station  
➤ Castlemaine Station

Australian Level Crossing Assessment Model (ALCAM) Strategy

The Australian Level Crossing Assessment Model (ALCAM) is a risk assessment tool used across Australia and New Zealand to assess and create a risk profile of level crossings. The information generated by ALCAM informs decision-making how about how upgrades to road and pedestrian level crossings are prioritised across Victoria.

VicTrack is the custodian of ALCAM Level Crossing Management system (LXM). Our role with ALCAM is two-fold. Firstly, we operate as administrator of the Victorian data, to ensure the ALCAM model is maintained and updated with correct information on a continuous basis. Secondly, VicTrack holds the role of LXM System Administrator, with responsibility for technical development and national support of ALCAM including New Zealand.

In the 2019–20 financial year the VicTrack chaired Rail Crossing Technical Group conducted three projects that ensured data in ALCAM was up-to-date.

ALCAM survey contract

The ALCAM survey contractor is based in South Australia and the year’s ALCAM survey program was successfully completed ahead of the coronavirus (COVID-19) border closure, with 264 road crossings and 64 pedestrian crossings surveyed. The next survey tranche will commence as soon as the coronavirus (COVID-19) restrictions are lifted.

ALCAM pedestrian volume count project

A total of 174 pedestrian crossing counts were completed during the year, with the remaining counts at 142 crossings halted due to the coronavirus (COVID-19) restrictions and planned for completion in 2020–21.

ALCAM road user count project

A total of 122 road count surveys were completed with 42 crossing counts incomplete due to the pandemic restrictions. The counts will recommence in 2020–21 as restrictions are lifted and local movements re-established.

In 2020–21, the role of LXM System Administrator will be transferred to the Rail Industry Safety and Standard Board (RISSB). VicTrack will remain a member of the National ALCAM Committee and continue as administrator of the ALCAM data in Victoria.





# Environmental management

Environmental management is an important part of VicTrack's operations, as one of our main non-commercial activities, and as the asset owner of one of Victoria's largest titled land holdings.



> Oakleigh Station soil testing

## Contaminated land program

VicTrack completed 40 contaminated land assessments at more than 38 sites to identify potential environmental or health risks resulting from historical land use or poor environmental management practices. Sites where contamination is identified are investigated further, monitored and remediated where necessary in accordance with VicTrack's Contaminated Land Management Plan.

### Contaminated Land Hazard Assessment and Mapping Program

VicTrack is preparing for the transition to the new *Environment Protection Amendment Act 2018*, which will come into effect on 1 July 2021. One of the key activities to assist transition to the new environmental legislation is the creation of a new contaminated land risk ranking tool, *Contaminated Land Hazard Assessment and Mapping Program* (CHAMP).

The new tool will enable contamination risks on VicTrack sites to be assessed in today's legislative environment and assist VicTrack to prioritise and manage its contaminated land.

System development of the CHAMP will progress, with further refinement following release of the new environmental regulations by EPA in 2021.

### South Dynon Management

Following completion of significant groundwater remediation works in 2018–19, investigations concluded

that further groundwater remediation is not considered practicable while the site is an operational rail yard. Ongoing monitoring of groundwater plumes continued in 2019–20 to confirm groundwater contamination plumes remain stable. The site environmental management plan continues to be implemented. VicTrack also undertook an environmental operational review of site tenants to check appropriate environmental management controls were in place to prevent future pollution.

### North Geelong management

VicTrack continued investigations in 2019–20 to identify a suitable remediation approach to address legacy contamination (dense non-aqueous phase liquid) within groundwater, associated with the former gasworks that operated at the site. Investigations concluded that natural biodegradation of the dense non-aqueous phase liquid is a more suitable remedial approach.

VicTrack also undertook routine groundwater monitoring, an environmental management plan update and development of a groundwater quality management plan for the site.

### Groundwater assessment

VicTrack continued groundwater assessment works in 2019–20 to assess the nature, extent and stability of groundwater contamination at sites across Victoria. Many of VicTrack's sites require ongoing groundwater monitoring to ensure risks from contamination are managed. Groundwater contamination at these sites is a result of poor historical uses.

Routine groundwater monitoring works were completed at 10 sites in 2019–20, of which four will not require ongoing monitoring. Ongoing groundwater monitoring was determined by expert contaminated land consultants to be no longer warranted at these four sites due to consistently stable or decreasing groundwater conditions, or impacts that do not warrant further sampling based on risk to human health and environment.

### Sensitive Sites Program

VicTrack continued implementing its Sensitive Sites Program, which assesses sites used for a sensitive purpose (e.g. residential, child care, playground) to understand if the land is impacted from former potentially contaminating activities, and to ascertain whether the land is suitable to be used for that sensitive use.

VicTrack worked with expert contaminated land consultants to identify sensitive sites requiring further management controls (if any). VicTrack undertook soil assessments at 18 community and recreational sites, and installed physical barriers at two residential sites in 2019–20. An inspection of 20 sites was also completed to ensure the existing site-specific environmental management plan controls were being effectively implemented.

The program is now largely complete, with future works to focus on ongoing site specific environmental management plan control implementation.





High-risk leased sites  
(Environmental Assurance  
and Compliance  
Assessment) program

VicTrack commenced implementation of an Environmental Assurance and Compliance Assessment Program (EACA) to review the environmental management practices of high-risk tenants who have potential to pollute VicTrack land, and determine their compliance with contractual and legislative environmental obligations.

In 2019–20, 59 sites were inspected and 33 EACA assessments completed, which has resulted in the identification of over 30 sites with non-compliances, which range from minor to major. Where non-compliances are identified, VicTrack issues non-compliance notices to tenants to request an action plan to rectify identified non-compliances. The program will continue until all high-risk tenanted sites are inspected.

Major investigations and  
clean up works

VicTrack undertook major investigations and clean up works at three sites with active EPA compliance notices: Horsham, Spotswood and Byrneside.

At Horsham, VicTrack completed six months of full scale groundwater remediation, annual groundwater monitoring, a historical fuel infrastructure review and mapping exercise, as well as shallow soil impact deliniation works. This work was undertaken to determine the best approach for future soil remediation works. It was also required for annual compliance reporting, as part of ongoing Clean Up Notice, Remediation Work Plan and Groundwater Quality Management Plan requirements.

At Byrneside, VicTrack undertook significant works to remove approximately 4,600m<sup>2</sup> of stockpiled industrial waste to a licenced offsite facility, to address clean-up notice requirements. A former tenant, who has since abandoned the site, illegally

stockpiled extensive amounts of soil, rock, green and industrial waste on the land. The works included segregation of stockpiles into discrete waste types, soil classification, non-friable asbestos abatement of soil stockpiles, and subsequent waste disposal offsite to licenced facilities. Where soil was determined to be suitable for ongoing commercial and industrial land use in accordance with regulations, this was reused at the site to reduce the transport carbon footprint.

At Spotswood, the clean-up notice was revoked in March 2020 following completion of all requirements. Works completed in 2019–20 included annual monitoring of the platform encapsulation structure containing contaminated soil in accordance with the Environmental Auditor-approved plan for managing legacy contamination. An investigation was also completed and endorsed by the Environmental Auditor that concludes ongoing groundwater monitoring is no longer warranted due to consistently stable groundwater conditions.

Asbestos program

Survey and removal programs

Asbestos risk is managed in accordance with current Occupational Health and Safety (OHS) regulations.

VicTrack maintains an asbestos register and uses a risk matrix to assess the potential risk of harm to occupants from asbestos found in its buildings and on its land. Asbestos is removed immediately from sites identified as high risk. Where sites are deemed to be moderate risk, the asbestos is programmed for removal within six months and low-risk asbestos issues continue to be monitored and noted in the register.

In 2019–20, asbestos surveys were completed on 190 buildings at over 61 locations as part of VicTrack’s five-year rolling asbestos survey program to manage asbestos risk.

VicTrack completed 11 asbestos removal and remediation works at nine sites across Victoria in 2019–20. Key projects included Newport Workshops, Byrneside, and Spotswood. The works at Byrneside involved a large deployment of manpower and plant to abate asbestos from over 4,200 cubic metres of soil. These remediation works successfully reused 92 per cent of the soil on site, while maintaining bio-sensitive areas and improving the aesthetics of the site. Asbestos removal works at Spotswood and Newport supported the planning of demolition of a number of redundant buildings.

Asbestos data management

VicTrack continues to use and refine a web-based mobile application to capture and monitor asbestos and hazardous material information in assets. Significant improvements in the data handling between the Fulcrum mobile application and the Conquest asset management system realised an improved accuracy of data held within Conquest.

Implementation of site-specific  
management measures

In 2019–20, VicTrack implemented site-specific asbestos management plan requirements at Newport Workshops, Bendigo North, Albion and Spotswood. Implementation of site-specific asbestos management plans predominantly involves annual asbestos inspections, update of site-specific registers and the asbestos management plan. VicTrack also developed and implemented a new Asbestos Management Plan at Byrneside associated with asbestos remediation works.



◀ Oakleigh Station car park environmental drilling



Land management—  
Natural resource  
management

Biodiversity management

VicTrack continued to invest its resources into understanding biodiversity on VicTrack land. VicTrack completed biodiversity assessments at 15 sites across the state to understand significant flora and fauna values on VicTrack land and put in place measures for ongoing management.

Biodiversity mapping project

VicTrack completed a biodiversity mapping tool project which aimed to map known and modelled biodiversity values on VicTrack land, and depict these areas on VicTrack’s in-house mapping system. The tool assists VicTrack with identifying biodiversity and managing risks to significant biodiversity values on sites where works are planned. A number of upgrades were made in 2019–20, including two updates of the data and integration of the system into VicTrack’s in-house geographic information system, RailMap. The tool was rolled-out to the organisation in January 2020.

South Morang Biodiversity  
Protection Area

Commonwealth protected vegetation listed under the *Environment Protection and Biodiversity Conservation Act* (EPBC Act), including the Matted Flax-lily and Grassy Eucalypt Woodland, was managed by VicTrack, on behalf of DoT under a Memorandum of Understanding (MOU) and long-term management plan.

Fence repairs, biomass control, rabbit control, litter removal, vegetation monitoring and annual reporting were completed in 2019–20. The 10-year management requirements of the South Morang Grassy Eucalypt Woodland Plan and the Translocation for the Matted Flax Plan were completed in May 2020. VicTrack will continue to maintain vegetation values through weed control, litter removal and rabbit control.

Caroline Springs Biodiversity  
Protection Area

Commonwealth protected biodiversity values, listed under the EPBC Act, including the Striped Legless Lizard and Spiny Rice-flower, were managed by VicTrack, on behalf of DoT under an MOU, in accordance with year six of the Commonwealth-approved Conservation Management Plan (CMP) and Offset Management Plan (OMP). The site is also required to be managed under a Trust for Nature conservation covenant.

Fence repairs, biomass control, rabbit control, litter removal, biodiversity surveys and monitoring, and annual reporting was completed in 2019–20, and will continue for another four years.

VicTrack is working closely with environmental and land management consultants, as well as DoT, V/Line and Trust for Nature to ensure the protection and management of significant vegetation.

Sunshine (Tottenham)  
Biodiversity Protection Area

Areas of Sunshine vegetation support Matters of National Environmental Significance (MNES) (listed under the EPBC Act), including the Natural Temperate Grassland of the Victorian Volcanic Plain community, Western Basalt Plains Grassland, Matted Flax-lily and habitat for the Golden Sun Moth and Striped Legless Lizard. Significant weed infestations listed under the *Catchment and Land Protection Act* were also identified, which require ongoing management.

VicTrack continues to work closely with land management consultants, as well as council and the Department of Environment, Land, Water and Planning (DELWP) to ensure the protection and management of significant vegetation. Land management works completed in 2019–20 included weed control, litter removal and rabbit control. These works continue to result in significant improvements to vegetation values and weed reduction.

> Soil testing at Oakleigh Station car park





# Vital telecommunications infrastructure



Transport telecommunications is a significant part of VicTrack's business. Our signalling and communications portfolio is valued at more than \$3 billion.

Our telecommunications infrastructure underpins rail transport services including the myki ticketing system, driver communications, public information displays and signalling. The telecommunications network is classified as 'vital critical infrastructure' in Victoria, essential to keeping the state's transport system moving safely and reliably. In 2019–20 we continued with a major infrastructure modernisation project aimed at future-proofing the network.



< Telecommunications maintenance works



## Transport and Government Secure Network (TGSN)

VicTrack is investing \$69 million to modernise our telecommunications network and ensure it keeps with Victoria's rail transport needs both now and in the future. The Transport and Government Secure Network (TGSN) is our largest ever telecommunications program. It involves replacing existing telecommunications infrastructure with next generation technology to future-proof the network. It will ensure our network is fit-for-purpose and capable of providing service capacity to support current and future transport needs.

Following on from planning works undertaken in the last financial year, VicTrack has completed the program initiation and commenced construction in January 2020. The program schedule includes design, construct and verification of the TGSN equipment.

TGSN also aligns with key government transport initiatives and projects such as the Level Crossing Removal Project (LXRP), the Regional Rail Revival program (RRR) and the Metro Tunnel to best align construction activities and maximise benefits to the transport sector.

Optical Transport Network (OTN) will underpin the new network, making it fast, reliable and secure. An OTN is a set of optical network elements connected by optical fibre links. OTN is sometimes described as a digital wrapper that allows different services to be carried

along common optical light paths or wavelengths. It is capable of carrying multiple services for different clients along a single fibre.

OTN infrastructure is being installed at 45 sites across Victoria and integrated with IP/MPLS technology, which will result in faster traffic flows across networks, as well as simplify and improve network performance for all of our customers.

In April 2020 a milestone was reached with the completion of OTN works at initial sites. Twenty per cent of the OTN construction was complete at the end of the financial year and will continue to be rolled out over three years from mid-2020.

When completed TGSN will deliver a standards-based, resilient and flexible network to service transport and non-transport applications in a cost effective way. Our customers and internal telecommunications services will be migrated to the new network over the next three years.

This investment is an important part of our move to the 21st-century mass transport system for Melbourne. TGSN will provide the single future-proof platform that enables a common approach for delivering services to transport customers and other government agencies.

## Upgrades to telecommunications infrastructure

Over the previous financial year we have been working hard to standardise our essential infrastructure and making sites ready for the TGSN program. To achieve this, the infrastructure is being upgraded or prepared for upgrades.

New standard specifications for communication equipment rooms and procurement has been completed to allow the TGSN program to be delivered effectively. We will continue to establish this modern infrastructure over the next year.

## Upgrading train radio systems for V/Line

With the increased adoption of newer 4G mobile services, use of 3G has declined globally. As a direct result, Telstra has announced it will decommission its 3G services by June 2024. This will unfavourably affect the Regional Rail Communications Network which provides the primary means of communication to trains in the regional rail network in Victoria.

VicTrack is proactively working with V/Line to upgrade all the in-cabin equipment for locomotives and high rail car equipment during scheduled maintenance windows with new 4G technology to minimise down time. This is expected to be complete by June 2022, well before the Telstra decommission date.

## Extending services with nbn™

During the 2019–20 financial year, we successfully applied to an nbn™ Retail Service Provider. After being accepted by nbn™ as a service provider, we began nbn™ on-boarding, to be completed by September 2020.

This allows VicTrack to access and use nbn™ presence to extend our services to end users. It also allows direct connection to Point of Interconnect and offers other revenue-generating opportunities—an opportunity we will be working to make the most of.

## Expression of interest for excess wavelength

VicTrack's Optical Transport Network (OTN), currently under construction, will have excess capacity (10 and 100Gbps) that will be made available to other parties, enabling them to capitalise on our wide-ranging network along the Victorian rail corridor, where VicTrack is often the only carrier.

To make the most of the bandwidth available through our telecommunications network, an expression of interest (EOI) campaign was conducted in May and June 2020 for licensed telecommunication operators for the supply of wholesale 10 and 100Gbps wavelength using the VicTrack OTN.

Telecommunication operators could use the VicTrack bandwidth to expand their services into regions of Victoria not currently available to them. The EOI process gave VicTrack an understanding of the demand for this service capacity from other parties.



▲ VicTrack employees at Spotswood Data Centre



# Commercial activities

VicTrack works to boost the value of our asset portfolio and return revenue to Victoria's transport sector. In 2019-20 we transacted a major land sale, generated income through our commercial lease portfolio and developed a suite of commercial telecommunications products.



> Bang Bang at Elsternwick

## Land sales

VicTrack sells land no longer required for transport purposes under an annual land sales program. Land releases make an important contribution to economic development, housing availability and various infrastructure projects, as well as supporting state government policy and initiatives.

During 2019-20 the land sales team achieved its budget by transacting some 35 properties totalling just over \$45.1 million, with significant sales in Spotswood, Footscray and Maffra.

The Spotswood land sale was particularly significant due to the large sale price of \$38.5 million plus an additional \$0.92 million for delayed settlement fee.

Nine sites were successfully transferred to VicRoads totalling \$1.67 million.

## Commercial leases

VicTrack's leased portfolio comprises some 1,500 agreements, across the retail, commercial and freight and logistics sectors. The current year forecast of \$30.4 million (vs \$31.6 million budget) has been impacted by rent relief arrangements associated with the coronavirus (COVID-19) pandemic.

Prior to the coronavirus (COVID-19) impact, the portfolio was on target to exceed budgets. The long-term outlook remains positive, and we continue to seek future revenue opportunities.

## Billboards and car parks

The VicTrack commercial billboard portfolio had been forecast to grow by 7.4 per cent in the 2019-20 financial year with revenue from commercial car parks forecast to grow by 1.4 per cent. However, the dual effects of coronavirus (COVID-19) and impact of transport projects on the commercial assets managed by outsourced contracts, had significant impact on year-end results.

The billboard portfolio performed approximately 30 per cent below expectations and car parks approximately 25 per cent below year-end budget forecast with minimal revenues received between mid-March and June 2020.

## Telecommunications commercial products

In addition to operating a telecommunications network that is critical to running a safe, efficient and reliable rail transport network, VicTrack provides a range of discretionary telecommunications products and services to transport partners, state government agencies and to other telecommunications agencies via wholesale arrangements. These products and services assist VicTrack in maximising the value of our assets by generating a commercial return.

To ensure we provide the highest quality products and services to our customers, we are consolidating and standardising our existing product portfolio.

Over the coming financial year, we will reduce the number of telecommunications products from 42 to 23 and gradually exit from products and services that are not aligned with our core business.

In doing this, VicTrack will refocus to where we can add the greatest value for our customers and build on our expertise and vast experience operating critical telecommunications infrastructure and taking advantage of our rail-side connectivity and data network assets. This move will see us reposition as a B2B provider with a leaner product portfolio targeting transport, government and wholesale markets.

The updated suite of products will include data services such as Wavelength, Ethernet, IPWAN, and internet services; fixed voice solutions; UHF radio communications solutions and infrastructure support monitoring. VicTrack will also continue to support large infrastructure projects and the Victorian Government with custom telecommunications products and solutions where required.

Consolidating our product portfolio will reduce the need to know and understand multiple products, focus effort on our core business of connectivity, improve efficiency, enable us to offer in-demand products to the market with competitive pricing and improve turnaround time in providing proposals to customers.



# Delivering for government



VicTrack is an important partner in delivering many of the Victorian Government’s flagship transport projects. In the past financial year we have contributed our expertise to rail infrastructure projects from Victoria’s Big Build to improving access and amenity at train stations in metropolitan Melbourne and regional Victoria.



## Supporting Victoria’s Big Build

VicTrack has continued to support the development and delivery of Victoria’s Big Build throughout 2019–20. VicTrack is working directly with the Major Transport Infrastructure Authority. We supported the delivery of the Level Crossing Removal Project, Metro Tunnel and Regional Rail Revival, in particular the Ballarat Line Upgrade.

We continue to provide ongoing support across the Big Build including extending, relocating and upgrading the VicTrack telecommunications network, and providing critical land management and environmental approvals and advice to reduce the impact on VicTrack-owned land affected by the projects.

## Level Crossing Removal Project

VicTrack is an essential partner in the Level Crossing Removal Project (LXRP) to remove 75 of Melbourne’s most dangerous and congested level crossings by 2025. We provide essential telecommunications services at each project site to enable the crossing to be removed and reinstall operational control system equipment, usually as part of a new station build. Without this work, the level crossing removals could not happen.

As at the end of the financial year, 35 of the proposed 75 level crossing removals have been completed, with VicTrack providing support to the project at each of these locations. Particular highlights include the successful completion of VicTrack’s works at Kananook, Cheltenham and Mentone where, despite the challenges of heat, smoke, scarce resources and tight deadlines, VicTrack finished work ahead of schedule. We have also supported the removal of the High Street, Reservoir level crossing and the construction of the new Reservoir Station.

< Consultation underway during LXRP works  
< Strathmore Station car park construction



Regional Station Precinct Master Plans

VicTrack continued to support the revitalisation of station precincts across regional Victoria.

Ballarat

The Ballarat Station Precinct Redevelopment Project continued in 2019–20 with construction of a new hotel and refurbishment of the Goods Shed underway.

VicTrack worked with Regional Development Victoria; Department of Jobs, Precincts and Regions; and Ballarat City Council to support this major urban renewal development around Ballarat Station.

In 2019–20, VicTrack also worked with the Victorian Planning Authority and Ballarat City Council to prepare a Ballarat Station Precinct (South Side) Master Plan and planning scheme documentation to support the implementation of the master plan into the Ballarat Planning Scheme.

Opportunities for the Ballarat Station South precinct were first recognised in the 2010 Making Ballarat Central Strategy, which identified opportunities for urban renewal, better connections, allowing greater height limits and mixed-use potential within the area. More recently the need

for a strategic plan to guide redevelopment of the precinct has been supported by the Bakery Hill Urban Renewal Plan (2019). Bakery Hill incorporates or abuts the subject precinct, and the need to improve connections between Bakery Hill and the site (and in particular Ballarat Station) was identified through the renewal plan.

The precinct is of strategic significance to the City of Ballarat as a key transport gateway for locals, commuters and tourists. Current state-level investment in rail transport and the Ballarat line suggest that its significance as a transport node and economic enabler will continue and only increase as connectivity improves. Upgraded and improved connections will also be a catalyst for change and investment as part of the ongoing urban renewal in the Ballarat CBD.

Mildura

In Mildura, VicTrack began working with the Victorian Planning Authority and Mildura Rural City Council (MRCC) on a project to prepare the necessary planning scheme amendment documentation and technical studies to ease the implementation of the Mildura Riverfront Masterplan into the Mildura Planning Scheme.

The revitalisation of the Mildura Riverfront has long been an aspiration of council and state government departments and agencies. Over successive years, various studies and strategies have been prepared with the intent to realise Mildura’s potential as a ‘city by the river’.

In 2013, the then Places Victoria and MRCC reviewed and updated the 2010 Riverfront Masterplan that led to Stage 1 of the masterplan being developed. Following the completion of Stage 1, MRCC engaged consultants to update the masterplan. The masterplan has been adopted by council and was endorsed by VicTrack in January 2019, providing an agreed framework for how the riverfront is to be developed over time. To realise the intent of the masterplan, the Victorian Planning Authority, at the request of council, VicTrack and Regional Development Victoria, has agreed to lead the planning scheme amendment to realise the vision for the masterplan.

Station Car Park Upgrade Program

In 2019–20 VicTrack progressed works on station car park upgrades at Craigieburn, Hurstbridge, Sandown Park, Belgrave and Sunbury as part of the Victorian Government’s Station Car Park Upgrade Program

Hurstbridge

Tenders for the Hurstbridge Station car parks were advertised through late 2019, with a contract for the works awarded January 2020. Works commenced on site in March 2020, to deliver up to 120 formalised car parking spaces, and improvements to a pedestrian level crossing.

Sandown Park

The contract to formalise and upgrade 400 spaces as well as create 100 new spaces at Sandown Park Station was awarded in February 2020.

Sunbury

The significant growth of Sunbury and the increase in demand for parking around Sunbury Station saw some changes to the delivery model for the car park. This project will deliver 300 spaces needed for train commuters, while also increasing the number of parking spaces for shoppers. VicTrack is providing direct technical support with concept designs for the project.

Craigieburn

A contract to deliver a massive 745 spaces for people in the Craigieburn Station surrounds was awarded in April 2020. Works on the large project commenced in June 2020.

Epping

In May 2020, a contract was awarded to deliver more than 70 new car parking spaces at Epping Station with works due to commence in 2020.

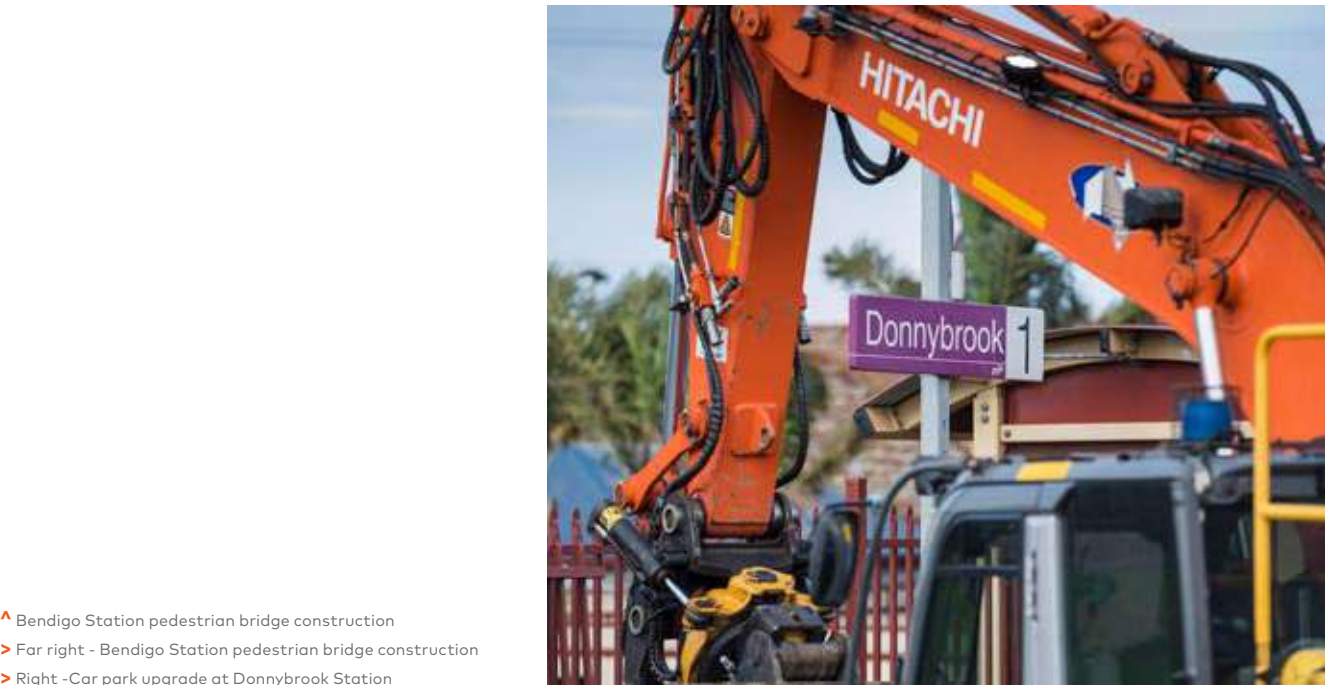
Belgrave

Extensive community and stakeholder engagement was undertaken through 2019 and 2020 to inform the concept design for a new multi-level car park at Belgrave Station. Due to the challenges presented by coronavirus (COVID-19), much of this engagement took place online, with almost 300 responses from the community which has helped shaped the design of the structure. Subject to planning approvals, this project will be delivered in 2021.



> Ballarat Station





^ Bendo Station pedestrian bridge construction  
> Far right - Bendo Station pedestrian bridge construction  
> Right - Car park upgrade at Donnybrook Station

**\$15.8 million Eaglehawk and Bendo station upgrades**

VicTrack continued leading the delivery of the Victorian Government’s \$15.8 million upgrade of Bendo and Eaglehawk stations. The Eaglehawk Station car park upgrade works were completed in March 2020. The station now has 60 more parking spaces with new pick-up and drop-off zones among other improvements to the station amenity.

**Road and Rail Minor Works Program complete**

The Victorian Government’s Road and Rail Minor Works Program was completed this financial year with the opening of the new waiting room at Shepparton Station. Passengers using the station now have a more comfortable and safe place to wait for their bus or train, following the completion of works to build a new enclosed waiting area. The weather-proof waiting area is fitted with seating, heating and cooling and CCTV for security. Its design has also protected the heritage values of the station. The program delivered almost 1,100 additional car parking spaces at nine stations across regional Victoria, and improved access to public transport with new bus shelters, improvements to station amenity and bus interchanges, and improved facilities for cyclists.

**Ballarat Station Bus Interchange**

VicTrack is delivering the Ballarat Station Bus Interchange as part of the broader redevelopment of the Ballarat Station precinct. It will help improve commuter access to the station and safety around the precinct by bringing local buses closer to the train station. Public transport users will benefit from improvements within the station precinct that also include the Ballarat Line Upgrade project as well as future access upgrades in and around the station. Following completion of a reference design for the bus interchange in 2018–19, concept designs have been revised to now incorporate the broader station precinct improvements as well as changes that will come with the Ballarat Line Upgrade projects and the future station access improvements. A tender for the design and construction of the bus interchange was advertised in the first half of 2020. The project will be delivered concurrently with a number of projects within the station precinct. It is expected the project will be completed and bus services will begin operating from the new interchange in mid-2021.

**Regional Rail Revival**

VicTrack continued to support the Regional Rail Revival Program during 2019–20, providing design advice and expertise on land and assets, and assisting with locating underground services and other infrastructure. We also relocated telecommunications assets to support civil works. We continued to deliver the upgrades to Donnybrook and Wallan stations on behalf of Rail Projects Victoria (RPV), with the majority of works completed by the end of June 2020. The upgrades included extending the Melbourne-bound platform at both stations, constructing a new 150-space car park at Donnybrook Station, upgrading the waiting room at Wallan Station, and installing new platform shelters and myki ticketing machines.





