

# Annual Report 2017-18



VicTrack

Authorised and published by  
the Victorian Government  
Department of Economic Development,  
Jobs, Transport and Resources  
1 Spring Street, Melbourne, VIC 3000

September 2018

Print managed by Finsbury Green  
Printed on Pacesetter Laser Recycled (Fsc)

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

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

If you would like to receive this publication  
in an accessible format, please telephone  
VicTrack on (03) 9619 1111.

Cover image: One of the soon-to-be-repurposed retired W-Class trams at VicTrack's Newport Workshops

## Letter to the Ministers

14 September 2018

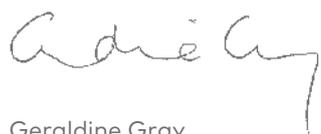
The Hon Jacinta Allan MP  
Level 20, 1 Spring Street  
Melbourne VIC 3000

The Hon Timothy Pallas MP  
Level 4, 1 Treasury Place  
East Melbourne VIC 3002

Dear Ministers

I am pleased to submit to you for presentation to Parliament VicTrack's Annual Report for the period 1 July 2017 to 30 June 2018.

Yours sincerely



Geraldine Gray  
**VicTrack Chair**



# Contents

2017-18 highlights	6
2017-18 performance	8
Our asset portfolio	9
<b>Section 1: Year in review</b>	<b>10</b>
Purpose, Vision, Mission, Values	11
Chair's report	12
Chief Executive's report	14
Manner of establishment & responsible Ministers	16
Performance reporting – Objectives & outputs	20
Performance reporting – Financial	47
<b>Section 2: Governance &amp; organisation</b>	<b>118</b>
Corporate governance	119
Occupational health & safety	125
<b>Section 3: Workforce data</b>	<b>128</b>
<b>Section 4: Other disclosures</b>	<b>134</b>
<b>Appendices</b>	<b>148</b>
Disclosure index	149
Board members	152

# 2017-18 highlights

We continued to work alongside the state's valuable transport initiatives, community property developments and telecommunications infrastructure upgrades to protect and grow the value of the portfolio, and make travel and living better for Victorians.

## Delivering transport projects for government

VicTrack continued to deliver more than \$70 million of projects on behalf of the government, including upgrades to metropolitan and regional stations, station car parks, bus improvement projects and community engagement activities. Page 33

## Improving mobile coverage for V/Line passengers

Passengers on five regional rail lines now have almost full mobile network coverage during their journey thanks to VicTrack completing the installation of mobile signal boosters on more than 75 per cent of V/Line's VLocity fleet as part of the state government's \$18 million *Regional Rail Connectivity Project*. Page 22

## Creating vibrant metropolitan transport precincts

Two of our most significant station precinct projects were progressed during the year, with construction starting on the first of two buildings at Jewell Station and planning approval received for the redevelopment of the Hampton Station Precinct. Page 29

## Partnering on major transport infrastructure projects

We continued to share our expertise with other transport agencies overseeing major infrastructure projects including the Level Crossing Removal Project, the Metro Tunnel, the Ballarat Line Upgrade and the High Capacity Metro Trains Project. Page 25

## Modernising telecommunication services for our transport partners

We delivered a number of critical network services and projects that improve reliability and safety for our transport partners and commuters, including deploying a digital public safety communications system for PSOs at metropolitan railway stations, and migrating communication services at Yarra Trams depots to VicTrack's Unified Communications platform. Page 22

## Trialling cutting-edge technology to manage the state's bridge assets

We teamed up with Silicon Valley's Palo Alto Research Center, VicRoads and other government and education partners to commence a groundbreaking pilot project that will trial the use of leading-edge technology on the state's bridges to help us move to a condition-based maintenance regime. Page 22

## Repurposing retired trams

By chairing a Retired Trams Strategy Stakeholder Reference Group and managing a six-week expression-of-interest period, VicTrack played an important role in guiding how Victoria's fleet of retired trams will be protected and repurposed for future use by the community. Page 34



# 2017-18 performance

Total operating revenue generated

\$145.8m

Reinvested into the state's transport assets

\$37.0m

- \$8.4m rail infrastructure
- \$20.8m telecommunications infrastructure
- \$5.7m environment
- \$0.1m heritage
- \$1.6m bridges

Telecommunications revenue

\$54.7m

Received for public transport projects

\$218.0m

Freight-related revenue

\$2.6m

Billboard and carpark portfolio revenue

\$6.4m

Property-related revenue (incl. licenses, land sales & rental)

\$47.8m

Other revenue

\$34.3m

# Our asset portfolio



# Section 1

Year in review

## Purpose

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

## Vision

We share a common vision as part of Transport for Victoria (TfV) "...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.

## Mission

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

## Values

We operate according to Victorian Public Sector Values. In addition to these, VicTrack also promotes the values of:

### Respect

We will show respect to each other by appreciating differences and actively listening; being courteous and considerate; communicating openly and with empathy.

### Achievement

We will show achievement by being accountable for doing what we say we will do; proactively solving problems; appreciating each other's outcomes, progress and efforts.

### Professionalism

We will show professionalism by delivering high-quality and timely work; communicating effectively and with positivity; being prepared.

### One Team

We will show teamwork to each other by being collaborative, cooperative and inclusive; sharing information, knowledge and expertise; supporting others to solve problems and achieve common goals.

# Chair's report



At the close of the financial year, VicTrack remains a vital contributor to Victoria's overall transport agenda. Over the last 12 months we have provided expert advice and service to our sector partners, collaborating on major transport initiatives and supporting Transport for Victoria (TfV) to deliver on the state's growing transport system and broader government policies.

Our partnership with TfV has gone from strength to strength this year as we worked together on a number of initiatives relating to asset management and workforce capability across the transport portfolio.

We have worked hard to ensure that our \$36 billion worth of assets are managed sustainably and remain fit-for-purpose across the whole asset life cycle. This has included implementing our Strategic Asset Management Plan.

We have also developed best practice governance framework and assurance processes to support the execution of the Department of Treasury and Finance's Asset Management Accountability Framework (AMAF). We completed our inaugural AMAF attestation in 2017-18 and provided a statement of compliance and AMAF results to support TfV's transport portfolio aggregation.

Victoria's transport construction boom has seen an unprecedented number of major infrastructure projects get underway, and VicTrack is working alongside our partner agencies to help deliver projects like the Metro Tunnel and the Level Crossing Removal Project. While this creates opportunities for growth within the business, paradoxically it also sees us competing with these projects to attract and retain a highly skilled and experienced workforce.

To meet this challenge, we collaborated successfully with TfV throughout the year to foster purposeful, informed and connected relationships across the transport portfolio. This includes our participation in the TfV Ways of Working committee, which provides a forum for transport agencies to share ideas and practices that support cross-portfolio programs.

We have also continued to support a number of important TfV initiatives, such as the Transport without Borders and Women in Transport programs. These initiatives provide transport sector employees with the opportunity to increase their knowledge and capability through graduate, leadership and mentoring programs as well as inter-agency secondment agreements.

With more major road and rail projects set to be announced in the coming months, positive collaboration and knowledge sharing across the transport family has never been more important, and I am pleased that VicTrack is playing an integral role in helping to facilitate this.

There were a number of changes to the Board during 2017-18. In March 2018, John Lenders resigned from the Board after three years as Chair. On behalf of my fellow Directors, I thank John for the hard work, dedication and strategic vision he brought to the role during his tenure.

I also extend my gratitude to Yehudi Blacher, who was appointed to the position of Chair for an interim period from 27 March to 30 June 2018. Yehudi retired from the VicTrack Board effective 1 July 2018 after more than six years as a Director, Deputy Chair and Chair. His leadership and direction during that time helped steer VicTrack through a period of vast growth and change.

Following the retirement of David Hunter and Brian Bulluss on 31 July 2017 after almost six years of committed service, we welcomed Randall Straw and Alan Hall as Directors. Randall was appointed to the Board in September 2017, bringing with him more than 35 years' experience in government information and communications technology. Alan has significant experience in commercial and property law, particularly in the areas of planning and environment. He was appointed to the Board in April 2018 and became Deputy Chair effective 1 July 2018.

Another of our Board members, Dr Collette Burke, was appointed to the position of Victoria's first Chief Engineer in early 2018, and I take this opportunity to congratulate her. With expertise in major project design and engineering, Collette is perfectly placed to oversee the planning and delivery of the state's pipeline of major infrastructure projects.

Together with fellow Directors Paula Allen and Michael Trumble, VicTrack is fortunate indeed to have a Board of such high calibre.

During the year we welcomed Sally McLean to the Property, Environment & Heritage Committee; Dr Frank

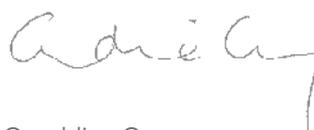
Heibel to the Telecommunications Committee; and Prof Hermione Parsons and Ingilby Dickson to the newly established Freight & Logistics Advisory Group. All are serving as non-director members and bring with them a wealth of experience and expertise in their respective fields.

In recognition of the increasing importance of freight management to the success of the business, the Board approved changes to VicTrack's governance structures during the year. Accordingly, the Projects & Freight Committee became the Projects Committee, with a sole focus on the development of VicTrack's project delivery business, while the Freight & Logistics Advisory Group was established to oversee the implementation of our Freight Logistics Strategy.

After what has been a successful year for VicTrack, I thank all our partners and stakeholders in the transport sector for supporting us in our quest to strengthen and future-proof the state's transport assets and deliver outcomes that benefit all Victorians.

Thank you also to Minister for Public Transport Jacinta Allan and Treasurer Tim Pallas for their ongoing commitment to ensuring our state has a thriving transport network that meets the demands of a rapidly growing population.

In closing, I would like to acknowledge the continuing efforts and commitment of the whole VicTrack team. Under the leadership of Chief Executive Cam Rose, they have once again delivered impressive results, ensuring that VicTrack is well placed to protect, grow and reinvest in Victoria's transport assets into the future.



Geraldine Gray  
**Chair**

# Chief Executive's report



As the Victorian Government ramped up its transport agenda in 2017-18, planning and construction got underway for an exceptional number of rail infrastructure projects. As the owner of the state's rail transport land and assets, VicTrack was once again a key partner on many of these projects, providing our fellow transport sector agencies with the necessary technical and commercial expertise to deliver a thriving transport network.

Our Project Delivery Group had an extremely busy year supporting TfV and Public Transport Victoria (PTV) to deliver more than \$70 million worth of major projects around the state. This included significant upgrades to regional and metropolitan train stations, improved bus interchanges and passenger information displays, and new station infrastructure such as sealed car parks, CCTV and lighting.

We continued the work we started in 2016-17 on the government's \$15.8 million revitalisation of Bendigo and Eaglehawk stations, completing the concept and reference designs for both stations and awarding the contract for the Eaglehawk upgrade works and the new pedestrian overpass at Bendigo Station. We also completed final plans for improvement works at stations across the Barwon South West, Gippsland, Grampians, Hume, and Loddon Mallee regions as part of the *Road and Rail Minor Works Program*.

Our Telecommunications Group delivered several critical network services and projects in its quest to modernise our telecommunications network. We progressed delivery of the Transport and Government Secure Network and played a key role in the government's \$18 million *Regional Rail Connectivity Project*. Installing mobile signal boosters in more than three-quarters of V/Line's VLocity fleet has provided almost full network mobile coverage for passengers on the state's five busiest regional rail lines.

We continued to work closely with Victoria's tram and train operators, strengthening our partnership in November 2017 with the signing of a new seven-year Telecommunications Service Agreement (TSA) between VicTrack, Metro Trains Melbourne and Keolis Downer (the operator of Yarra Trams). This new TSA aligns with Metro Refranchise 4 (MR4) and safeguards the reliability, safety and accessibility of the public transport network into the future.

It was another successful year for VicTrack's Property Group, as we advanced a number of important land sales, transport precinct developments, station master plans and community support programs. After more than five years of planning, construction began on the first of two buildings at Jewell Station in January 2018 by our developer partner Neometro. This is a significant step towards creating a vibrant hub for commuters and the local community.

The *Hampton Station Precinct Project* was given the green light in early 2018 following VCAT's approval of a planning permit. This marked a major milestone in what has been a long and intricate project, working with the Department of Health and Human Services (DHHS) and our development partner epc.Pacific, and is a solid outcome for VicTrack, DHHS and the broader community, who will benefit from the much needed revitalisation of the area.

A major achievement resulting from a combined VicTrack group effort was our management of the Reinventing Trams campaign. The campaign was part of the Retired Trams Strategy, which provides recommendations for repurposing some of the retired W-Class and Z-Class trams currently stored at the Newport Workshops. VicTrack chaired the stakeholder reference group that developed the strategy and also ran a six-week expression-of-interest process to give members of the public and community groups the chance to acquire a tram.

The campaign has been one of the most complex and high-profile projects that we have been involved in. Meticulous planning went into ensuring the EOI process has run smoothly, including managing the high volume of enquiries by the public and the media. It is a fine example of our 'One VicTrack' philosophy in action, as different areas of the business cooperate to achieve a great outcome.

In line with the Victorian Government's public sector innovation agenda, we have joined with partners including VicRoads, Melbourne University and Palo Alto Research Center (PARC) to trial the use of advanced fibre optic sensing technology on the state's bridge assets. Under the trial, miniature sensors will be dispersed across a number of rail bridges to gather detailed data on the structural safety, performance and condition of each bridge, giving us a real-time picture of where and when we need to carry out maintenance. This has the potential to remove the need for disruptive and costly routine scheduled checks conducted under a periodic maintenance based methodology and prove the validity of moving to a condition based maintenance regime using remote modelling.

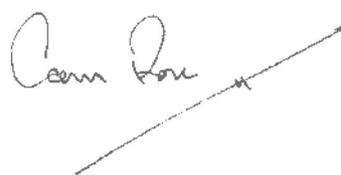
I am very proud of VicTrack's involvement in this world-leading project, which, if successful, could be applied to infrastructure systems across the globe and cement Victoria's position as the tech capital of Australia.

Our staff have benefited from some great new cultural initiatives this year, including the launch of a new VicTrack intranet and the establishment of two new guest speaker series that bring high-achieving leaders and passionate advocates from a range of areas outside and within the transport sector to share their wisdom with the VicTrack team.

In December 2017 the Fair Work Commission (FWC) approved the *VicTrack Enterprise Agreement 2015-2019* after more than two years of negotiations with the unions and the FWC. This was a great outcome for both our staff and the business, as the new Enterprise Agreement introduces agility and flexibility to ensure our workforce is sustainable in the years ahead.

I would like to thank each member of the VicTrack Board for their insight and leadership this year. My particular thanks go to John Lenders, who served faithfully as VicTrack's Chair for three years until 26 March 2018, and to Yehudi Blacher, who ably filled the Chair's role for the final three months of the financial year. Both John and Yehudi played an integral part in VicTrack's growth and success during their respective tenures, serving on a number of Board committees and providing clear, decisive leadership at a time of significant change for the business and the transport sector.

Finally, I extend my sincere thanks to the Executive Team for their tireless work in leading and supporting the business over the last 12 months, and to all VicTrack employees for ensuring another year of successful results.



Campbell A. Rose AM  
**Chief Executive**

# Manner of establishment & responsible Ministers

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.

## Our role in transport

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

Whether we're planning and managing the use of transport land, upgrading the telecommunication network or delivering major infrastructure projects as a key agent of the government's transport agenda, our job is to ensure the state's assets continue to serve Victoria now and into the future.

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

## Our core functions

Victoria's *Transport Integration Act 2010* sets out the objectives for each transport sector agency. As the asset owners, our role is to manage the assets consistent with transport system objectives.

Our core functions include:

- delivering telecommunication services and network infrastructure that supports public transport
- managing land set aside for transport purposes, including the development and sale of land no longer required for transport
- delivering project management and civil engineering services for rail infrastructure upgrades
- managing transport facilities and assets, including the open access Dynon Rail Freight Terminal, heritage buildings and environmental preservation.



SLZU 750 186 9  
4FG1

MAXROS	24,000	131
TAR	2,800	121
PAY'DAI	1,000	110
CUB.CAI	22,200	100
	14,800	132
	3,000	111



## Business groups

As partner to almost every rail transport project in Victoria and provider of core services to the sector, our operational structure works to support various roles and functions we fulfil.

Our business is made up of three specialist delivery groups – Property, Telecommunications and Project Delivery – which are supported by the Office of the Chief Executive and Business Services. Each delivery group provides various disciplines in assets 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 provide 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 for the transport system.

### Property

As land owners, our role is to ensure our transport land best serves the sector and Victorian communities. With vast land parcels that span the state and air rights throughout the public transport corridor, we work across all land use matters impacting on transport land, including land sales and acquisition, property development, commercial leasing, land use and access, infrastructure and facilities management and heritage and environmental preservation.

### Project Delivery

Whether we're actively upgrading the infrastructure or working alongside Victoria's major transport initiatives, our Project Delivery Group provides expertise across all disciplines that impact rail land, infrastructure and telecommunications networks. Our services include project management and project delivery in both civil engineering and telecommunications projects – as well as safety and technical services.

## Victoria's integrated transport portfolio

The *Transport Integration Amendment (Head, Transport for Victoria and Other Governance Reforms) Act 2017* established the Head, Transport for Victoria as a new statutory office and the lead transport agency in Victoria to integrate and coordinate the state's transport system.

Transport for Victoria (TfV) leads a user-centred, outcomes focused and integrated approach that guides smart, long-term investments that support the state's connectivity, prosperity and liveability.

TfV has a strategic approach to designing and managing the network and is building a modern transport system.

The integrated transport portfolio is working to enable an optimised network where transport modes work in harmony to move people and freight in the most effective and efficient way, with each mode being used when and where it is best suited.

While VicTrack remains an independent statutory authority, it is a key contributor and supporter of TfV initiatives, and aligns to the TfV strategic direction. VicTrack is represented on the TfV Executive.

VicTrack also works on behalf of the Victorian Government alongside PTV, Office of the Coordinator General, Metro Trains Melbourne (MTM), Yarra Trams, and V/Line. We report to the Victorian Minister for Public Transport and the Victorian Treasurer, and work closely with the Department of Economic Development, Jobs, Transport and Resources (DEDJTR) and the Department of Treasury and Finance (DTF).

We also work with a wide range of other government departments, agencies, authorities, community organisations and private sector partners.

# Performance reporting: Objectives & outputs

# Strengthening the network

A key objective for VicTrack is the provision of network infrastructure and telecommunication services that support Victoria's current and future transport outcomes. During 2017-18 we delivered a number of critical network services and projects that improve reliability and safety for our transport partners and commuters across the state.

## Transport and Government Secure Network

VicTrack continued delivery of the Transport and Government Secure Network (TGSN) during 2017-18 as part of our strategy to modernise our telecommunications network and provide core services and support for almost every major transport project in Victoria.

Within the broader TGSN, we progressed work on the second phase of the Network Transformation Project (NTP), which is designed to address some aspects of the risk from ageing infrastructure within VicTrack's telecommunications network.

The first phase of the NTP, completed in 2016-17, involved the selection of new network equipment to enable the integration of the old applications and systems used by the rail operators into a modern internet protocol telecommunications network.

The second phase involves the design and delivery of the network equipment, IP/MPLS reference architecture and proof-of-concept testing necessary for the deployment of a contemporary telecommunications network.

Once completed, the NTP will future proof the state's transport network and provide design support and direction for major transport initiatives including the Level Crossing Removal Project, Metro Tunnel and West Gate Tunnel.

## Improving mobile coverage for V/Line passengers

The \$18 million *Regional Rail Connectivity Project* (RRCP) is boosting mobile coverage for passengers along the Geelong, Ballarat, Bendigo, Traralgon and Seymour rail lines.

Since work started in early 2018, more than 75 per cent of V/Line's VLocity fleet is fitted with mobile signal boosters which improve coverage from less than 50 per cent to almost full network coverage on the five rail lines.

The technology will continue to be rolled out throughout 2018. As of 30 June 2018, 58 of 75 trains have been fitted out, with the installation of the boosters expected across the entire VLocity fleet in early September 2018.

VicTrack is supporting the Victorian Government and working with Telstra, Vodafone and Optus to deliver the RRCP, which also includes the construction of 35 new mobile towers.

## Modernising communication services for Yarra Trams

We decommissioned and removed the old 'end of life' PABX systems from customer premises and migrated services onto Unified Communications (UC) over VicTrack's modern IP infrastructure. The work involved power and services redesign at six Yarra Trams depots, at Camberwell, Kew, Essendon, Glenhuntly, Malvern and Southbank. This marks the completion of the work to migrate all of Yarra Trams depots to the VicTrack UC platform.

## Fibre optic sensing trial for bridge condition monitoring

In late 2017, VicTrack teamed up with a number of other state government agencies and the Palo Alto Research Center (PARC) to begin a pilot project that will trial the use of advanced fibre optic sensing technology on the state's bridges.

Under the trial, PARC-designed miniature fibre optic sensors will be dispersed across a number of rail bridges to gather detailed and accurate data on the structural safety, performance and condition of each bridge.

This will allow VicTrack and VicRoads to determine, in real time, where and when to carry out maintenance and repairs, negating the need for routine scheduled checks and resulting in estimated cost savings of 97 per cent on standard monitoring units.

Initially, the sensors will be installed on a non-operating bridge, with controlled tests undertaken, including optimum sensor location as a proof of concept.

A second-phase trial that will see up to five operational bridges fitted with hundreds of sensors to pilot the system will follow.

A project steering group was formed in early 2018, with the first phase of the trial due to start in August 2018 and run for three months.

Funding of \$500,000 for the trial has been provided by the Victorian Government's Public Sector Innovation Fund. Other government partners involved in the project include VicRoads, PTV, TfV, the Department of Environment, Land, Water and Planning (DELWP), Office of Projects Victoria and Level Crossing Removal Authority (LXRA), with the University of Melbourne on board as a technology partner.

## Digital public safety communications system for PSOs

In October 2017 VicTrack deployed a new digital public safety communications system at nine Metro railway stations to improve radio coverage for Protective Services Officers (PSOs).

The project involved working with infrastructure provider Dali Wireless to design and deploy a P25 Phase 1 and 2 public safety Distributed Antenna System for railway stations with known two-way radio coverage blackspots.

Throughout the project, VicTrack also worked closely with Victoria Police, Emergency Services Telecommunications Authority and Motorola as well as the Australian Communications and Media Authority to have the new technology accredited.

The system uses a fibre transmission solution that overcomes limitations of the previous wireless-only system, and has expansion capacity to accommodate future coverage requirements, enabling a smooth transition from current networks to LTE and 5G when the time comes.

## Relocating critical services at Flinders Street Station

VicTrack undertook works to protect critical communications services at Melbourne's iconic Flinders Street Station from weather and to reduce the risk of disruption to services.

The project occurred over three stages during 2017-18 and involved installing a water pump in the original communications room at the station to mitigate the risk of potential water damage during adverse weather events, along with the relocation of critical train communication services to a more protected environment in the station building.

It was a highly complex operation, with train communication services remaining live as they were transferred to the new custom fit-out location. The works were carefully planned and staged to ensure they could be completed within a narrow timeframe, without any disruptions to services.

## Signalling improvements on the Stony Point line

VicTrack reached an 'in principle' agreement with MTM for VicTrack to provide a solution to improve the availability and reliability of telecommunications services on the Stony Point line.

MTM operates the line, with VicTrack providing telecommunications using Telstra services. The line has experienced a number of outages due to the failure of Telstra services, particularly at the Stony Point end. These outages have impacted signalling equipment that is used to detect the presence of a train.

VicTrack's proposed solution will use microwave backhaul to create a reliable link and provide enough capacity for future services to MTM, including CCTV. This will substantially minimise the risk of signalling incidents caused by communications network failures. Further improvements will include providing connectivity to all stations along the Stony Point line, using radio links to enable MTM to provide CCTV and station public address systems to enhance public safety.



# Supporting Victoria's major transport projects

As a key partner in some of the state's largest and most important transport infrastructure projects, VicTrack is responsible for providing expertise in telecommunications, asset protection, land management and property development. In 2017-18 we worked alongside transport agencies such as LXRA and Rail Projects Victoria to provide expert advice on design, infrastructure, signalling and other complex issues.

## Level Crossing Removal Project

The Level Crossing Removal Authority is on track to deliver on the government's commitment to remove 20 level crossings in its first term.