**Bendigo Tramways Expansion**

The Bendigo Tramways Expansion is a \$10.7 million project to expand the Bendigo Tramways and allow the Bendigo Heritage Association to grow their activities by:

- expanding workshop and manufacturing capability, tailored to restoration of heritage trams and vehicles
- enhancing the site as a tourism, heritage and cultural destination
- providing secure storage of W-Class trams for future restoration
- freeing up the Bendigo Gasworks site for transformation into a community space.

VicTrack has contributed \$6 million to the project with additional funding contributed by Regional Development Victoria (\$3.7 million) and City of Greater Bendigo (\$1 million).

Planning activities for the site commenced in 2019. Works undertaken to date include project planning and a report on environmental and geotechnical testing to understand the extent of any potential land contamination from the previous fuel depot. Expressions of interest have been invited for the project.

Over the next financial year project planning will continue. A master plan for the new facility will be developed and the existing site will be renovated in preparation for the construction of the new facility planned for 2022.

**Making crossings safer**

We are delivering upgrades to level and pedestrian crossings across Victoria, to make them safer for vehicles, pedestrians and rail users.

VicTrack completed work on the Safer Country Crossings program in October 2019 with the successful commissioning of the last crossing in that tranche of works. The last site at Beveridge Station Lane involved the challenges of design acceptance and compliance with Australian Rail Track Corporation and V/Line including, cable route trenching through rock, a novel two-track signalling equipment configuration, changes to the Junee train control system, power supply complexity and two instances of theft from site.

We now continue to work to upgrade level and pedestrian crossings to make them safer for vehicles, pedestrians and rail users under the Statewide Crossings Program. In the 2019–20 financial year VicTrack delivered four sites and made progress on seven more sites with design and, for some sites, preliminary civil and signalling work.

Under the Statewide Crossings Program, VicTrack has delivered:

Metropolitan pedestrian crossing sites:

- Olver Street, Preston—upgrade complete
- Up end of platform, Keilor Plains—upgrade complete
- Paschke Crescent, Lalor—upgrade complete
- Up end of platform, Beaconsfield—design complete, construction procurement underway
- Old Calder Highway, Tatyoon—design complete, construction procurement underway.

Country road crossings:

- Geodetic Road, Horsham—upgrade complete
- Rules West Road, Pimpino—early works complete, upgrade to take place in 2020–21
- Pura Pura Vite Vite Rd, Pura Pura—early works complete, upgrade to take place in 2020–21.



> Woodend Station level crossing



# Reinvesting in communities



VicTrack invests revenue from commercial activities back into the community. In 2019–20 we continued our support of Landcare and the Keep Victoria Beautiful Stationeers. We have worked with our community partners to manage natural resources on rail land and beautify station precincts to the benefit of the community.



## Community leases

VicTrack's community lease program sees buildings and land leased to a range of local government and community groups. Community leases are provided at a fraction of commercial rental rates—one of the ways we invest back into communities.

During 2019–20 we had 415 leases in our community lease portfolio. Among the new leases this year, we entered into a lease with the Colbinabbin Silo Art Project Team for car parking and beautification works on land adjoining the historic silos at Colbinabbin, enabling access for visitors to the new silo art that celebrates the area's railway history. We also finalised a lease with Glenelg Shire Council for land at Dartmoor. The shire will assist the Dartmoor Progress Association to construct a rail trail over the land.

## Collaboration with Study Melbourne

In 2019–20 we again partnered with Study Melbourne: Live Projects to welcome a group of tertiary students to work on a VicTrack project. This year we hosted a group of six students from a range of universities and colleges over an eight-week period in late 2019. They worked with our Communications & Engagement team on reviewing and drafting a social media strategy.

They looked at our current social media presence and suggested ways we could improve our reach to future employees and stakeholders. The students, who did not previously know each other and came from non-English speaking backgrounds, provided their work through presentations and a written report.



Landcare partnership

VicTrack has continued its support of Landcare Australia and numerous local Landcare community groups, through a partnership working on managing and improving the environmental values on VicTrack sites across the state. This partnership reflects VicTrack’s commitment to make the most of its assets and support the best outcomes for communities.

Project funding from VicTrack allows Landcare groups to achieve significant outcomes including revegetation, weed control, habitat restoration, control of pest species, ecological burns, engagement with Traditional Owners, protection of native flora and fauna species, rubbish removal, awareness raising and knowledge sharing with the broader community.

In 2019–20, VicTrack funding continued to support three ongoing projects, and five new projects. Two formerly funded projects continued site maintenance through in-kind support of Landcare volunteers.

Bellarine Tourist Rail (Bellarine Catchment Network, Drysdale)

The Bellarine Catchment Network continued its inspirational community engagement work on VicTrack land between Drysdale and Queenscliff. Works included control of woody weeds and *Victorian Catchment and Land Protection Act*-listed noxious weeds, including Wild Watsonia, and targeting pest rabbit populations. The network also continues to work closely with the Geelong Steam Preservation Society assisting with its Vegetation Railway Management Plan and managing planting and growth of plants near key rail infrastructure.

Habitat for the Southern Brown Bandicoot (Eastern population) (Western Port Catchment Landcare Network, Koo Wee Rup)

The Western Port Catchment Landcare Network (WCLN) has monitored its previous weeding and revegetation of Southern Brown Bandicoot habitat species. The gradual natural regeneration of indigenous plant communities from previous weed control efforts is noticeable at the site.

The site is a significant link of remnant vegetation due to its proximity to the Westernport Ramsar wetland and the former Westernport Swamp, and contains a number of threatened vegetation communities and threatened species listed under the *Victorian Flora and Fauna Guarantee Act (1988)* and the *Commonwealth Environment Protection and Biodiversity Conservation Act (1999)*.

The Green Line (Basalt to Bay Landcare Network, Koroit)

The Basalt to Bay Landcare Network’s Green Line has received ongoing funding from the VicTrack Landcare Australia partnership for seven years. The funding supports a driven and active Landcare demonstration project in Western Victoria, managing and promoting the environmental and cultural heritage values along 37 kilometres of VicTrack land between Minhamite and Koroit. Project partners include Moyne Shire Council, DELWP, VicRoads, CFA, Eastern Maar Aboriginal Corporation, corporate partners, local schools and adjacent landholders. Works in 2019–20 included cultural heritage management, ecological burns, grassland research, reptile surveys, aerial footage, camera trapping, woody weed control, revegetation, community events and social media communications.

Station Park Regeneration (Congupna-Tallygaroopna Landcare Group, Tallygaroopna)

The Congupna–Tallygaroopna Landcare Group continued the maintenance of its successful planting project from 2017–18. The network is continuing the maintenance of the site through weed control, top up mulching and the replanting of some plants that did not survive. Congupna–Tallygaroopna Landcare Group provided these works in kind to the Station Park site after funding was provided in previous years.

Emerald Starbush Sustainability Project (Johns Hill Landcare Group, Emerald)

Johns Hill Landcare Group is working to conserve and restore the endangered Emerald Starbush on VicTrack land in Emerald. The Landcare group collaborated with local organisations such as the Emerald Starbush Alliance, Cardinia Shire and Yellingbo Nursery. Works included weeding and rubbish removal in preparation for the planting season.

Girgarre–Stanhope Rail Trail Revegetation Project (Stanhope–Girgarre Landcare Group, Stanhope)

Stanhope–Girgarre Landcare Group began works to revegetate VicTrack land in Stanhope to create a wildlife corridor between the Rushworth State Forest and Girgarre. Working in collaboration with nine local groups and many volunteers, works included weed control, fencing and planting of local flora.



Pedalling the Great Victorian Rail Trail (Upper Goulburn Landcare Network, Yea)

The Upper Goulburn Landcare Network is working across 85 kilometres of rail trail, from Tallarook to Mansfield, with habitat supporting four critically endangered vegetation communities, including native grasslands and grassy woodlands. These habitats contain a wide variety of regionally and nationally threatened species, such as the Striped Legless Lizard, Brush-tailed Phascogale and the Late-flower Flax-lily. Project works have engaged local schools to build and construct nest boxes, community members were involved in night walks and bird tours, and the site was maintained through weed control and revegetation.

Hopetoun Habitat Haven (Hopetoun Landcare Group, Hopetoun)

Hopetoun Landcare Group began work on VicTrack land in Hopetoun to control weeds, increase vital habitat and raise community awareness of endangered species of flora and fauna. The Landcare group collaborated with local schools, Yarriambiack Shire Council and other local community groups to support the project.

Yan Yean VicTrack Reserve Project (Whittlesea and Surrounds Blackberry Action Group, Yan Yean)

Whittlesea and Surrounds Blackberry Action Group worked to control the growth, spread and establishment of *Catchment and Land Protection Act 1994* (CaLP Act)-listed noxious weeds along an eight-kilometre section of VicTrack land between Whittlesea and Mernda. This weed control work has supported critically endangered vegetation communities including native grasslands and grassy woodlands that contain regionally and nationally threatened species such as the Matted Flax-lily (*Dianella amoena*) and habitat for the Striped Legless Lizard (*Delma impar*), Swift Parrot (*Lathamus discolor*) and Golden Sun-moth (*Synemon plana*).

Cronomby Cultural Connect (Woomelang Lascelles Landcare Group, Woomelang)

The Woomelang Lascelles Landcare Group is improving the condition of VicTrack land in Woomelang through weed control, community awareness raising and walking tracks to reduce tramping of the endangered Ridged Plains Mallee vegetation. The group work closely with the local community and council to complete the works.

◀ Environmental team undertaking field work



**Mary Jane Lewis  
Foundation Transport  
Sector scholarships**

During 2019–20 VicTrack contributed a further \$10,000 to the Mary Jane Lewis Foundation Transport Sector Scholarships. The scholarships are an initiative of the Women in Transport Program. They are designed to assist young, financially disadvantaged women to undertake a transport-related undergraduate degree at a Victorian university. Overall, VicTrack has contributed \$30,000 over three years to this important cause.

**Stationeers**

VicTrack is a long-standing and proud supporter of the Keep Victoria Beautiful (KVB) Stationeers program. Community volunteers are enabled and supported to beautify railway stations across metropolitan Melbourne and regional Victoria in partnership with VicTrack, as well as Metro Trains Melbourne, V/Line and the Department of Transport. In September 2019 we finalised a sponsorship agreement with KVB for a further three years' support of the Stationeers program.

➤ The Art Group, Newstead  
▼ Stationeers at West Richmond Station





# Financial statements

This report represents the audited financial statements for VicTrack and its controlled entities for the year ended 30 June 2020.



➤ VicTrack staff testing equipment in the Network Management Centre





## Declaration by Chair, Accountable Officer and Executive General Manager Business Services 30 June 2020

The attached financial statements for Victorian Rail Track ("VicTrack") (as an individual entity and the Consolidated Entity comprising VicTrack and its Controlled Entities) have been prepared in accordance with Direction 5.2 of the Standing Directions of the Assistant Treasurer under the *Financial Management Act 1994*, applicable Financial Reporting Directions, Australian Accounting Standards including Interpretations, and other mandatory professional reporting requirements.

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

As at the time of signing we are not aware of any circumstance that would render any particulars included in the financial statements to be misleading or inaccurate.

We authorise the attached financial statements for issue on 29 September 2020.

Geraldine Gray  
Chair

Dated: 29 September 2020

Campbell A. Rose AM  
Chief Executive

Dated: 29 September 2020

Chris Olds  
Executive General Manager Business Services

Dated: 29 September 2020



## Comprehensive operating statement for the year ended 30 June 2020

		Consolidated			Parent
	Note	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Continuing Operations					
Revenue & income from transactions					
Telecommunication services	2.1	56,694	56,590	56,694	56,590
Property related income	2.2	31,995	35,915	31,995	35,915
Services received free of charge	2.3	26,236	25,883	26,236	25,883
Government contributions towards capital & related work	2.4	132,914	190,174	8,335	155
Other income	2.5	87,827	81,522	61,255	51,862
Capital asset charge		2,383,847	2,256,650	2,383,847	2,256,650
Total income from transactions		2,719,513	2,646,734	2,568,362	2,427,055
Expenses from transactions:					
Employee benefits	3.2	50,876	46,742	50,876	46,742
Depreciation & amortisation	4.1.1	753,805	870,610	583,989	705,820
Finance costs		9,448	11,046	57	57
Capital asset charge		2,383,847	2,256,650	2,383,847	2,256,650
Supplies & services	3.3	71,244	55,725	71,244	55,725
Other expenses from ordinary activities	3.4	58,086	51,253	58,005	51,176
Total expenses from transactions		3,327,305	3,292,026	3,148,018	3,116,170
Net result from transactions (net operating balance)		(607,792)	(645,292)	(579,657)	(689,115)
Other economic flows included in net result:					
Net gain/(loss) on non-financial assets	8.4	(1,932,763)	(68,816)	(1,812,141)	(34,729)
Other gains/(losses) from other economic flows	8.4	(345)	(579)	(345)	(579)
Total other economic flows included in net result		(1,933,108)	(69,395)	(1,812,485)	(35,308)
Net result from continuing operations before tax		(2,540,900)	(714,687)	(2,392,142)	(724,423)
Tax equivalent benefit	3.5.1	607,041	190,182	565,799	203,129
Net result		(1,933,859)	(524,505)	(1,826,343)	(521,294)
Other economic flows - other comprehensive income					
Items that will not be reclassified to net results					
Changes in physical asset revaluation surplus		3,922,519	(29,700)	3,793,562	(29,700)
Income tax on physical asset revaluation surplus	3.5.1	(704,143)	7,350	(665,456)	7,350
Total other economic flows - other comprehensive income		3,218,376	(22,350)	3,128,106	(22,350)
Comprehensive result		1,284,517	(546,855)	1,301,763	(543,644)

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

## Balance sheet as at 30 June 2020

		Consolidated		Parent	
	Note	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Assets					
Financial assets					
Cash & deposits	5.5	54,086	61,944	52,959	60,794
Other financial assets		100	100	-	-
Trade & other receivables	6.1	34,288	38,113	163,376	166,386
Total financial assets		88,474	100,157	216,336	227,179
Non-financial assets					
Prepayments		4,861	3,986	4,861	3,986
Property, infrastructure, plant & equipment	4.1	44,035,375	38,858,181	39,613,213	34,703,439
Non-financial assets classified as held for sale	8.5	781	8,677	781	8,677
Total non-financial assets		44,041,018	38,870,845	39,618,856	34,716,103
Total assets		44,129,492	38,971,002	39,835,192	34,943,283
Liabilities					
Trade & other payables	6.2	74,624	79,285	73,932	78,532
Employee related provisions	3.2.1	14,473	13,519	14,473	13,519
Other provisions	6.3	4,765	6,767	4,765	6,767
Borrowings	5.1	66,615	208,853	2,152	1,929
Deferred tax liability	3.5.2	2,097,327	2,000,226	2,067,900	1,968,243
Total liabilities		2,257,806	2,308,648	2,163,221	2,068,990
Net assets		41,871,688	36,662,354	37,671,971	32,874,293
Equity					
Contributed capital	5.4	31,694,121	27,769,302	27,727,343	24,231,426
Physical asset revaluation surplus		14,809,365	11,590,990	14,365,361	11,237,256
Retained profits/(accumulated losses)		(4,631,798)	(2,697,938)	(4,420,733)	(2,594,389)
Net worth		41,871,688	36,662,354	37,671,971	32,874,293
Commitments for expenditure	5.6				
Contingent assets & contingent liabilities	7.2				

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



Statement of changes in equity for the year ended 30 June 2020

	Contributed equity	Physical asset revaluation surplus	Accumulated Surplus/ (deficit)	Total equity
	\$'000	\$'000	\$'000	\$'000
Consolidated				
2019				
Balance as 1 July 2018	24,667,334	11,613,340	(2,173,433)	34,107,241
Net result for the year	-	-	(524,505)	(524,505)
Other comprehensive income/(expense) for the year	-	(22,350)	-	(22,350)
Total comprehensive result for the year	-	(22,350)	(524,505)	(546,855)
Transactions with owners in their capacity as owners:				
Contributions by owners during the year	3,101,968	-	-	3,101,968
Capital returned during the year	-	-	-	-
Balance at 30 June 2019	27,769,302	11,590,990	(2,697,938)	36,662,354
2020				
Balance as 1 July 2019	27,769,302	11,590,990	(2,697,938)	36,662,354
Net result for the year	-	-	(1,933,859)	(1,933,859)
Other comprehensive income/(expense) for the year	-	3,218,376	-	3,218,376
Total comprehensive result for the year	-	3,218,376	(1,933,859)	1,284,517
Transactions with owners in their capacity as owners:				
Contributions by owners during the year	3,924,819	-	-	3,924,819
Balance at 30 June 2020	31,694,121	14,809,365	(4,631,798)	41,871,688
Parent				
2019				
Balance as 1 July 2018	21,474,241	11,259,606	(2,073,095)	30,660,752
Net result for the year	-	-	(521,294)	(521,294)
Other comprehensive income/(expense) for the year	-	(22,350)	-	(22,350)
Total comprehensive result for the year	-	(22,350)	(521,294)	(543,644)
Transactions with owners in their capacity as owners:				
Contributions by owners during the year	2,757,185	-	-	2,757,185
Balance at 30 June 2019	24,231,426	11,237,256	(2,594,389)	32,874,293
2020				
Balance as 1 July 2019	24,231,426	11,237,256	(2,594,389)	32,874,293
Net result for the year	-	-	(1,826,343)	(1,826,343)
Other comprehensive income/(expense) for the year	-	3,128,106	-	3,128,106
Total comprehensive result for the year	-	3,128,106	(1,826,343)	1,301,763
Transactions with owners in their capacity as owners:				
Transfer to fully owned subsidiaries	8.3	(428,902)	-	(428,902)
Contributions by owners during the year	3,924,819	-	-	3,924,819
Balance at 30 June 2020	27,727,343	14,365,361	(4,420,733)	37,671,971

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

Cash flow statement for the year ended 30 June 2020

		Consolidated		Parent	
	Note	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Cash flows from operating activities					
Receipts from government & other entities		348,428	395,923	191,342	151,177
Interest received		1,125	1,136	1,118	1,118
Receipts from the Victorian Government for:					
- capital asset charge (*)		2,383,847	2,256,650	2,383,847	2,256,650
capital & related works (inclusive of GST) & termination payments		9,541	169	9,541	169
Total receipts		2,742,941	2,653,878	2,585,848	2,409,114
Payments					
Suppliers (inclusive of GST) & employees		(200,854)	(142,929)	(197,668)	(123,735)
Interest & other costs of finance paid		(9,448)	(11,046)	(57)	(57)
Capital assets charge (*)		(2,383,847)	(2,256,650)	(2,383,847)	(2,256,650)
Goods & services tax paid to the ATO (**)		(4,506)	(7,298)	(2,285)	(917)
Total Payments		(2,598,655)	(2,417,923)	(2,583,857)	(2,381,359)
Net cash flows from/(used in) operating activities	5.5	144,286	235,955	1,991	27,755
Cash flows from investing activities					
Payment for assets acquired using government capital contributions (*)		(3,924,819)	(3,101,968)	(3,495,917)	(2,757,185)
Acquisition of property, plant & equipment		(54,262)	(40,894)	(54,262)	(40,894)
Sale of property, plant & equipment		44,436	11,000	44,436	11,000
Net cash from/(used in) investing activities		(3,934,645)	(3,131,862)	(3,505,743)	(2,787,079)
Cash flows from financing activities					
Government capital contributions (*)		3,924,819	3,101,968	3,495,917	2,757,185
Repayment of borrowings & leases		(142,318)	(208,186)	-	-
Net cash flows from/(used in) financing activities		3,782,501	2,893,782	3,495,417	2,757,185
Net increase/(decrease) in cash & cash equivalents					
		(7,858)	(2,125)	(7,835)	(2,139)
Cash & cash equivalents at the beginning of the financial year		61,944	64,069	60,794	62,933
Cash & cash equivalents at the end of the financial year		54,086	61,944	52,959	60,794

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

(\*) The receipt and payment of the capital assets charge and government capital contributions do not represent physical movements of cash between the Consolidated Entity and the Victorian Government. In accordance with the provisions of the *Financial Management Act 1994*, the capital assets charge is considered a cash equivalent item and is therefore included in the Cash flow statement.

(\*\*) GST paid to the Australian Taxation Office is presented on a net basis.



## 1. About this report

This report represents the audited general-purpose financial statements for VicTrack and its controlled entities ("Consolidated Entity") for the year ended 30 June 2020. The Consolidated Entity is a public statutory body established under section 8 of the *Rail Management Act 1996* and continued in existence under section 116 of the *Transport Integration Act 2010*. The purpose of the report is to provide users with information about the Consolidated Entity's stewardship of resources entrusted to it. The nature of the operations and principal activities of the Consolidated Entity are described in the Report of Operations, which does not form part of these financial statements.

The principal address is: Level 8, 1010 La Trobe Street, Docklands Victoria 3008.

### Basis of preparation

These financial statements are in Australian dollars and the historical cost convention is used unless a different measurement basis is specifically disclosed in the note associated with the item measured on a different basis.

The accrual basis of accounting has been applied in preparing these financial statements, whereby assets, liabilities, equity, income and expenses are recognised in the reporting period to which they relate, regardless of when cash is received or paid.

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

Additions to net assets which have been designated as contributions by owners are recognised as contributed capital. Other transfers that are in the nature of contributions to or distributions by owners have also been designated as contributions by owners.

Judgements, estimates and assumptions are required to be made about the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on professional judgements derived from historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

Revisions to accounting estimates are recognised in the period in which the estimate is revised and also in future periods that are affected by the revision. Judgements and assumptions made by management in applying AAS that have significant effects on the financial statements and estimates are disclosed in the notes under the heading: 'Significant judgement or estimates'.

### Basis of consolidation

In accordance with AASB 10: *Consolidated Financial Statements* the consolidated financial statements of the Consolidated Entity incorporate assets and liabilities of all reporting entities controlled by the Consolidated Entity as at 30 June 2020, and their income and expenses for that part of the reporting period in which control existed.

Where control of an entity is obtained during the financial period, its results are included in the comprehensive operating statement from the date on which control commenced. Where control ceases during a financial period, the entity's results are included for that part of the period in which control existed. Where dissimilar accounting policies are adopted by entities and their effect is considered material, adjustments are made to ensure consistent policies are adopted in these financial statements. In the process of preparing consolidated financial statements for the Consolidated Entity, all material transactions and balances between consolidated entities are eliminated. Entities consolidated into the Parent Entity are listed in Note 8.3 Related Parties.

### Going concern

These financial statements have been prepared on a going concern basis, which contemplates the continuity of normal business operations and the realisation of assets and settlement of liabilities in accordance with the normal course of business. The ability of the Consolidated Entity to continue paying its debts as and when they fall due is dependent on existing contractual arrangements for the provision of services to customers, acquisition of new rolling stock and payments to financiers with respect to rolling stock previously acquired under lease or finance, continuing to operate as originally intended. In respect of rolling stock previously acquired under lease or finance, the arrangements whereby the Department of Transport ("DoT") makes all payments to the lessors or financiers on behalf of the Consolidated Entity is confirmed by the Letter of Support provided by the DoT dated 31 July 2020 covering the period until September 2021.

On the basis of the above factors, the Directors are of the opinion that the Consolidated Entity is a going concern and can pay its debts as and when they fall due.

### Rounding

All amounts shown in the financial statements are expressed by reference to the nearest thousand dollars unless otherwise specified.

### Compliance Information

These general-purpose financial statements have been prepared in accordance with the *Financial Management Act 1994*, Australian Accounting Standards ("AAS") and other authoritative pronouncements issued by the Australian Accounting Standards Board ("AASB"). In particular, they are presented in a manner consistent with the requirements of AASB 1049 *Whole of Government and General Government Sector Financial Reporting*.

The entity is a not-for-profit entity for reporting purposes under Australian Accounting Standards and FRD 108C Classification of entities as for profit. Where appropriate, those AAS's paragraphs applicable to not-for-profit entities have been applied. Accounting policies selected and applied in these financial statements ensure that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events is reported.



2. Funding delivery of our services

Introduction

The Consolidated Entity owns much of Victoria’s public transport land, assets and infrastructure and works to protect and grow the value of the portfolio, to support a thriving transport system and make travel and living better for Victorians.

To enable the Consolidated Entity to fulfil its objectives and provide outputs, it receives income from telecommunication services, management of land set aside for transport purposes, including development and sale of land no longer required for transport and project management and civil engineering services for rail infrastructure projects.

Summary of income from transactions

		Consolidated			Parent
	Note	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Continuing operations					
Income from transactions:					
Telecommunication services	2.1	56,694	56,590	56,694	56,590
Property related income	2.2	31,995	35,915	31,995	35,915
Services received free of charge	2.3	26,236	25,883	26,236	25,883
Government contributions towards capital & related work	2.4	132,914	190,174	8,335	155
Other income	2.5	87,827	81,522	61,255	51,862
Capital asset charge	2.6	2,383,847	2,256,650	2,383,847	2,256,650
Total income from transactions		2,719,513	2,646,734	2,568,361	2,427,055

Revenue and income that fund delivery of the Consolidated Entity services are accounted for consistently with the requirements of the relevant accounting standards disclosed in the following notes.

The adoption of AASB 15 *Revenue from contracts with customers* did not have significant impact on Other Comprehensive Income and Statement of Cash flows for the financial year (note 8.10). Revenue is measured based on the consideration specified in the contract with the customer. The Consolidated Entity recognises revenue when it transfers control of a good or service to the customer.

Revenue from contracts are recognised when, or as, the performance obligations for the sale of goods and services to the customer are satisfied. Income from the rendering of services is recognised at a point in time when the performance obligation is satisfied when the service is completed; and over time when the customer simultaneously receives and consumes the services as it is provided. Consideration received in advance of recognising the associated revenue from the customer is recorded as a contract liability (note 6.2). Where the performance obligation is satisfied but not yet billed, a contract asset is recorded (note 6.1).

2.1 Telecommunication services

Income from telecommunications services, property services, advertising, infrastructure management and lease of the interstate rail corridors is recognised when services are provided by the Consolidated Entity. Revenue from contracts with customers are recognised in accordance with AASB 15.

2.2 Property related income

Leasehold improvements/renewals undertaken by lessees/sub-lessees and assets provided by other parties are recognised as works are performed on the assets/improvements based on confirmations received from the other parties. Revenue from contracts with customers are recognised in accordance with AASB 15.

2.3 Services received free of charge

This relates to resources free of charge received by the Department of Transport (“DOT”) for the operational use of myki assets. These are recognised at fair value when control is obtained over them, irrespective of whether these contributions are subject to restrictions or conditions over their use.

2.4 Government contributions towards capital and related work

The adoption of AASB 1058 *Income of Not-for-Profit Entities* did not have an impact on Other Comprehensive Income and the Statement of Cash flows for the financial year (note 8.10).

Government contributions towards capital and related work are recognised progressively as the asset is constructed. The progressive percentage costs incurred is used to recognise income because this most closely reflects the progress to completion as costs are incurred as the works are done.

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

2.5 Other income

	Consolidated			Parent
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Interest income	1,333	1,136	1,326	1,118
Rolling stock lease income	26,327	29,225	-	-
Infrastructure management revenue	50,189	38,215	50,189	38,215
Other	9,979	12,946	9,740	12,529
Total other income	87,827	81,522	61,255	51,862

2.5.1 Interest income

Interest income includes interest received on bank term deposits and other investments and the unwinding over time of the discount on financial assets. Interest income is recognised using the effective interest method, which allocates the interest over the relevant period.

Net realised and unrealised gains and losses on the revaluation of investments do not form part of income from transactions, but are reported either as part of income from other economic flows in the net result or as unrealised gains or losses taken directly to equity, forming part of the total change in net worth in the comprehensive result.



2.5.2 Rolling stock lease income

Lease income from leases where the Consolidated Entity is the lessor is recognised on a straight-line basis over the term of the relevant lease. The respective leased assets are included in the balance sheet based on their nature.

The lessee does not have an option to purchase the rolling stock at the expiry of the lease period.

Non-cancellable operating lease receivables	2020 \$'000	2019 \$'000
Not longer than one year	12,060	29,225
Longer than one year but not longer than five years	361	10,395
Total	12,421	39,620

2.5.3 Infrastructure management revenue

Infrastructure management revenue includes income for customer construction projects mainly from DoT. Customer construction projects are operating construction works on public transport sites where VicTrack is best placed to deliver these projects. They are often part of larger government-funded projects that may ultimately be transferred to VicTrack’s asset base through an equity transfer e.g. level crossing removals. The revenue is recognised as work is performed.

2.6 Capital asset charge

The capital assets charge is the estimate of the cost of capital investment in government assets i.e. the return that could be achieved were the government to direct its capital towards the next best investment of comparable risk. It is imposed on the Consolidated Entity by the Victorian Government’s Department of Treasury and Finance (“DTF”).

The purpose of this notional charge is to increase the awareness of the costs of assets for management to make improved resource allocation and investment decisions.

The capital assets charge is shown as both a revenue and an expense from ordinary activities in the comprehensive operating statement, meaning that there is no impact on the operating result for the year, nor on the balance sheet as at 30 June 2020.

Although the receipt and payment of the capital assets charge does not represent physical movements of cash, the capital assets charge has been disclosed in the cash flow statement as it is considered a cash equivalent item under the provisions of the *Financial Management Act 1994*.



Dynon freight terminal >



3. The cost of delivering services

Introduction

This section provides an account of the expenses incurred by the Consolidated Entity in delivering its services. In Section 2, the funds that enable the provision of services were disclosed and in this note the cost associated with provision of services are recorded.

3.1 Expenses incurred in delivery of services

	Note	Consolidated		Parent	
		2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Employee benefits	3.2	50,876	46,742	50,876	46,742
Supplies of services	3.3	71,244	55,725	71,244	55,725
Other expenses from ordinary activities	3.4	58,086	51,254	58,005	51,176
Capital asset charge	2.6	2,383,847	2,256,650	2,383,847	2,256,650
		2,564,054	2,410,371	2,563,972	2,410,293

3.2 Employee benefits in the comprehensive operating statement

Employee benefits				
	Consolidated		Parent	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Salaries & wages, annual leave & long service leave	38,147	36,671	38,147	36,671
Associated labour on-costs	3,429	3,226	3,429	3,226
Increase in provision for employee entitlements	2,874	1,548	2,874	1,548
Post-employment benefits				
Superannuation contributions	5,190	4,988	5,190	4,988
Termination payments	1,236	308	1,236	308
Total employee benefits	50,876	46,742	50,876	46,742

These expenses include all costs related to employment (other than superannuation which is accounted for separately) including wages and salaries, fringe benefits tax, leave entitlements, termination payments and WorkCover premiums.

The amount recognised in the comprehensive operating statement in relation to superannuation is employer contributions for members of both defined benefit and defined contribution superannuation plans that are paid or payable during the reporting period. The Consolidated Entity does not recognise any defined benefit liabilities because it has no legal or constructive obligation to pay future benefits relating to its employees. Instead DTF discloses in its annual financial statements the net defined benefit cost related to the members of these plans as an administered liability (on behalf of the State as the sponsoring employer).

Termination benefits are payable when employment is terminated before normal retirement date, or when an employee accepts an offer of benefits in exchange for the termination of employment. Termination benefits are recognised when the Consolidated Entity is demonstrably committed to terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal or providing termination benefits as a result of an offer made to encourage voluntary redundancy.

3.2.1 Employee benefits in the balance sheet

Provision is made for benefits accruing to employees in respect of wages and salaries, annual leave and long service leave (LSL) for services rendered to the reporting date and recorded as an expense during the period the services are delivered.

	Consolidated		Parent	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Employee benefits				
Current provisions				
Annual leave				
Unconditional & expected to settle within 12 months	3,738	3,134	3,738	3,134
Unconditional & expected to settle after 12 months	106	87	106	87
Long service leave				
Unconditional & expected to settle within 12 months	557	563	557	563
Unconditional & expected to settle after 12 months	6,081	5,951	6,081	5,951
Other employee benefits				
Unconditional & expected to settle within 12 months	1,211	1,303	1,211	1,303
Provision for on-costs				
Unconditional & expected to settle within 12 months	837	757	837	757
Unconditional & expected to settle after 12 months	940	914	940	914
Total current provisions				
Non-Current provisions				
Employee benefits	871	703	871	703
On-costs	133	107	133	107
Total non-current provisions				
Total employee benefits provisions				

Employee benefits – wages, salaries and annual leave

Provision is made for benefits accruing to employees in respect for wages and salaries, annual leave and long service for services provided during the reporting period.

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

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

- nominal value - if the Consolidated Entity expects to wholly settle within 12 months; or
- present value - if the Consolidated Entity does not expect to wholly settle within 12 months.



Employee benefits – long service leave (LSL)

Liability for LSL is recognised in the provision for employee benefits.

Unconditional LSL is disclosed as a current liability, even where the Consolidated Entity does not expect to settle the liability within 12 months because it will not have the unconditional right to defer the settlement of the entitlement should an employee take leave within 12 months.

The components of this current LSL liability are measured at:

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

Conditional LSL is disclosed as a non-current liability. There is a conditional right to defer the settlement of the entitlement until the employee has completed the requisite years of service. This non-current LSL liability is measured at present value.

Any gain or loss following revaluation of the present value of non-current LSL liability is recognised as a transaction, except to the extent that a gain or loss arises due to changes in bond interest rates for which it is then recognised as an 'other economic flow' in the net result.

On-costs on employee benefits

Employment on-costs such as payroll tax, workers compensation and superannuation are not employee benefits. They are disclosed separately as a component of the provision for employee benefits when the employment to which they relate has occurred.

3.2.2 Superannuation

Employees of the Consolidated Entity are entitled to receive superannuation benefits and the Consolidated Entity contributes to both defined benefit and defined contribution plans. The defined benefit plan(s) provides benefits based on years of service and final average salary.

As noted above, the defined benefit liability is recognised in DTF as an administered liability. However, superannuation contributions paid or payable for the reporting period are included as part of employee benefits in the comprehensive operating statement of the Consolidated Entity.

Details of major employee superannuation funds to which the Consolidated Entity contributes are as follows:

Superannuation fund (a)				
	30 June 2020 Contributions	Contributions outstanding as at 30 June 2020	30 June 2019 Contributions	Contributions outstanding as at 30 June 2019
	\$'000	\$'000	\$'000	\$'000

Defined benefit plans (b)

Transport Superannuation Scheme	400	10	452	9
State Superannuation Scheme	225	5	357	5

Defined contribution plans

VicSuper	1,828	186	1,813	166
Other	2,737	378	2,366	339
	5,190	579	4,988	519

(a) These superannuation contributions relate to VicTrack as the Parent Entity. Rolling Stock Holdings (Victoria) Pty Limited and its subsidiary companies, which form the Consolidated Entity with the Parent Entity, does not employ any staff.

(b) The basis for determining the level of contributions is determined by the various actuaries of the defined benefit superannuation plans

3.3 Supplies and services

	Consolidated		Parent	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Property services (including land tax)	17,688	6,823	17,688	6,823
Telecommunications expenses	8,952	9,576	8,952	9,576
Contract & other payments	44,604	39,326	44,604	39,326
Total supplies & services	71,244	55,725	71,244	55,725

Supplies and services expenses are recognised as an expense in the reporting period in which they are incurred.

3.4 Other expenses from ordinary activities

	Consolidated		Parent	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Bad debts	165	21	165	21
Insurance premiums	650	550	650	550
Legal fees	1,490	512	1,490	512
Occupancy costs	2,234	2,125	2,234	2,125
Customer construction expense	44,061	39,030	44,061	39,030
Other expenses	9,485	9,016	9,404	8,938
Total other operating expenses	58,086	51,253	58,005	51,176

Other operating expenses generally represent the day to day running costs incurred in normal operations and also includes customer construction expense.

Customer construction expenses

Customer construction expenses are operating construction projects on transport sites where VicTrack is best placed to deliver these projects. They are often part of larger government funded projects that may ultimately be transferred to VicTrack's asset base through an equity transfer e.g. level crossing removals. The expenses are recognised in the reporting period in which they are incurred.

Operating lease payments

Operating lease payments up until 30 June 2019 (including contingent rentals) are recognised on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern of the benefits derived from the use of the leased asset.

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

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

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



3.5 National tax equivalent regime

By direction of the Treasurer of Victoria under the *State-Owned Enterprises Act 1992*, the Consolidated Entity is subject to the national tax equivalent regime (“NTER”), but limited to the income tax component of the NTER.

3.5.1 Tax equivalent expense

	2020 \$'000	Consolidated 2019 \$'000	2020 \$'000	Parent 2019 \$'000
<b>Income Tax</b>				
Current income tax (expense)/benefit	501,244	90,727	445,086	107,754
Adjustment in respect of current income tax of previous years	13,254	328	-	-
Deferred income tax	92,544	99,126	120,713	95,375
<b>Total income tax (expense)/benefit</b>	<b>607,041</b>	<b>190,182</b>	<b>565,799</b>	<b>203,129</b>

Income tax reconciliation

Accounting profit/(loss) before tax	(2,540,900)	(714,687)	(2,392,142)	(724,423)
Income tax (expense)/benefit at company tax rate of 30%	762,270	200,408	717,643	203,329
Non-allowable items	(155,229)	(10,226)	(151,843)	(199)
	<b>607,041</b>	<b>190,182</b>	<b>565,799</b>	<b>203,129</b>

Deferred income tax revenue/(expense) included in income tax expense

(Increase)/decrease in deferred tax liabilities	92,520	49,538	(68)	57
Increase/(decrease) in deferred tax assets	24	49,588	120,781	95,318
	<b>92,544</b>	<b>99,126</b>	<b>120,713</b>	<b>95,375</b>

Amounts charged directly to equity

<b>Revaluation reserves</b>				
Revaluation of plant & equipment	(704,143)	7,350	(665,456)	7,350

Current tax

Current tax is calculated by reference to the amount of income taxes payable or recoverable in respect of the taxable profit or tax loss for the period. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the end of the reporting period. Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities.

Deferred tax

Deferred income tax is provided on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.





3.5.2 Deferred tax balances in the balance sheet

Deferred income tax liabilities are recognised for all taxable temporary differences except:

- when the liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- when the taxable temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, and the timing of the reversal of the temporary difference can be controlled, and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Significant judgement

Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits over the next two years together with future tax planning strategies.

The carrying amount of deferred tax assets are reassessed at the end of each reporting period. They are reduced to the extent that it is no longer probable that sufficient taxable profit will be available and unrecognised deferred tax assets are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the Consolidated Entity intends to settle its current tax assets and liabilities on a net basis.

	2020 \$'000	Consolidated 2019 \$'000	2020 \$'000	Parent 2019 \$'000
<b>Deferred tax assets</b>				
The balance comprises temporary differences attributable to:				
Fair value of loan	12	63	-	-
Finance lease liability	-	70,016	646	579
Accrued leave	4,342	4,586	4,342	4,586
Provisions	1,430	-	1,430	3,001
Accrued interest	64	4	64	4
Doubtful debts	63	40	63	40
Accelerated depreciation	202,746	133,925	300,829	178,383
Losses available for offset	1,369,493	854,995	1,089,504	653,418
<b>Total deferred tax assets</b>	<b>1,578,149</b>	<b>1,063,628</b>	<b>1,396,877</b>	<b>840,010</b>
<b>Deferred tax liabilities</b>				
The balance comprises temporary differences attributable to:				
Revaluation of plant & equipment	(3,674,826)	(2,970,683)	(3,473,132)	(2,807,676)
Finance lease assets	(644)	(93,154)	(644)	(576)
Fair value of loan	(9)	(19)	-	-
<b>Total deferred tax liabilities</b>	<b>(3,675,478)</b>	<b>(3,063,856)</b>	<b>(3,473,776)</b>	<b>(2,808,252)</b>
<b>Net deferred tax assets/(liabilities)</b>	<b>(2,097,327)</b>	<b>(2,000,226)</b>	<b>(2,076,900)</b>	<b>(1,968,243)</b>
<b>Movement in deferred tax assets/(liabilities)</b>				
Opening balance	(2,000,226)	(2,197,759)	(1,968,243)	(2,178,722)
Charged to income tax expense	92,544	99,126	120,713	95,375
Charged to equity	(704,143)	7,350	(665,456)	7,350
Movement in tax losses	514,498	91,056	445,086	107,754
<b>Closing balance</b>	<b>(2,097,327)</b>	<b>(2,000,226)</b>	<b>(2,067,900)</b>	<b>(1,968,243)</b>



4. Key assets available to support service delivery

The Consolidated Entity controls transport and communications assets that are utilised in fulfilling its objectives and conducting its activities. They represent the resources the Consolidated Entity utilises for delivery of its services.

4.1 Property, infrastructure, plant and equipment

Property, infrastructure, plant and equipment are classified primarily by the ‘purpose’ for which the assets are used, according to one of six purpose groups based upon government purpose classifications. All assets in a purpose group are further sub categorised according to the asset’s ‘nature’ (i.e. buildings, plant etc.) with each sub-category being classified as a separate class of asset for financial reporting purposes. All of the Consolidated Entity’s assets belong to the one purpose group for the purpose of *FRD103H: Non-financial physical assets*.

Purpose group – Transportation

	2020 \$'000	Consolidated 2019 \$'000	2020 \$'000	Parent 2019 \$'000
Land				
Rail corridor land - at fair value	5,229,214	3,116,615	5,229,214	3,116,615
Non-rail corridor land - at fair value	2,278,968	2,271,059	2,278,968	2,271,059
Total land	7,508,182	5,387,674	7,508,182	5,387,674
Buildings & structures				
Net fair value	8,461,315	7,228,664	8,461,315	7,228,664
Accumulated depreciation	-	(591,975)	-	(591,975)
Carrying amount	8,461,315	6,636,689	8,461,315	6,636,689
Cost	-	3,629,948	-	3,629,948
Accumulated depreciation	-	(56,325)	-	(56,325)
Carrying amount	-	3,573,623	-	3,573,623
Total buildings & structures after depreciation	8,461,315	10,210,312	8,461,315	10,210,312
Track				
Net fair value	4,555,510	4,920,010	4,555,510	4,920,010
Accumulated depreciation	-	(694,276)	-	(694,276)
Carrying amount	4,555,510	4,225,734	4,555,510	4,225,734
Cost	-	1,601,784	-	1,601,784
Accumulated depreciation	-	(38,087)	-	(38,087)
Carrying amount	-	1,563,697	-	1,563,697
Total track after depreciation	4,555,510	5,789,431	4,555,510	5,789,431
Earthworks				
Net fair value	5,807,043	2,086,810	5,807,043	2,086,810
Carrying amount	5,807,043	2,086,810	5,807,043	2,086,810

	2020 \$'000	Consolidated 2019 \$'000	2020 \$'000	Parent 2019 \$'000
Signals & communication				
Net fair value	2,629,089	3,091,701	2,629,089	3,091,701
Accumulated depreciation	-	(737,139)	-	(737,139)
Carrying amount	2,629,089	2,354,562	2,629,089	2,354,562
Cost	-	1,106,553	-	1,106,553
Accumulated depreciation	-	(59,960)	-	(59,960)
Carrying amount	-	1,046,593	-	1,046,593
Total signals & communication after depreciation	2,629,089	3,401,155	2,629,089	3,401,155
Plant & equipment				
Net fair value	4,822,277	4,507,227	1,299,840	1,101,524
Accumulated depreciation	-	(878,008)	-	(252,909)
Carrying amount	4,822,277	3,629,219	1,299,840	848,615
Lease right-of-use net fair value	2,942	936,730	2,942	2,580
Accumulated depreciation	(796)	(131,127)	(796)	(661)
Carrying amount	2,146	805,603	2,146	1,919
Cost	-	308,590	-	308,590
Accumulated depreciation	-	(17,825)	-	(17,825)
Carrying amount	-	290,765	-	290,765
Total plant & equipment after depreciation	4,824,423	4,725,587	1,301,986	1,141,299
Intangibles software & licences				
Net fair value	275,175	270,068	275,175	270,068
Accumulated amortisation	(201,594)	(175,998)	(201,594)	(175,998)
Total intangibles software & licences after amortisation	73,581	94,070	73,581	94,070
Capital works in progress				
Cost	9,086,642	6,459,899	9,086,642	6,459,899
Rolling stock under construction	899,724	570,453	-	-
Other	189,867	132,788	189,867	132,788
Total capital works in progress	10,176,233	7,163,140	9,276,509	6,592,687
Total property, infrastructure, plant & equipment	44,035,375	38,858,181	39,613,213	34,703,439

Reconciliation of carrying amounts at the beginning and end of the year

	Land	Buildings & structures	Track	Earthworks	Signals & communications	Plant & equipment	Intangibles - software & licences	WIP	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Consolidated									
2020									
Carrying amount at 1 July 2019	5,387,674	10,210,312	5,789,431	2,086,810	3,401,155	4,725,587	94,070	7,163,140	38,858,181
Additions	-	-	-	-	-	694	-	3,984,445	3,985,139
Disposals	(6,563)	(453,887)	(904,601)	-	(506,122)	(484,619)	(4,298)	(24,873)	(2,384,963)
Asset held for sale	1,824	-	-	-	-	-	-	-	1,824
Revaluation movement	1,581,449	(1,335,091)	(200,823)	3,720,233	(130,867)	694,099	-	-	4,329,000
Depreciation charge for the year	-	(128,022)	(140,099)	-	(215,253)	(243,974)	(26,457)	-	(753,805)
Transferred from WIP	543,798	168,002	11,602	-	80,176	132,636	10,265	(946,479)	-
Carrying value at 30 June 2020	7,508,182	8,461,315	4,555,510	5,807,043	2,629,089	4,824,423	73,581	10,176,233	44,035,375
2019									
Carrying amount at 1 July 2018	5,399,010	9,848,528	4,910,354	2,086,810	3,370,260	4,531,485	115,876	6,398,229	36,660,552
Additions	-	-	-	-	2,620	817	-	3,184,315	3,187,752
Disposals	(7,576)	(587)	(50,738)	-	-	(103)	-	(32,253)	(91,257)
Assets held for sale	1,441	-	-	-	-	-	-	-	1,441
Revaluation movement	(5,201)	(1,758)	(14,977)	-	(5,672)	(2,092)	-	-	(29,700)
Depreciation charge for the year	-	(191,262)	(201,831)	-	(213,339)	(238,463)	(25,715)	-	(870,610)
Transferred from WIP	-	555,390	1,146,623	-	247,286	433,942	3,909	(2,387,151)	-
Carrying value at 30 June 2019	5,387,674	10,210,312	5,789,431	2,086,810	3,401,155	4,725,587	94,070	7,163,140	38,858,181
Parent									
2020									
Carrying amount at 1 July 2019	5,387,674	10,210,312	5,789,431	2,086,810	3,401,155	1,141,299	94,070	6,592,687	34,703,439
Additions	-	-	-	-	-	694	-	3,547,130	3,547,824
Disposals	(6,563)	(453,887)	(904,601)	-	(506,122)	(355,583)	(4,298)	(24,873)	(2,255,927)
Asset held for sale	1,824	-	-	-	-	-	-	-	1,824
Revaluation movement	1,581,449	(1,335,091)	(200,823)	3,720,233	(130,867)	565,143	-	-	4,200,044
Depreciation charge for the year	-	(128,022)	(140,099)	-	(215,253)	(74,159)	(26,457)	-	(583,990)
Transferred from WIP	543,798	168,002	11,602	-	80,176	24,592	10,265	(838,435)	-
Carrying value at 30 June 2020	7,508,182	8,461,315	4,555,510	5,807,043	2,629,089	1,301,986	73,581	9,276,509	39,613,214
2019									
Carrying amount at 1 July 2018	5,399,010	9,848,528	4,910,354	2,086,810	3,370,260	1,040,430	115,876	5,914,536	32,685,804
Additions	-	-	-	-	2,620	817	-	2,839,531	2,842,968
Disposals	(7,576)	(587)	(50,738)	-	-	(103)	-	(32,253)	(91,257)
Asset held for sale	1,441	-	-	-	-	-	-	-	1,441
Reveluation movement	(5,201)	(1,758)	(14,977)	-	(5,672)	(2,092)	-	-	(29,700)
Depreciation charge for the year	-	(191,262)	(201,831)	-	(213,339)	(73,673)	(25,715)	-	(705,820)
Transferred from WIP	-	555,390	1,146,623	-	247,286	175,919	3,909	(2,129,127)	-
Carrying value at 30 June 2019	5,387,674	10,210,312	5,789,431	2,086,810	3,401,155	1,141,299	94,070	6,592,687	34,703,439



### Initial recognition

All non-financial physical assets are recognised initially at cost and subsequently revalued at fair value less accumulated depreciation and impairment. Where an asset is acquired for no or nominal cost, the cost is its fair value at the date of acquisition.

The cost of constructed non-financial physical assets includes the cost of all materials used in construction, direct labour on the project and an appropriate proportion of variable and fixed overheads.

The initial cost for non-financial physical assets under a finance lease (under AASB 117 until 30 June 2019) is measured at amounts equal to the fair value of the leased asset or, if lower, the present value of the minimum lease payments, each determined at the inception of the lease.

### Right-of-use asset acquired by lessees (Under AASB 16 – Leases from 1 July 2019) – Initial measurement

The Consolidated Entity recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost which comprises the initial amount of the lease liability adjusted for:

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

The adoption of AASB 16 Leases did not have a material impact on the Balance Sheet.

### Right-of-use asset – Subsequent measurement

The Consolidated Entity depreciates the right-of-use assets on a straight line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful life of the right-of-use assets are determined on the same basis as property, plant and equipment. The right-of-use assets have not been revalued as 30 June 2020 and are not material.

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

### Intangibles – software & licences

Purchased intangible assets are initially recognised at cost. Subsequently, intangible assets with finite useful lives are carried at cost less accumulated amortisation and accumulated impairment losses. Depreciation and amortisation begins when the asset is available for use, that is, when it is in the location and condition necessary for it to be capable of operating in the manner intended by management.

### Subsequent measurement

Property, plant and equipment are subsequently measured at fair value less accumulated depreciation and impairment. Fair value is determined with regard to the asset's highest and best use (considering legal or physical restrictions imposed on the asset, public announcements or commitments made in relation to the intended use of the asset) and is summarised by asset category above.

The last independent valuation of non-financial physical assets was at 30 June 2020 by the Valuer-General Victoria ("VGV"). The independent valuation is subject to the uncertainty prevailing in the global financial markets as a result of coronavirus (COVID-19) and data integrity. The valuation uncertainty range is up to \$2.553 billion.

### Specialised land

The Consolidated Entity recognises two major classes of land – rail corridor land and non-rail corridor land. Non-rail corridor land is used for commercial purposes whilst rail corridor land is used as a rail reserve.

Rail corridor land is based on the assessed market value of the land and is discounted in accordance with the VGV's Community Service Obligations from 75 per cent to 90 per cent. The basis of the valuation of non-rail corridor land is market value, with adjustments being made, where appropriate, for variations in the size, quality of each land parcel and Community Service Obligations from five per cent to 95 per cent.

Estimated cost of environmental contamination remediation is included in the value of the land (where it is expected to enhance the value of the land by providing future economic benefits) and a corresponding liability or provision is recognised when the obligation for remediation arises and can be reliably estimated.

### Specialised buildings, infrastructure assets and plant and equipment

Specialised buildings, infrastructure assets and plant and equipment assets are valued using the depreciated replacement cost method. This cost generally represents the replacement cost of the building/component after applying depreciation rates on a useful life basis.

### Assets pledged as security

Security has been granted on motor vehicles that are subject to financing.

### Service Concession Assets (Under AASB 1059 – Service Concession Assets: Grantor) – Initial measurement

The Consolidated Entity initially recognises service concession assets at current replacement cost in accordance with the cost approach to fair value AASB 13 *Fair Value Measurement*.

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

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

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

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

The Consolidated Entity’s work in progress balance includes project costs of \$555 million for the service concession assets as at 30 June 2020. No liabilities have been recorded for service concession assets.

4.1.1 Depreciation and amortisation

	Consolidated			Parent
	2020	2019	2020	2019
	\$'000	\$'000	\$'000	\$'000
Buildings & structures	128,022	191,262	128,022	191,262
Track	140,099	202,759	140,099	202,759
Signals & communications	215,253	212,413	215,253	212,413
Plant & equipment	243,974	238,462	74,159	73,673
Intangibles software & licences	26,457	25,715	26,457	25,715
Total depreciation & amortisation	753,805	870,610	583,989	705,820

Estimation of useful lives

The estimation of the useful lives of assets has been based on historical experience as well as manufacturers' warranties (for plant and equipment) and lease terms (for leased equipment). In addition, the condition of the assets is assessed at least once per year and considered against the remaining useful life. Adjustments to useful lives are made when considered necessary.

All infrastructure assets, buildings, plant and equipment and other non-financial physical assets (excluding items under leases, assets held for sale, land and investment properties) that have finite useful lives are depreciated. Depreciation is generally calculated on a straight-line basis, at rates that allocate the asset's fair value, less any estimated residual value, over its estimated useful life.

Intangible produced assets with finite useful lives, are depreciated as an 'expense from transactions' on a straight line basis over their useful lives.

The estimated useful lives, residual values and depreciation method are reviewed at the end of each annual reporting period, and adjustments are made as appropriate. The useful lives have been updated in line with the independent revaluation. The range of depreciation rates used for each class of asset is as follows:

Asset class	Depreciation rates	Useful life
Buildings & structures	1.0% to 2.0%	100 to 50 years
Track	3.0% to 3.3%	33 to 30 years
Signals & communications	2.0% to 14.3%	50 to 7 years
Plant & equipment & leased plant & equipment	1.25% to 2.0%	80 to 50 years
Software & licences	3.0% to 14%	33 to 7 years
Rolling stock	2.5% to 3.3%	40 to 30 years

Earthworks and land have indefinite life and are not depreciated.

4.1.2 Impairment of non-financial physical assets

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

5. How we financed our operations

This section provides information on the sources of finance and assets contributed by DOT which are utilised by the Consolidated Entity during its operations, along with interest expenses (the cost of borrowings) and other information related to financing activities.

This section includes disclosures of balances that are financial instruments (such as borrowings and cash balances). Notes 7.3 provides additional information on specific financial instrument disclosures.

5.1 Borrowings

		Consolidated			Parent
	Note	2020	2019	2020	2019
		\$'000	\$'000	\$'000	\$'000
Secured loan		64,462	107,864	-	-
Lease liability	5.2	2,152	100,989	2,152	1,929
		66,614	208,853	2,152	1,929
Reconciled by					
Current					
Secured loan		30,229	36,537	-	-
Lease liability		1,173	100,060	1,173	1,000
		31,402	136,597	1,173	1,000
Non-current					
Secured loan		34,233	71,326	-	-
Lease liability		979	929	979	929
		35,212	72,255	979	929
Total borrowings		66,615	208,852	2,152	1,929

'Borrowings' refer to interest bearing liabilities mainly raised from public borrowings raised through the Treasury Corporation of Victoria ("TCV"), finance leases and other interest-bearing arrangements.

Borrowings are classified as financial instruments. All interest-bearing borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs. Subsequently they are recorded at amortised cost. Interest is accrued over the period it becomes due and is recorded as part of trade and other payables at year end.

The premium that arose on the secured loans as a result of being recorded at their fair value is being amortised over the repayment period of the secured loans.

The loans in the Rolling Stock Holdings entities are secured by way of fixed charge over the assets.

Fair value, maturity and risks

The disclosures of the fair values of borrowings, maturity analysis and nature and extent of risks are disclosed in Note 7 Risks Contingencies and Valuations.

Defaults and breaches

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



5.2 Lease liabilities

Information about leases impacting the Consolidated Entity is presented below.

The Consolidated Entity leasing activities

The Consolidated entity leases IT equipment and a building with contract term less than three years. The IT equipment is short-term and/or leases of low value items. The lease on the building has been determined to be not material. The Consolidated Entity has elected not to recognise the right-of-use assets and lease liabilities for the IT equipment and building lease.

The Consolidated Entity leases various rolling stock and motor vehicles. These contracts have a maturity of less than five years.

Consolidated Entity as lessee – rolling stocks and motor vehicles

	Consolidated		Parent	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Interest expense on lease liabilities	340	3,240	57	57
Total amount recognised in the Comprehensive statement & Statement of Cashflows	340	3,240	57	57
Within one year	1,173	113,776	1,173	1,048
One year or later & not later than five years	1,053	945	1,053	945
Later than five years	-	-	-	-
Minimum lease payments	2,226	114,721	2,226	1,993
Less:				
Recoverable GST	-	(9,906)	-	-
Future lease charges	(74)	(3,826)	(74)	(64)
Present value of minimum lease payments	2,152	100,989	2,152	1,929

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

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

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

Separation of lease and non-lease components

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

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

Lease Liability – initial measurement

The lease liability is initially measured at the present value of the lease payments unpaid at the commencement date, discounted using the interest rate implicit in the lease if that rate is readily determinable or the Consolidated Entity incremental borrowing rate.

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

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

Lease liability – subsequent measurement

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in-substance fixed payments.

When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right of use asset is already reduced to zero.

Short-term leases and leases of low value assets

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

Presentation of right-of-use assets and lease liabilities

The Consolidated Entity presents right-of-use assets as 'property plant equipment' unless they are not material to be disclosed in the balance sheet. Lease liabilities are presented as 'borrowings' in the balance sheet.

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

In the comparative period, leases of property, plant and equipment were classified as either finance lease or operating leases.

Leases of property, plant and equipment where the Consolidated Entity as a lessee had substantially all of the risks and rewards of ownership were classified as finance leases. Finance leases were initially recognised as assets and liabilities at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payment, each determined at the inception of the lease. The leased asset is accounted for as a non-financial physical asset and depreciated over the shorter of the estimated useful life of the asset or the term of the lease. Minimum finance lease payments are apportioned between the reduction of the outstanding lease liability and the periodic finance expense, which is calculated using the interest rate implicit in the lease and charged directly to the consolidated comprehensive operating statement.

Contingent rentals associated with finance leases are recognised as an expense in the period in which they are incurred.

Assets held under other leases were classified as operating leases and were not recognised in the Consolidated Entity balance sheet. Operating lease payments were recognised as an operating expense in the Statement of Comprehensive Income on a straight-line basis over the lease term.

Leases relating to the introduction of new rolling stock have an average lease term of 15 years (2019: 15 years) and an average implicit discount rate of 9.89 per cent (2019: 9.89 per cent).

The lease liabilities are effectively secured as the rights to the leased assets recognised in the financial statement as disclosed in Note 4.1 Property, infrastructure, plant and equipment, and revert to the lessor in the event of default.

Interest expense includes costs incurred in connection with the borrowing of funds and includes interest on bank overdrafts and short-term and long-term borrowings, amortisation of discounts or premiums relating to borrowings, interest component of lease repayments and the increase in financial liabilities and non-employee provisions due to the unwinding of discounts to reflect the passage of time.

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

Borrowing costs represent interest incurred on loans taken out primarily for the purpose of acquiring new passenger rolling stock. Borrowing costs also includes the amortisation of discounts or premiums relating to these borrowings.

In accordance with the paragraphs of AASB 123: *Borrowing Costs* applicable to not-for-profit public sector entities, the Consolidated Entity continues to recognise borrowing costs immediately as an expense, to the extent that they are directly attributable to the acquisition, construction or production of a qualifying asset.

5.3 Finance costs

5.4 Equity and movements in equity – Consolidated entity contributed capital

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

Additions to net assets that have been designated as contributions by owners are recognised as contributed capital. Other transfers that are in the nature of contributions to or distributions by owners have also been designated as contributions by owners.

The Consolidated Entity's contributed capital comprises the value (at the date of transfer) of the majority of the state's rail and tram fixed infrastructure as well as leasehold improvements undertaken by lessees/sub- lessees.