As new crossing removals got underway during 2017-18, VicTrack continued to offer design advice, share our expertise on land and assets, and provide the location of underground services and other infrastructure.

During construction we rerouted and installed new infrastructure to support current and future telecommunications requirements.

Our Property Group also provided necessary access to rail land, advised on environmental land management, and worked with leaseholders where the project affected occupied land.

## High Capacity Metro Trains

The High Capacity Metro Trains (HCMT) Project is a Public Private Partnership, delivering 65 next-generation high-capacity trains capable of carrying 20 per cent more passengers than any other train on the metropolitan network.

VicTrack is supporting the HCMT project to design and deliver high-capacity signalling, supervisory control and data acquisition, CCTV and digital train radio services, including for the new Pakenham East HCMT depot.

VicTrack's works will also underpin the Metro Tunnel, enabling trains to run on a new communications-based train control signalling system. VicTrack is providing specialist property advice, construction design review, field inspections and audits on new combined services route and communication equipment rooms.

The trains will initially run on the Cranbourne and Pakenham lines and will eventually run through the Metro Tunnel to Sunbury. High-capacity signalling works that VicTrack is supporting are critical in enabling the fleet to provide a more frequent, turn-up-and-go service.

## Metro Tunnel

In the year when major works began on the Metro Tunnel, we continued to work with Rail Projects Victoria (RPV) to support the delivery of the project.

As well as providing land management and environmental advice, we worked with a number of major leaseholders at Arden, the future site of the new North Melbourne Station, to enable them to vacate the site in preparation for construction.

The contract to deliver the tunnels and stations package was awarded to the Cross Yarra Partnership – a consortium led by Lendlease Engineering, John Holland, Bouygues Construction and Capella Capital. Our role will involve supporting them throughout the project as necessary.

We will also be using our telecommunications expertise to work with CPB Contractors and Bombardier Transportation as they roll out the Rail Systems package, which will deliver high-capacity signalling to allow trains to run more often. We will also be supporting the Rail Infrastructure Alliance as it delivers necessary modifications and upgrades to track, signalling and overhead line equipment outside of the core tunnel area.

As major works continue over the coming years, we will be extending and upgrading the VicTrack telecommunications network and delivering infrastructure to support mobile carrier services in the new underground tunnels.

## Ballarat Line Upgrade

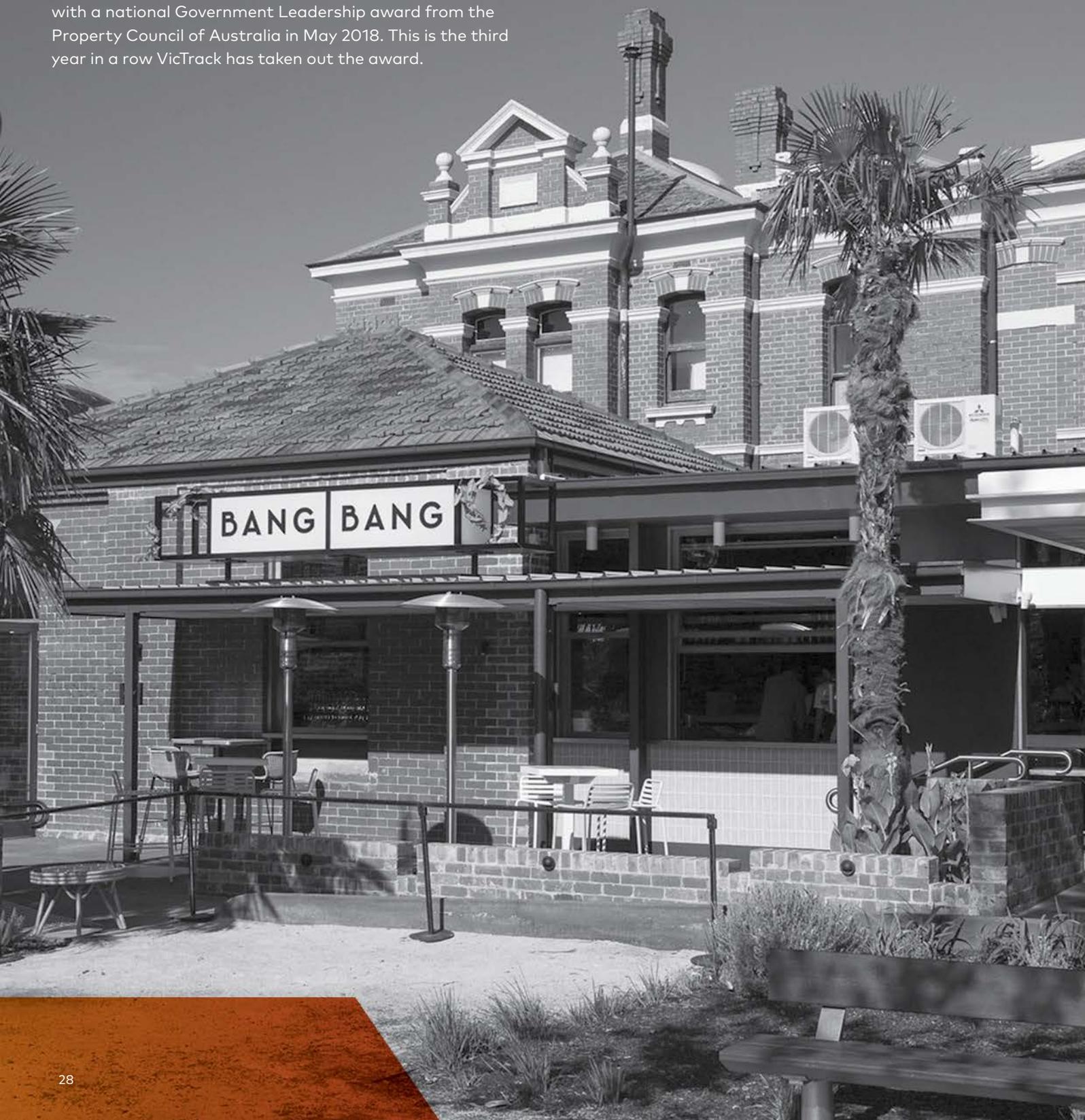
Work has started on the Ballarat Line Upgrade which is being delivered by RPV. The construction contractor for the Ballarat Line Upgrade is a consortium made up of Lendlease, Coleman Rail and SMEC, in partnership with RPV and V/Line.

VicTrack's role has included design advice, sharing our expertise on land and assets, and assisting the project to locate underground services and other infrastructure. In addition, we have undertaken the relocation of a range of telecommunications assets to prepare the various work areas for the start of major civil works.



# Elsternwick Rifle Range project wins national award

VicTrack's redevelopment of the former Caulfield City Rifle Club building into a vibrant bar and eatery was recognised with a national Government Leadership award from the Property Council of Australia in May 2018. This is the third year in a row VicTrack has taken out the award.



# Revitalising transport precincts

As the owner of land set aside for transport purposes, our focus is on revitalising communities and improving commuter journeys. During 2017-18 we continued to facilitate commercially viable projects around station precincts to enhance public transport and design outcomes, increase housing diversity close to public transport and create safer, more vibrant and more accessible precincts.

## Jewell Station precinct

The redevelopment of the Jewell Station precinct in Brunswick got underway in January 2018, with construction starting on the first of two buildings being built on the site by developer Neometro.

The associated forecourt works being delivered through the project will improve facilities for commuters and the community, and provide artistic and cultural areas as public open space to relax and socialise. Jewell's heritage station building will be restored, there will be new ramps and stairs to the station, more bike parking and upgrades to the Upfield shared user path through the precinct.

## Hampton Station precinct

In January 2018 the Victorian Civil and Administrative Tribunal approved a planning permit for VicTrack's development partner epc.Pacific to proceed with the *Hampton Station Precinct Project*. The project will deliver a mixed-use development containing residential apartments, ground-floor retail and 18 new public housing units that will replace the 16 existing units currently on the site.

Significant proceeds from the development will be invested to transform the precinct, including a new station forecourt, relocated bus interchange, additional commuter car parking, increased bike storage, upgrades to shared paths, and a range of other station improvements.

VicTrack has worked in partnership with epc.Pacific and the Department of Health and Human Services, and in close collaboration with Bayside City Council, to deliver this project.

## Heritage and bridge rehabilitation programs

### Heritage preservation

As part of our ongoing \$1 million annual *Heritage Program* to preserve heritage-listed rail assets, VicTrack undertook restoration works at Castlemaine shunters cabin and Queenscliff Station. The projects include works to repair and level floors, restumping, extensive timber repairs, plastering, gutters and downpipe renewal, as well as painting.

### Bridge rehabilitation

We continued our ongoing commitment to improving bridges across the state in 2017-18 under our *Bridge Rehabilitation Program*. Improvements during the year included a \$650,000 contribution to South Gippsland Shire to replace the old timber bridge on Bena-Kongwak Road, Bena with a new dual-lane concrete bridge suitable for modern day traffic.

## St Albans retail precinct

Six out of seven retail and commercial tenancies at the rebuilt St Albans Station were leased out during the year. The station retail precinct now enjoys a range of eateries, adding to the vibrancy of the St Albans transport hub, and improving connections between the station and the St Albans town centre. Negotiations with potential tenants for the remaining tenancy at the precinct were underway at the close of the 2017-18 financial year.

## Air rights development at Toorak Road, South Yarra

VicTrack received a town planning permit in March 2018 for a potential air rights development above the rail lines at Toorak Road, South Yarra. The permit allows for a three-storey office and retail development, with a public plaza on the ground floor and a potential pathway connection to the South Yarra sidings park.

## Regional Station Precinct Master Plan Program

VicTrack continued to support the revitalisation of station precincts across regional Victoria during 2017-18 as part of the *Regional Station Precinct Master Plan Program*.

In partnership with lead agency RDV, DEDJTR and Ballarat City Council, we supported the urban renewal development around Ballarat Station, delivering the reference design for a new bus interchange at the station.

The new interchange, featuring 12 bus bays, pedestrian crossings and shelter, will bring local buses closer to the station. This will make it easier and safer for commuters to access the station precinct and change between transport services. The reference design is used as a basis to seek heritage and planning approvals.

Separately, RDV is overseeing works underway to deliver Stage 1 of the redevelopment, featuring the refurbishment of the disused heritage goods shed into a modern conference centre and a new 4.5-star hotel, a new commuter car park, pedestrian improvements and a public plaza for community events.

VicTrack also supported a number of regional local governments to pursue station precinct master planning.

This includes:

- technical and environmental assessments for Stage 2 of the Mildura Riverfront Precinct Redevelopment with Mildura Rural City Council
- input into and support for a business case for the Swan Hill Riverfront Master Plan
- providing advice and support in due diligence for Campaspe Shire Council's Echuca Station Precinct Plan.

VicTrack also provided ongoing support for other whole-of-government projects, such as the Revitalising Central Geelong Partnership to prepare a Geelong Station Precinct Master Plan.

## Community Use of Vacant Rail Buildings Program

Works to restore regional rail buildings and open them up to the community continued under the *Community Use of Vacant Rail Buildings Program*. The program offers the multiple benefits of preserving rail buildings for future generations, providing much-needed spaces for rural communities and generating economic, social and cultural stimulus in regional Victoria.

Dingee's station building was restored to create a new library, providing resources and a meeting place for local residents, students and reading groups. We worked with Loddon Shire Council, Dingee and District Country Women's Association, and the Goldfields Library Corporation to establish a local 'library agency'. The Goldfields Library Corporation manages the library and rotates stock from other Goldfields libraries. The building was officially opened by Minister for Public Transport Jacinta Allan in November 2017.

The restored Willaura Station building officially opened in March 2018 and is now a multi-use community arts and meeting space. Ararat Rural City Council leases the building and sub-leases it to community group Willaura Modern Inc, who provide local-level management.

Works got underway at Murtoa Station, which is being transformed into a community arts and heritage hub. It will be leased and managed by the Murtoa and District Historical Society, as part of the Murtoa heritage precinct.

Works also began at the Stawell goods shed to provide a multi-purpose meeting and recreational space for residents and visitors to the area. When complete, it will be leased and managed by Grampians Model Railroaders Inc, as part of a tourism precinct in Stawell.





# Delivering projects for government

VicTrack works on behalf of the transport sector to improve rail infrastructure and support the delivery of better transport solutions for all Victorians. Our project delivery objective is to maximise the use of the state's transport resources and serve long-term transport outcomes. We achieved this objective in 2017-18 by delivering a number of projects for government, including regional and metropolitan railway station upgrades, bus improvement projects and community engagement activities.

## \$20m Station Car Park Upgrades Program

Announced in the 2016-17 Victorian Budget, VicTrack is delivering the \$20 million *Station Car Park Upgrades Program* across metropolitan and regional stations.

Construction began in June 2017. As at 30 June 2018, more than 2,150 new sealed car park spaces have been provided across 15 stations, improving accessibility and enhancing safety through new lighting, CCTV and signage.

The station car park upgrade locations were chosen following an extensive PTV audit of more than 300 suburban and regional railway stations, to determine capacity and demand, available land and population growth area data.

The program relied on extensive community consultation and stakeholder engagement, particularly with local governments and statutory authorities.

During 2017-18, 15 of 16 station car parks were completed and opened for commuter use. The final car park (at Strathmore) is due to be delivered in the second half of 2018.

The implementation of the program has been overseen by a project steering committee comprising VicTrack, TfV, PTV, V/Line and MTM.

## Maryvale Spur Line Project

The *Maryvale Spur Line Project*, funded by RDV and undertaken by VicTrack, is a significant component of the Victorian Government's commitment to develop a logistics precinct in Gippsland.

The spur line and yard are currently used by Australian Paper, the second-largest private employer in the Latrobe Valley, to transport products from its mill to domestic markets. The upgrade project actively supports local jobs by creating safer and more efficient freight operations.

VicTrack successfully upgraded the 2.2 km spur line between Morwell and Maryvale, and also reconfigured and upgraded tracks at the Maryvale freight terminal. All works were completed in December 2017.

The upgrade is a significant step in the development of a Gippsland Logistics Precinct, to attract more industries to the Latrobe Valley by providing greater capacity to move more freight off roads and on to rail to improve efficiency and safety.

## \$3.8m Broadmeadows Station Upgrade Program

VicTrack is delivering the \$3.8 million *Broadmeadows Station Upgrade Program* throughout 2017-18.

Work started in April 2018 to improve safety and traffic flow at the Pascoe Vale Road and Dimboola Road intersection. Further works to improve connectivity and facilities at the station, including a new northern entrance, revamped toilets and a refresh of the existing pedestrian underpass started in May 2018.

The upgrade is a key part of the revitalisation of the Broadmeadows Metropolitan Activity Centre and all work is due for completion in late 2018.

## \$22.5m Road and Rail Minor Works Program

The 2016-17 Victorian Budget provided \$22.5 million to deliver a range of priority public transport projects in regional Victoria under the *Road and Rail Minor Works Program* to respond to priorities under the Regional Network Development Plan (RNDP).

The *Road and Rail Minor Works Program* will provide improved access, usability and amenity for public transport users across the Barwon South West, Gippsland, Grampians, Hume, and Loddon Mallee regions.

During June and July 2017, VicTrack hosted community information sessions to help inform the development of transport upgrades. Over 100 attendees provided their feedback. Feedback received from stakeholders and the community played a key role in helping VicTrack understand key priorities and inform the final plans.

The program is currently delivering 900 new car parking spaces, bus shelters and interchanges and improved facilities for bicycle users across the regions. Works are scheduled to be completed before the end of 2018.

## Reinventing retired trams

VicTrack chaired a Retired Tram Strategy Stakeholder Reference Group, to formulate a strategy to re-use and repurpose some of the retired trams currently stored at the Newport Workshops and allow them to be enjoyed by the community once again.

The group, appointed by the Minister for Public Transport, comprised people with expertise in transport, heritage, arts, tourism and local government. They developed the Retired Trams Strategy, which provides recommendations for repurposing the trams and maximising their community benefit.

In May 2018, a six-week expression-of-interest period commenced, allowing the community, individuals and commercial entities to apply to repurpose a retired tram.

## \$15.8m Bendigo and Eaglehawk station upgrades

The revitalisation of Bendigo and Eaglehawk stations has continued throughout 2017-18 with the development of concept and reference designs to improve accessibility, usability and amenity at both stations.

At Bendigo Station, a new pedestrian overpass with lifts, ramps and stairs will be installed to enable better pedestrian movement between platforms. There will also be bus interchange improvements, with better parking and traffic management outside the station, and an improved station waiting area.

A platform extension and more car parking at Eaglehawk Station will make the station more accessible.

The contract for the Eaglehawk Station upgrade and the new pedestrian overpass at Bendigo Station has been awarded to Downer Group, with work having started in June 2018.

Concept designs for improvements to Bendigo Station and the bus interchange have been developed, with the contract to be awarded and works to begin in 2018-19.

These upgrades will deliver on community priorities in the Victorian Government's Regional Network Development Plan, and are consistent with the City of Greater Bendigo's integrated transport and land use strategy, the *Bendigo Station Improvement Plan* and the *Eaglehawk Station Precinct Master Plan*.

## \$9m Gippsland Rail Corridor Station Upgrade Program

During 2017-18 VicTrack delivered the Victorian Government's \$9 million *Gippsland Rail Corridor Station Upgrade Program*, which has provided an improved customer experience at Traralgon, Moe, Trafalgar and Morwell stations.

A new car park at Traralgon Station has capacity for over 90 car parking spaces, with improved safety and security features through CCTV and lighting.

Other enhancements include additional access points to platforms, with myki readers to ensure people of all abilities can move around the stations, as well as new footpaths, improved coach and bus interchanges, shelters and lighting to help them safely connect with other forms of transport.

Improvements were made to accessibility to meet the requirements of the *Disability Discrimination Act (DDA)* and *Disability Standards for Accessible Public Transport 2002 (DSAP)*. This includes new ramps, improved toilets, tactile ground surface indicators (TGSIs) and DDA-compliant ticket counters across all four stations.

## Multimodal PIDs for the bus network

Building on the award-winning bus passenger information displays (PIDs) delivered in Bendigo in 2016, VicTrack has developed a new Multimodal Public Information Display (MPID) system. This new MPID system delivers real-time public transport running information to extend throughout Victoria's entire bus network. The passengers will have real-time information about arrival and departure times of bus, tram and train services.

In collaboration with third-party providers, VicTrack has developed the infrastructure, transmission and software to deliver a secure, flexible, robust and scalable solution that can be applied to up to 4,000 end points, including PIDs and customer help points.

The new architecture complies with disability access legislation for visually impaired commuters and the Victorian Protective Data Security Standards. A trial was successfully delivered on the Frankston bus network in 2017-18, with PIDs also installed in Huntingdale, Craigieburn and Cranbourne.

As the developer, owner and operator of critical telecommunications architecture underpinning public transport operations in Victoria, VicTrack has now developed the specifications to enable the roll-out of this technology across the bus network efficiently to benefit the Victorian community.

## Ballarat Station bus interchange

VicTrack delivered the reference design for the new bus interchange at Ballarat Station.

The new interchange will bring local buses closer to the station, making it easier for commuters to access the station precinct, and making it safer to change between transport services.

The reference design includes 12 new bus bays, pedestrian crossings for safer access between the car park and station entrance, and shelter for improved weather protection.

The release of the reference design followed extensive consultation with stakeholders, and feedback from the Ballarat community during an information session and online survey on the concept design in February 2018. The reference design is being used as a basis for the detailed design and to seek heritage approvals.

The new bus interchange is part of the Victorian Government's major transport program for Ballarat, including \$32 million for the Ballarat Station Precinct Redevelopment, and builds on the new Ballarat Bus Network, as part of a \$100 million investment in better bus services across Victoria.

## Level and pedestrian crossing upgrades

VicTrack delivered a total of 29 level and pedestrian crossing upgrades in 2017-18. Fifteen of these were delivered under the *State Level Crossings Upgrade Program* and 14 under the *Safer Country Crossings Program*.

Under the Victorian Government's \$50 million *Safer Country Crossings Program*, VicTrack is upgrading a total of 17 priority road and seven priority pedestrian locations carrying high-speed passenger trains or a high number of heavy vehicles.

### Safer Country Crossings Program (sites completed)

Site	Treatment
Donnybrook Road, Donnybrook (ARTC)	Automatic gates & electromagnetic latches
Donnybrook Road, Donnybrook (V/Line)	Automatic gates & electromagnetic latches
Angle Road, Euroa	Boom barriers & flashing lights
Cemetery Road, Benalla	Boom barriers & flashing lights
Gravel Pit Road, Wangaratta	Boom barriers & flashing lights
Boralma–Rutherglen Road, Boralma	Boom barriers & flashing lights
Williams Road, Monea	Boom barriers & flashing lights
Oxenburys Road, Longwood	Boom barriers & flashing lights
Old Barnawartha Road, Wodonga	Boom barriers & flashing lights
Gould Road, Winton North	Boom barriers & flashing lights
Old Hume Highway, Winton North	Boom barriers & flashing lights
Faithful Street, Benalla	Automatic gates & electromagnetic latches
Hazel Street, Horsham (x2)	Automatic gates & electromagnetic latches

### State Pedestrian Crossing Upgrade Program (sites completed)

Site	Treatment
Union Street, Windsor (x2)	Electromagnetic latch gates
Station Street, Fairfield (x2)	Electromagnetic latch gates
Hampton Street, Hampton (x2)	Electromagnetic latch gates
Maidstone Street, Westona (x4)	Automatic gates & electromagnetic latches
Parkers Road, Parkdale (x2)	Automatic gates & electromagnetic latches
Collins Street, Chadstone	Automatic gates & electromagnetic latches
Cricklewood Avenue, Frankston	Automatic gates & electromagnetic latches
Gaffney Street, Pascoe Vale	Electromagnetic latch gates

# Strengthening our commercial asset portfolio

A major objective of our commercial property business is to boost the value of our asset portfolio and identify opportunities to return revenue to the transport sector. This was achieved in 2017-18, with significant land sales and growth from commercial leases, billboards and car parks enabling us to strengthen the asset portfolio and drive investment back to transport and Victorian communities.

## Land sales program

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 2017-18 the land sales team achieved its budget by transacting some 20 properties totalling \$8.9 million, with significant sales in Sunshine, Kilmore and Warragul.

In April 2018, VicTrack exchanged contracts on one of our largest deals, located at Spotswood. The deal is scheduled to settle in next year's budget. The sale was a culmination of the majority of the year's work by the sales team and the wider property group, following a detailed and complex sales process.

The team also successfully transferred several sites occupied by VicRoads and will continue to release land to VicRoads to enable road and transport requirements.

## Billboards and car parks

The ongoing effort to grow VicTrack's billboard portfolio delivered three new billboards at prominent sites across Melbourne in partnership with QMS Rail Media during 2017-18.

As a result of the third stage of the new development construction pipeline, the portfolio is forecast to grow by 21 per cent. The installations included large format digital billboards at Fawkner, Eastern Freeway in Clifton Hill and Punt Road in Richmond.

A planning permit was lodged and approval received to convert the static site at Spencer Street Viaduct into digital format, with construction forecast during the 2018-19 financial year.

The car park portfolio is forecast to grow by 6 per cent under VicTrack's service provider Care Park, with the leasing of a new pay and display site at Frankston.

## Commercial leases

The leased portfolio comprises some 1,500 agreements, with revenue in 2017-18 of \$26.9 million following rent smoothing adjustment. This is largely static from the previous financial year (less than one per cent deviation) representing an admirable outcome in light of \$1.7 million in terminations, and various restrictions to re-leasing which eventuated throughout the year. The bulk of terminations were driven by land requirements for transport project works.

There are a small number of higher value rent review and lease negotiations currently ongoing but with an effective date within the 2017-18 financial year which will likely not be finalised until early in 2018-19. While these will provide an early boost to revenue in 2018-19, they will negatively impact the current financial year outcome. Delays in bringing the Melbourne Markets site under VicTrack control have also impacted the portfolio's performance against budget.

The long-term outlook continues to see the portfolio exceeding \$30 million over the corporate planning period.

VicTrack and its outsourced provider continued to work towards streamlining the leasing process to the benefit of all stakeholders.



Windsor  
Station

Trams

# Reinvesting in communities

Ensuring that revenue from our commercial activities is invested back into the community is a key objective for VicTrack. Throughout 2017-18 we supported a number of commercially focused community programs as well as non-commercial activities like community projects, scholarships, and environmental and heritage preservation.