	Capital 1 July 2019	Additional capital	Capital 30 June 2020
Assets	\$'000	\$'000	\$'000
Inventory	205	-	205
Receivables	2,715	-	2,715
Land	1,054,045	-	1,054,045
Buildings & structures	888,708	-	888,708
Track	1,303,643	-	1,303,643
Signals & communications	653,018	-	653,018
Plant & equipment	122,145	-	122,145
Works in progress/other assets	23,751,783	3,924,819	27,676,602
Total assets	27,776,262	3,924,819	31,701,081
Liabilities			
Provision for employee benefits	(6,959)	-	(6,959)
Total liabilities	(6,959)	-	(6,959)
Contributed capital at the end of the year	27,769,302	3,924,819	27,769,302

	Capital 1 July 2018	Additional capital	Capital 30 June 2019
Assets	\$'000	\$'000	\$'000
Inventory	205	-	205
Receivables	2,715	-	2,715
Land	1,054,045	-	1,054,045
Buildings & structures	888,708	-	888,708
Track	1,303,643	-	1,303,643
Signals & communications	653,018	-	653,018
Plant & equipment	122,145	-	122,145
Works in progress/other assets	20,649,815	3,101,968	23,751,783
Total assets	24,674,294	3,101,968	27,776,262
Liabilities			
Provision for employee benefits	(6,959)	-	(6,959)
Total liabilities	(6,959)	-	(6,959)
Contributed capital at the end of the year	24,667,334	3,101,968	27,769,302



5.4 Equity and movements in equity – Parent Entity contributed capital cont.

	Capital 1 July 2019	Transfer to fully owned subsidiaries	Additional capital	Capital 30 June 2020
Assets	\$'000	\$'000	\$'000	\$'000
Inventory	205	-	-	205
Receivables	2,715	-	-	2,715
Land	1,054,045	-	-	1,054,045
Buildings & structures	888,708	-	-	888,708
Track	1,303,643	-	-	1,303,643
Signals & communications	653,018	-	-	653,018
Plant & equipment	116,114	-	-	116,114
Works in progress/other assets	20,219,936	(428,902)	3,924,819	23,715,853
<b>Total assets</b>	<b>24,238,384</b>	<b>(428,902)</b>	<b>3,924,819</b>	<b>27,734,301</b>
Liabilities				
Provision for employee benefits	(6,959)	-	-	(6,959)
<b>Total liabilities</b>	<b>(6,959)</b>	<b>-</b>	<b>-</b>	<b>(6,959)</b>
<b>Contributed capital at the end of the year</b>	<b>24,231,426</b>	<b>(428,902)</b>	<b>3,924,819</b>	<b>27,727,343</b>

	Capital 1 July 2018	Transfer to fully owned subsidiaries	Additional capital	Capital 30 June 2019
Assets	\$'000	\$'000	\$'000	\$'000
Inventory	205	-	-	205
Receivables	2,715	-	-	2,715
Land	1,054,045	-	-	1,054,045
Buildings & structures	888,708	-	-	888,708
Track	1,303,643	-	-	1,303,643
Signals & communications	653,018	-	-	653,018
Plant & equipment	116,114	-	-	116,114
Works in progress/other assets	17,462,751	-	2,757,185	20,219,936
<b>Total assets</b>	<b>21,481,199</b>	<b>-</b>	<b>2,757,185</b>	<b>24,238,384</b>
Liabilities				
Provision for employee benefits	(6,959)	-	-	(6,959)
<b>Total liabilities</b>	<b>(6,959)</b>	<b>-</b>	<b>-</b>	<b>(6,959)</b>
<b>Contributed capital at the end of the year</b>	<b>21,474,241</b>	<b>-</b>	<b>2,757,185</b>	<b>24,231,426</b>

5.5 Cash flow information and balances

Cash and deposits

	Consolidated		Parent	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
General fund	9,271	10,412	9,134	10,343
Investments Treasury Corporation of Victoria	44,815	51,531	43,826	50,450
	<b>54,086</b>	<b>61,944</b>	<b>52,959</b>	<b>60,794</b>

General fund account and Investments in TCV are carried at cost. These funds are ear marked for use on future infrastructure improvement projects. Cash in the general fund account is interest bearing equivalent to the 11.00am cash rate less a fixed premium agreed by the Consolidated Entity and the bank 0.00 per cent (2019: 0.36 per cent). Investment with TCV bears interest at 0.20 per cent (2019: 1.97 per cent).

The Consolidated Entity has no unused unsecured loan facility at 30 June 2020 (2019: nil) from Treasury Corporation Victoria.

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

For the purpose of the cash flow statement, cash includes short-term deposits that are readily convertible to cash on hand and which are subject to an insignificant risk of changes in value, net of outstanding cheques yet to be presented. The Consolidated Entity has no non-cash financing and investment activities during the year.

	2020 \$'000	Consolidated 2019 \$'000	2020 \$'000	Parent 2019 \$'000
Net result for the period after tax	(1,933,859)	(524,505)	(1,826,343)	(521,294)
<b>Adjustments for non-cash movements:</b>				
Depreciation/amortisation	753,805	870,610	583,989	705,820
Fair value adjustments	(143)	(340)	-	-
Impairment of property, plant & equipment	1,969,578	71,309	1,848,956	37,279
(Gain)/loss on disposal of non-current assets	(36,815)	(2,550)	(36,815)	(2,550)
<b>Changes in assets/liabilities:</b>				
Increase/(decrease) in tax liability	(700,044)	(197,332)	(573,483)	(210,479)
Increase/(decrease) in provisions	(1,048)	7,339	(1,048)	7,339
(Increase)/decrease in prepayments	(875)	(1,796)	(875)	(1,796)
(Increase)/decrease in receivables	90,812	216	3,010	(5,277)
Increase/(decrease) in other payables	2,875	13,003	4,600	18,716
<b>Net cash flow from/(used in) operating activities</b>	<b>144,286</b>	<b>235,955</b>	<b>1,991</b>	<b>27,755</b>

5.6 Commitments

Commitments for future expenditure include operating and capital commitments arising from contracts. These commitments are recorded below at their nominal value and exclusive of GST. Where it is considered appropriate and provides additional relevant information to users, the net present values of significant individual projects are stated. These future expenditures cease to be disclosed as commitments once the related liabilities are recognised in the balance sheet.

The capital commitments primarily relates to construction of telecommunications and property assets.

	2020	Consolidated	2020	Parent
	\$'000	2019	\$'000	2019
		\$'000		\$'000
Capital commitments				
Within one year	14,861	9,848	14,861	9,848
One year or later & not later than five years	81	12	81	12
Later than five years	-	-	-	-
Total capital commitments	14,942	9,860	14,942	9,860

Service Concession Arrangements

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

In line with the State of Victoria’s direction prescribed in FRD 124 Transitional requirements on the application of AASB 1059 *Service Concession Arrangements: Grantors*, the Consolidated Entity has early adopted AASB 1059 from 1 July 2019.

The Consolidated Entity has reviewed all of its arrangements and determined that it has no service concession arrangement commitments as 30 June 2020 (2019 nil).

6. Other assets and liabilities

This section sets out those assets and liabilities that arose from the Consolidated Entity’s operations.

6.1 Trade and other receivables

	2020	Consolidated	2020	Parent
	\$'000	2019	\$'000	2019
		\$'000		\$'000
Contractual				
Receivables	34,498	38,247	163,586	166,519
Allowance for impairment losses of contractual receivables	(210)	(134)	(210)	(134)
	34,288	38,113	163,376	166,385

Reconciled by:

Current				
Receivables	34,420	38,169	163,508	166,441
Allowance for impairment losses of contractual receivables	(210)	(134)	(210)	(134)
	34,210	38,035	163,298	166,307

Non-current				
Receivables	78	78	78	78
Allowance for impairment losses of contractual receivables	-	-	-	-
Total receivables	34,288	38,113	163,376	166,385

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

Impairment of receivables

Trade receivables are non-interest bearing and are generally on 30 day terms from the date of invoicing. Where debts become past due, an assessment is made of collectability. When there is objective evidence that an individual trade receivable is impaired, a provision for impairment is recognised. A provision of \$210,000 (2019: \$134,000) has been recognised by the Consolidated Entity and \$210,000 (2019: \$134,000) by the Parent Entity in the current year. These amounts have been included in "other operating expenses" in the comprehensive operating statement. No individual amount within the provision for impairment of receivables is material.

Receivables past due but not considered impaired are: Consolidated Entity \$6,510,000 (2019: \$5,178,705); Parent \$6,510,000 (2019: \$5,178,705).

Movements in the allowance for impairment losses of contractual receivables were as follows:

	2020	Consolidated	2020	Parent
	\$'000	2019	\$'000	2019
		\$'000		\$'000
At 1 July	134	152	134	152
Increase in provision for impairment recognised during the year	241	134	241	134
Receivables written down during the year	(165)	(21)	(165)	(21)
Amounts reversed during the year	-	(131)	-	(131)
Total	210	134	210	134

Risk exposure and maturity analysis

Refer to Note 7.3.3 Financial risk management, for more information on the risk management policy of the Consolidated Entity and the credit quality of the Consolidated Entity's receivables.



6.2 Trade and other payables

	2020 \$'000	Consolidated 2019 \$'000	2020 \$'000	Parent 2019 \$'000
Trade & other payables	74,625	79,285	73,930	78,532
	74,625	79,285	73,930	78,532
Reconciled by:				
Current trade & other payables				
Contractual				
Supplies & services	21,384	40,361	21,384	40,361
Amounts payable to government & agencies	18,883	17,332	18,188	16,579
Other contractual payables	3,173	1,186	3,173	1,186
	43,440	58,879	42,745	58,126
Statutory				
FBT payable	63	66	63	66
GST payable	1,302	2,467	1,302	2,467
Other statutory payables	27,240	15,128	27,240	15,128
	28,605	17,661	28,605	17,661
Total current trade & other payables	72,045	76,540	71,350	75,787
Non-current trade & other payables				
Contractual				
Supplies & services	2,580	2,745	2,580	2,745
Other contractual payables	-	-	-	-
	2,580	2,745	2,580	2,745
Total non-current trade & other payables	2,580	2,745	2,580	2,745
Total trade & other payables	74,625	79,285	73,930	78,532

Payables consist of:

- contractual payables, classified as financial instruments and measured at amortised cost. Accounts payable represent liabilities for goods and services provided to the Consolidated Entity prior to the end of the financial year that are unpaid; and
- statutory payables, that are recognised and measured similarly to contractual payables, but are not classified as financial instruments and not included in the category of financial liabilities at amortised cost, because they do not arise from contracts.

Payables for supplies and services have an average credit period of 45 days. No interest is charged on the 'other payables'.

The terms and conditions of amounts payable to the government and agencies vary according to the particular agreements and as they are not legislative payables, they are not classified as financial instruments.

Risk exposure and maturity analysis

Refer to Note 7.3.3 Financial risk management, for more information on the risk management policy of the Consolidated Entity and the nature and extent of risks raising from contractual payables.

6.3 Other provisions

Other provisions amount to \$4.8 million (2019: \$6.8 million). Provisions are recognised when the Consolidated Entity has a present obligation, the future sacrifice of economic benefits is probable, and the amount of the provision can be measured reliably.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligations in relation to legal matters and future maintenance obligations at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows, using discount rate that reflects the time value of money and risks specific to the provision.

## 7. Risks, contingencies and valuations

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

### 7.1 Fair value determinations

Significant judgement: Fair value determination requires judgement and the use of assumptions. This section discloses the most significant assumptions used in determining fair values. Changes to assumptions could have a material impact on the results and financial position of the Consolidated Entity.

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

The Consolidated Entity's property, infrastructure, plant and equipment assets are carried at fair value.

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

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

#### Fair value hierarchy

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

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

The Consolidated Entity determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The Valuer-General Victoria is the Consolidated Entity's independent valuation agency.

#### How this section is structured

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

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

This section is divided between disclosures in connection with fair value determination for non-financial physical assets (refer to Note 7.1.1) and financial instruments (refer to Note 7.1.2).

### 7.1.1 Fair value of non-financial assets

2020	Carrying amount \$000	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Consolidated					
Land	7,508,182	-	656,801	6,851,381	7,508,182
Buildings & structures	8,461,315	-	-	8,461,315	8,461,315
Track	4,555,510	-	-	4,555,510	4,555,510
Earthworks	5,807,043	-	-	5,807,043	5,807,043
Signals & communications	2,629,089	-	-	2,629,089	2,629,089
Property & equipment	4,824,423	-	-	4,824,423	4,824,423
Total non-financial assets	33,785,562	-	656,801	33,128,761	33,785,562

Parent					
Land	7,508,182	-	656,801	6,851,381	7,508,182
Buildings & structures	8,461,315	-	-	8,461,315	8,461,315
Track	4,555,510	-	-	4,555,510	4,555,510
Earthworks	5,807,043	-	-	5,807,043	5,807,043
Signals & communications	2,629,089	-	-	2,629,089	2,629,089
Property & equipment	1,301,986	-	-	1,301,986	1,301,986
Total non-financial assets	30,263,125	-	656,801	29,606,324	30,263,125

2019	Carrying amount \$000	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Consolidated					
Land	5,387,674	-	-	5,387,674	5,387,674
Buildings & structures	10,210,312	-	-	10,210,312	10,210,312
Track	5,789,431	-	-	5,789,431	5,789,431
Earthworks	2,086,810	-	-	2,086,810	2,086,810
Signals & communications	3,401,155	-	-	3,401,155	3,401,155
Property & equipment	4,725,587	-	-	4,725,587	4,725,587
Total non-financial assets	31,600,969	-	-	31,600,969	31,600,969

Parent					
Land	5,387,674	-	-	5,387,674	5,387,674
Buildings & structures	10,210,312	-	-	10,210,312	10,210,312
Track	5,789,431	-	-	5,789,431	5,789,431
Earthworks	2,086,810	-	-	2,086,810	2,086,810
Signals & communications	3,401,155	-	-	3,401,155	3,401,155
Property & equipment	1,141,299	-	-	1,141,299	1,141,299
Total non-financial assets	28,016,681	-	-	28,016,681	28,016,681

The Consolidated Entity's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

There were no transfers between levels 1 and 2, except for land as part of the 30 June 2020 revaluation, for recurring fair value measurements during the year. There were no transfers in and out of level 3, except for land measurements during the year.



Valuation techniques used to determine fair values

Specialised land and specialised buildings: The market approach is also used for specialised land, although is adjusted for the community service obligation (CSO) where applicable to reflect the specialised nature of the land being valued.

The CSO adjustment is a reflection of the valuer’s assessment of the impact of restrictions associated with an asset to the extent that is also equally applicable to market participants. This approach is in light of the highest and best use consideration required for fair value measurement, and takes into account the use of the asset that is physically possible, legally permissible, and financially feasible. As adjustments of CSO are considered as significant unobservable inputs, specialised land would be classified as Level 3 assets. Land that are not subject to CSO have been classified as Level 2 assets.

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

An independent valuation of the Consolidated Entity's specialised land and specialised buildings was performed by VGV. The valuation was performed using the market approach adjusted for CSO. The effective date of the valuation is 30 June 2020.

**Infrastructure assets:** Infrastructure assets, which include Track, Earthworks and Signals and Communications, are valued using the depreciated replacement cost method. This cost generally represents the replacement cost of the building/component after applying depreciation rates on a useful life basis.

An independent valuation of the Consolidated Entity's infrastructure assets was performed by VGV. The valuation was performed based on the depreciated replacement cost of the assets. The effective date of the valuation is 30 June 2020.

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

There were no changes in valuation techniques throughout the period to 30 June 2020.

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

Fair value measurements (level 3)

The following table presents the changes in level 3 for the period ended 30 June 2020 for recurring fair value measurements:

	Parent & Consolidated				
	Land	Buildings & structures	Track	Earthworks	Signals & communications
	2020 \$'000	2020 \$'000	2020 \$'000	2020 \$'000	2020 \$'000
Opening Balance 1 July 2019	5,387,674	10,210,312	5,789,431	2,086,810	3,401,155
Additions	-	-	-	-	-
Disposals	(6,563)	(453,887)	(904,601)	-	(506,122)
Asset held for sale	1,824	-	-	-	-
Revaluation movement	924,648	(1,335,091)	(200,823)	3,720,233	(130,867)
Depreciation	-	(128,022)	(140,099)	-	(215,253)
Transfers from WIP	543,798	168,002	11,602	-	80,176
Total	6,851,381	8,461,315	4,555,510	5,807,043	2,629,089

	Parent	Consolidated
	Plant & equipment	Plant & equipment
	2020 \$'000	2020 \$'000
Opening Balance 1 July 2019	1,141,299	4,725,587
Additions	694	694
Disposals	(355,583)	(484,619)
Revaluation movement	565,143	694,099
Depreciation	(74,159)	(243,974)
Transfer from WIP	24,592	132,636
Total	1,301,986	4,824,423

Parent & Consolidated					
	Land	Buildings & structures	Track	Earthworks	Signals & communications
	2019 \$'000	2019 \$'000	2019 \$'000	2019 \$'000	2019 \$'000
Opening balance 1 July 2018	5,399,010	9,848,528	4,910,354	2,086,810	3,370,260
Additions	-	-	-	-	2,620
Other adjustments	-	-	-	-	-
Disposals	(7,576)	(587)	(50,738)	-	-
Assets held for sale	1,441	-	-	-	-
Revaluation movement	(5,201)	(1,758)	(14,977)	-	(5,672)
Depreciation	-	(191,262)	(201,831)	-	(213,339)
Transfers from WIP	-	555,390	1,146,623	-	247,286
Total	5,387,674	10,210,312	5,789,431	2,086,810	3,401,155

Parent		Consolidated
Property & equipment		Property & equipment
	2019 \$'000	2019 \$'000
Opening balance 1 July 2018	1,040,430	4,531,485
Additions	817	817
Disposals	(103)	(103)
Revaluation movement	(2,092)	(2,092)
Depreciation	(73,673)	(238,463)
Transfer from WIP	175,919	433,942
Total	1,141,299	4,725,587

Valuation inputs and relationships to fair value

The following table summarises the quantitative information about the significant unobservable inputs used in recurring Level 2 and Level 3 fair value measurements. See above for the valuation techniques adopted.

Description	Valuation technique	Significant unobservable inputs
Parent & consolidated – Land	Market approach	Sales evidence, Unit of value by comparative basis (\$ per m²) Discounted by Community Service Obligation Rail corridor land – 75% to 95% Non-Rail corridor land – 5% to 95%
Parent & consolidated – Buildings & structures	Depreciated replacement cost	Direct cost per square metre Useful life of buildings and structures
Parent & consolidated – Track	Depreciated replacement cost	Cost per unit Useful life of track
Parent & consolidated – Earthworks	Depreciated replacement cost	Cost per unit
Parent & consolidated – Signals & communications	Depreciated replacement cost	Cost per unit Useful life of track
Parent & consolidated – Plant & equipment	Depreciated replacement cost	Cost per unit Useful life of plant and equipment

7.1.2 Fair value determination of financial assets and liabilities

The fair values and net fair values of financial assets and liabilities are determined as follows:

- Level 1 – the fair value of financial instrument with standard terms and conditions and traded in active liquid markets are determined with reference to quoted market prices.
- Level 2 – the fair value is determined using inputs other than quoted prices that are observable for the financial asset or liability, either directly or indirectly.
- Level 3 – the fair value is determined in accordance with generally accepted pricing models based on discounted cash flow analysis using unobservable market inputs.

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

Where the fair value of the financial instruments is different from the carrying amounts, the following information has been included to disclose the difference.

Fair value of financial instruments measured at amortised cost

Consolidated	2020		2019	
	Carrying amount \$'000	Net fair value \$'000	Carrying amount \$'000	Net fair value \$'000
Financial assets				
Cash assets	54,086	54,086	61,944	61,944
Other financial assets	100	100	100	100
Trade & other receivables	34,288	34,288	38,113	38,113
Total financial assets	88,474	88,474	100,157	100,157
Financial liabilities				
Trade & other payables	(46,020)	(46,020)	(61,624)	(61,624)
Borrowings	(66,615)	(79,380)	(208,853)	(216,550)
Total financial liabilities	(112,635)	(125,400)	(270,476)	(278,174)
Net financial assets	(24,161)	(36,926)	(170,320)	(178,017)

Parent	2020		2019	
	Carrying amount \$'000	Net fair value \$'000	Carrying amount \$'000	Net fair value \$'000
Financial assets				
Cash assets	52,959	52,959	60,794	60,794
Trade & other receivables	163,376	163,376	166,386	166,386
Total financial assets	216,335	216,336	227,179	227,179
Financial liabilities				
Trade & other payables	(45,325)	(45,325)	(60,871)	(60,871)
Borrowings	(2,152)	(2,152)	(1,929)	(1,929)
Total financial liabilities	(47,477)	(47,478)	(62,800)	(62,800)
Net financial assets	168,858	168,858	164,380	164,379



7.2 Contingent assets and contingent liabilities

Contingent assets and contingent liabilities are not recognised in the balance sheet but are disclosed and, if quantifiable, are measured at nominal value.

Contingent assets and liabilities are presented inclusive of GST receivable or payable respectively.

Contingent assets

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

The Consolidated Entity has no contingent assets as at 30 June 2020 and 30 June 2019.

Contingent liabilities

Contingent liabilities are:

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

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

Environmental and property contingent liabilities

Upon the Consolidated Entity’s establishment, and in subsequent asset allocations, the former Public Transport Corporation did not grant indemnities in relation to any consequences of environmental contamination of land and property or compliance with building code regulations that may have been transferred along with the ownership of the land and property.

An action plan has been prepared to address environmental contamination at a number of high priority sites. The Consolidated Entity does not have a present obligation (legal or constructive) as a result of a past event and is unable to reliably estimate future expenditure levels that are expected to be required to address environmental issues, including remediation activities. Due to the absence of a present obligation and the uncertainty regarding the actual quantum of expenditure, no provision for these costs has been included in the financial statements.

Indemnities

*Infrastructure leases with the Director of Public Transport (now Head, Transport for Victoria)*

Created in 1997, VicTrack is a state-owned business operating under the *Transport Integration Act 2010* (Vic) (TIA). VicTrack owns Victoria's railway land, infrastructure and assets, including Victoria's transport telecommunications network (Assets). Through a subsidiary, the Rolling Stock Holdings group of companies, VicTrack also owns much of the State's rolling stock. Rolling Stock Holdings (RSH) owns the majority of the State's rolling stock (trains and trams). Pursuant to the TIA, the Department of Transport (DoT) transfers ownership of transport-related assets to VicTrack which are accounted for and recorded as equity contributions.

VicTrack leases a substantial portion of the Assets to Transport for Victoria (TfV), known previously as Public Transport Victoria\* (PTV). The staff, statutory functions and powers of PTV (now TfV) have been transferred or delegated to the DoT under relevant statutory instruments under the TIA and the *Public Administration Act 2004* (Vic). TfV in turn subleases the same Assets to the State's train and tram franchisees – Metro Trains, Yarra Trams, V/Line (Franchisees). VicTrack leases certain regional Assets to TfV who then subleases those Assets to the Australian Rail Track Corporation. RSH leases rolling stock to TfV under an overarching lease. TfV then subleases the rolling stock to the Franchisees under individual rolling stock leases.

We note that VicTrack’s insurer, the Victorian Managed Insurance Authority (VMIA) does not recommend the inclusion of indemnity or insurance clauses when VMIA clients deal with each other. This is on the assumption that common law will apply and that each VMIA client is sufficiently covered for foreseeable losses and liabilities that may come about. Under the lease terms with TfV, VicTrack grants an indemnity in favour of TfV against liabilities and claims arising from a pre-existing contamination in VicTrack Land or failure by VicTrack to comply with its obligations under a clean-up notice with respect to any such pre-existing contamination. VicTrack considers such grant of indemnity reasonable on the basis that the Franchisees who are end-users of the Assets are private entities, even if they may also be a client of VMIA.

Subject to the note below relating to current litigation and other indemnities, the Directors of the Consolidated Entity are unaware of any circumstances that would lead them to believe that these contingent liabilities will result in any material actual liability, and consequently no provisions are included in the financial statements in respect of these matters.

The Consolidated Entity is currently involved in a number court proceedings and/or formal litigation or arbitral proceedings. The majority of these relate either to third party public liability claims for personal injury arising from use of or access to VicTrack owned station and rail infrastructure, or to disputes arising under contracts for works.

At this stage, it is too early to predict the outcome of these actions and whether any significant liabilities will be incurred by the Consolidated Entity as a result. The exposure to a number of these claims is limited by the excess stated in the relevant insurance policy that is held with the Victorian Managed Insurance Authority. The maximum financial effects in all the above cases cannot be reasonably estimated at the time of print.

7.3 Financial instruments

Financial instruments arise out of contractual agreements that give rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Due to the nature of the Consolidated Entity's activities, certain financial assets and financial liabilities arise under statute rather than a contract (for example taxes). Such assets and liabilities do not meet the definition of financial instruments in AASB132: *Financial Instruments: Presentation*.

Categories of financial assets  
Financial assets at amortised cost

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

- the assets are held by the Consolidated Entity to collect the contractual cash flows, and
- the assets' contractual terms give rise to cash flows that are solely payments of principal and interests.

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

The Consolidated Entity recognises the following assets in this category:

- cash and deposits;
- receivables (excluding statutory receivables); and
- term deposits;

Financial assets at fair value through other comprehensive income

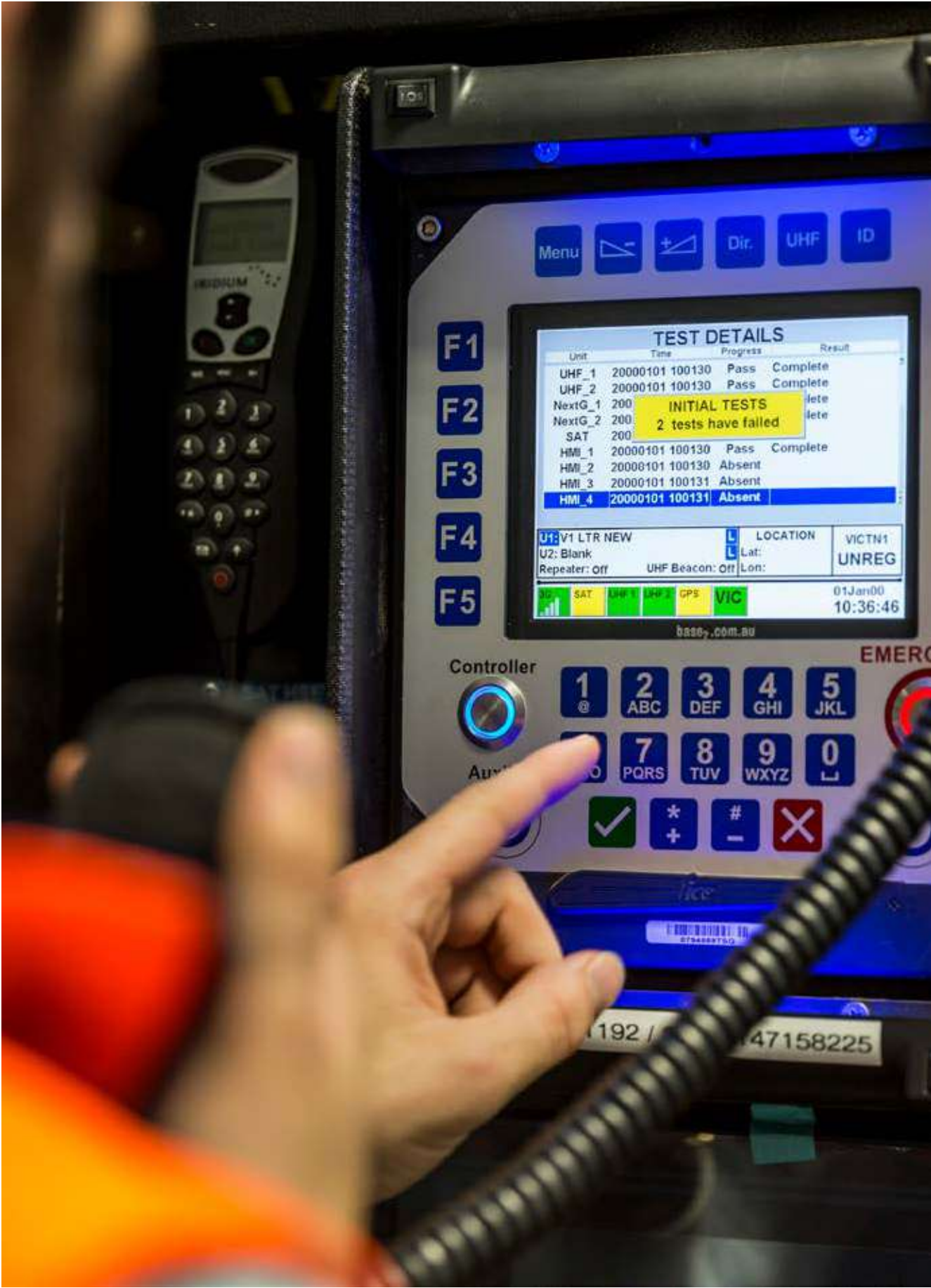
Debt investments are measured at fair value through other comprehensive income if both of the following criteria are met and the assets are not designated as fair value through net result:

- the assets are held by the Consolidated Entity to achieve its objective both by collecting the contractual cash flows and by selling the financial assets, and
- the assets' contractual terms give rise to cash flows that are solely payments of principal and interests.

Equity investments are measured at fair value through other comprehensive income if the assets are not held for trading and the Consolidated Entity has irrevocably elected at initial recognition to recognise in this category.

These assets are initially recognised at fair value with subsequent change in fair value in other comprehensive income.

Upon disposal of these debt instruments, any related balance in the fair value reserve is reclassified to profit or loss. However, upon disposal of these equity instruments, any related balance in fair value reserve is reclassified to retained earnings.





Financial assets at fair value through net result

Equity instruments that are held for trading as well as derivative instruments are classified as fair value through net result. Other financial assets are required to be measured at fair value through net result unless they are measured at amortised cost or fair value through other comprehensive income as explained above.

However, as an exception to those rules above, the Consolidated Entity may, at initial recognition, irrevocably designate financial assets as measured at fair value through net result if doing so eliminates or significantly reduces a measurement or recognition inconsistency ('accounting mismatch') that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases.

The Consolidated Entity recognises listed equity securities as mandatorily measured at fair value through net result and designated all of its managed investment schemes as well as certain 5-year government bonds as fair value through net result.

Categories of financial liabilities

Financial assets and liabilities at fair value through net result are categorised as such at trade date, or if they are classified as held for trading or designated as such upon initial recognition. Financial instrument assets are designated at fair value through net result on the basis that the financial assets form part of a group of financial assets that are managed based on their fair values and have their performance evaluated in accordance with documented risk management and investment strategies. Financial instruments at fair value through net result are initially measured at fair value; attributable transaction costs are expensed as incurred. Subsequently, any changes in fair value are recognised in the net result as other economic flows unless the changes in fair value relate to changes in the Consolidated Entity's own credit risk. In this case, the portion of the change attributable to changes in the Consolidated Entity's own credit risk is recognised in other comprehensive income with no subsequent recycling to net result when the financial liability is derecognised.

Financial liabilities at amortised cost are initially recognised on the date they are originated. They are initially measured at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial instruments are measured at amortised cost with any difference between the initial recognised amount and the redemption value being recognised in profit and loss over the period of the interest bearing liability, using the effective interest rate method. The Consolidated Entity recognises the following liabilities in this category:

- payables (excluding statutory payables); and
- borrowings (including lease liabilities).

Derivative financial instruments are classified as held for trading financial assets and liabilities. They are initially recognised at fair value on the date on which a derivative contract is entered into. Derivatives are carried as assets when their fair value is positive and as liabilities when their fair value is negative. Any gains or losses arising from changes in the fair value of derivatives after initial recognition are recognised in the consolidated comprehensive operating statement as an 'other economic flow' included in the net result.

**Offsetting financial instruments:** Financial instrument assets and liabilities are offset and the net amount presented in the consolidated balance sheet when, and only when, the Consolidated Entity concerned has a legal right to offset the amounts and intend either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Some master netting arrangements do not result in an offset of balance sheet assets and liabilities. Where the Consolidated Entity does not have a legally enforceable right to offset recognised amounts, because the right to offset is enforceable only on the occurrence of future events such as default, insolvency or bankruptcy, they are reported on a gross basis.

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

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

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

Derecognition of financial liabilities: A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires.

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

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

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

## 7.3.1 Categorisation of financial instruments:

	Cash and deposits	Financial assets at amortised cost (AC)	Financial liabilities at amortised cost (AC)	Total
	\$'000	\$'000	\$'000	\$'000
<b>Consolidated 2020</b>				
<b>Contractual financial assets</b>				
Cash & deposits	54,086	-	-	54,086
Other financial assets	-	100	-	100
Trade & other receivables	-	34,288	-	34,288
<b>Total contractual financial assets</b>	<b>54,086</b>	<b>34,388</b>	<b>-</b>	<b>88,474</b>
<b>Contractual financial liabilities</b>				
Trade & other payables	-	-	46,020	46,020
Secured loan	-	-	64,462	64,462
Lease liabilities	-	-	2,152	2,152
<b>Total contractual liabilities</b>	<b>-</b>	<b>-</b>	<b>112,634</b>	<b>112,634</b>
<b>Consolidated 2019</b>				
<b>Contractual financial assets</b>				
Cash & deposits	61,944	-	-	61,944
Other financial assets	-	100	-	100
Trade & other receivables	-	38,113	-	38,113
<b>Total contractual financial assets</b>	<b>61,944</b>	<b>38,213</b>	<b>-</b>	<b>100,157</b>
<b>Contractual financial liabilities</b>				
Trade & other payables	-	-	61,624	61,624
Secured loan	-	-	107,864	107,864
Lease liabilities	-	-	100,989	100,989
<b>Total contractual liabilities</b>	<b>-</b>	<b>-</b>	<b>270,477</b>	<b>270,477</b>

	Cash and deposits	Financial assets at amortised cost (AC)	Financial liabilities at amortised cost (AC)	Total
	\$'000	\$'000	\$'000	\$'000
<b>Parent 2020</b>				
<b>Contractual financial assets</b>				
Cash & deposits	52,959	-	-	52,959
Other financial assets	-	-	-	-
Trade & other receivables	-	163,376	-	163,376
<b>Total contractual financial assets</b>	<b>52,959</b>	<b>163,376</b>	<b>-</b>	<b>216,335</b>
<b>Contractual financial liabilities</b>				
Trade & other payables	-	-	45,325	45,325
Lease liabilities	-	-	2,152	2,152
<b>Total contractual liabilities</b>	<b>-</b>	<b>-</b>	<b>47,477</b>	<b>47,477</b>
<b>Parent 2019</b>				
<b>Contractual financial assets</b>				
Cash & deposits	60,794	-	-	60,794
Other financial assets	-	-	-	-
<b>Total contractual financial assets</b>	<b>60,794</b>	<b>166,386</b>	<b>-</b>	<b>227,180</b>
<b>Contractual financial liabilities</b>				
Trade & other payables	-	-	60,871	60,871
Lease liabilities	-	-	1,929	1,929
<b>Total contractual liabilities</b>	<b>-</b>	<b>-</b>	<b>62,800</b>	<b>62,800</b>



### 7.3.2 Net holding gain/(loss) on financial instruments by category

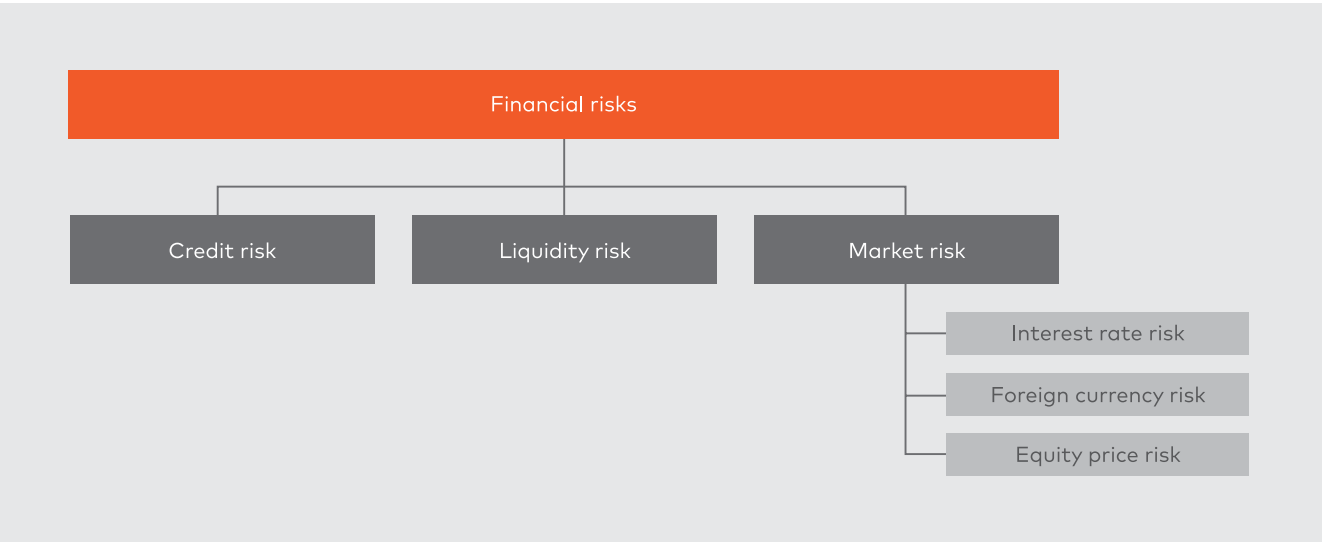
	Net holding gain/(loss) \$'000	Total interest income/expense \$'000	Fee income/ (expense) \$'000	Impairment loss \$'000	Total \$'000
<b>Consolidated 2020</b>					
<b>Contractual financial assets</b>					
Equity investments designated at fair value through other comprehensive income – recognised in other comprehensive income	-	-	-	-	-
Financial assets at amortised cost – other than on derecognition	-	1,333	-	(210)	1,123
<b>Total contractual financial assets</b>	<b>-</b>	<b>1,333</b>	<b>-</b>	<b>(210)</b>	<b>1,123</b>
<b>Contractual financial liabilities</b>					
Financial liabilities at amortised cost	-	9,448	-	-	9,448
Financial liabilities designated at fair value through profit/loss	-	-	-	-	-
<b>Total contractual liabilities</b>	<b>-</b>	<b>9,448</b>	<b>-</b>	<b>-</b>	<b>9,448</b>
<b>Consolidated 2019</b>					
<b>Contractual financial assets</b>					
Financial assets at amortised cost – other than on derecognition	-	1,136	-	(134)	1,002
<b>Total contractual financial assets</b>	<b>-</b>	<b>1,136</b>	<b>-</b>	<b>(134)</b>	<b>1,002</b>
<b>Contractual financial liabilities</b>					
Financial liabilities at amortised cost	-	11,046	-	-	11,046
Financial liabilities designated at fair value through profit/loss	-	-	-	-	-
<b>Total contractual liabilities</b>	<b>-</b>	<b>11,046</b>	<b>-</b>	<b>-</b>	<b>11,046</b>

	Net holding gain/(loss) \$'000	Total interest income/expense \$'000	Fee income/ (expense) \$'000	Impairment loss \$'000	Total \$'000
<b>Parent 2020</b>					
<b>Contractual financial assets</b>					
Equity investments designated at fair value through other comprehensive income – recognised in other comprehensive income	-	-	-	-	-
Financial assets at amortised cost – other than on derecognition	-	1,326	-	(210)	1,116
<b>Total contractual financial assets</b>	<b>-</b>	<b>1,326</b>	<b>-</b>	<b>(210)</b>	<b>1,116</b>
<b>Contractual financial liabilities</b>					
Financial liabilities at amortised cost	-	57	-	-	57
Financial liabilities designated at fair value through profit/loss	-	-	-	-	-
<b>Total contractual liabilities</b>	<b>-</b>	<b>57</b>	<b>-</b>	<b>-</b>	<b>57</b>
<b>Parent 2019</b>					
<b>Contractual financial assets</b>					
Equity investments designated at fair value through other comprehensive income – recognised in other comprehensive income	-	-	-	-	-
Financial assets at amortised cost – other than on derecognition	-	1,118	-	(134)	984
<b>Total contractual financial assets</b>	<b>-</b>	<b>1,118</b>	<b>-</b>	<b>(134)</b>	<b>984</b>
<b>Contractual financial liabilities</b>					
Financial liabilities at amortised cost	-	57	-	-	57
Financial liabilities designated at fair value through profit/loss	-	-	-	-	-
<b>Total contractual liabilities</b>	<b>-</b>	<b>57</b>	<b>-</b>	<b>-</b>	<b>57</b>

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

- for cash and cash equivalents, financial assets at amortised cost and debt instruments that are classified as financial assets at fair value through other comprehensive income, the net gain or loss is calculated by taking the movement in the fair value of the asset, the interest income, plus or minus foreign exchange gains or losses arising from revaluation of the financial assets, and minus any impairment recognised in the net result;
- for financial liabilities measured at amortised cost, the net gain or loss is calculated by taking the interest expense, plus or minus foreign exchange gains or losses arising from the revaluation of financial liabilities measured at amortised cost; and
- for financial asset and liabilities that are mandatorily measured at or designated at fair value through net result, the net gain or loss is calculated by taking the movement in the fair value of the financial asset or liability.

7.3.3 Financial risk management



As a whole, the Consolidated Entity's financial risk management program seeks to manage these risks and the associated volatility of its financial performance.

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement, and the basis on which income and expenses are recognised, with respect to each class of financial asset, financial liability and equity instrument above are disclosed in Note 7.3 Financial instruments.

The main purpose in holding financial instruments is to prudentially manage the Consolidated Entity's financial risks within the government policy parameters.

The Consolidated Entity's main financial risks include credit risk, liquidity risk and interest rate risk. The Consolidated Entity's manages these financial risks in accordance with its financial risk management policy.

The Consolidated Entity's uses different methods to measure and manage the different risks to which it is exposed. Primary responsibility for the identification and management of financial risks rests with management of the Consolidated Entity.

Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk embodies the potential for both losses and gains and includes currency risk, interest rate risk and other price risks.

Interest rate risk

Interest rate risk arises from the interest-bearing financial assets and liabilities that the Consolidated Entity uses. Minimisation of risk is achieved by utilising short-term interest-bearing financial assets with TCV and established financial institutions.

Exposure to interest rate risk on liabilities is through the loan borrowing of Rolling Stock Holdings. Minimisation of risk is achieved by utilising fixed interest rate liabilities.

Interest earned on cash assets is equivalent to the 11.00am cash rate less a fixed premium agreed by the Consolidated Entity and the bank. The weighted average interest rate for the year ended 30 June 2020 was 0.46 per cent (2019: 1.67 per cent). Earnings from interest vary according to movements in the 11.00am cash rate.

Interest income from funds on deposit is fixed at the rate of 5.15 per cent (2019: 5.15 per cent).

	Weighted average effective interest rate %	Carrying amount	Fixed interest rate	Variable interest rate	Non Interest bearing
		\$'000	\$'000	\$'000	\$'000
Consolidated 2020					
Financial assets					
Cash & deposits	0.46	54,086	-	54,086	-
Other financial assets	5.15	100	100	-	-
Trade & other receivables	n/a	34,288	-	-	34,288
Total financial assets		88,474	100	54,086	34,288
Financial liabilities					
Trade & other payables	n/a	46,020	-	-	46,020
Secured loan	5.37 - 6.59	64,462	64,462	-	-
Lease liabilities	3.15	2,152	2,152	-	-
Total financial liabilities		112,634	66,614	-	46,020
Consolidated 2019					
Financial assets					
Cash & deposits	1.67	61,944	-	61,944	-
Other financial assets	5.15	100	100	-	-
Trade & other receivables	n/a	38,113	-	-	38,113
Total financial assets		100,157	100	61,944	38,113
Financial liabilities					
Trade & other payables	n/a	61,624	-	-	61,624
Secured loan	5.37 - 6.59	107,864	107,864	-	-
Lease liabilities	10.08	100,989	100,989	-	-
Total financial liabilities		270,477	208,853	-	61,624



Interest rate exposure of financial instruments

	Weighted av- erage effective interest rate %	Carrying amount \$'000	Fixed interest rate \$'000	Variable interest rate \$'000	Non Interest bearing \$'000
Parent 2020					
Financial assets					
Cash assets	0.47	52,959	-	52,959	-
Trade & other receivables	n/a	163,376	-	-	163,376
Total financial assets		216,335	-	52,959	163,376
Financial liabilities					
Trade & other payables	n/a	45,325	-	-	45,325
Finance lease	3.15	2,152	2,152	-	-
Total financial liabilities		47,477	2,152	-	45,325
Parent 2019					
Financial assets					
Cash assets	1.68	60,794	-	60,794	-
Trade & other receivables	n/a	166,386	-	-	166,386
Total financial assets		227,180	-	60,794	166,386
Financial liabilities					
Trade & other payables	n/a	60,871	-	-	60,871
Finance lease	3.18	1,929	1,929	-	-
Total financial liabilities		62,800	1,929	-	60,871

Sensitivity analysis and assumptions

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

- a movement of 100 basis points up and 100 basis points down (2019: 100 basis points up and 100 basis points down) in market interest rates (AUD)

The tables that follow show the impact on the Consolidated Entity's net result and equity for each category of financial instrument held at the end of the reporting period, if the above movements were to occur.

		Interest rate risk	
		-1%	1%
Carrying amount subject to interest \$'000		Net result \$'000	Net result \$'000
Consolidated 2020			
Financial assets			
Cash assets	54,086	(2,877)	2,877
Total increase/(decrease)		(2,877)	2,877
Consolidated 2019			
Financial assets			
Cash assets	61,944	(679)	679
Total increase/(decrease)		(679)	679
Parent 2020			
Financial assets			
Cash assets	52,959	(2,828)	2,828
Total increase/(decrease)		(2,828)	2,828
Parent 2019			
Financial assets			
Cash assets	60,794	(664)	664
Total increase/(decrease)		(664)	664

Credit risk

Credit risk refers to the possibility that a borrower will default on its financial obligations as and when they fall due. The Consolidated Entity's exposure to credit risk arises from the potential default of a counter party on their contractual obligations resulting in financial loss to the Consolidated Entity. Credit risk is measured at fair value and is monitored on a regular basis.

Credit risk associated with the Consolidated Entity's contractual financial assets is minimal because the main debtor is the Victorian Government. For debtors other than the Government, it is the Consolidated Entity's policy to only deal with entities with high credit ratings of a minimum triple-B rating and to obtain sufficient collateral or credit enhancements, where appropriate.

In addition, the Consolidated Entity does not engage in hedging for its contractual financial assets and mainly obtains contractual financial assets that are on fixed interest, except for cash and deposits, which are mainly cash at bank. As with the policy for debtors, the Consolidated Entity's policy is to only deal with banks with high credit ratings.

Provision of impairment for contractual financial assets is recognised when there is objective evidence that the Consolidated Entity's will not be able to collect a receivable. Objective evidence includes financial difficulties of the debtor, default payments, debts that are more than 60 days overdue, and changes in debtor credit ratings.

Contract financial assets are written off against the carrying amount when there is no reasonable expectation of recovery. Bad debt written off by mutual consent is classified as a transaction expense. Bad debt written off following a unilateral decision is recognised as other economic flows in the net result.

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

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

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

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates. All receivables are non-default customers which have been customers of the Consolidated Entity for more than one year.

	Financial Institutions (AA- credit rating)	Government agencies (AAA credit rating)	Other (unrated)	Total
	\$'000	\$'000	\$'000	\$'000
Consolidated 2020				
Cash & deposits	9,201	44,885	-	54,086
Trade & other receivables	-	-	34,331	34,288
Other financial assets	100	-	-	100
	9,301	44,885	34,331	88,474

Parent 2020				
Cash & deposits	9,133	43,826	-	52,959
Trade & other receivables	-	-	163,376	163,376
Other financial assets	-	-	-	-
	9,133	43,826	163,376	216,335

Consolidated 2019				
Cash & cash deposits	10,412	51,531	-	61,944
Trade & other receivables	-	-	38,113	38,113
Other financial assets	100	-	-	100
	10,512	51,531	38,113	100,157

Parent 2019				
Cash & cash deposits	10,343	50,450	-	60,794
Trade & other receivables	-	-	166,386	166,386
Other financial assets	-	-	-	-
	10,343	50,450	166,386	227,180

Impairment of financial assets under AASB 9

The Consolidated Entity records the allowance for expected credit loss for the relevant financial instruments applying AASB 9's Expected Credit Loss approach. Subject to AASB 9 impairment assessment include the Consolidated Entity's contractual receivables.

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

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



Ageing analysis of contractual financial assets

	Carrying amount	Not past due & not impaired	Past due but not impaired			Impaired financial assets
			1-90 days	91-180 days	Over 180 days	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Consolidated 2020						
Financial assets						
Cash assets	54,086	54,086	-	-	-	-
Other financial assets	100	100	-	-	-	-
Trade & other receivables	34,288	27,778	6,037	570	(97)	(210)
Total financial assets	88,474	81,964	6,037	570	(97)	(210)
Parent 2020						
Financial assets						
Cash assets	52,959	52,959	-	-	-	-
Other financial assets	-	-	-	-	-	-
Trade & other receivables	163,376	156,866	6,037	570	(97)	(210)
Total financial assets	216,335	209,825	6,037	570	(97)	(210)
Consolidated 2019						
Financial assets						
Cash assets	61,944	61,944	-	-	-	-
Other financial assets	100	100	-	-	-	-
Trade & other receivables	38,113	32,934	4,789	154	236	(134)
Total financial assets	100,157	94,978	4,789	154	236	(134)
Parent 2019						
Financial assets						
Cash assets	60,794	60,794	-	-	-	-
Other financial assets	-	-	-	-	-	-
Trade & other receivables	166,386	161,341	4,789	154	236	(134)
Total financial assets	227,180	222,135	4,789	154	236	(134)

Liquidity risk

Liquidity risk arises when the Consolidated Entity is unable to meet its financial obligations as they fall due. The Consolidated Entity operates under a payment policy of settling obligations within 30 days from date of invoice. To minimise the exposure of liquidity risk the Consolidated Entity has a short term cash management investment policy allowing for adequate holding of high quality liquid assets to meet future cash flows. Notwithstanding the deficiency in the net current assets of \$33 million (2019: \$120 million), the exposure to liquidity risk is deemed insignificant. The ability of the Consolidated Entity to continue paying its debts as and when they fall due is dependent upon existing contractual arrangements continuing to operate as originally intended. Such agreements ensure sufficient contributions are made by the Victorian Government to cover the Consolidated Entity's contractual commitments. There are no financial liabilities that are past due.

VicTrack staff in the office >



Maturity of financial assets/liabilities

The tables below analyse the Consolidated Entity's and Parent Entity's cash inflows and outflows of non-derivative financial instruments. The amounts disclosed in the table are the contractual undiscounted cash flows.

Contractual maturities of financial instruments	Less than 1 year	Between 1 year & 5 years	Over 5 years	Total contractual cash flows	Carrying amount
	\$'000	\$'000	\$'000	\$'000	\$'000
Consolidated 2020					
Liquid financial assets					
Cash assets	54,086	-	-	54,086	54,086
Trade & other receivables	34,288	-	-	34,288	34,288
Other financial assets	-	100	-	100	100
Total financial assets	88,374	100	-	88,474	88,474
Financial liabilities					
Trade & other payables	46,020	-	-	46,020	46,020
Secured loan	30,229	34,234	-	64,463	64,463
Finance lease	1,127	1,025	-	2,152	2,152
Total financial liabilities	77,376	35,259	-	112,635	112,635
Net inflow/(outflow)	10,998	(35,159)	-	(24,161)	(24,161)
Consolidated 2019					
Liquid financial assets					
Cash assets	61,944	-	-	61,944	61,944
Trade & other receivables	38,113	-	-	38,113	38,113
Other financial assets	-	100	-	100	100
Total financial assets	100,057	100	-	100,157	100,157
Financial liabilities					
Trade & other payables	61,264	-	-	61,264	61,264
Secured loan	36,537	71,326	-	107,863	107,864
Finance lease	100,060	929	-	100,989	100,989
Total financial liabilities	197,861	72,255	-	270,116	270,117
Net inflow/(outflow)	(97,804)	(72,155)	-	(169,959)	(169,960)

Contractual maturities of financial instruments	Less than 1 year	Between 1 year & 5 years	Over 5 years	Total contractual cash flows	Carrying amount
	\$'000	\$'000	\$'000	\$'000	\$'000
Parent 2020					
Liquid financial assets					
Cash assets	52,959	-	-	52,959	52,959
Trade & other receivables	163,376	-	-	163,376	163,376
Other financial assets	-	-	-	-	-
Total financial assets	216,335	-	-	216,335	216,335
Financial liabilities					
Trade & other payables	42,938	-	-	42,938	42,938
Secured loan	-	-	-	-	-
Finance lease	1,127	1,025	-	2,152	2,152
Total financial liabilities	44,065	1,025	-	45,090	45,090
Net inflow/(outflow)	172,270	(1,025)	-	171,245	171,245
Parent 2019					
Liquid financial assets					
Cash assets	60,794	-	-	60,794	60,794
Trade & other receivables	166,386	-	-	166,386	166,386
Other financial assets	-	-	-	-	-
Total financial assets	227,180	-	-	227,180	227,180
Financial liabilities					
Trade & other payables	60,871	-	-	60,871	60,871
Secured loan	-	-	-	-	-
Finance lease	1,000	929	-	1,929	1,929
Total financial liabilities	61,871	929	-	62,800	62,800
Net inflow/(outflow)	165,309	(929)	-	164,380	164,380



8. Other disclosures

8.1 Responsible persons

In accordance with the Ministerial Directions issued by the Assistant Treasurer under the *Financial Management Act 1994* (FMA), the following disclosures are made regarding responsible persons for the reporting period.

The names of persons who were Responsible Persons of the Consolidated Entity at any time during the financial year and until the date of this report are as follows:

Responsible Minister

The Hon Jacinta Allan MP, Minister for Transport Infrastructure  
The Hon Melissa Horne MP, Minister for Public Transport (1 July 2019–22 June 2020)  
The Hon Ben Carroll MP, Minister for Public Transport (from 22 June 2020)  
The Hon Tim Pallas MP, Treasurer

Directors

Director	Appointment	Retired
Geraldine Gray	1 July 2018 – Chair 1 April 2018 – Deputy Chair 1 July 2015 – Director	
Alan Hall	1 July 2018 – Deputy Chair 1 April 2018 – Director	
Paula Allen	1 April 2016 – Director	
Dr Collette Burke	1 July 2015 – Director	
Randall Straw	1 September 2017 – Director	
Daniel O'Brien	1 August 2018 – Director	

Accountable Officer

Campbell A. Rose AM

Remuneration of Responsible Persons:

Remuneration paid or payable to Responsible Persons during the year was

Income band	Consolidated		Parent	
	2020 No.	2019 No.	2020 No.	2019 No.
Less than \$10,000	1	1	1	1
\$10,000 to \$19,999	-	1	-	1
\$40,000 to \$49,999	-	5	-	5
\$50,000 to \$59,999	4	-	4	-
\$90,000 to \$99,999	1	1	1	1
\$500,000 to \$509,999	-	1	-	1
\$520,000 to \$529,999	1	-	1	-

Total remuneration of responsible persons: \$837,886 (2019: \$854,332)

Responsible Persons' remuneration shown in aggregate above includes Directors' fees and superannuation contributions paid on behalf of Directors by the Consolidated Entity. The amount excludes insurance premiums paid by the Consolidated Entity in respect of Directors and Officers insurance contracts. The Accountable Officer's remuneration for the 30 June 2020 year included the total salary package received during the year and a performance bonus relating to the 30 June 2019 year.

8.2 Executive Officers' remuneration

The number of executive officers, other than the Ministers and the accountable officer, and their total remuneration during the reporting period are shown in the table below. Total annualised employee equivalents provides a measure of full time equivalent executive officers over the reporting period.

Remuneration comprises employee benefits in all forms of consideration paid, payable or provided by the entity, or on behalf of the entity, in exchange for services rendered, and is disclosed in the following categories.

Short-term employee benefits include amounts such as wages, salaries, annual leave, bonuses or sick leave that are usually paid or payable on a regular basis, as well as non-monetary benefits such as allowances and free or subsidised goods or services.

Post-employment benefits include pensions and other retirement benefits paid or payable on a discrete basis when employment has ceased.

Other long-term benefits include long service leave, other long service benefits or deferred compensation.

Several factors affected total remuneration payable to executives over the year. A number of employment contracts were completed and renegotiated and a number of executive officers, resigned in the past year.

The Executive Officer's remuneration amounts for the Consolidated Entity and the Parent Entity are the same.

Remuneration of executive officers	Total remuneration	
	2020 \$000	2019 \$000
Short-term employee benefits	4,214	4,460
Post-employment benefits	371	374
Other long-term benefits	90	(10)
Termination benefits	187	60
<b>Total remuneration</b>	<b>4,862</b>	<b>4,884</b>
<b>Total number of executives</b>	<b>22</b>	<b>26</b>
<b>Total annualised employee equivalents</b>	<b>19.3</b>	<b>20.0</b>

8.3 Related parties

VicTrack is a wholly owned and controlled statutory corporation of the State of Victoria.

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries:

Name	Country of incorporation	Percentage of equity interest held by the Consolidated Entity	
		2020	2019
Rolling Stock Holdings (Victoria) Pty Limited	Australia	100%	100%
Rolling Stock (Victoria - VL) Pty Limited	Australia	100%	100%
Rolling Stock (VL-1) Pty Ltd	Australia	100%	100%
Rolling Stock (VL-2) Pty Ltd	Australia	100%	100%
Rolling Stock (VL-3) Pty Ltd	Australia	100%	100%

Related parties of the Consolidated Entity include:

- all key management personnel and their close family members and personal business interests (controlled entities, joint ventures and entities they have significant influence over);
- all cabinet ministers and their close family members; and
- all departments and public sector entities that are controlled and consolidated into the whole of state consolidated financial statements.

Significant transactions with government-related entities

Significant transactions with government-related entities during the year are disclosed below.

Descriptions	2020 \$000	2019 \$000
<b>Department of Transport (DoT)</b>		
Contributions received for repayment of borrowings in relation to acquisition of rolling stocks	124,579	190,019
Equity contributions received	3,924,819	3,101,968
Infrastructure management, construction & other services provided	29,986	19,960
Receivables for infrastructure management, construction & other services provided	2,208	3,338
<b>Treasury Corporation of Victoria (TCV)</b>		
Interest expense paid during the financial year for loans in relation to acquisition of rolling stock	3,666	4,428
Cash and deposits with TCV as at 30 June	44,815	51,531
Loan balances owed to TCV as at 30 June	34,233	70,485
<b>V/Line Corporation</b>		
Leasing of rolling stock to V/Line Corporation through the State of Victoria	26,327	29,225
Telecommunication and other services provided	15,884	17,975
Receivables for telecommunication & other services provided	536	2,742
<b>Department of Treasury &amp; Finance (DTF)</b>		
Capital asset charge	2,383,847	2,256,650



Key management personnel

The Directors (as listed in note 8.1) and senior management forms part of the key management personnel of the Consolidated Entity.

Senior management during the financial year and until the date of this report are as follows:

Name	Position
Campbell A. Rose AM	Chief Executive & Accountable Officer
Chris Olds	Executive General Manager Business Services
Anna Vourtsis	Executive General Manager Communications & Engagement
Kristen Georgakopoulos	Executive General Manager People & Culture
Peter Chau	Executive General Manager Property Group
Bruce Moore	Executive General Manager Telecommunications Group
Ian Burton	Executive General Manager Project Delivery Group

Key management personnel compensation

Compensation of KMPs	2020 \$'000	2019 \$'000
Short term employee benefits	2,486	2,373
Post-employment benefits	173	164
Other long-term benefits	86	(2)
Total	2,745	2,535

The compensation for key management personnel for the Consolidated Entity and the Parent Entity are the same.