## Community support programs

As owners of significant state assets, VicTrack continued to support communities through direct funding and partnerships as we fulfil our role in helping Victoria thrive.

### Community leases

VicTrack's community lease program leases buildings and open spaces to a wide range of community groups and local councils for use as parkland, gardens, open space and other community-related activities.

As part of the program, VicTrack managed 415 community leases across the state during 2017-18. Our community lease tenants include tourist and heritage groups as well as local councils operating rail trails.

One of the new leases for 2017-18 has been to the Violet Town Community Committee. The group is creating a memorial garden on land near the railway station that will commemorate the 50th anniversary of the Southern Aurora rail accident, which occurred near Violet Town in February 1969.

Another lease is for the Links Community Garden, a shared outdoor space near Lalor Station that is used by the local community for activities such as gardening, sustainability education, produce sharing, upcycling, art making and social gatherings.

We also assisted the Yarriambiack Shire Council with funding for repairs to the Beulah Station roof, which was damaged during a storm. VicTrack contributed funds towards repairing the building and constructing a new toilet block for the community group to use. The works were completed in June 2018.

### Keep Victoria Beautiful Stationeers

We continued our support for the Keep Victoria Beautiful (KVB) Stationeers Program during 2017-18 with a funding contribution of \$50,000 to assist registered volunteer groups to provide gardening and other beautification works at 24 metropolitan stations, with a further 10 permits pending, and 28 regional stations.

Funding for the Stationeers Program is also provided by PTV, MTM and V/Line as part of a funding agreement between VicTrack and these other transport bodies.

One of the highlights of the program this year has been the transformation of the public areas around Dimboola Station, thanks to the hard work of Stationeer Jan Ballard and other local volunteers. Jan, who has lived in or around Dimboola all her life, gained permission around 10 years ago under the Stationeers Program to beautify Victorian Railways Institute land adjacent to the station through landscaping and planting works.

An additional amount of \$12,000 was provided to KVB for the Stationeers to purchase safety vests, promotional signage, gardening equipment and water tanks.

### Mary Jane Lewis Foundation Transport Sector Scholarships

During 2017-18 VicTrack contributed \$10,000 to the Mary Jane Lewis Foundation Transport Sector Scholarships. These scholarships are an initiative of the Women in Transport Program developed by TfV, and will assist young, financially disadvantaged women to undertake a transport-related undergraduate degree at any university in Victoria. Scholarship recipients will also receive access to mentoring, practical advice, financial literacy and exposure to the transport industry. VicTrack has pledged a total of \$30,000 over three years towards the scholarships.

### Bridge Naming Competition

Five rail bridges within the Moorabool Shire Council were given new names during 2017-18 as part of VicTrack's *Bridge Naming Competition*. The bridges are all located in areas prone to bushfires or floods, and naming them is designed to help emergency services locate and access them quickly.

The bridge names were decided by a public vote and VicTrack worked closely with Moorabool Shire Council and local emergency services to identify key community contacts to publicise the competition.

The bridges have been named McCormacks Bridge, Paces Bridge and Fred Lewin Bridge near Bacchus Marsh; Navigators Bridge near Navigator; and Gascards Lane Bridge near Ballan. All the bridge names chosen by the community relate to the nearest township or road, with the exception of Fred Lewin Bridge. Fred Lewin was a long-term resident of Bacchus Marsh and a well-known volunteer who, before passing away in 2017, was involved in Little Athletics, St Vinnies Op Shop and the local netball club.

### Environmental program

Environmental management plays a major role in VicTrack's operations, as one of our major non-commercial activities, and as the asset owner of one of Victoria's largest titled land holdings.

### Landcare Australia partnership

VicTrack continued its work with Landcare Australia over the last year to conserve fragments of some of Victoria's most threatened ecosystems, including plains grasslands. Some of the best preserved examples of these sites are within the more than 5,000 kilometres of railway reserve managed by VicTrack, where they have survived away from ploughs, fertilisers and exotic pasture plants. VicTrack and Landcare Australia worked together to rehabilitate, protect and enhance the ecological integrity of many of these sites.

With VicTrack funding, Landcare Australia engages with local community and Landcare groups to undertake conservation works on sites with ecological values. In some cases, VicTrack develops management plans that support the conservation of these sites and to preserve indigenous species.

In 2017-18 funding from VicTrack was provided to support five projects:

### **Bellarine Tourist Rail (Bellarine Catchment Network, Drysdale)**

Working alongside the Geelong Steam Preservation Society, a large program of revegetation, weed control, seeding, interpretation, education and site maintenance continues within the Bellarine Tourist Rail and Rail Trail. The tourist rail and trail provides a continuous link of indigenous vegetation between Geelong and Queenscliff, including beside the Ramsar-listed Swan Bay, and contains significant remnant forest, woodland and coastal vegetation and supports diverse wildlife.

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

A restoration project that aims to manage and restore a six-kilometre link of indigenous vegetation within south-east Victoria, near Clyde, that is an important habitat for the threatened Southern Brown Bandicoot (Eastern) (*Isodon obesulus obesulus*).

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)*. Restoration activities in 2017-18 largely included weed control and revegetation, fuel load management, and sensitive treatment of rare orchids in the vicinity.

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

A program of rehabilitation, weeding, seed collection and education to improve habitat connectivity and create a continuous biodiversity corridor between Koroit and Minhamite. The corridor encompasses four listed endangered ecological vegetation classes as well as numerous rare and endangered species. Recent activities included information sign design, collaboration in detailed planning, and successfully undertaking an ecological burn with local Country Fire Authority (CFA) groups and university researchers, as well as Traditional Owner engagement. A Scar Tree identified onsite is likely to promote further community links and tourism opportunities.

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

A program to manage the *Catchment and Land Protection Act 1994* listed noxious weeds along the Great Victorian Rail Trail between Mansfield and Tallarook. A combination of contractors, staff, school students and community volunteers have been actively involved in tree planting and weed management in 2017-18. Students have installed and been monitoring nest boxes for fauna. Taungurong Aboriginal Corporation and CFA worked together to undertake a successful ecological burn.

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

Maintenance of the Tallygaroopna Station Park continued in 2017-18, including weed management and school group/community revegetation plantings. Works to restore the public access path through the reserve also occurred, and metal signs featuring designs that highlight the rail and cultural history of the region were installed for the park, with support from Traditional Owners.

## Contamination removal and land remediation

### Asbestos program

#### Survey and removal programs

Asbestos risk is managed in accordance with current 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 2017-18, asbestos surveys were completed on 122 buildings at more than 80 locations as part of VicTrack's five-year rolling asbestos survey program to manage asbestos risk.

Asbestos removal works were also undertaken at a number of key sites across Victoria, including Maryborough, Spotswood, Brooklyn, Newport Workshops, Flinders Street, West Richmond, Sandringham, Spotswood, Ballarat Goods Shed, Bendigo and Albion. Works predominantly involved the removal of asbestos within buildings and in soils to make the areas safe and reduce ongoing asbestos management requirements into the future.

#### Asbestos data management

VicTrack implemented a web-based mobile application to capture and monitor asbestos and hazardous materials information in assets. The application enables efficiencies and consistencies in data collation during surveying of assets through to transfer of information to VicTrack's asset management system, Conquest.

#### Implementation of site specific management measures

In 2017-18, site-specific asbestos management plans (AMPs) were implemented at Albion, Ballarat, Bendigo North, Brooklyn, Croxton, Maryborough, Newport Workshops, Queenscliff and Spotswood. Implementation of the site-specific AMPs predominantly involved annual asbestos inspections and updates of site specific registers.

#### Contaminated land program

VicTrack completed contaminated land assessments at more than 78 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.

#### South Dynon remediation

Groundwater remediation works at the South Dynon Rail Yards continued to safely remove the diesel light non-aqueous phase plume of contamination beneath the site. Approximately 4,630 litres of the diesel light non-aqueous phase liquid was removed from the groundwater through active total fluid remediation this year. The remediation works have removed over 32,712 litres of light non-aqueous phase liquid from groundwater since the start of the remediation trial and subsequent remediation works in 2014. The light non-aqueous phase liquid recovered from the groundwater has been separated, collected and sent to an offsite recycling facility.

## **Groundwater monitoring program**

VicTrack continued implementing its annual groundwater monitoring program, which assesses the nature, extent and stability of groundwater contamination at numerous sites across Victoria.

These sites have groundwater contamination as a result of poor historical uses. Many of these sites require ongoing groundwater monitoring to ensure risks from contamination are managed. VicTrack worked with expert contaminated land consultants to identify where sites no longer require regular groundwater monitoring, or where active management of the contamination may be required, based on the potential for risks to site users or the environment. VicTrack undertook groundwater monitoring at eight sites in 2017-18.

## **Major investigations and clean-up works**

VicTrack undertook major investigations and clean-up works at four sites with active Environment Protection Authority (EPA) compliance notices: Horsham, Elmore, Spotswood and Coolaroo.

At Horsham, we completed environmental assessment works to determine impacts from legacy contamination associated with former tenants. Following the assessment works a remediation options assessment, remediation pilot trial and clean-up plan were completed. Liaison with former tenants continued, to determine responsibility of contamination and input into a clean-up plan.

At Elmore, environmental clean-up works were completed in accordance with the Environmental Auditor-approved remediation action plan, which included the excavation and disposal of 470 cubic metres of lead contaminated soils. The land has been reinstated and the notice was revoked by EPA in August 2017.

Annual monitoring of groundwater and the platform encapsulation structure containing contaminated soil continued at Spotswood, in accordance with the Environmental Auditor-approved plan for managing legacy contamination.

At Coolaroo, VicTrack undertook works to assess and remove a stockpile of waste illegally dumped at the site. The stockpile was assessed, removed and the notice was subsequently revoked by EPA in March 2018.

## **Natural resource management**

### **Biodiversity management**

VicTrack continued to invest time and money into understanding biodiversity on VicTrack land. We completed biodiversity assessments at four locations 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 our in-house mapping system. The tool will assist VicTrack with identifying biodiversity and managing risks to significant biodiversity values on sites where works are planned. It was trialled and made available to the Environment and Sustainability Team via RailMap in 2017-18.

### **South Morang biodiversity protection area**

Commonwealth protected vegetation (listed under the EPBC Act), including the Matted Flax-lily and Grassy Eucalypt Woodland, was managed by VicTrack, on behalf of PTV under a memorandum of understanding and long-term management plan.

Fence repairs, biomass control, rabbit control, litter removal, vegetation monitoring and annual reporting was completed in 2017-18, and will continue for another two years.

VicTrack worked closely with environmental and land management consultants, as well as the Mernda Rail Extension Project, Parks Victoria and DELWP to ensure the protection and management of significant vegetation.



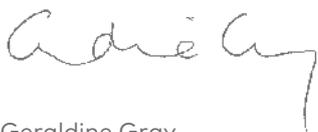
## Declaration by Chair, Accountable Officer and Acting Executive General Manager Business Services 30 June 2018

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 Minister for Finance 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 notes to and forming part of the financial statements, presents fairly the financial transactions during the year ended 30 June 2018 and the financial position as at 30 June 2018 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.

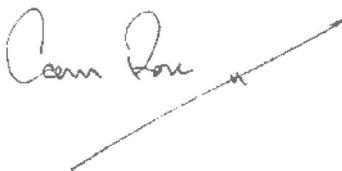
We authorise the attached financial statements for issue on 30 August 2018.



Geraldine Gray

**Chair**

Dated: 30 August 2018



Campbell A. Rose AM

**Chief Executive**

Dated: 30 August 2018



Chris Olds

**Acting Executive General Manager Business Services**

Dated: 30 August 2018

## Independent Auditor's Report

### To the Board of Victorian Rail Track

<b>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 2018</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 services.</li> </ul> <p>In my opinion, the financial report presents fairly, in all material respects, the financial positions of the consolidated entity and the entity as at 30 June 2018 and their financial performance and cash flows for the year then ended in accordance with the financial reporting requirements of Part 7 of the <i>Financial Management Act 1994</i> and applicable Australian Accounting Standards.</p>
<b>Basis for Opinion</b>	<p>I have conducted my audit in accordance with the <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 <i>APES 110 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 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>

---

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

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

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

- identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for 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.
- 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
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board
- 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.
- 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
- 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.

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.

---

MELBOURNE  
3 September 2018



Simone Bohan  
*as delegate for the Auditor-General of Victoria*

# Comprehensive operating statement for the year ended 30 June 2018

	Note	2018 \$'000	Consolidated 2017 \$'000	2018 \$'000	Parent 2017 \$'000
<b>Continuing operations</b>					
<b>Income from transactions:</b>					
Telecommunication services		55,473	53,756	55,473	53,756
Property related income		34,022	32,324	34,022	32,324
Services received free of charge		33,433	30,203	33,433	30,203
Government contributions towards capital & related work		167,849	116,748	1,006	1,436
Other income	2.5	97,047	91,876	67,207	61,854
Capital asset charge		2,043,767	1,905,249	2,043,767	1,905,249
<b>Total income from transactions</b>		<b>2,431,591</b>	<b>2,230,156</b>	<b>2,234,908</b>	<b>2,084,822</b>
<b>Expenses from transactions:</b>					
Employee benefits	3.2	45,026	42,594	45,026	42,594
Depreciation & amortisation	4.1.1	789,893	770,785	635,782	623,189
Finance costs		44,094	53,523	32	57
Capital asset charge		2,043,767	1,905,249	2,043,767	1,905,249
Supplies of services	3.3	70,633	63,574	70,633	63,574
Other expenses from ordinary activities	3.4	63,258	54,208	63,189	54,104
<b>Total expenses from transactions</b>		<b>3,056,672</b>	<b>2,889,933</b>	<b>2,858,429</b>	<b>2,688,767</b>
<b>Net result from transactions (net operating balance)</b>		<b>(625,081)</b>	<b>(659,776)</b>	<b>(623,521)</b>	<b>(603,945)</b>
<b>Other economic flows included in net result:</b>					
Net gain/(loss) on non-financial assets	8.4	(4,364)	(59,496)	2,608	(37,139)
Other gains/(losses) from other economic flows	8.4	85	215	85	215
<b>Total other economic flows included in net result</b>		<b>(4,279)</b>	<b>(59,281)</b>	<b>2,693</b>	<b>(36,924)</b>
<b>Net result from continuing operations before tax</b>		<b>(629,360)</b>	<b>(719,057)</b>	<b>(620,828)</b>	<b>(640,869)</b>
Tax equivalent benefits	3.5.1	186,641	208,800	186,186	192,050
<b>Net result</b>		<b>(442,719)</b>	<b>(510,258)</b>	<b>(434,642)</b>	<b>(448,819)</b>
<b>Other economic flows - other comprehensive income</b>					
<b>Items that will not be reclassified to net results</b>					
Changes in physical asset revaluation surplus		865,200	(26,666)	865,200	(21,245)
Income tax on physical asset revaluation surplus	3.5.1	4,466	7,267	4,466	5,641
<b>Total other economic flows - other comprehensive income</b>		<b>869,666</b>	<b>(19,399)</b>	<b>869,666</b>	<b>(15,604)</b>
<b>Comprehensive result</b>		<b>426,947</b>	<b>(529,657)</b>	<b>435,024</b>	<b>(464,423)</b>

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

## Balance sheet as at 30 June 2018

	Note	Consolidated			Parent
		2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
<b>Assets</b>					
<b>Financial assets</b>					
Cash & deposits	5.5	64,069	52,216	62,933	51,074
Other financial assets		100	100	-	-
Trade & other receivables	6.1	32,826	31,173	161,109	159,471
<b>Total financial assets</b>		<b>96,995</b>	<b>83,489</b>	<b>224,042</b>	<b>210,545</b>
<b>Non-financial assets</b>					
Prepayments		2,190	2,444	2,190	2,444
Property, infrastructure, plant & equipment	4.1	36,660,552	32,193,242	32,685,804	28,627,343
Non-financial assets classified as held for sale	8.5	10,118	2,287	10,118	2,287
Intangible assets	4.2	34,087	41,059	-	-
<b>Total non-financial assets</b>		<b>36,706,947</b>	<b>32,239,032</b>	<b>32,698,112</b>	<b>28,632,074</b>
<b>Total assets</b>		<b>36,803,942</b>	<b>32,322,521</b>	<b>32,922,154</b>	<b>28,842,619</b>
<b>Liabilities</b>					
Trade & other payables	6.2	68,513	50,735	67,701	49,850
Employee related provisions	3.2.1	12,947	12,518	12,947	12,518
Borrowings	5.1	417,482	569,782	2,032	1,862
Deferred tax liability	3.5.2	2,197,759	2,388,865	2,178,722	2,369,374
<b>Total liabilities</b>		<b>2,696,701</b>	<b>3,021,899</b>	<b>2,261,402</b>	<b>2,433,604</b>
<b>Net assets</b>		<b>34,107,241</b>	<b>29,300,622</b>	<b>30,660,752</b>	<b>26,409,015</b>
<b>Equity</b>					
Contributed capital	5.4	24,667,334	20,287,662	21,474,241	17,657,530
Physical asset revaluation surplus		11,613,340	10,743,674	11,259,606	10,389,940
Retained profits/(accumulated losses)		(2,173,433)	(1,730,714)	(2,073,095)	(1,638,455)
<b>Net worth</b>		<b>34,107,241</b>	<b>29,300,622</b>	<b>30,660,752</b>	<b>26,409,015</b>
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 2018

	Contributed equity \$'000	Physical asset revaluation surplus \$'000	Retained profits/ (accumulated losses) \$'000	Total equity \$'000
<b>Consolidated</b>				
<b>2018</b>				
<b>Balance as 1 July 2017</b>	<b>20,287,662</b>	<b>10,743,674</b>	<b>(1,730,714)</b>	<b>29,300,622</b>
Net result for the year	-	-	(442,719)	(442,719)
Other comprehensive income/(expense) for the year	-	869,666	-	869,666
<b>Total comprehensive result for the year</b>	<b>-</b>	<b>869,666</b>	<b>(442,719)</b>	<b>426,947</b>
<b>Transactions with owners in their capacity as owners:</b>				
Contributions by owners during the year	4,379,672	-	-	4,379,672
Capital returned during the year	-	-	-	-
<b>Balance at 30 June 2018</b>	<b>24,667,334</b>	<b>11,613,340</b>	<b>(2,173,433)</b>	<b>34,107,241</b>
<b>2017</b>				
<b>Balance as 1 July 2016</b>	<b>17,238,147</b>	<b>10,763,073</b>	<b>(1,220,456)</b>	<b>26,780,764</b>
Net result for the year	-	-	(510,258)	(510,258)
Other comprehensive income/(expense) for the year	-	(19,399)	-	(19,399)
<b>Total comprehensive result for the year</b>	<b>-</b>	<b>(19,399)</b>	<b>(510,258)</b>	<b>(529,657)</b>
<b>Transactions with owners in their capacity as owners:</b>				
Contributions by owners during the year	3,049,515	-	-	3,049,515
Capital returned during the year	-	-	-	-
<b>Balance at 30 June 2017</b>	<b>20,287,662</b>	<b>10,743,674</b>	<b>(1,730,714)</b>	<b>29,300,622</b>

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

	Contributed equity \$'000	Physical asset revaluation surplus \$'000	Retained profits/ (accumulated losses) \$'000	Total equity \$'000
<b>Parent</b>				
<b>2018</b>				
<b>Balance as 1 July 2017</b>	<b>17,657,530</b>	<b>10,389,940</b>	<b>(1,638,455)</b>	<b>26,409,015</b>
Net result for the year	-	-	(434,642)	(434,642)
Other comprehensive income/(expense) for the year	-	869,666	-	869,666
<b>Total comprehensive result for the year</b>	<b>-</b>	<b>869,666</b>	<b>(434,642)</b>	<b>435,024</b>
<b>Transactions with owners in their capacity as owners:</b>				
Contributions by owners during the year	3,816,711	-	-	3,816,711
Capital returned during the year	-	-	-	-
<b>Balance at 30 June 2018</b>	<b>21,474,241</b>	<b>11,259,606</b>	<b>(2,073,095)</b>	<b>30,660,752</b>
<b>2017</b>				
<b>Balance as 1 July 2016</b>	<b>14,969,339</b>	<b>10,405,544</b>	<b>(1,189,636)</b>	<b>24,185,247</b>
Net result for the year	-	-	(448,819)	(448,819)
Other comprehensive income/(expense) for the year	-	(15,604)	-	(15,604)
<b>Total comprehensive result for the year</b>	<b>-</b>	<b>(15,604)</b>	<b>(448,819)</b>	<b>(464,423)</b>
<b>Transactions with owners in their capacity as owners:</b>				
Contributions by owners during the year	2,688,191	-	-	2,688,191
Capital returned during the year	-	-	-	-
<b>Balance at 30 June 2017</b>	<b>17,657,530</b>	<b>10,389,940</b>	<b>(1,638,455)</b>	<b>26,409,015</b>

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 2018

	Note	Consolidated		Parent	
		2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
<b>Cash flows from operating activities</b>					
Receipts		403,644	346,326	169,773	162,962
Interest received		950	722	934	707
Receipts from the Victorian Government for:					
- capital assets charge (*)		2,043,767	1,905,249	2,043,767	1,905,249
- capital & related works (inclusive of GST) & termination payments		1,095	1,529	1,095	1,529
<b>Total receipts</b>		<b>2,449,456</b>	<b>2,253,826</b>	<b>2,215,569</b>	<b>2,070,447</b>
<b>Payments</b>					
Suppliers (inclusive of GST) & employees		(172,472)	(171,605)	(138,036)	(136,051)
Borrowing costs paid		(44,094)	(53,538)	(32)	(57)
Capital assets charge (*)		(2,043,767)	(1,905,249)	(2,043,767)	(1,905,249)
Goods & services tax paid to the ATO		(5,403)	(9,048)	(1,950)	(5,596)
<b>Total Payments</b>		<b>(2,265,736)</b>	<b>(2,139,440)</b>	<b>(2,183,785)</b>	<b>(2,046,953)</b>
<b>Net cash flows from/(used in) operating activities</b>	<b>5.5</b>	<b>183,720</b>	<b>114,386</b>	<b>31,784</b>	<b>23,494</b>
<b>Cash flows from investing activities</b>					
Proceeds from/(payments for):					
Payment for assets acquired using government capital contributions		(4,379,672)	(3,049,515)	(3,816,711)	(2,688,191)
Acquisition of property, plant & equipment		(29,545)	(22,062)	(29,545)	(22,062)
Sale of property, plant & equipment		9,620	19,026	9,620	19,026
<b>Net cash from/(used in) investing activities</b>		<b>(4,399,597)</b>	<b>(3,052,551)</b>	<b>(3,836,636)</b>	<b>(2,691,227)</b>
<b>Cash flows from financing activities</b>					
Proceeds/(payments for):					
Government capital contributions		4,379,672	3,049,515	3,816,711	2,688,191
Borrowings		(151,942)	(91,011)	-	-
<b>Net cash flows from/(used in) financing activities</b>		<b>4,227,730</b>	<b>2,958,504</b>	<b>3,816,711</b>	<b>2,688,191</b>
<b>Net increase/(decrease) in cash held &amp; cash equivalent</b>		<b>11,853</b>	<b>20,339</b>	<b>11,859</b>	<b>20,458</b>
<b>Cash &amp; cash equivalent at the beginning of the financial year</b>		<b>52,216</b>	<b>31,877</b>	<b>51,074</b>	<b>30,616</b>
<b>Cash &amp; cash equivalent at the end of the financial year</b>		<b>64,069</b>	<b>52,216</b>	<b>62,933</b>	<b>51,074</b>

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 does 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.

# 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 2018. 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 AASB1004: 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.

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.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

## **Basis of consolidation**

In accordance with AASB10: Consolidated Financial Statements the consolidated financial statements of the Consolidated Entity incorporates assets and liabilities of all reporting entities controlled by the Consolidated Entity as at 30 June 2018, 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 PTV makes all payments to the lessors or financiers on behalf of the Consolidated Entity is confirmed by the Letter of Support provided by the Department of Economic Development, Jobs, Transport and Resources ("DEDJTR") dated 22 August 2018 covering the period until September 2019.

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").