Transactions and balances with key management personnel

No Director or other key management personnel have entered into a material contract or other material transactions with the Consolidated Entity since the end of the previous financial year and existing at 30 June 2020 (2019: nil).

8.4 Other economic flows included in net result

Other economic flows are changes in the volume or value an asset or liability that does not result from transactions.

	Consolidated		Parent	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Net gain/(loss) on non-financial assets				
Impairment of property, plant & equipment	(1,969,578)	(37,279)	(1,848,956)	(37,279)
Impairment of goodwill	-	(34,087)	-	-
Net gain on disposal or property, plant & equipment	36,815	2,550	36,815	2,550
Total net gain/(loss) on non-financial assets	(1,932,763)	(68,816)	(1,812,141)	(34,729)
Other gains/(losses) from other economic flows				
Other gains/(losses) from revaluation of long service liability	(269)	(597)	(269)	(597)
Allowance for impairment losses of contractual receivables	(76)	18	(76)	18
Total other gains/(losses) from other economic flows	(345)	(579)	(345)	(579)

Net gain/(loss) on non-financial assets

- Net gain/(loss) on non-financial assets and liabilities includes realised and unrealised gains and losses as follows:
- Any gain or loss on the disposal of non-financial assets is recognised at the date of disposal and is determined after deducting the proceeds from the carrying value of the asset at the time.
- Impairment on non-financial assets as described in Note 4.1.2 Impairment of non-financial physical assets.

Other gains/(losses) from other economic flows

Other gains/(losses) from other economic flows include the gains or losses from:

- the revaluation of the present value of the long service leave liability due to changes in the bond interest rates or other assumptions.

8.5 Non-financial assets classified as held for sale

	Consolidated		Parent	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Non-current assets				
Land held for sale	781	8,677	781	8,677
Total non-financial assets classified as held for sale	781	8,677	781	8,677

Measurement of non-financial physical assets

Non-financial physical assets are treated as current and classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use.

This condition is regarded as met only when:

- the asset is available for immediate use in the current condition; and
- the sale is highly probable and the asset's sale is expected to be completed within 12 months from the date of classification.

These non-financial physical assets, related liabilities and financial assets are measured at the lower of carrying amount and fair value less costs to sell, and are not subject to depreciation or amortisation.

## 8.6 Functional and presentation currency

The consolidated financial statements are denominated in Australian dollars, which is the functional and presentation currency of the Consolidated Entity.

## 8.7 Audit fees

Audit fees paid or payable to the Victorian Auditor-General's Office for the audit of the financial statements were \$252,100 (2019: \$157,700) for the Consolidated Entity and \$180,000 (2019: \$97,500) for the parent entity.

## 8.8 Events after the reporting period

Assets, liabilities, income or expenses arise from past transactions or other past events. Where the transactions result from an agreement between the Consolidated Entity and other parties, the transactions are only recognised when the agreement is irrevocable at or before the end of the reporting period. Adjustments are made to amounts recognised in the financial statements for events which occur between the end of the reporting period and the date when the financial statements are authorised for issue, where those events provide information about conditions which existed at the reporting date. Note disclosure is made about events between the end of the reporting period and the date the financial statements are authorised for issue where the events relate to conditions which arose after the end of the reporting period that are considered to be of material interest.

No events, other than the Coronavirus (COVID-19), have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Consolidated Entity, the results of those operations, or the state of affairs of the Consolidated Entity in future financial years. Coronavirus (COVID-19) has affected the revenue across all business operations.

## 8.9 Other accounting policies

### Contributions by owners

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

Additions to net assets that have been designated as contributions by owners are recognised as contributed capital. Other transfers that are in the nature of contributions to or distributions by owners have also been designated as contributions by owners.

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

### Goods and Services Tax (GST)

Income, expenses and assets are recognised net of the amount of goods and services tax ("GST"), except where the amount of GST incurred is not recoverable from the Australian Tax Office ("ATO"). In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense.

Receivables and payables are recognised inclusive of GST.

The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the balance sheet.

Cash flows are included in the cash flow statement on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

Commitments and contingencies are disclosed inclusive of GST recoverable from, or payable to, the ATO.

## Dividends

Section 161 of the *Transport Integration Act 2010*, provides for a rail corporation to pay to the state amounts as directed by the Treasurer of Victoria after consultation with the Board of the Consolidated Entity and the Minister.

No determination was received from the Treasurer requiring the Consolidated Entity to make a dividend payment in respect to the years ended 30 June 2019 and 30 June 2020.

## Prepayments

Prepayments represent payments in advance of receipt of goods or services or that part of expenditure made in one accounting period covering a term extending beyond that period.

## Other financial assets

Other financial assets consists of funds on deposit. The use of funds on deposit is restricted to payments of interest on borrowings and payments to suppliers in relation to the construction of new rolling stock. The amount on deposit is subject to a fixed interest rate of 5.15 per cent (2019: 5.15 per cent) with quarterly payments of interest.

## Physical asset revaluation surplus

The physical asset revaluation surplus is used to record increases and decreases in the fair value of property, infrastructure, plant and equipment.

## 8.10 Changes in accounting policies

### Leases

This note explains the impact of the adoption of AASB 16 *Leases* on the Consolidated Entity's financial statements.

The Consolidated Entity has applied AASB 16 with a date of initial application of 1 July 2019.

The Consolidated Entity has elected to apply AASB 16 using the modified retrospective approach, as per the transitional provisions of AASB 16 for all leases for which it is a lessee. The cumulative effect of initial application is recognised in retained earnings as at 1 July 2019. Accordingly, the comparative information presented is not restated and is reported under AASB 117 and related interpretations.

Previously, the Consolidated Entity determined at contract inception whether an arrangement is or contains a lease under AASB 117 and Interpretation 4 Determining whether an arrangement contains a Lease. Under AASB 16, the Consolidated Entity assesses whether a contract is or contains a lease based on the definition of a lease as explained in note 4.1.

On transition to AASB 16, the Consolidated Entity has elected to apply the practical expedient to grandfather the assessment of which transactions are leases. It applied AASB 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under AASB 117 and Interpretation 4 were not reassessed for whether there is a lease. Therefore, the definition of a lease under AASB 16 was applied to contracts entered into or changed on or after 1 July 2019.



Leases classified as operating leases under AASB 117

As a lessee, the Consolidated Entity previously classified leases as operating or finance leases based on its assessment of whether the lease transferred significantly all of the risks and rewards incidental to ownership of the underlying asset to the Department. Under AASB 16, the Department recognises right-of-use assets and lease liabilities for all leases except where exemption is availed in respect of short-term and low value leases.

On adoption of AASB 16, the Consolidated Entity recognised lease liabilities in relation to leases which had previously been classified as operating leases under the principles of AASB 117. These liabilities were measured at the present value of the remaining lease payments, discounted using the Consolidated Entity’s incremental borrowing rate as of 1 July 2019.

On transition, right-of-use assets are measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the balance sheet as at 30 June 2019.

The Consolidated Entity has elected to apply the following practical expedients when applying AASB 16 to leases previously classified as operating leases under AASB 117:

- Applied a single discount rate to a portfolio of leases with similar characteristics;
- Adjusted the right-of-use assets by the amount of AASB 137 onerous contracts provision immediately before the date of initial application, as an alternative to an impairment review;
- Applied the exemption not to recognise right-of-use assets and liabilities for leases with less than 12 months of lease term;
- Excluded initial direct costs from measuring the right-of-use asset at the date of initial application; and
- Used hindsight when determining the lease term if the contract contains options to extend or terminate the lease.

For leases that were classified as finance leases under AASB 117, the carrying amount of the right-of-use asset and lease liability at 1 July 2019 are determined as the carrying amount of the lease asset and lease liability under AASB 117 immediately before that date.

Leases as a Lessor

The Consolidated Entity is not required to make any adjustments on transition to AASB 16 for leases in which it acts as a lessor. The Department accounted for its leases in accordance with AASB 16 from the date of initial application.

Impacts on financial statements

On transition to AASB 16, the Consolidated Entity did not have a material impact on its financial statements.

Service Concession Arrangement: Grantors

AASB 1059 *Service Concession Arrangements: Grantors* applies to annual reporting periods beginning on or after 1 January 2020 however in line with FRD 124 Transitional requirements on the application of AASB 1059 *Service Concession Arrangements: Grantors*, the Consolidated Entity has early adopted it from 1 July 2019.

In line with FRD 124 requirements, the Consolidated Entity has applied the transitional provisions of AASB 1059 and applied a full retrospective approach to prior reporting periods. The effect of this is that it has been applied as if it has always been in effect. Where applicable, comparatives have been restated and retained earnings adjusted at 1 July 2018 to reflect the impact of the standard.

The Consolidated Entity has reviewed all of its arrangements to assess whether AASB 1059 applies.

The Consolidated Entity has also reviewed its leasing arrangements and determined that none of these are within the scope of AASB 1059.

Revenue from Contracts with Customers

In accordance with FRD 121 requirements, the Consolidated Entity has applied the transitional provisions of AASB 15, retrospectively with the cumulative effect of initially applying this standard against the opening retained earnings at 1 July 2019. Under this transition method, the Consolidated Entity applied this standard retrospectively only to contracts that are not ‘completed contracts’ at the date of initial application.

Comparative information has not been restated.

Note 2 Funding Delivery of Our Services include details about the transitional application of AASB 15 and how the standard has been applied to revenue transactions.

Income of Not-for-Profit Entities

In accordance with FRD 122 requirements, the Consolidated Entity has applied the transitional provision of AASB 1058, retrospectively with the cumulative effect of initially applying this standard against the opening retained earnings at 1 July 2019. Under this transition method, the Consolidated Entity applied this standard retrospectively only to contracts and transactions that are not completed contracts at the date of initial application.

Comparative information has not been restated.

The adoption of AASB 1058 did not have an impact on Other comprehensive income and the Statement of Cash flows for the financial year.

Note 2 Funding Delivery of Our Services include details about the transitional application of AASB 1058 and how the standard has been applied to revenue transactions.

8.11 New accounting standards and interpretations issued that are not yet effective

Australian Accounting Standards and Interpretations applicable to the Consolidated Entity that have recently been issued or amended but are not yet effective, have not been early adopted by the Consolidated Entity for the annual reporting period ended 30 June 2019. These are outlined in the table below:

Standard/ Interpretation	Summary	Applicable for annual reporting periods beginning on	Impact on public sector entity financial statements
AASB 17 <i>Insurance Contracts</i>	The new Australian standard seeks to eliminate inconsistencies and weaknesses in existing practices by providing a single principle based framework to account for all types of insurance contracts, including reissuance contract that an insurer holds. It also provides requirements for presentation and disclosure to enhance comparability between entities.  This standard currently does not apply to the not-for-profit public sector entities.	1 January 2023	The assessment has indicated that there will be no significant impact for the entity.
AASB 2018-7 <i>Amendments to Australian Accounting Standards – Definition of Material</i>	This Standard principally amends AASB 101 Presentation of Financial Statements and AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors. The amendments refine and clarify the definition of material in AASB 101 and its application by improving the wording and aligning the definition across AASB Standards and other publications. The amendments also include some supporting requirements in AASB 101 in the definition to give it more prominence and clarify the explanation accompanying the definition of material.	1 January 2020	The assessment has indicated that there will be no significant impact for the entity.
AASB 2020-1 <i>Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-Current</i>	This Standard amends AASB 101 to clarify requirements for the presentation of liabilities in the statement of financial position as current or non-current. A liability is classified as non-current if an entity has the right at the end of the reporting period to defer settlement of the liability for at least 12 months after the reporting period. The meaning of settlement of a liability is also clarified.	1 January 2022. However, ED 301 has been issued with the intention to defer application to 1 January 2023.	The assessment has indicated that there will be no significant impact for the entity.

In addition to the new standards and amendments above, the AASB has issued a list of other amending standards that are not effective for the 2019-20 reporting period (as listed below). In general, these amending standards include editorial and reference changes that are expected to have insignificant impacts on public sector reporting.

- AASB 2018-6 *Amendments to Australian Accounting Standards – Definition of a Business.*
- AASB 2019-1 *Amendments to Australian Accounting Standards – References to the Conceptual Framework.*
- AASB 2019-3 *Amendments to Australian Accounting Standards – Interest Rate Benchmark Reform.*
- AASB 2019-5 *Amendments to Australian Accounting Standards – Disclosure of the Effect of New IFRS Standards Not Yet Issued in Australia.*
- AASB 2019-4 *Amendments to Australian Accounting Standards – Disclosure in Special Purpose Financial Statements of Not-for-Profit Private Sector Entities on Compliance with Recognition and Measurement Requirements.*
- AASB 2020-2 *Amendments to Australian Accounting Standards – Removal of Special Purpose Financial Statements for Certain For-Profit Private Sector Entities.*
- AASB 1060 *General Purpose Financial Statements – Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities (Appendix C).*
- *Conceptual Framework for Financial Reporting.*<sup>1</sup>

<sup>1</sup> To be applied by For-Profit private sector entities. Application by other For-Profit entities is optional.



8.12 Glossary of technical terms

The following is a summary of the major technical terms used in this report.

**Actuarial gains or losses on superannuation defined benefit plans** are changes in the present value of the superannuation defined benefit liability resulting from:

- (a) experience adjustments (the effects of differences between the previous actuarial assumptions and what has actually occurred); and
- (b) the effects of changes in actuarial assumptions.

**Amortisation** is the expense that results from the consumption, extraction or use over time of a non-produced physical or intangible asset. This expense is classified as an ‘other economic flow’.

**Borrowings** refers to interest bearing liabilities mainly raised from public borrowings raised through the Treasury Corporation of Victoria, finance leases and other interest bearing arrangements. Borrowings also include non-interest bearing advances from government that are acquired for policy purposes.

**Commitments** include those operating, capital and other outsourcing commitments arising from non-cancellable contractual or statutory sources.

**Comprehensive result** is the amount included in the operating statement representing total change in net worth other than transactions with owners as owners.

**Current grants** are amounts payable or receivable for current purposes for which no economic benefits of equal value are receivable or payable in return.

**Depreciation** is an expense that arises from the consumption through wear or time of a produced physical or intangible asset. This expense is classified as a ‘transaction’ and so reduces the ‘net result from transaction’.

**Effective interest method** is the method used to calculate the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset or, where appropriate, a shorter period.

**Employee benefits expenses** include all costs related to employment including wages and salaries, fringe benefits tax, leave entitlements, redundancy payments, defined benefits superannuation plans, and defined contribution superannuation plans.

**Financial asset** is any asset that is:

- (a) cash;
- (b) an equity instrument of another entity;
- (c) a contractual right:
  - to receive cash or another financial asset from another entity; or
  - to exchange financial assets or financial liabilities with another entity under conditions that are potentially favourable to the entity; or
- (d) a contract that will or may be settled in the entity’s own equity instruments and is:
  - a non-derivative for which the entity is or may be obliged to receive a variable number of the entity’s own equity instruments; or
  - a derivative that will or may be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the entity’s own equity instruments.

**Financial instrument** is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

**Financial liability** is any liability that is:

- (a) a contractual obligation:
  - to deliver cash or another financial asset to another entity; or
  - to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the entity; or
- (b) a contract that will or may be settled in the entity’s own equity instruments and is:
  - a non-derivative for which the entity is or may be obliged to deliver a variable number of the entity’s own equity instruments; or
  - a derivative that will or may be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the entity’s own equity instruments. For this purpose, the entity’s own equity instruments do not include instruments that are themselves contracts for the future receipt or delivery of the entity’s own equity instruments.

**Financial statements** comprises:

- (a) a balance sheet as at the end of the period;
- (b) a comprehensive operating statement for the period;
- (c) a statement of changes in equity for the period;
- (d) a cash flow statement for the period;
- (e) notes, comprising a summary of significant accounting policies and other explanatory information;
- (f) comparative information in respect of the preceding period as specified in paragraph 38 of AASB 101 *Presentation of Financial Statements*; and
- (g) a statement of financial position as at the beginning of the preceding period when an entity applies an accounting policy retrospectively or makes a retrospective restatement of items in its financial statements, or when it reclassifies items in its financial statements in accordance with paragraphs 41 of AASB 101.

**Grant expenses and other transfers** are transactions in which one unit provides goods, services, assets (or extinguishes a liability) or labour to another unit without receiving approximately equal value in return. Grants can either be operating or capital in nature.

While grants to governments may result in the provision of some goods or services to the transferor, they do not give the transferor a claim to receive directly benefits of approximately equal value. For this reason, grants are referred to by the AASB as involuntary transfers and are termed non-reciprocal transfers. Receipt and sacrifice of approximately equal value may occur, but only by coincidence. For example, governments are not obliged to provide commensurate benefits, in the form of goods or services, to particular taxpayers in return for their taxes.

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

**Infrastructure systems** provide essential services used in the delivery of final services or products. They are generally a complex interconnected network of individual assets and mainly include sewerage systems, water storage and supply systems, and public transport assets owned by the State.

**Interest expense** represents costs incurred in connection with borrowings. It includes interest on advances, loans, overdrafts, bonds and bills, deposits, interest components of finance lease repayments, and amortisation of discounts or premiums in relation to borrowings.

**Interest income** includes unwinding over time of discounts on financial assets and interest received on bank term deposits and other investments.

**Leases** are rights conveyed in a contract, or part of a contract, the right to use an asset (the underlying asset) for a period of time in exchange for consideration.

**Net financial liabilities** is calculated as liabilities less financial assets. This measure is broader than net debt as it includes significant liabilities, other than borrowings (e.g. accrued employee liabilities such as superannuation and long service leave entitlements).

**Net financial worth** is equal to financial assets minus liabilities. It is a broader measure than net debt as it incorporates provisions made (such as superannuation, but excluding depreciation and bad debts) as well as holdings of equity. Net financial worth includes all classes of financial assets and liabilities, only some of which are included in net debt.

**Net operating balance or net result from transactions** is a key fiscal aggregate and is revenue from transactions minus expenses from transactions. It is a summary measure of the ongoing sustainability of operations. It excludes gains and losses resulting from changes in price levels and other changes in the volume of assets. It is the component of the change in net worth that is due to transactions and can be attributed directly to government policies.

**Net result** is a measure of financial performance of the operations for the period. It is the net result of items of revenue, gains and expenses (including losses) recognised for the period, excluding those classified as 'other non-owner movements in equity'.

**Net worth** is calculated as assets less liabilities, which is an economic measure of wealth.

**Non-financial assets** are all assets that are not financial assets. It includes inventories, land, buildings, infrastructure, road networks, land under roads, plant and equipment, cultural and heritage assets, intangibles and biological assets such as commercial forests.

**Non-produced assets** are assets needed for production that have not themselves been produced. They include land, subsoil assets, and certain intangible assets. Non-produced intangibles are intangible assets needed for production that have not themselves been produced. They include constructs of society such as patents.

**Operating result** is a measure of financial performance of the operations for the period. It is the net result of items of revenue, gains and expenses (including losses) recognised for the period, excluding those that are classified as 'other non-owner movements in equity'. Refer also 'net result'.

**Other economic flows included in net result** are changes in the volume or value of an asset or liability that do not result from transactions. In simple terms, other economic flows are changes arising from market remeasurements. They include gains and losses from disposals, revaluations and impairments of non-current physical and intangible assets; fair value changes of financial instruments and agricultural assets; and depletion of natural assets (non-produced) from their use or removal.

**Other economic flows – other comprehensive income** comprises items (including reclassification adjustments) that are not recognised in net result as required or permitted by other Australian Accounting Standards. They include changes in physical asset revaluation surplus; share of net movement in revaluation surplus of associates and joint ventures; and gains and losses on remeasuring available-for-sale financial assets.

**Payables** includes short and long-term trade debt and accounts payable, grants, taxes and interest payable.

**Produced assets** include buildings, plant and equipment, inventories, cultivated assets and certain intangible assets. Intangible produced assets may include computer software, motion picture films and research and development costs (which does not include the start-up costs associated with capital projects).

**Receivables** include amounts owing from government through appropriation receivable, short and long-term trade credit and accounts receivable, accrued investment income, grants, taxes and interest receivable.

**Sales of goods and services** refers to income from the direct provision of goods and services and includes fees and charges for services rendered, sales of goods and services, fees from regulatory services and work done as an agent for private enterprises. It also includes rental income under operating leases and on produced assets such as buildings and entertainment, but excludes rent income from the use of non-produced assets such as land. User charges includes sale of goods and services income.

**Supplies and services** generally represent cost of goods sold and the day to day running costs, including maintenance costs, incurred in the normal operations of the Consolidated Entity.

**Transactions** are those economic flows that are considered to arise as a result of policy decisions, usually an interaction between two entities by mutual agreement. They also include flows into an entity such as depreciation, where the owner is simultaneously acting as the owner of the depreciating asset and as the consumer of the service provided by the asset. Transactions can be in kind (e.g. assets provided/given free of charge or for nominal consideration) or where the final consideration is cash. In simple terms, transactions arise from the policy decisions of the Government.





Independent Auditor’s Report

To the Board of Victorian Rail Track

<b>Adverse Opinion</b>	<p>I have audited the consolidated financial report of Victorian Rail Track (the entity) and its controlled entities (together the consolidated entity), which comprises the:</p> <ul style="list-style-type: none"><li>consolidated entity and entity balance sheet as at 30 June 2020</li><li>consolidated entity and entity comprehensive operating statement for the year then ended</li><li>consolidated entity and entity statement of changes in equity for the year then ended</li><li>consolidated entity and entity cash flow statement for the year then ended</li><li>notes to the financial statements, including significant accounting policies</li><li>declaration by Chair, Accountable Officer and Executive General Manager Business.</li></ul> <p>In my opinion, because of the significance of matters discussed in the Basis for Adverse Opinion section of my report, the financial report does not present fairly in all material respects in accordance with the financial reporting requirements of Part 7 of the <i>Financial Management Act 1994</i> and applicable Australian Accounting Standards the:</p> <ul style="list-style-type: none"><li>financial positions of the consolidated entity and the entity as at 30 June 2020, and</li><li>financial performance and cash flows of the consolidated entity and the entity for the year then ended.</li></ul>
<b>Basis for Adverse Opinion</b>	<p>The entity is the custodial holder of the State of Victoria's operational transport assets including land, stations, track, rolling stock and signalling systems. The entity leases all operational transport assets to the Department of Transport, which uses these assets to run the State's transport network. The lease arrangements are significantly below market terms and conditions to enable the Department of Transport to meet its objectives.</p> <p>As explained in Note 8.10, the entity has not reassessed the classification of these leases with the introduction of AASB 16 <i>Leases</i> and has continued to classify the arrangements as operating leases for 30 June 2020. I have assessed these leases as finance leases under AASB 16 because the Department of Transport has substantially all the risks and rewards of ownership of these assets.</p> <p>If the finance lease requirements of AASB 16 had been applied, the entity would be required to:</p> <ul style="list-style-type: none"><li>de-recognise the operational transport assets leased to the Department of Transport and all related transactions and balances from its comprehensive income statement and balance sheet, and</li><li>recognise a receivable at an amount equal to the net investment of the lease, which is insignificant at 30 June 2020 because the arrangement is below market terms and conditions.</li></ul>

<b>Basis for Adverse Opinion continued</b>	<p>The balances and transactions that should not be recognised in the financial report are:</p> <p><b>Comprehensive Income Statement (Consolidated)</b></p> <ul style="list-style-type: none"><li>Government contributions towards capital and related work</li><li>Capital asset charge (income and expense)</li><li>Depreciation and amortisation</li><li>Net gain/(loss) on non-financial assets</li><li>Tax equivalent benefit</li><li>Change in physical asset revaluation surplus</li><li>Income tax on physical asset revaluation surplus</li></ul> <p><b>Balance Sheet (Consolidated)</b></p> <ul style="list-style-type: none"><li>Property, plant and equipment</li><li>Deferred tax liability</li><li>Physical asset revaluation surplus.</li></ul> <p>The impact of not removing the operational transport assets and all related transactions and balances from the financial report is material and pervasive. Further, I have not been able to identify all individual assets from the collective operational transport assets leased to the Department of Transport because of limitations in the underlying asset records at the entity.</p> <p>Based on the above the value of the operational transport assets and all associated transactions and balances in the financial report cannot be relied upon as they do not present fairly in all material respects.</p> <p>I have conducted my audit in accordance with the <i>Audit Act 1994</i> which incorporates the Australian Auditing Standards. I further describe my responsibilities under that Act and those standards in the <i>Auditor’s Responsibilities for the Audit of the Financial Report</i> section of my report.</p> <p>My independence is established by the <i>Constitution Act 1975</i>. My staff and I are independent of the entity and the consolidated entity in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board’s APES 110 <i>Code of Ethics for Professional Accountants</i> (the Code) that are relevant to my audit of the financial report in Victoria. My staff and I have also fulfilled our other ethical responsibilities in accordance with the Code.</p> <p>I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my adverse opinion.</p>
<b>Board’s responsibilities for the financial report</b>	<p>The Board of the entity is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the <i>Financial Management Act 1994</i>, and for such internal control as the Board determines is necessary to enable the preparation and fair presentation of a financial report that is free from material misstatement, whether due to fraud or error.</p> <p>In preparing the financial report, the Board is responsible for assessing the entity and the consolidated entity’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is inappropriate to do so.</p>

<b>Auditor’s responsibilities for the audit of the financial report</b>	<p>As required by the <i>Audit Act 1994</i>, my responsibility is to express an opinion on the financial report based on the audit. My objectives for the audit are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.</p> <p>As part of an audit in accordance with the Australian Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:</p> <ul style="list-style-type: none"><li>• identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.</li><li>• obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity and the consolidated entity’s internal control</li><li>• evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board</li><li>• conclude on the appropriateness of the Board’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity and the consolidated entity’s ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor’s report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor’s report. However, future events or conditions may cause the entity and the consolidated entity to cease to continue as a going concern.</li><li>• evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation</li><li>• obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the entity and consolidated entity to express an opinion on the financial report. I remain responsible for the direction, supervision and performance of the audit of the entity and the consolidated entity. I remain solely responsible for my audit opinion.</li></ul> <p>I communicate with the Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.</p>
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Andrew Greaves  
*Auditor-General of Victoria*

MELBOURNE  
9 October 2020



# Section two



Image: North Melbourne Station



# Governance and organisation



> VicTrack executive staff



Board role and responsibilities

The VicTrack Board of Directors is responsible for the strategic oversight of VicTrack’s affairs, including corporate governance practices and overall business performance. The Directors are appointed by the Governor-in-Council and are accountable to the Minister for Public Transport, Minister for Transport Infrastructure and the Treasurer. The role and responsibilities of the Board are set out in a formal Board Charter.

Each subsidiary company within the Rolling Stock Holdings group of companies also has the same Board of Directors as the VicTrack Board, with responsibility for the relevant company.

Board composition

At 30 June 2020, the Board comprised six independent, non-executive Directors: Geraldine Gray (Chair), Alan Hall (Deputy Chair), Paula Allen, Dr Collette Burke, Dan O’Brien and Randall Straw. Each Director has wide experience across various sectors and organisations, and together they bring a diverse range of knowledge and business expertise to VicTrack.

Board meetings

VicTrack held eight Board meetings during the 2019–20 financial year.

Corporate plan

VicTrack is required, under the *Transport Integration Act 2010* and the *State Owned Enterprises Act 1992*, to prepare a corporate plan for Ministerial approval. The purpose of the plan is to give effect to VicTrack’s objectives, while supporting the vision of the *Transport Integration Act 2010* and Department of Transport’s corporate plan. VicTrack’s corporate plan must include challenges, priorities and strategies, linked to initiatives and performance measures. The corporate plan is to be agreed between the Board, the Minister for Transport Infrastructure, Minister for Public Transport, and the Treasurer.

With the broad financial and operational impacts of the coronavirus (COVID-19) pandemic affecting the Victorian economy, the Treasurer of Victoria directed Government Business Enterprises to develop an abridged corporate plan for 2020–21, in place of the usual four-year plan. VicTrack’s Corporate Plan 2020–21 outlines VicTrack’s role in delivering on its objectives, functions and Ministerial expectations.

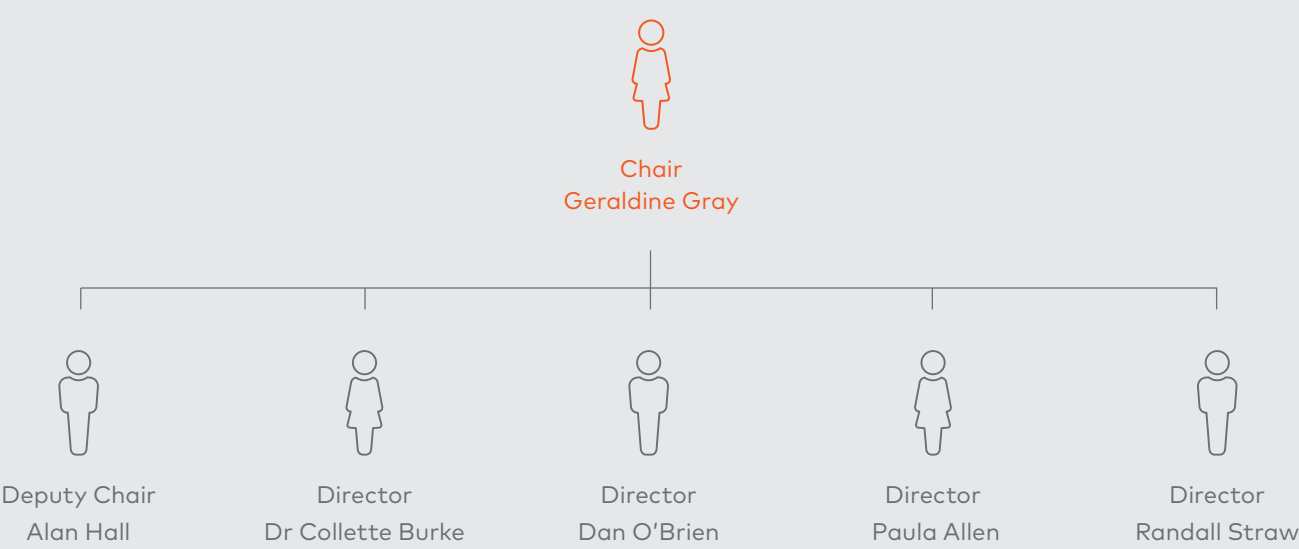
Board performance

In accordance with the Board Charter, the Board is required to conduct an annual review to evaluate its performance.