The entity is a not-for-profit entity for reporting purposes under Australian Accounting Standards and FRD108B 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

	Note	2018 \$'000	Consolidated 2017 \$'000	2018 \$'000	Parent 2017 \$'000
<b>Continuing operations</b>					
<b>Income from transactions:</b>					
Telecommunication services	2.1	55,473	53,756	55,473	53,756
Property related income	2.2	34,022	32,324	34,022	32,324
Services received free of charge	2.3	33,433	30,203	33,433	30,203
Government contributions towards capital & related work	2.4	167,849	116,748	1,006	1,436
Other income	2.5	97,047	91,876	67,207	61,854
Capital asset charge	2.6	2,043,767	1,905,249	2,043,767	1,905,249
<b>Total income from transactions</b>		<b>2,431,591</b>	<b>2,230,156</b>	<b>2,234,908</b>	<b>2,084,822</b>

Income is measured at the fair value of the consideration received or receivable. Income is disclosed, where applicable, net of returns, allowances, duties and taxes.

The Consolidated Entity recognises income when the amount of income can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Consolidated Entity's activities as described below. The Consolidated Entity bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

## 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.

## 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.

## 2.3 Services received free of charge

This relates to resources free of charge received by Public Transport Victoria ("PTV") 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

Government contributions towards capital and related costs are recognised when the Consolidated Entity gains control of the underlying assets.

## 2.5 Other income

	Consolidated		Parent	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Interest received	950	722	934	707
Rolling stock lease income	29,225	29,225	-	-
Infrastructure management revenue	55,681	49,932	55,681	49,932
Other	11,191	11,998	10,592	11,215
<b>Total other income</b>	<b>97,047</b>	<b>91,876</b>	<b>67,207</b>	<b>61,854</b>

## 2.5.1 Interest income

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

Interest income is recognised on a time proportionate basis that takes into account the effective yield on the financial asset.

## 2.5.2 Operating leases

Lease income from operating 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 property at the expiry of the lease period.

	2018 \$'000	2017 \$'000
Non-cancellable operating receivables	-	-
Not longer than one year	29,225	29,225
Longer than one year but not longer than five years	39,620	68,845
Longer than five years	-	-
<b>Total</b>	<b>68,845</b>	<b>98,070</b>

## 2.6 Capital assets 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 2018.

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*.

# 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 costs associated with provision of services are recorded.

## 3.1 Expenses incurred in delivery of services

	Note	Consolidated		Parent	
		2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Employee benefits	3.2	45,026	42,594	45,026	42,594
Supplies of services	3.3	70,633	63,574	70,633	63,574
Other expenses from ordinary activities	3.4	63,259	54,208	63,189	54,104
Capital asset charge	2.6	2,043,767	1,905,249	2,043,767	1,905,249
<b>Total expenses incurred in delivery of services</b>		<b>2,222,685</b>	<b>2,065,625</b>	<b>2,222,615</b>	<b>2,065,521</b>

## 3.2 Employee benefits in the comprehensive operating statement

<b>Employee benefits</b>					
	Note	Consolidated		Parent	
		2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Salaries & wages, annual leave & long service leave		33,715	32,937	33,715	32,937
Associated labour on-costs		3,222	2,854	3,222	2,854
Increase in provision for employee entitlements		2,209	2,366	2,209	2,366
<b>Post employment benefits</b>					
Superannuation contributions	3.2.2	4,793	4,238	4,793	4,238
Termination payments		1,087	199	1,087	199
<b>Total employee benefits</b>		<b>45,026</b>	<b>42,594</b>	<b>45,026</b>	<b>42,594</b>

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, redundancy 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).

### 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.

	2018 \$'000	Consolidated 2017 \$'000	2018 \$'000	Parent 2017 \$'000
<b>Employee benefits</b>				
<b>Current provisions</b>				
<b>Annual leave</b>				
Unconditional & expected to settle within 12 months	3,106	2,972	3,106	2,972
Unconditional & expected to settle after 12 months	91	85	91	85
<b>Long service leave</b>				
Unconditional & expected to settle within 12 months	539	1,003	539	1,003
Unconditional & expected to settle after 12 months	5,255	4,998	5,255	4,998
<b>Other employee benefits</b>				
Unconditional & expected to settle within 12 months	1,379	866	1,379	866
	<b>10,370</b>	<b>9,924</b>	<b>10,370</b>	<b>9,924</b>
<b>Provision for on-costs</b>				
Unconditional & expected to settle within 12 months	761	627	761	627
Unconditional & expected to settle after 12 months	810	773	810	773
	<b>1,571</b>	<b>1,400</b>	<b>1,571</b>	<b>1,400</b>
<b>Total current provisions</b>	<b>11,941</b>	<b>11,324</b>	<b>11,941</b>	<b>11,324</b>
<b>Non-current provisions</b>				
Employee benefits	873	1,036	873	1,036
On-costs	133	157	133	157
<b>Total non-current provisions</b>	<b>1,006</b>	<b>1,193</b>	<b>1,006</b>	<b>1,193</b>
<b>Total employee benefits provisions</b>	<b>12,947</b>	<b>12,518</b>	<b>12,947</b>	<b>12,518</b>

### **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**

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

Unconditional LSL is disclosed in the notes to the financial statements 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:

- 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.

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

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

### **On-costs on employee benefits**

On-costs on employee benefits, including payroll tax, are recognised and included in employee benefit liabilities and costs when the employee benefits to which they relate are recognised as liabilities.

### 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:

<b>Superannuation fund (a)</b>	30 June 2018 Contributions \$'000	Contributions outstanding as at 30 June 2018 \$'000	30 June 2017 Contributions \$'000	Contributions outstanding as at 30 June 2017 \$'000
--------------------------------	---	---	---	---

#### **Defined benefit plans (b)**

Transport Superannuation Scheme	398	7	342	47
State Superannuation Scheme	308	4	288	39

#### **Defined contribution plans**

VicSuper	1,795	235	1,519	213
Other	2,292	413	2,089	390
	<b>4,793</b>	<b>659</b>	<b>4,238</b>	<b>689</b>

(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

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

	Consolidated		Parent	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Property services (including land tax)	12,489	9,261	12,489	9,261
Telecommunications expenses	9,343	10,615	9,343	10,615
Contract & other payments	48,801	43,699	48,801	43,699
<b>Total supplies &amp; services</b>	<b>70,633</b>	<b>63,574</b>	<b>70,633</b>	<b>63,574</b>

### 3.4 Other expenses from ordinary activities

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

	Consolidated		Parent	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Bad debts	60	164	60	164
Insurance premiums	481	532	481	532
Legal fees	502	261	502	261
Occupancy costs	2,206	1,861	2,206	1,861
Customer construction expense	50,476	43,834	50,476	43,834
Other expenses	9,534	7,556	9,464	7,452
<b>Total other operating expenses</b>	<b>63,259</b>	<b>54,208</b>	<b>63,189</b>	<b>54,104</b>

## 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") in 2017-18, but limited to the income tax component of the NTER.

### 3.5.1 Tax equivalent expense

	Consolidated		Parent	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
<b>Income Tax</b>				
Current income tax (expense)/benefit	110,270	111,789	90,459	93,596
Adjustment in respect of current income tax of previous years	(38,931)	19,282	-	-
Deferred income tax	115,302	77,729	95,728	98,454
<b>Total income tax (expense)/benefit</b>	<b>186,641</b>	<b>208,800</b>	<b>186,186</b>	<b>192,050</b>

#### Income tax reconciliation

Accounting profit/(loss) before tax	(629,360)	(719,058)	(620,828)	(640,869)
Income tax (expense)/benefit at company tax rate of 30%	188,808	215,717	186,248	192,261
Non-allowable items	(2,167)	(6,918)	(62)	(211)
	<b>186,641</b>	<b>208,800</b>	<b>186,186</b>	<b>192,050</b>

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

(Increase)/decrease in deferred tax liabilities	117,992	60,626	11,828	98,137
Increase/(decrease) in deferred tax assets	(2,690)	17,103	83,899	317
	<b>115,302</b>	<b>77,729</b>	<b>95,728</b>	<b>98,454</b>

#### Amounts charged directly to equity

Revaluation reserves				
Revaluation of plant & equipment	4,466	7,267	4,466	5,641

#### 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.

	Consolidated		Parent	
	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000

### Deferred tax assets

The balance comprises temporary differences attributable to:

Fair value of loan	169	332	-	-
Finance lease liability	83,046	119,434	610	559
Accrued leave	3,884	3,755	3,884	3,755
Provision for asset decommissioning	3,001	3,001	3,001	3,001
Doubtful debts	46	60	46	60
Accelerated depreciation	68,900	35,153	83,734	-
Losses available for offset	763,939	692,601	545,662	455,205
<b>Total deferred tax assets</b>	<b>922,984</b>	<b>854,336</b>	<b>636,897</b>	<b>462,580</b>

### Deferred tax liabilities

The balance comprises temporary differences attributable to:

Revaluation of plant and equipment	(2,978,033)	(2,982,499)	(2,815,025)	(2,819,492)
Accelerated depreciation	-	-	-	(11,903)
Finance lease assets	(142,654)	(260,675)	(608)	(559)
Fair value of loan	(30)	(27)	-	-
Accrued interest	(26)	-	(26)	-
<b>Total deferred tax liabilities</b>	<b>(3,120,743)</b>	<b>(3,243,202)</b>	<b>(2,815,659)</b>	<b>(2,831,954)</b>

<b>Net deferred tax assets/(liabilities)</b>	<b>(2,197,759)</b>	<b>(2,388,865)</b>	<b>(2,178,722)</b>	<b>(2,369,374)</b>
--	--------------------	--------------------	--------------------	--------------------

### Movement in deferred tax assets/(liabilities)

Opening balance	(2,388,865)	(2,604,932)	(2,369,374)	(2,567,064)
Charged to income tax expense	115,302	77,729	95,728	98,454
Charged to equity	4,466	7,267	4,466	5,641
Movement in tax losses	71,337	131,071	90,458	93,596
<b>Closing balance</b>	<b>(2,197,759)</b>	<b>(2,388,865)</b>	<b>(2,178,722)</b>	<b>(2,369,374)</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, 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 *FRD103F: Non-financial physical assets*.

## Purpose group – transportation and communications

	Consolidated		Parent	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
<b>Land</b>				
Rail corridor land - at fair value	3,118,458	2,547,616	3,118,458	2,547,616
Rail corridor land - at cost	-	2,567	-	2,567
Non-rail corridor land - at fair value	2,280,552	1,825,661	2,280,552	1,825,661
<b>Total land</b>	<b>5,399,010</b>	<b>4,375,845</b>	<b>5,399,010</b>	<b>4,375,845</b>
<b>Buildings &amp; structures</b>				
Net fair value	7,231,530	7,248,941	7,231,530	7,248,941
Accumulated depreciation	(440,668)	(289,781)	(440,668)	(289,781)
<b>Carrying amount</b>	<b>6,790,862</b>	<b>6,959,160</b>	<b>6,790,862</b>	<b>6,959,160</b>
Cost & allocation statement valuation	3,074,557	488,827	3,074,557	488,827
Accumulated depreciation	(16,891)	(4,878)	(16,891)	(4,878)
<b>Carrying amount</b>	<b>3,057,666</b>	<b>483,949</b>	<b>3,057,666</b>	<b>483,949</b>
<b>Total buildings &amp; structures</b>	<b>9,848,528</b>	<b>7,443,108</b>	<b>9,848,528</b>	<b>7,443,108</b>
<b>Track</b>				
Net fair value	7,052,520	7,052,242	7,052,520	7,052,242
Accumulated depreciation	(526,488)	(351,139)	(526,488)	(351,139)
<b>Carrying amount</b>	<b>6,526,032</b>	<b>6,701,103</b>	<b>6,526,032</b>	<b>6,701,103</b>
Cost & allocation statement valuation	478,010	152,110	478,010	152,110
Accumulated depreciation	(6,878)	(1,976)	(6,878)	(1,976)
<b>Carrying amount</b>	<b>471,132</b>	<b>150,134</b>	<b>471,132</b>	<b>150,134</b>
<b>Total track</b>	<b>6,997,164</b>	<b>6,851,238</b>	<b>6,997,164</b>	<b>6,851,238</b>
<b>Signals and communication</b>				
Net fair value	3,097,604	3,101,935	3,097,604	3,101,935
Accumulated depreciation	(562,033)	(384,418)	(562,033)	(384,418)
<b>Carrying amount</b>	<b>2,535,571</b>	<b>2,717,517</b>	<b>2,535,571</b>	<b>2,717,517</b>
Cost & allocation statement valuation	859,314	205,010	859,314	205,010
Accumulated depreciation	(24,625)	(5,918)	(24,625)	(5,918)
<b>Carrying amount</b>	<b>834,689</b>	<b>199,092</b>	<b>834,689</b>	<b>199,092</b>
<b>Total signals &amp; communication</b>	<b>3,370,260</b>	<b>2,916,609</b>	<b>3,370,260</b>	<b>2,916,609</b>
<b>Plant &amp; equipment</b>				
Net fair value	4,682,173	3,825,525	1,103,724	1,103,724
Accumulated depreciation	(749,042)	(502,747)	(190,180)	(126,331)
<b>Carrying amount</b>	<b>3,933,131</b>	<b>3,322,778</b>	<b>913,544</b>	<b>977,393</b>
Finance lease net fair value	506,110	936,776	2,728	2,626
Accumulated depreciation	(32,617)	(66,006)	(703)	(773)
<b>Carrying amount</b>	<b>473,493</b>	<b>870,770</b>	<b>2,025</b>	<b>1,853</b>
Cost	132,670	59,411	132,670	59,411
Accumulated depreciation	(7,809)	(3,178)	(7,809)	(3,178)
<b>Carrying amount</b>	<b>124,861</b>	<b>56,233</b>	<b>124,861</b>	<b>56,233</b>
<b>Total plant &amp; equipment</b>	<b>4,531,485</b>	<b>4,249,781</b>	<b>1,040,430</b>	<b>1,035,479</b>
<b>Intangibles software &amp; licences</b>				
Net fair value	266,159	265,530	266,159	265,530
Accumulated amortisation	(150,283)	(124,952)	(150,283)	(124,952)
<b>Total intangibles software &amp; licences</b>	<b>115,876</b>	<b>140,579</b>	<b>115,876</b>	<b>140,579</b>
<b>Capital works in progress</b>				
Leasehold improvements/renewals	5,807,045	5,809,449	5,807,045	5,809,449
Rolling stock under construction	483,693	351,596	-	-
Other	107,491	55,036	107,491	55,036
<b>Total capital works in progress</b>	<b>6,398,229</b>	<b>6,216,081</b>	<b>5,914,536</b>	<b>5,864,485</b>
<b>Total property, infrastructure, plant &amp; equipment</b>	<b>36,660,552</b>	<b>32,193,242</b>	<b>32,685,804</b>	<b>28,627,343</b>

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

	Land	Buildings & structures	Track
	\$'000	\$'000	\$'000
<b>Consolidated</b>			
<b>2018</b>			
<b>Carrying amount at 1 July 2017</b>	<b>4,375,845</b>	<b>7,443,108</b>	<b>6,851,238</b>
Additions	144,000	-	-
Disposals	(3,490)	-	-
Asset held for sale	(7,830)	-	-
Impairment of assets	-	-	-
Revaluation movement	883,000	(17,329)	-
Depreciation charge for the year	-	(164,310)	(180,252)
Transferred from WIP	7,485	2,587,059	326,178
<b>Carrying value at 30 June 2018</b>	<b>5,399,010</b>	<b>9,848,528</b>	<b>6,997,164</b>
<b>2017</b>			
<b>Carrying amount at 1 July 2016</b>	<b>4,379,146</b>	<b>7,135,059</b>	<b>6,943,488</b>
Additions	-	-	-
Disposals	(894)	-	-
Assets held for sale	36	-	-
Impairment of assets	-	-	-
Revaluation movement	(2,443)	(5,004)	(5,743)
Depreciation charge for the year	-	(156,903)	(178,247)
Transferred from WIP	-	469,956	91,740
<b>Carrying value at 30 June 2017</b>	<b>4,375,845</b>	<b>7,443,108</b>	<b>6,851,238</b>
<b>Parent</b>			
<b>2018</b>			
<b>Carrying amount at 1 July 2017</b>	<b>4,375,845</b>	<b>7,443,108</b>	<b>6,851,238</b>
Additions	144,000	-	-
Disposals	(3,490)	-	-
Asset held for sale	(7,830)	-	-
Revaluation movement	883,000	(17,329)	-
Depreciation charge for the year	-	(164,310)	(180,252)
Transferred from WIP	7,485	2,587,059	326,178
<b>Carrying value at 30 June 2018</b>	<b>5,399,010</b>	<b>9,848,528</b>	<b>6,997,164</b>
<b>2017</b>			
<b>Carrying amount at 1 July 2016</b>	<b>4,379,146</b>	<b>7,135,059</b>	<b>6,943,488</b>
Additions	-	-	-
Other adjustments	(894)	-	-
Disposals	36	-	-
Asset held for sale	-	-	-
Impairment of assets	(2,443)	(5,004)	(5,743)
Depreciation charge for the year	-	(156,903)	(178,247)
Transferred from WIP	-	469,956	91,740
<b>Carrying value at 30 June 2017</b>	<b>4,375,845</b>	<b>7,443,108</b>	<b>6,851,238</b>

Signals & communications	Plant & equipment	Intangible - software & licenses	WIP	Total
\$'000	\$'000	\$'000	\$'000	\$'000
<b>2,916,609</b>	<b>4,249,781</b>	<b>140,579</b>	<b>6,216,082</b>	<b>32,193,242</b>
-	1,240	-	4,258,648	4,403,888
-	(566)	-	-	(4,056)
-	-	-	-	(7,830)
-	-	-	-	-
(471)	-	-	-	865,200
(196,906)	(223,093)	(25,331)	-	(789,892)
651,028	504,123	628	(4,076,501)	-
<b>3,370,260</b>	<b>4,531,485</b>	<b>115,876</b>	<b>6,398,229</b>	<b>36,660,552</b>
<b>3,009,648</b>	<b>4,133,933</b>	<b>151,315</b>	<b>4,219,232</b>	<b>29,971,821</b>
-	833	-	3,073,728	3,074,561
-	(387)	-	-	(1,281)
-	-	-	-	36
-	-	-	(54,443)	(54,443)
(3,307)	(10,169)	-	-	(26,666)
(196,558)	(213,810)	(25,268)	-	(770,786)
106,826	339,381	14,532	(1,022,435)	-
<b>2,916,609</b>	<b>4,249,781</b>	<b>140,579</b>	<b>6,216,082</b>	<b>32,193,242</b>
<b>2,916,609</b>	<b>1,035,479</b>	<b>140,579</b>	<b>5,864,485</b>	<b>28,627,343</b>
-	1,240	-	3,695,688	3,840,928
-	(566)	-	-	(4,056)
-	-	-	-	(7,830)
(471)	-	-	-	865,200
(196,906)	(68,982)	(25,331)	-	(635,781)
651,028	73,259	628	(3,645,637)	-
<b>3,370,260</b>	<b>1,040,430</b>	<b>115,876</b>	<b>5,914,536</b>	<b>32,685,804</b>
<b>3,009,648</b>	<b>1,071,197</b>	<b>151,315</b>	<b>3,924,375</b>	<b>26,614,228</b>
-	833	-	2,712,404	2,713,237
-	(387)	-	-	(1,281)
-	-	-	-	36
-	-	-	(54,443)	(54,443)
(3,307)	(4,748)	-	-	(21,245)
(196,558)	(66,213)	(25,268)	-	(623,189)
106,826	34,797	14,532	(717,851)	-
<b>2,916,609</b>	<b>1,035,479</b>	<b>140,579</b>	<b>5,864,485</b>	<b>28,627,343</b>

## Initial recognition

All non-financial physical assets are recognised initially at cost and subsequently revalued at fair value less accumulated depreciation and impairment in accordance with the requirements of *FRD103F: Non-Financial Physical Assets reporting*. 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 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.

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 2015 by the Valuer-General Victoria ("VGV").

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

## 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 by 75 per cent in accordance with the VGV's Community Service Obligations. The basis of the valuation of non-rail corridor land is market value, with adjustments being made, where appropriate, for variations in the size and quality of each land parcel.

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 assets under construction and subject to financing.

## 4.1.1 Depreciation and amortisation

	Consolidated		Parent	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Buildings & structures	164,310	156,903	164,310	156,903
Track	180,252	178,247	180,252	178,247
Signals & communications	196,906	196,558	196,906	196,558
Plant & equipment	223,093	213,810	68,982	66,214
Intangibles software & licences	25,331	25,268	25,331	25,268
<b>Total depreciation &amp; amortisation</b>	<b>789,893</b>	<b>770,785</b>	<b>635,782</b>	<b>623,189</b>

### 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 operating 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 non-produced assets with finite lives are amortised as another economic flows on a systematic (typically straight line) basis over the asset's useful life.

The estimated useful lives, residual values and depreciation method are reviewed at the end of each annual reporting period, and adjustments made where appropriate. 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 2.5%	100 to 40 years
Track	1.0% to 2.0%	100 to 50 years
Signals & communications	3.0% to 3.3%	33 to 30 years
Plant & equipment	2.5% to 10%	40 to 10 years
Software & licences	3.0% to 14%	33 to 7 years
Rolling stock	2.5% to 3.3%	40 to 30 years

The above rates are the same as those applied in the previous financial year. Land is considered to have indefinite life and is not depreciated.

## 4.1.2 Impairment of non-financial physical assets

Non-financial assets, including items of property, plant and equipment, are tested for impairment whenever there is an indication that the asset may be impaired.

If there is an indication of impairment, the assets concerned are tested as to whether their carrying value exceeds their recoverable amount. Where an asset's carrying value exceeds its recoverable amount, the difference is written off as another economic flow, except to the extent that the write down can be debited to an asset revaluation surplus amount applicable to that class of asset.

If there is an indication that there has been a reversal in the estimate of an asset's recoverable amount since the last impairment loss was recognised, the carrying amount shall be increased to its recoverable amount. The impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised in prior years.

It is deemed that, in the event of the loss or destruction of an asset, the future economic benefits arising from the use of the asset will be replaced unless a specific decision to the contrary has been made. The recoverable amount for most assets is measured at the higher of depreciated replacement cost and fair value less costs to sell.

## 4.2 Intangible assets

	2018 \$'000	Consolidated 2017 \$'000	2018 \$'000	Parent 2017 \$'000
<b>Goodwill</b>				
Opening balance	41,059	63,417	-	-
Impairment	(6,972)	(22,358)	-	-
<b>Closing balance</b>	<b>34,087</b>	<b>41,059</b>	-	-

The total impairment loss recognised in the statement of comprehensive income during the year amounted to \$7 million and is separately presented in the statement of comprehensive income.

Goodwill is allocated to the Consolidated Entity's sole cash-generating unit, which is the leasing business. The recoverable amount of the cash generating unit is determined based on value-in-use calculations. During the year, the cash generating unit's value in use was determined to be less than the carrying amount and an impairment was recognised. This is based on the assumption that the lease income, to which the goodwill is related, will cease by September 2021.

Value-in-use is calculated based on the present value of cash flow projections to September 2021 when the lease income is expected to cease. The cash flows are discounted using a weighted average cost of capital of 7.44% and a stress test weighted average cost of capital of 9.80%. The market risk premium applied in the weighted average cost of capital is 3%.

# 5. How we financed our operations

This section provides information on the sources of finance and assets contributed by PTV and DEDJTR 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.

## 5.1 Borrowings

	Note	2018 \$'000	Consolidated 2017 \$'000	2018 \$'000	Parent 2017 \$'000
Secured loan		140,663	171,670	-	-
Lease liability	5.2	276,819	398,112	2,032	1,862
		<b>417,482</b>	<b>569,782</b>	<b>2,032</b>	<b>1,862</b>
<b>Reconciled by</b>					
<b>Current</b>					
Secured loan		37,030	35,601	-	-
Lease liability		176,717	122,520	990	1,057
		<b>213,747</b>	<b>158,121</b>	<b>990</b>	<b>1,057</b>
<b>Non-current</b>					
Secured loan		103,633	136,068	-	-
Lease liability		100,102	275,592	1,042	805
		<b>203,735</b>	<b>411,660</b>	<b>1,042</b>	<b>805</b>
<b>Total borrowings</b>		<b>417,482</b>	<b>569,782</b>	<b>2,032</b>	<b>1,862</b>

'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 Finance lease

### Consolidated Entity as lessee

	Consolidated		Parent	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Within one year	212,652	168,937	1,022	1,057
One year or later & not later than five years	113,810	325,223	1,082	865
Later than five years	-	-	-	-
<b>Minimum finance lease payments</b>	<b>326,462</b>	<b>494,160</b>	<b>2,104</b>	<b>1,922</b>
<b>Less:</b>				
Recoverable GST	(27,479)	(39,625)	-	-
Future finance lease charges	(22,164)	(56,422)	(72)	(60)
<b>Present value of minimum finance lease payments</b>	<b>276,819</b>	<b>398,112</b>	<b>2,032</b>	<b>1,862</b>

At the commencement of the lease term, finance leases are 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.