Delegation to management

Day-to-day management of VicTrack is delegated to the Chief Executive and other senior managers pursuant to a formal delegations policy. The delegations are set out in its accompanying Authorisations Register. Any amendments to delegations set out in the Authorisations Register are approved by the Board.

Board at 30 June 2019



# Board committees and advisory groups at 30 June 2020

Five Board committees and one advisory group assisted the Board to perform its role during the past financial year. Each is chaired by a Director, and has a formal charter or terms of reference setting out its roles and responsibilities.

At 30 June 2020, the members of the five Board subcommittees and the one advisory group were:

## Audit and Risk Management Committee (ARMC)

### Membership

Paula Allen (Chair)  
Geraldine Gray  
Dan O'Brien  
Paul White (non-director specialist member)

### Role

The Audit and Risk Management Committee assists the Board to fulfil its obligations in regard to financial reporting and governance as well as overseeing the internal and external audit functions along with the processes, structures and reporting for risk management, compliance and internal controls.

## Property, Environment and Heritage Committee (PEHC)

### Membership

Alan Hall (Chair)  
Paula Allen  
Michael Trumble (non-director specialist member)  
Stuart Moseley (non-director government member appointed 17 October 2019)

### Role

The Property, Environment and Heritage Committee assists the Board by overseeing VicTrack's strategic management of property assets, heritage assets and environmental management.

## Telecommunications Committee (TLC)

### Membership

Randall Straw (Chair)  
Dr Collette Burke  
Dr Frank Heibel (non-director specialist member)  
Richard Tait (non-director specialist member)

### Role

The Telecommunications Committee assists the Board by overseeing VicTrack's strategic management of its telecommunications infrastructure.

## Projects Committee (PROJC)

### Membership

Dr Collette Burke (Chair)  
Geraldine Gray  
Alan Hall

### Role

The Projects Committee assists the Board by monitoring VicTrack's project portfolio and major projects delivery strategy, performance and investments along with reviewing project risks and VicTrack's major projects pipeline.

## Freight and Logistics Advisory Group (FLAG)

### Membership

Alan Hall (Chair)  
Professor Hermione Parsons (non-director specialist member)  
Ingilby Dickson (non-director specialist member)  
Michael Trumble (non-director specialist member)  
John Crofts (non-director specialist member, appointed 21 November 2019)

### Role

The Freight and Logistics Advisory Group assists the Board and management by advising on VicTrack's strategic management of freight operations and planning.

## Remuneration and Human Resources Committee (RHRC)

### Membership

Geraldine Gray (Chair)  
Paula Allen

### Role

The Remuneration and Human Resources Committee assists the Board by overseeing VicTrack's strategic workforce management and the remuneration, bonus and incentive frameworks for VicTrack's Chief Executive and employees.



Board and committee meetings

Member	Note	Board	ARMC	PEHC	TLC	RHRC	PROJC	FLAG
Directors								
Geraldine Gray		8	5	-	1 <sup>1</sup>	8	4	-
Alan Hall	<sup>2</sup>	8	-	5	-	8	3	4
Paula Allen		8	5	5	-	-	-	-
Dr Collette Burke		8	-	-	3	-	3	-
Dan O'Brien		8	5	-	-	-	-	-
Randall Straw		8	-	-	4	-	1 <sup>3</sup>	-
Non-directors								
Michael Trumble		n/a	-	5	-	-	-	4
Dr Frank Heibel		n/a	-	-	3	-	-	-
Ingilby Dickson		n/a	-	-	-	-	-	4
Professor Hermione Parsons		n/a	-	-	-	-	-	4
Paul White		n/a	5	-	-	-	-	-
Richard Tait		n/a	-	-	3	-	-	-
Stuart Moseley	<sup>4</sup>	n/a	-	3	-	-	-	-
John Crofts	<sup>5</sup>	n/a	-	-	-	-	-	3

1 Geraldine Gray appointed as an alternate Director member for Dr Collette Burke for one meeting.  
2 Reappointed Director on 1 April 2020.  
3 Randall Straw appointed as an alternate Director member for Dr Collette Burke for one meeting.  
4 Appointed as non-director member of PEHC on 17 October 2019.  
5 Appointed as non-director member of FLAG on 21 November 2019.

Ministerial Directions and Orders in Council

During the reporting period, no Order in Council notice was given to VicTrack.



> Belgrave Station



# Occupational Health and Safety report

VicTrack's overarching goal is to embed a comprehensive safety program that focuses on meeting our legal obligations, and fostering a strong sense of care for the health and wellbeing of employees and the environment in which VicTrack operates.

Continuing on from the development of VicTrack's first company-wide safety strategy last year, the focus for 2019–20 was to effectively embed this strategy across all business groups as the framework for all health and safety improvement

activities. It is through this structured approach that VicTrack will continue its ongoing journey to deliver best practice health and safety outcomes to ensure the ongoing wellbeing of all of its employees.

< Staff at Bendigo Station pedestrian bridge upgrade



Health and Safety Strategy initiatives

The implementation of the VicTrack Health and Safety Strategy is comprised of a variety of significant initiatives, which include the following:

Coronavirus (COVID-19) response plan

In March 2019, VicTrack implemented its Pandemic Response Plan, which enacting the Crisis Management Team and formation of a Pandemic Coordination Group (PCG) that was tasked with ensuring that business operations continued as smoothly as possible during the course of the pandemic. The PCG implemented a variety of initiatives including: transition of the organisation to remote working; review of current Business Continuity Plans; development of a dedicated communications plan to ensure employees received all of the information they required in relation the pandemic and organisational response; roll-out of an ergonomic assessment program to ensure that employees were adequately equipped to remain safe and productive while working remotely; and validation that adequate resources and support were being provided to field personnel who were required to work in the operational environment.

Health and Safety Communications Plan

In support of the VicTrack Health and Safety Strategy, a comprehensive Health and Safety Communications Plan was developed to ensure that employees received the appropriate amount of information to effectively promote the importance of managing health and safety across the business. The plan included regular communications covering workplace safety, employee health and wellbeing and environmental initiatives delivered through a variety of mechanisms at both the corporate and operational levels.

During Q4 of 2019–20, the Health and Safety Communications Plan was further adapted to include key information for VicTrack staff as the business shifted to a remote working model. This included a strong focus on mental health to ensure that employees were able to effectively transition to the new working environment. A regular flow of information providing support from both a mental health perspective, as well as a productivity perspective were continued. Overall, this resulted in employees embracing the new working conditions across corporate, operational and shared work groups.

Rail Safety Assurance Program

As part of the roll-out of the VicTrack Health and Safety Strategy, it was recognised that the development of a robust assurance program was a critical element to ensuring compliance to regulatory requirements and fostering an environment of continuous improvement. The program was developed upon the 29 elements of National Rail Safety Law with the inclusion of a range of additional systems and employee health and wellbeing requirements. Throughout the course of 2019–20, regular audits and inspections were performed across all VicTrack business groups to verify that compliance requirements were in place and functioning in an effective manner. Results from completed assurance program activities were reported through to the Health, Safety and Environment (HSE) Steering Committee, Rail Safety Working Group and the Executive Leadership Team/Board.

Incident management

Another key aspect of the VicTrack Health and Safety Strategy was a company-wide focus on incident management. Historically, incidents have been managed differently across the various business units of VicTrack resulting in inconsistencies in how investigations were undertaken and corrective actions managed. During the 2019–20 financial year, this changed with the introduction of a range of strict controls designed to bring consistency across the entire VicTrack business, including:

Online incident reporting capability

VicTrack introduced an upgrade to the business' online incident reporting system to allow for incidents to be reported in a much easier and quicker manner via the company's intranet homepage.

Incident investigation processes

Incident management procedures were reviewed to streamline the level of investigation required based upon incident severity, resulting in greater lessons learnt across the business.

Development of incident reporting mobile app

In conjunction with the update to the online incident reporting system, a new mobile app was developed to allow easier reporting by employees working in the operational field.

Incident management resources

Resources within the corporate HSE function were expanded to improve the level of gatekeeping for all incidents reported, resulting in a dramatic improvement in the quality of investigations and the timely closure of associated corrective actions.

A summary of noteworthy incidents that have occurred during the financial year include 15 notifiable incidents to the Office of the National Rail Safety Regulator and one lost time injury.

Year	2019–20	2018-19	2017-18
Rail safety notifiable occurrences	15	13	15
Lost time injuries	1	0	2

Contractor management

Due to the nature of VicTrack operations, contractors are used to perform a large portion of construction/ maintenance works. This makes it important to verify that only contractors who possess the proper skills and qualifications are engaged to perform work on the behalf of VicTrack. To improve the efficiency of this selection process, VicTrack introduced the Avetta Contractor Management System which requires all contractors to go through a prequalification process to verify that they meet minimum safety requirements.

During the course of 2019–20, more than 320 contractors were prequalified through the new system with full documentation related to their internal safety management processes documented within the system. This has enabled VicTrack to retain a much higher level of oversight across the broad range of activities that are currently being managed on behalf of the Victorian Government.

Audits

During the course of the 2019–20 financial year, VicTrack was subject to two external audits from the Office of the National Rail Safety Regulator and one internal audit from Price Waterhouse Coopers (PwC) as part of the business' wider risk management program. Audits performed focused on a range of health and safety requirements including risk management, incident management, Rail Interface Agreements and preventative maintenance practices.

Overall, the results of the audits were very positive with no non-conformances identified during the external audits. However, there were several minor opportunities for improvement identified that VicTrack will incorporate into ongoing continual improvement initiatives.



< Strathmore Park Station construction works

VicTrack OHS performance

A summary of VicTrack OHS performance is as follows:

Measure	Notes	2019–20	2018-19	2017-18
Incidents	No. of Incidents	80	99	111
	Rate per 100 FTE	21.59*	25.85*	29.06
	No. of incidents requiring first aid &/or further medical treatment	11	11	20
Claims	Number of standard claims	2	2	3
	Rate per 100 FTE	0.51*	0.52*	0.79
	No. of lost time claims	0	1	1
	Rate per 100 FTE	0.26*	0.26*	0.26
	Number of claims exceeding 13 weeks	2	1	2
	Rate per 100 FTE	0.51*	0.26*	0.52
Fatalities	Fatalities claims	0	0	0
Claim costs	Average cost per standard claim	\$1,119	\$4,129	\$17,979
	Average claim costs do not include the reimbursed wages portion of the claim			
Return to work (RTW)	Percentage of claims with return to work plan >30 days	0%	50%	0%
		2 RTW <30 days	0 RTW <30 days	3 RTW <30 days



Measure	Notes	2019-20	2018-19	2017-18
Management commitment	Evidence of OHS policy, OHS objectives, regular reporting to senior management on OHS, and OHS plans (signed by CE or equivalent)	3 policies have been reviewed and approved by the ELT/Board  18 HSE procedures were reviewed and updated following consultation with stakeholders	3 policies have been reviewed and approved by the ELT/Board  1st Company-wide Health and Safety Strategy was approved by ELT/Board	Statement of commitment signed by CE  Monthly reporting to senior executives
	Evidence of OHS criteria in purchasing guidelines (including goods, services and personnel)	Implementation of Avetta Prequalification System to verify that contractors have the necessary qualifications prior to being approved to perform work	Procurement and purchasing process include OHS criteria	Procurement and purchasing process expanded to include OHS criteria
Consultation and participation	Evidence of agreed structure of designated workgroups (DWGs), Health & Safety Representatives (HSRs), and Issue Resolution Procedures	6 designated work groups 8 HSRs 1 Deputy HSR  All HSRs have received accredited HSR training with refresher training delivered in September 2019	10 designated Work Groups 10 HSRs 2 Deputy HSRs  All HSRs have received accredited HSR training  A HSR consultative forum is conducted bi-monthly  The consultative forum has an approved terms of reference  The forums are documented with minutes of meetings	10 designated work groups 12 HSRs 3 Deputy HSRs  Review of consultation process commenced along with governance structures of OHS Committee
	Compliance with agreed structure on DWGs, HSRs, and IRPs	100%  (6 meetings scheduled and 6 meetings held)	100%  (6 meetings scheduled and 6 meetings held)	All DWGs have HSR representation and have access to the OHS consultation, communication, and issue resolution procedure
	No. of quarterly OHS Committee meetings	4	4	4

Measure	Notes	2019-20	2018-19	2017-18
Safety risk management	Percentage of internal audits/ inspections conducted as planned	100% of inspection completed  66% of audit completed	96%	100% of planned internal audits completed  100% planned workplace inspections completed
	Number of audits and inspections completed	120 Inspections (of 120 scheduled) 8 Audits (of 12 scheduled)	16 Inspections (of 16 scheduled) 8 Audits (of 9 scheduled)	100% of planned internal audits completed 100% planned workplace inspections completed
	Percentage of reported incidents investigated	20% (17 of 84 have had a formal investigation)	33% (33 of 99 investigated)	
	No. of Improvement Notices issued across the organisation by Worksafe Inspector	0	0	0
	Percentage of issues identified and actioned arising from - Internal audits - HSR Provisional Improvement Notices - Worksafe Notices	68% (60 issues actioned of 88 total issues identified)	100% (29 issues actioned of 29 total issues identified)	Data not available
Training	Percentage of managers and staff that have received OHS training	100%	100%	100%
	New starter induction	100%	100%	100%
	Management training	94% (Officer due diligence/ mock court held in September 2019)	0% (Officer due diligence training scheduled for September 2019)	Data not available
	Contractors & temps	100% (online induction via VicTrack website)	100%	100%
	Percentage of HSRs trained	80%	0	100%
	Upon acceptance of the role	NA (there were no new HSRs in 2019–20)	NA (there were no new HSRs in 2018–19)	100%
	Retrained (annual refresher)	80% (refresher HSR training held in September 2019)	0% (refresher HSR training scheduled for September and December 2019)	Data not available

\* Based on 389 FTEs

# Section three

Image: Newport Workshops





# Workforce data

## Employment and conduct principles



VicTrack is committed to applying equity principles when recruiting and selecting staff. Rigorous selection processes and probity checks ensure that applicants are assessed and evaluated fairly and on the basis of key selection criteria and other accountabilities without discrimination. Employees have been correctly classified in the workforce data collection.

> VicTrack staff  
< Environmental and Property Development team members at Oakleigh Station

Highly capable, resilient and engaged workforce

VicTrack seeks a goal of highly capable leaders and staff to deliver outcomes for Victorians. We seek to do this through strengthening workforce and leadership capabilities and by implementing strategies to deliver long-term success.

Enterprise Agreement

The VicTrack Enterprise Agreement 2019–20 was fully implemented in accordance with the Victorian Government Wages Policy. Preparation has begun for negotiating a replacement longer-term agreement during the 2020–21 financial year.

Workforce inclusion policy

VicTrack is guided by its values, provides a collaborative environment and commits to fostering a respectful culture where everyone can thrive. VicTrack continues to work towards achieving an inclusive workplace that is safe, free from discrimination, bullying and harassment and where equal opportunity and diversity are valued.

VicTrack is committed to implementing outcomes from the *Gender Equality Act 2020* to help close the gender pay gap, improve gender equality at all levels of the workforce and reduce workplace sexual harassment.

VicTrack is currently finalising its strategic Diversity and Inclusion Strategy, which will encompass our Gender Equality Action Plan.

Public administration values and employment principles

VicTrack adheres to and upholds the values, principles and conduct of the Victorian Public Sector Commission (VPSC).

VicTrack employment practices are underpinned by the VPSC Code of Conduct which articulates the values and principles of Responsiveness, Integrity, Impartiality, Accessibility, Respect, Leadership, and Human Rights.

VicTrack’s policies are underpinned by the six VPSC standards defining employment principles:

- Fair and reasonable treatment
- Merit in employment
- Equal employment opportunity
- Human rights
- Reasonable avenue of redress
- Career public service

Comparative workforce data <sup>1 2</sup>

Table 1. Full time equivalents (FTE) staffing trends from 2016 to 2020

2020	2019	2018	2017	2016
391	383	382	367	319

Table 2. Summary of employment levels in June of 2020 and 2019

	Ongoing employees <sup>3</sup>					Fixed term & casual employees
	Employees (headcount)	Full time (headcount)	Part time (headcount)	Casual (headcount)	FTE	FTE
June 2020	398	292	11	-	299	92
June 2019	388	293	11	-	300	83

Table 3. Details of employment levels in June of 2020 and 2019

	2020			2019		
	Ongoing		Fixed term & casual employees	Ongoing		Fixed term & casual employees
	Employees (headcount)	FTE	FTE	Employees (headcount)	FTE	FTE
Gender						
Male	207	207	66	208	207	63
Female	96	92	26	96	93	20
Self-described <sup>4</sup>	n	n	n	n	n	n
Age						
15-24	3	3	4	3	3	1
25-34	34	34	14	38	38	11
35-44	104	103	22	102	101	27
45-54	104	102	30	104	102	26
55-64	51	50	18	49	49	14
65+	7	7	4	8	7	4
Total	303	299	92	304	300	83

1 All figures reflect employment levels during the last full pay period in June of each year.  
2 Excluded are those on leave without pay or absent on external secondment, external contractors/consultants, and temporary staff employed by employment agencies.  
3 Ongoing employees includes people engaged on an open-ended contract of employment and executives engaged on a standard executive contract who were active in the last full pay period of June.  
4 This data first captured in 2019.



Classification	2020			2019		
	Ongoing		Fixed term & casual employees	Ongoing		Fixed term & casual employees
	Employees (headcount)	FTE	FTE	Employees (headcount)	FTE	FTE
VPS 1	0	0	0	0	0	0
VPS 2	6	5	3	11	9	1
VPS 3	10	10	1	18	18	2
VPS 4	44	43	4	52	51	4
VPS 5	113	113	10	94	93	11
VPS 6	130	128	20	127	127	15
STS	0	0	34	2	2	29
Executive	0	0	20	0	0	21
Total	303	299	92	304	300	83

Executive officer data

An executive officer (EO) is defined as a person employed as a public service body head or other executive under Part 3, Division 5 of the *Public Administration Act 2004* (VIC), or is a person for whom the Victorian Government’s Policy on Executive Remuneration in Public Entities applies.

Table 4. Annualised total salary for executives and other senior technical staff (STS)<sup>5</sup>

Income band (salary)	Executives	STS
< \$160,000	-	6
\$160,000 to \$179,999	3	19
\$180,000 to \$199,999	9	6
\$200,000 to \$219,999	1	2
\$220,000 to \$239,999	-	1
\$240,000 to \$259,999	2	-
\$260,000 to \$279,999	2	-
\$280,000 to \$299,999	2	-
\$300,000 to \$319,999	-	-
\$320,000 to \$339,999	-	-
\$340,000 to \$359,999	-	-
\$360,000 to \$379,999	-	-
\$380,000 to \$399,999	-	-
\$400,000 to \$419,999	1	-
Total	20	34



> VicTrack offices



# Section four

Other disclosures



Image: Steam train departing the restored Queenscliff Station



Local Jobs First — Victorian Industry Participation Policy

The *Victorian Industry Participation Policy Act* 2003 requires departments and public sector bodies to report on the implementation of the Local Jobs First — Victorian Industry Participation Policy (Local Jobs First — VIPP). Departments and public sector bodies are required to apply the Local Jobs First — VIPP in all procurement activities valued at \$3 million or more in metropolitan Melbourne and for statewide projects, or \$1 million or more for procurement activities in regional Victoria.

During 2019–20, VicTrack commenced two Local Jobs First — VIPP applicable procurements totalling \$24.5 million. These projects are located in the Melbourne metropolitan area, with a commitment of 98 per cent of local content. The outcomes expected from the implementation of the Local Jobs First — VIPP to these projects, where information was provided, are as follows:

- An average of 98 per cent of local content commitment was made.
- A total of three jobs (annualised employee equivalent [AEE]) were committed, however retained 12 existing jobs (AEE).
- A total of one position for apprentices/trainees was committed.
- The commitments to the Victorian economy in terms of skills and technology transfer include training and skills development of apprentices and R&D programs.

During 2019–20, VicTrack completed three Local Jobs First — VIPP applicable projects.

Government advertising expenditure

In 2019–20, VicTrack conducted no government advertising campaigns with a total media spend of \$100,000 or greater and therefore has nil to disclose.

Engagement of consultants

Details of consultancies (valued at \$10,000 or greater)

In 2019–20, there were 27 consultancies where the total fees payable to the consultants were \$10,000 or greater. The total expenditure incurred during 2019–20 in relation to these consultancies was \$2,409,883 (excl. GST). Details of individual consultancies can be viewed at [victrack.com.au/annualreports](http://victrack.com.au/annualreports)

Details of consultancies (valued at less than \$10,000)

In 2019–20 there were 21 consultancies engaged during the year, where the total fees payable to the individual consultancies was less than \$10,000. The total expenditure incurred during 2019–20 in relation to these consultancies was \$116,861 (excl. GST).

Disclosure of major contracts

VicTrack did not enter into any contracts greater than \$10 million in value during 2019–20. In accordance with the requirements of government policy and accompanying guidelines, VicTrack discloses all contracts greater than \$10 million in value.

Information and communication technology expenditure

For the 2019–20 period, VicTrack had a total ICT expenditure of \$114.52 million.

Expenditure	\$ 000
Business as usual ICT expenditure	91,580
Non-business as usual ICT expenditure	22,940
Operational expenditure	-
Capital expenditure	22,940

Freedom of information

The *Freedom of Information Act 1982* (FOI Act) allows the public a right of access to documents held by VicTrack.

VicTrack’s Freedom of Information (FOI) Part II Information Statement outlines VicTrack’s role, and makes it easy to find information about VicTrack’s key services and functions. It sets out what information is available to the public, and reduces the need for you to submit requests under the FOI Act.

Further information regarding VicTrack’s accountabilities and procedures are available on the VicTrack website at [victrack.com.au/about/policies-and-disclosures](http://victrack.com.au/about/policies-and-disclosures)

FOI Requests – Year ending 30 June 2020

Requests received	
Requests received in 2018–19 & finalised in 2019–20	0
Requests received in 2019–20	4
Requests received in 2019–20 but not yet finalised	0

Source of requests	
Member of Parliament	0
Media	0
General public	3
Private corporation	1

Decisions on FOI requests in 2019–20	
Access granted in full	1
Access granted in part	2
Access refused	0
Documents not located/do not exist	0
Requests transferred to other department (pursuant to s18 of the FOI Act)	0
Invalid requests	1
Other	0

Processing time	
Decisions made within the 30 day time frame requirements of section 21 of the FOI Act	2
Decisions made outside the 30 day time frame requirements of section 21 of the FOI Act	1

Reviews and complaints	
Information Commissioner	0
VCAT	0

Making a request

Access to documents may be obtained through a written request to the FOI Officer as detailed in s17 of the FOI Act. In summary, the requirements for making a request are:

- It should be in writing.
- It should identify as clearly as possible which document is being requested.
- It should be accompanied by the appropriate application fee (\$29.60), which may be waived in certain circumstances.

Requests should be submitted to:

The Freedom of Information Officer  
VicTrack  
GPO Box 1681  
Melbourne Victoria 3001

Additional information available on request

In compliance with the requirements of the Standing Directions 2018 under the *Financial Management Act 1994*, details in respect of the items listed below have been retained and are available to relevant Ministers, Members of Parliament and the public on request, subject to the provisions of the *Freedom of Information Act 1982*:

- a) a statement that declarations of pecuniary interests have been duly completed by all relevant officers
- b) details of shares held by a senior officer as nominee or held beneficially in VicTrack or a subsidiary
- c) details of publications produced by VicTrack itself and how these can be obtained
- d) details of changes in price, fees, charges, rates and levies charged by VicTrack
- e) details of any major external reviews carried out on VicTrack
- f) details of major research and development activities undertaken by VicTrack
- g) details of overseas visits undertaken including a summary of the objectives and outcomes of each visit
- h) details of major promotional, public relations and marketing activities undertaken by VicTrack to develop community awareness of VicTrack and its services
- i) details of assessments and measures undertaken to improve the occupational health and safety of employees
- j) a general statement on industrial relations within VicTrack and details of time lost through industrial accidents and disputes
- k) a list of major committees sponsored by VicTrack, the purposes of each committee and the extent to which the purposes have been achieved
- l) details of all consultancies and contractors, including consultants/contractors engaged, services provided and expenditure committed to for each engagement.

The information is available on request from the Company Secretary at the address on the back cover of this report.

Compliance with the Building Act 1993

VicTrack is continuously managing its buildings and assets in accordance with the *Building Act 1993*.

VicTrack’s asset management system includes a robust compliance program in order to meet these requirements and relevant guidelines.

National Competition Policy

Under the National Competition Policy, the guiding legislative principle is that legislation, including future legislative proposals, should not restrict competition unless it can be demonstrated that the benefits of the restriction to the community as a whole outweigh the costs or the objectives of the legislation can only be achieved by restricting competition.

Competitive neutrality requires government businesses to ensure where services compete, or potentially compete with the private sector, any advantage arising solely from their government ownership be removed if they are not in the public interest. Government businesses are required to cost and price these services as if they were privately owned and thus be fully cost reflective. The Competitive Neutrality Policy provides government businesses with a tool to enhance decisions on resource allocation. This policy does not override other policy objectives of government and focuses on efficiency in the provision of service.

VicTrack periodically reviews its policies and processes to ensure alignment with the Victorian Competitive Neutrality Policy.

The infrastructure leases with Public Transport Victoria (PTV) provide for open access to Victoria’s rail infrastructure.

PTV subleases to national, regional and suburban train and tram operators to facilitate the state’s open access regime, fostering competition among intrastate and interstate transport companies.

VicTrack also manages the Dynon Rail Freight Terminal. Critical rail facilities fall within the Victorian rail access regime and others compete on a commercial basis.

VicTrack has approached its other non-transport opportunities within the framework of maintaining an open track access regime. That is, no one party is given exclusive rights to the rail corridor to the detriment of competition.



Compliance with the Public Interest Disclosure Act 2012 (Vic)  
(Formerly the Protected Disclosure Act 2012)

The *Public Interest Disclosure Act 2012* (Vic) (PID Act) encourages and assists people in making disclosures of improper conduct by public officers and public bodies. The PID Act provides protection to people who make disclosures in accordance with the PID Act and establishes a system for the matters disclosed to be investigated and rectifying action to be taken.

VicTrack’s policy and procedure details the framework for receiving, investigating and addressing allegations of criminal, dishonest or unethical behaviour where that behaviour concerns the activities of VicTrack or current and former officers, agents, employees and contractors of VicTrack.

VicTrack is committed to creating, promoting and maintaining a culture of compliance and ethical behaviour in which VicTrack employees are responsible and accountable, behave with the highest standards of integrity and are able to raise concerns about unlawful, unethical or inappropriate conduct without fear of reprisal.

VicTrack encourages all VicTrack employees to report any instances of suspected unethical, illegal, fraudulent or improper conduct involving VicTrack’s operations and will ensure that those persons who make a report can do so without fear of intimidation, disadvantage or reprisal.

Depending on the nature of the disclosure, disclosures of improper conduct or detrimental action by VicTrack or any of its employees and/or officers can be made to a number of regulatory bodies.

Following amendments made to the *Corporations Act 2001* (Cth) (Corporations Act) in 2019, a disclosure by an eligible whistleblower of misconduct or an improper state of affairs or circumstances about VicTrack that is made to an eligible recipient, may trigger the whistleblower protections under the Corporations Act. The Public Interest Disclosure Coordinator (who is VicTrack’s Group Manager Legal) is authorised by VicTrack to receive Protected Disclosures under the Corporations Act.

The Group Manager Legal can be contacted:

- by email: [generalcounsel@victrack.com.au](mailto:generalcounsel@victrack.com.au)
- by telephone: **03 9619 8035**.

Alternatively, disclosures about VicTrack or one of its employees in respect of misconduct or and/or an improper state of affairs, can be made directly to the Australian Securities and Investment Commission or the Australian Prudential Regulation Authority.

All other public interest disclosures must be made directly to the Independent Broad-based Anti-Corruption Commission (IBAC) in accordance with its procedures and guidelines. IBAC’s details are as follows:

The Independent Broad-based Anti-corruption Commission  
Level 1, North Tower  
459 Collins Street  
Melbourne VIC 3000  
GPO Box 24234, Melbourne VIC 3001  
Telephone: 1300 735 135

Further information

VicTrack’s procedure for the disclosing of improper conduct or detrimental action by VicTrack or any of its employees and/or officers, is detailed on VicTrack’s website at [victrack.com.au/about/policies-and-disclosures](http://victrack.com.au/about/policies-and-disclosures)

Disclosures under the Protected Disclosure Act 2012

During the year, there were no disclosures made to VicTrack, nor disclosed matters referred to the Ombudsman.

Compliance with the Carers Recognition Act 2012 (Vic)

The *Carers Recognition Act 2012* requires that all state government departments responsible for developing or providing policies, programs or services that affect people in care relationships report on how they met their obligations under the Act in their annual report.

VicTrack is compliant with all obligations that affect people in care relationships.

Compliance with the Disability Act 2006 (Vic)

VicTrack is committed to providing a workplace and employment opportunities that are inclusive of all people, including those with a disability. VicTrack has prepared a draft Disability Action Plan aligned with the objectives set out in the Victorian Government’s framework, *Absolutely everyone: State disability plan for 2017–2020*. A number of actions have already been implemented with others slated to be introduced during 2020–21.

Reducing barriers to accessing goods, services and facilities

VicTrack will undergo a comprehensive audit of its workplace environments to ensure they are suitable for all staff, including any staff who have a disability.

VicTrack has installed automatic doors on the two publicly accessible levels of its office, which are the main thoroughfares into VicTrack’s offices, to enable access for anyone who uses a wheelchair.