Finance leases relating to the introduction of new rolling stock have an average lease term of 15 years (2017: 15 years) and an average implicit discount rate of 9.89% (2017: 9.89%).

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.

## 5.3 Finance costs

Interest expenses are recognised as expenses in the period in which they are 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 and interest charges on finance leases.

In accordance with the paragraphs of AASB123: 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.

## 5.4 Equity and movements in equity – Consolidated Entity contributed capital

Consistent with the requirements of *AASB1004: 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 2017	Capital returned	Additional capital	Capital 30 June 2018
	\$'000	\$'000	\$'000	\$'000
<b>Assets</b>				
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	16,270,143	-	4,379,672	20,649,815
<b>Total assets</b>	<b>20,294,622</b>	<b>-</b>	<b>4,379,672</b>	<b>24,674,294</b>
<b>Liabilities</b>				
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>20,287,662</b>	<b>-</b>	<b>4,379,672</b>	<b>24,667,334</b>

	Capital 1 July 2016	Capital returned	Additional capital	Capital 30 June 2017
	\$'000	\$'000	\$'000	\$'000
<b>Assets</b>				
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	13,220,628	-	3,049,515	16,270,143
<b>Total assets</b>	<b>17,245,107</b>	<b>-</b>	<b>3,049,515</b>	<b>20,294,622</b>
<b>Liabilities</b>				
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>17,238,147</b>	<b>-</b>	<b>3,049,515</b>	<b>20,287,662</b>

## 5.4 Equity and movements in equity – Parent Entity contributed capital

	Capital 1 July 2017	Capital returned	Additional capital	Capital 30 June 2018
<b>Assets</b>	\$'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	13,646,040	-	3,816,711	17,462,751
<b>Total assets</b>	<b>17,664,488</b>	<b>-</b>	<b>3,816,711</b>	<b>21,481,199</b>
<b>Liabilities</b>				
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>17,657,530</b>	<b>-</b>	<b>3,816,711</b>	<b>21,484,241</b>

	Capital 1 July 2016	Capital returned	Additional capital	Capital 30 June 2017
<b>Assets</b>	\$'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	10,957,849	-	2,688,191	13,646,040
<b>Total assets</b>	<b>14,976,297</b>	<b>-</b>	<b>2,688,191</b>	<b>17,664,488</b>
<b>Liabilities</b>				
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>14,969,339</b>	<b>-</b>	<b>2,688,191</b>	<b>17,657,530</b>

## 5.5 Cash flow information and balances

### Cash and deposits

	Consolidated			Parent
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
General fund	5,511	4,012	5,441	3,970
Investments Treasury Corporation of Victoria	58,558	48,204	57,492	47,104
	<b>64,069</b>	<b>52,216</b>	<b>62,933</b>	<b>51,074</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 0.40% (2017: 0.41%). Investment with TCV bears interest at 1.76% (2017: 1.77%).

### 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. The Consolidated Entity does not have any unused credit facilities in place at 30 June 2018 (2017: Nil).

	Consolidated			Parent
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Net result for the period after tax	(442,719)	(510,258)	(434,642)	(448,819)
<b>Adjustments for:</b>				
Depreciation/amortisation	789,893	770,785	635,782	623,189
Fair value adjustments	(529)	(726)	-	-
Impairment of property, plant & equipment	11,963	76,801	4,990	54,443
Net gain on disposal or property, plant & equipment	(7,599)	(17,304)	(7,599)	(17,304)
<b>Changes in assets/liabilities:</b>				
Increase/(decrease) in deferred tax liability	(191,169)	(208,800)	(190,637)	(192,050)
Increase/(decrease) in provisions	429	1,091	429	1,091
(Increase)/decrease in prepayments	254	858	254	858
(Increase)/decrease in receivables	(1,623)	2,068	(1,638)	2,130
Increase/(decrease) in other payables	22,107	(129)	24,860	(44)
<b>Net cash flow from/(used in) operating activities</b>	<b>181,007</b>	<b>114,386</b>	<b>31,799</b>	<b>23,494</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 expenditure commitments primarily relate to construction of telecommunications and property assets.

Operating lease commitments are for office equipment and premises – these leases provide for a right of renewal at which time all terms are negotiated.

	Consolidated		Parent	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
<b>Capital commitments</b>				
Within one year	16,653	14,608	16,653	14,608
One year or later & not later than five years	416	-	416	-
Later than five years	-	-	-	-
<b>Total capital commitments</b>	<b>17,069</b>	<b>14,608</b>	<b>17,069</b>	<b>14,608</b>
<b>Operating lease commitments</b>				
<b>Operating leases payable</b>				
Within one year	2,091	1,952	2,091	1,952
One year or later & not later than five years	5,680	7	5,680	7
Later than five years	-	-	-	-
<b>Total operating lease commitments</b>	<b>7,771</b>	<b>1,959</b>	<b>7,771</b>	<b>1,959</b>

## 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

	Consolidated		Parent	
	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000
<b>Contractual</b>				
Receivables	32,977	31,373	161,261	159,671
Less provision for impairment of receivables	(152)	(200)	(152)	(200)
	<b>32,825</b>	<b>31,173</b>	<b>161,109</b>	<b>159,471</b>
<b>Reconciled by:</b>				
<b>Current</b>				
Receivables	32,903	31,299	161,187	159,597
Less provision for impairment of receivables	(152)	(200)	(152)	(200)
	<b>32,751</b>	<b>31,099</b>	<b>161,035</b>	<b>159,397</b>
<b>Non-current</b>				
Receivables	74	74	74	74
Less provision for impairment of receivables	-	-	-	-
<b>Total receivables</b>	<b>32,825</b>	<b>31,173</b>	<b>161,109</b>	<b>159,471</b>

Contractual receivables are classified as financial instruments and categorised as 'loans and receivables'. They are initially recognised at fair value plus any directly attributable transaction costs. Subsequent to initial measurement they are 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 \$152,000 (2017: \$200,000) has been recognised by the Consolidated Entity and \$152,000 (2017: \$200,000) 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 \$2,020,695 (2017: \$4,681,452); Parent \$2,020,695 (2017: \$4,681,452).

Movements in the provision for impairment of receivables were as follows:

	Consolidated		Parent	
	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000
At 1 July	200	177	200	177
Increase in provision for impairment recognised during the year	152	200	152	200
Receivables written down during the year	(60)	(164)	(60)	(164)
Amounts reversed during the year	(140)	(14)	(140)	(14)
<b>Total</b>	<b>152</b>	<b>200</b>	<b>152</b>	<b>200</b>

## 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

	Consolidated		Parent	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
<b>Trade &amp; other payables</b>	<b>68,513</b>	<b>50,734</b>	<b>67,701</b>	<b>49,850</b>
<b>Reconciled by:</b>				
<b>Current trade &amp; other payables</b>				
<b>Contractual</b>				
Supplies & services	30,789	30,756	29,977	29,872
Amounts payable to government & agencies	18,281	7,025	18,281	7,025
Other contractual payables	1,177	1,029	1,177	1,029
	<b>50,247</b>	<b>38,810</b>	<b>49,435</b>	<b>37,926</b>
<b>Statutory</b>				
FBT payable	66	61	66	61
GST payable	2,072	2,463	2,072	2,463
Other statutory payables	13,203	6,295	13,203	6,295
	<b>15,341</b>	<b>8,819</b>	<b>15,341</b>	<b>8,819</b>
<b>Total current trade &amp; other payables</b>	<b>65,588</b>	<b>47,629</b>	<b>64,776</b>	<b>46,745</b>
<b>Non-current trade &amp; other payables</b>				
<b>Contractual</b>				
Supplies & services	2,925	3,105	2,925	3,105
Amounts payable to government & agencies	-	-	-	-
Other contractual payables	-	-	-	-
<b>Total non-current trade &amp; other payables</b>	<b>2,925</b>	<b>3,105</b>	<b>2,925</b>	<b>3,105</b>
<b>Total trade &amp; other payables</b>	<b>68,513</b>	<b>50,734</b>	<b>67,701</b>	<b>49,850</b>

### **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 arising from contractual payables.

# 7. Risks, contingencies & 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
- 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 VGV 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
- 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

2018	Carrying amount \$'000	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
<b>Consolidated</b>					
Land	5,399,010	-	-	5,399,010	5,399,010
Buildings & structures	9,848,528	-	-	9,848,528	9,848,528
Track	6,997,164	-	-	6,997,164	6,997,164
Signals & communications	3,370,260	-	-	3,370,260	3,370,260
Property & equipment	4,531,485	-	-	4,531,485	4,531,485
<b>Total non-financial assets</b>	<b>30,146,447</b>	<b>-</b>	<b>-</b>	<b>30,146,447</b>	<b>30,146,447</b>

<b>Parent</b>					
Land	5,399,010	-	-	5,399,010	5,399,010
Buildings & structures	9,848,528	-	-	9,848,528	9,848,528
Track	6,997,164	-	-	6,997,164	6,997,164
Signals & communications	3,370,260	-	-	3,370,260	3,370,260
Property & equipment	1,040,430	-	-	1,040,430	1,040,430
<b>Total non-financial assets</b>	<b>26,655,392</b>	<b>-</b>	<b>-</b>	<b>26,655,392</b>	<b>26,655,392</b>

2017	Carrying amount \$'000	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
<b>Consolidated</b>					
Land	4,375,845	-	-	4,375,845	4,375,845
Buildings & structures	7,443,108	-	-	7,443,108	7,443,108
Track	6,851,238	-	-	6,851,238	6,851,238
Signals & communications	2,916,609	-	-	2,916,609	2,916,609
Property & equipment	4,249,781	-	-	4,249,781	4,249,781
<b>Total non-financial assets</b>	<b>25,836,581</b>	<b>-</b>	<b>-</b>	<b>25,836,581</b>	<b>25,836,581</b>

<b>Parent</b>					
Land	4,375,845	-	-	4,375,845	4,375,845
Buildings & structures	7,443,108	-	-	7,443,108	7,443,108
Track	6,851,238	-	-	6,851,238	6,851,238
Signals & communications	2,916,609	-	-	2,916,609	2,916,609
Property & equipment	1,035,479	-	-	1,035,479	1,035,479
<b>Total non-financial assets</b>	<b>22,622,279</b>	<b>-</b>	<b>-</b>	<b>22,622,279</b>	<b>22,622,279</b>

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 for recurring fair value measurements during the year. There were no transfers in and out of level 3 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) 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.

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 2015. In accordance with FRD103F requirements, management assess the compounded movement in the fair value inputs since the last full revaluation date. As at 30 June 2018, the compounded movement in the fair value inputs for specialised land were greater than 10% and therefore an adjustment to the carrying amount of specialised land was required. The VGV 2018 land indices were used as fair value inputs.

**Infrastructure assets:** Infrastructure 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.

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 2015.

**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 2018.

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 items for the period ended 30 June 2018 for recurring fair value measurements:

	Parent & Consolidated			
	Land	Buildings & structures	Track	Signals & communications
	2018 \$'000	2018 \$'000	2018 \$'000	2018 \$'000
<b>Opening balance 1 July 2017</b>	<b>4,375,845</b>	<b>7,443,108</b>	<b>6,851,238</b>	<b>2,916,609</b>
Additions	144,000	-	-	-
Other adjustments	-	-	-	-
Disposals	(3,490)	-	-	-
Asset held for sale	(7,830)	-	-	-
Revaluation movement	883,000	(17,329)	-	(471)
Depreciation	-	(164,310)	(180,252)	(196,906)
Transfers from WIP	7,485	2,587,059	326,178	651,028
<b>Total</b>	<b>5,399,010</b>	<b>9,848,528</b>	<b>6,997,164</b>	<b>3,370,260</b>

	Parent	Consolidated
	Plant & equipment	Plant & equipment
	2018	2018
	\$'000	\$'000
<b>Opening balance 1 July 2017</b>	<b>1,035,479</b>	<b>4,249,781</b>
Additions	1,240	432,104
Disposals	(566)	(566)
Revaluation movement	-	-
Depreciation	(68,982)	(223,093)
Transfer from WIP	73,259	73,259
<b>Total</b>	<b>1,040,430</b>	<b>4,531,485</b>

	Parent & Consolidated			
	Land	Buildings & structures	Track	Signals & communications
	2017	2017	2017	2017
	\$'000	\$'000	\$'000	\$'000
<b>Opening balance 1 July 2016</b>	<b>4,379,146</b>	<b>7,135,059</b>	<b>6,943,488</b>	<b>3,009,648</b>
Additions	-	-	-	-
Other adjustments	-	-	-	-
Disposals	(894)	-	-	-
Assets held for sale	36	-	-	-
Depreciation	(2,443)	(5,004)	(5,743)	(3,307)
Revaluation movement	-	(156,903)	(178,247)	(196,558)
Transfers from WIP	-	469,956	91,740	106,826
<b>Total</b>	<b>4,375,845</b>	<b>7,443,108</b>	<b>6,851,238</b>	<b>2,916,609</b>

	Parent	Consolidated
	Plant & equipment	Plant & equipment
	2017	2017
	\$'000	\$'000
<b>Opening balance 1 July 2016</b>	<b>1,071,197</b>	<b>4,133,933</b>
Additions	833	833
Disposals	(387)	(387)
Depreciation	(4,748)	(10,169)
Revaluation movement	(66,213)	(213,810)
Transfer from WIP	34,797	339,381
<b>Total</b>	<b>1,035,479</b>	<b>4,249,781</b>

### Valuation inputs and relationships to fair value

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

Description	Valuation technique	Significant unobservable inputs
Parent & consolidated - Land	Market approach	Community service obligation
Parent & consolidated - Buildings & structures	Depreciated replacement cost	Direct cost per square metre Useful life of buildings & structures
Parent & consolidated - Track	Depreciated replacement cost	Cost per unit Useful life of track
Parent & consolidated - Signals & communications	Depreciated replacement cost	Cost per unit Useful life of signals & communications
Parent & consolidated - Plant & equipment	Depreciated replacement cost	Cost per unit Useful life of plant & equipment

## Land held for sale

The following table provides the fair value measurement hierarchy of the Consolidated Entity's land held for sale.

	Consolidated and Parent 2018 \$'000	Fair value measurement at end of reporting period using:		
		Level 1 \$'000	Level 2 \$'000	Level 3 \$'000
<b>Land held for sale</b>	<b>10,118</b>	-	-	<b>10,118</b>

	Consolidated and Parent 2017 \$'000	Fair value measurement at end of reporting period using:		
		Level 1 \$'000	Level 2 \$'000	Level 3 \$'000
<b>Land held for sale</b>	<b>2,287</b>	-	-	<b>2,287</b>

## 7.1.2 Net fair value 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 2018-19 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.

Consolidated	2018		2017	
	Carrying amount \$'000	Net fair value \$'000	Carrying amount \$'000	Net fair value \$'000
<b>Financial assets</b>				
Cash assets	64,069	64,069	52,216	52,216
Other financial assets	100	100	100	100
Trade & other receivables	32,826	32,826	31,173	31,173
<b>Total financial assets</b>	<b>96,995</b>	<b>96,995</b>	<b>83,489</b>	<b>83,489</b>
<b>Financial liabilities</b>				
Trade & other payables	(53,172)	(53,172)	(41,915)	(41,915)
Borrowings	(417,482)	(390,411)	(569,782)	(570,544)
<b>Total financial liabilities</b>	<b>(470,654)</b>	<b>(443,583)</b>	<b>(611,697)</b>	<b>(612,459)</b>
<b>Net financial assets</b>	<b>(373,659)</b>	<b>(346,588)</b>	<b>(528,208)</b>	<b>(528,970)</b>

Parent	2018		2017	
	Carrying amount \$'000	Net fair value \$'000	Carrying amount \$'000	Net fair value \$'000
<b>Financial assets</b>				
Cash assets	62,933	62,933	51,074	51,074
Other financial assets	-	-	-	-
Trade & other receivables	161,109	161,109	159,471	159,471
<b>Total financial assets</b>	<b>224,042</b>	<b>224,042</b>	<b>210,545</b>	<b>210,545</b>
<b>Financial liabilities</b>				
Trade & other payables	(52,360)	(52,360)	(41,031)	(41,031)
Borrowings	(2,032)	(2,032)	(1,862)	(1,862)
<b>Total financial liabilities</b>	<b>(54,392)</b>	<b>(54,392)</b>	<b>(42,893)</b>	<b>(42,893)</b>
<b>Net financial assets</b>	<b>169,650</b>	<b>169,650</b>	<b>167,652</b>	<b>167,652</b>

As none of the Consolidated Entity's financial instruments are recorded at fair value, the hierarchy table has not been disclosed.

## 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

The Consolidated Entity has no contingent assets as at 30 June 2018 and 30 June 2017.

### Contingent liabilities

#### 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

The Consolidated Entity has entered into a number of leases under which its assets are made available to various transport operators and track access providers. These leases are entered into either with the Director of Public Transport (and which were subsequently allocated to PTV when it commenced operations on 2 April 2012) or with PTV directly. Under these leases the Consolidated Entity provides various indemnities to PTV, for example in relation to the exercise of certain powers under the respective leases. In turn, PTV provides an indemnity to the Consolidated Entity against any losses that may result from the use of the land and infrastructure by its sub-lessees (transport operators and track access providers).

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 of 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 majority of these claims is limited by the excess stated in the relevant insurance policy that is held with the Victorian Managed Insurance Authority. At the time of print, the maximum, aggregated, financial effect, if VicTrack is found to be liable in all the above cases, is likely to be no more than \$3.9million.

## 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 instruments

Loans and receivables and cash are financial instrument assets with fixed and determinable payments that are not quoted on an active market. These assets and liabilities are initially recognised at fair value plus any directly attributable transaction costs. Subsequent to initial measurement, loans and receivables are measured at amortised cost using the effective interest method (and for assets, less any impairment). The Consolidated Entity recognises the following assets in this category:

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

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)
- borrowings (including finance lease liabilities).

### **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.

### **De-recognition 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 de-recognised 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.

### **Impairment of financial assets**

At the end of each reporting period, the Consolidated Entity assesses whether there is objective evidence that a financial asset or group of financial assets is impaired. All financial instrument assets, except those measured at fair value through profit or loss, are subject to annual review for impairment.

The allowance is the difference between the financial asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. In assessing impairment of statutory (non-contractual) financial assets, which are not financial instruments, professional judgement is applied in assessing materiality using estimates, averages and other computational methods in accordance with *AASB 136 Impairment of Assets*.

### **Reclassification of financial instruments**

Subsequent to initial recognition and under rare circumstances, non-derivative financial instruments assets that have not been designated at fair value through profit or loss upon recognition, may be reclassified out of the fair value through profit or loss category, if they are no longer held for the purpose of selling or repurchasing in the near term.

Financial instrument assets that meet the definition of loans and receivables may be reclassified out of the fair value through profit and loss category into the loans and receivables category, where they would have met the definition of loans and receivables had they not been required to be classified as fair value through profit and loss. In these cases, the financial instrument assets may be reclassified out of the fair value through profit and loss category, if there is the intention and ability to hold them for the foreseeable future or until maturity.

### **De-recognition 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 de-recognition 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.

### 7.3.1 Categorisation of financial instruments:

	Contractual financial assets or liabilities designated at fair value through profit/loss \$'000	Contractual financial assets or liabilities held for trading at fair value through profit/loss \$'000
<b>Consolidated 2018</b>		
<b>Contractual financial assets</b>		
Cash & deposits	-	-
Other financial assets	-	-
Trade & other receivables	-	-
<b>Total contractual financial assets</b>	<b>-</b>	<b>-</b>
<b>Contractual financial liabilities</b>		
Trade & other payables	-	-
Secured loan	-	-
Lease liability	-	-
<b>Total contractual liabilities</b>	<b>-</b>	<b>-</b>
<b>Consolidated 2017</b>		
<b>Contractual financial assets</b>		
Cash & deposits	-	-
Other financial assets	-	-
Trade & other receivables	-	-
<b>Total contractual financial assets</b>	<b>-</b>	<b>-</b>
<b>Contractual financial liabilities</b>		
Trade & other payables	-	-
Secured loan	-	-
Lease liability	-	-
<b>Total contractual liabilities</b>	<b>-</b>	<b>-</b>
<b>Parent 2018</b>		
<b>Contractual financial assets</b>		
Cash & deposits	-	-
Other financial assets	-	-
Trade & other receivables	-	-
<b>Total contractual financial assets</b>	<b>-</b>	<b>-</b>
<b>Contractual financial liabilities</b>		
Trade & other payables	-	-
Secured loan	-	-
Lease liability	-	-
<b>Total contractual liabilities</b>	<b>-</b>	<b>-</b>
<b>Parent 2017</b>		
<b>Contractual financial assets</b>		
Cash & deposits	-	-
Other financial assets	-	-
Trade & other receivables	-	-
<b>Total contractual financial assets</b>	<b>-</b>	<b>-</b>
<b>Contractual financial liabilities</b>		
Trade & other payables	-	-
Secured loan	-	-
Lease liability	-	-
<b>Total contractual liabilities</b>	<b>-</b>	<b>-</b>

Contractual financial assets - loans & receivables	Contractual financial assets available-for-sale	Contractual financial liabilities at amortised cost	Total
\$'000	\$'000	\$'000	\$'000
64,069	-	-	64,069
100	-	-	100
32,826	-	-	32,826
<b>96,995</b>	-	-	<b>96,995</b>
-	-	53,172	53,172
-	-	140,663	140,663
-	-	276,819	276,819
-	-	<b>470,654</b>	<b>470,654</b>
52,216	-	-	52,216
100	-	-	100
31,173	-	-	31,173
<b>83,489</b>	-	-	<b>83,489</b>
-	-	41,915	41,915
-	-	171,670	171,670
-	-	398,112	398,112
-	-	<b>611,697</b>	<b>611,697</b>
Contractual financial assets - loans & receivables	Contractual financial assets available-for-sale	Contractual financial liabilities at amortised cost	Total
\$'000	\$'000	\$'000	\$'000
62,933	-	-	62,933
-	-	-	-
161,109	-	-	161,109
<b>224,042</b>	-	-	<b>224,042</b>
-	-	52,360	52,360
-	-	-	-
-	-	2,032	2,032
-	-	<b>54,392</b>	<b>54,392</b>
51,074	-	-	51,074
-	-	-	-
159,471	-	-	159,471
<b>210,545</b>	-	-	<b>210,545</b>
-	-	41,031	41,031
-	-	-	-
-	-	1,862	1,862
-	-	<b>42,893</b>	<b>42,893</b>

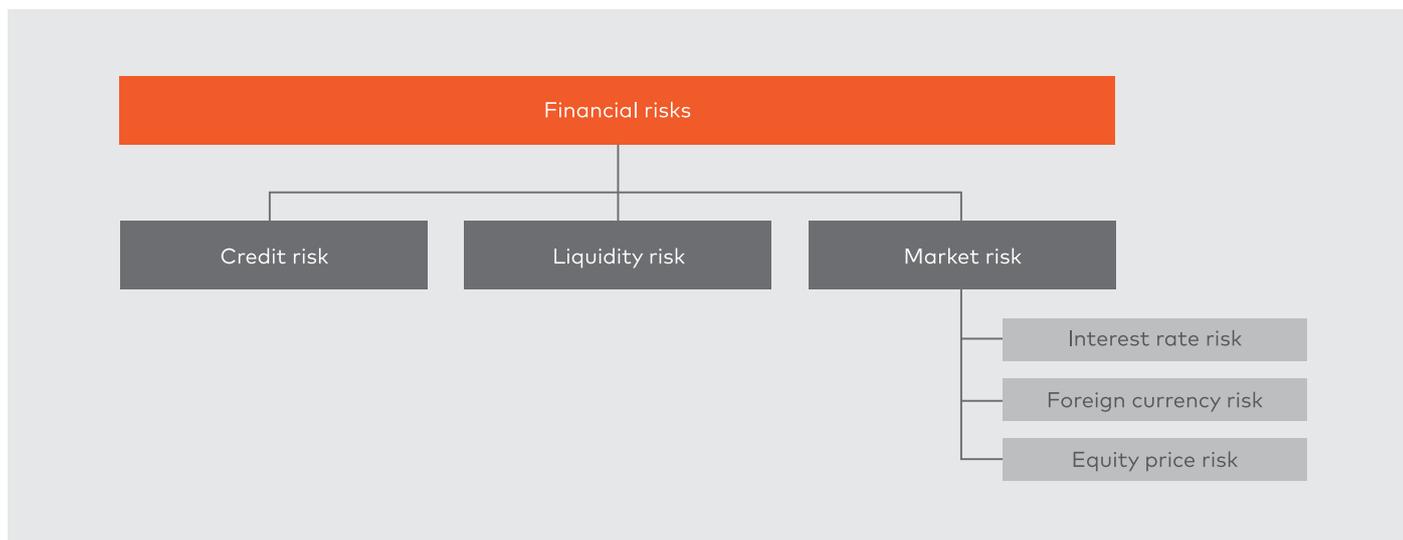
### 7.3.2 Net holding gain/(loss) on financial instruments by category

	Net holding gain/ (loss) \$'000	Total interest income/expense \$'000	Fee income/ (expense) \$'000	Impairment loss \$'000	Total \$'000
<b>Consolidated 2018</b>					
<b>Contractual financial assets</b>					
Financial assets - loans & receivables	-	950	-	(152)	798
<b>Total contractual financial assets</b>	<b>-</b>	<b>950</b>	<b>-</b>	<b>(152)</b>	<b>798</b>
<b>Contractual financial liabilities</b>					
Financial liabilities at amortised cost	-	44,094	-	-	44,094
<b>Total contractual liabilities</b>	<b>-</b>	<b>44,094</b>	<b>-</b>	<b>-</b>	<b>44,094</b>
<b>Consolidated 2017</b>					
<b>Contractual financial assets</b>					
Financial assets - loans & receivables	-	722	-	(200)	522
<b>Total contractual financial assets</b>	<b>-</b>	<b>722</b>	<b>-</b>	<b>(200)</b>	<b>522</b>
<b>Contractual financial liabilities</b>					
Financial liabilities at amortised cost	-	53,523	-	-	53,523
<b>Total contractual liabilities</b>	<b>-</b>	<b>53,523</b>	<b>-</b>	<b>-</b>	<b>53,523</b>
<b>Parent 2018</b>					
<b>Contractual financial assets</b>					
Financial assets - loans & receivables	-	934	-	(152)	782
<b>Total contractual financial assets</b>	<b>-</b>	<b>934</b>	<b>-</b>	<b>(152)</b>	<b>782</b>
<b>Contractual financial liabilities</b>					
Financial liabilities at amortised cost	-	32	-	-	32
<b>Total contractual liabilities</b>	<b>-</b>	<b>32</b>	<b>-</b>	<b>-</b>	<b>32</b>
<b>Parent 2017</b>					
<b>Contractual financial assets</b>					
Financial assets - loans & receivables	-	707	-	(200)	507
<b>Total contractual financial assets</b>	<b>-</b>	<b>707</b>	<b>-</b>	<b>(200)</b>	<b>507</b>
<b>Contractual financial liabilities</b>					
Financial liabilities at amortised cost	-	57	-	-	57
<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 deposits, loans or receivables and available-for-sale financial assets, the net gain or loss is calculated by taking 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.

### 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 and finance lease 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 2018 was 1.66% (2017: 1.66%). 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% (2017: 5.15%).

## Interest rate risk

	Weighted average effective interest rate %	Carrying amount \$'000	Fixed interest rate \$'000	Variable interest rate \$'000	Non interest bearing \$'000
<b>Consolidated 2018</b>					
<b>Financial assets</b>					
Cash assets	1.66	64,069	-	64,069	-
Other financial assets	5.15	100	100	-	-
Trade & other receivables	-	32,826	-	-	32,826
<b>Total financial assets</b>		<b>96,995</b>	<b>100</b>	<b>64,069</b>	<b>32,826</b>
<b>Financial liabilities</b>					
Trade & other payables	-	53,172	-	-	53,172
Secured loan	5.37 - 6.59	140,663	140,663	-	-
Finance lease	10.08	276,819	276,819	-	-
<b>Total financial liabilities</b>		<b>470,654</b>	<b>417,482</b>	<b>-</b>	<b>53,172</b>
<b>Consolidated 2017</b>					
<b>Financial assets</b>					
Cash assets	1.66	52,216	-	52,216	-
Other financial assets	5.15	100	100	-	-
Trade & other receivables	-	31,173	-	-	31,173
<b>Total financial assets</b>		<b>83,489</b>	<b>100</b>	<b>52,216</b>	<b>31,173</b>
<b>Financial liabilities</b>					
Trade and other payables	-	41,915	-	-	41,915
Secured loan	5.37 - 6.59	171,670	171,670	-	-
Finance lease	10.10	398,112	398,112	-	-
<b>Total financial liabilities</b>		<b>611,697</b>	<b>569,782</b>	<b>-</b>	<b>41,915</b>

## Interest rate exposure of financial instruments

	Weighted average effective interest rate %	Carrying amount \$'000	Fixed interest rate \$'000	Variable interest rate \$'000	Non interest bearing \$'000
<b>Parent 2018</b>					
<b>Financial assets</b>					
Cash assets	1.66	62,933	-	62,933	-
Other financial assets	-	-	-	-	-
Trade & other receivables	-	161,109	-	-	161,109
<b>Total financial assets</b>		<b>224,042</b>	<b>-</b>	<b>62,933</b>	<b>161,109</b>
<b>Financial liabilities</b>					
Trade & other payables	-	52,360	-	-	52,360
Secured loan	-	-	-	-	-
Finance lease	3.18	2,032	2,032	-	-
<b>Total financial liabilities</b>		<b>54,392</b>	<b>2,032</b>	<b>-</b>	<b>52,360</b>
<b>Parent 2017</b>					
<b>Financial assets</b>					
Cash assets	1.66	51,074	-	51,074	-
Other financial assets	-	-	-	-	-
Trade & other receivables	-	159,471	-	-	159,471
<b>Total financial assets</b>		<b>210,545</b>	<b>-</b>	<b>51,074</b>	<b>159,471</b>
<b>Financial liabilities</b>					
Trade & other payables	-	41,031	-	-	41,031
Secured loan	-	-	-	-	-
Finance lease	3.67	1,862	1,862	-	-
<b>Total financial liabilities</b>		<b>42,893</b>	<b>1,862</b>	<b>-</b>	<b>41,031</b>

## 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 variable 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 (2017: 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.

	Carrying amount subject to interest \$'000	Interest rate risk			
		-1%		1%	
		Net result \$'000	Revaluation reserve \$'000	Net result \$'000	Revaluation reserve \$'000
<b>Consolidated 2018</b>					
<b>Financial assets</b>					
Cash assets	64,069	(572)	-	572	-
<b>Total increase/(decrease)</b>		<b>(572)</b>	<b>-</b>	<b>572</b>	<b>-</b>
<b>Consolidated 2017</b>					
<b>Financial assets</b>					
Cash assets	52,216	(431)	-	431	-
<b>Total increase/(decrease)</b>		<b>(431)</b>	<b>-</b>	<b>431</b>	<b>-</b>
<b>Parent 2018</b>					
<b>Financial assets</b>					
Cash assets	62,933	(564)	-	564	-
<b>Total increase/(decrease)</b>		<b>(564)</b>	<b>-</b>	<b>564</b>	<b>-</b>
<b>Parent 2017</b>					
<b>Financial assets</b>					
Cash assets	51,074	(424)	-	424	-
<b>Total increase/(decrease)</b>		<b>(424)</b>	<b>-</b>	<b>424</b>	<b>-</b>

## Credit risk

Credit risk is the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Consolidated Entity.

Credit risk arises from the financial assets of the Consolidated Entity, which comprises cash, trade and other receivables. The maximum exposure to credit risk at reporting date is represented by the carrying amount of those assets in the balance sheet. The receivables mainly relate to payment for the provision of telecommunications services by the Consolidated Entity and property rentals outstanding.

The Consolidated Entity provided a range of telecommunications services under contract to a number of government controlled and private companies. The nature of the entities, in the opinion of the Directors of the Consolidated Entity, has created a low level of credit risk.

The Consolidated Entity's credit exposure in the real estate industry is characterised by a large and diverse range of lessees and licensees. The Consolidated Entity holds bond amounts as security over rent and other receivables. To this extent, the credit risk exposure is regarded as low. Provision for doubtful debts is calculated based on past experience and current and expected future payments.

In addition, the Consolidated Entity does not engage in hedging for its financial assets and mainly obtains financial assets that are on fixed interest.

### 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
<b>Consolidated 2018</b>				
Cash & cash deposits	5,511	58,558	-	64,069
Trade & other receivables	-	-	32,826	32,826
Other financial assets	100	-	-	100
	<b>5,611</b>	<b>58,558</b>	<b>32,826</b>	<b>96,995</b>
<b>Parent 2018</b>				
Cash & cash deposits	5,441	57,492	-	62,933
Trade and other receivables	-	-	161,109	161,109
Other financial assets	-	-	-	-
	<b>5,441</b>	<b>57,492</b>	<b>161,109</b>	<b>224,042</b>
<b>Consolidated 2017</b>				
Cash & cash deposits	4,012	48,204	-	52,216
Trade & other receivables	-	-	31,173	31,173
Other financial assets	100	-	-	100
	<b>4,112</b>	<b>48,204</b>	<b>31,173</b>	<b>83,489</b>
<b>Parent 2017</b>				
Cash & cash deposits	3,970	47,104	-	51,074
Trade & other receivables	-	-	159,471	159,471
Other financial assets	-	-	-	-
	<b>3,970</b>	<b>47,104</b>	<b>159,471</b>	<b>210,545</b>

## Ageing analysis of contractual financial assets

	Carrying amount \$'000	Not past due & not impaired \$'000	Past due but not impaired			Impaired financial assets \$'000
			31-90 days \$'000	91-180 days \$'000	Over 180 days \$'000	
<b>Consolidated 2018</b>						
<b>Financial assets</b>						
Cash assets	64,069	64,069	-	-	-	-
Other financial assets	100	100	-	-	-	-
Trade & other receivables	32,826	30,805	1,947	102	(28)	(152)
<b>Total financial assets</b>	<b>96,995</b>	<b>94,974</b>	<b>1,947</b>	<b>102</b>	<b>(28)</b>	<b>(152)</b>

<b>Parent 2018</b>						
<b>Financial assets</b>						
Cash assets	62,933	62,933	-	-	-	-
Other financial assets	-	-	-	-	-	-
Trade & other receivables	161,109	159,088	1,947	102	(28)	(152)
<b>Total financial assets</b>	<b>224,042</b>	<b>222,021</b>	<b>1,947</b>	<b>102</b>	<b>(28)</b>	<b>(152)</b>

<b>Consolidated 2017</b>						
<b>Financial assets</b>						
Cash assets	52,216	52,216	-	-	-	-
Other financial assets	100	100	-	-	-	-
Trade & other receivables	31,173	26,292	4,582	82	217	(200)
<b>Total financial assets</b>	<b>83,489</b>	<b>78,608</b>	<b>4,582</b>	<b>82</b>	<b>217</b>	<b>(200)</b>

<b>Parent 2017</b>						
<b>Financial assets</b>						
Cash assets	51,074	51,074	-	-	-	-
Other financial assets	-	-	-	-	-	-
Trade & other receivables	159,471	154,590	4,582	82	217	(200)
<b>Total financial assets</b>	<b>210,545</b>	<b>205,664</b>	<b>4,582</b>	<b>82</b>	<b>217</b>	<b>(200)</b>

## 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 \$182 million (2017: \$129 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.

## 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
<b>Consolidated 2018</b>					
<b>Liquid financial assets</b>					
Cash assets	64,069	-	-	64,069	64,069
Trade & other receivables	32,826	-	-	32,826	32,826
Other financial assets	100	-	-	100	100
<b>Total financial assets</b>	<b>96,995</b>	<b>-</b>	<b>-</b>	<b>96,995</b>	<b>96,995</b>
<b>Financial liabilities</b>					
Trade & other payables	68,513	-	-	68,513	68,513
Secured loan	37,030	81,818	21,815	140,663	140,663
Finance lease	176,714	100,105	-	276,819	276,819
<b>Total financial liabilities</b>	<b>281,257</b>	<b>181,923</b>	<b>21,815</b>	<b>485,995</b>	<b>485,995</b>
<b>Net inflow/(outflow)</b>	<b>(185,262)</b>	<b>(181,923)</b>	<b>(21,815)</b>	<b>(389,000)</b>	<b>(389,000)</b>
<b>Consolidated 2017</b>					
<b>Liquid financial assets</b>					
Cash assets	52,216	-	-	52,216	52,216
Trade & other receivables	31,173	-	-	31,173	31,173
Other financial assets	100	-	-	100	100
<b>Total financial assets</b>	<b>83,489</b>	<b>-</b>	<b>-</b>	<b>83,489</b>	<b>83,489</b>
<b>Financial liabilities</b>					
Trade & other payables	41,915	-	-	41,915	41,915
Secured loan	36,601	107,384	27,685	171,670	171,670
Finance lease	122,520	275,592	-	398,112	398,112
<b>Total financial liabilities</b>	<b>201,036</b>	<b>382,976</b>	<b>27,685</b>	<b>611,697</b>	<b>611,697</b>
<b>Net inflow/(outflow)</b>	<b>(117,547)</b>	<b>(382,976)</b>	<b>(27,685)</b>	<b>(528,208)</b>	<b>(528,208)</b>

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
<b>Parent 2018</b>					
<b>Liquid financial assets</b>					
Cash assets	62,933	-	-	62,933	62,933
Trade & other receivables	161,109	-	-	161,109	161,109
Other financial assets	-	-	-	-	-
<b>Total financial assets</b>	<b>224,042</b>	<b>-</b>	<b>-</b>	<b>224,042</b>	<b>224,042</b>
<b>Financial liabilities</b>					
Trade & other payables	67,701	-	-	67,701	67,701
Secured loan	-	-	-	-	-
Finance lease	987	1,045	-	2,032	2,032
<b>Total financial liabilities</b>	<b>68,688</b>	<b>1,045</b>	<b>-</b>	<b>69,733</b>	<b>69,733</b>
<b>Net inflow/(outflow)</b>	<b>155,354</b>	<b>(1,045)</b>	<b>-</b>	<b>154,309</b>	<b>154,309</b>
<b>Parent 2017</b>					
<b>Liquid financial assets</b>					
Cash assets	51,074	-	-	51,074	51,074
Trade & other receivables	159,471	-	-	159,471	159,471
Other financial assets	-	-	-	-	-
<b>Total financial assets</b>	<b>210,545</b>	<b>-</b>	<b>-</b>	<b>210,545</b>	<b>210,545</b>
<b>Financial liabilities</b>					
Trade & other payables	41,031	-	-	41,031	41,031
Secured loan	-	-	-	-	-
Finance lease	1,057	805	-	1,862	1,862
<b>Total financial liabilities</b>	<b>42,088</b>	<b>805</b>	<b>-</b>	<b>42,893</b>	<b>42,893</b>
<b>Net inflow/(outflow)</b>	<b>168,457</b>	<b>(805)</b>	<b>-</b>	<b>167,652</b>	<b>167,652</b>

# 8. Other disclosures

## 8.1 Responsible Persons

In accordance with the Ministerial Directions issued by the Minister for Finance 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 Public Transport

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	
Michael Trumble	4 December 2012 – Director	
John Lenders	1 April 2015 – Chair & Director	26 March 2018 (resigned)
Yehudi Blacher	27 March 2018 – Chair 1 April 2015 – Deputy Chair 1 April 2012 – Director	30 June 2018*
Brian Bulluss	13 September 2011 – Director	31 July 2017*
David Hunter	13 September 2011 – Director	31 July 2017*

Accountable Officer  
Campbell A. Rose AM

\* Date quoted is last date office held (inclusive)

## Remuneration of Responsible Persons:

Remuneration paid or payable to Responsible Persons during the year was as follows:

Income band	Consolidated		Parent	
	2018 No.	2017 No.	2018 No.	2017 No.
Less than \$10,000	2	-	2	-
\$10,000 to \$19,999	1	-	1	-
\$30,000 to \$39,999	1	-	1	-
\$40,000 to \$49,999	4	7	4	7
\$50,000 to \$59,999	1	-	1	-
\$60,000 to \$69,999	1	-	1	-
\$80,000 to \$89,999	-	1	-	1
\$440,000 to \$449,999	-	1	-	1
\$480,000 to \$489,999	1	-	1	-

Total remuneration of responsible persons: \$832,316 (2017: \$846,993)

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 2018 year included the total salary package received during the year and a performance bonus relating to the 30 June 2017 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 on the opposite page. 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 Officers' remuneration amounts for the Consolidated Entity and the Parent Entity are the same.

Remuneration of executive officers	Total remuneration	
	2018	2017
Short term employee benefits	4,025	3,655
Post employment benefits	333	359
Other long term benefits	48	99
Termination benefits	n/a	n/a
<b>Total remuneration</b>	<b>4,406</b>	<b>4,113</b>
<b>Total number of executives</b>	<b>24</b>	<b>23</b>
<b>Total annualised employee equivalents</b>	<b>19.3</b>	<b>18.5</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	
		2018	2017
Rolling Stock Holdings (Victoria) Pty Ltd	Australia	100%	100%
Rolling Stock (Victoria - VL) Pty Ltd	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
- 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	2018 \$000	2017 \$000
<b>Public Transport Victoria (PTV)</b>		
Contributions received for repayment of borrowings in relation to acquisition of rolling stocks	166,843	115,313
Equity contributions received	492,561	692,799
Infrastructure management, construction & other services provided	19,328	26,877
Receivables for infrastructure management, construction & other services provided	1,450	3,787
<b>Department of Economic Development, Jobs, Transport &amp; Resources (DEDJTR)</b>		
Equity contributions received	3,887,110	2,405,835
Infrastructure management, construction & other services provided	27,004	15,434
Receivables for infrastructure management, construction & other services provided	110	2,158
<b>Treasury Corporation of Victoria (TCV)</b>		
Interest expense paid during the financial year for loans in relation to acquisition of rolling stocks	4,586	4,936
Cash and deposits with TCV as at 30 June	58,558	48,204
Loan balances owed to TCV as at 30 June	77,316	83,881
<b>V/Line Corporations</b>		
Leasing of rolling stock to V/Line Corporation through the State of Victoria	29,225	29,225
Telecommunications & other services provided	15,596	18,532
Receivables for telecommunications & other services provided	1,225	2,092
<b>Department of Treasury and Finance (DTF)</b>		
Capital asset charge	2,043,767	1,905,249

## Key management personnel

The Directors (as listed in Note 8.1) and senior management form 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
Garry Button	Deputy Chief Executive (23 July 2017 to 19 January 2018)
Chris Olds	Acting Executive General Manager Business Services (Appointed 23 July 2018)
Mark Eldridge	Acting Executive General Manager Business Services (10 April 2017 to 4 August 2017) (2 October 2017 to 3 November 2017)
Anna Poulos	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
Daniel Van Oosterwijck	Executive General Manager Project Delivery Group Acting General Manager Business Services (29 January 2018 to 23 July 2018)
Michael Lattouf	Acting Executive General Manager Project Delivery Group (22 January 2018 to 23 July 2018)

## Key management personnel compensation

	2018 \$'000	2017 \$'000
Compensation of key management personnel		
Short-term employee benefits	1,875	2,214
Post employment benefits	126	165
Other long term benefits	42	40
<b>Total</b>	<b>2,043</b>	<b>2,419</b>

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 there were no contracts or balances involving key management personnel interests existing at 30 June 2018 (2017: nil).

## 8.4 Other economic flows included in net result

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

	Consolidated		Parent	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
<b>Net gain/(loss) on non-financial assets</b>				
Impairment of property, plant & equipment	(11,963)	(76,801)	(4,990)	(54,443)
Net gain on disposal of property, plant and equipment	7,599	17,304	7,599	17,304
<b>Total net gain/(loss) on non-financial assets</b>	<b>(4,364)</b>	<b>(59,496)</b>	<b>2,608</b>	<b>(37,139)</b>
<b>Other gains/(losses) from other economic flows</b>				
Other gains/(losses) from revaluation of long service liability	37	238	37	238
Increase/(decrease) in provision for doubtful debts	48	(23)	48	(23)
<b>Total other gains/(losses) from other economic flows</b>	<b>85</b>	<b>215</b>	<b>85</b>	<b>215</b>
<b>Total gain/(loss) on non-financial assets</b>	<b>(4,279)</b>	<b>(59,281)</b>	<b>2,693</b>	<b>(36,924)</b>

### 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

	2018	Consolidated	2018	Parent
	\$'000	2017	\$'000	2017
		\$'000		\$'000
<b>Non-financial assets</b>				
Land held for sale	10,118	2,287	10,118	2,287
<b>Total non-financial assets classified as held for sale</b>	<b>10,118</b>	<b>2,287</b>	<b>10,118</b>	<b>2,287</b>

### 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
- 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 \$153,000 (2017: \$154,200) for the Consolidated Entity and \$95,000 (2017: \$92,900) 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 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.

## 8.9 Other accounting policies

### 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 36 of the *Rail Corporations Act 1996*, 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 2017 and 30 June 2018.

### 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% (2017: 5.15%) 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 New and amended standards adopted by the Consolidated Entity

The Consolidated Entity has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that are mandatory for the current reporting period. Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

## 8.11 New accounting standards and interpretations

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 2018. These are outlined in the table on the following pages.

Standard/interpretation	Summary	Effective dates	Impact
<i>AASB 9 Financial Instruments</i>	The key changes include the simplified requirements for the classification and measurement of financial assets, a new hedge accounting model and a revised impairment loss model to recognise expected impairment losses earlier, as opposed to the current approach that recognises impairment only when incurred.	1 Jan 2018	The assessment has identified that the amendments are not likely to result in any significant impact on the entity's financial position.
<i>AASB 15 Revenue from Contracts with Customers</i>	The core principle of AASB 15 requires an entity to recognise revenue when the entity satisfies a performance obligation by transferring a promised good or service to a customer. Note that amending standard <i>AASB 2015 8 Amendments to Australian Accounting Standards – Effective Date of AASB 15</i> has deferred the effective date of AASB 15 to annual reporting periods beginning on or after 1 January 2018, instead of 1 January 2017.	1 Jan 2018	The assessment has identified that the changes in revenue recognition requirements in AASB 15 will not result in any changes to the timing and amount of revenue recorded in the financial statements.
<i>AASB 2014-5 Amendments to Australian Accounting Standards arising from AASB 15</i>	Amends the measurement of trade receivables and the recognition of dividends as follows: <ul style="list-style-type: none"> <li>Trade receivables that do not have a significant financing component, are to be measured at their transaction price, at initial recognition.</li> <li>Dividends are recognised in the profit and loss only when: <ul style="list-style-type: none"> <li>the entity's right to receive payment of the dividend is established;</li> <li>it is probable that the economic benefits associated with the dividend will flow to the entity; and</li> </ul> </li> </ul> the amount can be measured reliably.	1 Jan 2018, except amendments to AASB 9 (Dec 2009) and AASB 9 (Dec 2010) apply from 1 Jan 2018	The assessment has indicated that there will be no significant impact for the entity.
<i>AASB 2015-8 Amendments to Australian Accounting Standards – Effective Date of AASB 15</i>	This Standard defers the mandatory effective date of AASB 15 from 1 January 2017 to 1 January 2018.	1 Jan 2018	This amending standard will defer the application period of AASB 15 for for-profit entities to the 2018-19 reporting period in accordance with the transition requirements.
<i>AASB 2016-3 Amendments to Australian Accounting Standards – Clarifications to AASB 15</i>	This Standard amends AASB 15 to clarify the requirements on identifying performance obligations, principal versus agent considerations and the timing of recognising revenue from granting a licence. The amendments require: <ul style="list-style-type: none"> <li>A promise to transfer to a customer a good or service that is 'distinct' to be recognised as a separate performance obligation;</li> <li>For items purchased online, the entity is a principal if it obtains control of the good or service prior to transferring to the customer; and</li> <li>For licences identified as being distinct from other goods or services in a contract, entities need to determine whether the licence transfers to the customer over time (right to use) or at a point in time (right to access).</li> </ul>	1 Jan 2018	The assessment has indicated that there will be no significant impact for the entity.