Reducing barriers to persons with a disability obtaining and maintaining employment

VicTrack has identified several external organisations that specialise in employment for those with a disability. VicTrack will seek to establish solid relationships with these providers and seek their guidance in the formulation of employment strategies that remove barriers to those with disabilities.

Promoting inclusion and participation in the community

A disability steering committee has been proposed and will be established in the coming financial year. VicTrack will be led by the steering committee and work jointly with the communications team and external specialists to promote participation within the community.

Achieving tangible changes in attitudes and practices that discriminate against people with a disability

A senior disability champion will be appointed, who will be responsible for promoting access and inclusion and will coordinate VicTrack’s efforts to identify and remove any barriers.

Office-based environmental impacts

During the 2019–20 reporting period VicTrack continued to monitor the environmental impacts of its operations and worked to achieve the objectives outlined in its Environmental Sustainability Strategy 2017–21. The strategy has four key focus areas that underpin how environmental sustainability is managed at VicTrack. These are:

- understanding our environmental impacts and building resilience
- protecting and conserving our natural assets
- contamination management
- empowering our employees.

VicTrack continues to maintain an Environmental Management System (EMS) in line with international standard ISO14001. The EMS is used to incorporate environment and sustainability considerations into VicTrack’s processes, ensure that where reasonable and practicable, our impact to the environment is minimised, and to influence external stakeholders.

The VicTrack Sustainability Working Group continues to be an effective component of embedding sustainability into VicTrack’s culture. This working group comprises staff members from across the organisation, meets on a monthly basis and is a key mechanism to progress the EMS and related actions.

Within each of the focus areas identified in the Environmental Sustainability Strategy 2017–21, targets and key performance indicators are identified to reduce VicTrack’s environmental footprint. In the following section of the report a summary is provided on how VicTrack is progressing against its key performance indicators as per the requirements outlined in Financial Reporting Direction 24D – Reporting of Office-based Environmental Data by Government Entities. Using 2015–16 as the baseline year, the following environmental indicators are reported on in this report:

- Energy use
- Paper and printing
- Transportation
- Waste
- Greenhouse gas emissions
- Procurement

The data within the report predominantly represents VicTrack’s office-based activities at 1010 La Trobe Street, which represents approximately 98 per cent of VicTrack’s staff. Operational sites have also been considered for energy consumption and emissions. However, the consumption of resources and associated generation of waste and greenhouse gas emissions mostly relate to office-based activities.

VicTrack’s greenhouse gas inventory has been prepared using Australia’s Department of the Environment and Energy’s National Greenhouse Accounts Factors, updated in August 2019. For the 2019–20 year VicTrack’s external travel booking organisation provided VicTrack’s GHG emissions estimates per flight. These estimates follow the United Kingdom’s Department for Business, Energy and Industrial Strategy’s Greenhouse gas reporting: conversion factors.

During the reporting period the VicTrack office was closed due to coronavirus (COVID-19), resulting in staff working from home from March 2020 through to the end of the 2019–20 financial year. This resulted in significant reductions across all environmental office-based data. This closure was still in effect at the end of the reporting period and will continue for an unknown period into the 2020–21 reporting period. Changes in VicTrack’s usage of resources and materials, also production of waste are highlighted throughout each section of the environmental reporting below.

Highlights for 2019–20 include:

- improved sustainability engagement across the business
- development and implementation of VicTrack’s first Social Procurement Policy
- participation in the 2020 Clean Up Australia Day - Business Clean Up Day held at the North Dynon Freight Terminal
- increased recycling and improved reporting processes of operational telecommunications waste
- reuse and recycling of VicTrack’s e-waste following a laptop and IT equipment upgrade
- implementation of digital signatures to significantly reduce the need for printing
- commencement of an update of the VicTrack Environmental Sustainability Strategy commenced. The updated strategy will be finalised early in 2020–21.



Energy

VicTrack consumed energy at multiple corporate and operational facilities including: 1010 La Trobe Street Docklands, 595 Collins Street Melbourne, the Sunshine Warehouse and North Dynon Terminal. There were no changes to VicTrack’s office and operational facilities during the reporting period.

New to this reporting period, data has been included for some miscellaneous infrastructure that remains in VicTrack’s control, including Batman Bridge, a railway platform in Norlane and a property in Armadale.

Energy data was collected from energy retailer’s billing information. The 1010 La Trobe Street building has a 5 Star Green Star Office Design Rating and a 4.5 National Australian Built Environment Rating System (NABERS) Energy Rating.

Energy consumed for base building amenities such as heating, cooling, fire and security systems at the 1010 La Trobe Street and 595 Collins Street office locations was not metered separately for each tenant within the building. Energy use was charged to building management and subsequently apportioned to each occupier within the building based on occupied floor space. As such, the amount of energy consumed by VicTrack for base building amenities at these locations has not been included in the energy usage report since 2015–16.

VicTrack owned and operated multiple data centres, which were used for VicTrack’s unified communications system and to operate information and communication technology. The data centres were for VicTrack’s operational use and external customer use. VicTrack’s energy use is presented in Table 1. This data represents all of VicTrack’s staff and operational/corporate sites.

Table 1. Energy use

Indicator	2019–20	2018–19	2017–18	2016–17	2015–16
Office based					
Total energy usage (office based) (electricity - MJ)	3,510,755	3,674,601	3,791,880	3,344,064	3,511,681
Greenhouse gas emission associated with total energy use (t CO <sub>2</sub> -e) (office based)	945	1,038	1,081	1,003	1,102
Percentage of electricity purchased as green power	5	5	5 <sup>1</sup>	0	0
Units of energy used per FTE (MJ / FTE)	9,005	9,586	9,919	9,129	11,018
Units of energy used per unit of office area (MJ/m2)	595	639	660	813	829
Operational facilities and data centres					
Total energy use (operational facilities) <sup>2</sup> (MJ)	367,030	429,166	490,855	612,686	179,037
Total energy use (data centres) <sup>3</sup> (MJ)	7,700,538	7,719,684	8,537,706	8,762,581	9,822,550
Total energy use (miscellaneous infrastructure <sup>4</sup> ) (MJ)	312,337				
Greenhouse gas emission associated with total energy use (t CO <sub>2</sub> -e) (operational facilities)	99	128	140	184	56
Greenhouse gas emission associated with total energy use (data management) (T CO <sub>2</sub> -e)	2,073	2,294	2,561	2,629	3,083
Greenhouse gas emission associated with total energy use (miscellaneous infrastructure) (T CO <sub>2</sub> -e)	84				

1 Commencing in January 2018, green power was purchased for 1010 La Trobe Street and 595 Collins Street.  
2 Electricity consumption for August 2017 and June 2018 has been estimated by the energy supplier.  
3 Total energy usage for data centres is reported separately to the total office-based energy usage calculation.  
4 Miscellaneous sites refers to infrastructure that remains in VicTrack’s control, including Batman Bridge, a railway platform in Norlane and a property in Armadale.

Results and trends in performance

Energy use reduced slightly during 2019–20 (four per cent) at the La Trobe Street building, compared to the previous year. Due to staff working from home from March 2020 the energy use in the corporate office reduced by an average of 19 per cent.

VicTrack purchased five per cent of its electricity for its corporate offices from green energy sources.

Energy consumption at operational facilities decreased by 14 per cent when compared with 2018–19 primarily due to a reduction in high bay lighting at the North Dynon Freight Terminal. Due to difficulties in accessing the lights at this site, a full bulb replacement program has not been carried out for four to five years. Currently it is estimated that two-thirds of the bulbs need to be replaced. The gradual reduction in operational bulbs has resulted in the steady decline in energy use at this site since 2017–18. In 2020–21 a lighting upgrade project is planned to review the lighting plan and upgrade the sights lighting to energy efficient alternatives.

Energy consumption at data centres was consistent with 2018–19 usage.

Actions

In 2019–20 a server consolidation project was completed that resulted in 75 per cent reduction in servers and associated infrastructure.

VicTrack also started installing smart meters at some of its operational sites. This will provide improved data monitoring of energy use. This project will continue into the 2020–21 year.

In 2020–21 VicTrack will evaluate how energy is procured for sites within its operational control. This will compare various energy models including assessing on-building solar installation versus offsite investment in green energy projects to secure energy supply.

Targets

Energy reduction targets from the sustainability strategy are summarised in Table 2. In 2019–20 VicTrack met the targets for energy used per FTE and energy used per m<sup>2</sup> of office space.

Table 2. Energy targets

KPI	2019–20 Performance	Target for 2020–21*
Megajoules of corporate office energy used per FTE (MJ/FTE)	9,005	9,917
Megajoules of energy used per m <sup>2</sup> of office space (MJ/m <sup>2</sup> )	595	746
Percentage of energy for office-based facilities purchased as green power (%)	5	20

\* 2020–21 targets were identified in the VicTrack Environmental Sustainability Strategy 2017–21. An updated strategy (2021–25) is currently under development and will set revised targets.

Paper and printing

VicTrack’s paper use and printing incorporates business-wide activities for all sites where VicTrack has operational control. VicTrack’s paper use is presented in Table 3.

Table 3. Paper use<sup>5</sup>

Indicator <sup>6</sup>	2019–20	2018–19	2017–18	2016–17	2015–16
Reams of A4 equivalent copy paper used	1,129	1,972	2,143	2,192	2,447
Reams of A4 equivalent copy paper used per FTE (reams /FTE)	2.9	5.1	5.6	6.0	7.7
Percentage of >80% recycled content copy paper purchased <sup>7</sup>	17	30	4	27	44
Percentage of 50–79% recycled content copy paper purchased	8	4	0	0	0
Percentage of 0–49% recycled content copy paper purchased	14	4	0	3	9
Percentage of sustainably certified copy paper purchased <sup>8</sup>	61	63	96	68	46
Percentage of recycled content	32	30	4	26	38
Percentage of non-recycled	8	8	0	3	15

New to reporting in 2019–20, VicTrack’s printing data is presented in Table 4. It must be noted that each ‘print’ or ‘impression’ is a single side of printing. The default setting on VicTrack’s computers is double-sided printing. The number of printing impressions being almost double the volume of paper being used demonstrates that double-sided printing is successfully occurring in the business.

Table 4. Printing<sup>9</sup>

Indicators <sup>10</sup>	2019–20	2018–19	2017–18	2016–17
Total prints/impressions	1,012,621	1,351,208	1,834,125	1,987,969
Black and white prints/impressions per FTE	1,180	1,683	2,147	2,299
Colour prints/impressions per FTE	1,417	1,842	2,650	3,103

5 Paper data reported is sourced from corporate supplier, June 2018–June 2020.  
6 One ream equals 500 sheets of A4 equivalent paper  
7 The 100 per cent recycled paper procured by VicTrack is also certified as PEFC.  
8 Sustainably certified copy paper includes: Carbon Neutral certified paper (adds no further greenhouse gas emissions to the environment; PEFC (programme for the endorsement of forest certification) where product is from sustainability managed forests and controlled resources; FSC (Forest Stewardship Council) where product is from forests where responsible management is undertaken. The 100 per cent recycled paper that is also PEFC certified is excluded from this figure.  
9 Printing data is sourced from printer supplier.  
10 Sustainably certified copy paper includes: Carbon Neutral certified paper (adds no further greenhouse gas emissions to the environment; PEFC (programme for the endorsement of forest certification) where product is from sustainability managed forests and controlled resources; FSC (Forest Stewardship Council) where product is from forests where responsible management is undertaken. The 100 per cent recycled paper that is also PEFC certified is excluded from this figure.

Result and trends in performance

In 2019–20, total paper usage decreased by 843 reams from 2018–19, representing a 43 per cent reduction in reams purchased. Sustainably certified paper made up 685 reams (61 per cent) of total paper purchased, while recycled copy paper content comprised 357 reams (32 per cent). Non-recycled content made up 97 reams (eight per cent). In 2019–20 the percentage of recycled content reduced compared with 2018–19. This was due to the ownership of the paper supplier changing and previously agreed purchasing rules not carried over. In 2020–21 a review and application of preferred purchasing will be undertaken to ensure that sustainable or paper made from recycled content will be purchased ahead of other paper.

In 2019–20, VicTrack’s printing reduced by 25 per cent compared with 2018–19, and reduced 49 per cent since 2016–17. More colour printing is done than black and white, accounting for 55 per cent of VicTrack’s printing per FTE staff.

The office closure due to coronavirus (COVID-19) dramatically reduced the amount of paper being used at VicTrack. Paper purchases reduced approximately 96 per cent and printing reduced by an average of 87 per cent following the office closure.

Actions undertaken

Paper reduction campaigning continued throughout 2019–20 with paper consumption data trends communicated via the intranet. VicTrack also continues to operate a ‘Follow me Print’ program as the default printer setting on all office-based computers. Printing settings are also defaulted to print in black and white and double-sided printing.

Late in 2019–20 VicTrack introduced a process to enable the use of electronic signatures for the signing of documents. Due to the majority of staff working from home due to coronavirus (COVID-19) the effects of this change have not yet been measureable.

Targets

Paper reduction targets that were established in the Sustainability Action Plan are summarised in Table 5. VicTrack has met both the targets identified in the Environmental Sustainability Strategy 2017–21.

Table 5. Paper targets

KPI	2019–2020 Performance	Target for 2020–2021*
Reams of A4 paper used per full-time equivalent (reams/FTE)	2.9	6
Percentage of recycled, or carbon neutral, content in copy paper purchased (%)	92	>90

\* 2020–21 targets were identified in the VicTrack Environmental Sustainability Strategy 2017–21. An updated strategy (2021–25) is currently under development and will set revised targets.



Transportation

VicTrack uses a fleet of vehicles for operational requirements. VicTrack’s fleet comprised of a mix of diesel fuelled 6-cylinder and 4-cylinder vehicles including four-wheel drives (4WDs), and petrol fuelled standard and hybrid vehicles. The total vehicle numbers were similar to 2018–19, reducing by four across the fleet. VicTrack’s fleet energy use and greenhouse gas emissions are presented in Table 6. This data represents all of VicTrack’s staff. Table 7 identifies how much VicTrack staff travelled by air and how staff get to and from work.

Table 6. Operational vehicle transport<sup>1</sup>

Indicator	2019–20	2018-19
Total energy consumption (MJ)		
Diesel 4WD	2,736,431	3,186,409
Diesel	1,177,300	1,442,802
Petrol	415,723	437,795
Hybrid	293,729	173,441
Total	4,623,184	5,240,446
Total vehicle travel associated with entity operations (km)		
Diesel 4WD	772,941	763,710
Diesel	339,924	365,998
Petrol	86,160	130,757
Hybrid	100,498	78,398
Total	1,299,523	1,338,863
Total greenhouse gas emissions from vehicle fleet (t CO <sub>2</sub> -e)		
Diesel 4WD	193	225
Diesel	83	102
Petrol	17	35
Hybrid	12	14
Total	305	375
Greenhouse gas emissions from vehicle fleet per 1,000 km travelled (t CO <sub>2</sub> -e)		
Diesel 4WD	0.25	0.29
Diesel	0.24	0.28
Petrol	0.19	0.27
Hybrid	0.12	0.18
Total	0.23	0.28

1 Vehicle energy consumption, kilometres travelled and greenhouse gas emissions are for the 12 month period June 2019 to May 2020 to coincide with the availability of data for reporting.

Table 7. Other travel

Indicator	2019–20	2018–19	2017–18	2016–17	2015–16
Air travel: Total distance travelled by air (km)	468,118	111,663	119,998	84,874	25,862
Percentage of employees using sustainable transport (public transport, cycling, walking or carpooling) to get to and from work, by locality type. <sup>2</sup>	88 <sup>3</sup>	93 <sup>4</sup>	84	86	91

Result

Total kilometres travelled by operational vehicles reduced by approximately three per cent between 2018–19 and 2019–20. The number of operational vehicles also reduced by three per cent. Due to a reduction in the use of diesel vehicles and an increase in the use of the hybrid vehicles, the total greenhouse gas emissions for vehicle use reduced by 19 per cent. The operational need for fleet car usage there was no discernible reduction in the distance travelled due to coronavirus (COVID-19).

Distance travelled by air increased by 319 per cent from 2018–19. The majority of the increase is attributed to overseas travel that was undertaken to identify future commercial and business opportunities for VicTrack. No air travel was recorded post March 2020.

Eighty-eight per cent of staff adopted some form of sustainable transport for the majority of 2019–20, maintaining a high level of sustainable transport use. This was a reduction of five per cent from 2018–19.

Actions

Staff were encouraged to take public transport to meetings, meet while taking a walk, and use video conferencing as an alternative to travel.

Targets

VicTrack has not yet met either of the targets outlined in the Environmental Sustainability Strategy 2017–21 and outlined in Table 8 below. Many of VicTrack’s vehicles are used for operational purposes for which there are currently no electric or hybrid options. This therefore limits the number of sustainable vehicles able to be in the VicTrack fleet.

Table 8. EMS Transport targets

KPI	2019–20 performance	Target for 2020–21
Percentage of VicTrack fleet with hybrid, electric or low-emission fuel technology (%) (7 fleet hybrids)	8%	30%
Percentage of staff surveyed that use sustainable transport methods to/from work (includes walking, cycling, carpooling or public transport) (%)	88%	90%

2 Work from home category collected in 2018-2019 and counted as a sustainable travel option  
3 The data for employee mode of transport represents data from approximately 44 per cent of employees  
4 The data for employee mode of transport represents data from approximately 50 per cent of employees

Waste

VicTrack continues to focus on reducing the amount of waste that is going to landfill and uses a number of recycling processes to divert waste from landfill across the business. In 2019–20 VicTrack significantly improved how waste and recycling data is recorded. Waste volumes are recorded on a monthly basis with data being provided from both onsite weighing of waste and recycling volumes, and from external recycling providers.

At 1010 La Trobe Street, the building-managed waste separation system is used, which allows for the segregation of waste into four streams: cardboard and paper recycling, co-mingled recycling, green waste/organics, and landfill.

VicTrack continued to implement the following voluntary recycling programs in addition to those provided in the building:

- Secure document recycling
- E-waste
- Batteries
- Printing toner and toner cartridge packaging
- Soft plastics, office materials, and mail packaging
- Single use coffee cup recycling

With the introduction of VicTrack’s operational telco site into the reporting for 2019–20, new materials are included in the recycling data: Metals (excluding copper), Copper, Pallets, Polystyrene and Plastic foam.

VicTrack’s waste and recycling data is outlined in Tables 9 and 10.

Table 9. Waste<sup>1</sup>

Indicator	2019–20										2018-19					
	Cardboard /paper recycling	Co-mingled recycling	Secure document recycling	Green waste	Landfill-office	Other recycling-office <sup>2</sup>	E-waste returned to use	Operational telco-landfill	Operational telco-recycling <sup>3</sup>	Total waste	Cardboard /paper recycling	Co-mingled recycling	Secure document recycling	Landfill	Green waste	Total waste
Total units of waste disposed of by destination (kg/yr)	1,587	2,503	8,313	1,259	4,249	1,058	4,300	2,000	6,701	31,970	1,600	1,650	10,844	4,345	3,310	21,749
Total units of waste disposed of per FTE by destination (kg/FTE)	4.1	6.4	21.3	3.2	10.9	2.7	11.0	5.1	17.2	82	4.3	4.4	28.9	11.6	8.8	57.9

1 Data presented for 2014-18 financial years has been extrapolated from one, five-day waste audit at 1010 La Trobe Street.  
2 Other recycling – Office - refers to VicTrack’s recycling of coffee cups, office e-waste, batteries, mobile phones, toner cartridges and waste toner.  
3 Operational telco – Recycling - refers to all recycling from Sunshine Warehouse including cardboard, wooden and plastic pallets, polystyrene and plastic foam, metals, batteries and soft plastics.

Table 10. Waste diversions and emissions

Indicator	2019–20	2018–19
Waste diverted from landfill rate (% of total waste by weight)	80%	80%
Greenhouse gas emissions associated with waste disposal (t CO2-e)	8.75	6.08

Result

A significant increase in the number of waste streams being reported can be seen in the 2019–20 reporting period and an 80 per cent diversion from landfill was achieved. Improved reporting, and the addition of VicTrack’s operational telco site increased the waste volumes by 10 tonnes when compared with 2018–19. Waste disposed to landfill by office staff in 2019–20 reduced by six per cent compared to the previous year and reduced 15.4 kg per FTE (59 per cent) compared to the 2015–16 baseline (26.3 kg per FTE).

During the laptop and IT equipment upgrade, over five tonnes of e-waste was processed. Of this 4.3 tonnes were returned to use in the community by an external party following secure data removal and just over 800 kilograms was recycled (included in Other recycling – office), resulting in only 17 kilograms of waste was sent to landfill.

During 2019–20 VicTrack also recycled 12,031 disposable coffee cups.

Since the onset of coronavirus (COVID-19) and VicTrack’s offices closing, almost all office recycling and waste disposal has ceased. Approximately 6.7 kilograms of recycling and 8.5 kilograms of landfill was generated between April and June 2020.

Actions

In 2019–20 a large due diligence exercise was conducted to ensure that all waste destinations were known and all waste volumes recorded for waste generated at VicTrack’s offices and the operational telecommunications site. This work was combined with the roll-out of a waste and recycling awareness program across the business. Due to the office closure at the end of March 2020, it was unclear what effect the awareness program had on waste diversion and recycling practices.

Targets

In 2019–20 VicTrack exceeded the targets identified in the Environmental Sustainability Strategy 2017–21.

Table 11. Waste targets

KPI	2019–20 Performance	Target for 2020–21*
Kilograms of office waste disposed of to landfill per FTE by from offices (kg/FTE)	10.9	<23.6 <sup>4</sup>
Recycling rate (percentage of total waste volume that is recycled) (%)	80	60

4 10% reduction from baseline of 26.3 kg per FTE.



Water

VicTrack’s head office houses 97 per cent of VicTrack employees and is located in a 5 Star Green Star Office Design Rating building at 1010 La Trobe St. The building has a closed loop blackwater treatment plant that recycles/reuses approximately 95 per cent of water from the building. Water collected from the toilet, hand basins, showers and kitchen areas are treated by the unit and recycled back into the system. Only a small amount of reticulated water is used for showers, hand basins and kitchen areas.

Water consumption is not metered separately and is charged to building management, subsequently apportioned to each occupier within the building based on the occupied floor space. As such, the amount of water consumed by VicTrack cannot be accurately obtained at this time and has not been reported.

Greenhouse gas emissions

The emissions disclosed in Table 12 provide a summary of VicTrack’s greenhouse footprint. The data presented here has been taken from previous sections and summarised.

Table 12. Total emissions<sup>5</sup>

Indicator	2019–20	2018–19	2017–18	2016–17	2015–16
Total greenhouse gas emissions associated with energy use (t CO <sub>2-e</sub> ) (office)	945	1,038	1,081 <sup>6</sup>	1,003	1,102
Total greenhouse gas emissions associated with energy use (t CO <sub>2-e</sub> ) (operational facilities)	99	128	140	184	56
Total greenhouse gas emissions associated with energy use (t CO <sub>2-e</sub> ) (miscellaneous facilities)	84				
Total greenhouse gas emissions associated with energy use (t CO <sub>2-e</sub> ) (data centres)	2,073	2,294	2,561	2,629	3,083
Total greenhouse gas emissions associated with vehicle fleet (t CO <sub>2-e</sub> )	305	375	316	314	378
Total greenhouse gas emissions associated with air travel (t CO <sub>2-e</sub> )	88	10	11	12	4
Total greenhouse gas emissions associated with waste production (t CO <sub>2-e</sub> )	9	6	7	- <sup>7</sup>	9
Total greenhouse gas emissions (t CO <sub>2-e</sub> )	3,602	3,851	4,117	4,142	4,632

5 Updated from previous year, green power excluded.  
6 Operational telco – Recycling - refers to all recycling from Sunshine Warehouse including cardboard, wooden and plastic pallets, polystyrene and plastic foam, metals, batteries and soft plastics.  
7 No waste audit data collected for 2016–2017.

Result

Total reported greenhouse gas emissions for 2019–20 reduced by six per cent compared to the previous year. This is predominantly due to a reduction in emissions related to remote working, reduced lighting at North Dynon Freight Terminal and an increase in the use of hybrid vehicles.

When compared to the 2015–16 baseline, VicTrack has reduced its annual greenhouse gas emissions by 24 per cent.

Procurement

In 2019–20 VicTrack procured goods for office and field-based activities, also services from contractors and consultants. VicTrack incorporated environmental requirements into procurement decision-making by:

- including environmental and sustainability requirements in tender specifications, tender schedules, and tender evaluation criteria
- setting sustainable options as the default when purchasing office consumables
- purchasing paper with a recycled content or carbon neutrality
- developing contractor sustainability reporting metrics
- reviewing contractor management processes.

In 2019–20, VicTrack finalised its Social Procurement Policy. Implementation of this policy framework ensures consideration of social and sustainable outcomes when procuring products and services. VicTrack assesses suppliers on how they contribute to delivering social and sustainable benefits through the focus areas of women’s equality, safe and fair workplaces, sustainable Victorian regions and environmentally sustainable outputs.

VicTrack has committed to generating social benefit through procurement, by:

- embedding social procurement objectives into eligible tenders and contracts
- ensuring that social procurement objectives are supported across internal policies and processes
- educating and upskilling employees to effectively implement social procurement
- monitoring and reporting on social procurement performance
- sharing social procurement achievements with the Victorian community.

Compliance with DataVic Access Policy

Consistent with the DataVic Access Policy issued by the Victorian Government in 2012, which requires agencies to make datasets or databases accessible for public use unless needing to be restricted for reasons of privacy, public safety, security and law enforcement, public health and compliance with the law, VicTrack has not released, or identified for release, any dataset or database.

VicTrack Financial Management and Compliance Attestation Statement

I, Geraldine Gray, on behalf of the Responsible Body, certify that VicTrack has complied with the applicable Standing Directions made under the *Financial Management Act 1994* and Instructions.

The VicTrack Audit and Risk Management Committee verifies this.

  
**Geraldine Gray**  
Chair  
Victorian Rail Track (VicTrack)  
29 September 2020



## Appendix A



Disclosure index

VicTrack’s Annual Report 2019–20 has been prepared in accordance with all relevant legislation and pronouncements. This index has been prepared to facilitate identification of VicTrack’s compliance with statutory disclosure requirements.

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Management and structure

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Financial and other information

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Financial statements

Declaration

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\*Note: References to FRDs have been removed from the Disclosure Index if the specific FRDs do not contain requirements that are of the nature of disclosure.

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## Appendix B



# Biographies of Board of Directors

## Board of Directors at 30 June 2019

VicTrack Directors are appointed on the basis of their ability to contribute to meeting VicTrack’s objectives. Each Director has wide experience with other boards and organisations, and together they bring a diverse range of knowledge and business expertise to VicTrack. At year end, the Board comprised six independent, non-executive Directors – Geraldine Gray (Chair), Alan Hall (Deputy Chair), Paula Allen, Dr Collette Burke, Dan O’Brien and Randall Straw.

### Geraldine Gray

**BA, LLB, LLM - Chair**

Geraldine has spent more than 30 years in the legal industry, practising as a solicitor then a barrister in NSW, Hong Kong and Victoria. She has been at the Victorian Bar since 2004 and brings with her broad and invaluable legal experience in the commercial, contractual and construction sectors. Geraldine is a Director of the Australasian Leukaemia and Lymphoma Group Ltd. Geraldine was appointed to the VicTrack Board in July 2015.

### Alan Hall

**BA, LLB (Hons) - Deputy Chair**

Alan is an experienced former legal practitioner with demonstrated ability and success in leading and managing the delivery of legal services relating to commercial and property-based transactions, with particular emphasis on planning and environmental considerations. He has more than 23 years’ experience as a partner in legal firm Corrs Chambers Westgarth and for more than five years practised law in the Kingdom of Saudi Arabia at Al Tamimi & Company - an Arab law firm with the biggest legal presence in the Middle East.

Alan has also provided legal advice to some of the largest Victorian and Australian corporations and government departments including Major Projects Victoria, Department of Treasury and Finance, Foster’s Group Limited, Coles Myer Limited, ING Real Estate and the Linfox Group. Alan was appointed to the VicTrack Board in April 2018.

### Paula Allen

**CFA, FCA, GAICD, BBus (Acc/Comp)**

Paula has extensive experience spanning more than two decades across strategy, finance, governance and technology, principally around highly regulated markets. In this, she has guided businesses to deliver better outcomes (Bankers Trust, Colonial Group, LUCRF Super); where companies she has led have been recognised through listings in BRW Top 500 companies in Australia and the ‘Rising Star’ award in the superannuation industry. More recently, she works through her own consulting firm, working both locally and internationally. Paula was appointed to the Board in April 2016.

### Dr Collette Burke

**BE (Civil), M.Eng.Sci, PhD, FIEAust, GAICD**

Collette has spent more than 25 years in the design and construction sector with major infrastructure construction, as well as being a co-founder of engineering consultancy companies Exner Group and Karsta Middle East. Collette is currently the Victorian Chief Engineer, and has a passion for project delivery, infrastructure development and application of technology in asset management and needs of our future cities. Collette joined VicTrack’s board in July 2015.

### Dan O’Brien

**B Ec., Post Grad Dip Econ., GAICD**

Dan has a wealth of experience in senior executive roles in the private and public sectors. Dan was the General Manager of Corporate Affairs for Medibank Private. Prior to that he was the Deputy Secretary for the Department of Regional Australia, Local Government, Arts and Sport. He served as the Chief of Staff to the Premier of Victoria, the Honourable John Brumby and was also the Chief Executive of Regional Development Victoria. He is currently Chief Executive Officer, Cladding Safety Victoria. Dan was appointed to the VicTrack Board in August 2018.

### Randall Straw

**PSM**

Randall has more than 35 years’ experience in government information and communications technology. He is the former Deputy Secretary of Innovation and Technology at the then Department of Business and Innovation, and a former Executive Director at Multimedia Victoria. Randall has also held other technology-focused policy roles and has extensive knowledge of and experience in the management of large-scale reform projects. Randall is currently the Chair of CenITex. Randall was awarded the Public Service Medal in 2012 and was appointed to the VicTrack Board in September 2017.







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