Standard/interpretation	Summary	Effective dates	Impact
<i>AASB 16 Leases</i>	The key changes introduced by AASB 16 include the recognition of operating leases (which are currently not recognised) on balance sheet.	1 Jan 2019	<p>The assessment has indicated that most operating leases, with the exception of short term and low value leases will come on to the balance sheet and will be recognised as right of use assets with a corresponding lease liability.</p> <p>In the operating statement, the operating lease expense will be replaced by depreciation expense of the asset and an interest charge.</p> <p>There will be no change for lessors as the classification of operating and finance leases remains unchanged.</p>

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 2017-18 reporting period (as listed below) and are considered to have insignificant impacts on the entity's reporting:

- *AASB 2016-5 Amendments to Australian Accounting Standards – Classification and Measurements of Share-based Payment Transactions*
- *AASB 2016-6 Amendments to Australian Accounting Standards – Applying AASB 9 Financial Instruments with AASB 4 Insurance Contracts*
- *ASB 2017-1 Amendments to Australian Accounting Standards – Transfers of Investment Property, Annual Improvements 2014-16 Cycle and Other Amendments*
- *AASB 2017-3 Amendments to Australian Accounting Standards – Clarifications to AASB 4*
- *AASB 2017-4 Amendments to Australian Accounting Standards – Uncertainty over Income Tax Treatments*
- *AASB 2017-5 Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections*
- *AASB 2017-6 Amendments to Australian Accounting Standards – Prepayment Features with Negative Compensation*
- *AASB 2017-7 Amendments to Australian Accounting Standards – Long-term Interests in Associates and Joint Ventures*
- *AASB 2018-1 Amendments to Australian Accounting Standards – Annual Improvements 2015–2017 Cycle*
- *AASB 2018-2 Amendments to Australian Accounting Standards – Plan Amendments, Curtailment or Settlement.*

## 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)
- (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
  - 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
- (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 to use an asset for an agreed period of time in exchange for payment. Leases are classified at their inception as either operating or finance leases based on the economic substance of the agreement so as to reflect the risks and rewards incidental to ownership. Leases of infrastructure, property, plant and equipment are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership from the lessor to the lessee. All other leases are classified as operating leases.

**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 Department.

**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.

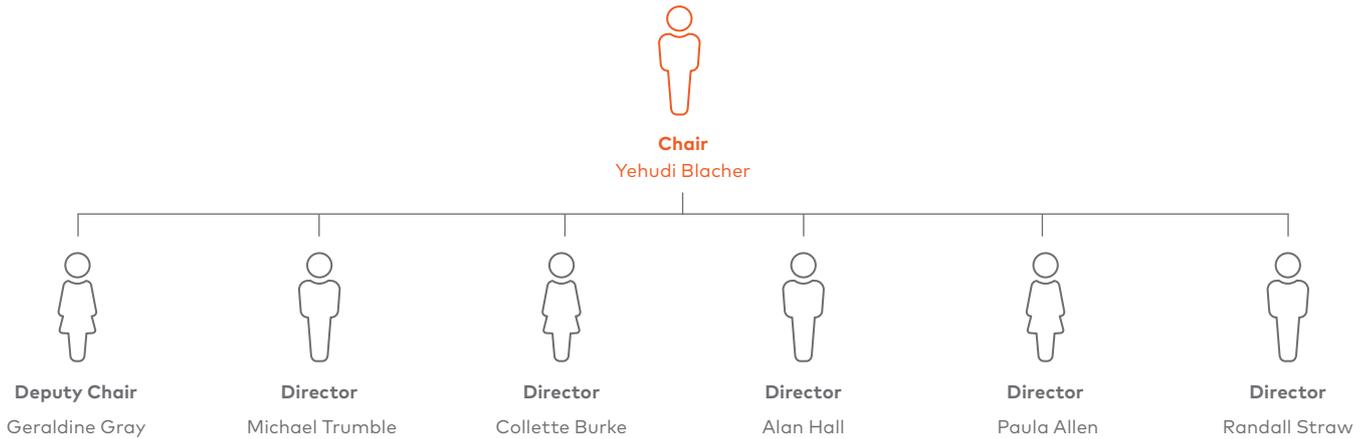
# Section 2

## Governance & organisation

## Corporate governance

VicTrack is committed to high standards of corporate governance because this is in the best interests of VicTrack, the Victorian Government, the Victorian public and other stakeholders. To achieve this, VicTrack has developed corporate governance policies and structures in line with applicable statutory requirements and relevant best practice recommendations.

## Board at 30 June 2018



## Board committees & advisory group at 30 June 2018



## Organisational structure at 30 June 2018



## 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 both the Minister for Public Transport 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 with responsibility for the relevant company.

## Board composition

At 30 June 2018, the Board comprised seven independent, non-executive Directors: Yehudi Blacher (Chair), Geraldine Gray (Deputy Chair), Michael Trumble, Collette Burke, Paula Allen, Randall Straw and Alan Hall. Each Director has wide experience across various sectors and organisations, and together they bring a diverse range of knowledge and business expertise to VicTrack.

John Lenders resigned as VicTrack Chair and Director on 26 March 2018. Brian Bulluss and David Hunter retired as Directors on 31 July 2017. Randall Straw was appointed as a Director on 1 September 2017. Alan Hall was appointed as Director on 1 April 2018.

With effect from 1 July 2018, Yehudi Blacher retired as a Director and Chair of the Board. Also with effect from 1 July 2018, Directors Geraldine Gray and Alan Hall were appointed Chair and Deputy Chair respectively.

## Board meetings

VicTrack held eight Board meetings in 2017-18.

## Board performance

In accordance with the Board Charter, an annual review of the Board was conducted to evaluate its performance and identify areas for improvement.

## 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 and the delegations are set out in the accompanying Authorisations Register. Any amendments to delegations set out in the Authorisations Register are approved by the Board.

## Board committees

Five Board committees and one advisory group assisted the Board to perform its role during the 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 2018, the members of the five Board sub-committees and the one advisory group were:

### **Audit & Risk Management Committee (ARMC)**

Paula Allen (Chair), Geraldine Gray and Randall Straw (appointed 21 May 2018).

### **Remuneration & Human Resources Committee (RHRC)**

Yehudi Blacher (Chair) and Geraldine Gray.

### **Property, Environment & Heritage Committee (PEHC)**

Michael Trumble (Chair), Alan Hall (appointed 19 March 2018) and non-director member Sally McLean (appointed 19 March 2018).

### **Telecommunications Committee (TLC)**

Randall Straw (Chair), Dr Collette Burke, Paula Allen and non-director member Dr Frank Heibel (appointed 18 September 2017).

### **Projects Committee (PROJC) (formerly the Projects & Freight Committee)**

Dr Collette Burke (Chair), Geraldine Gray (appointed 2 May 2018) and Alan Hall (appointed 2 May 2018).

On 2 May 2018, the Board approved that the focus of the Projects & Freight Committee be changed solely to the development of VicTrack's project delivery business and, to reflect this new focus, that it be renamed the Projects Committee. The last meeting of this Committee as the Projects & Freight Committee occurred on 19 March 2018. The first meeting of this Committee as the Projects Committee occurred on 21 May 2018.

### **Freight & Logistics Advisory Committee (FLAG)**

Yehudi Blacher (Chair), Michael Trumble, Alan Hall and non-director members Professor Hermione Parsons and Ingilby Dickson (all appointed on 2 May 2018).

The Freight & Logistics Advisory Group was established by the Board on 2 May 2018 and held its inaugural meeting on 21 May 2018.

## 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 establish the framework for business strategies and performance monitoring, to be agreed between the Board, the Minister for Public Transport and the Treasurer. The corporate plan is prepared annually and covers a four-year period starting from the current financial year.

## Board and committee meetings

Member	Note	Board	ARMC	PEHC	TLC	RHRC	PROJ <sup>^</sup>	FLAG
<b>Directors</b>								
Yehudi Blacher	(i)	8	-	3	-	3	3	1
Geraldine Gray	(ii)	8	4	-	-	3	1	-
Alan Hall	(iii)	1	-	1	-	-	-	-
Paula Allen		8	4	-	7	-	-	-
Dr Collette Burke	(iv)	7	-	-	7	-	4	-
Randall Straw	(v)	7	1	-	7	-	-	-
Michael Trumble		8	-	3	-	-	-	1
John Lenders	(vi)	5	3	-	-	2	3	-
Brian Bulluss	(vii)	-	-	-	1	-	-	-
David Hunter	(viii)	-	-	1	-	-	1	-
<b>Non Directors</b>								
Tina Santomingo	(ix)	n/a	2	-	-	-	-	-
Dr Frank Heibel	(x)	n/a	-	-	6	-	-	-
Sally McLean	(xi)	n/a	-	2	-	-	-	-
Ingilby Dickson	(xii)	n/a	-	-	-	-	1	1
Prof Hermione Parsons	(xiii)	n/a	-	-	-	-	1	1

<sup>^</sup> The Projects Committee was previously known as the Projects & Freight Committee (name change occurred on 2 May 2018).

(i) Appointed as Board Chair 27 March 2018 (existing director); appointed Chair RHRC (existing member) 27 March 2018; retired as PEHC member 2 May 2018; retired as Chair and member of PROJC on 2 May 2018; retired as Board Director and Chair, plus as member of RHRC and FLAG 30 June 2018\*

(ii) Appointed as Board Deputy Chair (existing Director) on 1 April 2018; appointed PROJC member 2 May 2018.

(iii) Appointed PEHC member 19 March 2018; appointed Board Director 1 April 2018; appointed PROJC member 2 May 2018.

(iv) Retired as Chair TLC (remained a member) on 2 May 2018; appointed Chair PROJC (existing member) 2 May 2018.

(v) Appointed Board Director 1 September 2017; appointed ARMC member 21 May 2018; appointed Chair TLC (existing member) 2 May 2018.

(vi) Resigned as Board Chair and director plus as a member of RHRC, ARMC and PROJC committees on 26 March 2018.

(vii) Retired as Board Director and as TLC and ARMC member 31 July 2017.\*

(viii) Retired as Board Director and as PEHC and ARMC member 31 July 2017.\*

(ix) Retired as ARMC member 28 February 2018.

(x) Appointed TLC member 18 September 2017.

(xi) Appointed PEHC member 19 March 2018.

(xii) Appointed PROJC member 19 March 2018; retired as PROJC member 2 May 2018; appointed FLAG member 2 May 2018.

(xiii) Appointed PROJC member 19 March 2018; retired as PROJC member 2 May 2018; appointed FLAG member 2 May 2018.

\* Date quoted is last date office held (inclusive).

## Ministerial Directions and Orders in Council

During the reporting period, one Order in Council was given to the VicTrack Board by the Minister for Public Transport. The Order related to the Designation of Vital Infrastructure.

During the reporting period, four Orders in Council notices and one notice amending the schedule to three prior Orders in Council notices were given to VicTrack.

Notices received related to the:

- appointment of a new Director
- designation of VicTrack's telecommunication network, telecommunication services, and information systems as vital critical infrastructure under sections 74E(1) and 74H(1) of the *Emergency Management Act 2013*
- appointment of Chair and Deputy Chair of the Board, the appointment of a new Director and the extension of the term of four Directors
- adjustment to the remuneration of three Directors
- appointment of Chair and Deputy Chair of the Board.



# Occupational health & safety

VicTrack's goal is to provide a safe and healthy workplace for all employees, contractors and visitors. VicTrack values a working environment that stimulates and positively supports its employees to achieve outcomes in a safe manner.

VicTrack commenced a major review of its occupational, health, safety (OHS) and rail safety procedures during the 2017-18 financial year, to complement work to improve its processes under the rail safety management system.

VicTrack continued on its journey of improving and developing systems, processes and its people in order to improve its safety maturity.

There were two reported lost time injuries during the financial year, resulting in the affected workers losing the equivalent of one full shift.

Year	2017-18	2016-17	2015-16	2014-15
Rail safety notifiable occurrences	16	20	9	15
Lost time injuries	2	1	3	3

## Health and wellbeing

During the 2017-18 financial year, VicTrack developed and implemented several initiatives to improve the health and safety of staff, including the development of a health and wellbeing strategy and the roll-out of a working group. VicTrack incorporated the goals of the Victorian Public Sector Mental Health and Wellbeing Charter into the Health and Wellbeing Strategy.

Throughout the year, several events and campaigns were undertaken to raise awareness and develop resilience, provide information on healthy eating options and ensure financial security. VicTrack conducted a campaign to raise the visibility of the Employee Assist Program, to ensure employees were aware that they may access this free and confidential service at any time.

VicTrack has also implemented a family violence leave policy, procedure and individual safety management plan.

## Rail safety

VicTrack continued to review its Safety Management System (SMS) following inclusion of its trunk telecommunication infrastructure (TTI) for the metropolitan rail network under its rail safety accreditation.

There have been sixteen (16) reportable rail safety incidents to the regulator (ONRSR) for this financial year.

## VicTrack OHS performance

Measure		2017-18	2016-17	2015-16	2014-15
Claims	Number of claims	3	1	3	3
	Number of claims exceeding 13 weeks	2	0	0	0
Fatalities	Fatalities claims	0	0	0	0
Return to work	Percentage of claims with return to work plan >30 days	0% 3 RTW <30 days	100%	100%	100%
Management commitment	Evidence of OHS policy statement, OHS objectives, regular reporting to senior management on OHS, and OHS plans (signed by CEO or equivalent)	Statement of commitment signed by CE  Monthly reporting to senior executives	Statement of commitment signed by CE  Monthly reporting to senior executives	Statement of commitment signed by CE  Monthly reporting to senior executives	Statement of commitment signed by CE  Monthly reporting to senior executives
	Evidence of OHS criteria in purchasing guidelines (including goods, services and personnel)	Procurement & purchasing process include OHS criteria	Procurement process was reviewed and updated to include improvements to the OHS criteria	Procurement process was reviewed and updated in accordance with recent revisions to Ministerial Direction 1	Purchasing guidelines contain OHS criteria
Safety risk management	Percentage of internal audits/ inspections conducted as planned	100% planned workplace inspections completed	100% planned workplace inspections completed	100% of planned workplace inspections completed	100% of planned workplace inspections completed
Compliance	Number of WorkSafe notices issued	Nil issued	2*	Nil issued	Nil issued

\* WorkSafe issued improvement notices relating to Prevention of Workplace Discrimination Bullying and Harassment Policy and training improvements

Measure		2017-18	2016-17	2015-16	2014-15
Training	Percentage of managers and staff that have received OHS training:				
	Induction	100%	100%	100%	100%
	Percentage of HSRs trained	100% (complete or scheduled for training)	100% (complete or scheduled for training)	100% (complete or scheduled for training)	100% (complete or scheduled for training)
Consultation and participation	Evidence of agreed structure of designated workgroups (DWGs), Health and Safety Representatives (HSRs), and Issue Resolution Procedures	10 designated work groups 12 HSRs 3 Deputy HSRs Review of consultation process commenced along with Governance structures of OHS Committee	7 designated work groups 14 HSRs and Deputy HSRs	6 designated work groups 11 HSRs and Deputy HSRs OHS consultation, communication, and issue resolution procedure was reviewed Safety Committee terms of reference was reviewed, updated and endorsed by the Executive Team and the Safety Committee	6 designated work groups 11 HSRs and Deputy HSRs OHS consultation, communication, and issue resolution procedure established with clear guidance for employees, OHS Committee and management OHS Committee terms of reference in place
	Compliance with agreed structure on DWGs, HSRs, and IRPs	All DWGs have HSR representation and have access to the OHS consultation, communication, and issue resolution procedure	All DWGs have HSR representation and have access to the OHS consultation, communication, and issue resolution procedure	All DWGs have HSR representation and have access to the OHS consultation, communication, and issue resolution procedure	All DWGs have HSR representation and have access to the OHS consultation, communication, and issue resolution procedure

# Section 3

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.

## Highly capable, resilient and engaged workforce

VicTrack aims to foster highly capable leaders and staff to deliver outcomes for all Victorians. It seeks to do this through strengthening workforce and leadership capabilities and by implementing strategies to deliver long-term success for Transport.

## Enterprise Agreement

The *VicTrack Enterprise Agreement 2015-2019* was voted on and approved by the Fair Work Commission in December 2017. A number of initiatives have been undertaken to align the new agreement with policies, business systems and processes. Full implementation is due in December 2018.

## 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.

## 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 articulate 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 (i) (ii)

**Table 1. Full time equivalents (FTE) staffing trends from 2014 to 2018**

2018	2017	2016	2015	2014
<b>382</b>	<b>367</b>	<b>319</b>	<b>319</b>	<b>304</b>

**Table 2. Summary of employment levels in June of 2018 and 2017**

	Ongoing employees (iii)				Fixed term and casual employees
	Employees (headcount)	Full time (headcount)	Part time (headcount)	FTE	FTE
<b>June 2018</b>	<b>387</b>	<b>293</b>	<b>8</b>	<b>297</b>	<b>85</b>
<b>June 2017</b>	<b>378</b>	<b>276</b>	<b>13</b>	<b>278</b>	<b>89</b>

(i) All figures reflect employment levels during the last full pay period in June of each year

(ii) Excluded are those on leave without pay or absent on external secondment, external contractors/consultants, and temporary staff employed by employment agencies

(iii) 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

**Table 3. Details of employment levels in June of 2018 and 2017**

	2018			2017		
	Ongoing		Fixed term & casual employees	Ongoing		Fixed term & casual employees
	Employees (headcount)	FTE	FTE	Employees (headcount)	FTE	FTE
<b>Gender</b>						
Male	214	213	63	205	200	54
Female	87	84	21	84	78	14
Self-Described (iv)	n	n	n	n	n	n
<b>Age</b>						
15-24	4	4	1	2	2	1
25-34	45	45	8	44	40	10
35-44	94	91	26	92	89	21
45-54	101	101	33	93	93	20
55-64	53	53	15	53	50	15
65+	4	3	2	5	4	1
<b>Total</b>	<b>301</b>	<b>297</b>	<b>85</b>	<b>289</b>	<b>278</b>	<b>68</b>
<b>Classification</b>						
VPS 1	-	-	-	-	-	-
VPS 2	8	7	1	7	6	-
VPS 3	23	22	1	21	18	4
VPS 4	46	45	7	52	50	5
VPS 5	94	93	8	100	98	4
VPS 6	130	130	28	109	106	25
STS	-	-	19	-	-	30
Executive	-	-	21	-	-	21
<b>Total</b>	<b>301</b>	<b>297</b>	<b>85</b>	<b>289</b>	<b>278</b>	<b>89</b>

(iv) This data has not previously been captured

## 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, by \$20,000 bands, for Executives and other senior technical staff (STS) (v)**

Income band (salary)	Executives	STS	Other
< \$160,000	2	7	-
\$160,000 to \$179,999	10	9	-
\$180,000 to \$199,999	3	2	-
\$200,000 to \$219,999	1	1	-
\$220,000 to \$239,999	-	-	-
\$240,000 to \$259,999	3	-	-
\$260,000 to \$279,999	1	-	-
\$280,000 to \$299,999	-	-	-
\$300,000 to \$319,999	-	-	-
\$320,000 to \$339,999	-	-	-
\$340,000 to \$359,999	-	-	-
\$360,000 to \$379,999	1	-	-
\$380,000 to \$399,999	-	-	-
<b>Total</b>	<b>21</b>	<b>19</b>	<b>-</b>

(v) The salaries reported above reflect the full financial year and exclude superannuation



# Section 4

Other disclosures

## 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 state wide projects, or \$1 million or more for procurement activities in regional Victoria.

During 2017-18, VicTrack commenced four Local Jobs First – VIPP applicable procurements totalling \$16.4 million. All of these projects were located in regional Victoria, with a commitment of 94 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 94 per cent of local content commitment was made
- a total of 23 jobs (annualised employee equivalent (AEE)) were committed, including the creation of 14 new jobs and the retention of nine existing jobs (AEE)
- a total of 14 positions for apprentices/trainees were committed, including the creation of six new apprenticeships/traineeships, and the retention of the remaining eight existing apprenticeships/traineeships.

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 2017-18, VicTrack completed three Local Jobs First – VIPP applicable projects, collectively valued at \$19 million and representing a commitment of 88 per cent local content.

## Engagement of consultants

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

In 2017-18, there were 39 consultancies where the total fees payable to the consultants were \$10,000 or greater. The total expenditure incurred during 2017-18 in relation to these consultancies was \$4.09 million (excluding GST). Details of individual consultancies can be viewed at [www.victrack.com.au/annualreports](http://www.victrack.com.au/annualreports).

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

In 2017-18, there were 17 consultancies engaged during the year, where the total fees payable to the individual consultancies was less than \$10,000. The total expenditure incurred during 2017-18 in relation to these consultancies was \$0.07 million (excl. GST).

## Disclosure of major contracts

VicTrack did not enter into any contracts greater than \$10 million in value during 2017-18. 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 2017-18 reporting period, VicTrack had a total ICT expenditure of \$96.953 million with the details shown below.

Expenditure	\$'000
Business as usual ICT expenditure	75,538
Non-business as usual ICT expenditure	21,415
Operational expenditure	164
Capital expenditure	21,251

## Freedom of information

The *Freedom of Information Act 1982* (FOI Act) allows the public a right of access to documents held by VicTrack. For the year ending 30 June 2018, VicTrack received 13 requests, which, when properly defined, reflect the following:

- two requests were queries only, answered and referred back to DEDJTR and the City of Melbourne respectively
- three requests were referred to relevant agencies, those being MTM and LXRA
- five valid requests
- three invalid requests.

Of the five valid requests, two requests were from the general public and three from commercial entities.

No internal reviews were requested, no reviews were sought of the Information Commissioner and no notifications of VCAT hearings were received.

### FOI Requests – Year ending 30 June 2018

Requests received	
Valid requests received in 2017-18 (including one transferred to PTV)	5
Requests received in 2016-17 and finalised in 2017-18	1
Decisions on FOI requests in 2017-18	
Access granted in full	1
Access granted in part	-
Access refused	2
Documents not located/do not exist	-
Other	1
Not yet finalised	1
Reviews of decisions	
Nil	-
Complaints	
Complaints to Information Commissioner	-
Complaints to VCAT	-
Transfers	
Requests referred to other department (pursuant to s18 of the FOI Act)	1

## Making a request

Access to documents may be obtained through a written request to the Freedom of Information Officer as detailed in s17 of the *Freedom of Information Act 1982*.

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 (being \$28.90 as at 1 July 2018), 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 of the Minister for Finance, 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 freedom of information requirements, if applicable):

- 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 where they 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 Acting Executive General Manager Business Services 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. 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. 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 provide for open access to Victoria's rail infrastructure. PTV sub-leases 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 *Protected Disclosure Act 2012*

The *Protected Disclosure Act 2012* encourages and assists people in making disclosures of improper conduct by public officers and public bodies. The Act provides protection to people who make disclosures in accordance with the Act and establishes a system for the matters disclosed to be investigated and rectifying action to be taken.

VicTrack does not tolerate improper conduct by employees, or the taking of reprisals against those who come forward to disclose such conduct. It is committed to ensuring transparency and accountability in its administrative and management practices and supports the making of disclosures that reveal corrupt conduct, conduct involving a substantial mismanagement of public resources, or conduct involving a substantial risk to public health and safety or the environment.

VicTrack will take all reasonable steps to protect people who make such disclosures from any detrimental action in reprisal for making the disclosure. It will also afford natural justice to the person who is the subject of the disclosure to the extent it is legally possible.

Disclosures of improper conduct or detrimental action by VicTrack or any of its employees and/or officers may also be made directly to the Independent Broad-Based Anti-Corruption Commission:

Level 1, North Tower, 459 Collins Street  
Melbourne Victoria 3000  
Phone: 1300 735 135

Internet: [www.ibac.vic.gov.au](http://www.ibac.vic.gov.au) which has a secure form for making anonymous complaints.

Alternatively, disclosures of improper conduct or detrimental action by VicTrack or any of its employees and/or officers may be made to:

- the Protected Disclosure Coordinator, being the Company Secretary
- the Chief Executive
- the Group Manager Legal
- a manager or supervisor of a VicTrack employee who chooses to make a disclosure
- a manager or supervisor of a VicTrack employee about whom a disclosure has been made.

However, a person that discloses improper conduct or detrimental action by VicTrack to the VicTrack Protected Disclosure Coordinator may not be afforded protection under the Act.

### **Further information**

The Protected Disclosure Policy and Procedures, which outline the system for reporting disclosures of improper conduct or detrimental action by the Department or any of its employees and/or officers, are available on VicTrack's website at [www.victrack.com.au/about/policies-and-disclosures](http://www.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.

## Office based environmental impacts

VicTrack monitored the environmental impacts of its operations for 2017-18. This was undertaken predominantly at the end of the year when data was collected and reviewed.

Throughout 2017-18, VicTrack maintained an environmental management system (EMS) in line with its sustainability strategy and the international standard ISO14001. The EMS focuses on four themed areas: (1) understanding our environmental impacts and building resilience; (2) protecting and conserving our natural assets; (3) contamination management; and (4) empowering our employees. The EMS is used to monitor office and operational environmental impacts, and to assist with influencing external stakeholders.

The sustainability strategy comprises targets and key performance indicators with a base year of 2015-2016 and target year of 2019-2020. Performance against the targets and key performance indicators are summarised below. The suite of environmental indicators presented below is based on Financial Reporting Direction 24D<sup>1</sup>. Unless noted elsewhere in the report, the data presented represents VicTrack's office-based activities at 1010 La Trobe Street and 595 Collins Street. This represents 98 per cent of VicTrack's staff and approximately 30 per cent of VicTrack's operational sites. The consumption of resources and associated generation of waste and greenhouse gas emissions are primarily due 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 July 2017, and the United Kingdom's Department for Business, Energy and Industrial Strategy's Greenhouse gas reporting: conversion factors 2018.

### Energy

VicTrack consumed energy at multiple corporate and operational facilities including: 1010 La Trobe Street Docklands, 595 Collins Street Melbourne, the Spotswood Archives Centre and North Dynon Terminal. Energy data was collected from energy retailer's billing information. The lease of the LifeLab suites (6 suites) ended in June 2017 and staff were consolidated into the La Trobe Street offices. The 1010 La Trobe St building has a 5 Star Green Star Office Design Rating and a 4.5 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 2014-15.

VicTrack owned and operated three data centres including Gertrude Street, Spotswood Archives Centre and Spencer Street. The facilities were used for VicTrack's unified communications system and as primary and secondary data centres 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.

<sup>1</sup> FRD 24D was released in May 2018 and supersedes the previous FRD 24C.

Table 1. Energy use

Indicator	2017-18	2016-17	2015-16 <sup>2</sup>
<b>Office based</b>			
Total energy usage (office based) <sup>3,4</sup> (electricity - MJ)	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)	1,110	1,003	1,102
Percentage of electricity purchased as Green Power	5 <sup>5</sup>	-	-
Units of energy used per FTE (MJ/FTE)	9,919	9,129	11,018
Units of energy used per unit of office area (MJ/m <sup>2</sup> )	660	813	829
<b>Operational facilities &amp; data centres</b>			
Total energy usage (operational facilities) <sup>6</sup> (MJ)	487,445	612,686	179,037
Total energy usage (data centres) <sup>7</sup> (MJ)	8,537,706	8,762,581	9,822,550
Greenhouse gas emission associated with total energy use (t CO <sub>2</sub> -e) (operational facilities)	146	184	56
Greenhouse gas emission associated with total energy use (data management) (T CO <sub>2</sub> -e)	2,561	2,629	3,083

## Result

The consolidation of offices into the La Trobe Street building has resulted in a 26 per cent reduction in energy use per square metre. VicTrack purchased five per cent of its electricity for all its facilities from green energy sources commencing in January 2018.

Energy consumption at operational facilities decreased by 20 per cent from 2016-17. This reduction is partly due to the McLister Street Store operational use being halved in size, and a reduction in energy usage at North Dynon Terminal.

Energy consumption at data centres decreased by three per cent from 2016-17, with reductions at both Gertrude Street and Spotswood Archives Centre. Energy consumption at data centres accounts for 67 per cent of VicTrack's overall energy usage, due to the high energy demand of specialised equipment that requires cooling and uninterrupted power supplies.

## Actions undertaken

An energy study was undertaken which looked at installation of solar on VicTrack buildings. This study will continue into 2018-19.

2 2015-16 total energy usage data updated to separate corporate office and operational facility data usage.

3 Total energy usage at VicTrack corporate office based facilities includes 1010 La Trobe Street, LifeLab (up until June 2017), 595 Collins Street. The data also includes energy usage for the NOC (Network Operations Centre) located at 1010 La Trobe Street, which is a 24 hour, 7 days per week facility that manages data and monitors the network. Currently, the NOC is not metered separately from the corporate office facility and therefore energy usage reported appears to be higher than expected for a corporate facility. Electricity consumption for May and June 2018 has been estimated by the energy supplier based on previous months' usage. In addition, data for August 2017 for Level 6, 1010 La Trobe Street has also been estimated.

4 Where billing data was unavailable before the close of the reporting period, estimated billing data based on previous months billing usage was used.

5 Commencing in January 2018, Green Power was purchased for 1010 La Trobe Street and 595 Collins Street.

6 Total energy usage at VicTrack operational facilities includes Spotswood Archives Centre and North Dynon Intermodal terminal. Only 50 per cent of the energy used at the North Dynon terminal is allocated to VicTrack's use as 50 per cent of the energy bill is recovered from tenants. Electricity consumption for August 2017 and June 2018 has been estimated by the energy supplier.

7 Total energy usage for data centres is reported separately to the total office based energy usage calculation. Electricity consumption for May and June has been estimated by the energy supplier.

## Targets

Energy reduction targets from the sustainability action plan are summarised in Table 2.

Table 2. Energy targets

KPI	2017-2018 Performance	Target for 2020
Megajoules of corporate office energy used per FTE	Achieving a 9% reduction compared to the base year	10% reduction compared to 2015-16 baseline
Megajoules of energy used per m <sup>2</sup> of office space	Achieving a 26% reduction compared to the base year	10% reduction compared to 2015-16 baseline
Percentage of energy for office-based facilities purchased as Green Power	5% energy purchased as Green Power from January 2018	20%

## Paper

Paper usage is based on staff located at the following corporate office, operational and data centre locations – 1010 La Trobe Street, North Dynon Terminal, 595 Collins Street, Gertrude Street, Spotswood Archives Centre. VicTrack's paper usage is presented in Table 3. This data represents all of VicTrack's staff and sites.

Table 3. Paper use

Indicator	2017-18	2016-17	2015-16
Units of A4 equivalent copy paper used (reams)	2,143	2,192	2,447
Units of A4 equivalent copy paper used per FTE (reams / FTE)	5.6	6.0	7.7
Percentage of >80% recycled content copy paper purchased <sup>8</sup>	3	27	44
Percentage of 50–79% recycled content copy paper purchased	-	-	-
Percentage of 0–49% recycled content copy paper purchased	-	3	9
Percentage of sustainably certified copy paper purchased <sup>9</sup>	96	68	46

## Result

Total paper usage decreased by two per cent from 2016-17, with a five per cent reduction in reams purchased per FTE.

Purchases of sustainably certified paper increased 41 per cent from 2016-17. Recycled content of copy paper was reduced by 87 per cent compared to the previous year, as the preferred paper type was set to 100 per cent recycled or carbon neutral content at the paper supplier.

## Actions undertaken

Actions undertaken to reduce paper usage in 2017-2018 include ongoing implementation of the 'Follow me Print' program as the default printer setting on all office based computers.

A print reduction campaign was also rolled out in fourth quarter of 2017-2018, which aimed to reduce paper usage as well as decrease colour printing.

<sup>8</sup> The 100% recycled paper procured by VicTrack is also certified as PEFC.

<sup>9</sup> 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% recycled paper that is also PEFC certified is excluded from this figure.

## Targets

Paper reduction targets that were established in the sustainability action plan are summarised in Table 4.

Table 4. Paper targets

KPI	2017-2018 Performance	Target for 2020
Reams of A4 paper used per full-time equivalent (FTE)	Achieved 5.6 reams per FTE	6 reams/FTE
Percentage of recycled, or carbon neutral, content in copy paper purchased	Achieved 99% – 96% is carbon neutral paper and three per cent is recycled paper	90% or greater

## Transportation

VicTrack used a fleet of vehicles for operational requirements. VicTrack's fleet comprised a mix of diesel fuelled 6-cylinder and 4-cylinder vehicles including four-wheel drives (4WDs), and petrol fuelled standard and hybrid vehicles. VicTrack's fleet energy use and greenhouse gas emissions are presented in Table 5. This data represents all of VicTrack's staff.

Table 5. Operational vehicle transport<sup>10</sup>

Indicator	2017-2018	2016-17
<b>Total energy consumption (MJ)</b>		
Diesel 4WD	2,223,167	2,051,934
Diesel	1,491,890	1,744,099
Petrol	643,439	575,992
Hybrid	154,687	114,688
<b>Total</b>	<b>4,513,182</b>	<b>4,486,712</b>
<b>Total vehicle travel associated with entity operations (km)</b>		
Diesel 4WD	552,383	496,513
Diesel	383,713	449,356
Petrol	190,377	168,044
Hybrid	75,560	52,363
<b>Total</b>	<b>1,202,033</b>	<b>1,166,276</b>

<sup>10</sup> Vehicle energy consumption, kilometres travelled and greenhouse gas emissions are for the 12 month period June 2017 to May 2018 to coincide with the availability of data for reporting.

Indicator	2017-2018	2016-17
<b>Total greenhouses gas emission from vehicle fleet (t CO<sub>2</sub>-e)</b>		
Diesel 4WD	157	145
Diesel	105	123
Petrol	44	39
Hybrid	10	8
<b>Total</b>	<b>316</b>	<b>314</b>
<b>Greenhouse gas emissions from vehicle fleet per 1,000 km travelled (t CO<sub>2</sub>-e)</b>		
Diesel 4WD	0.28	0.29
Diesel	0.27	0.27
Petrol	0.23	0.23
Hybrid	0.14	0.15
<b>Total</b>	<b>0.26</b>	<b>0.27</b>

Table 6. Other travel

Indicator	2017-2018	2016-17	2015-16	2014-15
Air Travel: Total distance travelled by air (km)	119,998 <sup>11</sup>	84,874	25,862	16,012
Percentage of employees using sustainable transport (public transport, cycling, walking or carpooling) to get to and from work, by locality type	82 <sup>12</sup>	86	91	80

## Result

Total kilometres travelled by operational vehicles increased by approximately three per cent between 2016-17 and 2017-18.

Distance travelled by air increased 41 per cent from 2016-17 due to an increase in international trips, interstate conferences, training trips and site visits associated with strategic regional business opportunities.

Eighty-two per cent of staff adopted some form of sustainable transport in 2017-18. This is a slight decrease from 2016-17, but still an improvement on the 2014-15 baseline.

## Actions undertaken

- Staff were encouraged to take public transport to meetings
- Staff were encouraged to undertake walking meetings
- Staff were encouraged to use video conferencing in place of travel.

<sup>11</sup> Air travel included VicTrack board members, which previously had not been reported.

<sup>12</sup> The data for employee mode of transport represents data from approximately 50 per cent of employees.

## Targets

Table 7. EMS Transport targets

KPI	2017-2018 Performance	Target for 2020
Percentage of VicTrack fleet with hybrid, electric or low-emission fuel technology	8% of the fleet is hybrid vehicles	40%
Percentage of staff surveyed who use sustainable transport methods to/from work (includes walking, cycling, carpooling or public transport)	Achieved 2% increase from baseline	10% increase compared to 2015-16 baseline

## Waste

A waste separation system was available at corporate office locations (1010 La Trobe Street and LifeLab units), which segregated waste into four streams: cardboard and paper recycling; co-mingled recycling; landfill; and green waste. Secure document paper and electronic media waste recycling was also available.

Waste segregation for 2016-17 was not reported due to corporate office consolidation, which required continual movement of office space throughout the second half of the year. VicTrack's Waste data is presented in Table 8. This data is based on a waste audit at 1010 La Trobe Street representing 98 per cent of VicTrack's staff and 14 per cent of its sites.

Table 8. Waste<sup>13</sup>

Indicator	2017-18					2015-16				
	Cardboard / Paper recycling	Co-mingled recycling	Secure document recycling	Landfill	Green waste	Cardboard / Paper recycling	Co-mingled recycling	Secure document recycling	Landfill	
Total units of waste disposed of by destination (kg/yr)	130	1,815	10,580	5,310	2,770	1,189	2,883	3,462	6,416	
Total units of waste disposed of per FTE by destination (kg/FTE)	0.4	4.9	28.5	14.3	7.5	4.9	11.8	14.2	26.3	
Recycling rate (% of total waste)	-	-	-	-	74	-	-	-	54.0	
Greenhouse gas emissions associated with waste disposal (t CO <sub>2</sub> -e)	-	-	-	7.4	-	-	-	-	9.0	

## Result

A 74 per cent diversion from landfill was achieved in 2017-18, which is a significant increase from the 2015-16 rate of 54 per cent. As a result, greenhouse gas emissions associated with landfill waste have been reduced by 17 per cent compared to 2015-16.

## Actions undertaken

- Green waste disposal bins introduced as part of the waste segregation system
- Recycling of office-based materials (styrofoam, printer cartridges, paper)
- Separation and recycling of batteries
- Collection of e-waste for recycling.

<sup>13</sup> Data presented for 2014-18 financial years has been extrapolated from one, five-day waste audit at 1010 La Trobe Street.

## Targets

Office based waste reduction targets were established as part of the EMS.

KPI	2017-2018 Performance	Target for 2020
Kilograms of office waste disposed of to landfill per FTE by destination (kg/FTE)	Achieved a 46% reduction compared to baseline	Reduction of 5% compared to 2015-16 baseline
Recycling rate (% of total waste volume that is recycled)	Achieved a 37% increase compared to baseline	Increase of 10% compared to 2015-16 baseline

## Water

VicTrack's main corporate office located in the Docklands is a 5-Star energy rating building, which houses 97 per cent of VicTrack employees. 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.

Approximately 98 per cent of VicTrack employees are located within VicTrack's two corporate office spaces (1010 La Trobe Street and 595 Collins Street). At these locations water consumption is not metered separately. Water consumed is charged to building management and 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 8 provide a summary of VicTrack's greenhouse footprint. The data presented here has been taken from previous sections.

Table 9. VicTrack total emissions

Indicator	2017-18	2016-17	2015-16	2014-15
Total greenhouse gas emissions associated with energy use (t CO <sub>2</sub> -e) (office)	1,110	1,003	1,102	1,044
Total greenhouse gas emissions associated with energy use (t CO <sub>2</sub> -e) (operational facilities)	146	184	56	40
Total greenhouse gas emissions associated with energy use (t CO <sub>2</sub> -e) (data centres)	2,561	2,629	3,083	2,989
Total greenhouse gas emissions associated with vehicle fleet (t CO <sub>2</sub> -e)	316	314	378	381
Total greenhouse gas emissions associated with air travel (t CO <sub>2</sub> -e) <sup>14</sup>	11	12	4	2
Total greenhouse gas emissions associated with waste production (t CO <sub>2</sub> -e)	7	-	9	8
<b>Total greenhouse gas emissions (t CO<sub>2</sub>-e)</b>	<b>4,151</b>	<b>4,142</b>	<b>4,632</b>	<b>4,464</b>

<sup>14</sup> In 2017-18 a new method of estimating greenhouse gas emissions was used, the United Kingdom's Department for Business, Energy and Industrial Strategy's *Greenhouse gas reporting: conversion factors 2018*. Emissions from previous years have been adjusted to use the same method.

## Result

Total reported greenhouse gas emissions for 2017-18 remained steady compared to the previous year, despite the reintroduction of greenhouse gas emissions from waste which were not included in the total for 2016-17. When compared to the 2015-16 baseline VicTrack reduced its annual greenhouse gas emissions by 10 per cent compared to 2015-16.

## Procurement

VicTrack procured goods for office and field based activities and services from contractors and consultants in 2017-18. VicTrack incorporated environmental requirements into procurement decision making by:

- including environmental and sustainability requirements in tender specifications, tender schedules, and tender evaluation criteria
- purchasing paper with recycled content or carbon neutrality
- developing contractor sustainability reporting metrics
- reviewing contractor management processes.

An internal staff survey indicated that 33 per cent of staff 'often' or 'always' consider a contractor's sustainability credentials during a procurement decision.

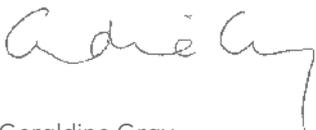
## Compliance with DataVic Access Policy

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 Compliance Attestation Statement

I, Geraldine Gray, Chair of VicTrack, certify that VicTrack has complied with the applicable Standing Directions of the Minister for Finance under the *Financial Management Act 1994* and Instructions.

The VicTrack Audit and Risk Management Committee verifies this.



Geraldine Gray  
Chair  
Victorian Rail Track (VicTrack)  
30 August 2018

# Appendices

## Disclosure index

VicTrack's Annual Report 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.

## Ministerial Directions

### Report of operations

#### Charter and purpose

Legislation	Requirement	Page
FRD 22H	Manner of establishment & the relevant Ministers	16
FRD 22H	Purpose, functions, powers & duties	11
FRD 8D	Departmental objectives, indicators & outputs	N/A
FRD 22H	Key initiatives & projects	6
FRD 22H	Nature and range of services provided	16

#### Management and structure

Legislation	Requirement	Page
FRD 22H	Organisational structure	119

#### Financial and other information

Legislation	Requirement	Page
FRD 8D	Performance against output performance measures	20
FRD 10A	Disclosure index	149
FRD 12B	Disclosure of major contracts	135
FRD 15E	Executive Officer Disclosures	132
FRD 22H	Employment & conduct principles	129
FRD 22H	Occupational health & safety policy	125
FRD 22H	Summary of the financial results for the year	50
FRD 22H	Significant changes in financial position during the year	50
FRD 22H	Major changes or factors affecting performance	50
FRD 22H	Subsequent events	N/A
FRD 22H	Application & operation of <i>Freedom of Information Act 1982</i>	136
FRD 22H	Compliance with building and maintenance provisions of <i>Building Act 1993</i>	138
FRD 22H	Statement on Competitive Neutrality Policy	138
FRD 22H	Application & operation of the <i>Protected Disclosure Act 2012</i>	139
FRD 22H	Application & operation of the <i>Carers Recognition Act 2012</i>	129
FRD 22H	Details of consultancies over \$10,000	135
FRD 22H	Details of consultancies under \$10,000	135

## Compliance attestation and declaration

Legislation	Requirement	Page
SD 5.1.4	Attestation for compliance with Ministerial Standing Direction	147
SD 5.2.3	Declaration in report of operations	47

## Financial statements

### Declaration

Legislation	Requirement	Page
SD 5.2.2	Declaration in financial statements	47
SD 5.2.3	Declaration in report of operations	47

### Other requirements under Standing Directions 5.2

Legislation	Requirement	Page
SD 5.2.1(a)	Compliance with Australian accounting standards & other authoritative pronouncements	47
SD 5.2.1(a)	Compliance with Ministerial Directions	47
SD 5.2.(b)	Compliance with Model Financial Report	47

### Other disclosures as required by FRDs in notes to the financial statements\*

Legislation	Requirement	Page
FRD 21C	Disclosures of responsible persons, Executive Officers & other personnel (contractors with significant management responsibilities) in the financial report	103
FRD 103G	Non-financial physical assets	72
FRD 110A	Cash flow statements	54
FRD 112D	Defined benefit superannuation obligations	63

\*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.

## Legislation

Legislation	Page
<i>Freedom of Information Act 1982</i>	136
<i>Building Act 1993</i>	138
<i>Protected Disclosure Act 2012</i>	139
<i>Carers Recognition Act 2012</i>	129
<i>Victorian Industry Participation Policy Act 2003</i>	135
<i>Financial Management Act 1994</i>	48

## Board of Directors at 30 June 2018

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 seven independent, non-executive Directors – Yehudi Blacher (Chair), Geraldine Gray (Deputy Chair), Paula Allen, Collette Burke, Alan Hall, Randall Straw and Michael Trumble.

### **Yehudi Blacher PSM, BA (Hons), MA, FIPA (Vic) Chair**

Yehudi was appointed a Director and Deputy Chair of VicTrack in April 2012, before being appointed Chair for the period of 27 March 2018 to 30 June 2018 (inclusive). He brings extensive public sector experience to the Board, including land use planning and strategic management. He was the Secretary of the Department of planning and Community Development from 2002 to 2011. He also held Deputy Secretary level positions in the Department of Premier and Cabinet and the Department of Human Services. From 1991 to 1996 he was head of the Victorian Office of Local Government. He is a Fellow of the IPAA (Victoria) and a Professorial Fellow at the University of Melbourne. Yehudi was appointed as the inaugural Chair of the Port of Hastings Development Authority in 2012 and has been a member of the Monash University Council since 2008.

### **Geraldine Gray BA, LLB, LLM Deputy 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 also a Director of the Australasian Leukaemia and Lymphoma Group Ltd. Geraldine was appointed to the VicTrack Board in July 2015.

### **Paula Allen CFA, FCA, GAICD, BBus (Acc/Comp) Director**

Paula has more than 20 years' commercial experience in corporate strategy, finance, governance and technology, with a focus on participation in highly regulated markets. Paula's advice has helped her clients, including Bankers Trust, Colonial Group and LUCRF Super, deliver better outcomes leading to company recognition in BRW's Top 500 list and the superannuation industry's 'Rising Star' awards. Paula continues to work locally and internationally through her consulting firm. Paula was appointed to the Board in April 2016.

### **Dr Collette Burke BE (Civil), M.Eng.Sci, PhD, FIEAust, GAICD Director**

Collette has spent more than 25 years in the design and construction sector with major contractors – Leightons, Thiess and John Holland – and has been appointed Victoria's Chief Engineer. Collette is an internationally acknowledged authority on risk management and the delivery of value for money in major infrastructure projects. Her professional experience includes major telecommunications projects, rail projects and road and rail signalling installations, and a co-founder of boutique engineering consultancy and education firm, Exner Group. Collette was appointed to the Board in July 2015.

### **Alan Hall BA, LLB (Hons)**

#### **Director**

Alan has been a legal practitioner for nearly 30 years. He has significant experience in commercial and property law with an emphasis on planning and environment. In addition to being a partner at Corrs Chambers Westgarth, he has practised law in the Kingdom of Saudi Arabia. Alan has provided legal advice to significant corporations and government entities 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 Board in April 2018.

### **Randall Straw PSM**

#### **Director**

Randall has more than 35 years' experience in government information and communications technology. He is the former Deputy Secretary of Innovation and Technology at 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 Chair of CenITex, a Director of the Victorian Government Purchasing Board and an Independent Member of the DEDJTR Investment Committee. Randall was awarded the Public Service Medal in 2012 and was appointed to the Board in September 2017.

### **Michael Trumble BCom, LLB**

#### **Director**

Michael is a leading commercial property lawyer and principal of Michael Trumble Legal. He has significant experience in property law in development, construction and management, commercial leasing, purchasing and sales, joint ventures and related transactions. In addition to his work on major office building developments and shopping centres, Michael's public infrastructure experience includes the Melbourne Airport International Terminal, the Commonwealth Games Village, the Melbourne Convention Centre project and the Regional Fast Rail project. Michael was appointed to the Board in December 2012.

**Epsom**

Scheduled **8:48**

Departing **29 min**

Kangaroo Flat  
Bendigo  
Epsom

Attention customers

Only passengers  
should board  
the train.

Please ask the train  
if you need assistance



Press green button  
for next train  
to Warrington





**VicTrack**

Level 8, 1010 La Trobe Street  
Docklands VIC 3008 Australia  
T +61 3 9619 1111  
[victrack.com.au](http://victrack.com.au)

